



Unipol and climate change 2023

Unipol and climate change

2023

CONTENTS

CONTENTS	2
LETTER FROM THE GENERAL MANAGER	3
Introduction	4
Governance of climate-related risks and opportunities	6
The Unipol Group's strategic approach to climate-related risks and opportunities	10
The Unipol Group's strategic action areas on climate-related risks and opportunities	11
Assessment of the impacts of climate-related risks on company strategy and business	18
Products and services to tackle climate change	31
Offer of insurance products and services to support customers in the transition towards a low carbon emission economy	31
Activation of public-private partnerships to increase adaptation to climate change	32
The commitment of real estate development and management activities for urban revitalisation and the fight against climate change	33
Investments to support the fight against climate change and the protection of the environment	34
Projects for the protection and restoration of biodiversity	35
Targets and Indicators	37
The Group's climate-related objectives	37
Climate change and the insurance business	38
Oversight of the direct and indirect environmental impacts of the Unipol Group	39
Advocacy activities on matters linked to climate change	48
Appendix 1 – Commitments and exposure of the Unipol Group to the coal industry and the oil & gas industry	50
Investments	50
Underwriting activities	51
Appendix 2 - Disclosure on the European Taxonomy of environmentally sustainable economic activities	52

LETTER FROM THE GENERAL MANAGER

This decade remains critical for public and private players to take decisive action to stay the course towards the goal of ensuring that the global temperature does not increase by more than 1.5°C, as established by the Paris Agreement. The financial sector's commitment is fundamental to contribute to bridging existing gaps in climate change mitigation and adaptation.

In the final text of the COP 28 adopted in December 2023, the delegates reaffirmed their serious concerns regarding the fact that 2023 was the hottest year on record, in addition to the fact that the impacts of climate change are rapidly accelerating. Italy, which is one of the most exposed European countries, was also once again struck hard by the climate emergency in 2023, as attested to for example by the flooding that caused severe damage in Romagna and Tuscany.

In 2023, the Unipol Group confirmed its support for the populations impacted by catastrophic events with a series of initiatives to support the management of the flood emergencies. The Group strives to be a crucial player in the transition towards a low-emission economy. Following up on the commitment made by joining the Net Zero Asset Owner Alliance, in June 2023 Unipol made another significant step forward on the path undertaken, by publishing its intermediate goals at 2030 for the reduction of emissions relating to its portfolio investments. Furthermore, the development of an internal sustainability risk assessment model will enable us to best manage the potential adverse impacts on the value of investments deriving from the climate transition and best protect the savings of our customers and stakeholders. Lastly, with a view to contributing to the reflections being conducted at international and European level on transition paths, The Urban Mobility Council (TUMC), the think tank founded in 2022 at the initiative of the Unipol Group, presented, on the basis of research that used black box data, a proposal of a new more sustainable, fair and inclusive paradigm for the measurement of private vehicle CO2 emissions, no longer based on the engine's Euro class but on the identification of the specific behaviour of the individual vehicle.

In conclusion, our commitment to sustainability and the fight against climate change is reflected not only in the actions that we have undertaken, but also in our vision of the future. We recognise that the path towards a more sustainable economy is complex and requires the collaboration of every sector of society. The Unipol Group intends to act as a sector leader in this process, demonstrating that it is possible to combine value creation with environmental and social responsibility. We are determined to continue on this road, aware that our contribution is necessary to construct a sustainable future for future generations.

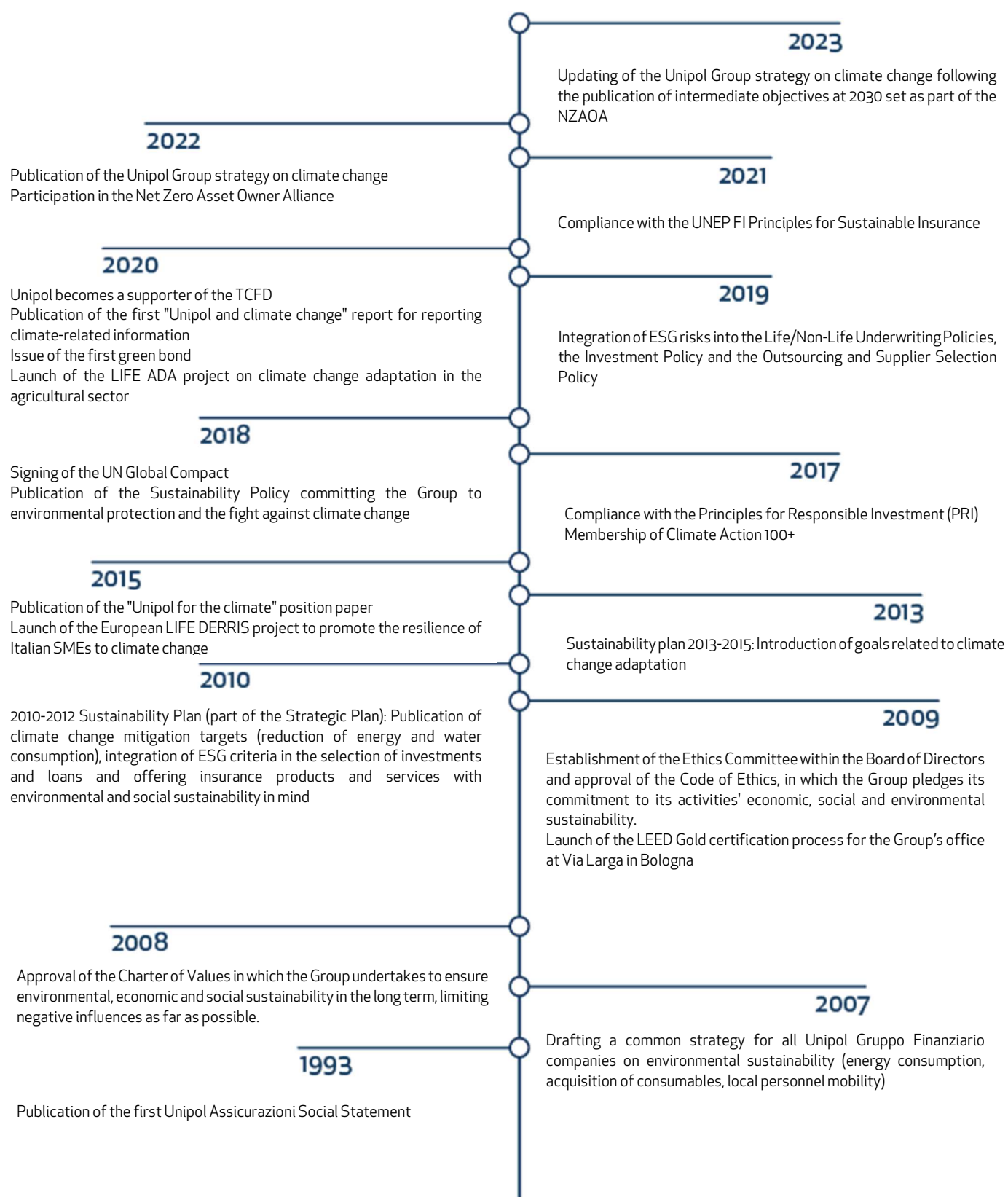
Matteo Laterza

INTRODUCTION

The “Unipol and climate change” report, which reached its fifth edition in 2023, aims to provide specific, detailed information every year on how the Unipol Group governs, identifies, evaluates and manages the risks and opportunities linked to climate change in keeping with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), of which Unipol has been a supporter since 2020.

Following the publication of the final version of the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) on the reporting of information on nature-related risks in September 2023, this report is intended to launch a path of gradual integration of the recommendations of the two Taskforces, expanding the reporting of climate-related information to that related to the protection of biodiversity and natural ecosystems.

The path of the Unipol Group in the fight against climate change



GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Unipol Group's governance of climate-related risks and opportunities fits into the broader framework of the governance of risks and opportunities connected with ESG (Environmental, Social, Governance) factors. Unipol Gruppo has set up a structured ESG governance system which consists of a set of rules, processes and organisational structures that operate in an interconnected manner at different levels to ensure the appropriate consideration of sustainability issues (including those linked to climate change) in all relevant business decision-making processes and which ensures the definition, implementation and monitoring of the related objectives, in order to contribute to pursuing the sustainable success of the Company and the Unipol Group.

The first level relates to **sustainability governance**, i.e. the set of bodies and processes that make it possible to define objectives in strategic plans and monitor policies relating to social and environmental issues.

Sustainability policies, i.e. the set of objectives, rules and initiatives defined by the Board of Directors to fulfil social and environmental expectations, are at a second level.

The third level consists of **sustainability management**, i.e. the set of company organisational structures and processes capable of implementing or supporting operating activities linked to sustainability goals.

The key aspects of each level are briefly described below.

The **Board of Directors** of Unipol Gruppo integrates the sustainability strategy into the Strategic Plans of the Company and the Group and supervises its implementation over time.

To this end, the company organises induction programmes for the Board of Directors to disseminate basic knowledge about sustainability among all board members. Unipol Gruppo believes that skills are a crucial factor as they allow the Board of Directors to increase its capacity for critical judgment, assess the sustainability strategies proposed by management and select those most consistent with the entire business plan.

In line with the principles of the current Corporate Governance Code and Italian and international models and best practices, the Board of Directors has long established specific internal board committees responsible for sustainability issues.

In particular, the **Appointments, Governance and Sustainability Committee** performs proposal, advisory, investigation and support functions for the Board of Directors on, among other things, ESG issues, coordinating – for aspects under its responsibility – the policies, processes, initiatives and activities aimed at overseeing and promoting the commitment of the Company and, in general, of the Group to pursuing Sustainable Success. Specifically, this Committee is entrusted with the task, in coordination with the Control and Risk Committee where applicable, of assisting the Board of Directors in a series of areas, identifying guidelines for integrating ESG factors into strategic plans, through the analysis of sustainability issues, also relevant for the generation of long-term value for Shareholders, considering the interests of other relevant stakeholders.

Among other things, the **Control and Risk Committee** supports the Board of Directors in defining the model for identifying, assessing and managing the main sustainability risks and their impacts on the business strategy, keeping the Appointments, Governance and Sustainability Committee informed in this respect.

The **Remuneration Committee** supports the Board of Directors on, among other things, the assessments and decisions relating to the remuneration of the corporate bodies and "Key Personnel" (as defined in the Remuneration Policies), including compensation plans based on financial instruments, and formulates proposals and/or expresses opinions to the Board of Directors for the remuneration of Directors holding special offices, as well as for setting performance targets related to the variable component of the remuneration. In particular, as part of the remuneration policy preparation process, the Company considers the goal of pursuing sustainable success, defining specific sustainability goals to the achievement of which a variable remuneration component is subject. The Unipol Group's **Remuneration Policies** establish that 15% of the long-term incentive (LTI) of the "Unipol Variable Pay" Incentive System, which applies to the Group's top managers and senior executives, including key managers, must be linked to the Climate

Strategy and Finance for the SDGs. The performance targets of the 2022-2024 long-term incentive include, in particular, an indicator measuring the achievement of climate change targets related to the reduction of Scope 1 and 2 greenhouse gas emissions from the Group's capital properties, in line with climate science-based targets, as well as an indicator measuring the increase in the amount of thematic investments.



For detailed information, please refer to the Remuneration Report, available in the "Governance" section of the Unipol Group's website.

In 2023, the Appointments, Governance and Sustainability Committee examined and investigated a number of sustainability issues, also including aspects connected specifically to climate change:

- the Non-Financial Statement relating to 2022, with the related double materiality assessment;
- aspects relating to application of the Taxonomy Regulation and related delegated acts;
- the update of the Sustainability Policy;
- the update of the Unipol Group strategy on climate change, with definition of the financial investment targets;
- progress status of the ESG objectives and actions integrated into the 2022-2024 Strategic Plan;
- CSRD regulations, the impacts for the Group and the work plan for adaptation.

The Control and Risk Committee examined and analysed the following sustainability topics, including matters linked to climate change:

- the Non-Financial Statement relating to 2022, with the related double materiality assessment;
- aspects relating to application of the Taxonomy Regulation and related delegated acts;
- an update on the management of sustainability risks and the negative effects related to sustainability factors;
- quarterly risk appetite monitoring in terms of ESG risks (coinciding with the presentation of the quarterly results);
- presentation of the Own Risk Solvency Assessment Report on 2022 data ("ORSA Report"), which contains stress tests relating to climate scenarios and at the same time the definition of the ESG risk appetite.

The outcome of the aforementioned examinations was submitted to the Board of Directors.

Regarding the second level, Unipol Gruppo believes that an adequate governance system on ESG issues is based on an effective and efficient organisational and procedural system, correctly formalised and updated. To this end, the Company has internal regulations laying out **policies and guidelines** and specific operating procedures.

Insofar as of specific interest, the main content of some of those policies is described below.

The **Sustainability Policy** defines the Group's commitments for improving its sustainability results and managing and mitigating: (i) the ESG risks to which it is exposed, in line with the overall Group risk management system as well as (ii) the impacts on ESG factors generated by the Group as a result of its activities and business relationships.

The **Policy for managing dialogue with Investors in general** intends to govern opportunities for communication and participation with investors in general, with a view to ensuring transparency of information, increasing investors' understanding of certain issues falling under the responsibility of the Board of Directors that are relevant to investment decisions, including with regard to ESG factors, and promoting the stability of investors' investments and thus the sustainable success of the Company.

Further details on the system of policies to monitor ESG factors are contained in the paragraph "Monitoring of environmental, social and governance risks and impacts".



For more information on policies and guidelines, please refer to the "The Unipol Group's strategic approach to climate-related risks and opportunities" section.

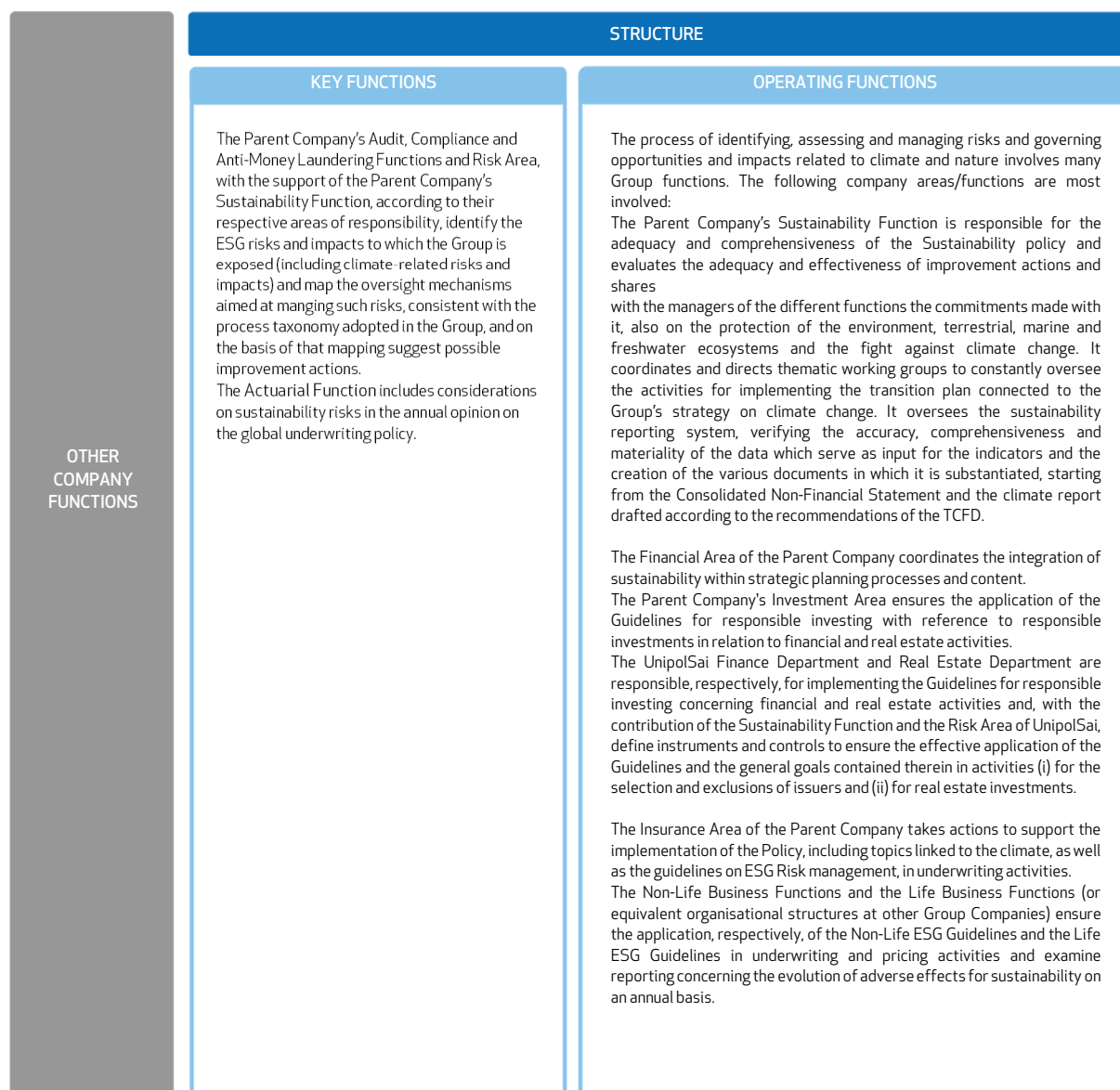
Regarding **sustainability management**, the Company has assigned an inter-functional company committee, the Group Risk Committee, which brings together managers from different areas to coordinate sustainability activities. This Committee examines the contents of the sustainability policy, the model for identifying, assessing and managing the main ESG risks and their impacts on the business strategy and active policies for achieving the Objectives of the Paris Agreement.

There is also a Sustainability Function in the company organisation that supports Top Management in pursuing Sustainability goals, plans and coordinates activities to integrate ESG issues into company processes and oversees the drafting of corporate sustainability documents.

Lastly, in order to oversee ESG issues, the administrative body has set up a structured system of reporting and exchange of information flows between the various parties involved, so as to allow the Board of Directors to make informed decisions and receive timely communications on the identification, measurement or assessment, monitoring and management of ESG risks.

Governance of climate-related risks and opportunities

BOARD LEVEL	BOARD OF DIRECTORS	
	STRATEGIC ROLE <p>Approves - following the examination of the Group Risk Committee and the Parent Company's Appointments, Governance and Sustainability Committee and after obtaining the opinion of the Parent Company's Control and Risk Committee - the Sustainability policy which defines, among other things, the Group's commitments to the protection of the environment, terrestrial, marine and freshwater ecosystems and the fight against climate change, along with the Unipol Group strategy on climate change, which details how the Group is gearing up to address climate-related risks and seize opportunities by setting new medium- to long-term targets for reducing its greenhouse gas emissions to support its decarbonisation path.</p> <p>Approves the risk management policy and, considering the strategic objectives and in keeping with them, the policies established to manage the ESG risks (including climate-related risks) in the main company processes.</p>	OVERSIGHT AND MONITORING ROLE <p>Is ultimately responsible for the internal control and risk management system (including ESG risks, within which special consideration is given to climate change).</p> <p>Ensures the ongoing completeness, functionality and effectiveness of the internal control and risk management system, under which it defines the model for identifying, assessing and managing key ESG risks.</p> <p>Approves - with the support of the Parent Company's Control and Risk Committee and Appointments, Governance and Sustainability Committee - the Integrated Consolidated Financial Statements and the Consolidated Non-Financial Statement contained therein, reporting, among other things, on the progress made concerning climate-related targets and compliance with the Sustainability Policy.</p>
MANAGEMENT LEVEL	APPOINTMENTS, GOVERNANCE AND SUSTAINABILITY COMMITTEE <p>Has proposal, advisory, screening and support functions for the administrative body concerning ESG issues, including those linked to the climate, coordinating - for the areas of competence - the guidelines, processes, initiatives and activities designed to monitor and promote the Group's efforts in pursuing Sustainable Success.</p> <p>Supports the Board of Directors in (i) identifying guidelines for integrating ESG Factors into the Strategic Plan, (ii) drafting and revising sustainability policies (including the Unipol Group strategy on climate change), (iii) drafting and reviewing the Annual Integrated Report and the Consolidated Non-Financial Statement contained in it, which report on the impacts of activities and the performance achieved (including that linked to the climate).</p> <p>Prepares the climate report drafted according to the TCFD's recommendations.</p>	CONTROL AND RISK COMMITTEE <p>Supports the Board of Directors in defining the model for identifying, assessing and managing the main ESG risks, including those particularly related to the climate and Nature, and their impacts on the business strategy.</p> <p>Evaluates, having consulted with the Manager in charge of financial reporting, the representatives of the independent auditors and the competent functions, the suitability of periodic financial and non-financial reporting to properly represent the business model, the strategies of the Company, the impact of its activities and the performance achieved, coordinating with the Appointments, Governance and Sustainability Committee.</p>
	COMPANY COMMITTEES	
	<p>The Group Risk Committee, which brings together the managers of several areas, examines: (i) the content of the Sustainability Policy, (ii) the model to identify, evaluate and manage the main ESG Risks, in particular those related to the climate and Nature, and their impact on the business strategy and (iii) the policies in place to achieve the Goals of the Paris Agreement. Particularly with reference to the climate change strategy, the Group Risk Committee has the duty of: i) defining, evaluating and periodically updating the interim targets that the Group has set to reach the objectives defined in that area, and ii) reviewing at least annually the trend of implementation activities with respect to targets.</p> <p>UnipolSai's Financial Investment Committee implements the investment strategies defined in the Guidelines for responsible investing and monitors, at least annually, the operational guidelines set by UnipolSai's Finance Department to ensure effective implementation of the Guidelines. Lastly, the Committee examines the analyses carried out by UnipolSai's Risk Area with regard to potential sustainability risks and negative effects for sustainability, reporting any critical situations.</p> <p>UnipolSai's Real Estate Investment Committee monitors, at least annually, the operational guidelines set by UnipolSai's Real Estate Management to ensure effective implementation of the Guidelines for Responsible Investment activities.</p>	
	TOP MANAGEMENT	
	<p>The Parent Company's Top Management (i) implements the commitments made in the Sustainability Policy based on the ESG risks and impacts identified, including in particular those linked to the climate and Nature and the topics emerging from the Materiality Analysis; (ii) identifies the indicators to be adopted to monitor the enactment of commitments; (iii) annually receives Sustainability Function indicator monitoring; (iv) carries out actions to support Policy implementation and intervenes in case of explicit violation of the Policy.</p>	



THE UNIPOL GROUP'S STRATEGIC APPROACH TO CLIMATE-RELATED RISKS AND OPPORTUNITIES

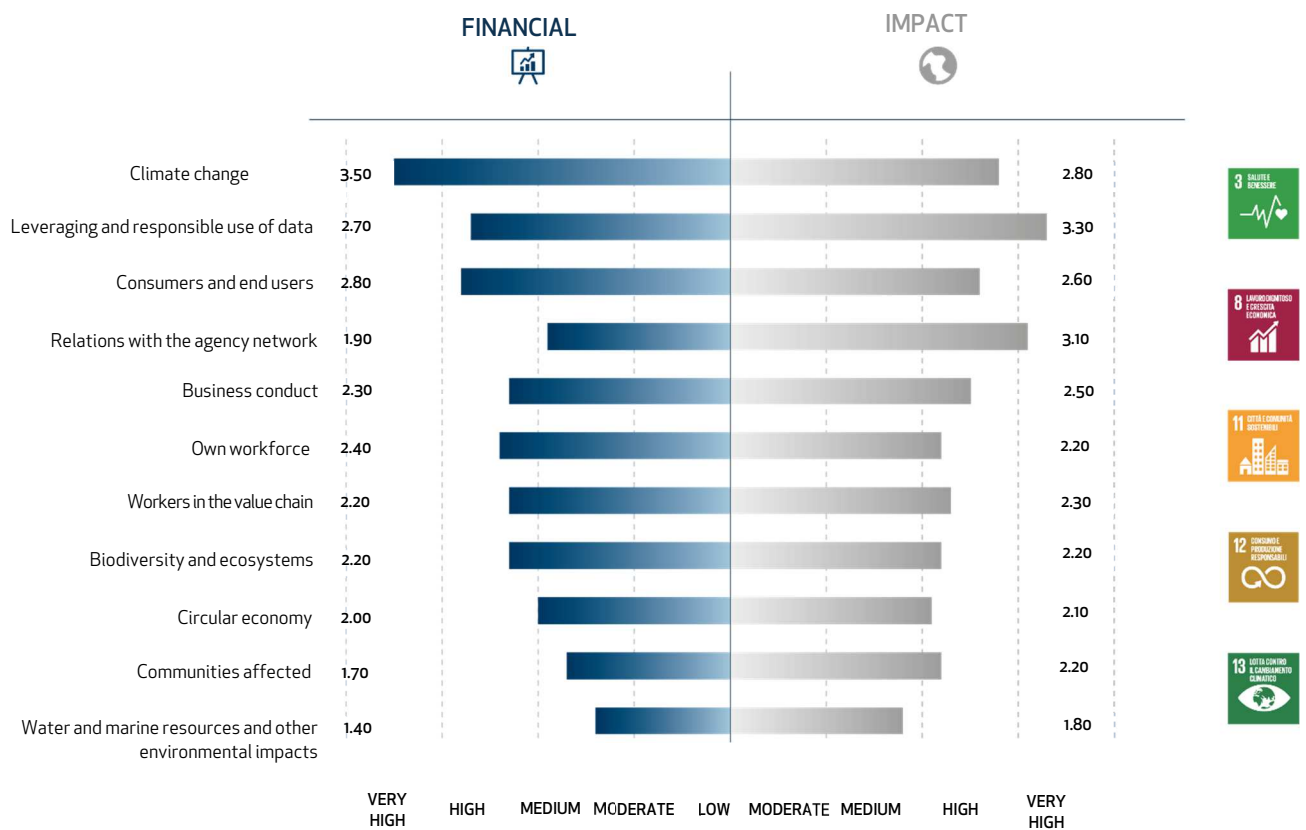
Impact and financial materiality of climate change for the Unipol Group

In 2023, Unipol updated the materiality assessment on sustainability topics, based on the relevant stresses brought in this regard from the evolution of regulations on sustainability reporting.





The **Board of Directors of Unipol Gruppo** approved the results of the materiality assessment.

