GUIDELINES FOR INVESTMENT ACTIVITIES WITH REFERENCE TO RESPONSIBLE INVESTMENTS ("SRI INVESTMENT POLICY")

19 December 2019

Sustainability

Unipol GRUPPO

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1. Introduction

This document establishes the guidelines for investment activities with reference to Responsible Investments, with a view to identifying and managing specific risks that are relevant with reference to ESG factors and financially support sustainable investment, as outlined by the European Commission in the Action Plan entitled "Financing Sustainable Growth" published in March 2018 (the "Guidelines").

The ESG (Environmental, Social and Governance) factors enable adequate financial returns to be generated for the risk assumed and sustainability topics to be overseen in the interests of all stakeholders.

2. Scope of application

These guidelines are adopted:

- by Unipol Gruppo S.p.A.;
- by the Insurance Companies of the Unipol Group (hereinafter also the "Group") with registered offices in Italy (hereinafter also the "Companies" and singularly, the "Company", collectively, together with the Parent, the "Insurance Scope");

and are applicable to Class C portfolios, with the exception of ETF, which are subject to benchmark restrictions.

3. Objectives

The Guidelines direct the investment activities of all asset classes (shares, corporate bonds and sovereign bonds) promoting:

1. the integration of ESG factors into the selection criteria of issuers and of investment management;
2. the thematic investments, through which the Group can play an active role in contributing to mitigating environmental or social problems such as the challenges of climatic change, the depletion of resources, economic and social inequalities;
3. the adoption of ESG principles by the finance industry.

4. Definitions and Terminology

United Nations 2030 Goals	Sustainable Development Goals (SDGs) - defined within the ambit of the "2030 Agenda for Sustainable Development", a plan of action for people, the planet and prosperity, signed in September 2015 by the governments of the 193 UN member states. 17 goals are envisaged, which in turn break down into 169 specific targets.
Action Plan: "Financing Sustainable Growth"	Plan of action published by the European Commission on 8 March 2018 and divided into 10 actions to promote Sustainable Finance, namely "the process of taking due account of environmental and social considerations in investment decision-making, leading to increased investments in longer-term and sustainable activities".
Brown Economy	An economy based mainly on fossil sources and that does not take account of the negative effects of economic production and the consumption of environmental resources
ESG (Environmental Social & Governance) factors	Environmental, social and governance issues considered relevant to the Group and to key stakeholders.

Green Economy	Economic development model that takes account of production activity, evaluating both the benefits generated by growth, and the environmental impact provoked by the transformation of raw materials. It seeks to reduce carbon emissions and pollution, increase energy efficiency, avoid the loss of biodiversity and preserve the ecosystem.
Responsible Investments	Sustainable and Responsible Investment "SRI" is an approach characterised by a long-term perspective that integrates ESG factors into the research, analysis and selection process of securities that make up the investment portfolio.
United Nations Global Compact (UNGC)	United Nations initiative launched to encourage companies all over the world to adopt sustainable policies compliant with corporate social responsibility and make the results of their actions public. It envisages compliance with 10 Principles divided into 4 areas: Human Rights, Labour, Environment and Anti-Corruption.
Principles for Responsible Investment (PRI)	Initiative of the finance world in collaboration with the United Nations Environment Programme – Finance Initiative (UNEP FI) and United Nations Global Compact (UNGC), which has defined 6 principles for responsible investment and works with an international network of signatories to put them into practice.

5. Integration of ESG factors into the selection criteria of issuers and investment management

The Group has established a transparent and systematic approach to ESG investments, based on industry best practices. The use of ESG factors in the investment process means that the risk elements in the portfolio can be managed efficiently, also in circumstances characterised by high volatility and taking account of the oversights envisaged by the Group Investment Policy.

The implementation of responsible investments is made by integrating ESG assessments into the investment decision-making process.

The ESG factors are important aspects to take into consideration, both in terms of better risk monitoring and to more effectively identify the business areas able to create value by meeting the most relevant social and environmental expectations; proactively including these factors in the investment process enables adequate long-term financial returns to be achieved given the risks assumed.

