

UNEP-FI

PRINCIPLES FOR SUSTAINABLE INSURANCE

INTESA SANPAOLO VITA INSURANCE GROUP

REPORT ON PROGRESS - 2021

INTRODUCTION

The Intesa Sanpaolo Vita Insurance Group became a signatory of the United Nations Environment Program Finance Initiative (UNEP FI) Principle for Sustainable Insurance (PSI) in 2019. The four UNEP FI Principles for Sustainable Insurance, launched in 2012, are based on the insurance industry's core business to understand, manage, and carry risk and serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities.

In line with the commitments undertaken by the Intesa Sanpaolo Group, the Intesa Sanpaolo Vita Insurance Group (hereinafter also referred to as the "Insurance Group" or "the Company") has laid down its own guidelines to promote a responsible and sustainable business model. The Insurance Group has expressed its commitment to environmental, social and governance (ESG) factors. The three areas are addressed by taking into consideration the Sustainable Development Goals (SDGs) and the UNEP FI Principles for Sustainable Insurance, as well as initiatives such as the UN Global Compact, Equator Principles, (PRI) and Principles for Responsible Banking (PRB), to which the Intesa Sanpaolo Group adheres. In addition, at the end of 2021, the Insurance Group joined, through the Parent Company Intesa Sanpaolo Vita Insurance, the two Net Zero alliances: Net Zero Insurance Alliance (NZIA) and Net Zero Asset Owner Alliance (NZAOA). By joining these alliances, the Companies of the Insurance Group aim to reduce greenhouse gas emissions from their insurance, reinsurance, and investment portfolios to zero by 2050, helping to keep the rise in global temperatures within 1.5°C of pre-industrial levels.

As signatory of the PSI, the Intesa Sanpaolo Vita Insurance Group is required to prepare an annual disclosure of the progress made in implementing the Principles for Sustainable Insurance. The key actions undertaken during the 2021 are summarized below. This is the second annual progress report. The 2021 Consolidated Non-Financial Statement of the Banking Parent Company (Intesa Sanpaolo) includes the overview of the key facts and figures of the Insurance Group, and it presents additional details with regard to the implementation of the Insurance Group sustainability commitments.

PRINCIPLE 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

The Insurance Group addressed all the six areas covered by the first Principle for Sustainable Insurance, namely: company strategy, risk management and underwriting, product and service development, claims management, sales and marketing and investment management.

With regard to company strategy, the Insurance Group participates in a Group Parent Company cross-functional ESG Committee, set up by Intesa Sanpaolo with the aim of coordinating the ESG activities of Intesa Sanpaolo and its subsidiaries (ESG Control Room¹). Regular meetings are planned

¹ Active since October 2020, the ESG Control Room supports the Steering Committee (made up of Intesa Sanpaolo's first managerial line) in defining the strategic proposition relating to ESG issues. It assesses the opportunity and solidity of new sustainability related initiatives and coordinates and supervises the implementation of the most relevant ones, also thanks to a dedicated PMO structure. It relies on the participation of representatives from the CFO Area and the Strategic Support Head Office Department, and of the Sustainability Managers who, reporting directly to the respective Area and Division heads, guarantee the overall and integrated supervision of ESG initiatives for the relevant

to update on ESG-relevant initiatives and projects. Moreover, the Insurance Group formalized new ESG corporate policies and integrated existing policies with sustainability topics according to business and regulatory developments. In particular, in January 2021, the Insurance Group published the first version of its Policy on Sustainability² and published them on the Companies' websites (Intesa Sanpaolo Vita - ISV, Intesa Sanpaolo Assicura - ISA, Fideuram Vita - FV, Intesa Sanpaolo Life - ISL, Intesa Sanpaolo RBM Salute - RBM). These documents summarize the Group's sustainability values and guidelines. Furthermore, the Remuneration Policy was updated in May 2021 to integrate ESG factors and to include specific ESG initiatives in the Top Management remuneration (KPI equal to 10%) and Diversity & Inclusion targets (KPI equal to 10%). In addition, a summary of the Remuneration and Incentive Policies has been published by each insurance company on their website.

Specific induction sessions were designed and delivered to the Board of Directors on ESG/sustainability issues with the support of market experts.

In addition to the abovementioned aspects, the Insurance Group fosters a culture of sustainability through dedicated initiatives, also by leveraging innovative formats. Indeed, in April 2021 "Restore Life On Earth" was launched in collaboration with the start-up ZeroCO₂. The project enabled to plant 750 trees in southern Italy, in a land at risk of desertification, and give work to three cooperatives supporting young women and people in fragile conditions. As part of the project, in June and July 2021 webinars were also organized to foster an ESG culture among colleagues across the whole Company. Additionally, in January 2021 the Group created an orchard, following the transformation of the urban garden housed on the roof of the head quarter office in Viale Stelvio in Milan; several fruit trees were planted, and "adopted" by groups of colleagues from across the organization.

