Biodiversity Guidelines

BIODIVERSITY GUIDELINES

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1. Introduction: document context and objectives

Climate change and biodiversity are closely interlinked phenomena. Their interaction is generating an alarming negative feedback loop: climate change - both in its acute form (extreme events) and its chronic form (irreversible environmental degradation) - leads to biodiversity loss. In turn, biodiversity loss accelerates climate change by weakening the resilience of natural ecosystems.

1.1. Document Objectives

Through these Biodiversity Guidelines (the “Guidelines”), the Unipol Group (the “Group”) aims to provide a reflection on the role it can play in contributing to the protection and restoration of natural ecosystems, considering its key areas of intervention: insurance activities (both as a risk carrier, i.e. managing insurance-related technical risks, and as a risk manager, i.e. addressing physical risks) and investments. In the context of an evolving debate on the role of the insurance sector in biodiversity protection, this document represents the first step in a journey where the Group reaffirms its commitment to safeguarding terrestrial and aquatic ecosystems. It acknowledges the levers available to minimise and mitigate negative impacts on nature while fostering a "nature-positive" approach.

Unipol is a key player in the Italian market. While its investment activities have a supranational scope, the Group’s underwriting activities are primarily focused on the Italian territory, where biodiversity protection is particularly crucial. The Mediterranean region is considered the world's second-largest biodiversity hotspot, making conservation efforts in this area even more significant. Through their underwriting and investment activities, insurance companies influence nature depending on the sectors they insure or invest in, the geographical location of insured clients or invested companies, and the way insured activities and assets are managed. As such, insurers can act as potential enablers in both a negative and a positive sense. If an organisation fails to properly manage its impact, overlooks risks, or underestimates them, it can contribute to biodiversity loss. Conversely, if an organisation actively promotes positive practices, it can help drive a shift towards sustainability. Given the intrinsic link between biodiversity and climate change, supporting biodiversity restoration can trigger a virtuous cycle. Nature, particularly through nature-based solutions, plays a key role in tackling climate change by preventing and reducing environmental damage.

1.2. Approval and revision of Guidelines

The Guidelines, drafted and revised with the involvement of all the company structures concerned in order to ensure a clear definition and sharing of objectives, roles and responsibilities, are approved by the Board of Directors of Unipol Assicurazioni S.p.A. ("Unipol" or the "Parent Company"), in the exercise of its management and coordination activities vis-à-vis its Subsidiaries and in accordance with the Group's corporate preparation and validation of company policies.

Subsequently, the Boards of Directors of the Companies falling within the scope of application set forth in paragraph 2.2, as part of their responsibilities for governance, internal control system and risk management, evaluate and approve the Guidelines, as far as applicable, in accordance with the specific industry regulations and business model.

The Guidelines are communicated and made available by the perimeter companies to all relevant personnel through appropriate communication channels and are made available on the Group's website (www.unipol.com) to all stakeholders, including employees, suppliers and partners, so that there is full awareness and further impetus to protect biodiversity as an integral part of the Group's value system.

The Guidelines will be reviewed and - if necessary - amended whenever evidence emerges from the internal evaluation process and from the monitoring of national and international trends in the protection and promotion of fundamental rights, as well as needs for regulatory updates, interventions by the Supervisory Authorities, business strategies or changes in the context require it, and, in any case, at least annually.

2. Context and principles

2.1. Biodiversity Protection Framework

The most recent and significant global commitment to biodiversity emerged from COP15[1], held in Montreal in December 2022. The conference led to the approval of the "*Kunming-Montreal Global Biodiversity Framework*", an agreement that sets out 23 ambitious targets to halt the ongoing dramatic loss of biodiversity. Among these, **a key commitment is to conserve 30% of terrestrial and marine areas by 2030**.

The **EU Biodiversity Strategy for 2030**[2], adopted in June 2021, is a fundamental pillar of the European Green Deal. It aims to expand Europe's network of protected areas, ensuring that **by 2030, 30% of both terrestrial and marine areas are safeguarded**. In line with this approach, the European Commission presented a proposal to the European Parliament for a *Nature Restoration Law*, which was approved on 12 July 2023. This new law mandates restoration measures for 20% of the EU's terrestrial and marine territory by 2030, with the goal of covering all degraded ecosystems by 2050.

At the national level, an equally ambitious objective has been set: the "**30x30 Target**", which aims to protect 30% of land and sea by 2030. This includes 30% of terrestrial and marine areas designated as protected, with 10% under strict protection measures.