To decide which companies to invest in, the following elements are taken into account:

- Environment: presence of an environmental management strategy and policy that considers the environmental impact of its production processes;
- Society: quality of the relationships forged between the company and all of its stakeholders;
- Governance: organisational structure, market positioning, regulatory and political situation of the countries in which the company operates.

As regards Issuers, no investments are made in companies which, as part of their core business activities, are involved in:

- infringements of human and workers' rights;
- production of unconventional weapons;
- gambling;

- exploitation of natural resources that does not take the relative environmental impact into account;
- systematic use of corruption in the management of the business.

As far as investments in government securities are concerned, with regard to issuer countries, the following elements are taken into account:

- Environment: ratification of the main environmental protection conventions;
- Society: ratification of the main conventions regarding the respect of Human Rights and Workers' Rights;
- Governance: assessment of the country's institutional environment in terms of the presence of democratic institutions, economic freedom and level of bribery and corruption.

Countries which, through the study of a series of indicators, demonstrate insufficient regard to the principles defined by the United Nations in the UNGC, are considered as high ESG risk.

5.1 Climate change

The impacts of climate change on society has led to developments in responsible investment strategy, which take the form of the following actions:

- Strengthen ESG integration: given its complexity and long-term nature, climatic change represents a specific challenge to ESG integration. Data sources and additional instruments will be assessed to increase the awareness of institutional investors and to support the integration of ESG factors into investment strategies;
- Support the transition to a low carbon emission economy through responsible investment. To this end, investment in different asset classes will be assessed with the objective of contributing to reducing CO_2 emissions;
- Make selective exclusions: by recognising the particularly harmful impact on the climate of using carbon as a source of heat, the Group always excludes new investments in companies connected with mining/generation of electricity from thermal coal.

Nowadays, the social and environmental impact of these decisions can be measured. For example, the carbon emissions and the share of revenues of the Green Economy and of the Brown Economy of companies in the portfolio may be subject to specific assessments. To better understand how investments influence climate change, the so-called "**carbon footprint**" can be measured, namely the quantity of greenhouse gases emitted into the atmosphere during the activities, services or products supplied.

The thematic investments discussed in the following paragraph, are also a means to fight climate change, with a particular vocation for green energy and green technology.

6. Thematic and impact investments

Thematic investments, which may only regard a part of the portfolio, relate to areas or activities linked to sustainable development, and focus on one or more ESG issues.

A share of the Group's portfolio is dedicated to developing thematic investments to support the achievement of the 2030 Agenda. The Unipol Group believes that thematic investment is an opportunity that enables financial resources to be addressed to a social or environmental target, with the advantage of being able to measure the result achieved.

Thematic investments are also assessed in the light of the sustainable development goals identified by the United Nations (SDGs) to encourage future international development, and are characterised by:

- Intentionality - the impact is not a collateral effect, but is part of the investment objectives;
- Measurability - understanding what impact has been reached, to be measured like the other investment objectives (e.g. risks, return or capital income);
- Profitability - generation of monetary returns. The investments selected must have an adequate income profile for the underlying market risks.

The Unipol Group's approach to identifying the thematic investments will be reviewed and developed to guarantee alignment with developments taking place at European level, which will lead to the definition of a system to classify industries and economic activities that are environmentally sustainable (so-called "Taxonomy"), as envisaged by the European Commission's Action Plan: "Financing Sustainable Growth".

The financial revolution that has taken place in recent years has highlighted how some asset classes, such as Infrastructure Funds, Private Equity and Renewable Energy are particularly suitable for investments that have a positive environmental and/or social impact together with a financial return (so-called "impact" investments).

Some of the impact objectives that may be pursued through the cited types of investment are as follows:

- providing essential services to the community (e.g. electricity and gas, water treatment, healthcare, transport and communications);
- support to development and dissemination of environmentally friendly technologies;
- implementation of technologies to protect the environment and mitigate climate change (for example, the production of energy from renewable sources, wind and solar).

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