



Sustainable investments and insurance



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RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

The financial system plays a fundamental role as accelerator of the transition towards a more sustainable economy. Aware of its role, Intesa Sanpaolo considers the integration of ESG factors into its investment process of fundamental importance, in the belief that these elements, as well as promoting economically and socially sustainable development, can contribute positively to the financial results of customer portfolios, while at the same time reducing their risks.

The European Union has also adopted a series of measures to direct capital flows towards sustainable investments so as to integrate sustainability into risk management and to promote transparency and long-term vision in economic and financial activity, such as the Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation): this represents a further stimulus to reinforce the commitment of the Group to act as a responsible player in global change, also through the increasingly well-structured offer of sustainable investments and the availability of insurance solutions for the protection of customers, in line with European plans and regulations.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2021 Action/Results (cumulative value since the start of 2018 or 2019 value)	2021 objectives
Sustainable investments and insurance	Funds according to SFDR	<ul style="list-style-type: none"> ▪ Eurizon (including Pramerica) offers a diverse range of products across 172 funds in all the asset classes that promote environmental or social characteristics, among others, or that have sustainable investment objectives, classified according to Articles 8 and 9 of the new Sustainable Finance Disclosure Regulation - SFDR, with around 110 billion euro of assets representing around 46% of the total assets of the Funds managed. ▪ Fideuram offers 8 funds classified according to Articles 8 and 9 of the SFDR with a total of 2.6 billion euro of assets (about 3% of the total assets of the Funds managed). 	Consolidation of its leading role in sustainable investments
	Engagement activities with issuers	In Eurizon, there are 644 companies on which engagement activities have been conducted; these include 240 (over 37%) who have been engaged on ESG issues. The number of companies with ESG engagement has increased considerably compared to 2020 (+40%)	Enhancement of engagement activities in line with the Stewardship Principles
	Gross premiums non-motor insurance	1,265 million euro	Development of insurance offer

COMPANY POLICIES

Asset management and the insurance coverage of customers are central to the activities of the Intesa Sanpaolo Group, and are ensured through organisational structures in business areas specialising in asset management, private banking and protection requirements with financial and insurance products and services. Focusing on the customers' portfolio diversification requests on the basis of their needs (expenses, reserves, investments, pensions and protection) and specific goals in terms of the effective allocation of resources, the product and service range offered has been gradually expanded from financial management and consultancy to the area of protection which concerns all customers, from small to large assets, and from SMEs to large companies, with due adjustment of guarantees. The activity is therefore aimed at the development of financial and insurance products and customer advisory services to meet the welfare and protection needs of households and businesses, including in the long term. Guidelines and Rules for the marketing of financial and insurance products clearly explain the obligation of operators to act in a transparent, fair and diligent way in the provision of investment services, as required by applicable legislation as well.

In the Group's Code of Ethics, as regards the principles of conduct towards customers, asset management's focus is to increasingly highlight social, environmental and good corporate governance criteria in investment assessments in order to promote balanced and sustainable development. With this in mind, the range in the portfolio includes funds that apply selection criteria in compliance with the Principles for Responsible Investment with the aim of stimulating sustainability dynamics in the businesses invested in and to offer customers products that meet the new needs of sustainability. Eurizon Capital and Fideuram Asset Management SGR have also signed up to the Italian Stewardship Principles, which define the procedures for exercising administrative and voting rights in listed companies, in order to stimulate discussion and cooperation about social and environmental sustainability issues with listed issuers that the company invests in.

At the end of 2021, Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) signed up to the Net Zero Asset Managers Initiative (NZAMI) and, through their insurance parent company Intesa Sanpaolo Vita, their membership of the two Net Zero insurance core business alliances, Net Zero Insurance Alliance (NZIA) and Net Zero Asset Owner Alliance (NZAOA), was formalised; the initiatives promoted by the United Nations have the aim of achieving net-zero greenhouse gas emissions by 2050 in order to combat climate change.

Describing itself in the 2018-2021 Business Plan as the leading Wealth Management and Protection Company in Italy and Europe, and in its role as Bank and insurance company, the Intesa Sanpaolo Group seeks to be a partner that is able to manage all of the assets and risks of households and businesses through a structured array of family welfare solutions and targeted insurance policies, also including protection products as pension saving, business continuity and corporate welfare choices.

As part of a more general process of integration of sustainability into business logic and strategies, the Intesa Sanpaolo Vita Insurance Group has subscribed to the Principles for Sustainable Insurance (PSI) promoted by the United Nations.

In 2021, the Group Companies launched a project to bring their activity into line with the first-level legislation of the Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation) and in general with the legislative developments in the area of sustainable finance. With this purpose in mind, Eurizon and the insurance Group also published a Sustainability Policy in 2021; furthermore, the insurance Parent Company approved and the Insurance Group companies absorbed the Policy on Sustainable and Socially Responsible Investments.

SUSTAINABLE INVESTMENTS

To strengthen its commitment also against the consequences of climate change and resource depletion, the European Union has issued Regulation (EU) 2019/2088 (SFDR) with the aim of strengthening investor protection by introducing new disclosure and transparency obligations for financial market participants. In 2021, the Group Companies started to bring their policies, roles and responsibilities, processes and reporting into line with the SFDR regulations.

Also in 2021, the Intesa Sanpaolo Group confirmed its leadership in sustainable investments. With 29 new products, the Group has reached a total of 180 funds that promote environmental or social characteristics (among others) or that have sustainable investment objectives, classified according to Articles 8 and 9 of the Sustainable Finance Disclosure Regulation, for an equity of over 113 billion euro, representing about 35.7% of the total assets of the Funds managed.

