

# Sustainable investments and insurance

## 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 has 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.

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.

## SUSTAINABLE INVESTMENTS

In 2020, the Intesa Sanpaolo Group continued to strengthen its leadership in sustainable investments, with an overall market share of 22.8% (30.4% with the contribution from UBI Banca). With 18 new products, the Group reached a total of 57 open-ended sustainable and responsible funds (72 if we also consider the Pramerica products, 10 of which were launched in 2020) with assets of 18.4 billion euro (24.6 billion with UBI Banca) and net inflows of 8.3 billion euro (over 9 billion with UBI Banca).

## EURIZON

Eurizon Capital is the leading asset management company in Italy on sustainable and responsible funds with a market share of almost 21.9%. Having subscribed to the United Nations Principles for Responsible Investment in 2015, Eurizon Capital has paid particular attention over the years towards the policies implemented by the issuers that it invests in, in the belief that healthy corporate governance policies and practices, which incorporate environmental, social and correct governance elements, are able to create value for all stakeholders in the long term.

To strengthen its control over the sustainability of its investments, Eurizon is assisted by the Sustainable and Responsible Investments (SRI) Committee (within the asset management company and chaired by the CEO) and the Sustainability Committee (an autonomous and independent body that helps with the management of Ethical Funds and performs a supporting role). The SRI Committee, set up in 2017, supports the Chief Executive Officer in setting out ESG-related proposals to present to the Board of Directors by monitoring the exposure of assets in relation to the relative assessment indicators identified, and overseeing the escalation process relating to the securities of critical issuers. As well as the Chief Executive Officer, the Heads of the Investments Department, the Heads of the Control Functions, and the ESG and Strategic Activism, Corporate Governance and Sustainability Heads also sit on the Committee.

The Sustainability Committee was set up in accordance with the provisions in the Regulation on Managing Open-ended Mutual Investment Funds (approved by the administrative body of the asset management company in compliance with the applicable provisions on the regulation of mutual funds) belonging to the Ethical System and is composed of persons outside the company of recognised probity and morality. In addition to its role of providing the Board of Directors with general professional advice on sustainability issues applicable to the assets under management, the Sustainability Committee is responsible for periodically monitoring the investment choices of the ethical funds and the management strategy adopted by these funds during the reference period. If it comes to light that fund managers have diverged from the guidelines of the Committee, the Committee can request to Eurizon to provide a detailed justification for the investment decisions taken. The Committee also establishes guidelines for the methods of donating the proceeds from the Ethical System funds to social projects. During 2020, the Eurizon Board of Directors approved the allocation of 200,000 euro equally divided among three hospitals particularly involved in managing the pandemic and Caritas for its support to families in need due to the negative effects of the COVID-19 emergency.

Eurizon Capital SGR has adopted a method for the selection of financial instruments that takes into account environmental, social and governance factors as an integral part of the investment process, aimed at curbing risks, including those of a reputational nature, and creating value for its customers' portfolios. The ESG and SRI principles are applied to all actively managed funds, whether they are benchmark or flexible ones (in contrast, ESG criteria are not applied to passive/indexed products or investment solutions such as, for example, retail portfolio management and specific institutional mandates). During 2020, the investment process was enhanced with a procedure for the selection of third-party funds with ESG criteria that would be useful in the subsequent process of assessment and ranking, a responsibility of the Multimanager Investments & Unit Linked structure of Eurizon Capital SGR.

In terms of actively managed funds, specialised ESG products were made which use a proprietary rating platform to select securities based on their sustainability rating. Active management products also include ethical funds with dedicated benchmarks.

The process of selecting and monitoring investments based on ESG and SRI principles carried out by the asset management company is structured on the basis of three phases:

- creation, by the Long-Term Sustainable Strategies office of the Investments Department, of a list of issuers with high exposure to ESG risks (critical issuers) and a list of issuers operating in sectors regarded as not socially responsible;
- sharing and verification of these lists with the Investments Department and the SRI Committee;
- monitoring of the observance (ex ante during the order preparation phase and ex post during the portfolio optimisation phase) of specific operating limits on investments in issuers operating in non-socially responsible sectors by the Compliance Function.

