UNIPOL AND CLIMATE CHANGE

Reporting climate-related information

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Unipol and climate change

2021

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Letter from the Chairman

The year 2021 marked new calls from the scientific community and international organisations regarding the fundamental importance for this decade to undertake and consolidate the necessary actions to guarantee that our economic models transition towards the goal of eliminating net emissions by 2050, the only possible path for limiting the increase in the global average temperature to 1.5°C in the long term, as set forth in the Paris Agreement. The sixth IPCC (Intergovernmental Panel on Climate Change) report rang new alarm bells for political decision-makers and the world of business on the need to take swift and decisive action. Time is running out, and the impacts of climate change will be devastating for many parts of the planet. The scientific knowledge we have available to outline trajectories for reducing climate altering gas emissions to reach net-zero by 2050 is increasingly more robust, to orient the strategic policies of companies and help them contribute to reaching the common, global goal established by the Paris Agreement objectives.
The financial world and insurance companies in particular play a fundamental role in supporting this transition towards a low-carbon emission economy. This was reaffirmed during COP26, when financial sector players launched initiatives aiming to support the transition towards net zero objectives. The implementation of the European Taxonomy on environmentally sustainable economic activities and the publication of the European Commission's Strategy for financing the transition to a sustainable economy in July 2021 are two extremely important signals concerning the expected role of the financial sector.
At the same time, biodiversity is garnering increasing attention. The effects of the climate crisis and the biodiversity crisis are intrinsically linked and fuel each other. Also in this case, the Kunning Declaration of October 2021 recalls the role of the financial sector, particularly for reorienting financial resources towards the protection and restoration of biodiversity.

Strategies aimed at reducing climate-altering gas emissions in the medium and long term within the organisation's various spheres of influence and actively promoting the prevention of climate risks and adaptation, while supporting those most vulnerable and reorienting investments towards sectors that contribute to the mitigation of and adaptation to climate change, in addition to the protection of biodiversity, are fundamental to lay the solid foundation of a resilient society. The Unipol Group has made commitments in this regard and, in its various business areas, intends to play a significant role in the ongoing transition.

Pierluigi Stefanini

INTRODUCTION

This report aims to provide information on how the Unipol Group governs, identifies, evaluates and manages the risks and opportunities linked to climate change. In this sense, the report is intended to supplement and provide further detail to the climate-related financial information already published in the Integrated Annual Report and Consolidated Financial Statements of the Group, through a specific document following the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Commission's "Guidelines on reporting climate-related information".

Considering the evolutions under way with respect to reporting information on nature-related risks (particularly through development of a reporting framework by the Task-force on nature-related financial disclosure - TNFD), this third edition of the report on climate-related information has been further enhanced with information linked to the activities undertaken by the Group to identify the risks linked to the loss of biodiversity and to promote the protection and restoration of natural ecosystems.

TCFD RECOMMENDATIONS / NFRD DIRECTIVE SUMMARY TABLE[1]

TCFD RECOMMENDATIONS			ELEMENTS OF THE NON-FINANCIAL REPORTING DIRECTIVE (NFRD DIRECTIVE)				
			CORPORATE MODEL	DUE DILIGENCE POLICIES AND PROCEDURES	RESULTS	MAIN RISKS AND THEIR MANAGEMENT	KEY PERFORMANCE INDICATORS
	GOVERNANCE	a) Oversight by the Board of Directors		*Governance* around climate-related risks and opportunities *Advocacy* activities on matters linked to climate change			
		b) Management's role					
	STRATEGY	a) Climate-related risks and opportunities				Climate strategy and identification, assessment and management of climate-related risks and opportunities	
		b) Impact of climate-related risks and opportunities	Climate strategy and identification, assessment and management of climate-related risks and opportunities				
		c) Resilience of the organisation's strategy					
	RISK MANAGEMENT	a) Processes for identifying and assessing climate-related risks					Climate strategy and identification, assessment and management of climate-related risks and opportunities Products and services to tackle climate change
		b) Processes for managing climate-related risk					
		c) Integration in overall risk management					
	METRICS AND TARGETS	a) Metrics used to assess climate-related risks and opportunities					Targets and Indicators
		b) Greenhouse gas emissions			Targets and Indicators		
		c) Targets					

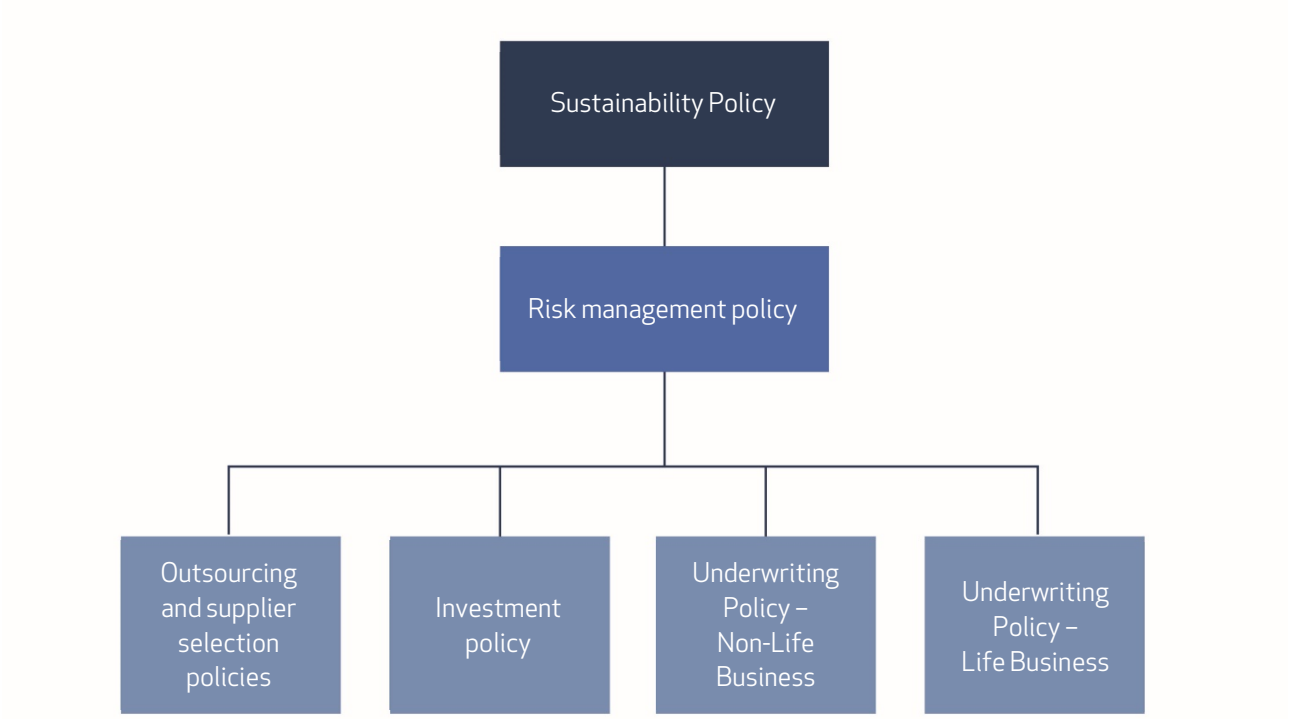
[1] The summary table was created by following the mapping of obligations established by the NFRD and the recommendations of the TCFD laid out in European Commission communication (2019/C 209/01) of 20.06.2019 "Guidelines on non-financial reporting: Supplement on reporting climate-related information".

GOVERNANCE AROUND CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Unipol Group's governance around climate-related risks and opportunities fits into the broader framework of governance of risks and opportunities connected with ESG (Environmental, Social, Governance) factors.

In keeping with the recommendations of the TCFD, the table shown on the next page presents the breakdown of the Unipol Group's *governance* model as regards more specifically climate-related risks and opportunities. It describes the roles and responsibilities covered by the *board* (Board of Directors and Board committees), the *management* and the structure of the Unipol Group in the oversight, assessment and management of climate-related risks and opportunities.

ESG factors have been integrated within the Group's Policies so as to guarantee that risks linked to ESG factors (including climate change) are taken into due account in the company's key processes (in particular underwriting, investments, property assets and supply chain management), that the roles and responsibilities are defined for the identification, assessment and management of such risks and that the organisation is capable of taking advantage of any opportunities.



Governance of climate-related risks and opportunities

BOARD LEVEL

BOARD OF DIRECTORS

STRATEGIC ROLE

Approves the strategic policies on climate-related topics: commitments to reduce climate altering emissions in the **climate strategy**, **sustainability strategy** integrated within the three-year strategic plans (including **quantitative climate-related targets**)

Approves the **sustainability policy**, which defines, inter alia, the Group's commitments to protecting the environment and terrestrial, marine and freshwater ecosystems, as well as combating climate change

Approves the **risk management policy** and, taking into account 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.

OVERSIGHT AND MONITORING ROLE

Is ultimately responsible for the internal control and risk management system (including ESG risks, within the scope of which particular consideration is devoted to climate change).

Guarantees the constant comprehensiveness, functionality and effectiveness of the internal control and risk management system, within which the model for identifying, evaluating and managing the main ESG risks is defined.

Approves – after review by the Parent Company's Sustainability Committee, insofar as it is responsible – the **Integrated Consolidated Financial Statements and the Non-Financial Statement** contained therein, reporting on the progress made with respect to climate-related targets and for the Sustainability Policy.

SUSTAINABILITY COMMITTEE

Has **proposal, advisory, investigation and support functions** with respect to the Administrative Body in relation to ESG topics, including those related to the climate.

Supports the Board of Directors in (i) identifying guidelines for the integration of ESG Factors in the Business Plan, (ii) **drafting and revising**, insofar as it is responsible, **active policies for achieving climate change targets**, as well as **defining the relative commitments and monitoring the relative compliance indicators**, as identified in the Sustainability Policy, (iii) evaluating the suitability of periodic financial and non-financial reporting to properly represent the business model and the strategies of the Company and the Group, the impact of their activities and the performance achieved (including that linked to the climate).

Approves the report on climate-related information.

CONTROL AND RISK COMMITTEE

Supports the Board of Directors in defining the model for identifying, assessing and managing the main ESG risks, including, in particular, those related to the climate, and their impacts on the business strategy, keeping the Sustainability Committee informed of them.

Furthermore, particularly with regard to the internal control system, the Control and Risk Committee evaluates the suitability of periodic financial and non-financial reporting to properly represent the business model, the Company's strategies, the impact of its activities and the performance achieved, coordinating with the Sustainability Committee and examining the content of the periodic non-financial report relevant for the purposes of the internal control and risk management system.

MANAGEMENT LEVEL

COMPANY COMMITTEES

As part of its advisory role in support of the Chief Executive Officer and Group CEO of the Parent Company, the Group Risk Committee* examines the content of the Sustainability Policy, the model for identifying, assessing and managing the main ESG risks, especially those connected with the climate, and their impact on the business strategy, and the policies in place for achieving the Objectives of the Paris Agreement. May also be activated by the competent structures during the application of Guidelines for Responsible Investment activities and the ESG Non-Life and Life underwriting policies, to examine specific critical cases and make the appropriate decisions.

The Group Investment Committee:

- enacts the investment strategies defined in the Guidelines for Responsible Investment activities, reporting any critical situations,
- approves green investment proposals that may be financed with proceeds deriving from the Green Bond issue.

TOP MANAGEMENT

The Parent Company's Top Management defines the commitments undertaken in the Sustainability Policy (based on the ESG risks identified and the topics present in the Materiality Matrix), carries out actions to support Policy implementation and intervenes if it is explicitly breached.

OTHER COMPANY FUNCTIONS

STRUCTURE

KEY FUNCTIONS

The Parent Company's Audit and Compliance and Anti-Money Laundering Functions, along with the Parent Company's Sustainability Function, support the Parent Company's Chief Risk Officer in identifying the ESG risks to which the Group is exposed (including climate-related risks), as well as evaluating the oversight mechanisms.

OPERATING STRUCTURE

INTERFUNCTIONAL ESG RISKS TABLE

The Chief Risk Officer, along with the Audit, Compliance and Anti-Money Laundering and Sustainability Functions, make up an inter-functional working group that carries out activities aiming to identify the potential ESG risks (including climate- and nature-related risks) to which the Group is exposed, map the controls targeted at managing these risks and suggest possible improvement actions.

OPERATING FUNCTIONS

A number of functions within the Group are involved in the process of identifying, evaluating and managing risks and taking advantage of opportunities linked to climate change. The following company areas/functions are most involved:

The Parent Company's Sustainability Function is responsible for the adequacy and comprehensiveness of the Sustainability Policy and verifies the suitability and effectiveness of the actions undertaken to maintain the commitments assumed with it, including on protecting the environment and terrestrial, marine and freshwater ecosystems, as well as combating climate change. In order to integrate sustainability principles within business activities, it provides technical and methodological support to the operating structures concerned for the implementation of the planned activities and, more generally, for the performance of activities with an ESG impact. Lastly, with the support of the competent company structures, it develops and provides input to the reporting system defined by the TCFD recommendations.

The Chief Strategic Planning and Organisation Officer guarantees the integration of the sustainability strategy within the strategic plan.

The Chief Investment Officer guarantees the application of the Guidelines for Responsible Investment activities in order to direct investment activities with reference to financial and real estate activities.

The Insurance Business Deputy General Manager takes actions to support the implementation of the Sustainability Policy, including topics linked to climate, in underwriting activities.

* Composed of the Chief Executive Officer and Group CEO, Insurance Group General Manager, Group General Manager, Business Development and Corporate Communication General Manager, Administration Controlling and Operations General Manager, Insurance Business Deputy General Manager, Chief Investment Officer, Chief Risk Officer, Chief Regulation and Economic Studies Officer, Chief Strategic Planning and Organisation Officer.

CLIMATE STRATEGY AND IDENTIFICATION, ASSESSMENT AND MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The recommendations of the TCFD distinguish reporting of the actual and potential impacts of climate-related risks and opportunities on activities, the strategy and financial planning ("Strategy") from reporting on the processes used by the organisation to identify, evaluate and manage climate-related risks ("Risk management"), presenting them as two distinct reporting areas. However, in line with the report published last year, the decision was made to continue with reporting on these two areas in a single chapter, on one hand to reflect the numerous inter-relationships between these two areas of activity within the organisation and, on the other, to facilitate reading and understanding, while also supporting a comparison with what has been reported year after year.

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

In 2015, the Unipol Group positioned the first piece in structuring its strategy on climate-related issues with the publication of the position paper "**Unipol per il clima**" (Unipol for the Climate). Starting from an analysis of the scenarios outlined by the IPCC (Intergovernmental Panel on Climate Change) at global level and a more specific analysis of the risks linked to climate change in Italy, the main market in which it operates, the Unipol Group has outlined its vision on vision of the need to activate a prevention and management model of natural disasters based on public-private cooperation, adopting mutually beneficial mechanisms of an insurance nature to manage the growing risks arising from climate change and cope with the huge claims expected, particularly in the specific Italian context. Lastly, the *paper* presented four main axes of activity to boost the resilience of our country's system to the expected impacts of climate change, through: the transfer of knowledge to the most vulnerable parties; the definition of protection products for SMEs and households; support for *advocacy* and the spread of information on these matters amongst citizens to increase their sensitivity; action through investment policies.

The Sustainability Policy, approved by the Board of Directors, specifies the Group's commitments to protecting the environment and terrestrial, marine and freshwater ecosystems, as well as combating climate change, which represents one of the main risks to which Group activities are exposed. These include the commitment to reducing climate altering emissions, with the aim of contributing to the achievement of objectives undertaken by governments with the Paris Agreement. Lastly, the Sustainability Policy details the governance and management approaches that seek to identify, assess, manage and reduce exposure to ESG risks, including climate-related risks, both with regard to Group activities and its spheres of influence.

To define a coherent and comprehensive guideline, the specific risk management policies outlined the commitment to combat climate change in the three main areas of action (underwriting, investments and real estate development and management), formalising the Group's specific approaches and identifying excluded or sensitive segments.

In keeping with previous strategic plans, the risks and opportunities linked to the climate have been integrated within the 2019-2021 Strategic Plan, which contains objectives linked to the mitigation of and adaptation to climate change in relation to the Group's three macro-areas referred to above.