The materiality analysis confirms the importance of climate change in terms of impact materiality (i.e., the positive and negative impacts that are or could be generated by the organisation) and financial materiality (i.e., the significant financial effects that climate change generates or could generate for the Group). Please also note that the topics of biodiversity and the circular economy obtained a medium score in terms of financial and impact materiality.

DOUBLE MATERIALITY



MAIN IMPACTS GENERATED AND FINANCIAL EFFECTS

Material topic		Main positive and negative impacts	Degree of impact		Main financial effects (risks and opportunities)	Degree of impact
Climate change	+	Contribution to increasing society's awareness of climate change issues	 MEDIUM	+	Products and services for climate change adaptation (e.g., to support the resilience of people and businesses)	 VERY HIGH
	-	Lack of protection against climate change of business sectors/companies/people, due to limits in the possibility of offering coverage to ensure the most comprehensive sustainability of Insurance Companies, also given the poor willingness of a company to adopt adaptation measures	 HIGH	-	Greater technical and credit risk due to increased frequency and seriousness of claims linked to the consequences of climate change	 VERY HIGH



For a detailed description of the definition of material topics, please refer to the "Materiality analysis: approach and results" section of the Unipol Group Annual Integrated Report.

The Unipol Group's strategic action areas on climate-related risks and opportunities

The **Sustainability Policy**, approved by the Board of Directors, specifies the Unipol Group's commitments to protecting the environment and terrestrial, marine and freshwater ecosystems according to the double materiality approach, on the one hand focusing on the prevention and continuous reduction of its impacts (direct and indirect) on the environment and Nature, and on the other considering the possible effects on its business of the ESG Risks connected to climate change and the loss of Biodiversity. The Unipol Group supports a preventive approach with regard to environmental challenges, identifying and measuring the impact of its activities in the short, medium and long-term, adopting processes and technologies intended to reduce negative external factors (for example, climate-altering emissions, exploitation of natural resources, loss of biodiversity, degradation of terrestrial ecosystems, including forests, marine and freshwater ecosystems). It also participates in initiatives that promote (i) greater environmental responsibility in the world of manufacturing and amongst customers, (ii) better reporting of climate-related financial information and (iii) the resilience of natural ecosystems to extreme events.

In June 2023, the Board of Directors of Unipol Gruppo adopted an updated version of the **Unipol Group strategy on climate change** approved in 2022, which constitutes an annex to the Sustainability policy and details how the Group is gearing up to deal with the risks and take advantage of the opportunities related to the climate, by defining new medium/long-term targets for reducing its greenhouse gas emissions to support its decarbonisation process. In line with the Target Setting Protocol of the Net-Zero Asset Owner Alliance, in 2023 Unipol set the intermediate sustainability targets for 2030 for its financial investment portfolio. The main commitments undertaken by the Group in its three key action areas are described below:

Areas of action	Unipol Group Approach
 Real estate development and management activities	<p>46.2% reduction by the end of 2030 in Scope 1 and 2 emissions linked to consumption of electricity, gas and other energy sources for all buildings over which the Group has direct control, from the operating sites and those of the diversified companies to the real estate where Gruppo UNA operates and the foreign sites, as well as the Group's vehicle fleet for employees, in line with climate science and in particular with the scenario of limiting the increase in the global average temperature to below 1.5°C.</p>
 Investments	<p>Assumption of commitments as part of the Net Zero Asset Owner Alliance:</p> <ul style="list-style-type: none"> • Sub-portfolio target: reduction of 50% by 2030, compared to 30 September 2022, of the carbon intensity (according to the Carbon to Value invested – C/V metric) of its directly managed portfolios of listed equities and publicly traded corporate bonds; • Engagement objectives: engagements with the 20 companies that generate the highest Scope 1 and 2 emissions; • Transition financing targets: target of reaching €1.3bn in thematic investments for the SDGs in 2024, including those to combat climate change and protect the environment and terrestrial, marine and freshwater ecosystems, starting from the €862.2m invested at the end of 2021. <p>Sector-based exclusions in the most impactful sectors: a priori exclusion from new investments of those in Corporate Issuers that obtain 30% of their earnings from coal mining activities or the generation of electricity from thermal coal, and from activities connected with tar sands, shale gas and Arctic drilling, and that do not show a sufficiently ambitious position in terms of transitioning their business to a low-carbon regime.</p>
 Underwriting activities	<p>Target proportion of products with social and environmental value (objective of 30% to be reached by the end of 2024).</p> <p>Supporting its customers in the transition to a low-carbon economy by developing products aimed at incentivising its Motor customers to reduce their emissions with the support of telematics and reducing the environmental impact of the claims management process.</p> <p>Exclusion from Non-Life and Life Business underwriting activities of any companies that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal, as well as companies that adopt unconventional mining practices (such as removal of mountain tops, hydraulic fracturing – fracking, tar sands, deep water drilling, shale gas and arctic drilling), and which do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime.</p>



The results achieved by the Unipol Group at the end of 2023 with respect to these three goals are described in detail in the section "The Group's climate-related objectives" of this report.

In line with the double materiality approach described previously, this report provides a detailed analysis of how the Unipol Group identifies, evaluates and monitors the primary risks linked to the climate and nature and how it takes advantage of the associated opportunities.

Identification and assessment of risks linked to climate change and the loss of biodiversity

The Risk Management System adopted by the Group is inspired by an Enterprise Risk Management logic (ERM Framework) based on the consideration, with an integrated approach, of all the current and prospective risks to which the Group is exposed, assessing the impact these risks may have on the achievement of the strategic objectives. Based on these principles, and to pursue the assigned objectives, the Risk Management System relies on a key element: Risk Appetite.

The Risk Management Policy outlines the risk management strategies and objectives of the Group and companies within its scope, identifying the roles and responsibilities of the corporate bodies and structures involved in the process.

The corporate bodies and top management of the Group companies are committed to promoting the dissemination of a culture of control.

The monitoring of sustainability risks, including risks linked to climate change, is ensured by the Group risk management system, with a first level of controls performed by the operating structures or as part of back office activities, to ensure the correct execution of transactions, added to which are the second-level controls on risks and compliance, performed, among others, by the Compliance and Anti-Money Laundering, Risk Management and Actuarial functions, and the third-level controls performed by Audit, each for their own areas of responsibility. This oversight system assists the Boards in carrying out the tasks assigned to them by the system of internal policies and regulations on sustainability.

The Group uses multiple tools to identify and assess risks ("risks incurred") and current and potential negative impacts ("risks generated"), related to environmental, social and governance issues, including risks linked to climate change (acute and chronic physical risks and transition risks) and risks linked to the loss of biodiversity.

To strengthen its ability to systematically monitor and manage negative impacts, the Group has adopted its own due diligence approach, starting from the areas identified by the OECD Guidelines for Multinational Enterprises, associated with the main negative impacts identified for the Group, the business processes concerned and the strategic and regulatory controls in place at Group level. As a result of the recent corporate evolution, which led the Group's characterisation as significantly diversified from a sector point of view, Unipol launched a process to expand and deepen its due diligence approach in order to strengthen coverage of the various business sectors.

As part of the ERM framework, the Group identifies and monitors ESG risk factors i) in terms of their impact on the main current risk categories (Non-Life and Health underwriting risks, Life underwriting risks, market, credit, liquidity and ALM risks, operational, strategic and reputational risks) and ii) with a view to focusing emerging risks on environmental, social and governance aspects. The Group structures its ESG risk oversight within the framework of the current individual risk categories, in order to manage them during all phases of the value creation process and to mitigate the occurrence of any reputational risks connected with risks concerning ESG. These oversights are also aimed at preventing the concentration of exposures to areas and/or sectors significantly exposed to ESG risks.

In this regard, there is special consideration of climate change, identified in the dual components of current risk and emerging risk managed along the value chain, with particular reference to underwriting and investment activities.

ESG risks and negative impacts are also included in the Group's Risk Appetite Statement. The tools for monitoring their performance are constantly evolving and, in 2023, the sustainability risk assessment process described in the previous paragraph was added to the KRI (Key Risk Indicator) dashboard that monitors negative impacts to assess the degree of risk associated with each of the three environmental, social and governance areas. At least annually, the Unipol Gruppo Board of Directors is informed of developments in the monitoring tools and the results of monitoring carried out.

Like every year, the Interfunctional ESG Risk Panel verified and updated (consistent and in coordination with the materiality assessment process) the map of ESG risks and negative impacts and related controls. As specifically regards risks linked to climate change and biodiversity loss, the table below indicates ESG risks (or risks suffered) and potential negative impacts (or risks generated) in different manners:

Risk areas connected with ESG factors	Topics in the materiality assessment	Risk incurred	Main regulatory and strategic controls in place
Climate change – Acute and chronic physical risks	Climate change	Increased technical and credit risk due to the frequency and seriousness of claims connected with the consequences of climate change (acute and chronic physical risks)	<ul style="list-style-type: none"> • Sustainability policy • The Unipol Group strategy on climate change • Risk management policy • Non-Life and Life Business Underwriting Policy (and additional internal regulatory documents or corporate communications), including: (i) Guidelines for Non-Life business underwriting activities concerning environmental, social and governance factors ("Non-Life ESG Guidelines"); (ii) Guidelines for Life business underwriting activities concerning environmental, social and governance factors ("Life ESG Guidelines") • Reserving Policy – Life and Non-Life Businesses • Guidelines for the management of credit risk assumption activities • Reinsurance and other risk mitigation techniques policy • Operational risk management policy • Business continuity policy • Business Continuity Plan • Guidelines for responsible investing • 2022-2024 Strategic Plan, "Data-Driven Omnichannel Insurance" guideline
		Non-insurability of climate-related risks due to poor resilience of society	
		Increase in market risk due to the reduction in value of assets linked to the consequences of climate change	
		Damage to Group property and assets and business continuity risk for Group sites and agencies/relating to interruption of the supply chain (operational risk)	
Climate change – Transition risks	Climate change	Decrease in the value of the investment portfolio relating to companies not meeting expectations with regard to the path of transition towards a sustainable low CO ₂ emission economy (financial risk)	<ul style="list-style-type: none"> • Sustainability policy • The Unipol Group strategy on climate change • Risk management policy • Guidelines for responsible investing • Non-Life and Life Business Underwriting Policy (and additional internal regulatory documents or corporate communications), including: (i) Guidelines for Non-Life business underwriting activities concerning environmental, social and governance factors ("Non-Life ESG Guidelines"); (ii) Guidelines for Life business underwriting activities concerning environmental, social and governance factors ("Life ESG Guidelines") • Integrated Reputation Management System
	Climate change	Potential increase in underwriting risk for policyholders operating in carbon-intensive sectors (underwriting risk)	
	Climate change	Potential increase in the frequency and severity of disputes and resulting allocations of responsibility in relation to the Transition process	
	Climate change	Negative impact on reputation due to poor contribution to the mitigation of direct emissions (reputational risk)	
	Climate change	Negative impact on the Group's reputation due to the underwriting of insurance contracts and investment in companies whose process of transition towards a low CO ₂ emission economy is deemed insufficient by stakeholders (reputational risk)	
Biodiversity loss	Biodiversity ecosystems and	Damage to Group assets and business continuity risk caused by the scarcity of essential natural resources	<ul style="list-style-type: none"> • Sustainability policy • Business continuity policy • Business Continuity Plan • Risk management policy • Guidelines for responsible investing • Non-Life and Life Business Underwriting Policy (and additional internal regulatory documents or corporate communications), including: (i) Guidelines for Non-Life business underwriting activities concerning environmental, social and governance factors ("Non-Life ESG Guidelines"); (ii) Guidelines for Life business underwriting activities concerning environmental, social and governance factors ("Life ESG Guidelines") • Integrated Reputation Management System
		Negative impact on reputation due to insufficient contribution to the transition to a Nature Positive economy compared to its direct impacts	
		Decrease in value of the investment assets portfolio for companies that fail to meet expectations regarding the transition to a Nature Positive economy	
		Greater technical and credit risk due to increased frequency and seriousness of claims linked to biodiversity loss	
		Negative impact on the Group's reputation due to the underwriting of insurance contracts and investment in companies whose process of transition towards a Nature-Positive economy is deemed insufficient by stakeholders (reputational risk)	

Impact areas connected with ESG factors	Topics in the materiality assessment	Risks generated	Main regulatory and strategic controls in place
Environmental damage and negative impact on the environment	Climate change Biodiversity and ecosystems Use of resources and circular economy Other environmental impacts	Negative impact on Group, agency network or supply chain transactions, including insured or investee companies, in terms of air pollution and greenhouse gas emissions and/or neglect of the natural environment (consumption of natural or soil resources, pollution of terrestrial or marine ecosystems, insufficient commitment to minimising impacts)	<ul style="list-style-type: none"> • Charter of Values and Code of Ethics (signed by agents) • Sustainability policy • The Unipol Group strategy on climate change • Risk management policy • Non-Life and Life Business Underwriting Policy (and additional internal regulatory documents or corporate communications), including: (i) Guidelines for Non-Life business underwriting activities concerning environmental, social and governance factors ("Non-Life ESG Guidelines"); (ii) Guidelines for Life business underwriting activities concerning environmental, social and governance factors ("Life ESG Guidelines") • Guidelines for responsible investing • Outsourcing and supplier selection policy • Supplier Code of Conduct for responsible procurement • Operational risk management policy • Sector and supplementary agreements • Organisation, Management and Control Model

Key:

 Risks incurred Negative impacts (or risks generated)

Along with climate change, biodiversity risk is one of the six main emerging risk areas identified. Specifically, in this area, the “risk of biodiversity loss and the collapse of natural ecosystems (land and sea)” was mapped.

In the course of 2023, the Risk Area, in collaboration with the Sustainability Function, continued the work started in 2022 and continued to define the biodiversity loss risk management framework by identifying the risk drivers¹, analysing the transmission channels and identifying the impacts on the main risk categories included in the Group’s ERM Framework.

In line with the Taskforce on nature-related financial disclosure (TNFD), biodiversity loss risk is defined as the risk of a significant loss of biodiversity, degradation of specific variability and the collapse of natural ecosystems (both terrestrial and aquatic - marine and freshwater) with relevant impacts on ecosystem services, human health and mental and physical well-being, food security and the long-term profitability of economic activities. This also includes risks deriving from the transition to a nature-positive economy, including regulatory, technological and market preference changes. Six risk factors (risk drivers) were identified: (1) physical risk - Terrestrial and Aquatic Ecosystems; (2) Physical risk - Species; (3) Transition risk - Customer preferences and market sentiment (other stakeholders); (4) Transition risk - New technologies; (5) Transition risk - National and international policies and market alliances; (6) Transition risk - Disputes. The transmission channels - both microeconomic (i.e., which can influence households, businesses - including banks and insurance companies - and institutions) and macroeconomic (or which can influence the economy in general, with effects on market macroeconomic variables such as risk-free interest rates, inflation and exchange rates) - that explain how risk drivers influence insurance companies directly and indirectly through their counterparties, their activities and the economy in which they operate were then defined. The impacts identified during the transmission channel analysis were translated into traditional risk categories (non-life and health underwriting, life underwriting, market, reputational, strategic and operational). These analyses resulted in an estimate of UnipolSai’s level of exposure to the risk of biodiversity loss with reference to each risk category impacted (through data collection), by identifying specific indicators (Key Risk Indicators – KRI). The output was a heatmap of the risk of biodiversity loss based on a combination of three levels of analysis: an exposure heatmap, representing the potential exposure identified via ESG emerging risk indicators by risk category; the level of pervasiveness that represents the percentage of risk drivers and transmission channels that impact or do not impact the risk category; and the level of remediability, which represents the capacity to manage the impacts identified, evaluated by means of expert judgements for each risk category.^[2]

Oversight of climate- and nature-related risks

The system of company policies to **monitor ESG risks and negative impacts** is periodically updated and constantly implemented. The main progress in 2023 is described below.

- **Underwriting policies - Non-Life Business and Life Business**

The **Non-Life and Life ESG Guidelines**, annexed to the relative Underwriting Policies, have a dual objective.

On one hand, they define the integration of sustainability risks in underwriting processes (also in compliance with the requirements of Delegated Regulation (EU) 2021/1256), directing the underwriting and pricing activities of the Companies in scope towards a management approach capable of correctly assessing exposure to sustainability risks. The Guidelines also handle the Adverse

¹ A Risk Driver is an attribute, characteristic, variable or other decisive element connected to the risk influencing the risk profile of a system, entity or financial asset.

^[2] The dimensions of exposure, pervasiveness and remediability were defined on the basis of the European Sustainability Reporting Directive, the Corporate Sustainability Reporting Directive (CSRD) and, in particular, the EFRA guidelines on double materiality.

effects for sustainability connected to underwriting processes, supporting the progressive structuring and extension of a due diligence approach that makes it possible to integrate the identification, assessment and monitoring of these adverse effects in such processes.

In **Non-Life underwriting processes**, the area in which the integration of sustainability risks reaches its greatest level of maturity is climate change; this takes place (i) due to the particularly serious and urgent nature of its impacts, (ii) due to the stimulus deriving from the considerable focus of regulators and supervisory authorities on this matter, and (iii) thanks to the significant efforts made by the scientific and technological community to make data and analyses available to support the identification of the associated risks. In the **Non-Life Business**, in addition to the exclusion of potential customers whose sectors present ESG impacts and/or risks that are incompatible with the Group's approach to sustainability and risk management objectives, the Guidelines envisage an assessment of customers' current and potential ESG performance, on the basis of which continuation of the business relationship is decided.

As specifically regards topics connected to climate change and the loss of biodiversity, the following sectors are excluded from Non-Life underwriting activities:

- companies that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal, which do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime;
- companies that adopt unconventional mining practices (such as removal of mountain tops, hydraulic fracturing – fracking, tar sands, deep water drilling, shale gas and arctic drilling), and which do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime.

The exclusions based on ESG performance do not apply when underwriting products that protect the employees of the policyholder legal entities in the case of illness and accident, in view of the social role that these policies perform for individuals. Therefore, for these products, there are no exclusions envisaged a priori related to the operating sector of the policyholder company.

A number of sectors considered sensitive in relation to ESG risks are subject to particular attention in the process of assessing ESG performance. As regards environmental matters (risks linked to climate change and/or to nature), these include waste management and remediation, construction, transportation and storage, agriculture, breeding, forestry and fishing, textile and leather goods manufacturing activities.

In the Non-Life business, in 2023 the structured process to identify parties with high potential to generate adverse ESG impacts was extended, envisaging two due diligence mechanisms:

- **the online reporting tool** that, with a data-driven approach², allows intermediaries to identify potentially sensitive commercial relationships by integrating a summary ESG score for each stakeholder into the underwriting process.
- **the assessment or investigation tool**: for transactions identified as highly critical (reported as such by the intermediary through the underwriting information system), the Sustainability Function is involved, which carries out or requests the necessary investigations, with the involvement of Risk Management if appropriate, and shares with the Business Functions the option most consistent with the company vision for cases presented (proceed with the transaction, abstain, launch an engagement activity with the customer).³

According to the Guidelines for **Life business** underwriting activity with reference to environmental, social and governance factors, as specifically regards topics connected to climate change and the loss of biodiversity, companies working in the following sectors were considered unsuitable for underwriting investment products:

- companies that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal, which do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime;
- companies that adopt unconventional mining practices, such as removal of mountain tops, hydraulic fracturing – fracking, tar sands, deep water drilling.

In the **Life Business**, 9 investigations were launched in 2023 (1 in 2022 and 15 in 2021): in 6 cases the relationships were considered eligible and in 3 cases ineligible (of which one case linked to environmental conduct).

- **Investment policy**

The Investment Policy, with its appendix "Guidelines for responsible investing", promotes the integration of ESG factors into the decision-making processes relating to investments.

The Guidelines were subjected to an overall update and adjustment to take into account internal and external developments on this topic, including regulatory and Supervisory Authority action. The most recent version, approved by the Board of Directors in December 2023, applies from January 2024.

² The approach envisages the allocation to existing and potential customers of an ESG Score, a statistical indicator of the enterprise's adequacy in terms of ESG issues, integrated into the underwriting control system and constituting a part of the information assets of the commercial transaction.

³ In the Non-Life business, 23 investigations were launched in 2023 (same in 2022) to assess potentially sensitive cases from an ESG risk perspective: 12 cases were considered ineligible (none of these cases related to environmental matters), and in the remaining 11, the relationships were deemed eligible (of which one relating to environmental matters).

With regard to the Non-Life, Free Capital and Life Class C Portfolios, for direct investments, ESG factors are integrated in the investment process through:

- **An issuer ESG screening** in each environmental, social and governance dimension: for the environmental dimension, for Corporate issuers for example considering the presence of environmental management policies and systems or the climate strategy, while for Government issuers, the regulation of environmental aspects, greenhouse gas emission intensity and decarbonisation outlooks are considered. The precise analysis of these elements, broken down into the various detailed dimensions that compose them, defines the performance (score) and the assessment of Corporate Issuers and Government Issuers;
- **Issuer exclusion:** for Corporate Issuers, the selective exclusions applied are conduct-based⁴, including those defined to mitigate transition risks and support the ecological transition, and product-based⁵.

Application of the Guidelines results in the compilation of a list of issuers excluded from the investable universe, approved and updated periodically by the Financial Investments Committee (action which also envisages the presence of the UnipolSai Sustainability Function).

• Outsourcing and supplier selection policy

The Outsourcing and supplier selection policy envisages, among the supplier selection criteria, that fair and responsible stakeholder management requirements are also assessed. Suppliers are required to agree to comply with the **Supplier Code of Conduct** for responsible procurement (or the "Code"), adopted at the end of 2018 and inspired by the principles of the *United Nations Global Compact* and ISO20400⁶.

During 2023, the Supplier Code of Conduct was updated to make it more suitable for adoption also by Group companies operating in the non-insurance sectors of the Mobility, Property and Welfare ecosystems. To improve oversight over the Group's commitments and accessibility, the *whistleblowing* procedure was also included amongst the channels for reporting any violations. The Code outlines what Unipol expects from its suppliers on the protection of human and workers' rights (including the elimination of child labour), **protection of the environment** and the fight against corruption and envisages - amongst other aspects - the right of Unipol to check the supplier's processes and structures to verify their compliance, as well as apply penalty mechanisms if they continue not to comply with the Code. Suppliers, with the exception of Public Administrations, are asked to sign the Code when they sign or renew their contracts. The scope of application of the Code includes all goods and services purchased by the Group Companies operating in Italy, including those essential to perform their respective business activities, irrespective of how they are purchased.

At the end of 2023, contracts that include the Supplier Code of Conduct account for **63% of total purchasing expenditure**⁷; the 6-percentage point increase compared to 2022 is the result of the commitment to extend the scope of application.

With regard to the supplier and third-party audits performed, 186 audits were carried out on suppliers in 2023 (up from 119 in 2022), equal to 17% of spending in 2022. The suppliers invited to participate were selected based on assessment of the potential risks linked to the organisation's operating sector or its characteristics. The audits carried out in 2023 are part of a 2022-2024 three-year **supplier reliability audit plan**, which calls for systematic and periodic controls of the supplier organisations deemed strategic or exposed to potential risk. As regards environmental matters specifically, some of the areas investigated are sustainability risks (including matters linked, for example, to the implementation of internal procedures in terms of environmental management, monitoring and the reduction of energy consumption, the consumption of energy from renewable sources and waste management) and the energy crisis⁸.

With particular reference to ESG factors, of the 61 suppliers examined (9 more than the previous year), 36% have a high risk profile (48% in 2022). This significant figure is partly inherent in the risk-based selection criteria. For these, over 280 improvement actions

⁴ Direct investments in Corporate Issuers that, in carrying out their core business, do not reach a specific minimum ESG performance threshold in each of the three environmental, social and governance areas, appropriately weighted according to the relevance of the dimension, are excluded. Direct investments in Corporate Issuers that do not adopt sufficient safeguards in terms of human and workers' rights, use of natural resources and anti-bribery and, therefore, do not reach a minimum performance threshold in these areas, are also excluded.

⁵ As specifically regards topics connected to climate change and the loss of biodiversity, direct investments in Corporate Issuers involved in the following business areas are excluded, considering the percentage of revenues deriving from them:

- coal mining (if the turnover from this business accounts for 30% or more of the total);
- generation of electricity from thermal coal (if the turnover from this business accounts for 30% or more of the total);
- activities related to oil sands, shale gas and Arctic drilling (if the turnover from these businesses accounts for 30% or more of the total).

In line with the provisions of the climate strategy, in order to assess the eligibility of Issuers involved in activities related to the extraction/use of fossil fuels referred to above - in cases where the threshold of revenues deriving from these activities is equal to or exceeds 30% - the positioning in terms of the transition of the business towards a low-carbon economy through specific forward-looking indicators, including compliance with the Paris Alignment, is also considered.

In order to achieve climate neutrality in its portfolio, the Group has planned for a periodic reduction of the admissible earning ceiling dependent on thermal coal by the investee Corporate Issuers, and expects to complete disinvestment in coal by 2030. This time frame may be amended in the programming based on the speed of response of the financial markets.

In the case of Government Issuers, the Group believes that it is unsustainable to make direct investments in government bonds issued by countries that do not reach a specific minimum ESG performance threshold or where there are serious violations of human rights or predatory policies with respect to environmental resources with global impact.

⁶ ISO standard that provides guidance to organisations, regardless of their activity or size, on integrating sustainability into procurement.

⁷ In 2023, adoption of the Supplier Code of Conduct was extended to purchases by the Property ecosystem companies, with the exception of Unicasa Italia, and the Welfare ecosystem with the exception of Tantosvago, DaVinci Healthcare and Società & Salute. Also excluded are purchases registered by UniAssiTeam and by the Serbian company Ddor Novi Sad governed by specific contractual arrangements.

⁸ Intended to verify the degree of preparation of suppliers with respect to a possible evolution of the energy emergency context (gas and electricity supplies) that may impact the company's business continuity. Specifically, "critical" suppliers from the business continuity perspective and fundamental suppliers for the running of properties were selected.

were identified, of which 47% relate to the Environment topic, 25% to Social and 28% to Governance. The related implementation will be monitored in 2024.