Operating limits are set in various ways with the following specifications:

- for products whose investment policy is characterised by the presence of a benchmark, the maximum direct investment allowed is equal to the weight of the issuer in the benchmark;
- for products whose investment policy does not provide for the presence of a benchmark, direct investment in securities of issuing bodies belonging to the list is ruled out.

With particular reference to the list of critical issuers, the SRI Committee of the asset management company coordinates and implements an engagement process, i.e. an active share ownership procedure formulated and enacted at various levels, from dialogue with the companies subject to scrutiny through to the activation of voting rights at shareholders' meetings. It is implemented differently for:

- securities already in the portfolio: an 18-month observation period begins upon the activation of the engagement process to assess whether the issuer should be removed from the critical issuer list, after which time - in the event of a negative outcome - the process of divestment of the assets under management begins, according to timeframes that fit with the interests of the customer and, in any case, within three months of the decision;

- securities invested in for the first time (new securities): purchases are conditional on the drafting of an Investment Case subject to the prior analysis of the SRI Committee, the results of which are submitted to the Board of Directors for approval.

In 2020, Eurizon carried out 840 engagement initiatives with 573 issuers, with about 24% (200 initiatives with 172 companies) primarily related to ESG issues.

Compared to 2019 (675 engagement initiatives, of which 15% on ESG issues), in 2020 there was a higher incidence of engagement with issuers specifically dedicated to ESG issues.

Eurizon Capital SGR also joined a collaborative engagement scheme as part of a campaign on environmental issues which reached 1,826 selected companies operating in various important sectors at a global level. At the end of the engagement activity (18 months of monitoring), the process of disinvesting all securities (4 issuers) which did not provide proof of convincing actions that may have a short-term effect on the sustainability profile began at the start of 2020. The only exceptions were eight issuers for whom the engagement process was extended.

With regard to active share ownership activities, the asset management company adheres to the Italian Stewardship Principles for the responsible exercising of the administrative and voting rights of 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 June 2020, the Engagement Policy was approved and published and replaced and enhanced the previous Stewardship Policy.

In 2020, Eurizon Capital SGR took part in 120 shareholders' meetings of select companies listed on Borsa Italiana (59%) and the international markets (41%), voting on around 1390 resolutions on the agenda.

In terms of actively managed funds, specialised ESG products which use a proprietary rating platform were developed and offered to the public.

The total number of these funds in 2020 was 55 products (compared to 37 funds in 2019), including issue windows for different deadlines of the two product families: Eurizon Disciplina Sostenibile and Eurizon Flessibile Azionario. Specifically, the new funds launched in 2020 included those in the Megatrend line of mutual funds: Eurizon Planet, Eurizon People and Eurizon Innovation.

During 2020, CIB Bank placed two new ESG products on the market: CIB Sustainable Development Derivative Fund and CIB Responsible Investments Derivative Fund, both with partially protected capital. These products were subsequently included in the Recommended Portfolios offered by CIB Bank, thus extending the range of Eurizon ESG products already bolstered in 2019 with the EF Bond Corporate Smart ESG and EF Sustainable Global Equity products, also present in VUB Banka and Intesa Sanpaolo Bank in Slovenia.

### EURIZON FUND ABSOLUTE GREEN BONDS - GLOBAL IMPACT REPORT [1]

In June 2020, 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 2019 - 30 June 2020) helped to achieve key environmental and social impact results, such as:

- a generating capacity of 310 megawatts, thanks to the financing of plants that produce renewable energy; these plants produced around 721,973 megawatt/hours of energy;
- energy savings of around 64,833 megawatt/hours thanks to investments in sustainable infrastructure (real estate and transport);
- a reduction in annual emissions of harmful gases of over 458,000 tonnes of CO<sub>2</sub>;
- the saving and purification of over 134 million litres of water through investments in plants and production processes;
- the recycling of 10,068 tonnes of waste;
- 53 jobs created by the entire portfolio.

For every million euro invested, the following results are obtained: 837 megawatt/hours produced, 156,037 litres of water saved or purified and a reduction of 532 tonnes of CO<sub>2</sub>.