Macro-areas of action	Unipol Group Approach
Insurance products and services	Through the expertise and the services it has developed, the Group commits to providing support to its stakeholders in the underwriting process with a view to improving their ability to manage ESG issues (by developing risk assessment activities, advising on prevention approaches, on-line applications), thus reducing the ESG risks and increasing the chances of accessing insurance services. On environmental risks, the Group is careful not to engage in contractual relationships with parties that exploit natural resources without taking into due account the relative environmental impacts. Companies operating mainly in the coal-mining industry and companies that adopt unconventional extraction practices (such as the removal of mountain peaks, *fracking*, oil sands, deep water drilling) are excluded from Non-Life Business underwriting. The exclusions on the basis of ESG performances do not apply when underwriting products that protect the employees of the policyholder legal entities in the case of illness and accident, based upon the social role that this cover performs with respect to individuals. 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 nature), these include waste management and remediation, construction, transportation and storage, agriculture, breeding, forestry and fishing, textile and leather goods manufacturing activities. The 2019-2021 Strategic Plan established a specific target with regard to 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 (objective to reach 30% of the portfolio in 2021).
Investment activities	The Group's commitment to combating climate change through financial activities takes shape on one hand through support, with thematic investments, for the transition towards a low-carbon emissions economy and, on the other hand, through "selective" exclusions of Corporate Issuers. The Group excludes a priori from new investments those in Corporate Issuers that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal, and that do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime. The Group expects to complete its disinvestment from coal by 2030. Furthermore, in order 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. The Strategic Plan established an objective of increasing the amount of thematic investments for SDGs, including those linked to the mitigation of and adaptation to climate change (objective of €600m invested to support the 2030 Agenda in 2021).
Real estate	The Group is committed to carrying out property development activities aimed at maximum energy self-sufficiency, urban re-qualification investments designed to make cities more sustainable and investments for the energy reclassification of existing property assets, not only with reference to the business assets but also to the non-business properties managed. As regards the environmental impacts of the buildings, the three-year real estate plan strategy is based on three axes: • **Projects (investments):** all activities relating to new buildings or significant renovations of existing properties (properties for business use and properties for use by third parties) are characterised by the use of technologies designed to maximise energy savings, also by relying on renewable energy; • **Facility Management / maintenance of existing buildings**: the objective is to constantly improve energy efficiency through plant maintenance and upgrades (as regards properties for business use as well as those for third party use); • **Implementation and continuous consolidation of an energy management system certified according to the ISO50001 standard certification process**, which calls for a commitment to annually reducing electricity and heat consumption, applied across all of UnipolSai's real estate assets. The Three-year plan had set an objective to decrease the average production of CO_2 per employee for all Group companies by 7% by 2021.

The results achieved by the Unipol Group at the end of 2021 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[2], this report analyses the main climate-related risks and opportunities with respect to their impacts on the business model from the financial perspective ("financial materiality") and in terms of the organisation's impacts on the environment ("environmental and social materiality"). The figure below summarises the main impacts.

[2] The concept of double materiality was outlined by the European Commission in its Guidelines on non-financial reporting (2017) and Guidelines on reporting climate-related information (2018)

IMPACTS ON THE ENVIRONMENT

DIRECT IMPACTS

- Direct emissions and from the purchase of energy (real
- Water
- Consumption of materials and waste management

INDIRECT IMPACTS

- Customers
- Investments
- Agencies
- Employees (mobility and *remote working*)

Risks linked to climate change and biodiversity loss

Risk areas
Environmental damage and negative impact on the environment

For more details on the topic of risks related to biodiversity, please refer to the "Identification, assessment and oversight of climate- and nature-related risks and opportunities" section of this report.

CONTRIBUTION TO MITIGATION AND ADAPTATION

Real estate: Commitment to continuously improve the energy efficiency of existing real estate assets (ISO50001) and carrying out real estate development activities oriented towards the utmost energy self-sufficiency

Insurance business: design and sale of insurance products and services correlated with mitigation of and adaptation to climate change
Exclusion of certain sectors from Non-Life underwriting and monitoring of sensitive sectors

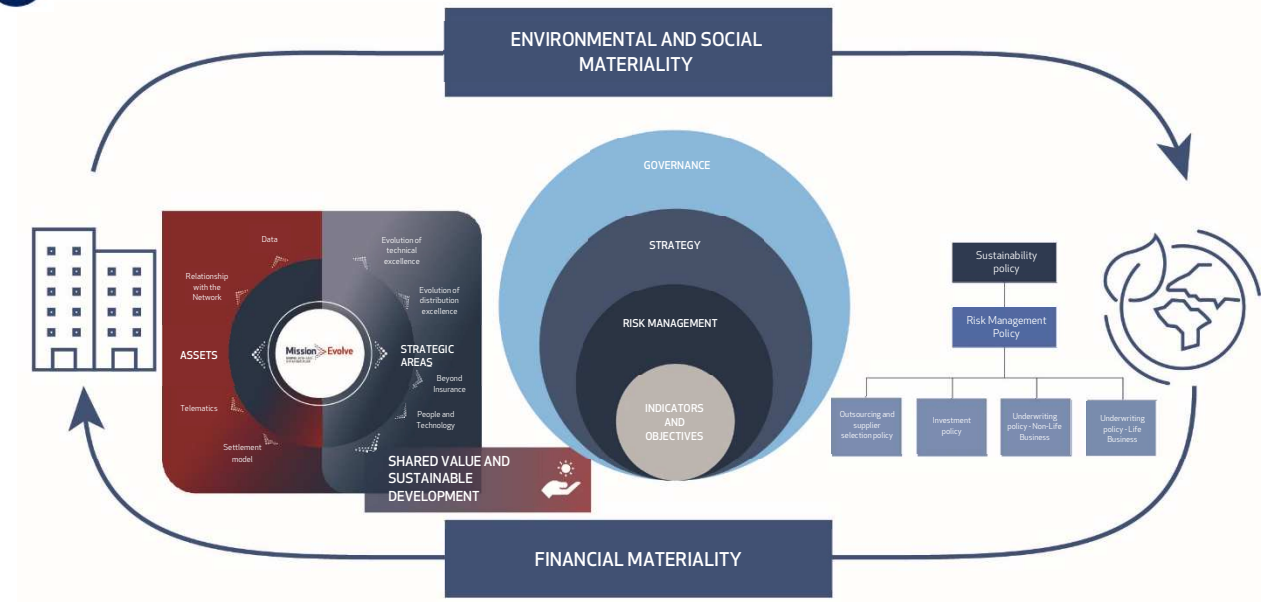
Investments: Selection and management of alternative investments relating to combating climate change and protecting the environment and land, sea and freshwater ecosystems
Exclusion of certain sectors from investment activities

Reduction of paper consumption (i.e., de-materialisation) and plastic

Green procurement

PROTECTION AND RESTORATION OF BIODIVERSITY

"Bellezza Italia" Projects in partnership with Legambiente
Unipol Forest with Treedom



RISKS RELATED TO CLIMATE CHANGE AND BIODIVERSITY LOSS

Risk areas
Climate change and biodiversity loss - Physical risks
Climate change and biodiversity loss - Transition risks

For more details on the topic of risks related to biodiversity, please refer to the "Identification, assessment and oversight of climate- and nature-related risks and opportunities" section of this report.

CLIMATE-RELATED OPPORTUNITIES

Real estate: Investments for urban redevelopment oriented towards making cities more sustainable, investments for energy re-qualification of existing real estate assets

Insurance business: bonuses linked to the sale of insurance products and services correlated with mitigation of and adaptation to climate change

Thematic investments and green bond

Integration of the **Mobility Ecosystem** with services contributing to reducing environmental impacts

Identification, assessment and oversight of climate- and nature-related risks and opportunities

The Risk Management System adopted by the Group is inspired by an *Enterprise Risk Management* logic (ERM Framework). This means it is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives. In 2019, ESG risks were integrated within the Group's ERM Framework.
The Risk Management Policy defines the risk management process with reference to the identification, current and forward-looking assessment and control and mitigation of risks. Specifically as regards ESG risks, including risks related to climate change, within the ERM Framework the Unipol Group identifies and monitors ESG risk factors:

i) in terms of their impact on underwriting risks,
ii) in connection with risks relating to investments;
iii) with a view to focusing on emerging risks relating to environmental, social and governance aspects;
iv) in terms of the potential impact at the level of reputational risks.

In keeping with the double materiality approach, in the risk management policy risks related to the climate are identified in the dual components of risk suffered (climate change) and risk generated (environmental harm) and are managed along the value chain, with particular reference to underwriting and investment activities.

As regards **the identification and forward-looking assessment of ESG risks suffered**, the Reputational & Emerging Risk Observatory[3] identifies them by focusing on risks emerging from environmental, social and governance aspects. The Observatory was established within the Parent Company's Risk Management Function to ensure structured listening to signs of change in the external environment, by constructing a 360° overview of emerging trends, to mitigate the relevant risks and seize the new opportunities in advance, so as to reinforce the relationship of trust with stakeholders and the sustainability of the business model. On the basis of the systemic analysis of macro change trends in the external context currently present on the Observatory's radar, 6 main emerging risk areas have been identified, including "Climate Change and Biodiversity". In this area, the "risk of biodiversity loss and the collapse of natural ecosystems (land and sea)" was mapped. In the course of 2021, the emerging risks mapped were subject to a structured assessment and prioritisation process, involving the integration of the "outside-in" perspective of a panel of external experts from the world of academia or research centres, or opinion leaders, with the "inside-out" view of a panel of internal experts, and combining multiple parameters. Indeed, the assessment regarded not only traditional parameters of likelihood and impact, but also other parameters such as time horizon, interconnections and the level of Group *readiness*.

For more details on the topic of risks related to biodiversity, please refer to the dedicated section at the end of the chapter.

To strengthen its capacity to systematically monitor and manage the **risks generated**, in 2021 the Group established its own due diligence approach. Using the "OECD Due Diligence Guidance for Responsible Business Conduct" and the "OECD Guidelines for Multinational Enterprises" (also referred to in Art.18 of Regulation (EU) 2020/852 - the Taxonomy Regulation), Unipol has outlined a due diligence planning model, adopting a *risk-based* approach, starting with the areas identified in the Guidelines and associating the main ESG risks identified for the Group (including risks related to the environment and climate change), the business processes involved and the strategic and regulatory controls in place at Group level.

The ESG risks are also included in the Group's **Risk Appetite Statement**. For the ESG risks suffered, the Risk Appetite Statement refers to the assessment and monitoring *framework* for the emerging risks identified above. The ESG risks generated are instead **monitored** through a **dashboard dedicated to KRIs** *(*Key Risk Indicators*)*, to assess the degree of risk associated with each of the three areas: environmental, social and governance. Specifically, the KRIs to be monitored cover the various risks identified in relation to each area, and include oversight and listening indicators in order to integrate the inside-out and outside-in visions. At least once a year, the Unipol Group Board of Directors is informed of the results of this monitoring.

As regards **the identification and current assessment of ESG risks**, again in 2021 the Inter-functional ESG Risk Panel verified and updated the map of these risks and related controls, summarised in the following table. As specifically regards risks linked to climate change and biodiversity loss, on the basis of a significance assessment, the map indicates the risks generated and suffered connected to the Group's core business.

[3] The "Reputational & Emerging Risk Observatory" was established by the Chief Risk Officer of the Parent Company to manage emerging risks using a holistic and anticipatory approach. This Observatory ensures that the Group has structured listening for signs of change in the various external environments (social, technological, environmental, political and regulatory and competitive context), to anticipate emerging trends and prepare today for the risks and opportunities of tomorrow.

Risk areas connected to ESG factors	Risk	Topics in the materiality matrix	Main regulatory and strategic controls in place
Climate change and biodiversity loss - Physical risks	Increased technical and credit risk due to an increase in the frequency and seriousness of claims connected with the consequences of climate change (acute and chronic physical risks) and biodiversity loss, including pandemic events *Time horizon: medium-term*[4]	Climate change adaptation and mitigation actions Solutions that encourage socially responsible and sustainable behaviour	• Sustainability Policy • Risk Management Policy • Reinsurance and Other Risk Mitigation Techniques Policy • Operational Risk Management Policy • Business Continuity Policy • Business Continuity Plan • Guidelines for the management of credit risk assumption activities • Underwriting Policy - Non-Life Business and Life Business • Provisions Policy - Non-Life Business and Life Business • *2019-2021 Strategic Plan, "Evolution of technical excellence" and "Shared value and sustainable development" areas*
	Non-insurability of climate-related risks due to poor resilience of society *Time horizon: medium term*[11]	Actions for adaptation to and mitigation of climate change	
	Damage to Group property and assets and business continuity risk for Group sites and agencies / Damage relating to the interruption of the supply chain (operational risk) *Time horizon: medium term*[11]	Actions for adaptation to and mitigation of climate change	
Climate change and biodiversity loss - Transition risks	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) *Time horizon: medium term*[11]	Actions for adaptation to and mitigation of climate change	• Sustainability Policy • Risk Management Policy • Investment Policy - Guidelines for responsible investment activities • Underwriting Policy - Non-Life Business and Life Business • Integrated Reputation Management System • Policy for managing the dialogue with the generality of Investors • *2019-2021 Strategic Plan, "Shared value and sustainable development" area*
	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) *Time horizon: short term*[11]	Contribution to sustainable development in the various spheres of influence (investments, customers, suppliers)	
Environmental damage and negative impact on the environment	Negative impact on Group, agency network or supply chain transactions, including insured or investee companies, in terms of air pollution and climate altering gas emissions and/or neglect of the natural environment (consumption of natural or soil resources, pollution of terrestrial or marine ecosystems).	Actions for adaptation to and mitigation of climate change Contribution to sustainable development in the various spheres of influence (investments, customers, transactions, suppliers)	• Charter of Values and Code of Ethics (signed by agents) • Sustainability Policy • Risk Management Policy • Underwriting Policy - Non-Life Business and Life Business • Investment Policy - Guidelines for responsible investment activities • Outsourcing and supplier selection policy and the Supplier Code of Conduct • Operational risk management policy • Sector and supplementary agreements • Organisation, Management and Control Model

Key:

Risks suffered Risks generated Aaaaa Regulatory controls *Bbbbb Strategic controls*

In 2021, the Group further consolidated the process of integrating ESG risks into the corporate policy system and developed procedures and tools to concretely implement the monitoring commitments undertaken. The table below describes the main progress made in the year 2021, with a specific focus on the risks linked to the environment and climate change.

For application of the Policies (particularly those relating to underwriting and investments) the Group defined processes envisaging the involvement of Top Management, through the Group Risk Committee, to adopt decisions on the management of ESG risks of particular significance (for their potential impact and the extent of potential transactions in which they emerge).

[4] With regard to the time frame of climate change-related risks:
- Short-term corresponds to the time frame of the strategic plan and therefore of the operational and financial planning;
- Medium-term corresponds to the time span of the Unipol Group's Emerging & Reputational Risk Observatory, that of identifying external risks and opportunities that could have an impact on the business model and on the business strategy;
- Long-term corresponds to the period until 2050, which is one of the main *tipping points* outlined in the special report of the IPCC and a fundamental goal in climate ambitions at European level ("A Clean Planet for all", 2018; the "European Green Deal", 2019; "European Climate Law", 2020).

Underwriting policies - Non-Life Business and Life Business	The Underwriting Policy - Non-Life Business, in reference to existing and potential legal entity customers, envisages two approaches: • **exclusion**, from the parties that the Group insures, of potential customers whose relevant sectors have ESG risks that are not compatible with the Group's approach to sustainability and risk management objectives. As regards climate-related risks, companies operating mainly in the coal-mining industry and companies that adopt unconventional extraction practices (such as the removal of mountain peaks, fracking, oil sands, deep water drilling) are excluded from Non-Life Business underwriting; • **assessment of the ESG performance** of existing and potential customers, based on which the decision is made whether or not to continue the commercial relationship. In the Underwriting policy - Non-Life Business, 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 nature), these include waste management and remediation, construction, transportation and storage, agriculture, breeding, forestry and fishing, textile and leather goods manufacturing activities. The application of these approaches uses a *data-driven* ESG risk control model that envisages the allocation of an ESG Score (statistical indicator of the undertaking's adequacy on ESG topics) to existing and potential customers. The ESG Score is integrated into the control system at the time of underwriting and forms part of the transaction information assets. If the ESG Score indicates a potential presence of high ESG risk, an investigation and verification process is triggered that can result in blocking the commercial relationship if the counterparty fails to satisfy the Group's objectives in relation to ESG risk management. In 2022, the model - finalised and consolidated in 2021 - will be extended and formalised in specific corporate documents. The Underwriting Policy - Life Business, again in reference to existing and potential legal entity customers and in relation to investment products, identifies specific sector limitations designed to prevent ESG risks. Companies operating mainly in the coal-mining industry and companies that adopt unconventional extraction practices (such as the removal of mountain peaks, fracking, oil sands, deep water drilling) are not considered suitable for investment product underwriting. In general, the Group undertakes to pay the utmost attention, with the support of its internal processes and tools, to ensure that it does not engage in contractual relationships with parties that exploit natural resources without taking into due account the relative environmental impacts. The monitoring of ESG risks continued in 2021 through an assessment process set out in management and sales network operating rules that envisages the engagement of different corporate players, in a series of steps, to manage critical or doubtful cases. In general, the exclusions and assessment procedure do not apply to the underwriting of products to protect employees of contracting legal entities in the event of illness and accident, in accordance with the social role that this coverage plays in relation to people, nor to pension, protection and savings products in the "collective" products catalogue, where the employees of contracting legal entities are the insured and which are considered to be of intrinsic social value, in a logic of integration of public and private *welfare*. 15 investigations were launched in 2021 (8 in 2020), with engagement of the Sustainability Function, to assess cases potentially sensitive from an ESG risk perspective. Only one relationship was deemed not eligible. It did not regard matters linked to the environment or the climate.
Investment policy[5]	The Investment Policy, with its appendix "Guidelines for responsible investment activities", promotes the integration of ESG factors into the decision-making processes relating to investments. As regards **financial investments**, the need to take **elements linked to ESG** into consideration when selecting companies and government issuers in which to invest was formalised. Sustainability risks and the negative effects on sustainability are monitored through *screening* activity based on international conventions, linked to *conduct-based* and *product-based* exclusion strategies. To manage climate change-related risks, the Group has defined a specific approach envisaging selective exclusions and supports the transition to a low carbon economy. The Group excludes a priori from new investments those in Corporate Issuers that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal, and that do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime. The Group expects to complete its disinvestment from coal by 2030. Application of the Guidelines in 2021 led to the identification of **402 issuers excluded** from the Group's investable universe, of which 256 are corporate issuers and 146 are government issuers. Out of the 256 excluded corporate issuers, 114 were considered ineligible because they worked in thermal coal mining or energy generation (product-based exclusion) and 9 were excluded for environmental reasons (conduct-based exclusion). For **investment property**, the Group's commitments range from an assessment of ESG aspects at investment selection stage, giving preference to urban revitalisation works that take into account the characteristics and the current and future needs of the communities affected, and decarbonisation of the real estate portfolio with actions to continuously improve performance.
Outsourcing and supplier selection policy	The Outsourcing and supplier selection policy requires fair and responsible stakeholder management requirements to be evaluated within supplier selection criteria. Suppliers must make a commitment to respect 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 ISO20400[6]. The Code outlines what Unipol expects from its suppliers on the protection of human and workers' rights, 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, except for the Public Administrations and independent freelancers (whether or not they are members of professional bodies), are asked to sign the Code when signing or renewing their contract. At the end of 2021, contracts including the Supplier Code of Conduct covered **55% of total purchase expenses**[7] (on a like-for-like basis, the impact would be 60%, +10 p.p. on 2020). In 2021, the Procurement Department called on the Sustainability Department in **11 in-depth preliminary inquiries** with regard to Suppliers (none of which regarding environmental matters) who, in some cases had submitted documentation proving their readiness and commitment to meet the sustainability requirements established in the Supplier Code of Conduct as an alternative to signing the Code itself.