Assessment of the impacts of climate-related risks on company strategy and business

The Group has mapped the risks and opportunities deriving from climate change, prepared in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. In particular, it covers the various phases of the value chain and is not concentrated only on **direct transactions** but also includes **underwriting and investment activities** and encompasses both **physical risks**, or the risks deriving from the physical consequences of climate change, which may be acute or chronic, and **transition risks**, or the risks deriving from the transition towards a low carbon regime that is resilient to climate change, such as risks linked to changing market preferences, new technologies, market policies and alliances and disputes (liability risk).

Figure 1 - Mapping of the risks and opportunities of climate change

UNDERWRITING	INVESTMENTS	DIRECT TRANSACTIONS
PHYSICAL RISKS <ul style="list-style-type: none"> Acute risks Chronic risks 	PHYSICAL RISKS <ul style="list-style-type: none"> Acute risks Chronic risks 	PHYSICAL RISKS <ul style="list-style-type: none"> Acute risks Chronic risks
TRANSITION RISKS <ul style="list-style-type: none"> Reputational risks Recruitment risks 	TRANSITION RISKS <ul style="list-style-type: none"> Reputational risks Market risks 	TRANSITION RISKS <ul style="list-style-type: none"> Reputational risks Legal and policy-related risks

The Risk Area has developed a structured climate-linked risk exposure analysis framework, involving identifying the risk drivers⁹, analysing the transmission channels and identifying the impacts on the main risk categories included in the Group's ERM Framework. **The following risk drivers were identified:** (1) Physical risks - Temperature; (2) Physical risks - Water; (3) Physical risks - Assets; (4) Physical risks - Wind; (5) Transition risks - Customer preferences and market sentiment (other stakeholders); (6) Transition risks - New technologies; (7) Transition risks - National and international policies and market alliances; (8) Transition risks - Disputes. The **microeconomic and macroeconomic transition channels** were then analysed, or the causal chains that explain how the emergence of risk drivers could impact insurance companies. The **impacts identified** through the transmission channel analysis were translated into traditional risk categories (non-life and health underwriting, life underwriting, market, reputational, strategic and operational). This process made it possible to estimate UnipolSai's level of exposure to climate-related risks with reference to each risk category impacted by collecting a significant amount of data and identifying specific indicators (Key Risk Indicators - KRI). The output was a heatmap of climate-related risks, which can be used to estimate the potential impact by risk category and the level of overall materiality by providing a transversal view of the different traditional risk categories.

The Unipol Group has developed **scenario analyses to measure the impacts of physical and transition risks on the Group's assets and liabilities**. Certain stress scenarios are assessed for physical risks and transition risks as part of the framework of stress tests defined by the Group and set out in the Own Risk Solvency Assessment Report on the 2023 financial year (the "ORSA Report").

In order to guarantee a standard of comparability, the Group has decided to adopt the scenarios defined by the Intergovernmental Panel on Climate Change (IPCC) for its **physical risk analysis**. As, in its Opinion¹⁰, EIOPA requires subjecting a company to a sufficiently wide range of stress scenarios, including at least two scenarios¹¹, when possible, all RCP (Representative Concentration Pathway)¹² scenarios were analysed (2.6, 4.5, 6.0, 8.5).

Referring to the **Non-Life business**, the analysis of the **impact of climate change on physical risks** in the ORSA Report is broken down into:

- 1) identification of the business lines characterised by direct or indirect impacts of climate change;
- 2) analysis of the monitoring of climate change to date ("Climate Change So Far");

⁹ A Risk Driver is an attribute, characteristic, variable or other decisive element connected to the risk influencing the risk profile of a system, entity or financial asset.

¹⁰ EIOPA, Opinion on the supervision of the use of climate change risk scenarios in ORSA, April 2021

¹¹ The IPCC-AR6 scenarios are defined by the combination of emissions contributing to global warming (e.g., CO₂, methane) and socio-political scenarios (which specify the policies adopted that should lead to greater or lesser mitigation of the phenomenon). The change in the global average temperature over the pre-industrial period is one of the references for the definition of the scenarios. The EIOPA Opinion suggests setting up at least two scenarios: one mild, with a rise in temperature not exceeding 1.5° C and another stronger scenario with a rise in temperature of over 2° C (point 3.18 of the EIOPA Opinion)

¹² IPCC (2021). Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press. In Press. <https://www.ipcc.ch/report/ar6/wg1/>

- 3) analysis underlying the calibration of the most significant stress scenarios ("Hot House World" and "Paris Agreement Alignment");
- 4) analysis of the different "IPCC-RCP scenario/horizon" combinations available for the most significant acute physical risks (flood and convective storms), particularly with reference to properties used in operations present in the area in question;
- 5) long-term (2050-2100) analysis for chronic risks (i.e., average sea level rise) and the acute risks currently considered secondary perils (wildfire and drought) considering the breakdown of the Group portfolio.

It is important to note that the climate is a complex system whose dynamics may change drastically when the threshold values of certain key variables are exceeded. Therefore, although the models adopted consider uncertainty, they cannot adequately model all extreme trends that may emerge following the activation of feedback mechanisms that would bring the system towards a new balance. The clearest example in this regard is sea level rise. Although this trend is easier to predict than other phenomena, the sudden collapse of several ice caps could accelerate the process with a trend subject to high uncertainty.

Regarding the assessment of the **climate change impact on transition risks of investments**, the Group quantifies losses in value for the different asset classes (bonds, shares, funds, etc.), originating from the shocks, segmented by business sector (NACE¹³), calibrated based on **scenarios outlined by the Network for Greening the Financial System (NGFS)**. In addition, with particular reference to the assessment of transition risk relating to properties, their redevelopment cost was estimated using a model that, in relation to the actual or estimated carbon footprint of each building, defines which energy efficiency measures should be applied to align the future carbon performance of the properties, expressed in terms of greenhouse gas (GHG) intensity and specific decarbonisation processes by property type and country established for the reference scenario.

With regard to the assessment of the climate change impact **on physical risks relating to the financial investments portfolio**, the Group quantifies impairment on the basis of the **scenarios outlined by the NGFS**, consistent with the scenarios used to assess the physical risks of insurance liabilities. The analyses are performed at individual hazard level, in turn classified as acute or chronic and subsequently aggregated, and by individual physical asset held by each counterparty in the portfolio. The impacts on the value of financial investments originate from physical damages and *business interruption* for acute hazards and *business interruption* or loss of productivity for chronic hazards.

Concerning the stress scenarios evaluated on both types of climate risk, based on the information available at the date on which the ORSA Report was drafted, the estimates of financial and economic developments, the assessment methodologies described and the assumptions made within the latter, the level of current and forward-looking capital adequacy of the Unipol Group measured using the Partial Internal Model is deemed **adequate to meet the Risk Appetite and Risk Tolerance levels** approved by the Parent Company for the year 2024, even in light of the stress test scenarios defined for physical and transition risks.

Impact of climate change on physical risks with reference to the non-life business and real estate

Climate change: general characteristics

Climate change is associated with multiple physical risks, which are categorised by regulations into acute (e.g., flooding, hail and downpours) and chronic (e.g., sea level rise, rising temperatures, decrease in average precipitation). Concerning the other risks typically analysed in relation to the insurance business, two distinctive aspects in the analysis of climate risks are highlighted:

- the reference temporal framework which is longer in duration. The scheme below, set out in the EIOPA Application Guidance¹⁴, is useful to reconcile the taxonomy of the time horizons concerning climate risks with those typical of business analysis;
- uncertainty which, given the resolution and limits of existing climate models, is higher than in other risk analyses.

	2021	2031	2041	2051	2100
Business time horizon	Short-term	Mid-term	Long-term		
Climate change time horizon	Short-term		Mid-term	Long-term	

How is climate risk incorporated into catastrophe models?

The catastrophe models traditionally consist of the following modules:

- *Hazard*: module which evaluates the frequency and severity of the physical risks under examination;
- *Vulnerability*: module which evaluates the vulnerability of the assets under analysis to specific levels of severity of the physical risks under examination;

¹³ Acronym of *Nomenclature statistique des activités économiques dans la Communauté européenne* represents the general classification system used to organise and standardise the definitions of economic and industrial activity in the States of the European Union.

¹⁴ EIOPA (2022). Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA. EIOPA -BoS-22/329.

- *Financial*: module which evaluates the breakdown of the loss between the various parties exposed (e.g., policyholder, insurer and reinsurer)

The possible effects of climate change may consist of an increase in the frequency and/or severity of certain natural events and therefore regard the hazard component. In this context, it is essential to capture external change trends based on the type of phenomenon analysed and the geographical area of interest, keeping well in mind the fundamental distinction between the natural variability that intrinsically characterises natural phenomena and the variability induced by climate change.

The scope of relevant risks for Italy

The Group's direct exposures to physical risks are nearly entirely concentrated in Italy (e.g., more than 99% of the Property sums insured). The IPCC report "AR6 Climate Change 2021: The Physical Science Basis" ("IPCC Report AR6") refers in an aggregate manner to the macro-region of Southern Europe, within which countries such as Spain, Italy and Greece show varying trends depending on the risk considered. Some risks have high spatial variability, such as hail risk, for which there may be an even more significant difference in severity just a few kilometres away. Figure below provides a summary and qualitative representation of the relationship between the level of scientific consensus relating to the projected trends and the geographical variability of the most significant *climate-correlated* physical risks for the Mediterranean area. Some risks have high spatial variability, such as hail risk, for which there may be an even significant difference in severity just a few kilometres away. Other hazards, such as rising sea levels and droughts, while affecting limited areas, show less variability within them. On the other hand, Figure 3 provides some public access database maps representing the estimated trend for the risks subject to analysis on several combinations of time horizon and climate scenarios concerning Italy.

Figure 2 Climate change and relevant risks for the Mediterranean area: level of scientific confidence and spatial variability

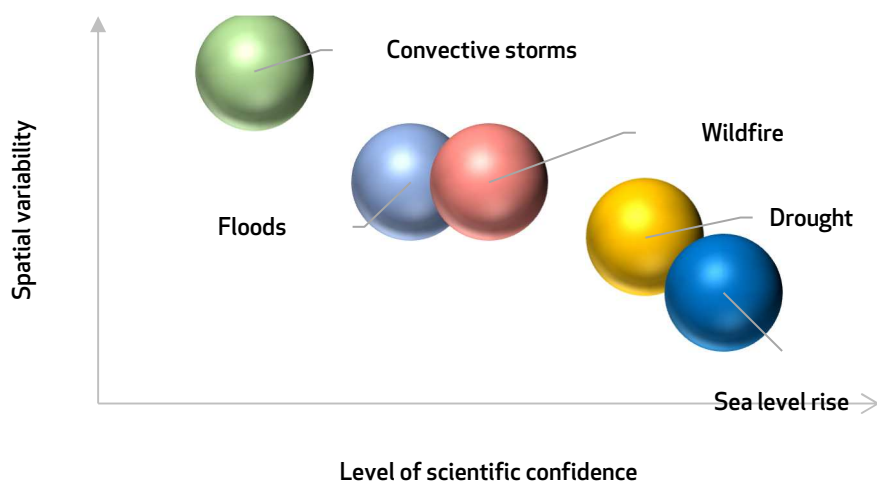
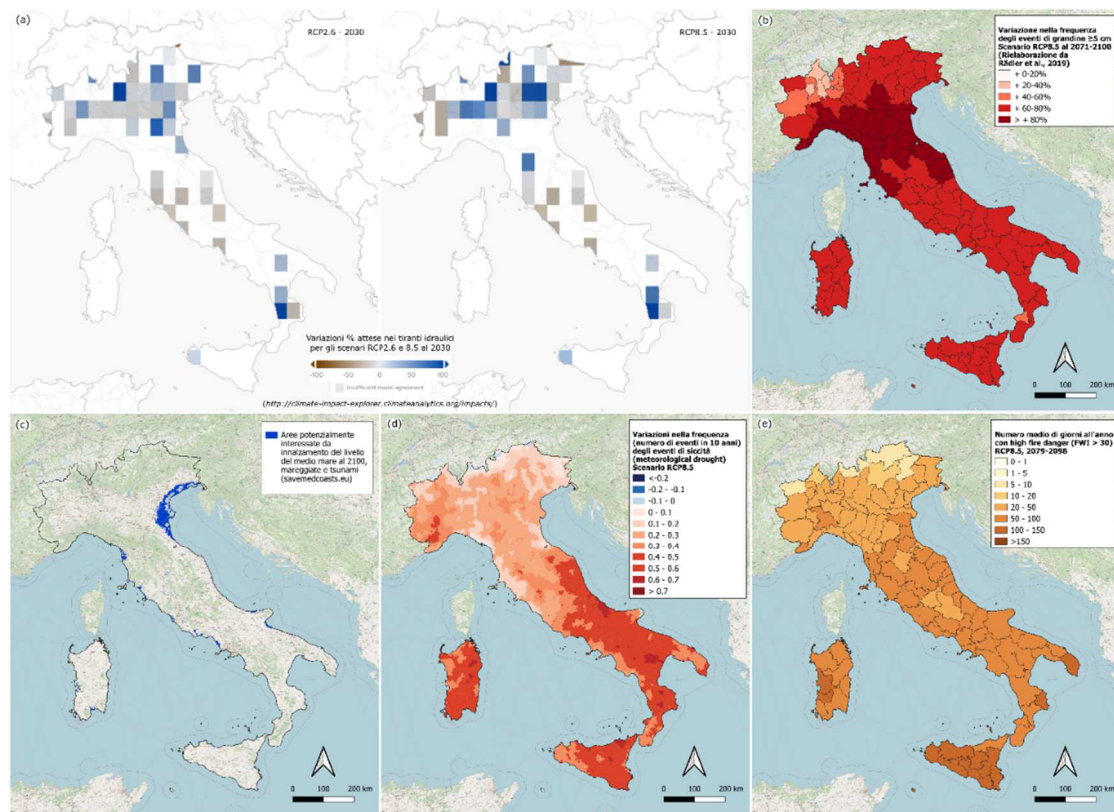


Figure 3 Future projections relating to the perils considered in Italy¹⁵

Climate change to date: monitoring of most significant hazards for Italy

To provide an overall framework in terms of frequency and severity of extreme natural events, the Group monitors the evolution of a series of indicators included in the European Extreme Events Climate Index (E³CI)¹⁶ recently promoted by the IFAB (Foundation Big Data and Artificial Intelligence for Human Development)¹⁷, CMCC (Euro-Mediterranean Centre on Climate Change)¹⁸ and Leithà¹⁹ (Group company specialised in the development of data-intensive solutions). The goal is to provide information on the areas concerned by a number of types of weather-induced hazards and their severity. As things currently stand, taking inspiration from the climate indexes developed for North America (Actuaries Climate Index, ACI20), E³CI examines the seven climate components listed below using the indicators employed as proxies of the associated impacts: (1) extreme minimum temperature, (2) extreme maximum temperature, (3) drought, (4) extreme precipitation, (5) hail, (6) extreme wind and (7) forest fire. The assessment of the above components is based on ERA5²¹, the fifth generation hourly weather condition reanalysis dataset produced by the ECMWF²² (European Centre for Medium-Range Weather Forecasts) which includes data from 1950 to date at a global scale and a spatial resolution of 0.25° and is updated daily. Each component of the E³CI employs a specific indicator as a proxy and is evaluated in relation to a reference value calculated on the 1981-2010 period, concerning which the E³CI presents the standardised anomaly on a monthly scale. The seven components are also combined in the overall E³CI index, which summarises the underlying hazards. As things currently stand, the data relating to the E³CI ensemble has been made publicly accessible²³ at national level, with the possibility of consulting assessments relating to European countries, the Italian regions and the provinces of Emilia-Romagna.

Figure 4 reports by Italian geographical area the series of standardised anomalies every month from January 1981 to January 2024 regarding the seven components of the E³CI index and the overall index. The series included in Figure 4 clearly show for the last four decades the decreasing and increasing trends, respectively, for extreme minimum and extreme maximum temperatures associated with a high degree of statistical significance. Regarding the drought component, the marked positive anomalies associated with the

¹⁵ (a) Flooding: expected percentage change in hydraulic heads in 2030 for scenarios RCP2.6 and RCP8.5 (source: <https://climate-impact-explorer.climateanalytics.org/impacts/>); (b) Severe convective storms (SCS): changes in the frequency (average number of events per year) of ≥ 5 cm hail events for RCP8.5 long-term (2071-2100) (re-calculation from Rädler et al., 2019¹⁵); (c) Sea level rise: areas potentially concerned by average sea level rise, storm surges and tsunamis in 2100 (source: <http://webgis.savemedcoasts.eu/>); (d) Drought: changes in the frequency of meteorological drought between now (1981-2010) and the 2041-2070 period, in scenario RCP8.5 (re-calculation from EEA data²¹); (e) Wildfire: forecasts of the average number of days per year associated with high fire danger (FWI > 30) for scenario RCP8.5 long-term (2071-2100) (re-calculation from Copernicus data²¹). Background maps: OpenStreetMap.

¹⁶ <https://www.ifabfoundation.org/it/e3ci/>

¹⁷ <https://www.ifabfoundation.org/it/>

¹⁸ <https://www.cmcc.it/it>

¹⁹ <https://leitha.eu/>

²⁰ <https://actuariesclimateindex.org/home/>

²¹ <https://cds.climate.copernicus.eu/cdsapp#!/dataset/reanalysis-era5-single-levels?tab=overview>

²² <https://www.ecmwf.int/>

²³ <https://e3ci.dataclimate.com/>

drought phenomenon that affected northern Italy during the summer of 2022 are evident. With regard to extreme precipitation, there were significant positive anomalies observed over the last decade: these include, of particular interest, the anomalies observed for May 2023 and November 2023, during the flooding in Emilia-Romagna and Tuscany, respectively. In terms of hail, the positive anomalies recorded during the hail events observed in Italy in July 2021 and July 2023 are evident, while for extreme wind, the peak in October 2018, corresponding to storm Vaia, the severe Mediterranean storm that swept across much of northern Italy at the end of October 2018, with hurricane-level wind gusts and heavy rainfall, is obvious. Lastly, for forest fire, positive anomalies were identified during the main wildfire events recorded nationally. Overall, the E³CI index (obtained from the average value of the seven components mentioned above) shows a statistically significant growth trend, with particularly high positive anomaly values over the last two years.

The indexes shown relate to assessments performed at national scale and, considering the spatially uneven nature of the underlying hazards, an analysis of the different administrative units may allow for the performance of more detailed monitoring. In addition, during particularly significant events in Europe, the IFAB issues E³CI²⁴ spotlights ad hoc analyses performed by the CMCC based on higher resolution data. To date, for events that concerned Italy, spotlights have been issued regarding the summer 2022 drought²⁵, the heat stress of May-August 2022²⁶, the extreme precipitation in Italy of November 2022²⁷ and the flooding events induced by consistent precipitation in Emilia-Romagna in May 2023. An analysis of the various indicators included in the E³CI described above clearly shows the three main extreme natural events that particularly characterised the year 2023 on a national level: the flooding events in Emilia-Romagna (May 2023) and Tuscany (November 2023) and significant summer storm phenomena (July 2023).

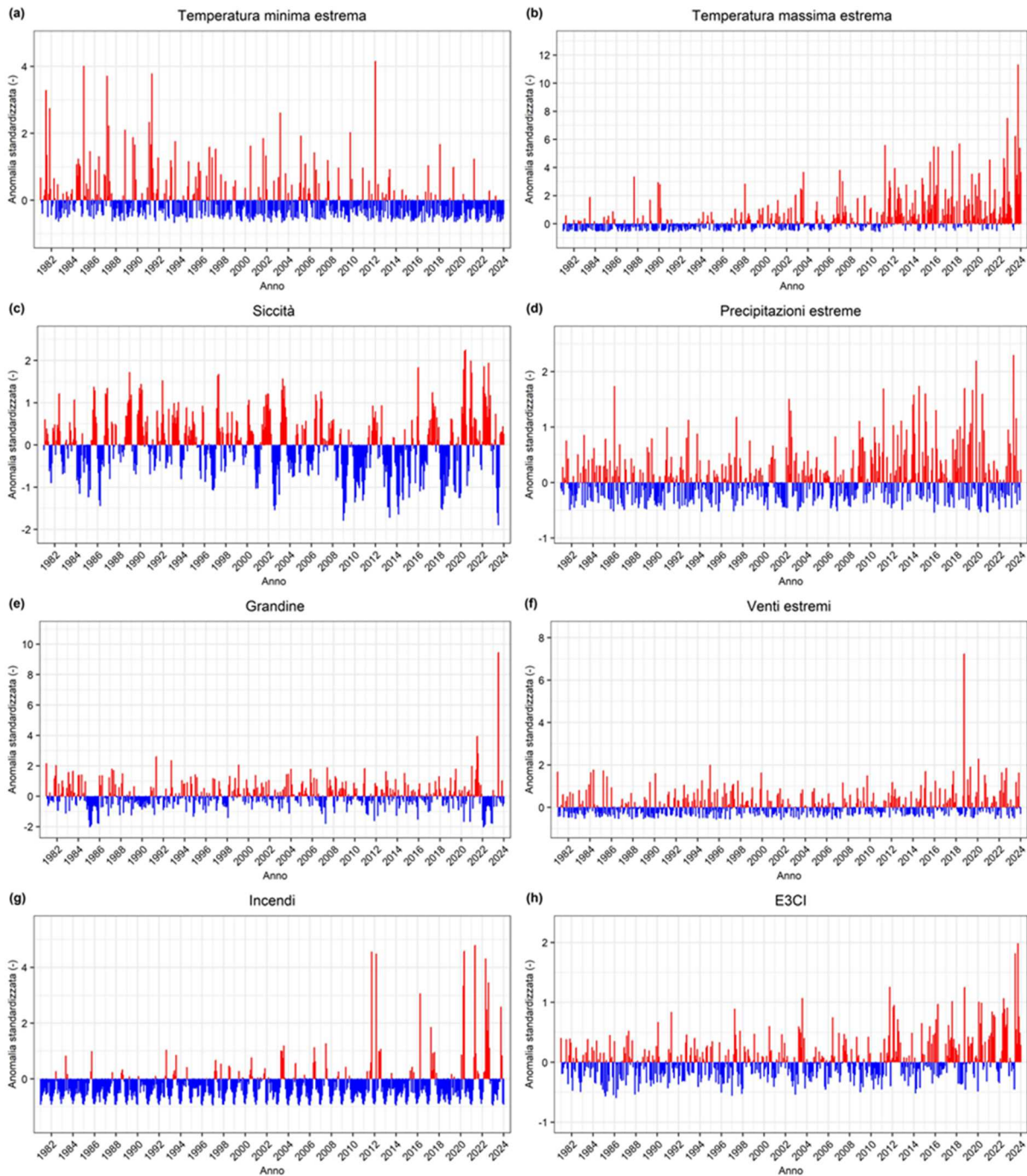
²⁴ <https://www.ifabfoundation.org/category/e3ci/>

²⁵ <https://www.ifabfoundation.org/2022/06/10/2022-european-drought/>

²⁶ <https://www.ifabfoundation.org/2022/09/22/heat-stress-events-may-august-2022/>

²⁷ <https://www.ifabfoundation.org/2023/01/12/extreme-precipitations-in-italy-focus-on-emilia-romagna-and-campania-regions-november-2022/>

Fig. 4 Series of standardised anomalies on a monthly basis from January 1981 to January 2023 for Italy. The five components of the E³CI index are reported (i.e., (a) Cold stress, (b) Heat stress, (c) Drought, (d) Extreme precipitation, (e) Extreme wind and (f) the overall E³CI index.



Analysis of the spectrum of available RCP/horizon combinations relating to acute physical risks

As already mentioned, we should note that the main institutional reports specify that the expected impacts of climate change on physical risks will vary significantly, not only concerning the time horizon and the climate scenario (i.e., RCP), but also in relation to the geographical area and hazards taken into consideration. On the one hand, the IPCC AR6 Report shows with high reliability that climate change is already triggering phenomena such as rising temperatures, more frequent heat waves and sea level rise. These phenomena are due to increase according to the mid-term (2050) and long-term (2100) climate projections. On the other hand, the IPCC indicates varying degrees of confidence and trends regarding the main acute physical risks, such as floods and severe convective storms (SCS).

As concerns flood risk, the reliability of future projections is highly influenced by non-negligible bias in the simulations for more extreme events obtained from the application of hydrologic models, characterised by uncertainties in addition to those already associated with the emission scenarios (i.e., RCP) and the underlying climate models. In this scenario, the IPCC AR6 Report indicates with high confidence a future increase in fluvial floods in North-Western Europe, while for Southern Europe they are expected to decrease at mid-century and at the end of the century, with medium and low degrees of confidence for scenarios RCP8.5 and RCP2.6, respectively. The projections set forth in the IPCC AR6 Report for mid-century and the end of the century for scenarios RCP8.5 and RCP4.5 also highlight, with medium confidence, an expected increase in extreme precipitation in the Mediterranean basin, corresponding, with high confidence, to an increase in the frequency and severity of pluvial type flooding phenomena (including flash floods), in an area for which, moreover, several studies have shown that roughly 20% of the urban areas are already affected by pluvial phenomena. Overall, regional changes in fluvial flood events are associated with more uncertainty than pluvial events due to the more complex underlying hydrological processes, including possible changes in the use of the soil and the management of water resources.

For atmospheric events, the IPCC AR6 Report clearly indicates that the quantification of the effects of climate change on extreme storms (i.e., tropical cyclones, extratropical cyclones and severe convective storms) is complicated due to the nature of such phenomena (rare, brief and localised events characterised by a high degree of variability) and the capacity of the models currently available to accurately represent their underlying physical processes on a small scale. This is especially found in severe convective storms, characterised by events with a high degree of spatial locality and great temporal variability. For these, although current scientific knowledge makes it possible to identify specific atmospheric parameters that favour the development of the most severe storms, it is not sufficient to fully characterise the physical triggering process. Regarding the time series, in Europe, the IPCC indicates an increase in the number of hail reports, which, however, is not associated with *statistically significant trends* and appears, for the most part, linked to an increase in reporting²⁸. On the whole, the combination between the trends observed and the modelling forecasts provides indications for Europe of an overall slight increase in the frequency and intensity of hail events, although they will be considerably unevenly geographically spread, with some hotspots particularly sensitive to these phenomena.²⁹ In general, there is little agreement with respect to the *trends observed*, and the variations associated with future climate projections are of low significance, with the presence of certain contradictions. Regarding wind, the IPCC forecasts a reduction in average speed both in the Mediterranean area (high confidence) and Northern Europe (medium confidence). At the same time, it indicates a slight increase in the frequency and severity of extratropical cyclones, strong wind and extratropical storms for Northern, Central and Western Europe after mid-century due to global warming levels higher than 2°C (medium confidence). The IPCC AR6 report also indicates a decrease in the frequency (medium confidence) but an increase in the intensity of Mediterranean tropical cyclones (i.e. *Medicane*s) as well as, albeit with low confidence, a future increase in large-scale conditions favourable to the formation of extreme convective storm events.