2.2. Scope of application

The Guidelines are adopted by the Parent Company and its subsidiaries that fall within the Group's scope of consolidation (hereinafter also referred to as the "Companies in scope"). This is without prejudice to the possibility for the Parent Company to identify, based on *risk-based* assessments and within the limits of compatibility with specific industry regulations, to which other companies to extend the Guidelines.

[1] At the 1992 Earth Summit in Rio de Janeiro, the Convention on Biological Diversity (CBD) was adopted, entering into force on 29 December 1993. This legally binding international treaty is governed by the Conference of the Parties (COP).

[2] EU Biodiversity Strategy for 2030 – "Bringing Nature Back into Our Lives", adopted by the European Commission in May 2020 and approved by the European Parliament on 9 June 2021

2.3. Definitions and terminology

Materiality Analysis	The materiality analysis, approved by the administrative bodies of the relevant Group companies, is used to identify and assess material sustainability issues for both the Group and its individual companies. This is conducted following a double materiality analysis[3], within a centrally defined process.
Biodiversity or biological diversity	The variability among living organisms from all sources, including, 'inter alia', terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems. This definition was established by the Convention on Biological Diversity, adopted at the 1992 Earth Summit in Rio de Janeiro.
Value chain	The ***value chain*** encompasses the activities, resources, and relationships that a company relies on to develop its products or services, from conception to delivery, consumption, and end-of-life. The ***value chain*** includes both upstream and downstream ***stakeholders*** of the company.
Environmental, Social, Governance (ESG)	The three fundamental dimensions - Environmental, Social, and Corporate Governance (ESG) - are essential for assessing, measuring, and enhancing the sustainability impact of a company or organisation.
Sustainability-related impacts	The effects that a company has or may have on the environment and people, including human rights impacts, as a consequence of its activities or business relationships. Impacts can be actual or potential, negative or positive, short, medium, or long-term, intentional or unintentional, reversible or irreversible. Impacts indicate the company's positive or negative contribution to sustainable development.

[3] The dual relevance analysis is carried out considering the two dimensions of the **relevance of the impact** (according to which a sustainability issue is relevant from the point of view of the impact when it concerns the **relevant impacts of the company, negative or positive, actual or potential**, on people or the environment in the short, medium or long term, including the **impacts** related to the company's **own activities** and the upstream and downstream **value chain** , including through its products and services and its **business relationships**) and of the **financial relevance** (according to which a sustainability issue can be relevant from a financial point of view if it generates **risks** or **opportunities** that affect or can reasonably be expected to affect the equity-financial situation, the economic result and the financial flows of the company, access to financing or the cost of capital in the short, medium or long term).

Unipol Group or Group	Unipol Assicurazioni S.p.A. and its direct and indirect subsidiaries, pursuant to Article 2359 of the Italian Civil Code.
Nature	Within the context of the IPBES (*Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services*), an intergovernmental platform which has the duty of evaluating the state of biodiversity and ecosystem services, the term "nature" refers to the natural world with an emphasis on its living components. Within the context of science, it includes categories such as biodiversity, ecosystems (both structure and functioning), evolution, the biosphere, humankind's shared evolutionary heritage and biocultural diversity.
Sustainability-related opportunities	Uncertain environmental, social, or governance-related events or conditions that, if they occur, could positively impact a company's strategy, business model, or ability to achieve its objectives and create value. Such opportunities may also influence the company's decisions and those of its business partners regarding sustainability issues.
Sustainability issues	Environmental, social, human rights, and governance factors, as well as sustainability factors as defined in Article 2, point 24 of Regulation (EU) 2019/2088 of the European Parliament and Council[4].
Sustainability-related risks	Uncertain environmental, social, or governance-related events or conditions that, if they occur, could negatively impact a company's strategy, business model, or ability to achieve its objectives and create value. Such opportunities may also influence the company's decisions and those of its business partners regarding sustainability issues.
Science-based Targets Network (SBTN)	A civil society- and science-led initiative founded in 2019 by a coalition of global NGOs. Its purpose is to collectively define what is required from businesses and cities to ensure they do "enough" to stay within the planetary boundaries while meeting societal needs.
Task Force on Nature-Related Financial Disclosure (TNFD)	A global initiative supported by governments and market-driven scientific expertise. It has developed a set of recommendations and

[4] Sustainability factors: environmental, social and personnel issues, respect for human rights and issues relating to the fight against active and passive corruption

	guidelines aimed at helping businesses and financial institutions assess, disclose, and act on their dependencies, impacts, risks, and opportunities related to nature.
United Nations Environmental Program Finance Initiative – Principles of Sustainable Insurance (UNEP FI PSI)	United Nations initiative with a view to integrating environmental, social and governance risks and opportunities within the insurance sector (from which the development of the 4 relative principles derives).