[5] The new version of the Guidelines for responsible investment activities was approved by the Board of Directors of Unipol Group at its meeting of 11 February 2021.
[6] ISO standard which provides orientations to organisations, irrespective of their business or size, on the integration of sustainability within their purchases.
[7] In 2021, the Supplier Code of Conduct was extended to purchases by UnipolRental. Purchases recorded by the Serbian company Ddor Novi Sad, governed by specific contractual arrangements, remain excluded. The Parent Company retains the right to decide whether to extend the principles of the Code of Supplier Conduct on the basis of risk-based assessments and to the extent to which this is compatible with specific sector regulations.

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

As concerns ESG risks, particular consideration is devoted to climate change.
The Group has mapped risks and opportunities deriving from climate change, in accordance with the taxonomy defined by the *Task Force on Climate-related Financial Disclosure*. In particular, the mapping 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-emissions economy that is resilient to climate change, such as reputational, market and legal risks and risks linked to policies.

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

UNDERWRITING	INVESTMENTS	DIRECT TRANSACTIONS
PHYSICAL RISKS • Acute risks • Chronic risks	**PHYSICAL RISKS** • Chronic risks	**PHYSICAL RISKS** • Acute risks • Chronic risks
TRANSITION RISKS • Reputational risks	**TRANSITION RISKS** • Reputational risks • Market risks	**TRANSITION RISKS** • Reputational risks • Legal and policy-related risks

With reference to the risks linked to climate change, Unipol Group is continuing its implementation of scenario analyses to measure the impacts of physical and transition risks. More specifically, within the stress test framework defined by the Group and set forth in the Own Risk Solvency Assessment Report on the data for the year 2021 (the "ORSA Report"), specific stress scenarios are evaluated as regards physical risks and transition risks.

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 the Opinion on the supervision of the use of climate change risk scenarios in ORSA[8] ("EIOPA Opinion") requires subjecting a company to a sufficiently wide range of stress scenarios, including at least two scenarios[9], when possible, all RCP (Representative Concentration Pathway) scenarios were analysed[10] (2.6, 4.5, 6.0, 8.5).
The analysis of the impact of climate change on physical risks includes three levels:

1) near-term (2030) analysis for the most significant acute physical risks for the Group portfolio: flooding and convective storms;
2) mid-term (2030-2050) and *long-term* (2050-2100) analysis for the same risks as those set forth in point 1;
3) 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 that were adopted consider uncertainty, they cannot adequately model all extreme outcomes that may emerge following the activation of feedback mechanisms that bring the system towards a new balance. The clearest example in this regard is sea level rise: although it is a more predictable trend than other phenomena, the sudden collapse of several ice caps could accelerate the process with a trend subject to high uncertainty.

With regards **the assessment of the climate change impact on transition risks**, the Group quantifies the losses in value of financial investments, for each *asset classes* (bonds, shares, funds, etc.), originating from the shocks, segmented by business sector (NACE[11]), calibrated on the basis of scenarios outlined by the Network for Greening the Financial System (NGFS).

With reference to the stress scenarios evaluated on both types of climate risk, on the basis of the information available at the date on which the ORSA Report was drafted, the estimates of financial and economic developments, the assessment methodologies

[8] EIOPA, Opinion on the supervision of the use of climate change risk scenarios in ORSA, April 2021
[9] The IPCC-AR6 scenarios are defined by the combination of emissions that contribute to global warming (e.g., CO2, methane) and socio-political scenarios (which specify the policies adopted that should lead to a greater or lesser mitigation of the phenomenon). The change in the global average temperature with respect to 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 that does not exceed 1.5° C and another *stronger* scenario with a rise in temperature that exceeds 2° C (point 3.18 of the EIOPA Opinion)
[10] 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/
[11] 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.

described and the assumptions made within the latter, it is deemed that the level of current and forward-looking capital adequacy of the Unipol Group measured using the Partial Internal Model is adequate to meet the Risk Appetite and Risk Tolerance levels approved by the parent company for the year 2022, even in light of the *stress test* scenarios defined for physical and transition risks.

Impacts of climate change on Physical Risks

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). With respect to 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 table below, set forth in the Consultation paper on Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA (EIOPA-BoS-21/567 10 December 2021), is useful to reconcile the taxonomy of the time horizons concerning climate risks with those typical of business analysis.

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

- uncertainty which, given the resolution and limits of existing climate models, is higher than in other risk analyses.

How is climate risk incorporated into catastrophe models?

The catastrophe models have a number of modules, traditionally broken down into:

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

Climate models typically concern the *hazard* module, which as noted above models the frequency and severity of possible events. Climate risk may consist of i) an increase in the frequency of certain events, ii) an increase in *severity)* or iii) an impact on both elements. What a model should capture is the geographical nature and specific features of the individual risk, as the sensitivity to climate change is not the same for all risks. One last aspect to be captured is the distinction between the variability induced by climate change and the intrinsic variability of natural phenomena.

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**") addresses in an aggregate manner the entire macro-region of Southern Europe, within which countries such as Spain, Italy and Greece show varying trends depending on the risk considered. Nonetheless, there are certain phenomena, such as heat waves, rising average temperatures and drought, which are common to the entire region. Figure 2 below provides a summary representation of the relationship between the level of scientific consensus relating to the projected trends and the geographical variability of the most significant *climate sensitive* physical risks for the Mediterranean area: some risks have high geographical variability, such as hail risk, for which there may even be a significant difference in severity just a few kilometres away; other risks such as sea level rise or drought impact limited areas, within which however they have more limited variability. On the other hand, Figure 3 provides some public access maps which represent the estimated trend for the *perils* subject to analysis on a number of combinations of time horizon and climate scenarios in relation to Italy.

Figure 2 Climate change and relevant risks for the Mediterranean area: scientific uncertainty and geographical variability

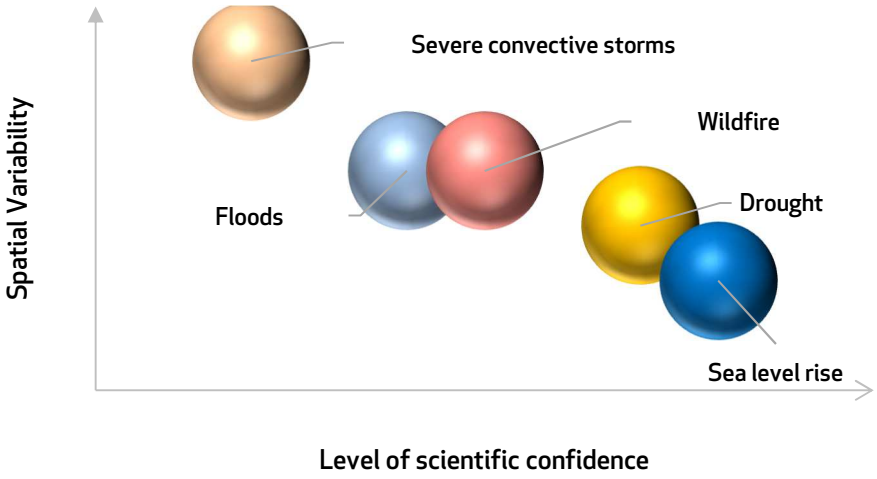
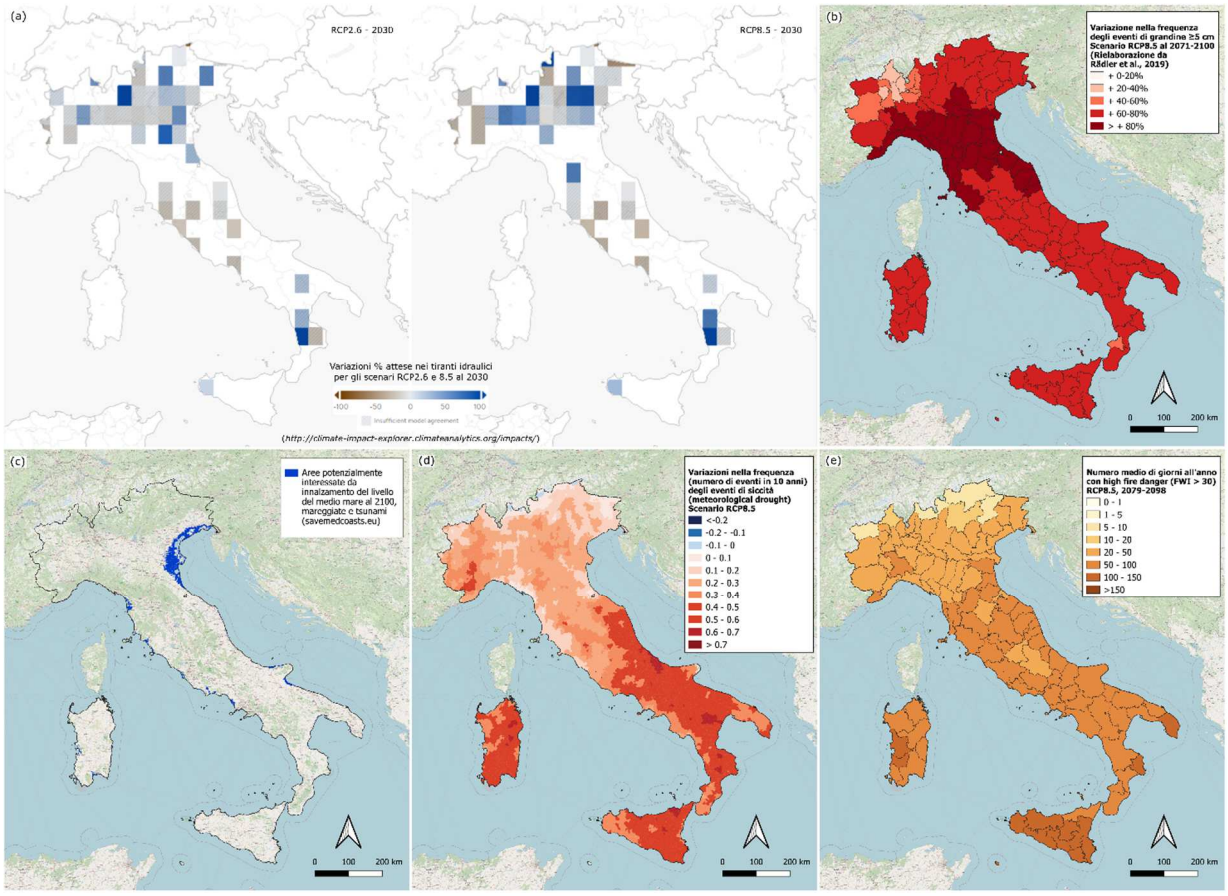


Figure 3 Future projections relating to the perils considered in Italy[12]



Analyses relating to acute physical risks

As already mentioned, it is appropriate to highlight that the main institutional reports specify that the expected impacts of climate change on physical risks will vary significantly, not only in relation to the time horizon and the climate scenario (i.e., RCP), but also in relation to the geographical area and *perils* taken into consideration. On one hand, the IPCC AR6 Report underscores with high reliability that climate change is already triggering phenomena such as rising temperatures, more frequent heat waves and *sea level*

[12] (a) Flooding: expected percentage change in water depths 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., 2019[12]); (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 data[12]); (e) *Wildfire*: forecasts of the average number of days per year associated with *high fire danger* (FWI > 30) for scenario RCP8.5 *long-term* (2079-2098) (re-calculation from Copernicus data[12]). *Background* maps: *OpenStreetMap*.

rise, and that these phenomena are destined to increase in future mid-term (2050) and long-term (2100) climate projections. On the other hand, that report shows varying degrees of confidence and trends with reference to 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 hydrological models, which are characterised by uncertainties that coumpound 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 more uncertain than pluvial events, due to the more complex underlying hydrological processes, including changes in the use of the soil and the management of water resources.

With respect to 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. As regards the time series, in Europe the IPCC indicates an increase in the number of reports regarding hail, which however is not associated with statistically significant trends and appears for the most part to be linked to an increase in reporting[13,14]. Overall, the combination of the trends observed and the modelling forecasts provides indications for Europe of a slight increase on the whole in the frequency and severity of hail events, but there is little agreement on the trends observed, and the changes associated with future climate projections are associated with low significance, with the presence of several contradictions. With regard to wind, the IPCC forecasts a reduction in average speed both in the Mediterranean area (high confidence) and in Northern Europe (medium confidence), while it indicates a slight increase in the frequency and severity of extratropic 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 on a forward-looking basis a decrease in the frequency (*medium confidence*) but an increase in the severity of Mediterranean tropical cyclones (i.e., Medicanes) as well as, albeit with low confidence, a future increase in large-scale conditions favourable to the formation of extreme convective storm events.

With reference to flooding and severe convective storms, the impact assessments relating to the Group portfolio have been conducted based on the *baseline* estimates (not influenced by climate change) of some of the most advanced market models for analysing acute physical risks. 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 Motor lines, and the Group real estate portfolio were analysed**. Specifically for the assessment of flood risk, a dedicated module integrated within the available market catastrophe model was used, while for severe convective storms, internal analyses were performed based on the conditioning of the results of market models through a statistical approach[15], on the basis of the most recent findings of sector scientific literature, appropriately corroborated by a discussion with *partners* with specific *expertise* on the matter. As concerns flooding, the analyses 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. With regard to severe convective storms, particularly with reference to the joint contribution of hail, gusts of wind and tornadoes, it is confirmed that RCP8.5 is the most severe in the long-term, with a higher impact as the time horizon considered increases. For this last *peril*, it is necessary to further note the considerable uncertainty associated with the assessments performed, linked to the complex nature of such phenomena as well as the divergence of the estimates of models currently available, particularly evident in certain geographical areas.

[13] 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
[14] Groenemeijer P., et al. (2017). Severe Convective Storms in Europe: Ten Years of Research and Education at the European Severe Storms Laboratory. Bulletin of the American Meteorological Society, 98(12), 2641–2651. https://doi.org/10.1175/BAMS-D-16-0067.1
[15] Approach based on recourse to statistical models to infer the value of certain climate variables on the basis of other independent variables.

Analyses relating to chronic risks and physical risks currently considered to be 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 focused, 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*. As concerns 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 m[16]. 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 Europe[17,18], particularly with reference to the Mediterranean area during the summer season[1717,19]. 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 with 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 scenarios[17]. The most updated climate projections, recently published in the IPCC AR6 Report and developed with reference to the most updated set of CMIP models[20] (i.e., CMIP6), net of certain uncertainties at regional detail scale, indicate the general agreement with 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 on the basis of projections published by the European Environment Agency (EEA)[21] with respect to 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 at common scale for Italy for the purposes of 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 wildfires is one of the acute risks currently considered secondary perils associated with a potential significant increase in the long-term in Italy. In this sense, it should be recalled that roughly 95% of fires are caused by intentional acts or negligence[22], but the effects and severity depend on environmental factors regarding fuel, such as prolonged periods of drought and heat waves, which contribute to making vegetation drier. The IPCC AR6 Report highlights that certain areas, such as the Mediterranean, could in the future record a higher frequency of wildfire events due to the increased severity of drought events and heat waves[23]. Moreover, an increase in wildfire events may contribute to further increasing greenhouse gas concentrations (e.g., carbon dioxide, methane) in the atmosphere (high confidence), as well as trigger episodes of increases in air pollution near populated areas. At this time, to evaluate wildfire risk, reference was made to indicators based on the Fire Weather Index[24] (FWI) made available by Copernicus at European scale for the 1970-2098 period, calculated from reanalysis data and climate projections[25]. 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 suggest that in the future a greater portion of the Italian territory may fall within high fire risk zones.