The Fund also contributes to meeting various Sustainable Development Goals (SDGs) - 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: 9. Industry, innovation and infrastructure (86%), 7. Affordable and clean energy (78%), 11. Sustainable cities and communities (76%), 3. Good health and well-being (74%), 13. Climate action (72%), 8. Decent work and economic growth (51%), 12. Responsible production and consumption (36%), 6. Clean water and sanitation (29%), 2. Zero hunger (22%), 15. Life on Land (19%). At the end of December 2020, the fund's assets amounted to over 2 billion euro.

The assets of the funds managed by the company that meet sustainability (ESG) and ethical criteria (under Italian law and under foreign law, delegated to the asset management company) amounted to about 17.2 billion euro, in addition to the assets of three non-delegated funds managed directly by the subsidiary in Luxembourg for an AUM of 0.5 billion euro, making a total of 17.7 billion euro (10.1% of the total assets of Italian and foreign funds). The number of funds managed under the above criteria were 55 - considering the individual placement windows - relating to 30 different investment strategies (as at 31 December 2019 there were 17).

In particular, the range of products on offer includes four ethical funds (three funds belonging to the Ethical System under Italian law and one delegated); the funds belonging to the “Ethical System” are geared towards financial instruments of issuers that - at the time of investment - do not fall under the exclusion cases set out in the “negative criteria”. In addition, they are marked by their respect for one or more “positive criteria” with a management characterised by the exclusion of all companies involved in activities considered unethical, such as nuclear energy, arms and tobacco. All products belonging to the “Ethical System” provide for a donation from proceeds. The amount of assets under management in the area of ethical funds amounted to over 2.2 billion euro in 2020.

In addition, Eurizon manages 15 mandates relating to 13 customers characterised by sustainability criteria, making for about 3.3 billion euro. In particular, the services provided for these mandates concern the choice of ad hoc benchmarks, supporting engagement and corporate governance activities, and the creation of exclusion lists when selecting investments.

During 2020, Eurizon continued its commitment to spreading the culture of sustainability by participating in numerous conferences, like the Salone SRI, the Italian Corporate Governance Conference, the Conference on Green and Social Bonds organised by Icm/Assiom. Eurizon has continuously participated in working groups organised by institutions like Consob, European Banking Federation, EFAMA, Assogestioni and Foundations. During 2020, the European Banking Federation (EBF) chose Eurizon to represent it as a member of the Ecolabel board (the supervisory body of the European Commission for ecological labels) and of the Project task Force organised by EFRAG (European Financial Reporting Advisory Group) at the request of the European Commission in order to establish possible standards on sustainable reporting at a European and global level.

## FIDEURAM - INTESA SANPAOLO PRIVATE BANKING

The Private Banking Division considers the integration of environmental, social and governance (ESG) 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.

With this in mind and with the objective of making sustainability a central focus of all the products and services offered to customers, the Division launched the activities aimed at the enhancement and integration of ESG strategies and related criteria in its advisory model, in accordance with the instructions received from the Parent Company. The activity was realigned into a new project dedicated to the convergence of the service model between Fideuram and Intesa Sanpaolo Private Banking and integrated into the Scenario Planning initiatives. A range of activities on ESG issues were launched or continued during the year both at the Division level and in the product factories (actions on systems and processes, training, preparedness towards the adjustment to new regulations in the field of sustainability, initiatives providing community support, personnel policies and operational measures aimed at reducing the ecological footprint).

Within the scope of the Division’s Steering Committee, a “Sustainability (ESG)” session was established which meets at least quarterly to collaborate in the identification of sustainability issues, in defining strategic initiatives in this area, while also assessing the financial feasibility and impact on the Division with respect to the policies of the ESG Control Room and consistency with the principles in the Group’s Code of Ethics.

As from 1 January 2021 Fideuram Investimenti, the Italian asset management company of the Private Banking Division, has taken the name of Fideuram Asset Management SGR and within its organisation, to ensure proper management of issues at a product factories level, a structure has been set up called “ESG & Strategic Activism”. 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.

With the objective of outlining an approach geared not only to guiding towards sustainable and responsible investments (“SRIs”) but also to the integration of environmental, social and governance (“ESG”) factors, in 2020 Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) adopted the Sustainable and Responsible Investment Policies. These policies involve all associates of the asset management company and are applied in its business operations and investment processes, in order to outline the approach relating to sustainable

and responsible investments, specifying the scope of application in operational terms and in terms of the efforts and actions undertaken by the asset management company in order to promote a sustainable investment culture. 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, in order to reflect the provisions in the Commitment Policies, both companies have revised their internal documentation related to the exercise of rights to participate and vote with respect to securities held by the managed Funds.