For flooding and severe convective storms, the impact assessments relating to the Group portfolio were conducted based on the baseline estimates (not influenced by climate change) of some of the most advanced market models for acute physical risk analysis. The impacts of climate change have been assessed in relation to *near-term, mid-term and long-term* time horizons and emission scenarios RCP2.6, RCP4.5, RCP6.0 and RCP8.5. Taking a *frequency-severity* approach, the analyses were based on the assumption of a change only in the component linked to *frequency*, while considering constant *severity*. In particular, both the underwriting portfolio, for the Property and MV lines, and the Group real estate portfolio were analysed. Specifically for flood risk assessment, the Group used a dedicated module integrated within the available market catastrophe model. For severe convective storms, internal analyses were performed based on the conditioning of the results of market models through a statistical approach³⁰, based on the most recent findings of sector scientific literature, appropriately corroborated by a discussion with partners with specific experience on the matter. As concerns flooding, the analyses performed show an increase in the hazard, which is more significant for the more severe RCPs: while for scenario RCP2.6 the increase trend is limited in both the near- and long-term, for the more severe scenario RCP8.5 there is a significant increase in the hazard, especially with reference to the *long-term*. Regarding convective storms, particularly concerning the joint contribution of hail, gusts of wind and tornadoes, it is confirmed that RCP8.5 is the severest in the long-term, with a higher impact as the time horizon considered increases. For this last hazard, we should further

²⁸ Raupach T.H., et al. (2021). The effects of climate change on hailstorms. *Nature Reviews Earth & Environment*, 2(3), 213–226. <https://doi.org/10.1038/s43017-020-00133-9>

²⁹ Battaglioli F., et al. (2023). Forecasting large hail and lightning using additive logistic regression models and the ECMWF reforecasts. *Nat. Hazards Earth Syst. Sci.*, 23, 3651–3669. <https://doi.org/10.5194/nhess-23-3651-2023>

³⁰ Approach based on the use of statistical models to derive the value of certain climate variables based on other independent variables.

note the considerable uncertainty associated with the assessments performed, linked to the complex nature of such phenomena and the divergence of the estimates of currently available models, particularly evident in some geographical regions.

Analyses relating to chronic risks and physical risks currently considered secondary perils

With reference to chronic physical risks and “secondary perils”, both characterised by the absence of fully probabilistic market models recognised as benchmarks for Italy, the analysis has concentrated, in line with the best risk management practices, on the identification of the potential exposures to risk and their classification in different risk clusters with respect to the phenomenon being studied.

Sea level rise is one of the chronic effects of climate change, which has measurable effects. The time series shows an acceleration of the phenomenon of average sea level risk over the last century: from a rate of ~1.3 mm/year for the 1901-1970 period, in 1971-2006 it rose to ~1.9 mm/year, and over the last 15 years has been ~3.7 mm/year. Aside from directly concerning currently urbanised areas, sea level rise can also expose new areas to the effects of storm surges. Regarding future projections, there are uncertainties linked to the temporal trend of the phenomenon, also depending on the specific RCP scenario considered, with a rise in the 0.98-1.88 m range by 2100 in the most unfavourable scenario (RCP8.5), which could even exceed 2 m³¹. In general, the IPCC AR6 Report indicates with high confidence that sea level rise, combined with increasingly frequent storm surges and extreme flooding events (both pluvial and fluvial), will contribute to an increase in the likelihood of occurrence of flood events for urban centres located in coastal areas. In this context, the map published by *savemedcoasts* is indicative, relating to the main coastal areas in the Mediterranean region at an altitude of < 2 m above sea level, therefore potentially susceptible to flooding due to more unfavourable 2100 sea level risk forecasts, storm surges and tsunamis (see Figure 3(c)). Overall, this phenomenon is more concentrated in the North-Eastern Italy area, between the provinces of Ravenna and Trieste.

Recent scientific studies have shown an increase over the last 50-60 years in the frequency and severity of drought events in western and southern Europe³², particularly regarding the Mediterranean area during the summer season³². Specifically, for the Mediterranean zone, the IPCC AR6 report identifies an increasing trend in agricultural and ecological drought effects starting from 1950, showing, with a medium level of confidence, their links to human activity. For the same area, an increase in hydrological drought phenomena has been observed (high confidence). It is expected that the trends observed in the time series may persist and become further exacerbated in the future, especially for the Mediterranean area, with reference to both moderate (RCP4.5) and extreme (RCP8.5) climate scenarios³². The most updated climate projections, recently published in the IPCC AR6 Report and developed using the most up-to-date set of CMIP models³³ (i.e., CMIP6), net of certain uncertainties at the regional detail scale, indicate the general concordance of the models relating to the increase in the frequency with which drought indicators will surpass certain thresholds. In this context, the Group has performed assessments based on projections published by the European Environment Agency (EEA)³⁴ concerning changes in the frequency (number of events in 10 years) of meteorological drought events in Europe between the present (1981-2010) and the 2041-2070 period, in the two scenarios RCP4.5 and RCP8.5. These estimates, reprojected on a municipal scale for Italy for this analysis (e.g., Figure 3(d)) indicate a generalised increase in the frequency of drought events, with different spatial patterns depending on the climate scenario considered.

The risk linked to wildfire is one of the acute risks currently considered secondary perils associated with a significant potential accentuation in the long-term in Italy. In this sense, we should recall that roughly 95% of fires are caused by intentional acts or negligence³⁵. However, the effects and severity depend on environmental factors regarding fuel, such as prolonged periods of drought and heat waves, which help dry the vegetation. The IPCC AR6 Report highlights that certain areas, such as the Mediterranean, could in the future record more frequent wildfire events due to the increased severity of drought events and heat waves³⁶. Moreover, an increase in wildfire events may contribute towards further increasing greenhouse gas concentrations (e.g., carbon dioxide, methane) in the atmosphere (high confidence), as well as triggering episodes of increases in air pollution near populated areas. Here, to evaluate wildfire risk, the Group looked at indicators based on the Fire Weather Index³⁷(FWI) made available by Copernicus at European scale for the 1970-2098 period, calculated from reanalysis data and climate projections³⁸. Specifically, the projections considered looked at the number of days per year associated with *high fire danger* (i.e., FWI > 30, according to the EFFIS classification) for the RCP8.5 scenario for various periods (e.g., 2079-2098 for the *long-term*; see Figure 3 (e)). The results show that in the future a greater portion of Italy's territory may fall within high fire risk zones.

³¹ IPCC (2021). Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Chapter 9: Ocean, cryosphere, and sea level change.

³² European Commission - Joint Research Centre (JRC) (2017). Science for disaster risk management 2017: Knowing better and losing less. Publications Office. <https://data.europa.eu/doi/10.2788/842809>

³³ Coupled Model Intercomparison Project - <https://www.wcrp-climate.org/wgcm-cmip>

³⁴ <https://www.eea.europa.eu/data-and-maps/figures/projected-change-in-meteorological-drought>

³⁵ European Commission - Joint Research Centre (JRC) (2017). Science for disaster risk management 2017: Knowing better and losing less. Publications Office. <https://data.europa.eu/doi/10.2788/842809>

³⁶ IPCC (2021). Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Chapter 11: Weather and climate extreme events in a changing climate.

³⁷ <https://climate.copernicus.eu/fire-weather-index>

³⁸ <https://cds.climate.copernicus.eu/cdsapp#/software/app-tourism-fire-danger-indicators-projections?tab=overview>

Overall, the results of the analyses provide support especially concerning potential strategic risks which could, in the mid-/long-term, change the geographical composition of insurable risks or increase the significance of specific risks in terms of Non-Life insurance underwriting in the Italian market.

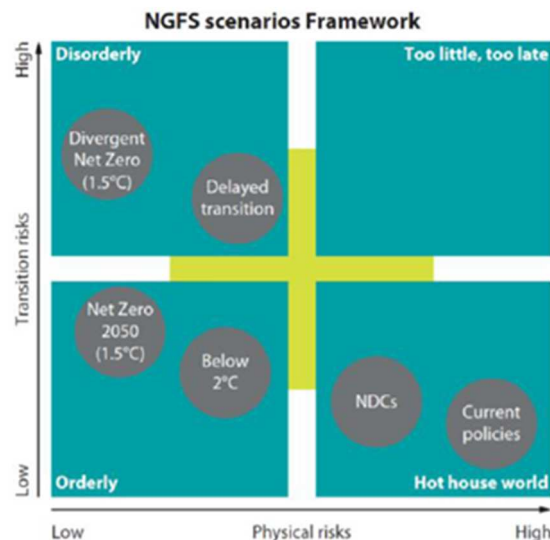
Impact of climate change on Transition Risks and Physical Risks relating to financial investments

With regard to investments, the Group has a well-established collaboration with Moody's Analytics to model and quantify transition risks originating from Technology Risk/Opportunity, Policy Risk and the interaction between the two. These assessments took transition risks connected to financial portfolios and real estate investments into consideration. Furthermore, it undertook a collaboration with MSCI to model and quantify physical risks connected to the financial portfolios.

Concerning the estimate of the transition risk linked to climate change, the Group has started working with Moody's Analytics to model and quantify losses in the value of financial investments for the different *asset classes* (bonds, shares, funds, etc.), originating from the shocks, segmented by business sector (NACE), calibrated based on scenarios outlined by the *Network for Greening the Financial System* (NGFS).

The transition risk scenarios analysed

Referring to the analysis of the impact of climate change on transition risks, the Group quantified the loss of value of the financial instruments held in portfolios (Non-Life business, Life business with reference to Class C, Class D and free assets) at consolidated level and at individual Company level, in light of a pre-selected climate scenario - Divergent NetZero - in a near-term time horizon assessed at 2035, and against a climate scenario assessed over a long-term horizon assessed at 2065 - Current Policies.



The Divergent Net Zero NGFS scenario assumes a net zero-emissions target by 2050 but with high costs due to the divergent policies introduced amongst the sectors and the more rapid elimination of fossil fuels. This scenario falls within the *Disorderly* category of the NGFS scenarios, characterised by low physical risks and high transition risks.

The scenario's disorderly nature implies that the availability of CDR (Carbon Dioxide Removal) technologies is lower than in other orderly type scenarios, such as Net Zero 2050. Emissions are aligned with a climate target that calls for at least a 50% possibility of limiting global warming to below 1.5°C by the end of the century, with no or low surpassing (<0.1°C) of 1.5°C in prior years. This entails considerably higher transition risks than Net Zero 2050 but overall lower physical risks than the six NGFS scenarios.

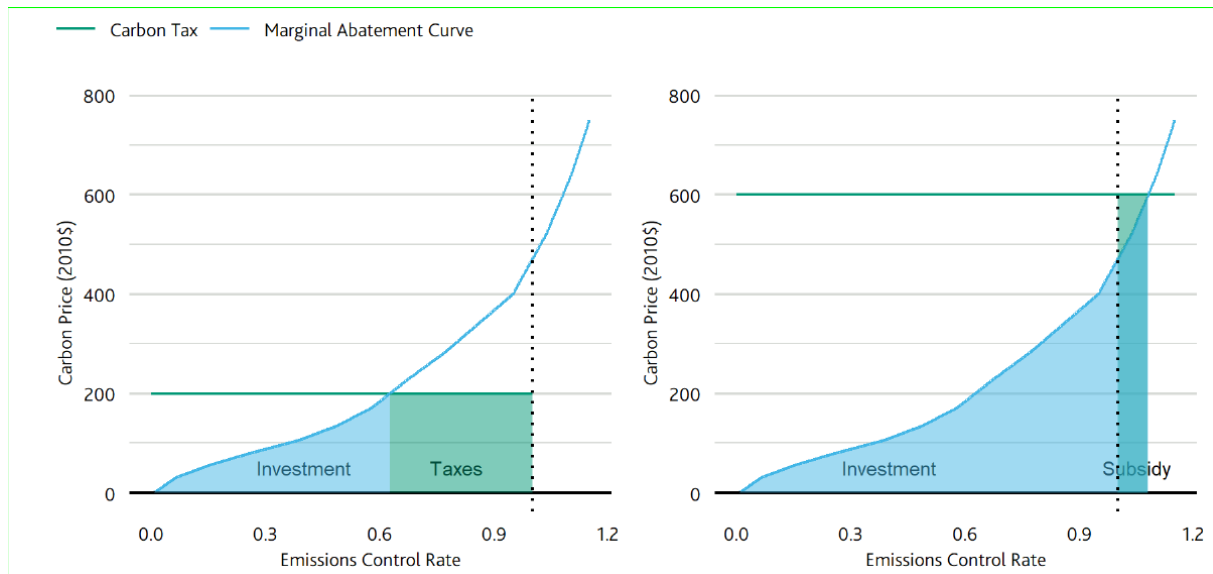
In the *Current Policies* scenario, climate objectives are not achieved, leading to an increase in temperature by more than 3°C and severe, irreversible impacts. This leads to chronic changes in living conditions that affect health, labour productivity, agriculture and sea level rise. This scenario falls within the *Hot House World* category of the NGFS scenarios, with high physical risks and low transition risks.

In the *Current Policies* scenario, there is no political reaction, so the current energy price shock dissipates, bringing carbon prices into line with the global average of between 10 and 15 dollars per tonne of CO₂ for the rest of the century. There is no significant removal of carbon and slow technological change.

All NGFS scenarios are based on the SSP 2 (Shared Socioeconomic Pathways) socioeconomic scenario, which represents the intermediate scenario in which social, economic and technological trends do not deviate markedly from historical models. Development and income growth are proceeding unevenly, with some countries making relatively good progress while others are not meeting expectations. Global and national institutions work to achieve sustainable development goals, but make little progress. Environmental systems are degraded, although there are some improvements, and in general, the intensity of resource and energy

use is decreasing. The global population grows moderately and stabilises in the second half of the century. Income inequality persists or improves only slowly and challenges remain to reduce vulnerability to social and environmental change.

In climate models, the carbon tax and abatement investments are both significant transition costs. In the model developed in partnership with Moody's Analytics, these elements are linked through the marginal abatement cost curve concept. In particular, the assumption is that "rational agents" within the economic system will reduce costs, when possible, until the point at which the marginal abatement cost is equal to the carbon tax, so above this level it makes no economic sense to pay higher abatement costs: from this level forward, the rational company begins to pay the carbon tax. With a progressively increasing carbon tax, CO₂ abatement will rise over time. At the same time, technological improvements could reduce abatement costs, lowering the abatement curve and increasing emissions abatement for a specific level of taxation. To determine the total abatement cost at a particular date, the area below the cost curve is calculated up to the fraction of current emissions abated, a level called the emissions control rate. It is here that the carbon tax level intersects with the marginal abatement curve. The figure below (source: Moody's) illustrates what was described above:

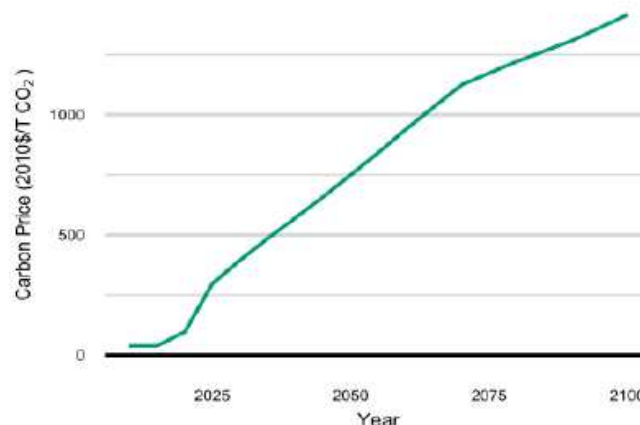


In the *Divergent Net Zero* scenario, restrictive measures are taken to limit emissions, temperatures stabilise at mid-century, and physical damages are significantly low in proportion to GDP. On the other hand, the measures taken to reduce emissions result in high abatement costs, peaking at around 2040, which begin to decline in proportion to GDP after 2050. After reaching the Net Zero target, subsequent investments for reducing emissions are no longer necessary, and when the prices of technology decline, abatement costs also decline accordingly.

Returns are initially lower than the baseline scenario as the extra investments reduce consumption. However, when the abatement costs decline in the second half of the century, there is a period of growth recovery, and real returns will increase.

In this scenario, energy prices rise significantly. The high and rapidly rising price of carbon is passed on by energy companies in the form of higher energy prices. But, as companies invest in new production systems and in the transition to low-carbon energy resources, taxation reduces and prices decline again.

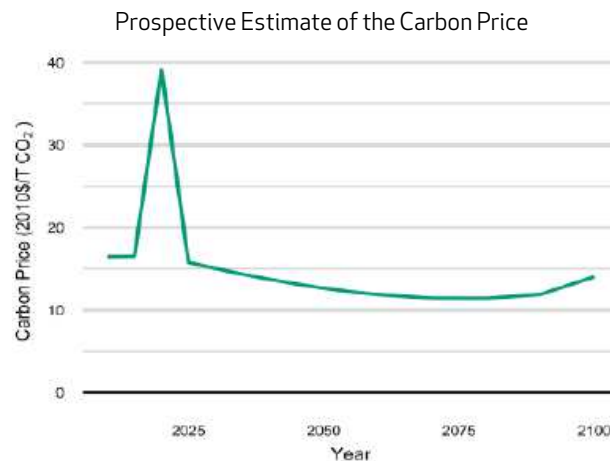
Prospective Estimate of the Carbon Price



The carbon tax increases rapidly and constantly in the course of the century, with a growth rate that gradually slows towards 2100. Significant carbon taxation arouses a great investment response, with significant annual expenditure on renewable energy, transmission and distribution in the energy sector.

The higher energy prices lead to a general increase in price levels and a significant peak in consumer price inflation. When energy prices begin to drop, this effect is inverted and there is a period of declining inflation. The economy's energy intensity reduces over time, limiting the impact of the energy component on inflation.

In the *Current Policies* scenario, the extremely low level of carbon taxation leads only to limited investments in the transition towards renewable energy sources.



There is no political reaction. The current energy price shock dissipates, bringing carbon prices into line with the global average of between 10 and 15 dollars per tonne of CO₂ for the rest of the century. There is no significant removal of carbon and slow technological change.

There are no additional investments in energy efficiency, and this is combined with further significant investments in fossil fuel extraction. Despite the lack of an explicit climate policy, renewable energies - primarily solar, wind and biomass - reach a significant share of the primary energy mix by 2100. The use of oil declines, although it continues to make a significant contribution throughout the projection period. The use of coal and gas continues and remains basically constant for the entire second half of the century.

Overall, consumer energy prices increase moderately in real terms. Gas and petrol prices are lower than in transition scenarios. There is no additional inflation projection above the base scenario.

Assessment of the impacts of transition risk on the Unipol investment portfolio

The Unipol Group has evaluated the impacts of transition risk on its entire financial asset portfolio concerning the Non-Life business and the Life business and, for the latter, also regarding Class C and Class D investments and free assets. Specifically concerning investments in funds, when association via look-through was not possible, the Group performed an analysis to identify the leading sector of exposure, which was then associated with the corresponding NACE sector shock. From this perspective, no impact was attributed to investments in infrastructural funds, primarily focused on renewable energies.

To calculate the climate impacts on the various asset classes, the Group adopted a methodology according to which, first of all, the long-term economic risks within the NGFS scenarios due to physical damages and CO₂ emissions abatement investments are calculated. Subsequently, these costs were converted into expected changes in real returns and risk premiums, using economic/financial models through a combination of the Ramsey rule and multi-asset capital pricing type models. By applying this methodology to the NGFS scenarios selected, the potential implications of climate change on strategic financial exposures held by long-term investors like insurance companies were quantified.

Physical damages were estimated based on a parametric approach (*global damage function*) which observes the change in average temperature compared to the pre-industrial era in relation to a proportional impact on global production (GDP).

The physical risk scenarios analysed

With reference to the analysis of the impact of climate change on the Physical Risks of the financial portfolio, the loss in value of financial instruments was quantified, identifying as the analysis scope Investments in the Non-Life business and Life Class D, Class D and free assets for the Life business. The assessments were performed at consolidated as well as individual Company level against climate scenarios consistent with the assessments performed in the near-term (*Divergent Net Zero* scenario assessed at 2035) and long-term (*Current Policies* scenario assessed at 2065) transition risk analysis.

In general, the climate costs of physical risks on the financial portfolio represent the costs that companies would need to bear due to future climate change ("cost delta"), plus costs linked to the physical risk they already bear today. Initially, these costs are calculated on an annual basis, for each asset location, hazard, climate scenario and scenario result. To obtain a present value at company level of these costs by hazard, climate scenario and scenario result, the time series of local costs are discounted and aggregated, first over time and then across all locations of a company's resources. An additional aggregation of all risks provides the present value at company level of the impact on costs of all combined risks.

In the first instance, the methodological system differentiates physical risks into acute and chronic.

Acute climate risks relate to events capable of emerging suddenly and which may have intense impacts over relatively short periods of time. These are natural disasters caused by events such as hurricanes, floods, drought and wildfire that can cause irreparable damage to buildings, economic upheaval and human death. As the consequences of climate change begin to emerge, these events are expected to occur with greater frequency and intensity.

For acute risks, the economic losses deriving from the partial or total destruction of an exposed asset and the necessary cost to repair or completely replace the asset and resume operations are modelled. For all acute risks, with the exception of tropical cyclones, the business interruption that would take place during and immediately after an event is also considered. The model assumes that the majority of physical risks will cause a spatially limited but intense interruption of business operations and that production is lost for the entire duration of the event.

Chronic risks emerge primarily as a reduction in productivity and the availability of labour or changes in production process efficiency.

Unlike acute risks, chronic risks emerge slowly, but may continue for extended periods of time. It is unlikely that they will cause immediate and serious damage to an asset as would take place for acute risks, and often the financial expense is not particularly high. However, phenomena like climate change caused by rising greenhouse gases are capable of triggering interruptions of commercial activity and damaging the local and global economy; heatwaves can reduce overall productivity, drought may impede access to water and irregular precipitation patterns may influence agricultural production. Therefore, in this context, chronic risks are mainly associated with *business interruption*, and the model has identified five climate risks as meeting that definition: extreme heat, extreme cold, heavy participation, heavy snow and extreme wind conditions.

For each company location, the financial impact of a business interruption is considered, using two or more thresholds for each chronic risk and incorporating regional vulnerabilities. The thresholds established are aligned with sector research for each chronic risk, to capture the variability of the impacts that may arise from moderate to high extremes. Within the model, a matrix of vulnerability factors was also defined, based on scientific publications in combination with information obtained from media reports, which translate the excess values into a monetary value.

It is assumed that on every day a threshold is passed, a fixed percentage of revenue is lost, which is specific for each segment of business activity.

Within the model, a matrix of vulnerability factors was defined, which translates the excess values into a monetary value on the basis of scientific publications and case studies, in combination with information from media reports and expert knowledge. The vulnerability matrix covers all types of hazards and defines specific factors for NACE sectors.

A regional adjustment is also made to reduce the vulnerability of companies in areas more adapted to extreme conditions, assuming that their vulnerability to chronic weather extremes is lower in regions in which these events are more frequent and local companies have experience in dealing with their consequences.

To effectively quantify the cost estimate, the methodology adopted therefore outlines global climate risks for companies based on 3 main factors:

- the hazard, or the type of extreme event, acute or chronic, analysed on a case by case basis;
- the vulnerability, or the sensitivity to damage or the financial opportunity and the capacity to handle and adapt to climate change;
- the exposure, or the presence of people, means of subsistence, resources and other assets in places and environments that could be influenced by the event.

To quantify the economic impacts of physical climate risks, two fundamental factors have been identified:

- damages to resources, or direct physical damages to a company's assets, equal to financial damage and the cost of repairing or replacing the asset in question;
- *business interruption* or the exposure of economic production to indirect losses deriving from the interruption of company operations.

Asset damages are typically associated with acute risks, while *business interruption* is a type of vulnerability common to both acute and chronic risks.

Assessment of the impacts of physical risk on the Unipol investment portfolio

The Unipol Group has evaluated the impacts of physical risk on its entire financial asset portfolio concerning the Non-Life business and the Life business and, for the latter, also regarding Class C and Class D investments and free assets.

For acute risks, the costs associated with damages to resources are calculated using damage functions associated with each *hazard* and based on the fixed asset value of company structures. The company's total turnover and the share of assets are de-aggregated by location depending on the dimensions of the physical asset, the country where it is located and the type of business performed, thus defining the cost of the financial damage associated with acute events.

This cost is then added to the proportion of costs deriving from *business interruption*, by estimating the annual number of days of business interruption by sector and type of extreme weather conditions.

As instead regards chronic risks, the costs of the financial damage are obtained on the basis of the days for which the intensity threshold is surpassed for vulnerability factors and economic production, where vulnerability refers to how the work is influenced by the specific hazard and economic production is the income produced at the site.

Once costs are calculated on an annual basis, for each resource location, hazard, climate scenario and scenario result, to obtain a present value at company level of these costs by *hazard*, climate scenario and scenario result, the time series of local costs are discounted and aggregated, first over time and then across all locations of a company's resources. An additional aggregation of all risks provides the present value at company level of the impact on costs of all combined risks.

The MSCI model calls for an assessment of financial risk, also at instrument level based on the structural model of credit risk, which uses the results of Black & Scholes (1973) and Merton (1974) and is similar to the majority of modern structural models used on capital.

PRODUCTS AND SERVICES TO TACKLE CLIMATE CHANGE

Regarding Non-Life business underwriting activities, the Group is aware that in particular the acute physical risks from climate change include changes in the frequency of large-scale catastrophic events, the trends of which are difficult to identify. In general, the Group is continuously committed to identifying innovative solutions for the creation of shared value in the management of Sustainability risks, particularly with regard to climate change, by developing - also with the support and co-funding of EU institutions - tools that contribute towards boosting public and private sector awareness of the risks linked to climate change and support the definition of adaptation and prevention measures, which contribute towards reducing risks while maintaining insurability, as seen in the LIFE DERRIS and LIFE ADA projects described below.

