INTESA SANPAOLO ASSICURAZIONI

Summary Policy on Principal Adverse Sustainability Impact (PAI) of the Group Intesa Sanpaolo Assicurazioni, pursuant to EU Reg. 2019/ 2088 SFDR - (Sustainable Finance Disclosure Regulation)

June 2026



The Policy on Principal Adverse Sustainability Impacts (so-called PAIs) of the Group Intesa Sanpaolo Assicurazioni (hereinafter referred to as the "Group") is aimed at regulating the way in which the Principal Adverse Impacts of investment decisions on sustainability factors - relating to environmental and social aspects, or to issues concerning relations with employees, respect for human rights and the fight against active and passive corruption - are taken into account both at Group level and within each financial product[1] classified under art. 8 or 9 SFDR of the Insurance Companies.

PRINCIPAL ADVERSE SUSTAINABILITY IMPACT (PAI) AT GROUP LEVEL

In order to measure the negative effects on sustainability factors arising from investments at Group level, the Policy provides for the calculation and monitoring of certain quantitative indicators (hereinafter 'PAI indicators') relating to investments in companies, sovereign issuers (and supranational organisations) and real estate assets underlying *Insurance Based Investment Products* (IBIPs) and Pension Funds offered to customers. In particular, these indicators provide a core set of universal mandatory indicators to which at least two additional indicators must be added.

Consistent with the Group's Sustainability Policy and with the Policy for the Integration of ESG Sustainability Factors into the investment process of the Group Intesa Sanpaolo Assicurazioni, the Group considers PAIs inspired by the Paris Agreement and the Sustainable Development Goals (SDGs) set by the United Nations 2030 Agenda.

In addition, choices in terms of identifying, prioritising and monitoring PAI indicators are also made taking into account various conventions, international standards and best practices, including:

- Principles for Sustainable Insurance (PSI), signed by the Insurance Group in 2019;
- UN Global Compact principles;
- UNEP FI;
- Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

1 In the context of this Policy and as defined in Regulation (EU) 2019/2088, financial product refers to insurance based investment products (so-called IBIPs) and Pension Funds (Art. 2 no. 12).



The PAI indicators currently subject to monitoring and evaluation by the Group are:

- Climate and other environment-related indicators applicable to investments in corporate issuers:
  - PAI 1 - GHG emissions (scope 1, scope 2, scope 3, total);
  - PAI 2 - Carbon Footprint;
  - PAI 3 - GHG intensity of investee companies (GHG emissions in relation to sales);
  - PAI 4 - Exposure to companies active in the fossil fuel sector;
  - PAI 5 - Share of non-renewable energy consumption and production;
  - PAI 6 - Energy consumption intensity by high climate impact sector (energy consumption from activity in high climate impact sectors in relation to sales);
  - PAI 7 - Activities negatively affecting biodiversity sensitive areas;
  - PAI 8 - Emissions to water;
  - PAI 9 - Hazardous waste and radioactive waste ratio;
  - PAI 4 tab. 2 - Investments in companies without carbon emissions reduction initiatives.
- Indicators on social and personnel issues, respect for human rights and issues related to active and passive anti-corruption applicable to investments in corporate issuers:
  - PAI 10 - Violations of the principles of the UN Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
  - PAI 11 - Lack of compliance procedures and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises;
  - PAI 12 - Unadjusted gender pay gap;

  - PAI 13 - Board gender diversity;
  - PAI 14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons);
  - PAI 15 tab. 3 - Lack of anti-corruption and anti-bribery policies.
- Indicators applicable to investments in sovereign issuers and supranational organisations:
  - PAI 15 - GHG intensity (greenhouse gas emissions in relation to GDP);
  - PAI 16 - Investee countries subject to social violations.

On the basis of the indicators listed above and monitored by the Insurance Group, the following indicators are considered as priorities:

Climate and other environment-related indicators applicable to investments in corporate issuers:

- PAI 2 - Carbon Footprint;
- PAI 3 - GHG intensity of investee companies (GHG emissions in relation to sales);
- PAI 4 - Exposure to companies active in the fossil fuel sector;
- PAI 7 - Activities negatively affecting biodiversity sensitive areas;

Indicators on social and personnel issues, respect for human rights and issues related to active and passive anti-corruption applicable to investments in corporate issuers:

- PAI 13 - Board gender diversity;
- PAI 14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons);

Indicators applicable to investments in sovereign issuers and supranational organisations:

- PAI 15 - GHG intensity (greenhouse gas emissions in relation to GDP);
- PAI 16 - Investee countries subject to social violations.