Fideuram Asset Management SGR has also subscribed to the “Italian Stewardship Principles for the exercise of management and voting rights in listed companies” promoted by Assogestioni.

Both companies have also initiated analyses of the adjustments needed to accommodate changes in the regulations in the field of sustainable finance, which are also closely linked to a greater integration of ESG factors into the investment and risk management processes.

In March 2021, it was finally confirmed that Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) had signed up to the UN PRI principles.

In the Private Banking Division, listening to and entering into dialogue with customers goes hand-in-hand with the commitment to spreading an appropriate financial culture in order to improve customers’ knowledge and awareness with regard to investment choices, also concerning social and environmental aspects.

The progressive integration of ESG criteria is taking place across-the-board in the advisory model and product range on offer (primary market certificates, funds, portfolio management schemes, insurance investment solutions) with the aim of offering a full spectrum of opportunities.

As regards funds distributed à la carte in 2020, placement was initiated of some thematic sectors of specialist partners implemented with a responsible approach in line with the Sustainable Development Objectives enshrined in the United Nations resolutions (such as the solutions of the open-ended investment company CPR Invest of the Amundi Group). These new funds complement the proprietary funds of the Fideuram Group already in placement (Fonditalia Ethical Investment and Fonditalia Millennials Equity). At the end of 2020, the total invested assets in the two sub-funds stood at 708 million euro with an increase of 483 million euro compared to 2019.

## PHILANTHROPIC FUNDS AND THEORY OF CHANGE

Intesa Sanpaolo Private Banking has dedicated some of its resources to the creation of philanthropic funds, also called DAF - Donor Advised Funds. It has also included in its range of offered services, support in the structuring, for non-profit organisations or for certain specific projects, of the Theory of Change (ToC), and a rigorous and participatory process in assessing social impact, with which the organisation and stakeholders arrange their long-term (impact) objectives and then identify the conditions required to achieve them.

As regards the Fideuram Omnia Portfolio Management, various customised management lines have been developed since 2018 in collaboration with Mainstreet Capital Partners and oriented towards investment in financial instruments that incorporate environmental, social and good governance criteria, and in 2019 two Ego High Conviction lines were included in the catalogue, developed in partnership with Lombard Odier Investment Managers, using a “Sustainable Equity High Conviction” strategy. In addition, during 2020 the selecting of additional ESG funds continued with a view to enriching the investment universe of Fogli Fideuram and Omnia Portfolio Management available to the manager for the construction of portfolios.

Since 2017 Intesa Sanpaolo Private Banking has been offering the Gestione Patrimoniale Mix Sustainable, a portfolio management line characterised by an investment process aimed at building a balanced and diversified portfolio on international markets, combining fundamental analysis with specific sustainability assessments aimed at pursuing financial objectives, as well as social and environmental results. In the choice of financial instruments, the portfolio management prioritises, non-exclusively, governments, companies and supranational bodies aligned with the UN Sustainable Development Goals. More specifically, the assessment is based on a combination of negative criteria, ESG integration and best in class. The sustainability assessment is carried out in two steps: beforehand through an internal sustainable quality assessment process and afterwards through a sustainable rating developed by the dedicated advisor. Together with a quarterly financial report, a report is produced that highlights the contribution to the Sustainable Development Objectives monitored during the period.

A similar review pathway was also undertaken for Fideuram Vita insurance policies in Class III, focusing on sustainability and long-term trends as a source of greater protection of invested capital. Additional external funds were selected, therefore, with a strong ESG vocation and an internal fund was also created - “FVI High Conviction 100” - in partnership with Lombard Odier. For the open-ended Fideuram Pension Fund, the gradual adjustment of the investment process to ESG criteria continued. In 2020, the ESG exclusion criteria applied in 2019 only to the equity component in portfolios, were also applied to the component invested in corporate bonds. In 2020, Fideuram

Millennials was also created, the new segment in the Fideuram Pension Fund, built with the same characteristics as Fonditalia Millennials Equity.