MEMBERSHIP OF THE NET ZERO ASSET MANAGERS INITIATIVE

To bear witness to its awareness of its own active role in combating climate change, in November 2021 Intesa Sanpaolo announced to have joined, through Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland), to the Net Zero Asset Managers Initiative (NZAMI). Eurizon and Fideuram – Intesa Sanpaolo Private Banking Division are the only Italian asset managers who signed up to the NZAMI in 2021. The initiative, launched in December 2020, is made up of international asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050 in line with endeavours to limit global warming to 1.5 degrees Celsius, by supporting investments in line with this goal. In particular, the commitment also provides for setting an intermediate goal for the portions of AUM to be managed in line with the achievement of the above goal and to review the intermediate goal at least every 5 years to increase the percentage of AUM covered to include 100% of AUM.

NZAMI is a partner of “Race to Zero”, the UN-led campaign that brings together a coalition of initiatives committed to achieving net-zero emissions by 2050 at the latest.

Eurizon has also joined the Institutional Investors Group on Climate Change (IIGCC), a European body for collaboration among investors on climate change, who act to promote the reduction of carbon emissions.

EURIZON

Eurizon Capital SGR SpA offers investors a wide and diversified range of funds that integrate sustainability risks into their investment choices and as of 31/12/2021 it boasted assets of over 110 billion euro in funds that promote environmental or social characteristics, among others, or that have sustainable investment objectives, classified according to Articles 8 and 9 of Regulation (EU) 2019/2088 (SFDR), which represent about 46% of the assets managed in UCITS by the company.

The merger by incorporation of Pramerica SGR Spa became effective from 1 July 2021, at the conclusion of an integration process aimed at enhancing synergies and common objectives in the field of sustainable investments.

THE INTEGRATION OF ESG FACTORS INTO THE INVESTMENT PROCESS

The vision and mission of Eurizon Capital SGR underline the importance for the Companies belonging to the Asset Management Division of the Intesa Sanpaolo Group to work together with the companies they invest in to promote rules and behaviours that favour aspects of sustainability in their investments and promote high standards of governance. In fact, Eurizon believes that issuers that implement high standards in terms of environmental, social and corporate governance issues are able to generate sustainable performance in the long term.

During 2021, the asset management company integrated sustainability risks into its investment process pursuant to Regulation (EU) 2019/2088 (SFDR), relating to sustainability reporting in the financial services sector and its related rules for implementation; in this regard, in 2021, Eurizon adopted a Sustainability Policy that describes the methods for selecting and monitoring financial instruments adopted by the asset management company; the methods provide for the application of specific processes for selecting financial instruments, suitably graduated according to the characteristics and objectives of the individual managed products, which take into account ESG factors and SRI principles, in line with well-defined Strategies:

- “SRI exclusions and restrictions” in respect of issuers operating in sectors deemed not to be “socially responsible” to which restrictions or exclusions apply with respect to the Investment Universe of the individual

- assets managed (so-called “SRI Binding screening”);
- “ESG exclusions and restrictions” against “critical” issuers for which an escalation process is activated that determines restrictions and/or exclusions with respect to the Investment Universe of the individual assets managed (so-called “ESG Binding screening”);
- “Integration of ESG factors” in the analysis, selection and composition of the portfolios managed with the aim of building portfolios featuring an “ESG score” higher than that of the related investment universe (so-called “ESG integration”);
- “Carbon footprint” which provides for the integration of methods for measuring carbon dioxide (CO₂) emissions generated by issuers, aimed at the construction of portfolios featuring a carbon footprint lower than that of its investment universe;
- “Impact investing” that use investment selection methods aimed at generating a social or environmental impact together with a measurable financial return;
- “Active ownership engagement” with the promotion of proactive interaction with the issuing companies both through the exercise of attendance and voting rights and through discussions and sharing views with the investee companies, encouraging effective communication with the companies’ management.

For each of the Strategies, Eurizon has defined specific decision-making processes and operational limits aimed at containing the risks (including reputational risks) of the managed portfolios, whose compliance is monitored by the Risk Management Function with the support of the Compliance & AML Function.

In 2021, Eurizon also published its first Sustainability Report, which illustrates the actions taken by Eurizon Capital SGR in implementation of the “Sustainability Policy” and the “Commitment Policy” and traces the experience of the Asset Management Division on sustainability issues over the last 25 years.

For a correct implementation of its Sustainability Policy, Eurizon has defined a framework that provides for the involvement of numerous corporate bodies and structures, which contribute together towards the implementation of the Policy and which bear witness to the across-the-board nature of responsibilities at all levels.

On the basis of proposals from the Sustainable and Responsible Investments Committee (hereinafter also the SRI Committee), the Board of Directors defines the asset management company’s Sustainability Policy.

The CEO and General Manager formulates, with the support of the SRI Committee, the proposals for the Board of Directors regarding the methods of selection and monitoring of financial instruments; he identifies the main negative effects of investment decisions on sustainability factors and integrates the sustainability risks into the Remuneration and Incentive Policies and lastly monitors the implementation of the Sustainability Policy using the reporting prepared by the ESG & Strategic Activism Structure.

The SRI Committee is an advisory body, made up of internal members, to support the CEO in defining the proposals to be submitted to the Board of Directors on sustainability policies and in monitoring the implementation of strategies.

The Sustainability Committee is an independent, autonomous advisory body made up of external members, at the service of the Board of Directors, with expertise concerning sustainability in its many aspects.