In relation to the indicators applicable to real estate investments, it should be noted that at present there are no significant and direct exposures to real estate investments in the portfolio and there is also a lack of data from info-providers. Therefore, at this early stage, the Group is limited to frequently monitoring the presence of residual exposures on these investments and any changes in the available data.

TAll of the above-mentioned indicators are measured by individual investment on a quarterly basis (31 March, 30 June, 30 September, 31 December) and collectively represented as the average of the four periods.

In these cases, the Risk Management Function considers carrying out specific investigations with the aim of identifying the causes, also by means of a drill-down of the indicator at issuer/fund level, in order to identify which issuers/funds to envisage targeted investment management activities.

The Risk Management Function analyses the performance and trend of issuers both at the level of each indicator and with regard to all indicators deemed relevant.
For each indicator, depending on the availability and quality of data, different methodologies are applied on the basis of the type of issuer, taking the universe of the info-provider as the initial perimeter.

Once the issuers (corporate and sovereign) and funds, which can be classified as harmful, have been identified, the presence of the latter in the portfolios of the Group's companies is verified, regardless of the SFDR classification of the investment option in which they are present.

The PAI indicators are divided into four categories:
- Prioritised PAIs;
- Environmental PAIs;
- Social/governance PAIs;
- Government PAIs.

Each underlying (corporates, sovereign issuers and funds), based on the categories assigned to the PAI indicators, is classified as follows:
- Prioritised PAIs: if the underlying is harmful in at least 50% of the prioritised PAIs (red band);
- Environmental PAIs: if the underlying is harmful in at least 50% of the environmental PAIs (red band), in at least 40% of the environmental PAIs but less than 50% (yellow band);



- Social/governance PAIs: if the underlying is harmful in at least 50% of the social/governance PAIs (red band), in at least 1/3 of the social/governance PAIs but less than 50% (yellow band);
- Government PAIs: if the underlying is harmful in at least 50% of the government PAIs (red band).

Underlying assets classified in the red band are subject to a second classification by the Risk Management Function, aimed at verifying whether the conditions exist to confirm the red band or to reclassify the underlying asset into the orange category. In particular, the red band classification is confirmed if at least one of the following conditions applies:

- The underlying asset is classified in the red band in at least three out of four PAI clusters;
- In the case of issuers, the investment option in which the underlying asset is held is classified under Articles 8 or 9 of the SFDR;
- In the case of funds: the UCITS/ETF or the investment option in which the fund is held is classified under Articles 8 or 9 of the SFDR.

If none of the conditions described above apply, the underlying asset is reclassified into the orange category.

Subsequently, for funds only, a further check is carried out: the asset allocation is compared with the type of PAI cluster for which they are flagged, in order to verify the consistency of the flagging with the investment strategy. In the event of a discrepancy, the fund's reporting category is downgraded by one level.
Possible actions include:

- Engagement: for long-term shares, by inviting the Delegated Manager to initiate an engagement process with the companies, specifying the PAI-related performance metrics on the basis of which the Group companies will assess the progress of the engagement activities carried out by the Manager;
- Exclusion: for short-term actions, by adding the company/fund/sovereign issuer to the exclusion lists;
- Monitoring: frequent monitoring of the performance of the company/fund/sovereign issuer to ensure that the PAI returns to acceptable levels in relation to the nature of the PAI, sectoral benchmarks (where available) and any commitments made.

In accordance with European Directive 2017/828 (encouraging long-term shareholder engagement – SHRD II), and with the relevant implementing legislation in Italy (Legislative Decree 49/2019 amending Legislative Decree 58/98), Intesa Sanpaolo Assicurazioni has adopted a set of procedures and measures to:

- Monitor corporate events relating to financial instruments held in managed portfolios, where required by the characteristics of the financial instruments incorporating the rights to be exercised;
- Assess, including through active dialogue, the methods and timing for the possible exercise of intervention and voting rights, based on a cost-benefit analysis that also takes into account investment objectives and policy;
- Prevent or manage any conflicts of interest that may arise from the exercise of voting rights on behalf of managed assets.