3. Unipol's role in biodiversity protection and restoration

Given the complexity and broad scope of biodiversity and ecosystem protection, the Unipol Group has first focused on understanding its position and role in this area, particularly by:

- assessing how its activities impact biodiversity and ecosystems, identifying both positive and negative, actual and potential impacts;
- evaluating the nature, type, and scale of its risks, dependencies, and opportunities related to biodiversity and ecosystems.

Following a double materiality approach, which considers both the impact materiality (how Unipol affects biodiversity) and financial materiality (how biodiversity-related factors affect Unipol), the Group aims to manage impacts, mitigate risks, and seize opportunities related to nature. These efforts are particularly integrated into its value chain, focusing on its insurance and investment activities.

Unipol's biodiversity intervention framework is structured around the mitigation hierarchy principles developed by the Science-Based Targets Network (SBTN), under its "AR^{3}T" framework (Avoid, Reduce, Restore, Regenerate, Transform), and the recommendations of the Task Force on Nature-Related Financial Disclosures (TNFD) for identifying and managing key risks, paying attention to:

NEGATIVE IMPACTS	Prevent negative impacts on biodiversity from occurring **("Avoid")** and reduce as much as possible negative impacts that cannot be completely eliminated **("Reduce").**
POSITIVE IMPACTS	Helping to initiate or accelerate the restoration of ecosystems in terms of good condition and integrity, with respect to their current conditions, with particular attention to the permanence over time of changes in state, with the aim of increasing the biophysical function and/or ecological productivity of the ecosystems themselves or their components **("Restore" and "Regenerate")**

RISKS	Understanding how nature-related risks, both physical and transition risks, arising from impacts and dependencies, can affect the business model, value chain, strategy, and financial planning of the Group.

Considering that the insurance sector acts as an enabler, both negatively (if it fails to properly manage the negative impacts of its activities and/or if it does not identify or underestimates nature-related risks along its value chain) and positively (if it promotes sustainable practices in its direct operations or throughout its value chain), the most effective action that insurance companies can take to mitigate negative impacts and risks is to become catalysts for initiatives aimed at nature protection and restoration. This applies to their dual role as institutional investors and risk underwriters, in alignment with global biodiversity goals.

3.1. Understanding the interconnections between insurance business and biodiversity

The risk of biodiversity loss is among the top ten emerging risks identified by the Unipol Group's **Reputational & Emerging Risk Observatory**[5]. The Risk Area of the Parent Company has developed a biodiversity loss risk management framework by identifying risk drivers (i.e. the different ways in which risk manifests), analysing "transmission channels" (causal chains that explain how risk drivers impact insurance companies), and determining the effects on the main risk categories that constitute the Group's Enterprise Risk Management (ERM) framework.

Biodiversity loss risk encompasses physical risks arising from the degradation and collapse of natural ecosystems (both terrestrial and aquatic - including marine and freshwater ecosystems), with significant impacts on ecosystem services, human health and well-being, food security, and the long-term profitability of economic activities. These risks can be acute, when triggered by specific short-term events, or chronic, when changes in nature occur gradually over time. In addition to physical risks, transition risks are also considered. These stem from the shift towards a "*Nature-Positive*" economy and include regulatory changes, technological advancements, market preference shifts, and litigation risks. Additionally, systemic risks arise from the destabilisation of critical ecosystems or entire financial systems, driven by the combined manifestation of physical and transition risks. As part of the risk management framework definition, six key risk factors (risk drivers) have been identified: (1) Physical Risk – Terrestrial and Aquatic Ecosystems; (2) Physical Risk – Species; (3) Transition Risk – Customer; (4) Preferences and Market Sentiment (other stakeholders); (5) Transition Risk – New Technologies; (5) Transition Risk – National and International Policies and Market Alliances; (6) Transition Risk – Litigation. The microeconomic (i.e. that can affect households, companies – including banks and insurance companies – and institutions) and macroeconomic (i.e. that affect the economy in general, detecting effects on macroeconomic market variables such as risk-free interest rates, inflation, exchange rates) transmission channels that explain how *risk drivers* affect the Group's insurance companies directly and indirectly through their counterparties, their activities and the economy in which

[5] The Observatory, established in January 2014, aims to strategically and proactively manage emerging and reputational risks, considering both risks and opportunities to protect and strengthen the Group's strategy and reputation.

they operate were then defined. The impacts identified through transmission channel analysis have been mapped onto traditional risk categories (including: Non-life and health technical insurance risk, Life technical insurance risk, market risk, reputational risk, strategic risk
and operational risk).