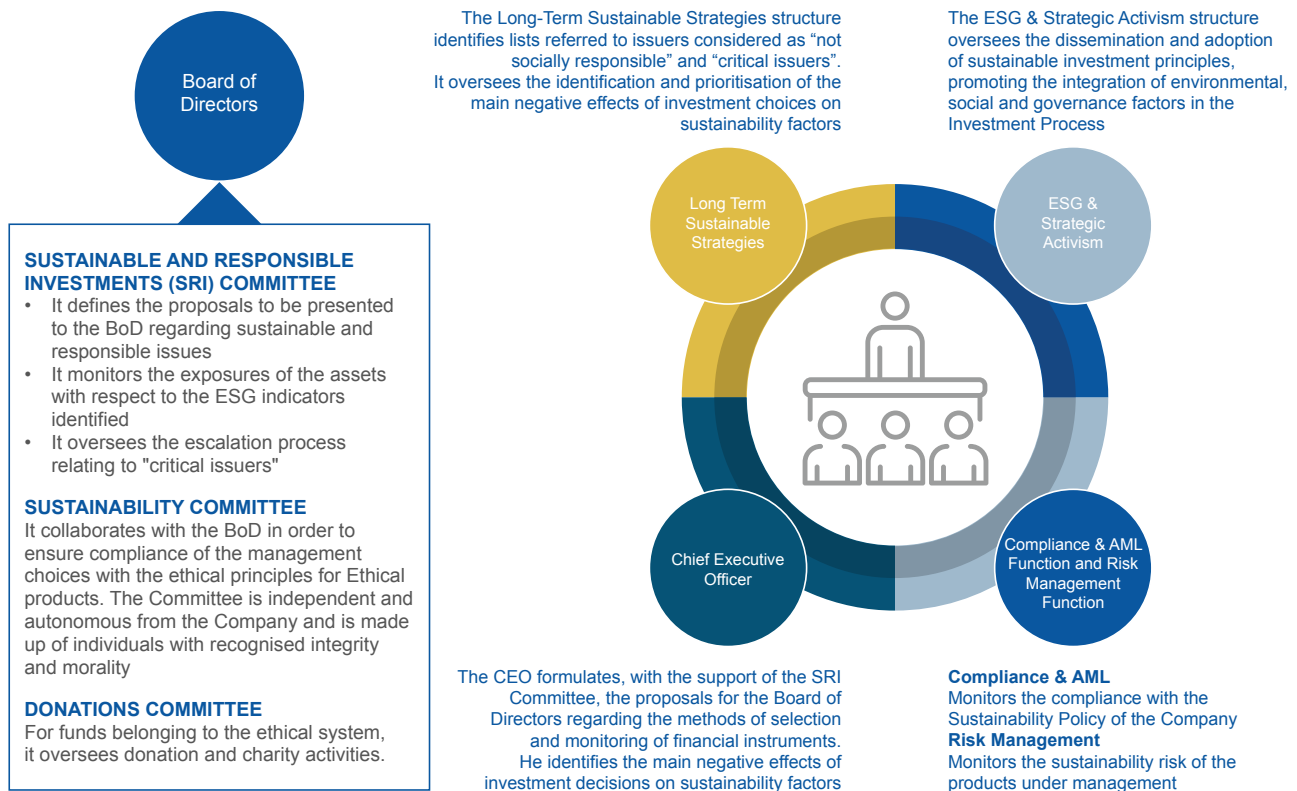
The Financial, Credit and Operational Risks Committee is a joint body aimed at monitoring the exposure to risks of managed products: The Committee monitors the results from analyses of the impacts of sustainability risks on financial products with the support of the Risk Management Function and monitors any actions used to mitigate the negative effects associated with investment decisions.

The Donations Committee is an internal body and oversees the donations made and charitable activities of the asset management company. For 2021, the Donations Committee approved the donation of a total of 386,000 euro in favour of 20 initiatives. In particular, in this context, initiatives aimed at supporting humanitarian, research and support activities for those in need were given priority.

In addition to the above committees, the corporate units and functions involved in the Investment Process regarding the integration of ESG factors are:

- The ESG & Strategic Activism structure, which is responsible for the development and implementation of the Company Policies in the ESG and SRI areas and for the correct performance of operational processes;
- The Long Term Sustainable Strategies structure in the Investments Department, which monitors corporate issuers also using specialised info-providers, in order to identify the lists referring to issuers deemed not to be “socially responsible” and issuers with a high exposure to ESG risks (“critical issuers”).
- The Compliance & AML Function, which monitors compliance with the Sustainability Policy, overseeing the correct application of the controls governed by external and internal regulations. In this context, it also oversees compliance with the decision-making process and operational limits aimed at containing the risks, including reputational risks, of the managed portfolios in relation to ESG and SRI issues.
- The Risk Management Function, which monitors the sustainability risk of the products managed, also coordinating with the Compliance & AML Function.

The Eurizon's main entities involved in the ESG/SRI process



ACTIVE OWNERSHIP ENGAGEMENT

In 2021, the companies subject to ESG engagement were up (+40%) compared to 2020, confirming Eurizon's strong commitment to sustainability issues and the effectiveness of the active ownership engagement instrument; 644 companies were involved in engagement activities; among these, 240 (approximately 37%) were involved in engagement on ESG issues. In particular, in 2021 Eurizon conducted 287 engagement activities on ESG issues, which represent 30% of the total (958 engagement activities) of the engagement activities for the entire year. With regard to active ownership engagement activities, in 2014 the asset management company signed up to the Italian Stewardship Principles for the responsible exercising of administrative and voting rights in listed companies, with the commitment to promote high standards of corporate governance. These rights are exercised transparently in the interest of the portfolio subscribers and market integrity, while maintaining a strong focus on limiting potential conflicts of interest.

In 2021, Eurizon Capital SGR took part in 160 shareholders' meetings of select companies listed on Borsa Italiana (56% of the total) and the international markets (44%), voting on 1,773 resolutions on the agenda.

NEW PRODUCTS INCLUDING ESG FACTORS

Under Regulation (EU) 2019/2088 (SFDR), at the end of 2021, the assets of the UCITS (Undertakings for Collective Investment in Transferable Securities) offered according to Articles 8 and 9 amounted to approximately 110 billion euro, representing a total of 46% of the assets managed in UCITS by Eurizon; in particular, the assets of the products categorised as Article 8 amounted to approximately 107.8 billion euro and the assets of the products categorised as Article 9 to approximately 2.8 billion euro.