The search for sustainable investment solutions also involved the assets under administration. Since 2018 Fideuram, together with the issuers in the Intesa Sanpaolo Group, has created five equity protection certificates with underlying ESG type indices, which aim to reward companies that are sustainable in terms of their governance and social and environmental approach. Last in order of time was the EP 100% capital certificate in the iStoxx Europe 600 ESG index placed in 2020. The same policy line was undertaken by Intesa Sanpaolo Private Banking.

## ATTENTION TOWARDS AN ESG CULTURE

As far as the dissemination of ESG issues is concerned, in addition to support materials for the presentation and sale of products, specific and informative measures have also been implemented; in particular, thanks to the involvement of Eurizon Capital SGR, measures regarding Eurizon Ethical and ESG funds have been disseminated with specific attention paid to those dedicated to Intesa Sanpaolo Private Banking. This also included the creation of “Focus Sostenibilità”, the internal newsletter on Asset Management, with the aim of maintaining and increasing frequent attention on the subject.

In recent years, the ESG investment approach has moved from being a niche to mainstream topic and is a distinctive and quality feature in the asset management industry. Therefore, an understanding of the ESG investment logic is crucial in financial advisory service provision so that its value points can be shared with customers. In 2020, a webinar was made in collaboration with the Cattolica University of Milan, followed by a more in-depth analysis aimed at all the Financial Advisors in the Fideuram and Sanpaolo Invest networks, so as to clarify and explain clearly the ESG issues, its orders of magnitude (flows, AUM, trends) and main screening criteria (exclusion, positives, negatives, best in class, thematic investing).

In addition, within the Academy project, in partnership with some third-party publishers, three online courses were made available to all Financial Advisors dedicated to corporate sustainable practices, the effects that these have on asset management portfolio construction and, lastly, the social role of the Financial Advisor in directing customers towards making sustainable choices.

Finally, to ensure increasingly widespread dissemination of the ESG culture in the company, all associates are informed through the Division's portal on events they can attend to gain a more in-depth understanding and knowledge in the field of Sustainable Development.

## PRAMERICA

Pramerica SGR, an asset management company of the UBI Banca Group, offers a product range that provides increasing space for sustainable and responsible investment products (SRI), with an approach that has evolved over time from the application of exclusion criteria and “best in class” selection processes to ESG integration, while maintaining the practice of devolving part of the fees in support of high-value social and environmental projects.

The processes of exclusion are the first step in sustainable integration within the product range by excluding from the investment universe those companies belonging to the so-called controversial areas, exposed to reputational risks; the best-in-class approach favours investments in companies that stand out on account of their production processes, corporate governance standards, human capital management and relations with the community geared to principles of social and environmental responsibility; the ESG integration processes require an analysis of ESG factors for each individual issuer in the portfolio.

For the definition of the investment universe and the reference benchmark, sectoral exclusions, and the best-in-class selection, Pramerica uses the external independent advice provided by ECPI, whereas for the integration of ESG criteria in the investment process, it uses an external and independent data provider, which runs research in the area of ESG. To complete the ESG analysis, the portfolio manager examines the public records provided by the companies themselves or by independent consulting firms and participates in regular meetings with the companies identified for investment in order to assess their business plans and identify their forecasts for improvement in the field of ESG.

On the side of ESG integration, in 2020 three new products were launched and ESG principles were also integrated into six existing Luxembourg products.

With assets of 6.1 billion euro in sustainable and responsible open-ended funds and a market share of 7.6% at the end of 2020 (compared to 7.3% at the end of 2019), Pramerica SGR operates through 12 funds of Pramerica SICAV and 3 funds of Pramerica SGR SpA with net inflows that have exceeded 650 million euro since the beginning of 2020.

## PENSION FUND WITH DEFINED CONTRIBUTION OF THE INTESA SANPAOLO GROUP

The European Directive 2016/2341 of 14 December 2016, the so-called IORP II (Institutions for Occupational Retirement Provision II), which recently entered into force in the Italian supplementary pension system, aims to encourage pension funds to adopt a strategic and long-term approach for the integration of ESG factors, in particular, in risk management and in their investment strategies.