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

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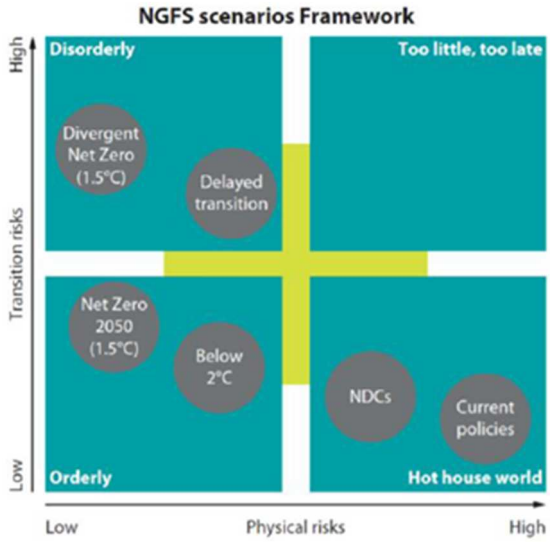
[16] IPCC (2021). Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Chapter 9: Ocean, cryosphere, and sea level change.
[17] European Commission - Joint Research Centre (JRC) (2017). Science for disaster risk management 2017: Knowing better and losing less. Publications Office. https://data.europa.eu/doi/10.2788/842809
[18] Spinoni J., Naumann G., Vogt J. (2017). Pan-European seasonal trends and recent changes of drought frequency and severity. Global and Planetary Change 148, 113-130.
[19] Stagge J.H., et al. (2016). Diverging trends between meteorological drought indices (SPI and SPEI). Geophysical Research Abstracts 18, EGU2016-10703-1.
[20] Coupled Model Intercomparison Project - https://www.wcrp-climate.org/wgcm-cmip
[21] https://www.eea.europa.eu/data-and-maps/figures/projected-change-in-meteorological-drought
[22] 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
[23] 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.
[24] https://climate.copernicus.eu/fire-weather-index
[25] https://cds.climate.copernicus.eu/cdsapp#!/software/app-tourism-fire-danger-indicators-projections?tab=overview

Impacts of climate change on Transition Risks

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

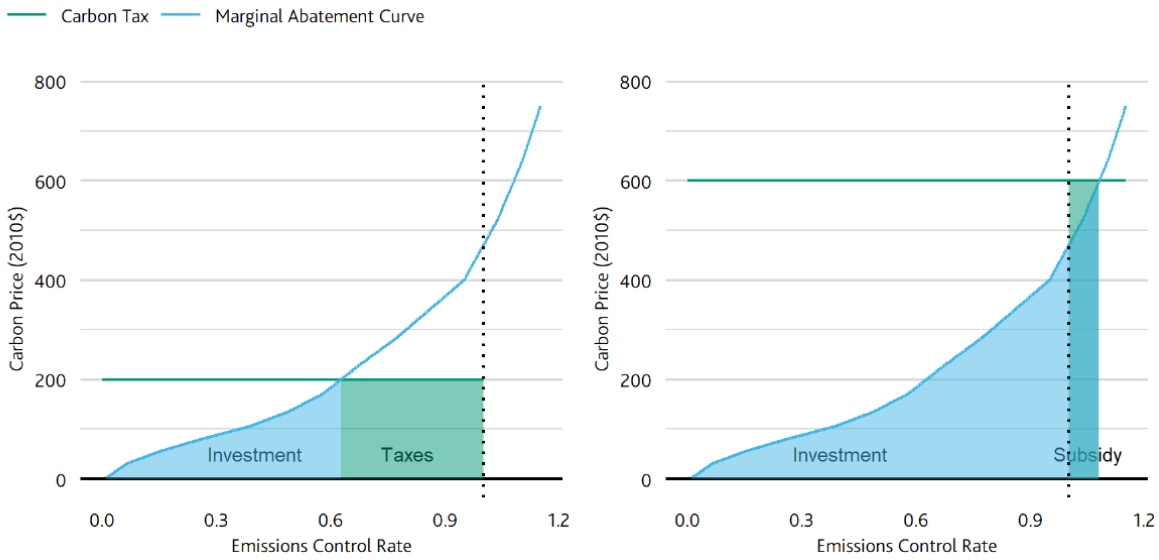
The transition risk scenarios analysed

With reference to the analysis of the impact of climate change on transition risks, the loss of value of the financial instruments held in the Class C portfolios was quantified at consolidated level and at individual Company level, in light of a pre-selected climate scenario - NetZero 2050 - in a near-term time horizon assessed at 2025. The underlying assumption of this scenario is that, through stringent climate policies and technological innovation, it is possible to limit the increase in global warming to 1.5°, reaching global net zero CO2 emissions in 2050. This scenario falls within the Orderly category of the NGFSs (low physical risks and low transition costs). The scenario is evaluated at the 67th percentile so as to be compatible with the temperature projections defined in RCP 2.6 set forth in the IPCC AR6 Report.



This configuration approximates the SSP1 socioeconomic scenario, in which the world gradually, yet pervasively, shifts towards a more sustainable path, highlighting more inclusive development which respects perceived environmental limits. The management of shared global assets improves slowly, educational and healthcare investments accelerate the demographic transition and the emphasis on economic growth shifts towards a broader emphasis on human well-being. Driven by a growing commitment to achieving development goals, inequality reduces in individual countries as well as amongst the different countries. Consumption is oriented towards low material growth and lower resource and energy intensity.

In climate models, the carbon tax and abatement investments are both important transition costs. In the model developed in partnership with Moody's Analytics, these elements are linked through the concept of marginal abatement cost curve. In particular, it is assumed that "rational agents" within the economic system will reduce costs, when possible, until the marginal abatement cost is equal to the carbon tax. Above this level it makes no economic sense to pay higher abatement costs, therefore 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 (carbon tax). 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 analysed scenario, restrictive measures are taken to limit emissions, temperatures stabilise at mid-century and physical damages are significantly low in proportion with GDP. On the other hand, the measures taken to reduce emissions result in high abatement costs, with a peak at around 2040, which then begin to reduce in proportion with GDP after 2050. Once the Net Zero target is reached, 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, but when the abatement costs decline in the second half of the century, there is a period of recovery of growth and real returns will increase.
In this scenario energy prices rise significantly. The carbon price, high and rapidly increasing, is transferred 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.
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.

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 Class C investment portfolio and, specifically with regard to investments in funds, an analysis was performed to identify the main 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. Furthermore, please note that real estate exposures did not fall within the scope of application of the transition risk stress test.

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 CO_2 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 selected NGFS scenarios, the potential implications of climate change on strategic financial exposures held by long-term investors like insurance companies were quantified.
Physical damages were estimated on the basis of 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).

On the basis of the shocks resulting from the application of the methodology described above, an impact assessment on the value of the assets and the Own Funds of the Group and each Subsidiary was performed. In particular, the reduction in the value of the financial investments held in the Class C portfolios was quantified on the basis of specific shocks defined by NACE sector/asset class on the entire investment portfolio.

Risks linked to biodiversity loss

Climate change and biodiversity are closely interrelated phenomena, and their interaction is generating an alarming vicious cycle. On one hand, climate change, both in its acute component of extreme weather events and its chronic component of irreversible environmental deterioration, provokes biodiversity loss; on the other hand, biodiversity loss in turn accelerates climate change as it weakens the resilience of natural ecosystems.

It is therefore necessary to face the challenge of climate change globally, expanding our view so as to consider nature-related risks and opportunities alongside climate-related ones, also taking into account the relative health impacts. Indeed, the COVID-19 pandemic has demonstrated how the climate, biodiversity, health and pollution crises are highly interdependent.

The insurance sector can play an important role in supporting the transition towards the protection, restoration and promotion of biodiversity, evaluating and limiting any direct impacts and at the same time including considerations relating to impacts on nature and biodiversity in the performance of its three key roles: risk carrier role (risk transfer), risk manager role (risk management) and investor role (institutional investor).

Insurance companies can include considerations relating to impacts on nature and biodiversity in their investment and underwriting strategies in order to reward sectors and businesses that promote biodiversity or the sustainable use of the land and sea and exclude those which cause harm, or actively engage with them to favour their transition towards a neutral or positive impact on the biosphere and biodiversity. To oversee nature-related risks, ecological limits may be defined in terms of the "footprint" on specific natural resources, such as water, biodiversity or the biosphere in general. To take advantage of nature-related opportunities, dedicated products, services and tools may be developed, and research, partnership and reporting activities can contribute towards creating and spreading a culture and sensitivity with respect to these topics, thus meeting growing stakeholder demands.

In the course of 2020, the Unipol Group's Reputational & Emerging Risk Observatory introduced the topic of "Nature and Biodiversity" as a new topic "to watch" as part of the "Climate change" macro-trend present on the radar of relevant macro-trends for the insurance sector. Indeed, on the basis of the systemic analysis of macro change trends in the external context currently present on the Reputational & Emerging Risk Observatory's radar, 6 main emerging risk areas have been identified, including "Climate Change and Biodiversity". In this area, the "risk of biodiversity loss and the collapse of natural ecosystems (land and sea)" was mapped.
In the course of 2021, the emerging risks mapped were subject to a structured assessment and prioritisation process, involving the integration of the "outside-in" perspective of a panel of external experts from the world of academia or research centres, or opinion leaders, with the "inside-out" view of a panel of internal experts, and combining multiple parameters, integrating traditional probabilities and impacts with other parameters such as time horizon, interconnections and the level of preparedness of the Group.
In September 2021, UnipolSai became a member of the CSR Europe Biodiversity Platform to analyse existing frameworks on the assessment of risks linked to nature and to have a place for dialogue with other companies on this topic.
In the course of 2022, the Chief Risk Officer will begin activities intended to define a biodiversity loss risk management framework, with a view to developing an initial natural risk map, with the risks broken down into the various categories within the Group's ERM Framework.

PRODUCTS AND SERVICES TO TACKLE CLIMATE CHANGE

Offer of insurance products and services to support customers in mitigating and adapting to climate change

With support from Leithà, the Group company founded as a centre of competence in Data Science and Computer Science, the Unipol Group is strengthening its capacity for analysing weather data and building predictive models to support development of climate risk prevention and management products and services and of the pricing process, risk assumption and claims management. Some of the initiatives launched in 2021 include:

- 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;
- the **Metropolis project**, developed in partnership with the Reinsurance Function, based on machine learning models designed to estimate the severity and frequency of events based on weather radar data (rain intensity and flood) and property characteristics after a weather event;
- the development of the **European Extreme Events Climate Index (E3CI)**, the first index in Europe for monitoring and managing the impact of extreme weather events, as important application support for the pricing and development of parameter-based insurance;
- the launch of a **collaboration with E-Geos**, an international leader in the field of Earth observation and geospatial information, aimed at studying advanced techniques for the perimeter of flooded areas using satellite data and simulations.

For the General Classes, 2021 saw the implementation of the **Lorentz advanced weather data collection tool**, which enables the adjuster and the independent expert to use data such as rain intensity from the main weather providers, for optimal settlement of the claim. The use of these tools means that Group companies operating in the Non-Life segments are able to achieve faster investigation times and more accurate estimates, as well as identify potentially fraudulent claims.

The Unipol Group offers insurance products and services to support customers in mitigating and adapting to climate change.[26]

Mitigation relates, for example, to:

- products aimed at business segments that contribute to the transition towards a low carbon emissions economy, such as the production of renewable energy ("Energia Sole" Product);
- as concerns MV policies, "*Pay as you drive*" policies which reduce premiums based on the number of kilometres travelled, indirectly contributing to reducing climate altering gas emissions;
- a dedicated product range for customers planning renovations, including those to increase energy efficiency.

In this area, in 2021 in terms of the benefits envisaged in the **Relaunch Decree** for renovation works by residents, condominiums and companies, the Group has structured an offer that facilitates beneficiaries' use of the measure. This initiative responds to multiple needs from the Group's perspective: it supports citizens accessing an opportunity; it contributes to the relaunch of a key sector such as construction; it facilitates interventions which, in addition to improving the well-being of inhabitants and increasing the value of buildings, in many cases bring significant environmental benefits in terms of energy efficiency and reduction of emissions; and it introduces a system of rules and controls that encourages the correct and transparent use of public funds. The offer includes a modular solution based on the acquisition of the tax credit at a certain price, defined at the outset according to the type of tax credit; the possibility of accessing a "bridge" loan thanks to an agreement with BPER Banca in order to meet any site opening costs to be incurred before the credit accrues; various types of insurance coverage, both for the customer (such as the CAR policy to cover catastrophic risks, or the "Customer TPL" policy) and for the company carrying out the work (such as the TPL policy for the building company's activities or the surety policy to guarantee the proper execution of the work). At the end of 2021, a credit was obtained for a total of €223.8m, through the acquisition of 930 individual credits. A further 2,500 policies of different types were associated with these, for total premiums in excess of €2.8m.

In terms of adapting to climate change, aside from the DERRIS and ADA projects described below, one of the services developed to help customers prevent risks is the Weather Alert system, developed based on a predictive model that can warn customers of the risk of severe hail storms in advance. Over 1.8 million text messages were sent in 2021; since the start of the campaign the number of texts sent has been 5 million in total, with 3.9 million UnipolSai, Linear and Arca Assicurazioni customers involved.

In addition to these types of contracts, guarantees issued during 2021 for the costs of dismantling and restoring areas affected by renewable energy plants (hydroelectric, solar, biomass, wind) are also included.

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.

[26] The data reported here differs, by type of phenomenon represented, from that published in the "Disclosure on the European Taxonomy of environmentally sustainable economic activities" section below, and consequently cannot be considered in any way comparable.

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

In keeping with the vision on the respective role that public institutions and insurance companies should play to manage the growing risks deriving from climate change, outlined in the *position paper* "Unipol per il clima" mentioned above, the Unipol Group has designed and implemented two projects aiming to **promote the innovative role that insurance companies can play to favour the adaptation to climate change of vulnerable parties** through the implementation of partnerships with the public administration.

These two projects (LIFE DERRIS and LIFE ADA) focus respectively on Italian SMEs (which do not have the tools and knowledge available to prevent and manage climate risks) and the agricultural sector (to strengthen the capacity to reduce (current and future) climate risk in order to maintain agricultural insurability over the long term, despite the increase in catastrophic and systemic risks).

As regards the LIFE ADA project launched in September 2020, the year 2021 focused on the finalisation of activities preliminary to drafting the ADA tool for providing support in the decision-making process for defining efficient adaptation plans at farm and supply chain level. More specifically, thanks to the analyses carried out by ARPAE Emilia-Romagna, climate scenarios, seasonal hazard maps on hail, wind, frost, drought, temperature (minimum and maximum) and precipitation have been defined, as well as a library of adaptation measures in the three sectors covered by the project, which will then be included in the tool. In June 2021, Leithà organised a hackathon in which participants were asked to design an innovative solution to help players in the three agricultural supply chains involved (wine, fruit and vegetables and dairy) prevent and cope with the effects of climate change through technology. The engagement was reinforced by individual producers as well as groups of producers ("OPI" producers' organisations and cooperatives) in the Emilia-Romagna Region, the project's pilot region, leading to the participation of around fifty organisations headquartered in the region (in addition to fifteen in other European countries) in meetings and interviews. With the launch of the online training course, October 2021 saw the formalisation of the skills transfer process on climate change adaptation for agricultural players.

Unipol also continued to move forward with the LIFE DERRIS project, a public-private partnership project through which the Group engages SMEs (both UnipolSai customers and others), public administration (Municipalities and Regions), representative organisations (Chamber of Commerce and trade associations) and civil society to increase their awareness and skills as regards climate change-related risks and the possible risk prevention and management measures to increase companies' adaptation. In 2021, Unipol continued its commitment to disseminating the project and in particular the CRAM tool (free online climate risk self-assessment tool), both internally by engaging SME and agency tutors and externally as part of a UnipolSai campaign on risk and emergency management targeting SMEs, as well as through the organisation of online meetings in partnership with Legambiente Emilia-Romagna as part of the dissemination of the dossier "Il Clima di riguarda: rischi futuri in Emilia Romagna" [Climate is our concern: future risks in Emilia Romagna"]. At the end of 2021, the number of users of the CRAM Tool had reached nearly 8,000 (for more than 10,000 sessions).

Since September 2020, UnipolSai has headed the LIFE ADA (ADaptation in Agriculture) 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 in three chains of the agricultural industry: dairy (Parmigiano Reggiano), wine, and fruit and vegetables.

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

In 2015, the LIFE DERRIS project began, 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.

https://www.derris.eu

Integration of the Mobility Ecosystem with services contributing to reducing environmental impacts

The Mobility ecosystem directly and integrally oversees collateral services flanking the core business, thereby allowing the Group to offer new opportunities for sustainable mobility.