The number of products managed according to these criteria is 172 (23 of which were launched in 2021) - considering the individual placement windows - referring to 32 different investment strategies.

In particular, in line with the company mission, in 2021, the asset management company launched several UCITS focused on Megatrends and numerous window funds that integrate ESG factors in the selection process.

Within the scope of the International Subsidiary Banks Division, the ESG product offering of VUB Banka (Slovakia), Intesa Sanpaolo Bank (Slovenia) and CIB Bank (Hungary) was further enriched for a total of 45 ESG funds in the catalogue. Specifically, VUB Banka proposed five new ESG funds of Eurizon Luxembourg and an ESG fund under Slovak law, Eurizon SK ESG Zodpovedné Portfólio. Intesa Sanpaolo Bank in Slovenia has also launched five new Eurizon ESG funds. The offer of ESG products is included in the Recommended Portfolios offered to Retail customers of the three Banks mentioned.

EURIZON FUND ABSOLUTE GREEN BONDS - GLOBAL IMPACT REPORT [i]

In June 2021, the asset management company drafted the Global Impact Report regarding Eurizon Fund Absolute Green Bonds, which details the results of the quantitative impact analysis and the contribution to the UN's SDGs. The investments made during the analysis period (1 July 2020 - 30 June 2021) helped to achieve key environmental and social impact results, such as:

- a generating capacity of 622 megawatts, thanks to the financing of plants that produce renewable energy; these plants produced around 1.5 million megawatt/hours of energy;
- energy savings of around 175,322 megawatt/hours thanks to investments in sustainable infrastructure (real estate and transport);
- a reduction in annual emissions of harmful gases of over 1.2 million tonnes of CO₂;
- the saving and purification of almost 360 million litres of water through investments in plants and production processes;
- the recycling of 14,472 tonnes of waste;
- 15 jobs created by the entire portfolio.

For every million euro invested, the following results are obtained: 779 megawatt/hours produced, 186,819 litres of water saved or purified and a reduction of 662 tonnes of CO₂.

The Fund also contributes to meeting various Sustainable Development Goals (SDGs) and every bond in the portfolio can contribute to one or more goals and the percentage highlights the amount of bonds that contribute to this objective, including: 13. Climate action (95%), 9. Industry, innovation and infrastructure (95%), 7. Affordable and clean energy (81%), 11. Sustainable cities and communities (78%), 3. Good health and well-being (78%), 12. Responsible production and consumption (42%), 6. Clean water and sanitation (28%), 2. Zero hunger (22%), 15. Life on Land (17%), 14. Life Underwater (17%).

At the end of December 2021, the fund's assets amounted to over 2.4 billion euro.

It should be noted that Eurizon, thanks to Eurizon Fund Absolute Green Bonds, was ranked first at the ESG Investing Awards 2022, in the Best ESG Investment Fund category and also received an award at the MainStreet Partners "ESG Champions" 2022.

Following the absorption of the Regulation (EU) 2019/2088, the entire investment process of the Company, also with reference to institutional mandates, has been adjusted in order to take ESG criteria into account in investment choices. In particular, all mandates comply with exclusion criteria both with regard to SRI themes (with reference to issuers operating in non-socially-responsible sectors) and ESG themes (issuers considered critical with low ESG scores). A specific ESG report is regularly produced on a large number of mandates (45 mandates, 8.7 billion euro managed and a total of 27 customers), indicating the positioning of the portfolio with respect to the reference benchmark. In addition, Eurizon manages 14 mandates relating to 11 customers for approximately 2.9 billion euro on which specific investment restrictions are implemented and/or support is provided to customers in the engagement and corporate governance activities.

In order to encourage the dissemination of ESG issues, Eurizon uses supporting materials, presents and markets its products and also conducts specific info-training programmes. Within the Eurizon Wise Academy Programme, in partnership with some third-party companies, there have been online courses and Webinars available to all Financial Advisors as well as to representatives belonging to participating Institutional Customers (Pension funds, welfare funds); the courses address updates, current regulatory developments and those soon to be applied on issues related to sustainability, such as the investment process, active ownership engagement, the SFDR Regulation, the implementation of taxonomy, the new focuses on the ESG bond part, the launch of the Circular Economy, thus allowing a journey through sustainability issues that can help to clarify strategies and enhance advisors' expertise.

FIDEURAM - INTESA SANPAOLO PRIVATE BANKING

The Private Banking Division considers the integration of environmental, social and governance factors into its business model of fundamental importance, in the belief that these elements, as well as promoting economically and socially sustainable development, can contribute positively to the financial results of customer portfolios, while at the same time reducing the risks.

The acceleration required by regulators and civil society towards transformation to a more sustainable economy led the Division to further intensify the development of its approach to sustainability by launching the ESG Programme in June, an ambitious project that involves all areas of the Division and aims to integrate sustainability into all aspects of managing its business and operations.

Within the Division's Steering Committee, a Sustainability session (ESG) has been established that defines strategic actions and initiatives in the field of sustainability, also with respect to the guidelines of the ESG Control Room and in line with the principles of the Group's Code of Ethics.

Fideuram Asset Management, the Italian asset management company of the Private Banking Division, has also set up a structure called "ESG & Strategic Activism" to ensure proper management of issues at the level of the Division's product factories. This structure reports directly to the Chief Executive Officer/General Manager and is dedicated, among other things, to the integration of ESG metrics in the financial analysis of products managed by the product factories, the assessment of sustainability characteristics within the products distributed and managed by third parties, the management of products focused on sustainability and the monitoring of corporate governance and engagement with respect to issuers.