In its pricing process, the Group considers Sustainability risks, and in particular the physical risks deriving from climate change, by adopting the following control mechanisms with the due proportions depending on the assessment of the more or less significant exposure to the risks of the reference classes and/or products: implementation of a dynamic pricing policy; constant portfolio maintenance through adjustments at policy expiries to the latest tariff versions; periodic review of technical oversight mechanisms (e.g., excesses, insurance limits) referring to the guarantees associated with natural events, as well as the cover offered in the case of changes in risk levels; active portfolio management, through specific actions to update more dated positions, aiming to adjust the offer to customers by proposing more recent products which allow for more specific pricing sensitive to changes in risk levels.

To support the definition of tariffs as concerns, in particular, the guarantees referring to natural disasters, the Group also relies on the results of dedicated models recognised in the insurance sector, which, depending on the risk in question, also make it possible to perform predictive analyses, in addition to relying, more generally, on calculation models that make use of historical data on the frequency and average cost of claims. In any case, the Group monitors how climate change evolves with respect to the results emerging from historical data, as well as its possible impact on future trends and outlooks.

Thanks to the support of Leithà, the Unipol Group has projects in place to strengthen and expand its ability to analyse weather and climate data to support the entire value chain of the insurance business:

- **Risk prevention:** with regard to the Weather Alert service, over 4.1 million text messages were sent in 2023 (vs 3.8 million in 2022) for the hail campaign, involving almost 4.2 million UnipolSai, Linear and Arca Assicurazioni customers (in line with the previous year);
- **Pricing:** Two new components of the European Extreme Events Climate Index (E3CI)³⁹ were released in 2023 (wildfire and hail). The E3CI Data Station was created to make the index data available. Also updated were the hazard maps relating to flood and rainfall underlying the SAM project, designed to improve the pricing process by using weather variables and property characteristics to accurately process the danger level in a specific area;
- **Claims management:** in 2023, Lorentz was perfected, an advanced tool for the collection and presentation of weather indicators which, for the General Classes, makes the Adjuster and Independent Expert aware of the weather conditions that led to the generation of the claims. The tool was enhanced with additional maps showing the presence and intensity of wind phenomena and waterway flooding and with functions for managing aerial images to check the conditions of insured assets. The data provided by Lorentz, associated with telematics information, contribute to optimising claims management (in terms of speed and accuracy in determining what took place) and identifying fraud as well as limiting the average cost of claims. The analysis of public (Copernicus) and private satellite data made it possible to quickly estimate the losses associated with the flood events that hit Emilia-Romagna (in May 23) and Tuscany (in November 23) and to optimise the organisation of the settlement and adjuster networks.

In 2023, the HaMMon (Hazard mapping and Vulnerability Monitoring) project was launched, which aims to use Artificial Intelligence and Data Visualisation technologies to map and assess the impact of extreme natural disasters. Offered by the Unipol Group and Sogei, HaMMon aims to develop tools for the characterisation of risk related to extreme weather events, both for insurance purposes and for environmental monitoring. To do this, it will use a range of data sources: from satellite images to drone images for evaluating vulnerability and impacts, from climate reanalysis to seasonal forecasts to characterise weather/climate indicators.

Offer of insurance products and services to support customers in the transition towards a low carbon emission economy

The Unipol Group can offer insurance products and services to support customers in the mitigation and transition towards a low carbon emission economy⁴⁰.

³⁹ First index in Europe to monitor and manage the impact of extreme weather events, developed by Leithà as part of an International Foundation Big Data and Artificial Intelligence for Human Development (IFAB) project in partnership with the Euro-Mediterranean Centre for Climate Change (CMCC).

⁴⁰ Regarding the type of phenomenon it intends to represent, the information presented here differs from information published in the later section "Disclosure on the European Taxonomy of environmentally sustainable economic activities" and therefore is in no way comparable.

As concerns **Property**, for example, tax credits are purchased to support residents in accessing the facilitations provided under the 2021 Relaunch Decree for renovations, for the most part aimed at improving residential energy efficiency. When the credits are acquired, several insurance covers are offered. In 2023, there were around 4,500 policies, amounting to premiums of nearly €5.5m (6.4 in 2022).

In the **Mobility** area, the “Assistenza Completa” guarantee provides services dedicated to meeting the requirements of electric vehicle users, for example for recharging battery-powered electric vehicles.

In 2023, distinctive solutions continued to be marketed for advanced pricing and underwriting models, thanks to the development of algorithms also based on driving habit data. These are for example MV policies envisaging the installation of an electronic device to monitor car use, kilometres travelled and driving style, which place the attention of customers on reducing their environmental impacts, inviting them to set themselves targets to reduce their CO₂ emissions (as in the case of the **Smart Drive telematics offer**). Furthermore, **BeRebel**, launched in 2022, offers a highly customised, mileage-based and completely digital “pay-per-you” monthly MV policy. The BeRebel MV policy has a minimum monthly cost corresponding to a quantity of kilometres available. At the end of the month, the balance of any extra kilometres travelled is paid at a cost set forth in the policy. Any unused kilometres may be carried over to the following month. The policy, for now available only for private vehicles, is purchased on the website or app, even only for one month, and envisages installation in the car of a small telematic device (RebelBot) that detects the kilometres travelled, provides roadside assistance in the event of an accident and offers a discount in calculation of the month-end balance based on usage and driving style in the past month. The policy is managed by a single app for all household vehicles, with a single account statement at the end of the month: the app can estimate the annual expense, measure the kilometres travelled each day, vehicle use and driving style, monitor the costs incurred and provide all insurance documentation in paperless digital format. Aside from the innovative range of products and services, particularly suited to drivers who travel less than 10-12 thousand kilometres per year, BeRebel offers customers who so wish the possibility of paying €0.50 per month to offset CO₂ emissions (matched by BeRebel); this option was selected by 1.5% of customers.

Considering the role of transport in the fight against climate change, Unipol places considerable attention on the opportunities that the leveraging of data from the use of telematic services can provide to support the development of sustainable mobility, fostering dialogue and stimulating debate with public institutions as well. As seen previously, UnipolTech is working on a change of paradigm in telematics for mobility: from the concept of black boxes - focusing on accidents, assistance and driver safety - to green boxes - a device intended to extend the benefits of telematics to environmental sustainability, contributing to the improvement of customer quality of life and the environment. The goal is to direct the data gathered by on-board telematics to environmental impact analyses in terms of fuel consumption, greenhouse gas emissions (CO₂) and polluting particulate emissions (NO_x), for the development of algorithms capable of identifying trip type and driving style, and associating each driver with more sustainable conduct in terms of consumption and CO₂ and NO_x emissions, providing them with suggestions on their driving style with a view to reducing emissions. Therefore, attention is paid to the impact of the driving style of each individual on greenhouse gas and pollutant emissions and not only the vehicle model used and the kilometres travelled.

Through its think tank **The Urban Mobility Council**

, Unipol has conducted research with Milan Polytechnic that highlights how emissions can vary significantly according to driving style, regardless of the Euro class of the engine, and that real emissions could be accurately monitored through telematic device technology. The Unipol Group presented the research to the European Parliament, as a contribution to reflections on the evolution of mobility: a system of incentives linked to virtuous driving behaviour from an environmental perspective (which coincides with lower risk) can in fact be an effective support for reducing emissions while the transition process linked to car fleet renewal is carried out, which will last years, without penalising lower-income earners.

This reasoning is aligned with the pathway undertaken by some Public Administrations that have started to permit access to the city centre and Limited Traffic Zones to vehicles with a worse emission rating but only for a limited number of kilometres. This is the MoVe-In (MONitoraggio dei VEicoli INquinanti, “Monitoring of polluting vehicles”) initiative, already active in Lombardy, Piedmont and Emilia-Romagna and extended in 2023 to Veneto, which UnipolTech joined.



The results relating to premiums from the sale of distinctive insurance solutions that integrate economic growth and environmental impact (in terms of the mitigation of and/or adaptation to climate change) are illustrated in the section “Climate change and the insurance business” in the “Targets and Indicators” chapter.

Activation of public-private partnerships to increase adaptation to climate change

The Unipol Group has designed and implemented two innovative public-private partnership projects that aim to provide knowledge and tools to vulnerable parties (respectively small and medium-sized Italian companies and the agricultural sector) to increase their ability to adapt to climate changes.

The **LIFE DERRIS project**, launched in 2015, aims to increase the awareness of Italian SMEs on the risks that extreme weather events can pose to their business continuity. The project has devised a free online climate risk self-assessment tool (CRAM) that helps companies to identify possible risk prevention and management actions to be implemented to increase their resilience to the expected impacts of climate change. At the end of 2023, the tool had been used by almost 10,000 users for a total of around 13,000 sessions (+1000 compared to the previous year).

The **LIFE ADA (ADaptation in Agriculture) project**, launched in 2020, focuses on the agricultural sector and specifically on three supply chains: dairy (Parmigiano Reggiano), wine, fruit and vegetables. The ADA tool released in 2023 is a web-based tool to support farmers in analysing the climate change risks to which they are exposed (currently and in the future), with access to a library of adaptation actions and selection of those most suitable to their specific situation in order to create their own adaptation plan. At year end, the tool had been used by around 700 users. Furthermore, during 2023 the project involved 7 producer organisations and over 100 farmers in Emilia-Romagna, the project's pilot region, to support them in compiling their adaptation plans. The ADA project has also expanded the range of tools designed to boost farmer awareness and knowledge of climate change adaptation thanks to the publication of 5 episodes of the AgriFuturo podcast. Activities aimed at extending the project to three other Italian regions (Tuscany, Lazio and Veneto) have also been launched through the organisation of events presenting the project in order to increase the number of users of the tools made available by ADA.



DERRIS
Il clima cambia.
Riduciamo i rischi.



The year 2015 saw the start of the LIFE DERRIS project, the first European project bringing together the public administration, businesses and the insurance sector to reduce risks caused by extraordinary weather events. The project was coordinated by Unipol, along with the partners ANCI, CINEAS, the City of Turin, Italian Local Agenda 21 Coordination and UnipolSai.



Since September 2020, UnipolSai has headed the LIFE ADA project along with the partners ARPAE Emilia-Romagna, CIA, CREA – PB, Festambiente, Legacoop Agroalimentare Nord Italia, Leithà and the Emilia-Romagna Region. The project aims to increase resilience to climate change impacts of the agricultural sector in three supply chains: dairy (Parmigiano Reggiano), wine, and fruit and vegetables.

<https://www.lifeada.eu/it/>

Unipol focuses in particular on spreading more awareness and knowledge of climate risks in Italy, to increase the risk culture and stimulate public debate on climate change adaptation. Unipol supports the publication of the annual report of the **Legambiente CittàClima observatory**, which provides a highly detailed analysis of the impacts of extreme weather events throughout Italy, based on a survey of information on the impacts of events on urban areas, infrastructure and historical assets in Italian cities, in addition to presenting national and international best practices.

The commitment of real estate development and management activities for urban revitalisation and the fight against climate change

In the real estate sector, the Unipol Group is one of the top players in Italy in terms of the extent of its assets. Urban Up is the real estate project aimed at enhancing a number of the most important properties owned by the Group in Italy through modernisation and renovation works that unite innovation with respect for tradition. The Urban Up project, launched in the city of Milan with the renovation of several buildings that are symbolic of the Lombard capital in terms of their historical nature and positioning, continues in various Italian cities with interventions also aimed at the revitalisation of suburbs.

In 2023, **"FUTURE CITIES"** was presented, the first national report on urban revitalisation created by Scenari Immobiliari in collaboration with Urban UP, for a conference focusing on ongoing developments in urban revitalisation and the state of the national debate. The report shows that urban revitalisation will play a crucial role in Italy's development from now until 2050 and will involve 920 km² of its regenerable land. This is why a sustainable approach to revitalisation is required, which gives new impetus to neglected urban areas, including by activating exchanges that will benefit the general public.

"INOLTRE. Sharing the City" is the urban revitalisation and enhancement project focusing on suburban areas founded in 2020 as part of Urban Up. In 2023, activities continued at THE DAP (the multi-functional space founded in 2021 in the Via dei Missaglia Business Park owned by the Group in Milan, to host artistic and cultural offerings in the Gratosoglio district), through, for example, the organisation of electronic waste disassembly workshops offered free of charge to local students with a view to promoting the culture of reuse in schools.

Urban Up's commitment to the revitalisation of cities and suburbs also involves **caring for public green spaces**. Since August 2022, Urban Up has had a technical sponsorship agreement in place with the Municipality of Milan to improve and maintain green areas for 3 years in an area in front of the De Castillia 23 building. This work involves creating a grassy area covering 1627 metres, planting 18 trees and installing an automatic irrigation system. Furthermore, through a four-year technical sponsorship agreement, Urban Up has taken charge of the landscaping and care of the green areas of the Largo Abbagnano traffic circle in the district of Comasina close to the areas owned by the Group in Bruzzano.

Lastly, in 2023 the **Unipol Tower**, located in Milan's Porta Nuova financial district, was included in Legambiente's 112 construction sites for the ecological transition. The building was designed to combine technological innovation and energy savings. The elliptical shape of the tower is meant to boost energy efficiency, significantly reducing the dissipating surface (compared to a building with the same volume in a rectangular form) and interacting more with the surrounding micro-climatic context. The double skin facade is designed as a dynamic system capable of insulating the building in the winter while also limiting overheating in the summer. The crowning element of the tower acts as a bioclimatic greenhouse and houses a veritable sky garden. In the winter, thanks to a system of moving photovoltaic panels, the greenhouse remains closed and stores the solar gains. In the summer, the panels prevent direct solar radiation, offering adequate shading, whilst also maximising the production of electricity from renewable sources, while the lower and upper openings make it possible to benefit from the effect of cross ventilation. The tower employs high energy efficiency systems such as groundwater source heat pumps, mechanical ventilation with heat recovery and photovoltaic systems for local energy production. Rainwater collection combined with a dual network makes it possible to considerably reduce demand for mains water. The building will be classified as Leed v4 Platinum level.







Investments to support the fight against climate change and the protection of the environment

Unipol has a structure dedicated to the selection and management of **alternative investments**, such as private equity, real assets and hedge funds, selected through specific due diligence which calls for, aside from traditional financial analysis, an in-depth analysis of socio-environmental and governance criteria and the mapping of sustainability risks which may have a reputational impact.

Investments with these characteristics increased by 24.1% in 2023, reaching €1,439.3m in overall investments. **Those specifically related to combating climate change, the protection of the environment and terrestrial, marine and freshwater ecosystems amounted to €1012.30m (+19.6% compared to 2022), or 70.3% of overall thematic investments.** In 2023 the target set in the 2022-2024 Strategic Plan, which envisaged reaching €1,300m invested in support of the 2030 Agenda by the end of 2024, has already been reached and exceeded.

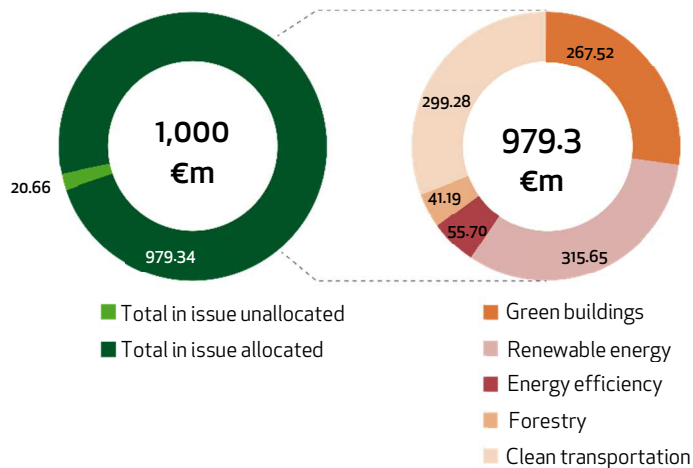
In the table below, the investments are classified based on their positive impact on the different SDGs.

Thematic investments for the fight against climate change and protection of the environment and terrestrial, marine and freshwater ecosystems

Issues	Value €m 2023	Δ y-y	SDG
Renewable energy, eco-efficiency	785.6	+ 30.0%	 
Sustainable mobility	82.1	-32.5%	
Sustainable forest management	49.7	+ 21.8%	
Organic farming and Eco-innovation	52.2	+40.7%	
Water	42.7	0%	
TOTAL	€ 1012.30m	+19.6%	

The Group has Green Bonds in issue for a total value of **€1bn**, composed of bond loans - senior, unsecured and unsubordinated, non-convertible with maturity in 2030, issued in 2020 in compliance with its Green Bond Framework published in September 2020, with a Second Party Opinion issued by Sustainalytics.

Green Bond issue and allocation by category



At 31 December 2023, the income allocated to the refinancing or financing of projects consistent with the criteria defined in the Green Bond Framework totalled **€979.3m**.

An in-depth description of the allocation of income and the related impacts generated is contained in the Green Bond Report, which is published annually in conjunction with the publication of data relating to non-financial performance.



More information is available in the "Green Bond Report 2022" published on the Unipol Group website (www.unipol.it).

Projects for the protection and restoration of biodiversity

The Unipol Group supports the **"Bellezza Italia"** project, a Legambiente campaign that aims to study the impacts of climate change on natural ecosystems and support compromised areas in becoming beautiful again, so they can be used safely and also become resilient to extreme events. In 2023, a new project entitled **"Dolce Asprinio"** was launched in Succivo (in the province of Caserta), which brings together agriculture, biodiversity, innovation and the defence of legality. The requalification of the Caserta-Aversa project area from the pollution of organised crime involves agriculture, with the defence and promotion of a historical agricultural product, Asprinio di Aversa DOC wine. This action represents a highly interesting observatory on the topic of agricultural biodiversity, which is at risk due to the impact of climate change; the cultivation of this grape represents a peculiarity, as it is grown using trees as trellises, reducing water and soil consumption compared to industrial models. In the production of Asprinio di Aversa DOC wine, a significant focus is also placed on the use of sustainable soil management techniques, such as the practice of cover cropping (so plants suitable for preserving the soil structure, reducing erosion and favouring diversity are grown between the vines), the use of reduced tilling practices or soil management techniques that minimise environmental impact and reduce the use of chemical pesticides and fertilisers to a minimum (adopting alternative methods for controlling parasites and diseases). The goal is to obtain a reduction over the first 5 years of operations of 50% in water use, 60% in mechanical weeding operations, 80% in fuel consumption for the use of machinery and a complete reduction of herbicides.

The **"Dolce Asprinio"** project makes it possible to expand the spectrum of natural ecosystems analysed as part of the **"Bellezza Italia"** campaign, joining the initiatives carried out in prior years:

- project for monitoring and surveying the Pantelleria gardens to enhance and safeguard this valuable landscape and agricultural heritage, a real model for climate adaptation in a situation of low water resources;
- creation of a Mediterranean garden at Cantieri culturali della Zisa (Palermo), where the recovery of an old cistern that conveys water is expected to be restored to be used to water a brand new hanging garden with Mediterranean plants and bushes, for educational purposes and to encourage public use of spaces;
- study of climate impacts, enhancement and fruition of the Foce del Rio Posada in the Tepilora Regional Natural Park, Biosphere Reserve "Tepilora, Rio Posada and Montalbo" in Sardinia, recognised as a UNESCO World Heritage Site in 2017;
- protection, use and reconstruction of the biodiversity of the Campomarino di Maruggio dunes (Province of Taranto), through an intervention of conservation and enhancement of one of the last dunes surviving the settlement pressure;

- creation of the first Observatory on lakes, the Cusio Observatory, on Lago d'Orta to enable ongoing monitoring to understand and mitigate the effects of climate change and plan the adaptation of a lake territory, identifying innovative and practical cutting-edge scientific environmental sustainability solutions.

As part of employee engagement activities, Unipol has also initiated collaborations with partners involved in protecting land and sea ecosystems.

The **Unipol Forest, born in partnership with Treedom** in 2021, has 11,000 planted trees growing in eight different countries around the world on three continents: Africa (Kenya, Tanzania, Madagascar), Asia (Nepal) and South America (Colombia, Ecuador, Guatemala, Haiti). In their life cycle, the Unipol trees will absorb 2,362 tonnes of CO₂ from the atmosphere. This project contributes to achieving the SDGs, particularly Goal 13 (Climate Action) and Goal 15 (Life on Land). From the environmental perspective, the trees absorb CO₂, improve air and water quality and help preserve biodiversity, while from a social point of view, the development of agroforestry systems helps to multiply and diversify farmers' income. The Unipol forest includes 13 different species: some are economically significant (coffee, cacao, avocado) or contribute to the food independence of the farmers involved (papaya, orange, passion fruit, cashews), while others are species that have a range of uses or are specifically used in agroforestry systems to guarantee habitat environmental sustainability (tephrosia, markhamia) or the protection of the oceans (black and white mangrove). There is also the African cherry, a species classified as vulnerable according to the red list of the International Union for Conservation of Nature (IUCN).

In 2022, the Unipol Group began a **collaboration with Ogyre**, the first Italian "fishing for litter" platform, operating thanks to communities of local fishermen who use fishing boats and nets to retrieve waste that they find in the sea while they are fishing every day and dedicate part of their time to gathering marine waste, thus contributing towards protecting marine biodiversity. This method guarantees economic support to the fishermen involved and brings the waste retrieved in the sea back to land, so it can be managed according to laws in force by local partners. In 2023, 11k kg of marine debris was collected in Italy, Brazil and Indonesia as part of this Unipol project. This project contributes to achieving the SDGs, particularly Goal 14 (Life Below Water) and Goal 12 (Responsible Production and Consumption).

In terms of impact, Ogyre estimates that the collection of 11k kg of marine debris removed from the marine ecosystem in 2023 led to the involvement of 60 partners worldwide, including fishermen, NGOs and research centres, generated €189,530 in direct and indirect benefits and enabled 1,320 kg of waste to be returned to the production process through a circular economy model.

In line with the commitment already undertaken by the Unipol Group, in January 2024 DDOR also joined the Ogyre community, with the aim of pursuing a sustainable development strategy by contributing to protection of the seas. DDOR purchased 1,000 Ogyre water bottles, an investment aimed at removing 1,000 kg of marine litter and contributing to the regeneration of the Mediterranean Sea.

In 2023, the Unipol Group launched a collaboration with **3Bee, a nature tech company leader in the protection of biodiversity** through technology, to contribute to creating a large ecological corridor for pollinators. The goal is to create 5 Unipol "Biodiversity Tech Oases" in Emilia-Romagna, Lombardy, Piedmont, Tuscany and Lazio: 5 nectariferous wooded areas (with 200 trees per oasis) to guarantee the regeneration of nourishment for pollinator insects and two smart hives for each oasis, which, using the 3Bee Hive-Tech technology, will monitor environmental parameters that can be useful to provide an analysis of the surrounding biodiversity and the health of pollinator insects. The overall surface area of these oases is 4.6 Ha. It is estimated that each device will monitor 300,000 bees, which will contribute towards pollinating 300m flowers. Thanks to the nectariferous trees planted in the 5 oases, a total of 200 kg of nectar will be produced⁴¹. This project contributes to achieving the SDGs, particularly Goal 13 (Climate Action) and Goal 15 (Life on Land).





⁴¹ calculation based on the average nectar produced over 20 years.

TARGETS AND INDICATORS

The Group's climate-related objectives

The Unipol Group Climate Change Strategy, adopted in June 2022 and updated in June 2023, set targets in each of the Group's three main areas of action. As mentioned, in the Governance chapter, some of these indicators were integrated into the long-term incentive (LTI) of the "Unipol Variable Pay" Incentive System defined for the 2022-2024 period. In June 2023, Unipol set intermediate targets for 2030 in line with the Net Zero Asset Owner Alliance Target Setting Protocol. The progress made in meeting the targets of the Unipol Group strategy on climate change is described below.

Targets linked to the climate and nature

		SDG			
		8	13	15	17
IMPACT OF PRODUCTS WITH ENVIRONMENTAL AND SOCIAL VALUE		DESCRIPTION OF THE GOAL			
		BASELINE 31/12/2021			
		FIGURE AT 31/12/2023			
		TARGET 31/12/2024			
		MATERIAL TOPICS			
		Increased penetration of products with a social and environmental impact on the total insurance portfolio.			
		26%			
		27.6%			
		30%			
		<ul style="list-style-type: none"> - Use of resources and circular economy - Consumers and end users 			
FINANCE FOR SDGs*		DESCRIPTION OF THE GOAL			
		BASELINE 31/12/2019			
		FIGURE AT 31/12/2023			
		TARGET 31/12/2030			
		MATERIAL TOPICS			
		Increase in the amount of thematic investments for SDGs.			
		862 €m			
		1,439.3 €m			
		1,300 €m			
		<ul style="list-style-type: none"> - Climate change - Communities affected - Biodiversity and ecosystems - Use of resources and circular economy 			
SCOPE 1 AND SCOPE 2 EMISSIONS*		DESCRIPTION OF THE GOAL			
		BASELINE 31/12/2019			
		FIGURE AT 31/12/2023			
		TARGET 31/12/2030			
		MATERIAL TOPICS			
		Reduction of Scope 1 & 2 emissions (market-based approach)			
		32,126 ton CO ₂ eq**			
		14,492 t CO ₂ eq (-54.9%)			
		-46.2%***			
		<ul style="list-style-type: none"> - Climate change - Use of resources and circular economy - Other environmental impacts (water, marine resources, pollution) - Biodiversity and ecosystems - Governance 			
INVESTMENT PORTFOLIO EMISSIONS		DESCRIPTION OF THE GOAL			
		BASELINE 30/09/2022			
		FIGURE AT 31/12/2023			
		TARGET AT 2030			
		MATERIAL TOPICS			
		Reduction of the carbon intensity of directly managed portfolios of listed equities and publicly traded corporate bonds (Carbon to Value invested - C/V)			
		59			
		47 (-21.1%)			
		30 (-50%)			
		<ul style="list-style-type: none"> - Climate change 			

* The goals listed are included in the performance targets of the 2022-2024 long-term incentive component, 15% of which depends on the level of achievement of the above-mentioned sustainability goals.