The Group obtained certifications (i.e., ISO 14001 and ISO 45001) for the responsible use of resources and impact of the operation of the Insurance Group's offices, and it promoted several webinars to present social and innovation megatrends and to nurture a change mindset, through external testimonials and start-ups.

The Insurance Group also supported the adoption of smart working through the dissemination of good management practices, advice and ways of listening to people, the sharing of best practices on smart working with Insurance Group managers and listening to colleagues to understand the perception of smart working during this period.

With regard to Risk Management and Underwriting, the Insurance Group integrated the Insurance Group's materiality matrix with ESG and sustainability aspects, within the activities carried out in collaboration with the Banking Parent Company (Intesa Sanpaolo), also for the purposes of its Sustainability Reporting. The matrix is constantly updated according to business activities and evolutions. In addition, by the end of 2021, the Risk Appetite Framework (RAF) was also updated to include ESG factors, in line with regulatory requirements. Moreover, the Insurance Group, as a result of recent regulatory developments, created a separate Environmental, Social and Governance (ESG) risk category. This risk was already present in past assessments, but now it is included within the Reputational category and divided into three subcategories. The three ESG risk sub-categories are "Reputational", "Sustainability" and "Physical". The overall risk exposure with respect to the ESG risk category is considered to be "Medium".

The non-life SME/Corporate business underwriting policy was integrated with ESG criteria, in line with the Parent Company (Intesa Sanpaolo) credit exclusion policies.

With regard to Product and Service development, the Insurance Group mapped the current non-life product/service offering with an ESG perspective based on its impact in terms of environmental and social value. It also considered the characteristics and needs of the customers and reflected on developing and launching new non-life product/service offering with an ESG perspective for the protection of fragile categories (e.g. senior population).

department and contribute to the Group's strategic proposals on these issues.

² <https://www.intesasanpaolovita.it/en/chi-siamo/sostenibilita/sostenibilita>

The Group also mapped the current life product/service offering with an ESG perspective, in compliance with EU Reg. 2019/2088 (i.e., art. 8 and art. 9 SFDR products) and it reflected on evolutions of the companies' product catalogue and launch of new life products for Intesa Sanpaolo Vita – ISV, Fideuram Vita - FV and Intesa Sanpaolo Life – ISL.

The Insurance Group launched new products classified as article 8 of SFDR, and the product documentation was updated to allow for more evidence and transparency towards the customer regarding their ESG features, in accordance with the additional information required by EU Reg. 2019/2088.

Moreover, in line with national and international regulatory developments, the Company performed a comprehensive analysis to identify the main impacts on governance processes and customer needs mapping of the new regulations (IDD regulations, EU Reg. 2019/ 2088 and EU Reg. 2020/852). The Insurance Group also donated in 2021 part of the premiums collected through policies/insurance products to charitable/ ESG causes; in particular, low-income fragile families benefited from free insurance coverage provided by Intesa Sanpaolo RBM Salute through Fondazione Rava.

Furthermore, in 2021 the Insurance Group renewed the membership (started in 2020) to an acceleration program focused on identifying the most promising start-ups in the Health & Biotech sector. The goal of the initiative is to develop new innovative services and products through the activation of an Open Innovation ecosystem, that puts together corporate partners, research centers, start-ups and other players from the digital world, to develop new, relevant technologies and offerings. The collaboration led to the development of a pilot project/insurance product for post-stroke neurorehabilitation using robotic exoskeletons and new ideas to progressively automate the "Patient Journey" with clinical partners and the creation of insurance product to cover the bionic hand prosthetic solution for off-the-job injuries.

With regard to claims management, the Insurance Group strengthened its instant customer feedback systems for listening and monitoring the customer satisfaction throughout the claims management key touchpoints and channels of interaction. The results were positive not only for roadside assistance request, but also for Third Party Motor Liability claims management, for Land Vehicle Body claims management, for Home Assistance claims management, and for Home claims management.

Additionally, the Company decided to launch, by the end of 2021, an "Intelligent Car Damage Estimation" pilot project to automatically estimate/quantify the extent of damage caused during a claim, using an artificial intelligence mechanism.

With regard to sales and marketing, the Insurance Group continued its training activities for its sales network, in line with 2020.

Moreover, the Group offered its support to clients and sales managers to identify the importance of ESG issues within the advisory and sales process; for instance, the Intesa Sanpaolo Life launched a periodic newsletter on ESG issues dedicated to the sales network.

With regard to Investment Management, the Insurance Group further integrated ESG indicators into investment decision-making practices.

The Insurance Group drafted the first version of a specific ESG/responsible investment management policy, valid for all the Insurance Group's companies. The policy is based on positive and negative screening criteria, in line with the Banking Parent Company (Intesa Sanpaolo) guidelines, and a summary of the criteria is present on the life companies' websites.