With regard to long-term rentals, **UnipolRental** has launched a series of projects to encourage the use of electric vehicles and is one of the Italian leaders in the sector in terms of the percentage of contracts for full electric vehicles.
In **2016**, the "**Il gusto di guidare elettrico**" ("The taste for electric driving") project was launched, aiming to offer long-term rental under special conditions to Coop Lombardia members.
Since the end of **2017**, in Alto Adige, UnipolRental has offered electric vehicle rental to private parties and local businesses under beneficial conditions **in partnership with Alperia** (energy service provider).
In 2018 TPER (Trasporto Passeggeri Emilia-Romagna - Emilia-Romagna Passenger Transport) launched "**Corrente**", its completely electric free-flow car sharing service. The service was launched with an initial fleet of 120 vehicles and a release area located entirely within the Municipality of Bologna. Today, however, it covers the Municipalities of Bologna, Ferrara, Casalecchio di Reno and Rimini, with a fleet of roughly 400 vehicles. Unipol Rental contributed to launching the service with 240 fullly electric vehicles.
Through the **"CARE SHARING"** project, intended to share vehicles between different services in the same company location, UnipolRental provides and manages a fleet of low or zero emission vehicles to the Bologna Local Health Authority. The goal of the project is to gradually replace the health authority fleet with environmentally sustainable vehicles (including 134 full electric vehicles).
In **2020**, UnipolRental moved forward with the **"Ultimo miglio"** ("Last mile") initiative, through which it delivered more than 500 electric scooters free of charge to its customers, to meet the needs of increasingly more integrated mobility, enabling customers to complete the last part of their journey ("the last mile") with a micro-mobility means of transport, thus reducing emissions.
Lastly, UnipolRental has launched an**all-inclusive green offer** designed for the **corporate world**, **and** in parallel for the **retail world** which includes: aside from latest-generation electric and plug-in vehicles, all maintenance and assistance services, replacement or additional vehicle (the "*Roomy car*" or a thermic engine vehicle that can be used for 21 days per year), installation and maintenance of charging stations at the customer's premises, or possibly *wallboxes* for home charging, an "*energy card*" for charging through public networks, and an insurance policy for the electrical system.

In the Mobility ecosystem, the Unipol Group also contributes to the development of the circular economy and sustainable mobility with the **online sale of used vehicles** and **e-bikes** through proprietary platforms. In fact, **Cambiomarcia**, a company specialising in the resale of used cars, was acquired in 2020 to extend the lifespan of vehicles. In 2021, the car-selling platform was complemented by a platform dedicated to the sale of e-bikes, called **Cambiobike**.

Investments

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.

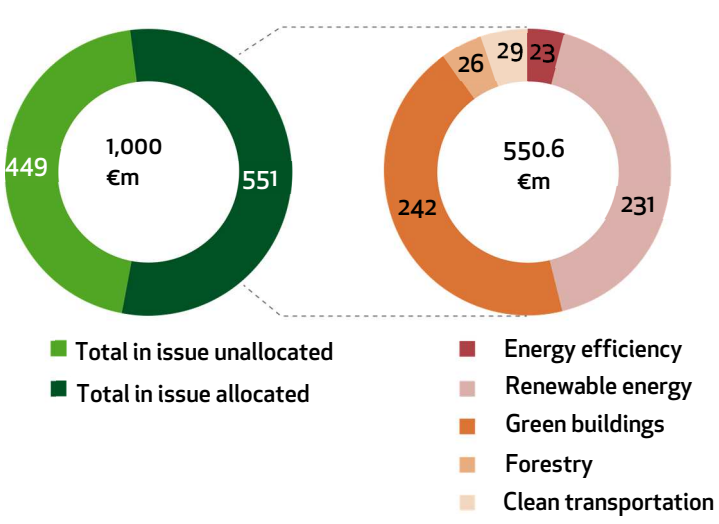
Investments with these characteristics increased by a total of 41% in 2021, reaching a total of €862.2m. Therefore the objective of €600m invested in support of the 2030 Agenda set forth in the Strategic Plan by the end of 2021 was met and far surpassed.
Specifically, **investments relating to combating climate change and protecting the environment and land, sea and freshwater ecosystems grew by 50.1% compared to 2020**, to reach a total of €623.4m (or 72.3% of the total amount of alternative investments).
In the table below, the investments are classified on the basis of their positive impact on the different SDGs.

Thematic and impact investments

Issues	Value €m 2021	Δ y-y	SDGs
Renewable energy, eco-efficiency	446.8	+ 37.1%	
Sustainable mobility	77.8	+ 60.7%	
Water	64.8	+ 483.8%	
Sustainable forest management	34.0	+ 13%	
TOTAL	€623.4m	+ 50.1%	

The Group has Green Bonds in issue for a total value of € **1bn**, composed of bond loans - *senior*, *unsecured* and *unsubordinated*, non-convertible on 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.

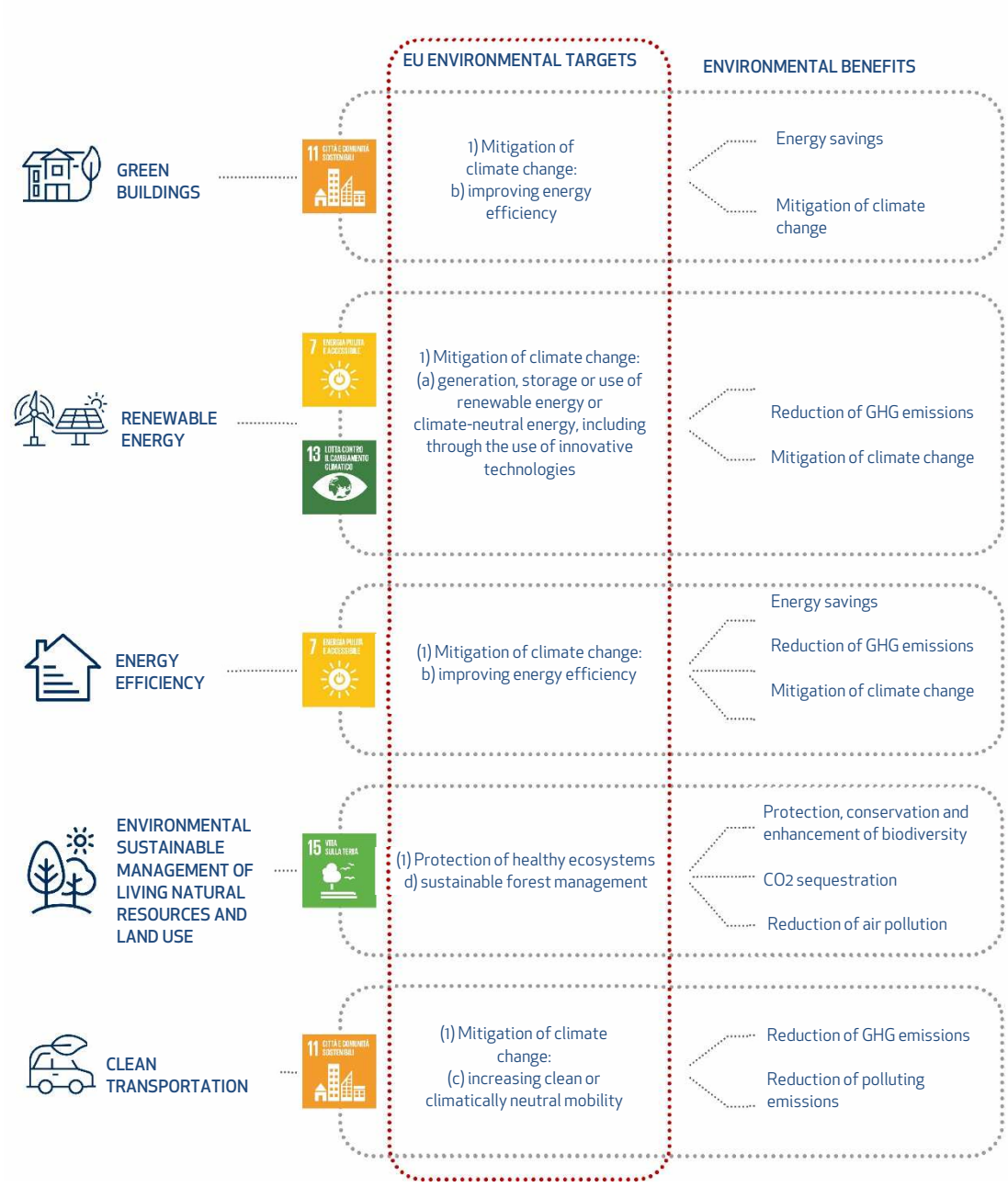
Green Bond issue and allocation by category



At 31/12/2021, the income allocated to the refinancing or financing of projects consistent with the criteria defined in the Green Bond Framework totalled €550.6m.

A more itemised description of the income allocation and related impacts generated is provided in the Green Bond Report published annually, coinciding with the publication of the data on non-financial performance.

Green Bond Framework – Admissible asset categories and expected environmental benefits



TARGETS AND INDICATORS

The Group's climate-related objectives

The year 2021 represents the conclusion of the three-year period of the 2019-2021 Strategic Plan; it is therefore time to check the achievement of the targets set, and at the same time marks the start of a process of defining a new climate strategy with medium- and long-term targets.

THE GOALS IN 2021	DESCRIPTION OF THE GOAL	FIGURE AT 31/12/2021	2021 TARGET	SDG
IMPACT OF PRODUCTS WITH ENVIRONMENTAL AND SOCIAL VALUE	**Increased penetration for products with a social and environmental impact in the overall** insurance portfolio.	27%*	30%	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES
FINANCE FOR SDGs	**Increase in the amount of thematic investments for SDGs.** *Investments to support the 2030 Agenda, in accordance with the European criteria for sustainable finance.*	€862 m	€600m	11 SUSTAINABLE CITIES AND COMMUNITIES
CO2 EMISSIONS/ EMPLOYEE	**Average production of CO2 per employee** for all Group companies.	-35%**	-7%	13 CLIMATE ACTION

* The activities relating to this target suffered from a general downturn in the sale of non-compulsory insurance products as a result of the pandemic, which impacted the ability to reach the target.
* Change attributable to the gradual closure of all operating offices following the deterioration of the Covid-19 health emergency and the resulting reduction of Scope 1 and Scope 2 emissions subject to calculation. This reduction is partially offset by Scope 3 emissions attributable to the work performed by employees at home, as described in the Chapter "Oversight of environmental impacts".

Climate change and the insurance business

With a particular concentration in the summer months, there were numerous claims from weather-related events in 2021 as well, reflecting the ongoing climate change that affected both our country (direct coverage) and Northern Europe (the Bernd storm), where some reinsurance coverage was in place. The claims reserved and paid costs deriving from weather events therefore recorded an overall increase at year end.
As the most severe events happened, customers were always guaranteed disaster recovery support; the Group has made support measures available for activities affected to allow them a fast return to business, even in advance of the fast-track settlement procedure.
As at 31/12/2021, the net combined ratio after reinsurance was 95%, which was affected by natural catastrophe and large claims by 8.1 percentage points compared to 6.6 percentage points in 2020.

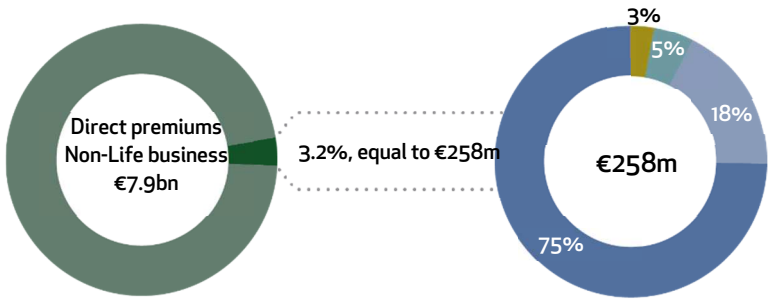
The 2019-2021 Strategic Plan established a specific target with regard to underwriting activities, i.e., increasing the penetration of products with social and environmental value (including those which contribute to the mitigation of and adaptation to climate change) in the overall insurance portfolio. As regards 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 premiums collected in 2021 from the sale of 1,903,181 policies thus characterised (compared to 1,881,475 in 2020) totalled €256m (compared to €181.5m in 2020), equal to 3.2% of direct premiums for Non-Life products (compared to 2.3% in 2020).
In addition, there are the premiums associated with MV policies, which envisage the installation of a black box, representing 17% of direct premiums for Non-Life products (versus 18.1% in 2020).
In order to be classed as a "solution with environmental value", a product or service must be able to generate a positive environmental impact or respond to concerns regarding the climate, by contributing to climate change mitigation and/or adaptation:

- support for renewable energies, environmental goods and services and green infrastructure,
- solutions that encourage or reward behaviour that respects the environment;

- protection or incentives to manage meteorological risks.

Impact of products and services with environmental value out of direct premiums for Non-Life products

Premiums from products and services with environmental value without electronic mobility

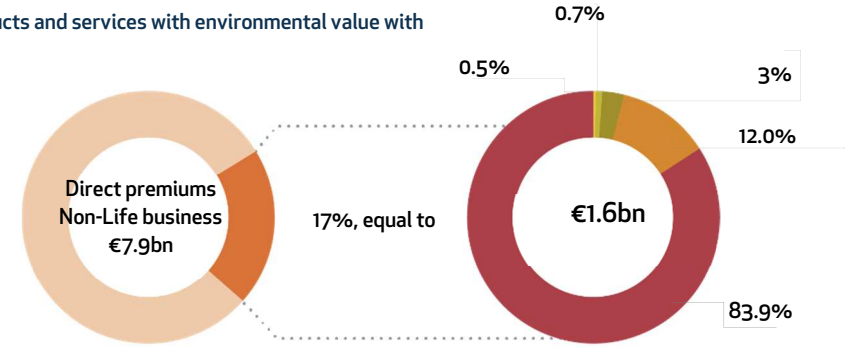


Non-Life Premiums without environmental value

Non-Life Premiums from products and services with environmental value without electronic mobility

Energy efficiency
Renewable energy
Pollution TPL
Risk reduction

Premiums from products and services with environmental value with



Non-Life Premiums without environmental value

Non-Life Premiums from products and services with environmental value with electronic mobility

Energy efficiency
Renewable energy
Pollution TPL
Risk reduction
Mobility with electronics

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

The Group has consolidated the process of analysing and monitoring its direct and indirect impacts on the environment[27] in order to outline appropriate activities to reduce these negative impacts along the entire value chain, also thanks to the involvement of employees, partners and suppliers. Aside from reducing climate altering gas emissions, the Unipol Group is paying increasing attention to its contribution to protecting nature and biodiversity.
With a view to risks and opportunities, oversight over the Group's direct and indirect impacts is analysed in terms of monitoring and reducing negative impacts on the environment as well as in terms of opportunities to protect and restore natural capital.

Direct impacts

Aside from the climate altering gas emissions linked to energy consumption by the real estate used for business purposes and the company car fleet (Scope 1 & 2 emissions), Unipol monitors and reports on the impacts in terms of consumption of water resources and materials, as well as waste production.

Energy consumption

The actions carried out in the 2019-2021 three-year planning period on the properties used in the business as well as those for third party use regarded:

- investments in new buildings and substantial renovations of existing properties, characterised by the use of technologies aimed at maximising energy savings,
- maintenance of existing buildings, aimed at continuously improving their energy efficiency.

The management of UnipolSai real estate assets is supported by the continuous consolidation of an energy management system certified according to **ISO50001 standard**, which calls for a commitment to annually reduce electricity and heat consumption. The data relating to the scope of the ISO Certification, which includes the headquarters, properties for third party use and properties for settlement activities ("CLG" or Group Settlement Centres), show a total annual reduction in consumption of 13% for 2021.

To continue in this direction and guarantee alignment with the best international standards, mapping of all the property assets began in 2021 with the aim of assigning a sustainability ranking to each property based on internal parameters typical to real estate and on characteristics required by the BREEAM Certification. Based on the results achieved, action will be planned to bridge any gaps detected, with a view to raising the overall level of sustainability of all the property assets held.

A number of activities have been implemented to reduce energy consumption. The Unipol Group pays attention to IT infrastructure, which represents an important source of consumption of electricity to run and cool servers (which require low ambient temperatures to function properly). The Group's data processing centres, which are TIER 4 certified (specific security certificates to guarantee server operating continuity 24/7), were designed in consideration of aspects linked to energy efficiency. Their consumption is currently monitored in accordance with ISO 50001 to identify any inefficient consumption.

Since 2016, Unipol has been replacing its luminous signs with LED modules, resulting in significant energy savings. In 2021, 627 new signs were installed at agencies and sub-agencies (182 new installations and 445 to replace more obsolete models) and 190 were removed (without being replaced). These activities saved more than 125,945 KWh, corresponding to 39.1 tonnes of CO_2 equivalent.

Consumption and the resulting emissions recorded in 2021 are still affected by the reduced in-office presence of employees across Italy, which continued until November due to the COVID-19 health emergency. To better understand the impacts of the pandemic situation on emissions trends, those linked to employee *remote working* were estimated (reported in indirect impacts).

Considering the entire scope of the Group, the total energy consumption in 2021 decreased by 9.5% compared to 2020, due to a combination of three factors: the process of continuous improvement in energy efficiency, as set forth by the ISO 50001 certification, the growing focus on fine-tuning the management of improvements to the various technological components and the gradual digitalisation of management process systems.

[27] For the measurement of climate-changing emissions, the calculation methodology adopted is that laid out in Directive EU/85 of 2003 on the emission trading scheme, in addition to the international classification laid out by the GHG Protocol standard – and evoked in the GRI Standards – in Scope 1, Scope 2 and Scope 3.