** Following the entry of new companies into the scope in 2023 (integration via merger by incorporation of SIFA - Società Italiana Flotte Aziendali SpA into UnipolRental and acquisition of Centri Medici Santagostino by UnipolSai), the baseline as at 31 December 2019 was updated to take the updated scope into account.

*** The data relating to Scope 1 and Scope 2 greenhouse gas emissions are determined on the basis of the data of the Group's vehicle fleet and the consumption of electricity, gas and other energy sources for all buildings over which the Group has direct control, from the operating sites to the diversified companies, also including the properties in which Gruppo UNA carries out its activities and the offices abroad. In the scenarios evaluated in its Sixth Assessment Report, the IPCC reaffirmed that limiting the increase in the global average temperature to within 1.5°C, as set forth in the Paris Agreement, means that global greenhouse gas emissions will meet their maximum peak at the latest by the end of 2025 and then, by the end of 2030, they will be reduced by 43% [34% - 60%] compared to 2019 levels (IPCC - Working Group III contribution to the IPCC sixth Assessment Report (AR6), Summary for Policymaker, C.1). The limitation of the global average temperature to within 1.5°C also requires achieving zero net carbon dioxide emissions by the early 2050s, along with strong reductions in other greenhouse gas emissions (IPCC - Working Group III contribution to the IPCC sixth Assessment Report (AR6), Summary for Policymaker, C.2). The target at 2030 (-46.2% compared to 2019) approved in 2022 was calculated by following the absolute contraction approach (1.5 degree scenario) defined by the Science-Based Target Initiative (Financial sector science-based targets guidance Version 1.0 and Science-based target setting tool version 1.2) which calls for a linear annual reduction in emissions of 4.2%. The target was not submitted to the Science-Based Target Initiative for approval.

Climate change and the insurance business

In 2023, Property damage resulting from atmospheric events was up sharply compared to the previous year and occurred essentially in the regions of central and northern Italy. In particular, there were the serious floods that hit Romagna in the second half of May, the exceptional rain and hail storms in July and August in Lombardy and Triveneto, and lastly the flood in Tuscany at the beginning of November. These events led to an approximate 30% increase in claims in 2023 in the Property segment, thus directly impacting the settlement rate management data for the year and, as regards economic impact, the average total and reserved cost of claims settled (as this type of event has a significantly higher average cost than classic Property claims).

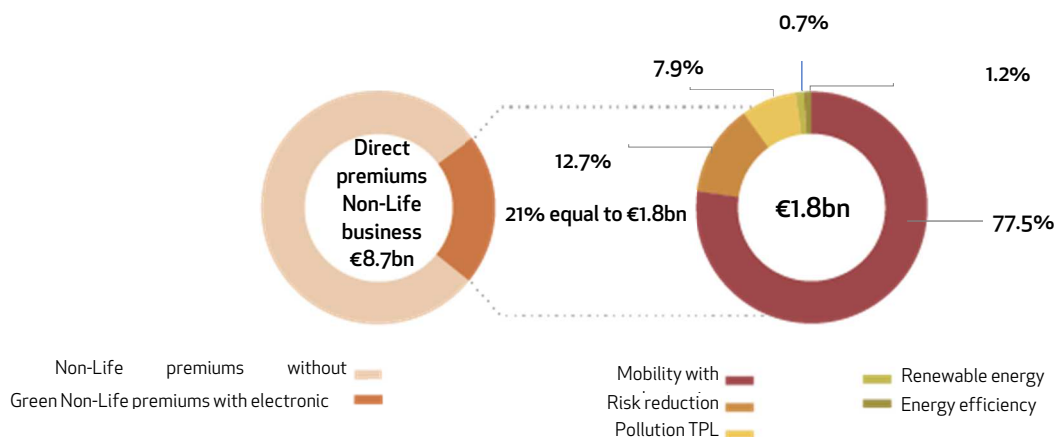
The Unipol Group confirmed its commitment to supporting populations affected by the floods in Romagna and Tuscany, making its assets available to support customers and agencies in managing claims, also granting significant premium payment extensions and deferrals. Immediately after the most significant events, support measures were put in place to allow a quick restart of activities affected through Disaster Recovery assistance, the granting of prompt advances on compensation and the activation of "Prompt Settlement" fast-track settlement procedures.

The Unipol Group's climate strategy establishes a specific climate-linked target for underwriting activities, i.e., increasing the penetration of products with social and environmental value (including those which contribute to the mitigation of and adaptation to climate change) in the overall insurance portfolio, with a goal of 30% to be reached by the end of 2024.

Solutions that integrate economic growth and social and environmental value⁴² collected premiums of €4,155m in 2023 (+12% on 2022), accounting for 27.6% of total direct premiums for Non-Life and Life products. The incidence of premiums deriving from these products recorded limited growth overall (+0.5 p.p.) compared to the previous year, due to lower performance in the Life business than expected. 77% of these premiums were attributable to Non-Life business, where they represent 37% of direct premiums (up compared to 32% in 2022).

Regarding specifically the identification of distinctive insurance solutions that integrate economic growth and environmental impact (understood as the mitigation of and/or adaptation to climate change), the Non-Life premiums collected in 2023 from the sale of policies thus characterised totalled €1.8bn (compared to €1.6bn in 2022), equal to 21% of direct premiums for Non-Life products (vs 19% in 2022).

Incidence of environmental value products and services on direct premiums for Non-Life business products



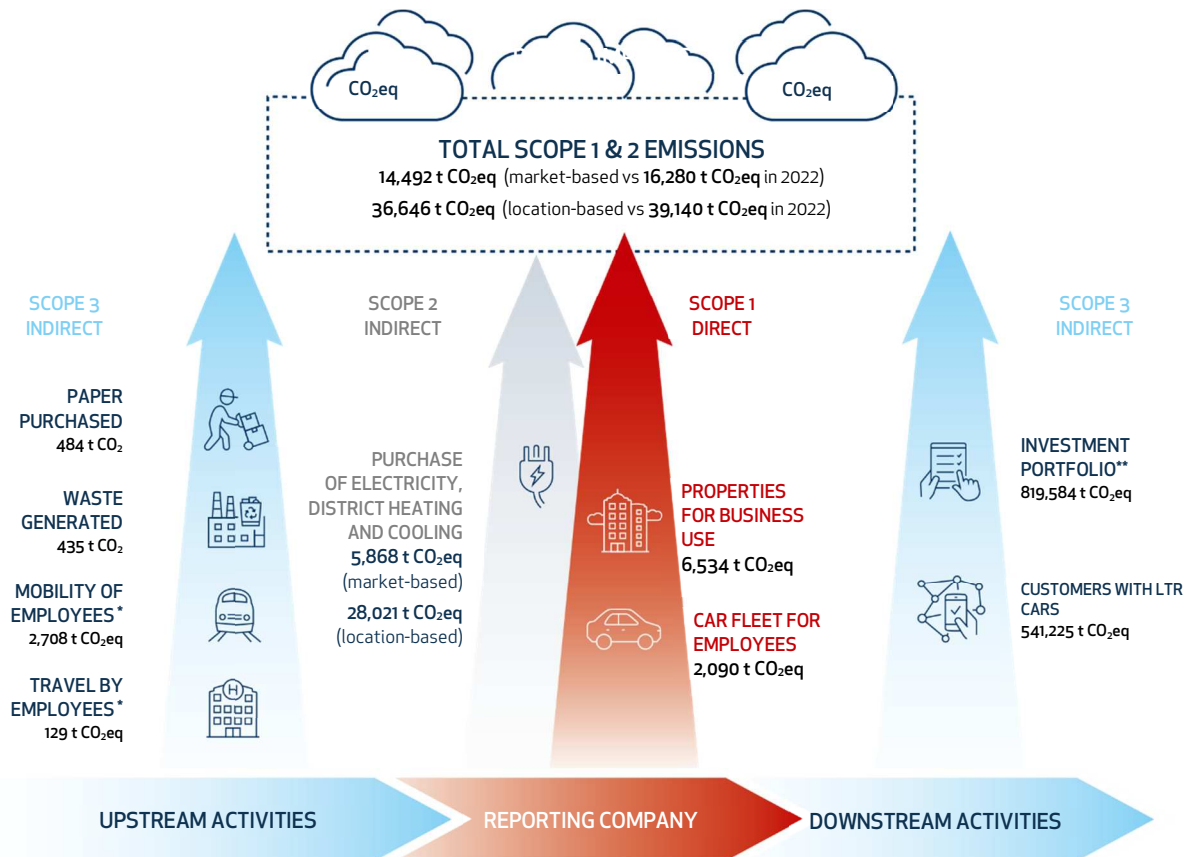
UnipolSai is committed to developing the first insurance tools that recognise a benefit to companies that can demonstrate their contribution to the objectives of the 2030 Agenda. In 2023, a commercial benefit was recognised to the customer Snam, the leading European operator in natural gas transport, thanks to the achievement of specific methane emission reduction targets. In compliance with the TPL insurance contractual commitment, UnipolSai reduced - in advance - by 5% the annual taxable premiums of Snam Rete Gas against the policyholder's commitment to risk prevention and contributing to abating the company's Scope 1 emissions, thanks to investments in modernising and monitoring the gas network infrastructure. The reduction will be confirmed at the end of the insurance period, after achieving defined targets, thus recognising the significance of sustainability policies and actions in risk pricing.

⁴² To be classified as a "solution of social and environmental value", a product or service must be capable of responding to social requirements by improving people's lives, having a positive environmental impact or responding to climate concerns.

Oversight of the direct and indirect environmental impacts of the Unipol Group

The Group has a consolidated process for analysing and monitoring its direct and indirect impacts on the environment⁴³ along the entire value chain to outline the activities necessary to reduce these negative impacts. In addition to reducing greenhouse gas emissions, the Unipol Group is paying increasing attention to its contribution to protecting nature and biodiversity.

Management of environmental impacts



* Regarding Scope 3 emissions deriving from employee and customer travel, mobility in Italy, the 2023 DEFRA conversion factors (UK Department for Environment, Food & Rural Affairs - UK Government GHG Conversion Factors for Company Reporting) were used.

** With regard to the climate impacts of investments, in line with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard for Category 15-Investments and the PCAF Global GHG Accounting & Reporting Standard for the financial industry, the value represents the absolute emissions of the corporate portfolio (listed equities and corporate bonds) in terms of Scope 1 & 2 CO₂eq emissions. The value in terms of carbon intensity (Carbon to Value Invested - C/V) and Weighted Average Carbon Intensity (WACI) is detailed in the section "The climate impact of the investment portfolio". The Corporate portfolio analysed corresponds to the Group's direct investments in corporate bonds and equities (thus excluding investments in cash, UCITS, ETFs, derivatives and unlisted instruments), equal to €18.1bn.

Direct impacts

In its Climate change strategy, the Group defined a new target for reducing its Scope 1 & 2 emissions. Specifically, the Group is committed to a **46.2% reduction by the end of 2030 in Scope 1 and 2 emissions** linked to consumption of electricity, gas and other energy sources for all buildings over which the Group has direct control, from the operating sites and those of the diversified companies to the real estate where the UNA Group operates and the foreign sites, as well as the Group employee vehicle fleet, in line with climate science and in particular with the scenario of limiting the increase in the global average temperature to within 1.5°C.

Unipol monitors its greenhouse gas emissions related to the energy consumption of real estate assets for business purposes and the company fleet (Scope 1 & 2 emissions). With specific regard to property for business use, for 2023 the calculation of Scope 1 & 2 emissions was determined by the consumption of electricity, gas and other energy sources (gas oil and diesel, LPG, district heating and cooling) for all buildings over which the Group has direct control⁴⁴.

⁴³ For the measurement of greenhouse gas emissions, the calculation methodology adopted is that laid out in Directive EU/87 of 2003 relating to the emission trading scheme and the international classification proposed by the GHG Protocol standard - and picked up on in the GRI Standards - in Scope 1, Scope 2 and Scope 3.

⁴⁴ Regarding the companies operating in Italy, the source of the emission conversion factors (relating to CO₂, CH₄, N₂O gases for Scope 1 and Scope 2, location-based method) and of the global warming potential (GWP) is the guideline for the application of the GRI Standards in environmental matters (December 2023 version), drawn up by ABI - Associazione Bancaria Italiana. With specific

In 2023, **total Scope 1 & 2 emissions decreased by 6.4%** compared to the previous year according to the location-based approach (36,646 t CO₂eq in 2023 vs 39,140 t CO₂eq in 2022) and **11%** according to the market-based approach (14,492 t CO₂eq in 2023 vs 16,280 t CO₂eq in 2022), despite the entry of new companies (and consequently new properties) in the scope⁴⁵. Specifically, Scope 1 emissions (linked to the consumption of gas, LPG, gas oil and diesel) decreased thanks to a reduction in gas consumption linked to favourable weather conditions in the winter of 2023 and to plant works and management which have led to improved energy performance. In addition, in Italy the measures envisaged in the National Plan for the containment of energy consumption, implemented in October 2022 by the Ministry for Ecological Transition with the aim of reducing the use of natural gas, were implemented by the Group, which for example led to a reduction in the daily running time. The reduction in Scope 2 emissions is linked to a decrease in electricity consumption from application of the energy management system, which results in constant monitoring of energy consumption and the installation of more efficient systems.

Energy consumption

The reduction of energy consumption and energy efficiency gains of real estate assets represent a significant issue both from the point of view of ESG impacts as well as financial effects.

In **real estate development activities**, investments in new buildings and substantial renovations of existing properties are characterised by the use of techniques and technologies aimed at maximising energy savings, leading in several cases to the acquisition of certifications that demonstrate the high energy performance levels of buildings. To date, 3 properties have obtained **Leed Gold certification**. To obtain the Leed certification, it is necessary to take an approach oriented towards sustainability, recognising building performance in key sectors, such as energy and water savings, the reduction of tCO₂ emissions, the improvement in the ecological quality of interiors, the materials and resources used, the project and site selection.

In the **real estate asset management** activities, including property for "business purposes" and "third-party use", the energy management system certified to the **ISO50001 standard**, implemented by UnipolSai, commits the company to continuous improvement through widespread monitoring of energy consumption and planning of activities aimed at reducing consumption of electricity as well as thermal energy. At present, the certified sites include 19 management offices, 69 settlement centres and 44 properties used by third parties. With the adoption of the energy management system, the target was set for the three-year period 2022-2024 of an annual reduction of 1% consumption in toe (tonnes of oil equivalent).

The path to certifying significant Group properties for business use has continued with the **BREEAM In-Use certification**, which assesses the environmental performance of buildings. In 2023, 8 new buildings were certified (1 with an "Excellent" rating and 7 "Good"), adding to the seventeen certified between 2021 and 2022. Aside from energy use, the BREEAM assessment criteria encompass many topics connected to impacts on nature such as health and well-being, transport, water use, materials, soil use and pollution.

To strengthen the performance analysis of real estate assets according to the sustainability profile, 30 Group properties were analysed using the **GRESB criteria**, the reference ESG rating system at the international level for real estate investments, with the intention of arranging ongoing improvement and continued expansion of the scope.

A number of improvement actions were implemented to reduce energy consumption, for example in data centres (which represent an important source of electricity consumption for running and cooling servers) by boosting the efficiency of temperature regulation in the rooms housing IT infrastructure, the introduction of a new system for streamlining when continuity engines turn on and the extension of new lighting systems. The server virtualisation process allows a reduction in the consumption of electricity to power and cool IT equipment by roughly 37,729 MWh/year, corresponding to around 10k tonnes of CO₂ avoided.

Direct impacts linked to energy consumption

Energy consumed	UoM	2023	2022	Change %/p.p.
Total Gas	Gj	95,456	135,983	-29.8%
Insurance	Gj	22,939	31,066	-26.2%
Hotel	Gj	57,601	81,035	-28.9%
Agricultural	Gj	618	721	-14.3%
Tourism	Gj	0	1	-100.0%
Healthcare	Gj	12,777	20,923	-38.9%
Beyond	Gj	1,521	2,237	-32.0%
Total Diesel	Gj	5,442	9,308	-41.5%
Insurance	Gj	180	626	-71.2%
Hotel	Gj	4,375	8,424	-48.1%
Agricultural	Gj	216	216	0.0%
Tourism	Gj	0	0	-
Healthcare	Gj	54	42	28.6%
Beyond	Gj	617	0	-

reference to the emissions from energy purchases (Scope 2) of companies operating in Italy (market-based method) and in Serbia and Ireland (market-based and location-based methods), the European Residual Mixes 2022 emission factors from the AIB Association of Issuing Bodies (Residual Mix and Production Mix, June 2023 version) were used. Emissions are expressed in tonnes of CO₂ equivalent (t CO₂eq).

⁴⁵ Analysis of the energy consumption of the new companies in scope shows that the impact of these companies on total consumption was residual.

Energy consumed	UoM	2023	2022	Change %/p.p.
Total Automotive diesel	Gj	5,220	4,184	24.8%
Insurance	Gj	0	0	-
Hotel	Gj	0	0	-
Agricultural	Gj	5,220	4,184	24.8%
Tourism	Gj	0	0	-
Healthcare	Gj	0	0	-
Beyond	Gj	0	0	-
Total Electricity	Gj	293,581	302,101	-3%
of which renewable	Gj	286,760	293,487	-2%
of which non-renewable	Gj	6,821	8,614	-21%
Total Electricity	Gj	293,581	302,101	-2.2%
Insurance	Gj	141,418	155,920	-9.3%
Hotel	Gj	106,907	105,218	1.6%
Agricultural	Gj	3,436	3,467	-0.9%
Tourism	Gj	13,912	12,064	15.3%
Healthcare	Gj	24,067	21,332	12.8%
Beyond	Gj	3,841	4,102	-6.4%
Total LPG	Gj	1,849	1,268	45.8%
Insurance	Gj	0	0	0%
Hotel	Gj	0	0	0%
Agricultural	Gj	1,849	1,268	45.8%
Tourism	Gj	0	0	0%
Healthcare	Gj	0	0	0%
Beyond	Gj	0	0	0%
Total District heating/cooling	Gj	78,266	77,947	0.4%
Insurance	Gj	60,189	56,730	6.1%
Hotel	Gj	17,250	21,217	-18.7%
Agricultural	Gj	0	0	-
Tourism	Gj	0	0	-
Healthcare	Gj	827	0	-
Beyond	Gj	0	0	-

Direct GHG emissions and indirect GHG emissions from energy consumption	UoM	2023	2022	Change %/p.p.	Notes
Scope 1 - Tonnes of Emissions	T CO₂ eq	8,624	10,592	-18.6%	
Scope 1 - Direct GHG emissions - Fleets	T CO ₂ eq	2,090	1,579	32.4%	Italy and Serbia. The figure does not include the data for fleets of the former Sifà before the merger with UnipolRental, equal to the first 6 months of 2023.
Scope 1 - Direct GHG emissions - Property	T CO ₂ eq	6,534	9,013	-27.5%	
Scope 1 - Direct GHG emissions - Property by sector	T CO₂ eq	6,534	9,013	-27.5%	
Scope 1 - Insurance	T CO ₂ eq	1,363	1,857	-26.6%	
Scope 1 - Hotel	T CO ₂ eq	3,716	5,350	-30.5%	
Scope 1 - Agricultural	T CO ₂ eq	563	453	24.3%	
Scope 1 - Tourism	T CO ₂ eq	0	0	-	
Scope 1 - Healthcare	T CO ₂ eq	756	1,222	-38.1%	
Scope 1 - Beyond insurance	T CO ₂ eq	136	130	4.6%	
Scope 2 - Indirect GHG emissions from energy purchased (Location Based)	T CO₂ eq	28,021	28,548	-1.8%	
Scope 2 - Insurance	T CO ₂ eq	15,532	16,691	-6.9%	
Scope 2 - Hotel	T CO ₂ eq	9,055	8,884	1.9%	
Scope 2 - Agricultural	T CO ₂ eq	257	252	2.0%	
Scope 2 - Tourism	T CO ₂ eq	1040	875	18.9%	
Scope 2 - Healthcare	T CO ₂ eq	1,850	1,548	19.5%	
Scope 2 - Beyond insurance	T CO ₂ eq	287	298	-3.7%	
Scope 2 - Indirect emissions from energy purchased (Market Based)	T CO₂ eq	5,868	5,688	3.2%	
Scope 2 - Insurance	T CO ₂ eq	4,163	3,416	21.9%	
Scope 2 - Hotel	T CO ₂ eq	1,144	1,699	-32.7%	
Scope 2 - Agricultural	T CO ₂ eq	-	-	-	
Scope 2 - Tourism	T CO ₂ eq	19	21	-9.5%	
Scope 2 - Healthcare	T CO ₂ eq	293	270	8.5%	
Scope 2 - Beyond insurance	T CO ₂ eq	249	280	-11.1%	
Emission intensity - Scope 1 + 2 (Location Based)	T CO₂ eq/add	2.8	3.0	-8.3%	
Insurance	T CO ₂ eq/add	1.6	1.7	-2.9%	
Hotel	T CO ₂ eq/add	17.1	20.5	-16.6%	
Agricultural	T CO ₂ eq/add	9.1	7.5	21.5%	
Tourism	T CO ₂ eq/add	38.5	31.3	23.3%	
Healthcare	T CO ₂ eq/add	7.1	15.4	-54.0%	
Beyond	T CO ₂ eq/add	0.5	1.4	-61.5%	

Renewable energy

In 2023, 98% of electricity consumption in Italy and Serbia was from **renewable sources**.

Initiatives are underway to boost the production of energy from renewable sources through the installation of photovoltaic systems. In the course of 2023, the photovoltaic systems generated 111,179 KWh for self-consumption. The Marina di Loano photovoltaic system, set up in 2023, began operating in the initial months of 2024 after the administrative procedure had been completed. With a surface area of 1,500 m², the annual production under normal circumstances expected for the fourth quarter of 2024 will be 334,550 KWh, with power of 288,000 KWh for self-consumption. As regards Tenute del Cerro, in 2023 the construction of a new photovoltaic system with production potential of 60 KW began.

Water consumption

The use of **water** is primarily linked to sanitary and irrigation use and, in limited cases, for technological purposes in air conditioning systems. Water savings monitoring is constant; for this purpose, management systems have been implemented with electrovalves to prevent waste. For the toilets, the water comes from the mains system or other water service management companies, whilst for irrigation it also comes from springs or waterways.

The total water consumption was approximately 0.9m³ in 2023 (vs 1.5m in 2022), of which 566k m³ attributable to hotels (vs 900k in 2022) and 80k m³ for irrigation use (vs 290k in 2022 due to third-party use of a number of land parcels in 2023). Tenute del Cerro, which operates in the agricultural sector, pays particular attention to water resource management by investing in rainwater collection structures and precision agricultural tools.

Direct impacts linked to water consumption

Water withdrawal	UoM	2023	2022	Change %/p.p.	Notes
Water withdrawal	m ³	979,635	1,534,887	-36.2%	
Insurance	m ³	192,329	188,612	2.0%	
Hotel	m ³	565,790	938,099	-39.7%	
Agricultural	m ³	89,903	296,793	-69.7%	in 2023, irrigation uses for land for third party use were excluded
Tourism	m ³	52,129	47,739	9.2%	
Healthcare	m ³	72,874	57,254	27.3%	
Beyond	m ³	6,610	6,246	5.8%	

Indirect impacts

Unipol is constantly striving to improve the measurement and reporting of its indirect emissions (Scope 3) and environmental impacts concerning the following stakeholders, as illustrated in the summary scheme "Management of environmental impacts" at the beginning of the chapter.

Employees

Unipol continued to monitor the greenhouse gas emissions connected to employee travel and trips, also considering - aside from the emissions generated by employee trips by air, train and personal vehicles already calculated in previous years (2,708.2 t CO₂eq in 2023 vs 2,259 tonnes in 2022) - the emissions generated by employee hotel stays (129.4 t CO₂eq in 2023 vs 79 tonnes in 2022). In both cases, the increasing figures are linked to the full return to pre-pandemic behaviour.

The Unipol Group also pays attention to employee commuting, particularly to reduce its negative impacts from the environmental perspective (greenhouse gas and pollutant emissions, with a resulting impact on air quality) as well as the social perspective (traffic congestion in urban areas and resulting deterioration in the quality of life), by promoting the use of sustainable means of transport. For the annual update of the Commuting Plan ("PSCL" - Piano Spostamento Casa Lavoro), the Group performed a widespread survey to identify mobility requirements, with the involvement of 7,637 employees belonging to 19 companies, distributed across 26 offices located in 8 provincial capitals⁴⁶. The data surveyed in 2023 were profoundly influenced by the government measures resulting from the health emergency of previous years. In fact, significant use of smart working was recorded by certain categories of company employees, resulting in changes to their mobility habits. Although transport with private vehicles remains prevalent, the analysis of the data collected indeed confirmed what emerged in 2022, i.e., the focus of employees on alternative forms of transport more sustainable than the use of a personal vehicle. There has been renewed interest in bicycles, particularly pedal assist bikes, which during the spring/summer are considered the preferred means of transport as an alternative to a personal vehicle or motorbike.

In 2023, the volume of local public transport (LPT) subscriptions continued to recover after decreasing during the pandemic, with a significant +20% compared to 2022, also thanks to the extension of company contributions for the purchase of yearly passes. In the second half of 2023, sharing mobility activities were launched, such as the purchase of 100 new e-bikes to renew the company fleet and the signing of agreements with leading companies in the field of car sharing and bike sharing.

In 2023, emissions avoided by employees' use of public transport for work commutes amounted to 1,931 tCO₂ eq (vs 1,229 in 2022), while those connected to the use of the San Donato Milanese company shuttle by employees came to 634 tCO₂eq⁴⁷.

In order to raise employee awareness around environmental matters, the Unipol Group has a communication campaign called "More sustainable together", which includes partnerships launched with external partners (Treedom, Ogyre and 3Bee) as part of Christmas initiatives (described in detail in the "Projects for the protection and restoration of biodiversity" chapter) and initiatives that promote sustainable conduct in the office such as the installation of drinking water dispensers to reduce the use of plastic bottles and recycling centres to improve separated waste collection and waste management in the company.

⁴⁶ Bologna, Florence, Genoa, Milan and San Donato Milanese, Naples, Padua, Rome and Turin.

⁴⁷ Total calculated by subtracting the emissions generated by the use of Local Public Transport (LPT) and the company shuttle from the emissions generated by commuting using a private vehicle.