Unipol has developed and continually updates a biodiversity loss risk exposure model for the Group, which evaluates each impacted risk category through the identification of specific indicators (*Key Risk Indicators* – KRIs). This model generates a biodiversity loss risk heatmap, based on a three-level analysis:

- potential exposure, assessed through emerging sustainability risk indicators for each risk category;
- pervasiveness level, representing the percentage of risk drivers and transmission channels impacting each risk category;
- remediability level, assessing the Group's ability to manage identified impacts, determined through expert judgment for each risk category.

This tool, which Unipol is committed to continuously updating, allows the Group to systematically monitor periodically updated, which represents the basis for defining a structured and integrated approach to managing the issue of biodiversity in its activities.

3.2. Preventing and mitigating negative impacts on biodiversity

Underwriting activities

The ESG Guidelines for Non-Life and Life Insurance, attached to the relevant underwriting policies, provide for the exclusion from Non-Life and Life Insurance underwriting activities of companies engaged in business sectors that, in addition to having negative emissions impacts, also have broader adverse effects on nature:

- coal mining;
- electricity generation from thermal coal;
- activities related to oil sands, shale gas, and *arctic drilling*[6].

While acknowledging that every business sector is exposed to generating impacts and facing risks related to nature - risks which, in turn, arise from both impacts and dependencies on natural resources and ecosystem services - certain sectors are more exposed than others to financial impacts in terms of physical risk and/or transition risk due to their dependency on and/or impact on nature. Based on the priority thematic sectors identified by the Task Force on Nature-Related Financial Disclosures (TNFD[7]), the WWF Biodiversity Risk Filter, and the ENCORE database, the system for monitoring sustainability impacts and risks places particular emphasis on certain sectors. This is achieved by integrating nature-

[6] Exclusions based on sustainability benefits do not apply in the case of underwriting products that protect the employees of contracting legal entities in the event of illness and accident, in view of the social role these covers play vis-à-vis individuals.

[7] TNFD, Additional guidance for financial institutions, Version 2.0, June 2024.

related indicators within the "E" component of the ESG Score[8] assigned to clients or potential clients operating in sectors whose ATECO codes correspond to those listed by TNFD. These sectors include: energy; manufacturing (including chemicals, construction materials, metals and mining, forestry, and wood products); transportation; automotive; durable goods (including textiles); tourism; agri-food (including agriculture and fisheries); personal care products; pharmaceuticals; utilities (including electricity, gas, water services, sewage, waste collection, treatment, and disposal); and real estate development.

The insurance sector also possesses tools that can help prevent environmental damage to key environmental matrices such as water, air, and soil, and reduce impacts when damage occurs. The Group will continue to explore ways to further promote the potential of these tools. Regarding non-life underwriting, Unipol incorporates the analysis of potential damage to natural resources into its loss prevention activities. This approach aims to raise awareness among clients about the risk prevention measures that can be implemented and to encourage the adoption of responsible behaviours. Environmental protection coverage represents a fundamental tool for preventing and reducing pollution-related damage to ecosystems. In addition to compensation for damages, various services are provided, including pre-emptive training for clients and emergency response (post-damage event) by specialised firms to limit both direct damages and any potential business interruption for the affected company. Similarly, marine transport insurance plays a crucial role in preventing and managing potential pollution-related damage to marine ecosystems. This is achieved through rapid response times and technical expertise in post-damage management. In both of these areas, Unipol and its specialised insurance subsidiaries (including SIAT for marine transport insurance) remain committed to analysing their role in preventing and reducing potential damages to natural resources, while promoting a culture of risk prevention.

Finally, to minimise raw material consumption and waste generation, the Group aims to encourage repair activities (instead of replacing damaged parts) and integrate circular economy processes into claims management, monitoring the avoided negative environmental impacts.