Direct impacts linked to energy consumption

Energy consumed	M.U.	2021	2020	Change % / p.p.	Notes
Gas	Gj	115,306	129,437	-11%	To better understand the impacts of the pandemic situation on emissions trends, those linked to employee remote working were also estimated (see Scope 3).
Diesel	Gj	6,400	6,543	-2%	
Agricultural diesel	Gj	4,027	4,370	-8%	
Electricity	Gj	257,963	272,001	-5%	
of which renewable	Gj	241,475	249,195	-3%	
of which non-renewable	Gj	16,488	22,806	-28%	
LPG	Gj	1,753	1,452	21%	
District heating/cooling	Gj	67,407	86,448	-22%	
Energy intensity	GJ/add	37.9	42.3	-10%	The type of energy included is the energy consumed within the organisation

Direct GHG emissions (Scope 1) and indirect emissions (Scope 2)	M.U.	2021	2020	Change % / p.p.	Notes
Scope 1 - Total	T CO_2 eq	9,321	n.c.	n.c.	(n.c.) Not comparable due to change in methodology
Scope 1 - Real estate	T CO_2 eq	7,575	8,395	-9.8%	To better understand the impacts of the pandemic situation on emissions trends, those linked to employee remote working were also estimated (see Scope 3).
Scope 1 - Company car fleets	T CO_2 eq	1,656	n.a.	n.a.	
Scope 2 - Energy purchased (Location Based)	T CO_2 eq	26,288	29,434	-11%	
Scope 2 - Energy purchased (Market Based)	T CO_2 eq	7,345	9,148	-20%	
Intensity of emissions	T CO_2 eq	2.83	3.20	-12%	The emission types are scope 1 and scope 2 (location based)

Renewable energy

Since 2015, electricity supply contracts signed envisage that 100% of power supplied in Italy must be from renewable sources. In May 2021, DDOR also activated a renewable source electricity supply agreement in Serbia.

Water consumption

The use of water is primarily linked to hygienic and irrigation uses and, in limited cases, also for technological purposes in air conditioning systems. Water saving is constantly monitored, and to this end management systems have been implemented with the introduction of solenoid valves to avoid waste.

For hygienic uses, the water comes from the mains system or other water service management companies, while the water for irrigation also comes from springs or bodies of water.

With particular reference to the management of water resources by Tenute del Cerro, operating in the agricultural sector, note the adoption of measures to create and expand reservoirs to collect and recover rainwater, reducing the water withdrawn from underground water tables and providing precision agricultural tools with satellite control systems fitted to offer crop optimisation, savings and reductions in the use of chemical products necessary for crop protections, limiting these where they are indispensable.

Direct impacts linked to water consumption

Water withdrawal	M.U.	2021	2020	Change % / p.p.	Notes
Water withdrawal m^3	m^3	1,158,650	1,156,538	0.2%	Breakdown by water sources and category not available

Consumption of materials, waste management and reduction

The Unipol Group is implementing a series of initiatives aimed at reducing the amount of materials used upstream (to reduce the withdrawal of natural resources and raw materials) and the amount of waste produced downstream by following the "4 R's" rule (Reduce, Reuse, Recycle and Recovery).

For waste management, the Group is following municipal directives for proper waste disposal, including by changing its processes and procedures to comply with separation rules; where possible, waste is recycled or reprocessed.
In 2021, the waste delivery service was optimised through the use of IT platforms that allow better organisation and verification of the correct destination of the collection.

Hazardous waste (neon tubes, batteries, etc.) is disposed of separately in the appropriate manner, in accordance with the regulations in force, through specialised firms and in line with the rules on compulsory record keeping.
To improve and increase separate waste collection, during 2021 the process was reorganised and special containers for paper waste were distributed more extensively to all offices, whilst bins were placed on the various floors of buildings for plastic waste.

For consumables, toners and cartridges, the Group adopts a centralised management system which redistributes them at retail level to insurance agencies, together with printed matter and copying paper.
An effective and environmentally sustainable recycling system is in place for the collection of materials through state-of-the-art processes and reuse options for all collected waste toner, in compliance with European regulations (Directive 2012/19/EU on waste electrical and electronic equipment (WEEE). During 2021, 41,345 pieces were acquired, including toners and drum units, of which 18% certified as regenerated. The take-back and recycling system allowed almost 11,000 pieces to be collected in the agencies alone, corresponding to 14 tonnes of materials, with an avoided emission quantity of 31 tonnes of CO_2 eq.

Furthermore, in order to reduce the consumption of materials (and therefore of natural resources and raw materials), the Unipol Group pays particular attention to reducing the consumption of paper and plastic.
A primary area of intervention concerns printing. The use of "smart" print management systems continued, with direct user control allowing waste to be eliminated and consumables to be better sourced. No paper purchases were made in 2021, as the paper already present at the offices and agencies was used. By the end of 2021, 7.5 million sheets of paper had been printed, which for the printing operation component alone, i.e., electricity consumption (101,598 kWh) for the printing activity of the devices, generated 34 tCO2 eq.
A second action area relates to the dematerialisation of documents relating to relationships with customers and suppliers. In 2021, more than 6 million policies taken out with FEA avoided more than 111 tonnes of CO_2 eq emissions. 83% of purchase contracts were digitally signed without the use of a hard copy.
With respect to the reduction of plastic use, Unipol has started a project for installing water fountains throughout the Group's main offices, to reduce the use (and therefore the disposal) of plastic bottles.

Direct impacts linked to waste

Waste by type	M.U.	2021	2020	Change % / p.p.	Notes
Total waste	Tons	1,425	885	n.a.	The figure does not include waste generated by Unipol Re DAC and Arca Vita International Dac, UnipolRental and Dyadea Medical Centres. Compared to 2020, the overall volume increases as a result of the expansion of the scope and as a result of major renovations carried out taking advantage of the absence of staff at the sites.
Non-hazardous waste	Tons	1,226	680	n.a.	
Hazardous waste	Tons	199	205	n.a.	

Direct impacts in brief

DIRECT IMPACTS

Energy

TOTAL EMISSIONS* (from property)
14,920 t CO_2 eq. (market-based vs. **17,542 t CO_2 eq.** in 2020)
33,863 t CO_2 eq.(location-based vs. **37,829 t CO_2 eq.** in 2020)

Gas · Diesel · LPG · District heating and cooling · Elec tricity

Direct emissions (Scope 1)
7,575 t CO_2 eq. (vs. **8,395 t CO2 eq.** in 2020)

Emissions from purchase of energy (Scope 2)
7,345 t CO_2 eq. (market-based vs. **9,148 t CO2 eq.** in 2020)
26,288 t CO_2 eq. (location-based vs. **29,434 t CO_2 eq.** in 2020)

The emissions of the **Group vehicle fleet (Scope 1) in Italy and Serbia** amounted to **1,656 t CO2 eq.** generated for 68% by diesel engines and 20% by petrol engines. In this area, the commitment to management and renewal of the corporate fleet is constant, based on selection criteria that promote environmental protection. In this sense, activity targeting the increased use of hybrid/electric vehicles also continued. At 31 December 2021, these vehicles had a 10% impact in terms of CO_2 eq. and 14% in terms of km travelled.

The performance monitoring of indirect emissions was carried out by applying both market-based and location-based methods (GHG Protocol Scope 2 Guidance). For properties, using the location-based method, there was a total **decrease in CO_2 eq. emissions of 10.5%** compared to 2020, reaching a value of 2.8 t CO_2 eq. per employee (3.2 t CO_2 eq. in 2020).

Water

TOTAL WATER CONSUMPTION: 1,158 thousand m³
(of which 880 thousand m³ for civil use and 278 thousand m³ for irrigation)

Insurance Sector
172 thousand m³

Hotel Sector
569 thousand m³

Agricultural Sector
6 thousand m³ (civil use)
278 thousand m³ (irrigation)

Tourism Sector
58 thousand m³

The water drawn for irrigation as reported here comes from springs or waterways. Furthermore, water consumption of **75 thousand m³** is attributable to the Healthcare sector.

Waste

1,425 tonnes of waste generated** (141 kg/employee) of which:
33% generated by the Diversified Companies
85% non-hazardous
74% not for disposal through recycling

Insurance Sector - Italy and Serbia
959 t of waste or 103 kg/employee:
957 t non-hazardous; 2 t hazardous, with over 95% disposed of through recycling.

Hotel Sector
125 t of waste: 10 t hazardous;
115 t non-hazardous,
for 41% disposed of through recycling.

Tourism Sector
247 t of waste: 122 t hazardous;
125 t non-hazardous,
for 24% disposed of through recycling.

The other sectors, agricultural and healthcare, generated a total of 94 tonnes of waste.

* Emissions expressed in tonnes of CO_2 equivalent (t CO2 eq.).
With regard to the companies operating in Italy, the source of the emission conversion factors (relating to CO_2, CH_4 and N_2O gases for Scope 1 and Scope 2, location-based) and of the global warming potential (GWP) is the guideline on the application of the GRI Standards on environmental matters (Version of December 2021), drafted by the ABI (Italian Banking Association). With specific reference to 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 2020 emission factors of the AIB (Association of Issuing Bodies) were used (Residual Mix and Production Mix).
For 2021, the consumption of electricity, gas and other energy sources is calculated for all buildings over which the Group has direct control, from the operating sites, to the diversified companies, such as Tenute del Cerro and Marina di Loano, also including the properties in which Gruppo UNA carries out its activities and the offices abroad.
Scope 1 and Scope 2 GHG emissions figures have been already reported within the non financial disclosure in the Consolidated Non-Financial Statement (NFS), pursuant to Italian Legislative Decree 254/2016, into the "Annual Integrated Report" (or "Integrated Report"). The NFS non-financial performance indicators were defined by using the "Sustainability Reporting Standards" issued in 2016 (with subsequent amendments) by the Global Reporting Initiative (GRI) as a methodological reference, and using the "GRI Referenced" approach. Direct GHG emissions and indirect GHG emissions from energy consumption are reported consistently as outlined in the specific GRI Standards disclosures GRI 305-1(2016) and GRI 305-2(2016).

** The figure does not include waste generated at foreign offices of the companies Unipol Re DAC and Arca Vita International Dac, at UnipolRental operating centres and Dyadea Medical Centres. Compared to 2020, the overall volume has increased not only due to the expansion of the scope, but also as a result of major restructuring carried out by taking advantage of the absence of staff at the sites.

Indirect impacts

Unipol is constantly striving to improve the measurement, reporting and reduction of its indirect emissions (Scope 3) and environmental impacts, considering different categories of stakeholders:

- employees (*remote work*, travel and transfers),
- customers (emissions generated by customer movements with electronic devices and long-term rental vehicles (LTR) of UnipolRental, emissions generated by customers by using the UnipolSai commercial website),
- investments;
- suppliers;
- agencies;
- logistics and transport

Employees

Again in 2021, the Unipol Group monitored climate altering gas emissions linked to employee travel and trips (668 t CO2 eq generated by employee travel and trips by air, rail and owned vehicles) and *remote working*[28] (7,592 t CO2 eq), to better understand the impacts of the pandemic on emissions trends.

Unipol has activated a structured plan to promote sustainable mobility to reduce impacts - both environmental (climate altering gas emissions and pollution, with a resulting impact on air quality) and social (reduction of traffic in city centres and improvement of quality of life in the city).
As concerns mobility, a survey was performed on 7,753 employees belonging to 15 Group companies located across 31 offices in 8 provincial capitals.
The data recorded in 2021 were deeply affected by the health emergency. In fact, there was mass use of smart working by almost all company employees with the consequence of changes to workers' travel/mobility habits. The year 2021 saw on one hand a 62% decline compared to the pre-pandemic period (2019) in relation to the volume of LPT (local public transport) passes and on the other a mass return to travel by private vehicle, with most using cars rather than motorcycles or bicycles. Again as a result of the health emergency, *carpool* transport and *mobility sharing* were practically abandoned (except for bicycle use).
Based on the results of the survey, the appropriate updates have been planned of the previous Home-to-Work Travel Plans (*Piano Spostamento Casa Lavoro* - PSCL), which no longer took into consideration the changed company situation.

Amongst the new elements introduced already in 2021 was the use on company shuttles, after an initial trial phase, of the UniShuttle app designed and created by Leithà, with a view to monitoring the service level provided. UniShuttle, used with the support of tablets in the possession of shuttle drivers, makes it possible to monitor the hours, frequency and level of use of the individual runs. The data thus collected make it possible to optimise and increase service practicality for users, while also helping to streamline it.

Recourse to Local Public Transport for employee commuting with passes made it possible to avoid a total of 334.6 tonnes of CO2 eq emissions.

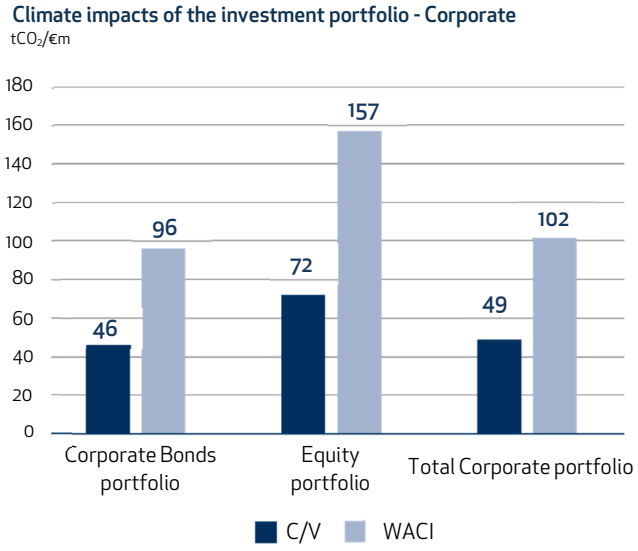
The climate impact of the investment portfolio

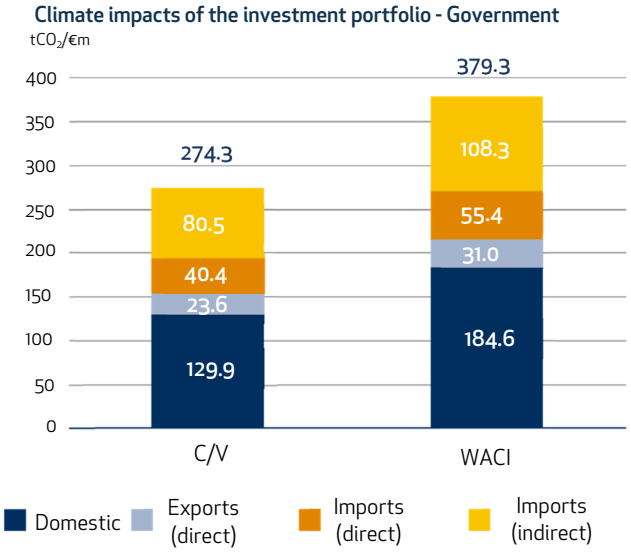
The Unipol Group, aware of the fundamental role of institutional investors in supporting the transition to a low carbon economy, is fully committed to help achieve the goals of the 2015 Paris Agreement.[29]
To this end, during 2021 it enhanced available tools and expanded aspects subject to monitoring, laying the groundwork for increasing integration of climate-related risks in investment decisions and the impacts of such decisions on climate change. Measuring the climate impact of the investment portfolio and its alignment with emission reduction trajectories defined at international level was further studied and consequently fine-tuned, with the support of S&P Global Sustainable 1.[30]

In line with recommendations of the Task Force on Climate-related Financial Disclosures, among the many metrics to be analysed in relation to the **Corporate portfolio (Corporate Bonds and Equity)** and the **Government Bonds portfolio**, the main metrics are[31]:

[28] Figure calculated according to the methodology described by the "Remote working emissions whitepaper" drafted in November 2020 by EcoAct, Lloyds Banking Group and NatWest Group
[29] The Paris Agreement was signed between the member states of the United Nations Framework Convention on Climate Change (UNFCCC); the long-term objective is to keep the rise in global average temperature below the threshold of 2°C above pre-industrial levels and to pursue efforts to limit such an increase to 1.5°C, since this would substantially reduce the risks and effects of climate change.
[30] In the absence of an agreed standard method for calculating the climate impact of the portfolio, the change in climate data provider meant that in 2021 it was impossible to compare performance with the previous year, when the calculation used partially different methods.
[31] The analysis was conducted on figures as 30 September 2021, on 86.4% of total assets under management (direct and indirect), i.e. €54.5bn in debt and equity securities of which €18.3bn Corporate and €36.2bn Government. The asset classes excluded were therefore: cash, UCITS, ETFs, derivatives and unlisted instruments. The information coverage with respect to climate data is 97% of the Corporate portfolio and 97.5% of the Government portfolio analysed.

- carbon intensity (**Carbon to Value invested - C/V**) measures the total emissions induced by the portfolio[32] (in tCO_2 eq.) on the value of that portfolio (in €m);
- 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.