The Division's product Companies, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) continuously assess the possibility of joining collective sustainability initiatives, in line with the ESG principles promoted by the Division. To this end, during the year they joined the UN Principles for Responsible Investment and the Net Zero Asset Managers Initiative.

With the aim of outlining an approach geared not only towards sustainable and responsible investments (SRI) but also towards integrating environmental, social and governance factors (ESG), the Division's product Companies have been following Sustainable and Responsible Investment Policies since 2020. These policies involve all employees and freelancers and apply to company activities and investment processes. Commitment Policies have also been adopted to describe the forms of behaviour that companies should adopt to stimulate the sharing of views with the issuers and to encourage long-term commitment in the companies they invest in. In addition, both Companies have redefined the activity related to the exercise of administrative and voting rights, adopting the ISS proxy voting platform for securities held by the managed Funds. In accordance with the SRD II Directive, Fideuram Asset Management SGR has also adhered to the "Italian Principles of Stewardship" promoted by Assogestioni for the exercise of administrative and voting rights in listed companies, thus ensuring full transparency regarding the issuer's performance and strategy, governance, corporate social responsibility and risk management.

All these points are accompanied by the activities aimed at achieving compliance with the first level legislation of Regulation (EU) 2019/2088 (SFDR) and in general with the regulatory developments in the field of sustainable finance, also closely linked to an increasing integration of ESG factors in the investment and risk management processes.

In 2021, the Private Banking Division launched the ambitious ESG Programme, whose main objectives are the following:

- define the strategic positioning of the Division with respect to ESG issues;
- integrate sustainability into the service model;
- include sustainability factors and risks both in the investment process and in the financial advisory activity;
- fulfil legislative obligations.

In order to achieve the expected results, the Division has divided the Programme into 11 areas, each with well-defined key objectives, which represent the priority fields for developing its ESG approach, actively involving all company functions.

The Division has identified among its main goals to be pursued the expansion of its offer of products that are sustainable and that also promote environmental and/or social characteristics and that have as their goals sustainable investments, respectively according to Articles 8 and 9 of the SFDR, with a view to also responding to the needs of customers increasingly sensitive to the issue.

During 2021, as part of the Funds à la carte offer, four new funds were developed based on sustainability, three of which were classified under Art. 8 and one under Art. 9.

The Fideuram Group ESG offer consists of 8 funds, seven of which classified under Art. 8 and one under Art. 9 of the SFDR Regulation, for a total of AUM as at 31 December 2021 of 2.6 billion euro, representing about 3% of total assets in the managed Funds.

FONDITALIA 4 CHILDREN

On 15 July 2021, Fideuram Asset Management (Ireland), in collaboration with UNICEF, launched the Fonditalia 4 Children fund, the first sub-fund of Fonditalia to be classified according to Article 9 of Regulation (EU) 2019/2088 (SFDR), as it pursues sustainability objectives with particular attention to the social sphere. The portfolio is built by selecting companies that support and foster social goals such as, but not limited to, improving health and well-being, decent working conditions and economic growth, quality education, sustainable cities and communities with a thematic focus on children's rights. The product envisages collaboration with Unicef for defining the exclusions of securities from the investment universe and the recurrent donation of an amount as fees in support of certain projects of theirs.

In 2021 specific criteria were defined for the selection of UCITs of third-party asset managers through financial analysis performed by the Multimanager and Alternative Investments unit in collaboration with the ESG & Strategic Activism team, also in compliance with the Regulation (EU) 2019/2088 (SFDR). The analysis takes into consideration whether the asset manager in question and the individual UCITs adopt investment policies that include ESG or SRI criteria, in addition to the possible presence of additional distinctive ESG-type elements in the individual products. As part of the Asset Management services, the ESG offer has been integrated with two new Folios:

- Folio Impact Allocation, the first Fideuram management line classified under Art. 9 of the SFDR;
- Folio Next Generation Winners, an equity folio classified as sustainable and responsible under Art. 8 of the SFDR.

As regards insurance products, the presence has been boosted of external and internal funds classified under Articles 8 and 9 of the SFDR in the investment universe of the Class III and Multiclass policies of Fideuram Vita and Intesa Sanpaolo Life. Furthermore, the new Class III policy called Selezione Private Pro of Intesa Sanpaolo Life was released in December for Intesa Sanpaolo Private Banking, whose internal funds are classified under Articles 8 and 9 of the SFDR.

Lastly, for products with assets under administration, two new certificate issues have been created with Intesa Sanpaolo which have capital protection and underlying ESG indices. These are respectively the iStoxx Europe 600 ESG and the MSCI ACWI Investable Market Innovation Quality Sustainable 100 Select (QIS), a dedicated index realised by Fideuram Asset Management in collaboration with MSCI and focussed on a selection of securities of companies characterised by quality, innovation and sustainability.

During 2021, the Luxembourg Market Supervisory Authority (CSSF) approved, with effect from 1 January 2022, the request to classify 30 funds for a total amount of 16.6 billion euro under Art. 8 of Regulation (EU) 2019/2088 (SFDR).

In order to gather customers' sustainability preferences, the MiFID profiling questionnaire was already updated in July 2021 for the inclusion of specific questions on sustainability issues. At the same time, dialogues were held with the Division's product houses and the third-party Asset Managers in order to expand the offer of sustainable products within the advisory service offered by the Division's Networks.

During the 57th edition of the Oscar di Bilancio, the prestigious awards run by FERPI (Federazione Relazioni Pubbliche Italiana), Borsa Italiana and Bocconi University dedicated to the most virtuous companies in terms of reporting, Fideuram - Intesa Sanpaolo Private Banking was awarded the Prize in the "Financial Companies" category for its Integrated Report 2020.