In addition to this policy, the Insurance Group also drafted a Policy for the management of PAI (principal adverse sustainability impacts), in compliance with EU Reg. 2019/2088, and valid for the whole Insurance Group, and published an extract of it on the life companies' websites.

The policies are maintained constantly updated according to business and regulatory activities and evolutions.

With 203.452,5 €/mln of assets under management and more than 1.404,3 €/mln in business

protection premiums (on 31st December 2021), the Intesa Sanpaolo Vita Group is aware of the insurance sector's key role in supporting the transition towards a net-zero economy. Moreover, the Parent Company (Intesa Sanpaolo) is also committed to a target of net zero emissions by 2050 – for its own emissions, for its loans and investments portfolios and for its asset management activities – after having already joined the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAMI), the latter through Eurizon Capital and Fideuram Asset Management. Coherently, at the end of 2021, the Insurance Group joined, through the Insurance Parent Company Intesa Sanpaolo Vita, the well-known international Net Zero Alliances specific for the insurance sector: the Net Zero Asset Owner Alliance (NZAOA) and the Net Zero Insurance Alliance (NZIA). Joining the two Net Zero alliances strengthens Intesa Sanpaolo's commitment to net zero emissions by 2050. The NZAOA and NZIA Alliances respectively bring together leading international institutional investors and leading insurers and reinsurers, all committed to bringing their investment and underwriting portfolios to net zero greenhouse gas emissions by 2050.

PRINCIPLE 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Clients and suppliers are at the center of the Insurance Group strategy and commitments. With reference to suppliers, the Company continued to use the e-sourcing tool, developed in 2020, for conducting a preliminary assessment of its providers, requiring them to complete a sustainability questionnaire prior to their registration, to identify the potential supplier's awareness and their actual practices in terms of sustainability. The aim of this tool is to integrate the actual disclosure and encourage suppliers to communicate relevant ESG issues during the tender and selection processes.

Moreover, in order to spread an inclusive culture within the Group, in June 2021, a new format about inclusion and disability called "Smashing Stereotypes" was launched, and several webinars were organized, with a high level of involvement from the employees. Additionally, to contribute to and actively participate in diversity initiatives, the Company celebrated "International Girls Day" contributing to a one-day virtual hackathon for 120 young women across Europe "Girls Take Over 2021".

Furthermore, to continue the activities to develop a culture of sustainability, the Insurance Group launched "Proteggere ad Arte" the first digital contest dedicated to young artists who were asked to interpret the concept of insurance protection using their art. The initiative collected 882 artworks that were then screened for compliance purposes, and the approved artworks were published on the dedicated web platform and voted by more than 13,000 individual users, with an overall of 90,000 votes.

The Insurance Group also promotes the adoption of the PSI and supports the inclusion of ESG issues in professional education and ethical standards in the insurance industry, through the attendance of ANIA³ and IVASS⁴ working tables on regulatory evolution and reporting topics, e.g., for the purpose of the Sustainability Report.

³ ANIA - Associazione Nazionale fra le Imprese Assicuratrici (i.e. National Association of Insurance Companies)

⁴ IVASS - Istituto per la Vigilanza sulle Assicurazioni (i.e. Institute for the Supervision of Insurance)

PRINCIPLE 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

To support the dialogue with governments and regulators, the Insurance Group has continuous interactions with the European Commission on ESG regulatory developments through its banking parent company Intesa Sanpaolo, and regularly receives information on ESG regulatory frameworks and trends from ISP's Brussels headquarter.

Furthermore, to maintain the relations with other key stakeholders, the Insurance Group contributes to sector market surveys promoted by ANIA and other parties.

More precisely, in June 2021 it participated in the ANIA roundtable on the state of the evolution of sustainability within the insurance sector. Additionally, it increased the relations with the academia and the scientific community to foster research and educational programs on ESG issues in the context of the insurance business mainly through the promotion of initiatives / donations to support foundations, local communities and the scientific research (e.g. in the Covid-19 area with a research grant) and support for fragile categories (e.g. disabled children, orphans) through dedicated foundations (e.g. AtenaOnlus) and through the donation of IT tools (e.g. equipment for distance teaching - DAD).

PRINCIPLE 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

In order to assess, measure and monitor the Company's progress in managing ESG issues and to proactively and regularly disclose this information publicly, the Insurance Group monitors regularly the sustainability performance and contributed to the half-yearly and yearly Sustainability Report of the Banking Parent Company (Intesa Sanpaolo) with information about the Insurance Group performance.

The Insurance Group participates in national and international conferences/events on sustainability topics (e.g., CETIF, EFMA, IKN, ...) as a speaker and in strategic project competitions.

Moreover, the Insurance Group engages in the dialogue with stakeholders by raising awareness of the importance of respecting PSI principles by including specific reference to PSI in its policies, where appropriate (e.g., Insurance Group Sustainability Policy, Insurance Group Charter of Values, Insurance Group ESG Investment Management Policy...).