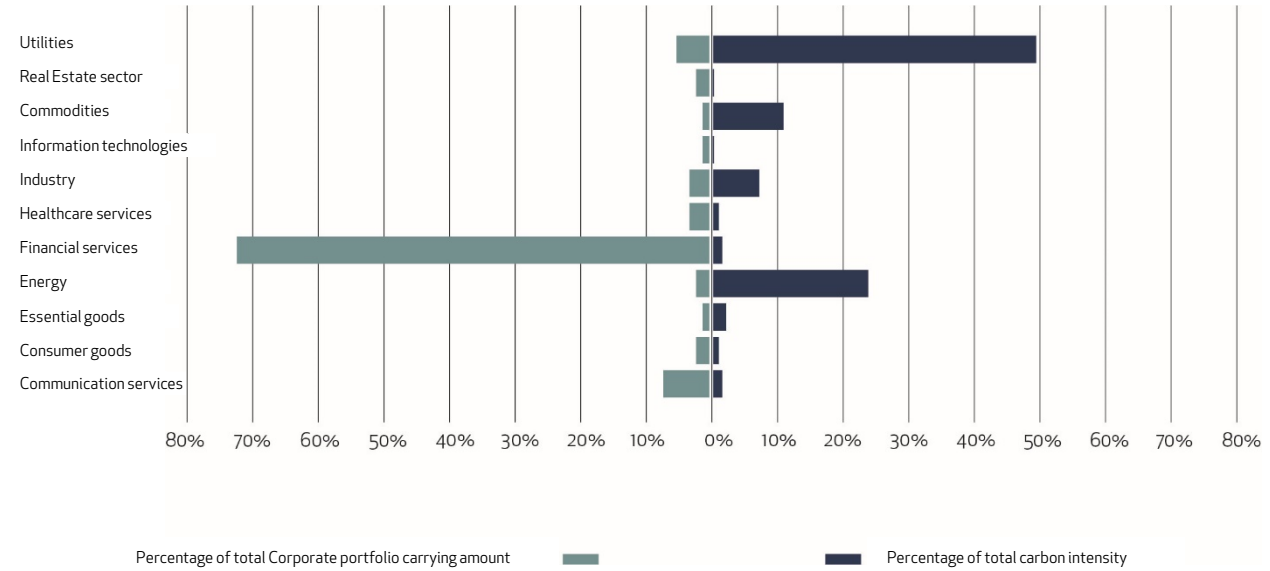


For the Corporate portfolio it is also important to consider the **Paris Alignment**, which assesses the adequacy of emission reduction programmes of companies in the portfolio against the international climate goals, taking into account past data and forward-looking indicators over a medium-term horizon.
The emissions of Unipol's Corporate portfolio are **aligned with a trajectory of between 1.75 and 2 degrees**, indicating a positioning already consistent with the Paris Agreement's minimum goals, and well on the path towards the more ambitious goals that the Group intends to take on.

Corporate bonds were analysed in more detail to identify the sectors that most impact the portfolio's carbon footprint, in order to more accurately define the activities to be developed in the future to reduce the portfolio's climate impact.

[32] 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.

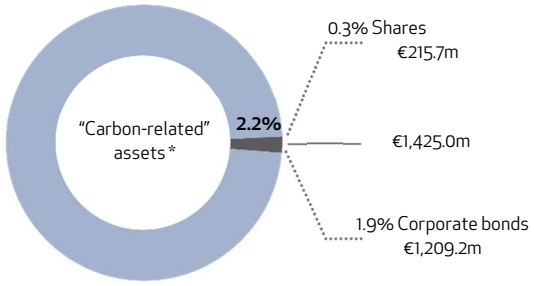
Breakdown by business segment of Corporate portfolio carbon intensity



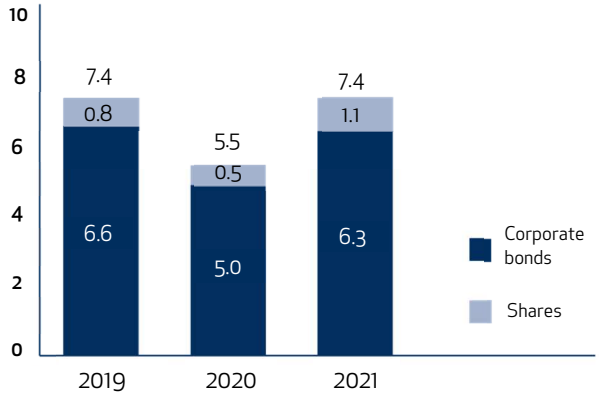
Unipol has assessed its exposure to fossil fuel mining or energy production from fossil fuels sectors, considering the combine weight of companies in the portfolio that have revenues from such activities and the role such activities have on those revenues. **Fossil fuel exposure** represents 0.44% of the Corporate portfolio; considering exposure to coal alone, the related revenues have a 0.06% impact.[33]

The Group has also calculated how much of its investments involves carbon-related assets.[34] Analysis of the sector-based exposure shows 7.4% of Assets Under Management are in the sectors defined as high-carbon, according to the NACE classification.[35] The increase compared to 2020 is mainly due to a greater diversification of the investment portfolio pursued during 2021, at the same time as reducing the overall exposure to Italian government bonds. The Group focuses on selecting issuers which, in all sectors, have transition measures in place consistent with the global goals of limiting rising temperatures.

"Carbon-related" assets on total portfolio



Percentage impact on Corporate portfolio



The breakdown of assets under management by business sector is provided below.

[33] The analysis of stranded assets covers 93% of the analysed corporate portfolio, based on available information.
[34] "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.
[35] A - Agriculture, forestry and fishing; B - Mining and quarrying; C - Manufacturing; D - Electricity, gas, steam and air conditioning supply; E - Water supply, sewerage; waste management and remediation activities; F - Construction; H - Transportation and storage.

Breakdown of assets by business sector (€m)

	31/12/2021	% AuM	% High-carbon intensive	High-carbon intensive % Asset Classes	
SECTION A - AGRICULTURE, FORESTRY AND FISHING	0.0	0.00%		Equity	1.22%
SECTION B - MINING AND QUARRYING	77.36	0.12%		Bonds	4.99%
SECTION C - MANUFACTURING	1,762.59	2.82%		Infrastructure	0.00%
SECTION D - ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	1,071.22	1.71%	6.23%	Real estate	0.00%
SECTION E - WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	41.83	0.07%		Structure Products	0.02%
SECTION F - CONSTRUCTION	372.14	0.60%		MBS	0.00%
SECTION H - TRANSPORTATION AND STORAGE	286.38	0.46%		Derivatives	0.00%
SECTION G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	218.12	0.35%			
SECTION I - ACCOMMODATION AND FOOD SERVICE ACTIVITIES	27.98	0.04%			
SECTION J - INFORMATION AND COMMUNICATION SERVICES	1,328.60	2.30%			
SECTION K - FINANCIAL AND INSURANCE ACTIVITIES	21,557.38	34.47%			
SECTION L - REAL ESTATE ACTIVITIES	550.45	0.88%			
SECTION M - PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	41.04	0.07%			
SECTION N - ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	13.67	0.02%			
SECTION O - PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	34,420.50	55.04%			
SECTION P - EDUCATION	0.0	0.00%			
SECTION Q - HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	159.30	0.25%			
SECTION R - ARTS, ENTERTAINMENT AND RECREATION	2.32	0.00%			
SECTION S - OTHER SERVICE ACTIVITIES	0.0	0.00%			
SECTION U - ACTIVITIES OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	496.32	0.79%			
Total Assets Under Management	**62,537.21**	**100.0%**			

Customers

Also in 2021, the Unipol Group monitored emissions generated by customer movements with telematics devices (6,548,666 t CO2 eq vs 5,759,805 t CO2 eq in 2020) and long-term rental vehicles (LTR) of UnipolRental (218,880 t CO2 eq vs 354,120 t CO2 eq in 2020). Unipol has also started a process to test the methodologies currently available to calculate the carbon intensity of its insurance portfolio.

Aware of the significant and increasing impacts of the internet on climate altering gas emissions, the Unipol Group decided in 2021 to initiate a project intended to measure the environmental impact of its websites and increase their energy efficiency to reduce the CO_2 emissions caused by use of the web. The project, which was carried out with the support of Karma Metrix, developed by the company AvantGrade.com, focused initially on the commercial website of UnipolSai (www.unipolsai.it). Specifically, a sample of 100 website pages was analysed (of which 50 on desktop and 50 on mobile device), representing 82% of the annual public page views[36]. Total CO_2 emissions amounted to 44.6 tonnes of CO2[37] (+44.45% compared to the global median). The analysis also showed possible areas for improvement to reduce the carbon footprint of the UnipolSai website. Aside from the actions to be implemented in 2022 to reduce emissions, the project will make it possible to outline best practices transferrable to the design of other Group websites and apps, within a context of increasing digitalisation of customer communication processes.

Suppliers

The Outsourcing and supplier selection policy calls for the commitment to respect the Supplier Code of Conduct for responsible procurement (the "Code"), which outlines the Unipol Group's expectations from its suppliers on a series of topics, including the protection of the environment, 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. In environmental matters, the principles and provisions of the Code require supplier companies to support a preventive approach with respect to environmental challenges, to promote environmental responsibility and the diffusion of technologies that respect the environment. Moreover, where possible, environmental criteria and clauses have been defined for specific product categories. At the end of 2021, contracts including the Supplier Code of Conduct covered 55% of total purchase expenses (on a like-for-like basis, the impact would be 60%, +10 p.p. on 2020).

[36] A figure of roughly 19.8 million page views is estimated, calculated on the basis of a projection on an annual basis of the sample relating to data measured across 5 months

[37] The total CO_2 emissions referred to emissions generated by the page views of the top 50 desktop and mobile pages in the October 2020 - September 2021 period.

The Unipol Group also places specific attention on *green procurement* in order to promote positive impacts on the environment through purchasing policies. Green procurement regards a broad range of product categories:

- purchase of electricity from renewable sources,
- purchase or rental of selected eco-efficient assets (green-certified IT equipment, multifunctional printers ensuring smart printing and waste reduction, installation of energy-saving signage);
- purchase or rental of goods or services with a lower impact on climate-changing gas emissions (long-term rental of 85 hybrid/plug-in and electric company cars, electric bicycles to promote the sustainable mobility of employees, support for the purchase of seasonal passes for local public transport systems, bicycle delivery service);
- purchase of recycled or reusable goods (recycled paper, toner)

In 2021, 2.5% of total purchases (or €26 million) were attributable to green procurement. The green share of the multi-catalogue, the platform for purchasing stationery materials and office items, was 28%, equal to more than 7,200 goods and 22% of spending.

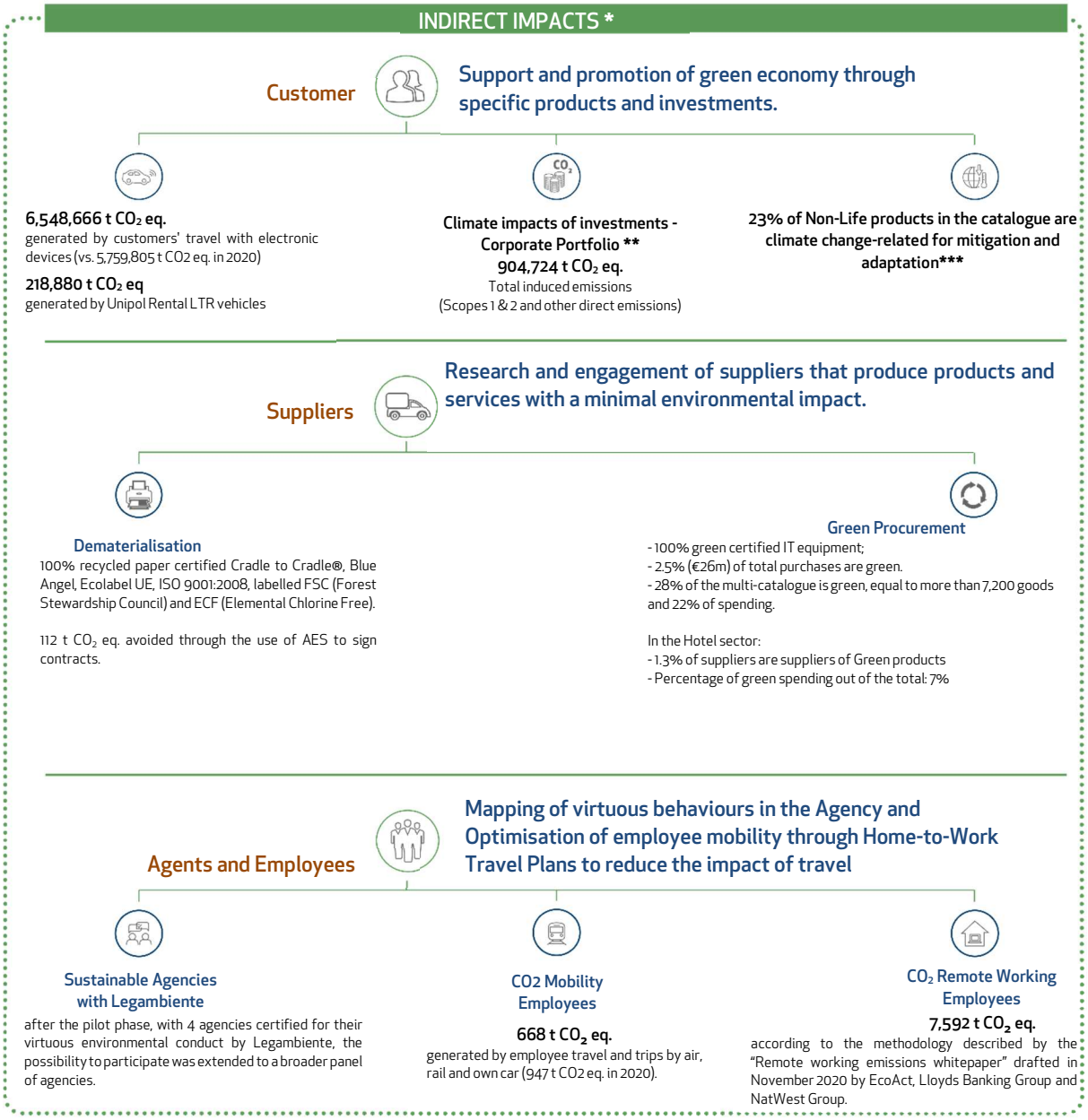
As specifically regards the hotel sector, 1.3% of suppliers are providers of environmentally sustainable products and spending on products with environmental value accounts for 7% of total spending. The UNA Group's areas of intervention include laundries (using a washing system with industrial machinery that allows the use of natural detergent products) and disposable items and food packaging (coffee and tea cups, cutlery sets, trays, wooden stirrers, bags, cups) for which Gruppo UNA has signed an agreement in 2021 with a supplier that uses compostable or recyclable materials.
The UNA Group prefers relations with catering, laundry, consumable and guest supply suppliers committed to reducing environmental impact and improving their overall ecological footprint. The food service provision partners are certified in accordance with the ISO 14001 (Environmental Management System) standard and adopt measures to reduce their carbon footprint: strong incidence of short-range supply chain products and fruits and vegetables from social farming; the adoption of procedures for the optimisation of logistics processes with dedicated software and means of transport with a low environmental impact; the use of packaging solutions meant to reduce weight and volume. The laundry providers selected adopt industrial processes that use 35% less energy than traditional systems and which allow for a global reduction in process water of around 40% compared to traditional washing systems. In addition to this is the use of natural soap detergents and the adoption of transport solutions with a reduced use of plastic materials.

Furthermore, in keeping with the approach towards paying attention to the circular economy, UnipolSai has continued with its asset reuse process to reduce costs and improve profit margins through tools for reselling goods (vehicles and others) recovered from loss events.
Some of the advantages for the Company include a net limitation of claim costs, as the indirect costs of settlement to the insured decline, and a decrease in timing for settlement and collaboration with the adjuster in accounting for property. One of the key benefits for the policyholder is the possibility of benefiting from reduced business interruption times, as recovering assets quickly frees up warehouses, avoiding reputational damage and reducing business down time. If they cannot be sold, the assets are donated to charity organisations.
In 2021, the approximate resale value of goods recovered (vehicles) from insured events was €1,452 m.

Agencies

In 2021, the "Sustainable Agencies" project continued in order to favour the involvement of the UnipolSai agencies in greater environmental sustainability. After a pilot phase launched in 2020, the project, carried out along with Legambiente, was extended to all agencies located in Italy in 2021. Agencies applying for certification have to fill in an online tool through which they provide information on their energy consumption, environmental impact behaviours (e.g., waste collection and purchasing practices), purchasing and good practices adopted. Agencies receive training on how to fill in the tool, a handbook with "sustainability facts" and, where necessary, direct support. Agencies that meet the criteria defined by Legambiente for certification receive the "Sustainable Agency" certificate and useful communication materials. If an Agency does not achieve the required score immediately, it is supported in identifying possible areas for improvement and can apply again in the future. 123 Agencies joined the project in 2021 and received instructions and links to fill in the tool, and will conclude the path to certification in early 2022.

Indirect impacts in brief



* With reference to Scope 3 emissions deriving from employee and customer mobility the following were used: for vehicles, the 2021 DEFRA (UK Department for Environment, Food & Rural Affairs) coefficients; for air and rail, the UK Government GHG Conversion Factors for Company Reporting (2021).
**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 CO_2e Scope 1 & 2 emissions and other direct emissions (including CCl_4, $C_2H_3Cl_3$, CBrF, $CBrF_3$, and biomass CO_2). The value in terms of carbon intensity (Carbon to Value invested - C/V) and weighted average carbon intensity (WACI) is described in detail 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 (so excluding investments in cash, UCITS, ETFs, derivatives and unlisted instruments), equal to €18,268m.
*** The data presented here differs, in terms of the type of phenomenon it is intended to represent and therefore the calculation method, from those published in the section "Information on the European taxonomy of eco-sustainable economic activities", and is therefore in no way comparable thereto.