The Fund developed some time ago its own principles of conduct for adoption in the area of sustainability and responsibility. To translate these principles into practice, the Fund has, since 2016 when it started its business, confirmed its support for the Principles for Responsible Investment (PRI), promoted by the United Nations, so as to promote and support sustainable and responsible investment in the international financial community.

The Fund has also published 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 more than 545 investors with resources under management of about 52 thousand billion dollars. The project subjects 167 companies – with a total capitalisation of over 8 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.

As for Futuro Sostenibile, this new fund dedicated to environmental, social and governance 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 just a few months more than 2,800 members have decided to invest in this fund that has reached assets of over 55 million euro.

Even in their direct investments, the Fund has increased its ESG share, participating, in 2020, in initiatives in the renewable energy sector.

## SUSTAINABLE INSURANCE

In line with the objectives of the Intesa Sanpaolo Group and the analyses initiated in 2019, the Insurance Division continued with its developmental path in 2020 to integrate ESG factors into its decision-making and strategic choices, implementing initiatives and concrete actions in the Environmental, Social and Governance area. The Plan and initiatives envisaged in the short and medium-long term have been defined with the aim of having a real impact on the Sustainable Development Goals (SDGs) and in line with the PSI (Principles for Sustainable Insurance), signed in December 2019 by Intesa Sanpaolo Vita as the insurance Parent Company.

The Division's program envisages, first of all, an increased investment also from a Governance and monitoring point of view. To achieve this, at the beginning of 2020, the Insurance Group set up a structure dedicated to Sustainability that is across-the-board in all companies and business units, with the aim of creating and promoting a culture of Sustainability within the company population, contributing to the creative process and monitoring the initiatives with respect to national institutions.

In order to promote the integration of ESG principles within the organisation and to strengthen its own market position at the same time as a sustainable player, during 2020, the Division initiated the preparation of a Sustainability Policy which, at an Insurance Group level, defines the guidelines for promoting a responsible and sustainable business model, so as to support households and businesses in the local areas where it operates. The above policy, which precisely identifies the Insurance Group's areas of commitment, starts primarily with the SDGs and came into force in January 2021. In addition to commitments and guidelines, the document formally specifies the roles of the Board of Directors and company structures involved in the management of the issues and risks related to Sustainability.

In line with the evolution of the international regulatory context, a developmental path was also initiated to integrate the principles and requirements specified in the EU Regulations 2019/2088 and 2002/852, which focus on the disclosure of information about the Sustainability of financial instruments and on their ESG taxonomy. The project involves all the insurance companies and the most affected business functions (e.g. Compliance, Legal, Sales, Finance, Risk Management, etc.) and has the objective of defining, downstream of a series of in-depth analyses into the detailed content of the legislation, an assessment of the current status of the Division and a roadmap of concrete actions so as to ensure compliance with regulatory requirements, in line with the European Union timelines. The defined actions should be implemented in 2021.

### THE RESPONSIBLE MANAGEMENT OF INVESTMENTS

With regard to investment management, the Insurance Group relies on two different delegated managers: Eurizon Capital, which is a long-standing signatory of the Principles for Responsible Investment, is the delegated manager of Intesa Sanpaolo Vita (Parent Company of the Insurance Division), while Fideuram Vita manages its investment products through Fideuram Asset Management.

During 2020, the delegated managers were involved in a joint work plan for the definition of an ESG Investment Policy for the Insurance Parent Company, with the aim of integrating Sustainability principles into the investment choices, by defining an overall strategy at Insurance Group level. The document, which has been in force since January 2021, 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.

### CUSTOMER FOCUS AND INNOVATION

In the developing context that characterises modern markets, the ability to exploit innovation remains crucial in addressing some elements for significant change. In this sense the Insurance Group continues to invest in innovation and digitalisation, bringing new solutions to the market with an approach that puts the focus on the needs of the Customer.

Subsequent to the success of Area X, the experiential space opened in Turin in late 2019 dedicated to the culture of insurance protection, the Insurance Division initiated a developmental path to continue to create effective initiatives that can foster the raising of awareness among the Italian population regarding the value of Insurance. The culture of protection is one of the key elements of a wider strategy on which the Insurance Division has decided to focus so as to develop and integrate the Sustainability/ESG principles within the business and promote increasingly sustainable forms of behaviour both within the Group and in the market.