Intesa Sanpaolo Assicurazioni participates in general meetings of selected companies with shares listed on the Borsa Italiana and on international markets, taking into account voting strategies, in relation to the benefit of such participation to the interests of the assets under management, the specific circumstances and the possibility of influencing decisions in relation to the voting rights held, or specific instructions provided by the Finance and Sustainability Function.

Intesa Sanpaolo Assicurazioni promotes proactive interaction with issuing companies. This is also achieved through a process of dialogue with the investee companies (engagement).

The tools used by ISPA – including through Delegated Managers – to carry out engagement activities may include, amongst others, conference calls, webcast presentations, letters and, where possible, face-to-face meetings.

Engagement, which is also carried out through Delegated Managers, can take place in three main ways:

- On the initiative of an individual portfolio manager at the Delegated Manager;
- Collectively with industry associations (e.g. Assogestioni);
- Collaboratively with other international associations of which the Group is a member, promoting dialogue with issuers that are less advanced in terms of climate protection and with sectors having the greatest environmental impact.

Intesa Sanpaolo Assicurazioni pays particular attention to the policies implemented by the issuers in which it invests, in the belief that sound corporate governance policies and practices (incorporating environmental, social and corporate governance issues) are capable of creating long-term value for shareholders. In this context, the ISPA Group and ISPA have adopted specific methodologies for selecting financial instruments that take into account environmental, social and corporate governance factors, as well as SRI principles.



With regard to PAI indicators, the Group companies monitor these, proposing, where appropriate, engagement actions to the Delegated Managers.

By 30 June of each year on its website, the Group shall publish the "Statement on the principal adverse impacts of investment decisions on sustainability factors" all the information required by Article 4(1)(a) and Article 4(2), (3) and (4) of Regulation (EU) 2019/2088, the contents of which are further detailed in Articles 4 to 10 of Delegated Regulation (EU) 2021/1288. This declaration shall be submitted in accordance with the format set out in Annex 1 to Delegated Regulation (EU) 2021/1288 containing the following sections:

- Summary;
- Description of the principal adverse impacts on sustainability factors (where the performance of PAI indicators is represented);
- Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors;
- Engagement policies;
- References to international standards;
- Historical comparison.

PRINCIPAL ADVERSE SUSTAINABILITY IMPACT (PAI) AT PRODUCT LEVEL

The Policy also provides for the methods of prioritisation, selection, monitoring and analysis of PAIs at the product level. It should be noted that, in the case of financial products offering several investment options (i.e. Multi-Option Products), in the fol-

lowing the term "product" refers to the individual investment options considered as a financial product (e.g. fund, guided investment option). For this case study, therefore, the prioritisation, selection, calculation and monitoring activities of the PAIs are understood to be carried out at the level of the individual investment option.

The Group envisaged that, according to Art. 7(1) SFDR, the consideration of product-level PAIs could be based on a qualitative and/or quantitative approach.
Qualitative approaches to considering PAIs are used:

- Exclusion policies in the field:
  - Environmental;
  - Social;
  - Governance.
- Indicators on ESG controversies: through periodic monitoring related to environmental, social and governance issues;
- Method of engagement: engagement activities through the delegated managers on environmental issues (e.g. consumption reduction targets), social issues (e.g. adoption of D&I policies) and governance issues (e.g. adoption of anti-corruption policies).

With regard to PAIs with a quantitative approach, the legislation provides for the selection of some of the PAI indicators set out in Annex I of Delegated Regulation (EU) 2021/1288.

The calculation, monitoring and evaluation of the performance of product-level IBPs differs according to whether the approach is considered qualitative or quantitative. For PAIs with a qualitative approach, the application of the criteria chosen by the Group is monitored and analysed periodically. In the case of PAIs with a quantitative approach, the calculation, monitoring and analysis of performance follow the logic and timetable illustrated in the section on the consideration of PAIs at Group level.

In accordance with Regulation (EU) 2019/2088, the Group Companies indicate within the pre-contractual documentation whether, and if so, how the financial product takes into account the main negative effects on sustainability factors, also stating that such information is contained in the periodic reports.



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