PENSION FUND WITH DEFINED CONTRIBUTION OF THE INTESA SANPAOLO GROUP

The European Directive 2016/2341, the so-called IORP II, also in force in the Italian supplementary pension system, encourages pension funds to adopt a strategic and long-term approach for the integration of ESG factors in risk management and in their investment strategies. The sensitivity and controls of the portfolio with ESG logic are considered a fundamental element of the portfolio management policy not only with reference to regulatory obligations but with a view to proper risk management.

In 2021 the Fund published the "Communications on the commitment policy", the document on the "Investment strategy and agreements with asset managers", as well as the "Sustainability disclosure pursuant to Regulation (EU) 2019/2088", to comply with the legislation and regulations on transparency (SFDR); the Fund also updated the Information Note (which is the document to which all members have to refer) in which there is an appendix dedicated to the "Sustainability disclosure"; lastly for each sub-fund of the Fund, information was given as to whether it features sustainable investments or ESG elements.

Since the beginning of its activity in 2016, the Fund has developed its own principles of conduct to be adopted

regarding sustainability and responsibility and, to put these principles into practice, it adheres to the Principles for Responsible Investment (PRI) promoted by the United Nations to disseminate and support sustainable and responsible investment in the international financial community.

The Fund has also published the Guidelines that define the Entity's activities in the field of sustainable and responsible investment: they provide behavioural recommendations – inspired by the most common international practices – relating to chosen approaches, adopted tools and the role of the parties involved. For the implementation and regular monitoring of activities related to sustainable and responsible investments, the Fund employs a Sustainability Advisor (ESG Advisor), selected by the Board of Directors.

A particular focus has been placed by the Fund on the theme of Climate Change through support for the Climate Action 100+ initiative and activation of the new Futuro Sostenibile fund. The collective Climate Action 100+ initiative (CA100+), of which the international organisations UNPRI and IIGCC (Institutional Investor Group on Climate Change) are active participants, involves 615 investors with resources under management of about 65 thousand billion dollars. The project subjects 167 companies – with a total capitalisation of over 10 thousand billion dollars, identified as responsible for emissions of more than two thirds of greenhouse gases produced industrially – to climate change engagement: the objective is to induce these companies to adopt a strong active climate change governance, to reduce greenhouse gas emissions in line with the Paris Agreement and at the same time to increase transparency in reporting.

On the other hand, Futuro Sostenibile, the new fund dedicated to ESG issues with a focus on Climate Change, has been active since March 2020 and invests in sectors and companies that focus their business on environmental, social and governance factors. In 2021, more than 6,500 members decided to invest in this fund that reached assets of over 100 million euro.

Also in its direct investments in 2021, the Fund took sustainability issues into account, continuing to invest in renewable energy through two funds (one of which with a strong ESG focus classified pursuant to Article 9 of Regulation (EU) 2019/2088).

SUSTAINABLE INSURANCE

In line with the objectives of the Intesa Sanpaolo Group and the strategic importance that the integration of ESG factors is assuming for the financial and insurance sectors, the Insurance Division continued in 2021 its development programme on ESG issues, providing for the creation of actions and effective initiatives to foster development of internal governance and to generate a concrete and significant impact in environmental, social and transparency terms with respect to its customers.

In compliance with the Sustainable Development Goals (SDGs) and PSI (Principles for Sustainable Insurance) issued by the United Nations (signed by the insurance parent company at the end of 2019) and with the other international principles which the Intesa Sanpaolo Group also adheres to, the integration of ESG factors is arranged by the Insurance Division in the various areas of Business in which it operates.

INTERNAL GOVERNANCE AND RISK MANAGEMENT

The Insurance Group has prepared tools for the monitoring of Governance and risk management in the field of sustainability through business units, policies and dedicated project initiatives, also in line with the evolution of national and international legislation.

The activities of the organisational unit dedicated to sustainability (created in 2020) continued, with the aim of launching internal and external initiatives to promote the culture of Sustainability and supporting its implementation together with the business functions, coordinating the across-the-board initiatives of the Division and managing the interface with the Intesa Sanpaolo central structures and national and international institutions.

In 2021, the Insurance Division launched an important project to strengthen the integration of ESG factors and accelerate the path towards the net-zero goal. This provided for the involvement of the main areas of activity of the Division (Investments, Risk Management, Compliance, Legal, Life and Non-Life Products, IT, Organisation) to absorb the new legislation in both a strategic and regulatory compliance perspective, defining a roadmap of actions to be performed in the short, medium and long term. The working groups maintain constant coordination with the parent company Intesa Sanpaolo and the other divisions of Intesa Sanpaolo (in particular the Private Banking and Asset Management Divisions).

In January 2021, the Sustainability Policy, which summarises the values and commitments of the Insurance Group, was published with the aim of promoting a responsible and sustainable business model and increasingly integrating the sustainability principles into business decisions and processes. The Policy also assigns roles and responsibilities on the integration of ESG principles to the Board of Directors and the corporate structures involved.

In line with developments in the international regulatory environment, during 2021 the preparations were made towards compliance with the requirements defined by the legislation (e.g. Regulations (EU) 2019/2088 and 2020/852 that focus respectively on sustainability-related disclosures regarding financial instruments and on the

Green taxonomy). In particular, the Life insurance offer was mapped during the year to identify the products to be classified as ESG pursuant to Articles 8 and 9 of the SFDR legislation; the related pre-contractual information and relevant sections on the Companies' websites were subsequently integrated; finally, a start was made on updating periodic reports from 2022.

In 2021, the Policy on Sustainable and Socially Responsible Investments was also approved by the Board of Directors of the Insurance Parent Company (and subsequently adopted by the Boards of Directors of the Insurance Group companies) on the basis of ESG and SRI principles¹ of the Intesa Sanpaolo Vita Group, a document that aims to outline the sustainability principles and standards adopted for the responsible management of investments at the Insurance Group level. The document defines the roles of company structures and delegated managers, the investment guidelines, the elements for defining critical issuers and excluded sectors, in line with the Intesa Sanpaolo Group's strategy.

