Disclosure on Policy for the integration of ESG (Environmental, Social and Governance) sustainability factors into the investment process of the Intesa Sanpaolo Vita Insurance Group

Maggio 2023

The Policy for the Integration of Sustainability Factors into the Investment Process, adopted by the Intesa Sanpaolo Vita Insurance Group (hereinafter referred to as the 'Group'), describes the methodologies for selecting and monitoring financial instruments in order to integrate the analysis of sustainability risks into its investment process, flanking the traditional financial valuation analysis of investments with specific ESG guidelines, represented below.

The Group has established a framework for implementing exclusions or restrictions within the Investment Universe of managed assets. These measures apply to issuers operating in sectors considered 'not socially responsible,' including:

- Companies directly involved in the production of unconventional weapons, such as anti-personnel mines, cluster bombs, nuclear weapons, depleted uranium, biological weapons, chemical weapons, invisible fragmentation weapons, blinding lasers, incendiary weapons, and white phosphorous.
- Companies that generate at least 20% of their revenue from mining or electricity production activities related to thermal coal. The Group recognizes the need to gradually phase out unabated coal-fired electricity generation in line with the 1.5°C pathways recommended by the IPCC.
- Companies engaged in new thermal coal projects, including thermal coal plants, coal mines, and associated infrastructure (i.e., those supplying products or services to projects or business models dependent on thermal coal) that are in the pre-construction phase.
- Companies deriving at least 10% of their revenue from oil & gas activities involving tar sands extraction (also known as oil sands).

Further exclusions or restrictions defined by the Group concern **issuers defined** as **'critical',** i.e., those companies with a higher exposure to environmental, social and corporate governance risks, that is, with the lowest ESG sustainability rating in the corporate bond and equity investment universe. These issuers are included in a special list that is updated periodically.

If the managed assets already include investments in issuers operating in sectors deemed not 'socially responsible' and in issuers defined as 'critical', the Group has provided for engagement activities - also through the Delegated Asset Managers -

or divestment according to the timing deemed most appropriate in the interest of clients.

As part of the process of selecting and monitoring UCIs (so-called Manager Selection Integration), both promoted and distributed by Group companies and by third-party fund houses, the Group integrates the financial analysis of the UCIs with the assessment of the level of integration of SRI and/or ESG factors and of the related sustainability risks, verifying - also through the Delegated Asset Manager - in particular:

- for all types of UCIs, irrespective of their classification under Regulation (EU) 2019/2088 (hereinafter 'SFDR'), the decision-making and investment processes of the fund houses;
- in the case of UCIs classified under Article 8 SFDR, the investment policies of each UCIs, where the promotion of, inter alia, environmental or social characteristics, or a combination thereof, as well as compliance with good governance practices by the companies receiving the investments, is evidenced;
- in the case of UCIs classified under Article 9 SFDR the adoption of sustainable investment objectives in the investment policy.

In order to build portfolios characterised by exposure in sustainable investments[1] , the Group planned to invest in issuers whose activities contribute to one or more of the sustainable development goals (such as the *Sustainable Development Goals* SDGs) promoted by the United Nations, provided that

- these investments do not significantly harm any of the environmental or social objectives set out in the SFDR (*Do Not Significantly Harm* - 'DNSH' principle);
- companies which benefit from such investments comply with good governance practices, in particular as regard sound management structures, personnel relations, personnel remuneration and compliance with tax obligations.

With regard to the realisation of sustainable investments through UCIs, the minimum exposure declared in their offering documents is taken into account.

In addition, the Group promotes proactive engagement with issuer, both by exercising participating and voting rights, also through the Delegated Asset Manager, and through discussions with the investee companies, encouraging

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[1] Regulation (EU) 2019/2088 on 'Sustainability Disclosure in the Financial Services Sector' (Sustainable Finance Disclosure Regulation - SFDR) defines a sustainable investment as '*an investment in an economic activity that contributes to an environmental objective, [...] a social objective [...], provided that investments such do not significantly harm any of those objectives and that the investee companies follow good governance practices*.

effective communication with the companies' management (so-called '*active ownership - engagement*').