Investment activities

The Guidelines for Responsible Investment Activities provide for the exclusion of direct investments in Corporate Issuers engaged in business sectors that, in addition to having negative emissions impacts, also have broader adverse effects on nature:

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

Furthermore, the Group has planned a periodic reduction in the threshold of thermal coal revenues considered acceptable for invested Corporate Issuers, with the aim of completing divestment from coal

[8] Associated score, based on a data-driven approach, capable of integrating into the engagement process a summary assessment of the ESG performance of each customer, on the basis of which the compatibility or otherwise of the adverse effects (actual or potential) arising from the business relationship with the Group's sustainability approach and risk management objectives is defined.

by 2030. This horizon can be modified with respect to what is planned based on the speed of response of the financial markets.

For Corporate Issuers in the Non-Life, Free Capital, and Life Class C Portfolios, in the case of direct investments, given the lack of an established market practice on these issues, an *ex-post* monitoring activity will be initiated by the Sustainability Function. This monitoring will focus on companies potentially involved in deforestation activities and issuers with significant impacts on biodiversity, supported by indicators and reporting linked to the so-called *biodiversity footprint*, in compliance with the applicability limits of the KPI and the availability of relevant information.

3.3. Contributing to ecosystem restoration and regeneration

Unipol has a dedicated structure for selecting and managing alternative investments, including private equity, real assets, and hedge funds. These investments are selected through a specific *due diligence* process that evaluates not only financial aspects but also the type of assets targeted by the fund. Some of these investments are specifically aimed at combating climate change and protecting terrestrial and aquatic ecosystems.

The Unipol Group has established a structured collaboration with Legambiente as part of the “Bellezza Italia” project, a campaign designed to study the impacts of climate change on natural ecosystems in Italy and to restore compromised areas, making them both aesthetically valuable and safe for use while enhancing their resilience to extreme events. Over the years, Unipol has supported a range of projects across Italy, covering diverse ecosystems such as dunes, lakes, river mouths, and agricultural landscapes. These projects serve as case studies, allowing for an in-depth analysis of these ecosystems and the impact of the restoration activities implemented. They focus particularly on the challenges and opportunities associated with nature-based solutions specifically applied within the Italian context. Unipol is committed to continuing these collaborations to enhance knowledge and data collection on these topics and remains open to exploring new initiatives aimed at protecting and restoring biodiversity, particularly within Italy.

3.4. Collaborations

The issue of the role of insurance in the mitigation of risks inherent in nature is still the subject of numerous comparisons and in-depth studies. For this reason, Unipol actively participates in working groups with industry peers and stakeholders to continuously improve the understanding of both the negative and positive impacts an insurance group can have on nature. As part of this effort, Unipol has contributed to the UNEP FI PSI working group, which led to the publication of a global guide for the insurance sector on biodiversity protection and restoration in December 2024[9]. In Italy, Unipol is a member of the Italian Business @ Biodiversity Working Group, a platform that aims to establish a national network of companies and financial institutions **committed to a nature-positive future**. This initiative aligns with the objectives of the "*Kunming-Montréal Global Biodiversity Framework-*" and the *Nature Restoration Law* set forth by the European Commission.

[9] UNEP FI PSI, Insuring a resilient nature-positive future – Global guide for insurers on setting priority actions for nature, December 2024.

3.5. Ongoing commitment

The Unipol Group is committed to continuing and strengthening its commitment to the protection and restoration of biodiversity, starting with the implementation of further activities useful for understanding the risks and impacts determined through its value chain, up to the definition of targeted solutions to mitigate the risks and impacts themselves and to seize opportunities for the creation of shared value in this area. Unipol is also committed to continuing discussions and collaborations in working groups and research projects related to the theme of biodiversity, to continue promoting the role that insurance can play for the protection of natural ecosystems.

4. Roles and responsibilities

The roles and responsibilities for the approval and implementation of the Biodiversity Guidelines **reflect those outlined in the Group's Sustainability Policy**, to which the Guidelines are attached. Approval of the Guidelines - including the objectives they set out and any subsequent updates - falls under the responsibility of the Board of Directors of the Parent Company and the relevant Group subsidiaries.

5. Reporting

The Group's compliance with the provisions in the Guidelines is reported on every year by Sustainability to: (i) the Top Management and the Board of Directors of the Parent Company, following examination, insofar as they are respectively responsible, by the Nomination, Governance and Sustainability Committee and the Control and Risks Committee of the Parent Company, as well as to (ii) the Group Risk Committee, by monitoring the indicators identified for this purpose, in agreement with the relevant company bodies and structures, and is also subject to reporting in the Non-financial statement contained in the Management Report.

The evolution of performance with respect to the defined objectives is also communicated, where required and appropriate, to the bodies that manage the sectoral and trans-sectoral initiatives to which the Group adheres.