In addition and similarly in compliance with regulatory requirements, the Policy for the Management of Principal Adverse Impacts (PAI²) on Sustainability Factors was drafted and published, which presents the methods adopted by the Insurance Group for managing risk mitigation of potentially negative impacts on sustainability related to investments; the policy applies to all the companies in the Insurance Group and a summary thereof has been made available on the companies' websites.

MEMBERSHIP OF NET ZERO INSURANCE ALLIANCE (NZIA) AND NET ZERO ASSET OWNER ALLIANCE (NZAOA)

At the end of 2021, the Insurance Group signed up to the international Net Zero alliances promoted by the United Nations. In particular, membership of the two most relevant Net Zero alliances for the core business - Net Zero Insurance Alliance (NZIA) and Net Zero Asset Owner Alliance (NZAOA) - was formalised through the insurance parent company Intesa Sanpaolo Vita.

Net Zero Insurance Alliance envisages commitment to zero greenhouse gas emissions (hereinafter also "GHG") in the underwriting portfolio by 2050 through the definition of intermediate targets focused on the Non-Life business. Net Zero Asset Owner Alliance envisages commitment to zero GHG emissions in the investment portfolio of the insurance group companies by 2050, through the definition of specific intermediate targets on the investment portfolio (i.e. carbon intensity), engagement with the main counterparties to develop and promote transition programmes and incentives to finance climate transition and new green technologies.

Finally, to allow the effective implementation of the planned actions and ensure the development of the necessary expertise within the company, important training initiatives have been run, in particular those addressed to the Boards of Directors of the Insurance Division Companies that had already started in previous years, geared to increasing awareness of these issues and the impacts they generate in the insurance context. In addition, two workshops were also held in 2021 on regulatory aspects aimed at the functions impacted by sustainability regulations.

¹ With reference to the management of investments, the Insurance Group relies on various delegated managers: Eurizon Capital, Eurizon Capital Real Asset, Fideuram Asset Management, and Fideuram Asset Management Ireland.

² Principal Adverse Sustainability Impact.

INSURANCE PRODUCTS AND SUSTAINABILITY

During 2021, the Insurance Division continued to encourage the development of its product and service model for all business lines to meet customer needs with respect to sustainability issues. In line with the constant commitment of the Insurance Group with respect to Sustainability, also outlined within the defined company policies, the objective of the Division is to continue the development of its offer, also providing new products and types of cover over the coming years, as well as a review of product processes from an ESG perspective.

The offer of the Insurance Division is arranged into Life and Non-Life businesses, which include several product lines on offer. During 2021, a mapping of the current offer was carried out, identifying the products that can be classified as ESG according to Regulation (EU) 2019/2088 (SFDR).

Within the Life business, which is operated by the Division via the companies Intesa Sanpaolo Vita, Fideuram Vita and Intesa Sanpaolo Life, the product lines on offer include “Supplementary Pension” (products for savings for supplementary pension purposes), “Savings and Investment” (investment solutions for savings, to protect the family unit) and “Risk Insurance” (credit protection and economic activity, in the event of death or disability).

The ESG products classified according to Regulation (EU) 2019/2088 (SFDR) and identified as part of the “Supplementary Pension” include the “Il Mio Domani” (My Tomorrow) open-ended pension fund of Intesa Sanpaolo Vita and the “Fondo Pensione Fideuram” (Fideuram Pension Fund) of Fideuram Vita:

- “Il Mio Domani” presents, among others, three lines of investment with ESG benchmarks and a lifecycle investment profile that provides for the allocation of the most coherent starting sub-fund, based on the time horizon before reaching one’s retirement date;
- The “Fondo Pensione Fideuram”, a pension fund open to individual membership, includes in its investment policy, for all sub-funds, certain exclusion criteria for investments in certain sectors and countries with high ESG impact and, in addition, for the Fideuram Millennials sub-fund, it has established sustainable investment criteria built into the stock selection process, thus combining the thematic objective of sustainability.

With regard to the products in the “Savings and Investment” area, the ESG offer includes several solutions proposed by the Insurance Group companies, including:

- “Tu Dopo di Noi” (You After Us), a high social value Class I insurance product made for the members of a disabled person’s family who want to protect their loved one with a secure capital for the future or with a certain income in the event of the death of the signatory who takes care of the disabled person;
- “Base Sicura Tutelati” (Secure Base for the Protected), a product dedicated exclusively to protected persons such as minors and/or incapacitated persons who have capital to be used in a Class I guaranteed investment and who require the prior authorisation of a Guardianship Judge.

As part of “Risk Insurance”, Fideuram Vita promotes environmental and social characteristics by offering the Orizzonte Responsabile (Responsible Horizon) and High Conviction 100 internal funds, entirely based on sustainable and responsible investment criteria associated with the Fideuram Vita Insieme Private product. In addition, a wide selection of external funds (UCITS), classified by their respective management companies as under Articles 8 and 9 of the SFDR, is available in all products of the Fideuram Vita Insieme and multi-class family.

With regard to Intesa Sanpaolo Life, the ESG offer includes all the internal funds that make up the “Prospettiva Sostenibile” (Sustainable Perspective) product, which also has an ESG area and a Theme with sustainability connotations and objectives. All the Valore Pro Insurance funds also promote ESG features, along with the two internal funds that make up the “Doppio Centro Insurance” (Double Centre Insurance) product. Finally, the “Tattica di Prospettiva 2.0” (Prospective Tactics 2.0) area and some window funds launched within the “Selezione Private” product are also part of the ESG insurance offer of Intesa Sanpaolo Life.