Waste management

For waste management at the Group's offices, to ensure control and traceability, operating methods are adopted that vary according to the waste treated (i.e. self-disposal of waste, transfer of waste to authorised third parties pursuant to regulations in force and disposal of waste to public municipal waste collection service operators).

The controls in place are designed to handle the risks identified in waste management activities and assessed as sensitive pursuant to Italian Legislative Decree 231/01 and prevent the commission of offences envisaged in this Decree.

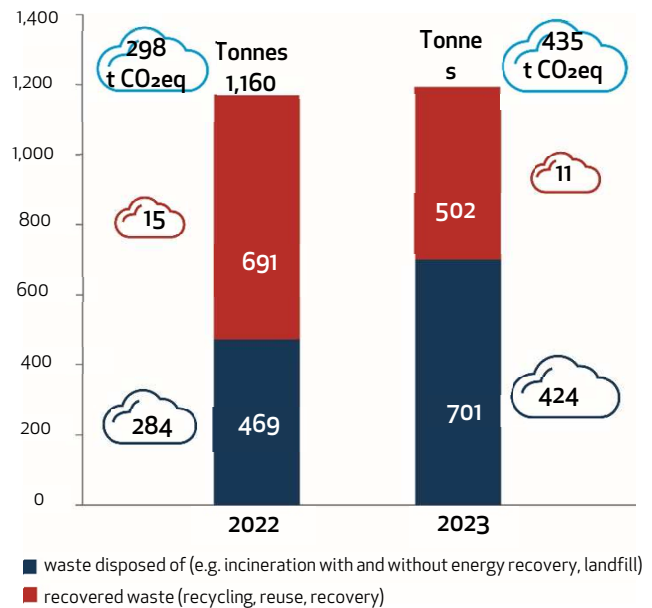
The Group follows municipal directives for proper waste disposal, changing its processes and procedures where necessary and arranging to recycle or reprocess where possible. Compliance with local regulations is ensured for separated waste, such as paper, plastic and glass.

In the same way, for foreign companies, waste is collected and managed in compliance with reference national legislation.

The types of waste considered hazardous (neon and light bulbs, WEEE, empty toner cartridges and spent batteries, hospital waste, etc.) are managed according to their specific characteristics. They are disposed of separately and appropriately, according to regulations in force.

With regard to the trend of the impacts, the 4% increase in waste produced in 2023 was affected by the continuation of construction site activities in place for property maintenance and inclusion in the reporting scope of the Santagostino health centres.

Emissions related to waste generated during activities*



* The total waste count cannot include waste that is delivered to the public service at the various sites. The same treatment is envisaged for municipal waste and separate waste (paper, plastic, glass, metal). The data does not include waste generated by Arca Vita International Dac, the Unipolsai Motor Partner whose waste is managed through the public service. To measure greenhouse gas emissions, the calculation method adopted for waste disposed of is that envisaged in Ecoinvent 3.8 [Solid waste [CH] | treatment of, sanitary landfill | Cut-off, S], while for recovered waste, the conversion factor is that provided for by DEFRA - UK Government GHG Conversion Factors for Company Reporting 2023 [Waste Disposal].

Impacts linked to waste

Waste by type	UoM	2023	2022	Change %/p.p.
Waste by type	Tonnes	1,203	1,160	4%
Non-hazardous waste	Tonnes	928	1,062	-13%
Hazardous waste	Tonnes	275	98	181%
Waste by disposal method	Tonnes	1,203	1,160	4%
Waste directed to disposal	Tonnes	701	469	49%
Waste diverted from disposal	Tonnes	502	691	-27%
Waste by sector	Tonnes	1,203	1,160	4%
Waste - Insurance (Italy and Abroad)	Tonnes	750	831	-10%
Waste - Beyond	Tonnes	7	0.2	3038%
Waste - Hotel	Tonnes	176	137	29%
Waste - Agricultural	Tonnes	20	21	-6%
Waste - Tourism	Tonnes	108	108	1%
Waste - Healthcare	Tonnes	142	63	124%

Reduction of resource consumption and Circular Economy

For consumables such as toner and ink cartridges, the Group adopts a centralised management system which arranges their retail redistribution to insurance agencies, together with printed materials and copying paper. In 2023, 8,220 pieces were acquired, including toners and drum units, of which one third certified as remanufactured. The collection and recycling system in 2023 collected more than 5,000 pieces from the agencies alone, equal to 6 tonnes of material, with savings of 12 t CO2eq.

The remanufacturing process for UnipolTech electronic devices returned by customers continues: in 2023 UnipolTech remanufactured 296,000 devices and the impact of remanufactured products placed on the market compared to new products purchased was 30%. The cumulative figure since UnipolTech began operations is almost one million devices remanufactured. Exceptions are obsolete devices or devices that cannot be remanufactured, which are disposed of according to directives and regulatory procedures.

Unipol pays attention to reducing paper and plastic consumption. Document dematerialisation policies, with more than 8 million policies underwritten with AES by more than 4.2 million customers (3.7 million in 2022), avoided 143 tonnes of CO₂eq emissions (120 in 2022). In 2023, 97% of purchase contracts (in line with 2022) were digitally signed without recourse to hard copy.

The consumption of 443,800 reams of recycled paper, instead of virgin fibre paper, avoided the emission of 456 tCO₂eq.

In UNA Group hotels, some processes have been digitalised to reduce paper consumption: for example, hard copy materials that require frequent updates, such as those available to customers in rooms and restaurant menus, have been replaced by a QR code.

A number of initiatives have been implemented to reduce plastic use. At 31 December 2023, there were 268 drinking fountains in 107 offices (193 and 64, respectively, in 2022) delivering a total of 369,337 litres of water (vs 139,103 litres in 2022), while avoiding the consumption of 738k plastic bottles, corresponding to 65.5 tCO₂eq avoided. DDOR has started a similar project in Serbia: in 2023, 16 drinking fountains were installed in three offices, which host more than one-third of the employees, in view of their extension to the other offices in 2024. The UNA Group has activated a number of initiatives to significantly drive down plastic use in its operations (replacement of 100% of plastic key cards with biodegradable PLA versions; removal of 100% of the PET plastic bottles from minibars, replacing them with 50cl glass bottles; introduction of free water in cartons to replace glass bottles; replacement of packaged plastic cups in minibars and meeting rooms with branded paper cups; significant reduction in the use of plastic in the courtesy line thanks to the installation of 55,770 dispensers in recycled plastic to replace the previous single-use plastic items). In 2023, the replacement of materials in the courtesy line regarded a total of 1,318,460 items.

In the hotel sector, initiatives are in place to combat food waste in hotel restaurants. In 2023, 14 UNA Group hotels participated in "TOO GOOD TO GO". Through this collaboration, 3,232 meals were saved and 8.1 tonnes of CO₂ were avoided.

Insurance

The emissions generated by journeys of customers with telematic devices (6,332,939 t CO₂eq in 2023 vs 6,526,377 in 2022) and those with UnipolRental long-term rental cars (LTR) are calculated (541,225 t CO₂eq in 2023 vs 302,365 in 2022; the increase in emissions is related to the increase in scope following the acquisition of Sifà by UnipolRental).

According to a study carried out by UnipolTech on toll transits with UnipolMove, it is estimated that the use of electronic toll payments made it possible to avoid the emission of 1,214 t CO₂ in 2023⁴⁸.

The Data Driven Omnichannel strategic guideline of the 22-24 Opening New Ways Strategic Plan calls for an increase in the use of Group digital channels by its stakeholders. Aware of the impact of digital tools in terms of energy consumption⁴⁹ and greenhouse gas emissions, the Group has developed the **Digital Green Index project**, aimed at analysing the performance of its digital channels. In 2023, monitoring of the environmental impact of the commercial website (www.unipolsai.it) continued. The analysis concentrates on 100 pages of the website, accounting for 87% of the annual views. Emissions (amounting to 83.6 tonnes of CO₂eq) rose in absolute terms, due to rising traffic on the website, while the website's average efficiency improved (2.39 g CO₂eq/page view vs. 2.84 in the previous year), thanks to the overhaul of website architecture currently underway. The process also led to the definition of energy efficiency guidelines aimed at reducing digital channel emissions, by promoting a project and operational approach that is attentive not only to communication and usability aspects, but also to the maintenance over time of the energy efficiency of all web components. These energy efficiency guidelines have directed the design of the new website GlassX.it, to make it efficient, light and have low energy consumption; the initial average efficiency of the website, launched in 2023, is only 0.69 g of CO₂eq/page view (-71% compared to the emissions figure per page view of the website www.unipolsai.it). In 2023, the Digital Green Index project won first place in the "Best ESG Project" category at the Italy Insurance Forum Awards 2023.

Suppliers

The structures handling purchasing in the Group Companies undertake to take into account aspects linked to sustainability in selecting the characteristics of the goods and services purchased, including through central purchasing. As specifically regards green procurement, a range of product categories are involved to support:

- the **reduction of greenhouse gas emissions**: purchase of electricity from renewable sources with guarantees of origin, long-term rental of 185 hybrid/plug-in company vehicles and 36 completely electric vehicles for the company fleet (equal to 46% of the fleet), the purchase of e-bicycles to be added to those made available to employees to promote sustainable mobility, support in the purchase of local public transport service passes and the use of a bicycle courier service in Bologna;
- **development of the circular economy and reduction in raw material consumption**: purchase of recycled or regenerable goods (certified recycled paper according to the Angelo blu and EU-Ecolabel environmental standards, printer cartridges that are regenerated and/or for which there is a used cartridge pick-up service), rental of devices that involve a smart printing management solution to reduce paper use (and waste).

⁴⁸ The amount of CO₂ avoided was calculated on the basis of the lower quantity of fuel consumed by a vehicle that stops at a motorway toll booth compared to a vehicle that transits using electronic toll payment (estimating that at both the entrance and the exit, in 60 seconds with an average speed of 50 km/h, 833 m are travelled).

⁴⁹ Energy consumption includes, for example, the consumption necessary to power the servers, network infrastructures and cooling systems of the data centres necessary for website operation in addition to the consumption of the end devices of users.

Purchases of goods and services that contribute to the reduction of greenhouse gas emissions and/or the development of the circular economy and the reduction of raw material consumption represented 4.6% of the total volume of purchases of goods and services of the Unipol Group companies in 2023. Furthermore, roughly 21% of stationery items and consumable materials ordered on the e-commerce platform for employees of the Unipol Group Companies and 23% of those purchased on the platform dedicated to the agency network are green products.

The replacement of illuminated signs with more energy-efficient models made it possible to avoid the emission of 12 t CO₂eq.

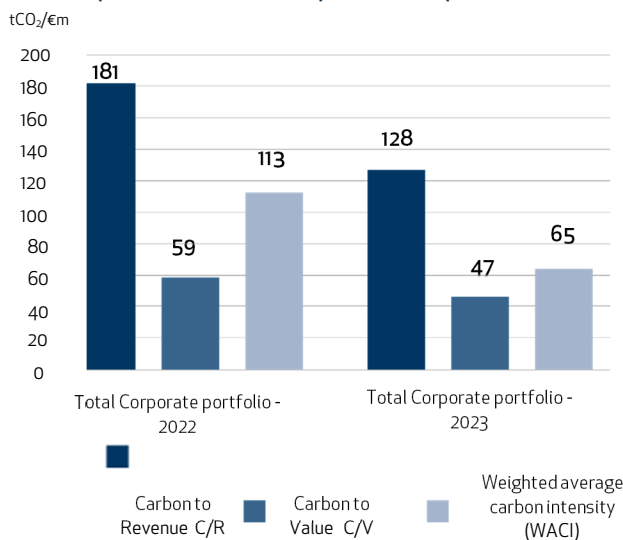
Investments

Also in 2023, Unipol measured the climate impact of the investment portfolio and its alignment with the emission reduction trajectories defined at international level with the support of S&P Global Sustainable 1. As specified in the chapter "The Unipol Group strategy on climate change", in 2023, as part of its membership of the NZAOA, the Group published a target for reducing the carbon intensity (C/V) of its directly managed portfolios of listed equities and publicly traded corporate bonds.

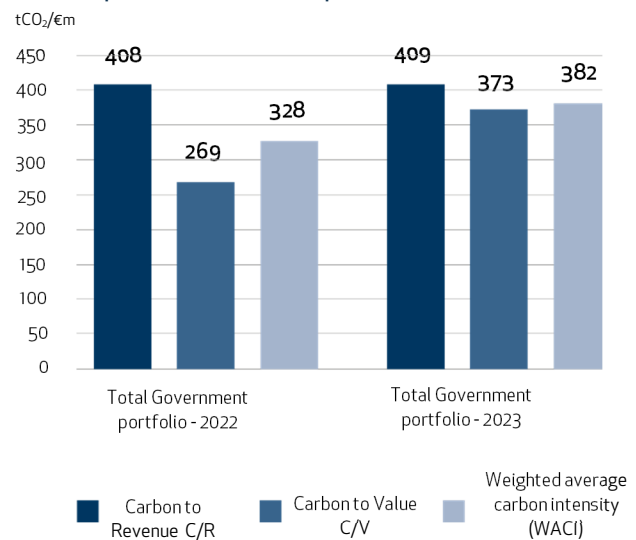
In line with recommendations of the Task Force on Climate-related Financial Disclosures, among the many metrics to be analysed concerning the **Corporate portfolio (Corporate Bonds and Equity)** and the **Government Bonds portfolio**⁵⁰, in addition to absolute emissions, the primary metrics are⁵¹:

- **Carbon to Revenue - C/R**, which measures the total emissions induced by the portfolio (in tCO₂eq)⁵² on related revenues or on the period GDP of the investee issuer.
- **Carbon to Value invested - C/V**, which measures the total emissions induced by the portfolio (in tCO₂eq) on the value of that portfolio (in €m). This is the metric **used for the NZAOA-defined target**;
- **Weighted Average Carbon Intensity (WACI)**, obtained by adding together the carbon intensity of each company (calculated as the Scopes 1 & 2 emissions divided by period revenues) and of each country (calculated as the Scopes 1 & 2 emissions divided by the period GDP) in the portfolio, weighted according to the weight of each company and each country in the portfolio.

Climate impacts of the investment portfolio - Corporate



Climate impacts of the investment portfolio - Government



In 2023, the climate impact indicators of the Corporate investment portfolio, including that relating to absolute emissions, all show **decreasing trends**, largely determined by a reduction in the carbon intensity of certain issuers that generate the highest Scope 1 and 2 emissions, as well as a reduction in investments in high carbon-intensity issuers. As in 2022, the emissions of Unipol's Corporate portfolio are **aligned with a trajectory of between 1.5 and 2 degrees**, indicating a positioning consistent with the Paris Agreement's minimum goals, and well on the path towards the more ambitious long-term goals that the Group intends to support.

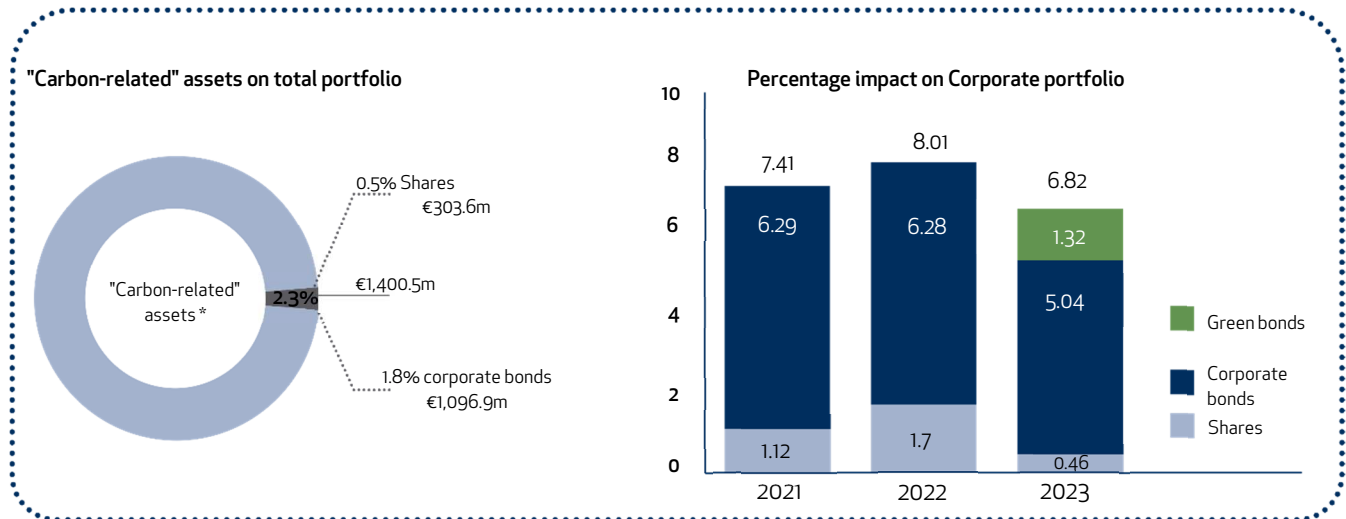
⁵⁰ The analysis was conducted on figures at 31 December 2023, on 84% of total assets under management (direct and indirect), i.e. €48.5bn in debt and equity securities of which €18.1bn Corporate and €30.4bn Government. Therefore, the excluded asset classes are: cash, UCITS, ETFs, derivatives and unlisted instruments.

⁵¹ Additional information is provided in the Unipol Group's "Unipol and Climate Change 2023" Report and on the website www.unipol.it

⁵² For investments in Corporate Bonds or Equity, the total emissions induced by the portfolio are calculated by allocating the emissions generated by the investee companies based on the value of the Group's investment as a ratio of the market capitalisation or enterprise value of those companies. For Government Bonds, the allocation of the emissions of the investee countries is calculated as a ratio of the Group's investment in government bonds for each country to that country's GDP.

Unipol has assessed its exposure to fossil fuel mining or energy production from fossil fuels sectors, considering the combined weight of companies in the portfolio that have revenues from such activities and the role such activities have on those revenues. **Fossil fuel exposure** represents 0.86% of the Corporate portfolio; considering exposure to coal alone, the related revenues have a 0.19% impact.⁵³

The incidence of "carbon-related assets"⁵⁴ (calculated using the GICS classification) on the overall portfolio remained constant compared to 2022 and 2021, while the incidence on the Corporate portfolio is down to 6.8% in 2023 compared to 8% in 2022.



To support its commitment to reducing the emissions of its investment portfolios in line with its goal for 2030 and the targets defined by the Paris Agreement, UnipolSai has joined **Climate Action 100+**, a partnership promoted by investors (UNPRI, CERES) to involve companies generating the most pollution in terms of greenhouse gas emissions to improve climate change governance, reduce emissions and strengthen financial transparency on these matters. Unipol also participates in the **CDP's Investor Signatory Programme**. As part of this, it has joined the Science-Based Target 2022-2023 and 2023-2024 campaigns to carry out a collective engagement action on more than 1,000 of the world's most impactful companies to ask them to set emission reduction targets in line with the Paris Agreement's 1.5°C target. Unipol also participated in the CDP 2023 non-disclosure campaign aimed at more than 1,500 companies worldwide that do not demonstrate a sufficient level of reporting on topics connected to climate change and nature to the financial community.

Also concerning engagement, regarding the Real Assets and Private Equity Funds, engagement activities have been carried out during the underwriting phase, aimed at excluding investments whose primary focus is the extraction of oil and/or coal and/or the production of electricity from fossil fuels. These activities were implemented through the ad hoc drafting of side letters which the counterparty Fund managers are required to sign.

Aware of the need for the financial sector, including the insurance sector, to expand the analysis of its impacts and risks from those connected to climate change to those associated with nature, and following up on the publication of the final version of the recommendations of the Task-force on nature-related financial disclosure (TNFD) published in September 2023, Unipol, with the support of S&P Global Sustainable 1, performed a risk analysis concerning nature and biodiversity on the directly managed **Corporate portfolio (corporate bonds and equity)**. This analysis follows the double materiality approach and focuses on:

- **impacts on nature:** these impacts refer to how a company's activities and operations may have impacts on natural resources or on ecosystem services. Companies that have significant impacts on nature tend to be more exposed to regulatory and/or reputational risks.
- **dependence on nature:** these dependencies refer to how a company depends on natural resources and ecosystem services to operate. Companies that rely on them can be more vulnerable to the risks associated with the availability and quality of nature. Examples include access to water, access to land and raw materials, protection from extreme weather conditions or a stable climate in which to operate.

The analysis makes it possible to examine a series of metrics supporting the assessment of:

- Reputational and regulatory risks, or the risks deriving from assets located in protected areas or key areas for biodiversity;
- Impact risks, or risks deriving from the level of impacts on nature observed in the sites occupied;
- Dependence risks, or risks deriving from the degree of dependence that investee companies have on the services provided by nature.

⁵³ The analysis of stranded assets covers 93% of the analysed corporate portfolio, based on available information.

⁵⁴ "Carbon-related" assets refer (according to the definition provided by the TCFD Recommendations) to those linked to the Energy and Utilities sectors (according to the Global Industry Classification Standard - GICS sector classification), excluding Water Utilities, Independent Power Producers (IPP) and Renewable Energy Producers.

ADVOCACY ACTIVITIES ON MATTERS LINKED TO CLIMATE CHANGE

The Unipol Group's Regulation Function reports to the Chief Regulation and Economic Studies Officer and conducts regulatory oversight, advocacy and Top Management support activities. Through this Function, the Group fosters and promotes dialogue with Institutions, *regulators* and national and European supervisors to support the demands of its companies in a transparent manner and with respect for the general interest. Unipol also oversees and participates in the work of some important trade associations such as Assonime, Assogestioni, ABI, AMICE⁵⁵ and of the most *important national and European stakeholder groups* engaged in the discussion and preparation of technical documents to support the Institutions and Supervisory Authorities in the areas of greatest interest to the Group. To carry out its representation activities, the Group used primarily the following channels: (i) the public consultation processes launched by institutions and the competent industry authorities at national, European and international level, and (ii) dialogue and collaboration - within, for example, working groups, roundtable discussions and bilateral meetings - with the parties concerned, including public parties and local and industry associations, on the basis of the criteria of sharing, cooperation and transparency.

In the course of 2023, the Group continued to monitor the matter of climate change and the development of the associated European initiatives in the context of all activities promoted on sustainability at both **European and international level**:

- **EIOPA document under consultation on the prudential treatment of sustainability risks for insurance companies;**
- participation in the **EU regulation revision process relating to sustainability reporting (*Sustainable Financial Disclosure Regulation, SFDR*)** launched in order to highlight the issues identified by financial operators and advisors in the implementation of the regulation and collect suggestions on possible improvements. In particular, the Commission invited stakeholders to respond to queries relating to the current provisions of the SFDR, focusing on PAI (Principle Adverse Impact) indicators⁵⁶ at company and product level, implementation costs and the availability of the data and estimates required to meet transparency obligations;
- monitoring of the implementation phase of the new reporting requirements (European Sustainability Reporting Standards) on **sustainability reporting (CSRD) and participation in the consultation launched by the European Commission on the first set of reporting standards developed.**

Nationally, the Unipol Group continues to monitor debate on catastrophe risks and the insurance protection gap by means of internal technical analyses, analysis sheets and participating in working groups, such as that coordinated by IVASS and established as part of the MEF FS Roundtable, as an opportunity for dialogue and coordination between financial sector authorities, the competent ministries, consumer trade associations, production companies, banks and insurance companies, as well as academia and the institutions responsible for monitoring such risks locally, their management and prevention as well as post-event reconstruction (ISPRA, Civil Protection Department National Research Council). The goal of this working group is to promote the role of insurance companies in the ex-post "treatment" of damages deriving from natural catastrophes as well as the ex-ante "mitigation" of such risks. The action plan calls for the formulation of regulatory proposals by mid-2024 to give life to a national system for protection from catastrophe risks.

Lastly, the Unipol Group participates in international initiatives to strengthen its commitment to climate-related matters in its various reference areas. These initiatives also provide a forum for discussion to gather ideas for continual improvement of the path taken by the Group to align its commitments with the objectives set by the Paris Agreement.

UN Global Compact (UNGC)	UN initiative that promotes corporate social responsibility by following ten core principles relating to human rights, labour, the environment and the fight against corruption. The Unipol Group joined the UN Global Compact in 2018.
Net-Zero Asset Owner Alliance (NZAOA)	Alliance of international institutional investors, committed to bringing their investment portfolios to net zero greenhouse gas emissions by 2050, which the Group joined in spring 2022.
Task Force on Climate-related Financial Disclosures (TCFD)	Established in December 2015 by the Financial Stability Board (FSB), in June 2017, the Task Force published eleven recommendations to promote transparent reporting by companies on the risks and opportunities related to climate change. In November 2020, Unipol became a supporter of the Task Force on Climate-related Disclosures to consolidate its commitment to reporting climate-related information.
Principles for Sustainable Insurance (PSI)	UNEP FI programme for the insurance sector, which aims to address risks and opportunities related to environmental, social and governance issues. In March 2021, Unipol became a signatory to the UNEP FI Principles for Sustainable Insurance to strengthen its contribution as risk managers and investors to economic, social and environmental sustainability, understood as sustainable development.

⁵⁵ Association of Mutual Insurers and Insurance Cooperatives in Europe

⁵⁶ In summary, PAIs are potential adverse impacts, material or likely to be material, of investment decisions on sustainability factors.

Principles for Responsible Investment (PRI)	Principles for the integration of ESG criteria into investments, resulting from the partnership between UNEP FI and the Global Compact. The Unipol Group signed the Principles for Responsible Investment in 2017, committing to integrating social, environmental and governance criteria into the assessment of investments and understanding the implications of ESG factors in its activities as asset manager.
Carbon Disclosure Project (CDP)	Independent non-profit organisation that provides companies and countries with a global system of information concerning climate change. Participation in the CDP promotes disseminating information on emissions and the management of climate change-related risks and opportunities. Unipol publishes its environmental performance through the Climate Change programme of the CDP. In 2023, the Group obtained a rating of B for its Climate Change questionnaire (in line with the 2022 Climate Change questionnaire). Unipol also participates in the CDP's Investor Signatory Program to conduct engagement activities.

APPENDIX 1 – COMMITMENTS AND EXPOSURE OF THE UNIPOL GROUP TO THE COAL INDUSTRY AND THE OIL & GAS INDUSTRY

This appendix aims to summarise the commitments and exposure of the Unipol Group to the coal industry and the oil & gas industry.