To achieve this, during 2020 some in-depth analyses were performed to define a new strategic framework for the Culture of Protection, identifying new projects and initiatives to promote protection towards younger customers, involving them (the so-called Millennials) in the process of definition.

Also as part of its programmes to disseminate insurance culture and skills, the Group has launched a Level II Master's degree in Insurance Innovation in collaboration with the University of Turin, Turin Polytechnic and Collegio Carlo Alberto. The Master's degree, launched officially in September 2020, will be for recent graduates and professionals from the insurance sector interested in expanding their knowledge of digital and innovative issues in the insurance sector and will consist of foundation and specialised modules.



## OFFERING OF INSURANCE PRODUCTS

During 2020, the Insurance Division continued to develop its product and service model for all business lines to meet customer needs with respect to sustainability issues. As for the Life business, Intesa Sanpaolo Vita pursued its plan of offering, among the products on the market, its own Open-ended Pension Fund Il Mio Domani (My Tomorrow), which in 2019 was enhanced with three new ESG benchmark funds and also equipped with a new fully-ESG Life Cycle investment profile, which provides for the allocation of the most consistent starting sub-fund based on the time horizon missing to reach the date of retirement.

The range offered by Intesa Sanpaolo Vita also includes other products with high social value: “Tu Dopo di Noi” (You After Us) is an insurance product created for families of disabled people who wish to protect their loved one by accumulating a safe capital to be allocated in the future. “Base Sicura Tutelati”, on the other hand, is dedicated exclusively to minors and/or incapacitated people who have capital to be used and who need the prior authorisation of a guardianship judge.

Within the Fideuram Pension Fund, Fideuram Vita launched the new Fideuram Millennials fund, entirely based on ESG investment criteria, and revised the investment policy of the open-ended pension fund by entering exclusion criteria for investments in certain sectors and countries. At the same time, the offer continued of Orizzonte Responsabile and High Conviction 100, internal funds entirely based on sustainable and responsible investment criteria (ESG) and available in the product called Fideuram Vita Insieme Private. Within the Fideuram Vita Insieme family of products, there is also a selection of external ESG funds with around 20 UCIs fully invested according to ESG criteria.

The Intesa Sanpaolo Life range includes Prospettiva Sostenibile, a product which includes an ESG area with 7 funds (3 balanced, 3 flexible and one with gradual exposure to sustainable equities). The product Valore Più also comprises the Best Expertise area, with 3 flexible funds, so it is expected to be mainly characterised by ESG Funds. To meet the needs of the market presented by the COVID-19 pandemic, in March 2020 Intesa Sanpaolo Assicura extended, free of charge, the services and health care coverage of its Health products, providing the opportunity for customers who turned out to be COVID-19-positive to make use of the daily allowance for stays in hospital also for self-isolation at home, with no excess or deductibles.

With regard to health, the acquisition of RBM Salute, a leader in this business segment was completed during 2020. The Intesa Sanpaolo RBM Salute offering includes ESG products with strong social value: the Tutto Salute (All Health) product, in particular, is a modular product designed to protect customer categories that are not normally recognized in national employment contracts (e.g. interns, housewives, etc.); the product has a lower premium than the market average, designed to help these customers.

In addition, an innovative service of Telemedicine/Teleconsultation has been made available to customers for remote assistance, prevention and protection via a digital platform to stay in touch with customers, provide prompt action and care services also in emergency or pandemic situations.

## THE CULTURE OF SUSTAINABILITY IN THE INSURANCE DIVISION

To promote a culture of sustainability and to raise awareness among employees towards sustainable and more conscious behaviour, the Insurance Division launched a series of initiatives and projects during 2020, also exploiting digital innovation.

During the year the “SharingResponsibility” project was launched, a major project to promote the culture of Sustainability within the Insurance Group and to raise the awareness of the entire population of the Division concerning issues related to Sustainability/ESG.

The project, which involved all four Companies of the Division in their respective work places in Italy and Ireland, was based on an innovative format combining both physical and digital elements: window stickers and posters used to decorate the various offices were blended with an online quiz platform with questions on Sustainability, that could be accessed via the intranet or QR codes found on the physical materials.

The project involved the active participation of more than half the population of the Insurance Division totalling more than 3,900 interactions by employees.