In order to enhance the sustainability factors of financial products, the Group has defined specific methods of analysis, selection and composition of managed assets, classifying them as

- Light green' products that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made comply with good governance practices (hereafter 'Art. 8 SFDR products');
- Dark Green' products that have sustainable investments as their objective, with or without designation of a benchmark, or that aim at reducing carbon emissions (hereinafter referred to as 'SFDR Art. 9 products').

In particular, with regard to products classified under Art. 8 or Art. 9 SFDR that have multiple investment options, the Group has provided that Art. 8 SFDR products have multiple options classified under SFDR, while Art. 9 SFDR products have all options classified under Art. 9 SFDR.

In line with the classification of products and/or investment options the Group applies the above-mentioned guidelines as outlined below:

- As regards investments in securities linked to corporate issuers:
  - exclusion of investments in sectors deemed not 'socially responsible' (e.g. manufacture of unconventional weapons; mining or power generation activities related to thermal carbon; ...);
  - exclusion of investments in 'critical issuers with high exposure to ESG risks' and, where investments are already in the portfolio, the issuers are subject to engagement and possibly limitation or divestment;
- As regards investments in UCIs:
  - carrying out ESG due diligence on the third-party *fund house*.

In addition, for investment products and/or options classified under Article 8 SFDR, the guidelines provide that:

- where the Internal Fund invests primarily in UCIs, the investment in such instruments classified under Article 8 or 9 SFDR must not be less than a high percentage of the total assets invested;
- if the Internal Fund does not invest primarily in UCIs, the investment in securities and/or UCIs must allow the portfolio to maintain a high weighted average ESG rating;

- In addition, at least one of the following conditions must be met in order to meet the sustainability preference[2] :
  - consideration, where applicable, of some of the PAI indicators provided for in Annex I of the SFDR according to a quantitative approach;
  - presence of a sustainable investment component net, where applicable, of assets invested in government bonds;
  - presence of environmentally sustainable investments (i.e. aligned to the Green Taxonomy[3]) net, where applicable, of assets invested in government bonds.

With regard to investment products and/or options classified under Article 9 SFDR, the Guidelines provide that:

- The portfolio is invested, net of cash, in financial instruments (i.e. securities and UCIs) in which sustainable investment objectives are included;
- In addition, at least one of the following conditions must be met in order to meet sustainability preferences:
  - consideration, where applicable, of some of the PAI indicators provided for in Annex I of the SFDR according to a quantitative approach;
  - realisation of sustainable investments for the entire portfolio net of cash;
  - Presence of environmentally sustainable investments (i.e. aligned to the Green Taxonomy) net, where applicable, of assets invested in government bonds.

More information on the application of the guidelines within the investment strategy of each product and/or investment option classified under Article 8 or 9 SFDR can be found in the relevant pre-contractual documentation.

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[2] Sustainability preferences are the choice by a client to integrate, and if so to what extent, the following financial products into his or her investment: an insurance investment product for which the client establishes a minimum proportion of environmentally sustainable investments; an insurance investment product for which the client establishes a minimum proportion of sustainable investments; an insurance investment product that considers the main negative effects on sustainability factors where qualitative or quantitative elements evidencing such consideration are established by the client (Article 2 no. 4) of Delegated Regulation (EU) 2017/2359).

[3] The alignment of an investment with the Regulation (EU) 2020/852 (so-called Green Taxonomy) is given by the fulfilment of the criteria laid down in Article 3 (i.e. economic activities that contribute substantially to the achievement of one or more of the objectives of the Green Taxonomy; activities that do not cause significant damage to any of these environmental objectives; activities that are carried out in compliance with minimum safeguards).