Investments

Commitments

The Group policies that govern the management of ESG risks call for exclusions and specific divestment objectives as concerns coal and the oil & gas industry, as well as monitoring the alignment of the investee companies with decarbonisation processes in keeping with the Paris Agreement targets.

The Guidelines for responsible investing exclude direct investments in corporate issuers involved in the following business areas:

- coal mining;
- electricity generation from thermal coal;
- activities related to oil sands, shale gas and Arctic drilling,

if the turnover from these businesses accounts for 30% or more of the total.

In line with the provisions of the climate strategy, in order to assess the eligibility of Issuers involved in activities related to the extraction/use of fossil fuels referred to above - in cases where the threshold of revenues deriving from these activities is equal to or exceeds 30% - the positioning in terms of the transition of the business towards a low-carbon economy through specific forward-looking indicators, including compliance with the Paris Alignment, is also considered.

In order to achieve climate neutrality in its portfolio, the Group has planned for a periodic reduction of the admissible earning ceiling dependent on thermal coal by the investee Corporate Issuers, and expects to complete divestment in coal by 2030. This time frame may be amended in the programming based on the speed of response of the financial markets.

To understand more fully how its investments influence climate change, the Group measures, monitors and reports on metrics associated with the carbon footprint of its financial portfolio and evaluates its future alignment with the Paris Agreement goals (Paris alignment) on a forward-looking basis.

Exposure

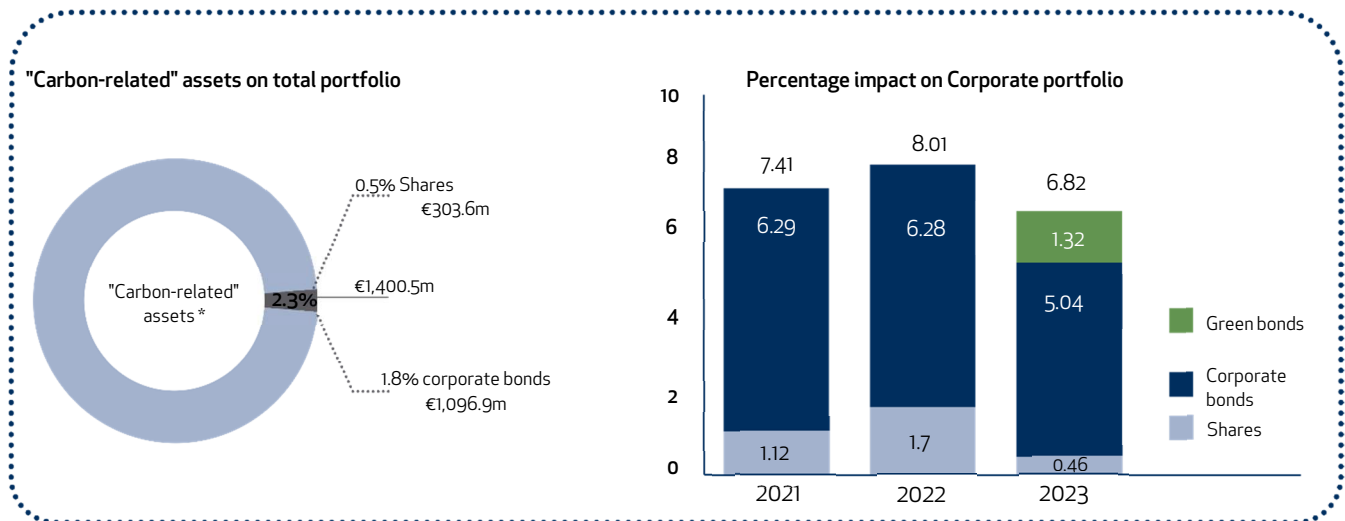
Unipol has assessed its exposure to fossil fuel mining or energy production from fossil fuels sectors, considering the combined weight of companies in the portfolio that have revenues from such activities and the role such activities have on those revenues.

Fossil fuel exposure represents 0.86% of the Corporate portfolio; considering exposure to coal alone, the related revenues have a 0.19% impact.⁵⁷

The incidence of "carbon-related assets"⁵⁸ (calculated using the GICS classification) on the overall portfolio remained constant compared to 2022 and 2021, while the incidence on the Corporate portfolio is down to 6.8% in 2023 compared to 8% in 2022.

⁵⁷ The analysis of stranded assets covers 93% of the analysed corporate portfolio, based on available information.

⁵⁸ "Carbon-related" assets refer (according to the definition provided by the TCFD Recommendations) to those linked to the Energy and Utilities sectors (according to the Global Industry Classification Standard - GICS sector classification), excluding Water Utilities, Independent Power Producers (IPP) and Renewable Energy Producers.



Underwriting activities

Commitments

the Non-Life and Life ESG Guidelines call for the exclusion from Non-Life and Life Business underwriting activities of any companies that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal and which do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime, as well as companies that adopt unconventional mining practices (such as removal of mountain tops, hydraulic fracturing – fracking, tar sands, deepwater drilling). The exclusions based on ESG performance do not apply when underwriting products that protect the employees of the policyholder legal entities in the case of illness and accident, in view of the social role that these policies perform for individuals.

Exposure

Unipol has assessed its exposure to activities linked to the coal mining and oil & gas industries specifically regarding General Class premiums only of the company UnipolSai Assicurazioni S.p.A. for legal entities with an assigned ATECO code. This analysis, limited to 90% (equal to €1,659m) of the total General Class premiums⁵⁹, shows that the results are aligned with those of 2022: the percentage of premiums received from companies operating in the coal mining industry (excluding peat) is equal to 0.001% of the overall total premiums collected from legal entities in the General Classes and 0.0003% of total direct premiums for Non-Life products for UnipolSai. That relating to companies operating in the crude oil and natural gas extraction industry equals 0.037% of the total premiums received from legal entities in the General Classes (0.008% of total direct premiums for Non-Life products for UnipolSai). In comparison, the percentage of companies operating in businesses supporting oil and natural gas extraction is equal to 0.008% of the total premiums received from legal entities in the General Classes (0.002% of total direct premiums for Non-Life products for UnipolSai).

⁵⁹ To proceed with the analysis of the economic sectors present in the insurance portfolio, the ATECO business codes and the corresponding NACE codes were identified, using as far as possible the most precise NACE code (level 4).

APPENDIX 2 - DISCLOSURE ON THE EUROPEAN TAXONOMY OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

This appendix provides the information required by Art. 10 of EU Delegated Regulation (EU) 2021/2178⁶⁰, which integrates the "Taxonomy Regulation" and governs the reporting of environmentally sustainable economic activities, defining the core performance indicators of financial undertakings to be included in annual financial reports published from 1 January 2024.

In the Unipol Group's commitment to contribute to the challenges posed by climate change through its main areas of activity, investments and underwriting, the European taxonomy of environmentally sustainable economic activities⁶¹ (the "Taxonomy") constitutes a fundamental support to strengthen the orientation of strategies towards the achievement of Community environmental objectives (the "Environmental Objectives"), starting with climate change mitigation and adaptation, which – among the six overall objectives – are the first to be subject to detailed regulation⁶².

In 2023, Unipol published an updated version of its strategy on climate change, integrated with the undertaking of commitments to reduce emissions and carry out engagement activities with respect to its directly managed portfolios of listed equities and publicly traded corporate bonds, as part of its membership in the Net-Zero Asset Owner Alliance.

The initiatives enacted in the new Strategic Plan and the relative results to support the environmental targets are described in detail in the chapters "The Unipol Group's strategic approach to climate-related risks and opportunities" and "Targets and Indicators". The quantitative information contained in that chapter was prepared on the basis of criteria which, by scope and application method, differ from those defined in the Taxonomy and do not match those indicated in this appendix.

Information on how and to what extent the Unipol Group's activities are associated with environmentally sustainable economic activities in relation to investing and underwriting activities is presented below; this information is prepared based on the interpreted regulatory requirements also considering the interpretative and/or clarification documents published, as described in detail in note⁶³.

1. Investment KPI

Information on the key performance indicator for investments is provided below.

For the purpose of calculating the percentage exposures to central governments, central banks and supranational issuers ("Investments in sovereign entities"), the denominator, which corresponds to the concept of "total investments" in the table below, is the sum of items "2. Property, plant and equipment", for the part referring to Property, "4. Investments" and "7. Cash and cash equivalents", as recorded in the Statement of Financial Position⁶⁴. With reference, on the other hand, to the denominator for the percentage exposures to Taxonomy-eligible and Taxonomy-non-eligible economic activities, exposures in derivative assets, exposures to undertakings not subject to the application of Articles 19a and 29a of Directive 2013/34/EU ("Non-Financial Statement") which corresponds to the concept of "Assets covered by the KPI" in the tables below, this is determined by deducting the total investments in sovereign entities from the denominator defined above.

In order to guarantee, at least in reference to information to be disclosed in application of the Taxonomy Regulation, effective comparability of the data published, the European Commission⁶⁵ requires that disclosures concerning the aforementioned proportions are based on actual information, provided by the financial or non-financial undertaking in which the exposure is held. To respond to this request, avoiding the use of estimates and as reference for calculation of the Taxonomy eligibility and alignment of its investments, Unipol used the data disclosed by issuers in its portfolio through the related Non-Financial Statements for 2022. These data were collected promptly with the support of a specialist provider. Taxonomy eligibility and alignment are considered only for undertakings that fall within the scope of application of the NFS regulation and publish data relating to their eligibility and alignment. For individual issuers listed on the stock exchange, a data hierarchy was adopted: priority is assigned to data disclosed at issuer level; if unavailable, parent company level data are used; if unavailable, the data reported by the ultimate entity are used.

⁶⁰ As amended by Delegated Regulation (EU) 2022/1214

⁶¹ Defined in Regulation (EU) 852/2020 and its Delegated Acts.

⁶² Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, as amended ("Climate Delegated Act")

⁶³ "FAQs: How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets in accordance with the Taxonomy regulation Article 8 Disclosures Delegated Act?" published in December 2021 and supplemented by the "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets" of February 2022; "Draft Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice) of December 2023. Note that indications contained in the latter publication, being a version not yet formally adopted and published close to the publication of data for 2023, were taken as reference for the calculations to the extent compatible with the applicability of these indications to data gathered on the basis of processes structured prior to the date of publication.

⁶⁴ Therefore, the total investments considered in order to calculate the taxonomy indicator on investments do not include items "1. Intangible assets", "2. Property, plant and equipment" other than property, "3. Insurance assets", "5. Other financial assets", "6. Other assets".

⁶⁵ "FAQs: How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets in accordance with the Taxonomy regulation Article 8 Disclosures Delegated Act?" published in December 2021, FAQ no. 12.

For the alignment assessment, the technical screening criteria and those related to those that do no significant harm (DNSH) were considered, as well as the observance of minimum safeguards in conducting business by the issuers.

With reference to 2022, only non-financial undertakings were required to disclose the alignment of their investments with the Taxonomy while, again in 2022, financial undertakings disclosed only the eligibility data. For this reason, the alignment figure currently disclosed is to be considered partial, as it refers only to non-financial undertakings.

In a phase in which the tools to manage the information flows and processing necessary for application of the regulations are still being structured and applied at system level, data collection and subsequent eligibility analysis has focused on issuers in which direct investments are held by the Group and that fall within the scope of application of the regulations (EU financial and non-financial undertakings subject to the application of Articles 19a and 29a of Directive 2013/34/EU). Indirect investments in companies potentially subject to the obligation to publish non-financial disclosures were consequently considered ineligible at this stage, as it was not possible to complete the analysis on all indirect financial instruments in the portfolio.

Note that with reference to the investments indicator, for calculation of the total and the weighted average percentage of Taxonomy-eligible exposures (and aligned, where possible) on the basis of turnover and capital expenditures, as required by regulations and shown in the tables below, the following action was taken:

- with reference to exposures in non-financial undertakings, the eligibility and alignment data provided by issuers were considered, already broken down by turnover and capital expenditures;
- for exposures other than those in non-financial undertakings, as the eligibility indicators broken down between turnover and capital expenditures are not available, the value considered for both indicators was:
 - i. for credit institutions, the proportion of exposures to Taxonomy-eligible economic activities with respect to the total assets covered;
 - ii. for insurance and reinsurance undertakings, the average between the percentage exposures in Taxonomy-eligible economic activities with respect to the total assets covered and the percentage of Taxonomy-eligible Non-Life economic activities with respect to total Non-Life premiums, weighted according to the proportion of revenues that insurance and reinsurance undertakings derive from investment activities and the proportion of revenues that insurance and reinsurance undertakings derive from Non-Life underwriting activities out of the total revenues of insurance and reinsurance undertakings;
 - iii. for investment property, the entire value, given that it is considered among exposures to Taxonomy-eligible economic activities as its nature is deemed consistent with the list in Annexes I and II of Delegated Regulation (EU) 2021/2139 (Climate Delegated Act).

Carrying amounts were used for the weighting of the exposures.

Investment property, as well as real estate for own use (with the exception of land), included in items 2 "Property, plant and equipment" and 4.1 "Investment property" of the Statement of Financial Position, were considered exposures in Taxonomy-eligible economic activities as their nature was deemed consistent with the list contained in Annexes I and II of Delegated Regulation (EU) 2021/2139 ("Climate Delegated Act"); to determine their alignment, the technical screening criteria set out in paragraph 7.7, Annex I of Delegated Regulation (EU) 2021/2139 were applied.

With reference to investment property, for the calculation of the assets aligned in 2023, the Group took into consideration - with a prudential approach - a first subset of properties with respect to which it has precise information on energy performance, i.e. properties included in the scope of the energy management system certified according to ISO 50001 standard.

Within this scope, buildings (constructed before 31 December 2020) that have at least a class A energy performance certificate were considered aligned with the technical screening criteria. For buildings with energy performances certified in lower classes, the energy performance accurately measured by the Energy Performance Certificates (APE), measured in terms of kWh/m², were considered⁶⁶. Therefore, the performance of the top 15% of the building stock in terms of primary operational energy requirements was calculated, considering as reference point the individual climate zones in which the buildings subject to alignment assessment are located. To this end, as a prudential measure⁶⁷, the information on energy performance by climate zone contained in the SIAPE (Energy Performance Certificates Information System) portal created and managed by ENEA was used⁶⁸. Buildings for which the overall energy performance was lower than the performance of the top 15% of the buildings in the corresponding climate zone were considered to meet the technical screening criteria for climate change mitigation. In cases where a building has several cadastral units with different energy performances, the building performance was calculated considering the weighted average performance for the useful area of each unit.

For properties that contribute substantially to the climate change mitigation objective, compliance with the criterion of **"do no significant harm" to the climate change adaptation objective** was assessed. As part of the analyses carried out on the owned portfolio, the impact of the IPCC RCP8.5 scenario to 2030 was measured on the sum of the change in the expected loss (AAL, Average Annual Loss) and the reinsurance costs between the baseline scenario and that informed of the effects of climate change. The analysis was conducted with reference to the expected risks portfolio for 2027 and in relation to the climate-sensitive perils to which the Group is most exposed: flood, convective storms and electrical damage from weather events. In the scenario impact assessments, possible management actions to mitigate physical risks were not considered. In this context, the impact in terms of AAL is not very significant and no significant risks are highlighted.

⁶⁶ For sites with an APE and energy performance assessed previously with respect to the current classification (26/06/2015), the index was normalised, restating the performance from kWh/m³ to kWh/m².

⁶⁷ The approach adopted is prudential as it assumes that the energy performance of the overall property portfolio is represented by that indicated in the SIAPE. It is instead reasonable to expect that the portion of the total properties without APE could have a significantly lower energy performance as they are not recent constructions and/or recently subject to energy upgrading.

⁶⁸ A useful methodological reference to support the analysis was the report "Percentage distribution of primary energy (Ep) values in the Italian national building stock", prepared by the Italian Thermotechnical Committee for CRIF, 2022.

The properties in question belong to Unipol Group companies (UnipolSai Assicurazioni, SIAT, Midi Srl) to which the policies apply as described below in the paragraph "Verification of the safeguard clauses referred to in Article 3c of the Taxonomy Regulation" in **compliance with minimum safeguards in conducting business**.

With regard to the breakdown of the KPI numerator by environmental objective, with the information provided in 2022 by companies it is possible to break down the data for the first two environmental objectives, Climate change mitigation and Climate change adaptation. Initial information in relation to the other four objectives (i.e.: Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems), based on technical screening criteria contained in Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, will be made available by companies in the non-financial reporting for 2023. The Group will therefore integrate the information relating to the other four environmental objectives into reporting for 2024.

Weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI , with the following weights for investments in undertakings:		Weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, Taxonomy-aligned economic activities with the following weights for investments in undertakings:	
turnover-based (%)	3.8	turnover-based (€m)	1,396.6
capital expenditures-based (%)	4.8	capital expenditures-based (€m)	1,788.4

Percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total financial assets under management). Excluding investments in sovereign entities.		Monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio (%)	54.9	Coverage (€m)	36,922.4

Investments in central governments, central banks and supranational issuers represent 45.1% of the Group's total assets, equal to €30,356m.

The tables relating to Additional complementary disclosures - breakdown of denominator of the KPI, Additional complementary disclosures - breakdown of numerator of the KPI and Breakdown of the numerator of the KPI per environmental objective, as well as Templates 1 to 5 concerning Nuclear and fossil gas related activities are listed in the **Appendix to the 2023 Annual Integrated Report of the Unipol Group**.

Voluntary additional disclosures

To facilitate reading of the information provided regarding association of Group investments to environmentally sustainable economic activities, summary tables are presented below, supplemented on a voluntary basis.

Breakdown of total investments	Amount (€m)	%
Investments in central governments, central banks and supranational issuers	30,357.8	45.1
Assets covered by the KPI	36,922.5	54.9
Total investments	67,279.2	100

Breakdown of Assets covered by the KPI - Turnover			Aligned Amount (€m)	Eligible Non-Aligned Amount (€m)	Non-Eligible Amount (€m)
Derivatives	72.4	0.2	-	-	72.4
Exposures to undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU	5,705.5	15.5	-	-	5,705.5
Exposures to undertakings subject to Articles 19a and 29a of Directive 2013/34/EU	15,617.8	42.3	375.3	3,613.1	11,629.4
Exposures to other counterparties (property)	4,199.1	11.4	1,021.3	2,928.6	249.2
Other exposures through Funds that cannot be assessed for eligibility under the EU Taxonomy	8,630.6	23.4	-	-	8,630.6
Other	879.4	2.4	-	-	879.4
Cash and cash equivalents	1,817.7	4.8	-	-	1,817.7
Assets covered by the KPI	36,922.5	100	1,396.6	6,541.7	28,984.2
Percentage %			3.8	17.7	78.5

Breakdown of assets covered by the KPI - Capital account			Aligned Amount (€m)	Eligible Non-Aligned Amount (€m)	Non-Eligible Amount (€m)
Derivatives	72.4	0.2	-	-	72.4

Exposures to undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU	5,705.5	15.5	-	-	5,705.5
Exposures to undertakings subject to Articles 19a and 29a of Directive 2013/34/EU	15,617.8	42.3	767.2	3,606.1	11,244.6
Exposures to other counterparties (property)	4,199.1	11.4	1,021.3	2,928.5	249.2
Other exposures through Funds that cannot be assessed for eligibility under the EU Taxonomy	8,630.6	23.4	-	-	8,630.6
Other	879.4	2.4	-	-	879.4
Cash and cash equivalents	1,817.7	4.8	-	-	1,817.7
Assets covered by the KPI	36,922.5	100	1,788.5	6,534.6	28,599.4
Percentage %			4.8	17.7	77.5

2. Underwriting KPI

Insurance and reinsurance business is included in the Taxonomy as an economic activity that can make a substantial contribution to the objective of climate change adaptation through the provision of insurance services relating to the coverage of climate-related hazards in accordance with Annex II, points 10.1 and 10.2, of the Climate Delegated Act. With specific regard to insurance, the economic activity described in point 10.1 is the provision of insurance services related to the underwriting of climate-related hazards (classified in Appendix A of the Climate Act), within the eight lines of the insurance business expressly laid out.

To be considered Taxonomy-eligible, in addition to belonging to one of the aforementioned lines of business, a policy must have conditions that provide coverage for risks related to "climate hazards"⁶⁹.

To identify Taxonomy-eligible policies and the related premiums, the Group used the risk category as the analysis and selection element, representing the minimum disaggregation unit through which premiums recognised in the different insurance classes⁷⁰ are allocated to the different types of guarantee. From among the risk categories to which its own portfolio is classified, Unipol has selected the risks referring to climate hazards. Of these, the risk categories with a particular impact on the portfolio are those relating to weather events, fire and flood. Using these risk categories as basis, the guarantees and products containing them and therefore envisaging their coverage⁷¹ were identified.

The analysis thus carried out has made it possible to highlight the lines of business in which the Group provides insurance coverage against climate-related hazards, and within these insurance activities, which policies cover risks relating to "climate hazards", to be reported for the purposes of calculating the KPI related to underwriting.

As a result of the analysis, the Group identified significant underwriting of climate-related, and therefore eligible, perils in the following lines of business:

- other motor insurance;
- marine, aviation and transport insurance;
- fire and other damage to property insurance.

To be considered Taxonomy-aligned, an insurance business must meet the technical screening criteria that establish its substantial contribution to climate change adaptation.

For the activities that can be assessed for eligibility, the Group promptly verified compliance with the various technical screening criteria.

A subset of UnipolSai Assicurazioni products/cover targeting SMEs and Corporates, both "standard" and "tailor-made", met the technical screening criteria.

If the cover for climate risks is included in insurance contracts that cover multiple risks, in order to calculate the Taxonomy alignment, only the portions of the premiums concerning the coverage of climate risks were calculated, using the risk category as an element in the calculation.

In order to comply with the criterion of "do no significant harm" to the climate change mitigation objective, the aligned premiums excluded those underwritten by legal entities operating in the fossil fuel mining, storage, transport or production sectors, identified through analysis and selection of the respective ATECO codes.

Economic activities (1)	Substantial contribution to climate change adaptation			Do no significant harm (DNSH)					Minimum safeguards (10)
	Absolute premiums, 2023 (2)	Proportion of premiums, 2023 (3)	Proportion of premiums, 2022 (4)	Mitigation of climate change (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	

⁶⁹ "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets", FAQ no. 25

⁷⁰ Under Italian law, "class" refers to management of the form of insurance corresponding to a risk or group of similar risks from the points of view of risk assumption and damage settlement.

⁷¹ It should be noted that in the limited number of cases where a reliable breakdown of premiums by risk category was not available in the databases, such premiums were conservatively considered ineligible.

	Currency (€m)	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
A.1. Non-Life insurance and reinsurance underwriting - Taxonomy-aligned activities ⁷² (environmentally sustainable)	129.9	1.5	N.A.	Yes	Not relevant	Not relevant	Not relevant	Not relevant	Yes
A.1.1 Of which reinsured	5.9	0.1	N.A.	Yes	Not relevant	Not relevant	Not relevant	Not relevant	Yes
A.1.2 Of which deriving from reinsurance activities	-	-	-	-	-	-	-	-	-
A.1.2.1 Of which reinsured (retrocession)	-	-	-	-	-	-	-	-	-
A.2 Non-Life insurance and reinsurance underwriting - Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)	772.3	8.8	N.A.						
B Non-Life insurance underwriting - Taxonomy-non-eligible activities	7,893.6	89.7	89.8						
Total (A.1 + A.2 + B)	8,795.8	100	N.A.						

Information relating to checking the safeguard clauses pursuant to Art. 3, letter “c” of the Taxonomy Regulation is provided in the **2023 Annual Integrated Report of the Unipol Group**.

⁷² For premiums relating to reinsurance business carried out by the reinsurance company UnipolRe, no precise information was available at this stage on the eligibility or ineligibility of reinsurance business. For this reason they were prudentially considered non-eligible.

Independent accountant's assurance report on Unipol Group's direct GHG emissions (Scope 1) and indirect emissions (Scope 2) within "Unipol and climate change 2023"

To the Management of
Unipol Gruppo S.p.A.

Scope

We have undertaken a limited assurance engagement of the accompanying document "Unipol and climate change 2023" of Unipol Gruppo S.p.A. and its subsidiaries (hereinafter "Unipol Group" or "Group") for the year ended on December 31st, 2023, comprising direct GHG emissions (Scope 1) and indirect emissions (Scope 2) and the main assumptions and methodologies on pages 39-42 (hereinafter the "GHG emissions" or the "Subject Matter").

Criteria applied by Unipol Group

In preparing the GHG emissions, Unipol Group applied the criteria described in the section "Oversight of the direct and indirect environmental impacts of the Unipol Group" of the document "Unipol and climate change 2023", including the selection of GRI Standards referenced (the "Criteria").

Unipol Gruppo S.p.A.'s responsibilities

Unipol Gruppo S.p.A.'s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG emissions, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410') and the terms of reference for this engagement as agreed with Unipol Gruppo S.p.A. on July 20th, 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance review.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

The engagement consists of making enquiries, primarily of persons responsible for preparing the GHG emissions and related information and applying analytical and other relevant procedures.

Our procedures included:

- analysis of the methods applied by the Group for developing estimates and of their appropriateness and consistent application. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate estimates carried out by the Group;
- understanding of the processes that lead to the generation, detection and management of the GHG emissions data and the related information reported in the section "Oversight of the direct and indirect environmental impacts of the Unipol Group" of the document "Unipol and climate change 2023".

In particular, we have conducted interviews and discussions with the management of Unipol Group and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of GHG emissions data and information to the management responsible for the preparation of the document "Unipol and climate change 2023".

Furthermore, for significant information, considering the Group's activities and characteristics at Group level:

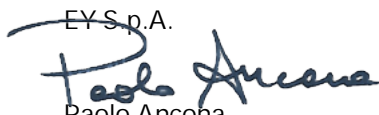
- with regards to qualitative information, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
- with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to GHG emissions for the year ended on December 31st, 2023, in order for it to be in accordance with the Criteria.

Milan, June 27th, 2024

EY S.p.A.

Paolo Ancona
(Auditor)

unipol.it

Unipol Gruppo S.p.A.
Registered Office
Via Stalingrado, 45
40128 Bologna