Within the scope of the Non-Life business, the Division is active with the companies Intesa Sanpaolo Assicura, Intesa Sanpaolo RBM Salute and Cargeas Assicurazioni, with products covering the Home (theft, fire, etc.), Mobility (cars and motorcycles), Health (accidents, illness) and SMEs/Corporate sectors.

The Motor insurance product called “ViaggiaConMe” (TravelWithMe) is a usage-based solution which encourages policyholders to use their vehicles responsibly, reducing their premiums if they lower their mileage (monitored using a device installed in the car).

The “XME Protezione” (Protection for Me) product is a policy with a range of insurance covers in the areas of Health, Home and Family that the customer can purchase, also at different times, customising protection according to their needs. In addition to the traditional cover dedicated to the home, XME Protezione includes the possibility of protecting the home in the event of natural disasters such as earthquakes and floods, providing compensation above the market average of up to 80% of the reconstruction value.

The entry of Intesa Sanpaolo RBM Salute within the consolidation area of the Insurance Division has made it possible to include in the XME Protezione product, cover for the payment or reimbursement of medical expenses in the event of an accident or illness, which includes events such as hospitalisation or surgery, but also specialist visits,

instrumental diagnostics, physiotherapy or ophthalmology, and to develop built-in prevention programmes aimed at protecting customers' health prior to the emergence of the most common diseases. In addition, after extending the health cover of its products in 2020 to cover admissions to hospital due to COVID-19, during 2021 Intesa Sanpaolo RBM Salute supplemented its insurance coverage to include negative circumstances and events related to adverse reactions to the COVID-19 vaccine.

In the context of health protection to support companies and their corporate welfare, Intesa Sanpaolo Assicura offers the "Collettiva Infortuni" (Collective Accident) Policy that protects one or more categories of workers in the event of an accident while performing professional and extra-professional activities.

Traditionally uninsurable categories of workers such as interns, trainees and co-workers with a contract of collaboration are also covered. The range of protection in this area is completed by two insurance solutions offered by Intesa Sanpaolo RBM Salute reserved for companies and aimed at protecting workers and their families: one to cover the risks associated with serious illnesses, and the other takes the form of a health plan which reimburses medical expenses.

To respond to the needs of an increasingly digital clientele and also to target young people, Intesa Sanpaolo Assicura started a partnership with the YOLO digital platform since 2020 for the sale and proposal of insurance policies via "instant" and "on-demand" procedures, such as, for example, through geo-location and expenses incurred, in highly sensitive areas such as winter sports and pet care.

INNOVATION & PROMOTION OF AN INSURANCE CULTURE

The Insurance Group continues to invest in innovation and development of digital skills and processes, also as a lever to have an increasingly effective impact in terms of sustainability.

In this context, the Intesa Sanpaolo Vita Group has set itself the objective of promoting the Culture of Insurance Protection, to encourage increasingly responsible and sustainable forms of behaviour, with the aim in particular of providing all people with information about having a conscious and reasoned approach to managing their well-being and an understanding of the value that financial and insurance planning can bring to individuals and their family units. To this end, between the end of 2020 and the first half of 2021, the Insurance Division launched a programme of analysis through interviews with opinion leaders, international benchmarks and laboratories as well as a quantitative survey of 500 young people, which enabled the Insurance Division to identify projects and initiatives to promote protection among younger customers (Millennials) - the target group with the lowest level of cover but with high potential - by engaging them in the process of defining projects. It became evident that it is crucial to have a strategy that guides confidence, awareness and recognition with respect to the insurance sector and that positively influences an increased propensity towards protection.

Within this outlined strategic framework, in August 2021, the project called "Proteggere Ad Arte" (Artful Protection) was launched through the Insurance Parent Company Intesa Sanpaolo Vita [1]. This was the first digital contest dedicated to young artists who were asked to relate the importance of insurance protection in everyday life through various art forms. The initiative was disseminated and publicised through the support of an ambassador and curators dedicated to the art forms involved. Thanks to the mix of communication channels used, at the end of the year the initiative had achieved important results: over 13,000 users and 92,000 votes; 882 collected works (videos, photos and figurative arts) and about 1,400 artists registered on the web platform; 43 million impressions (equal to the number of times the contents of the project were displayed on activated channels).

In addition, following the launch in September 2019, there was a continuation of the activities related to Area X (the first experiential space linked to the world of insurance protection, carried out in Turin) through events, live streaming engagements with leading figures from the world of sport and collaborations with other Divisions of the Group to promote, in an inclusive way, the topic of Protection.

Following the success of the first edition of the Level II Master's Degree in Insurance Innovation (run in partnership with the University of Turin, the Turin Polytechnic and Collegio Carlo Alberto), the Insurance Group is running further editions of the initiative dedicated to recent graduates and professionals in the insurance sector interested in exploring digital and innovative topics in the insurance field.

In order to encourage the spread of a culture of sustainability and to raise people's awareness of sustainable and more conscious forms of behaviour, the Insurance Division launched a series of initiatives in the environmental and social field during the year. In particular, the project "Restore Life on Earth" was launched which touches on issues with both environmental and social impact. Created in partnership with the ZeroCO₂ start-up (a benefit company specialising in environmental and social initiatives in Italy), the project involves the planting of 750 trees in Southern Italy on land at risk of desertification or confiscated from organised crime that will be entrusted to three agricultural and social cooperatives that support people and young women who are in vulnerable and difficult conditions. The project also included the launch of two webinars dedicated to sustainability issues and open to all employees.

Also in 2021, following the conversion of the urban garden housed on the roof of the Viale Stelvio premises in Milan, the first corporate orchard of the Insurance Division was created, thanks to which about 40 trees were planted at the Division offices. The initiative was also promoted within the company by engaging the employees who could "adopt" specific plants and follow their development and also received advice on how to take care of them.