Protection and restoration of biodiversity

The theme of protecting and restoring biodiversity is expressed, on the one hand, through a series of interventions and areas of attention at some of the Group's diversified companies that are more dependent on natural resources and, on the other, through a collaboration with Legambiente for the implementation of interventions in vulnerable areas of Italy.

Marina di Loano, the Group's port facility, has integrated the management of potential negative impacts of its activities on the marine ecosystem into its Emergency Plan (with related intervention procedures), for example in case of spillage of hydrocarbons or lubricants into the water during port activities.

Tenute del Cerro[38], a Group company operating in the agricultural sector and specialising in the cultivation of vineyards in Tuscany and Umbria, has instead planned a series of actions to address the risk of water scarcity. The company is implementing rainwater harvesting and recovery systems to reduce the withdrawal of water from underground aquifers and address the risk of water stress. The company has also invested in drip and micro-sprinkler irrigation systems to optimise and substantially reduce water use. The aim is to plan adequate support systems for the irrigation system in order to safeguard production and its quality level in a context of increased drought risk.
With regard to land use and the risk of degradation of the natural environment, the company will use precision farming and minimum tillage techniques. The latest equipment purchased is equipped with satellite control systems that will allow for optimisation of crop operations, save fuel, and reduce the use of chemicals needed for crop protection by limiting their use. Finally, cultivation techniques that favour the recovery of water and the maintenance of biological fertility have been implemented (e.g., through crop rotation and controlled grassing).

The Unipol Group has a consolidated collaboration with Legambiente, which takes the form of two macro-areas of activity:

- support for publication of the annual report of the **Legambiente CittàClima observatory**, which provides a very detailed analysis of the impacts of extreme weather phenomena on the Italian territory based on a census of extreme events that have occurred on an interactive map of climate risk in Italian cities and the interventions implemented to promote adaptation to climate change in Italian cities;
- support for the "**Bellezza Italia**" project, a campaign that aims to study the impacts of climate change on natural ecosystems and implement projects to protect and restore biodiversity.

As part of this second project, in October 2021 the intervention carried out on the island of Pantelleria was presented. Thanks to the collaboration of the National Park of Pantelleria and the Department of Agrarian, Food and Forestry Sciences of the University of Palermo, more than 400 gardens on the island have been surveyed: a unique and complete work that has provided a valuable map with photos, descriptions, geo-referencing and conservation status of the gardens. Some of these, by type and location, have now been included in an exploration itinerary to allow appreciation of the island from unusual and special perspectives. The study of the Pantelleria gardens is particularly important in times of climate change because they have been a type of construction that protects against particularly dry conditions for about two centuries and ensures a microclimate that allows citrus trees to grow, which are traditionally grown indoors. These experiences are of great interest because they constitute good agricultural and land management practices capable of adapting to the climate changes already underway.
At the same time, work continued on the 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.
In 2021, also as part of the "Bellezza Italia" campaign, two new actions were initiated. The first concerned the 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. In addition the area has been protected by the Ramsar Convention since February 2021. The Rio Posada estuary is a delicate biodiversity hotspot. However, the vast wetland at the mouth of the river is particularly exposed to extreme climatic events, and has a high flood risk: both in the inland areas, due to the abandonment of cultivation and the reduced capacity for forest management, and in the coastal strip marked by increased anthropic pressure from seaside tourism, with infrastructures and management practices that for years have not taken ecological balance into account, as in the case of the flattening of the dunes to create usable beach areas. The project concerns the former Peschiera di Posada, an ideal link between the natural area, the sandy coastline and the hamlet of San Giovanni, one of the most popular locations during the summer season. The Park House and the new headquarters of the Environmental and Sustainability Education Centre, managed by Legambiente Sardegna, will be built there. The intent is to make it a new important point of reference for visitors, from students on school trips to tourists seeking information about the protected area, as well as for the many kayakers who explore the mouth area. In the framework of "Bellezza Italia", Legambiente Sardegna will conduct a study to analyse the extreme climate events that occurred in the area in the last 50 years, the climate scenario for the whole island and for the Rio Posada basin, the ongoing actions and good practices for climate adaptation. The results of the study will then be conveyed through a thematic display in the Park House to facilitate understanding of the phenomena, stimulate coherent and proactive behaviour, and keep the memory alive. Finally, an Observatory of the mouth of the delta will be set up to enrich the Park House, in order to understand the complexity of the coastal wetland and observe the rich birdlife there, nesting in their natural

[38] Tenute del Cerro owns around 4,300 hectares of land in Tuscany and Umbria, of which 300 hectares of vineyards among the most sought-after for high quality wine production.

habitat; The second project focused on the protection, use and reconstruction of the biodiversity of the Campomarino di Maruggio dunes, through an intervention of conservation and enhancement of one of the last dunes surviving the settlement pressure. On one hand, the ecosystem will be cordoned off in order to protect it, and on the other hand the ecosystem will be studied, creating dossiers and posters for the purpose of scientific dissemination and organisation of appointments with schools.
The actions implemented in the framework of the "Bellezza Italia" campaign are aimed at launching recovery and requalification actions of degraded areas in different Italian territories, analysing how the restoration/improvement of the natural heritage could contribute to climate change adaptation, and possibly to climate gas-changing mitigation.

Thanks to a partnership with Treedom, the Unipol Group has created its own Unipol forest with 11,000 trees growing in different countries around the world on three continents: Africa (Kenya, Tanzania, Madagascar), Asia (Nepal) and South America (Colombia, Ecuador, Guatemala, Haiti). This project contributes to the achievement of 10 of the 17 Sustainable Development Goals of the UN 2030 Agenda, with particular impact on the following goals: Target 8 (economic growth), Target 12 (responsible consumption and production), Target 13 (combating climate change) and Target 15 (life on earth). Trees play a fundamental role: from an environmental point of view, they absorb CO_2, improve air and water quality and help preserve biodiversity; from a social point of view, the development of agroforestry systems helps to multiply and diversify farmers' income. In their life cycle, the trees in the Unipol forest will absorb 2,362 tonnes of CO_2 from the atmosphere.

ADVOCACY ACTIVITIES ON MATTERS LINKED TO CLIMATE CHANGE

Through its Regulation Function, the Unipol Group promotes dialogue with Institutions, *regulators* and national and European supervisors with a view to supporting the demands of Group companies, in a transparent manner and with respect for the general interest. The aim is to maintain a relationship of constructive cooperation, favouring the exchange of information necessary to ensure the knowledge and updating of the Group's Functions/Departments on regulatory developments and relevant consultation processes, as well as the correct interpretation and application of current regulations.

Unipol also participates in the work of some important trade associations such as Assonime, Assogestioni, ABI, AMICE[39] 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.

With regard to the issue of sustainability, and specifically the issue of combating climate change, further significant steps towards the goals of the *Green Deal* were taken at European level in 2021. At the end of the usual public consultation processes in which the Group participated in 2021, the European Commission published the new strategy for sustainable finance, as well as the proposed regulation establishing the European Green Bond Standard, a rigorous standard that can be voluntarily applied for bonds financing sustainable investments.

In addition, the Group has followed the initiatives developed by EIOPA aimed, for example, at promoting the widest possible insurance coverage against the occurrence of extreme catastrophic events or at integrating the increased risks related to the effects of climate change into insurance industry regulations. These include publication of:

- the pilot Dashboard on the insurance protection gap in relation to natural disasters,
- the *Discussion Paper* on methodologies for the potential inclusion of climate change in the natural catastrophe sub-module of the standard formula, aimed at revising the prudential requirements for insurers against natural catastrophe risks, and
- the Discussion paper on Non-Life Underwriting and Pricing Practices in relation to climate change, aimed at exploring pricing strategies that help mitigate climate-related risks while expanding insurance coverage for those risks.

With particular reference to the two discussion papers mentioned above, the Group intervened in the related consultation processes to urge, on the one hand, a greater granularity in the definitions of the individual perils included in the standard formula and, on the other hand, to support the importance of an appropriate assessment of climate change-related risks in insurance contracts, stressing the need to pursue mitigation and adaptation objectives in order to ensure full functionality of the insurance business. At the same time, the Unipol Group has pointed out, *inter alia*, that public-private partnerships are of crucial importance in order to guarantee the principle of risk mutualisation, especially with regard to those extreme events that affect large sections of the population in a non-random manner.
In addition to the above, UnipolSai continued to monitor and play an active part in the process of revising the Solvency II Directive (Directive 2009/138/EC)[40] which discussed, among other things, the integration into the Directive of macro-prudential

[39] Association of Mutual Insurers and Insurance Cooperatives in Europe
[40] The revision of the Directive was initiated in February 2019 by the European Commission through the request for Technical Advice addressed to EIOPA on certain aspects of specific interest to the legislator, which was followed in December 2020 by the EIOPA Authority Opinion on the revision of the Directive.

supervisory principles and measures related to the European Green Deal, which aims to ensure the overall stability of the financial system and to encourage the insurance industry to invest in activities that promote the transition to a sustainable economy.
Given the high impact that both proposals can have on the insurance industry as a whole and on the Group in particular, the Group has set up a internal task force to analyse the above legislative proposals in detail, prepare in-depth documents and coordinate internal working tables with the aim of defining an initial Group position and establishing a dialogue with the Italian and European Institutions and the competent Authorities.

As regards the investee companies, UnipolSai has declared its compliance with 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. With reference to the Real Assets and Private Equity Funds, engagement activities have been carried out during the underwriting phase, aimed at excluding investments whose main 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.

In 2021 UnipolSai contributed to the publication entitled "From protection to prevention: the role of cooperative and mutual insurance in disaster risk reduction"[41] produced by ICMIF (International Federation of Insurance Cooperatives and Mutual Societies, of which Unipol is a member) together with UNDRR, the United Nations Office for Disaster Risk Reduction. This publication is the result of a collaboration launched in 2019 between ICMIF and UNDRR to initiate a joint reflection on the role that insurance can play in increasing the awareness and skills of the different actors on the ground in order to foster better risk prevention. The project led to the publication of an initial mapping of "good practices" implemented by ICMIF member insurers, including UnipolSai. The second stage of the project will consist of implementing some pilot experiences.

Lastly, the Unipol Group participates in a series of international initiatives intended 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.

The Group participates in the **CDP** and obtained a rating of B for its 2021 Climate Change questionnaire (an improvement compared to the 2020 Climate Change questionnaire, for which it obtained a score of B-).

In 2017 Unipol signed the **Principles for Responsible Investment**, undertaking to integrate social, environmental and governance criteria within the assessment of investments.

In 2018, the Unipol Group became a signatory to the **UN Global Compact**, a United Nations initiative which requires participating businesses and organisations to share, support and apply within their sphere of influence a set of fundamental principles regarding human rights, labour standards, environmental protection and the fight against corruption. Principles 7, 8 and 9 of the Global Compact relate to environmental protection.

In November 2020, Unipol became a supporter of the **Task Force on Climate-related Disclosure** to consolidate its commitment to reporting on climate-related information;

In March 2021, Unipol became a signatory to the **UNEP FI Principles for Sustainable Insurance**.

[41] The publication is available at the following link: https://www.icmif.org/undrr-icmif-report/

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

As reaffirmed by the International Energy Agency in its report "Net Zero by 2050" published in May 2021, the energy industry is responsible for roughly three quarters of current greenhouse gas emissions. The goal of eliminating net emissions by 2050, making it possible to limit the increase in the global average temperature to 1.5°C in the long term, as set forth in the Paris Agreement, depends on intense development of clean technologies by 2030 and requires a strong decline in the demand for fossil fuels.

The Sustainability Policy, approved by the Board of Directors, has specified the Unipol Group's commitment to reducing climate altering emissions, with the aim of contributing to the achievement of the objectives undertaken by governments with the Paris Agreement. These commitments have been laid out in specific risk management policies, in particular for underwriting and investment activities, thus formalising the specific approaches of the Group and identifying excluded or sensitive sectors.

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 disinvestment objectives as concerns coal. With respect to the oil & gas industry, monitoring has been put into place on the alignment of the investee companies with decarbonisation processes in keeping with the Paris Agreement targets.

According to the Responsible Investment Guidelines, the Unipol Group excludes a priori from new investments those in Corporate Issuers that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal, and that do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime.

The Group has committed to completing its disinvestment from coal by the end of 2030.

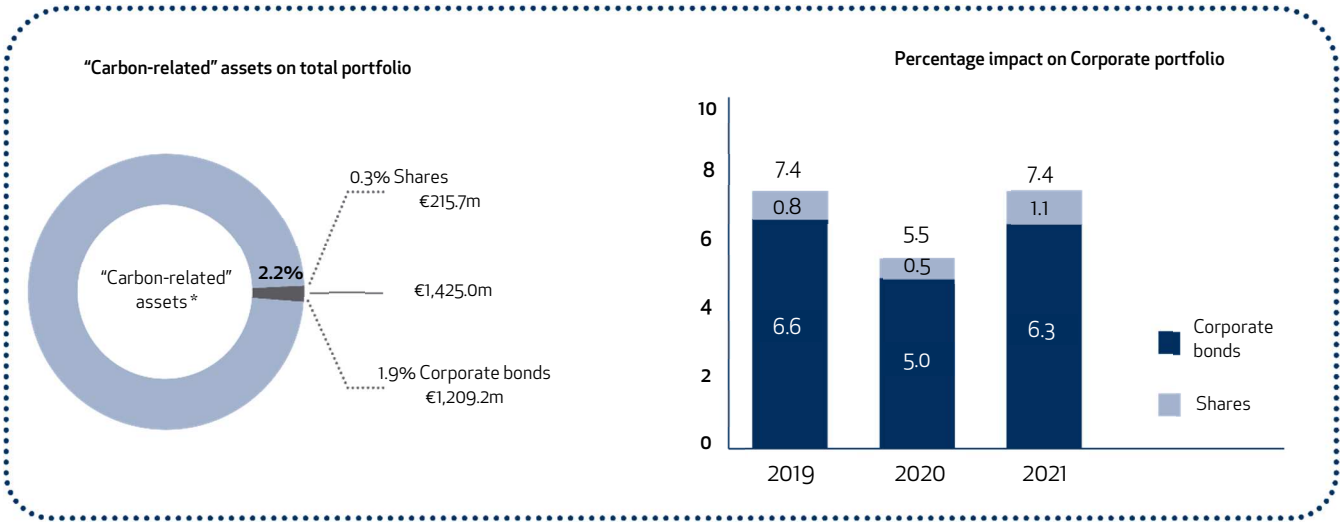
In order to understand more fully how its investments influence climate change, the Group measures, monitors and reports on metrics associated with the carbon footprint of its financial portfolio, and evaluates its future alignment with the Paris Agreement goals (Paris alignment) on a *forward-looking*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

Exposure

Unipol has assessed its exposure to fossil fuel mining or energy production from fossil fuels sectors, considering the combine 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 0.44% of the Corporate portfolio; considering exposure to coal alone, the related revenues have a 0.06% impact.[42]

The Group has also calculated how much of its investments are in carbon-related assets. Analysis of the sector-based exposure shows 2.2% of Assets Under Management are in the sectors defined as *high-carbon*, according to the NACE[43] classification (equal to 7.4% if only the Corporate portfolio is considered). The increase compared to 2020 is mainly due to a greater diversification of the investment portfolio pursued during 2021, at the same time as reducing the overall exposure to Italian government bonds. The Group focuses on selecting issuers which, in all sectors, have transition measures in place consistent with the global goals of limiting rising temperatures, as witnessed by the emissions of the Unipol Corporate portfolio **aligned with a trajectory between 1.75 and 2 degrees**.

[42] The analysis of stranded assets covers 93% of the analysed corporate portfolio, based on available information.
[43] A - Agriculture, forestry and fishing; B - Mining and quarrying; C - Manufacturing; D - Electricity, gas, steam and air conditioning supply; E - Water supply, sewerage; waste management and remediation activities; F - Construction; H - Transportation and storage.



Underwriting activities

Commitments

The Underwriting policy - Non-Life Business establishes that coompanies operating mainly in the coal-mining industry and companies that adopt unconventional extraction practices (such as the removal of mountain peaks, fracking, oil sands, deep water drilling) are excluded from Non-Life Business underwriting.
The exclusions on the basis of ESG performances do not apply when underwriting products that protect the employees of the policyholder legal entities in the case of illness and accident, based upon the social role that this cover performs with respect to individuals.

Exposure

Unipol assessed its exposure to activities related to the coal mining and oil and gas sectors, with specific reference to the General Classes premiums of UnipolSai Assicurazioni S.p.A. relating to legal entities with an ATECO code attributed[44].
This analysis, limited to 87% (equal to €1,486m) of the total legal entities, shows that 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. That relating to companies operating in the crude oil and natural gas extraction industry is equal to 0.05% of the total, while the percentage of companies operating in businesses supporting oil and natural gas extraction is equal to 0.01% of the total.

[44] 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 2021/2178, which integrates the "Taxonomy Regulation" and governs the reporting of environmentally sustainable economic activities to be included in annual financial reports published between 1 January 2022 and 31 December 2023.

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 eco-sustainable economic activities[45] (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 regulation[46].

The strategies and initiatives implemented by the Group with the 2019-2021 Strategic Plan to support the Objectives are described in detail in this document. The information provided therein has been prepared based on criteria which, in terms of scope and method of application, are different from those defined in the Taxonomy and may therefore be inconsistent with those set out in this Appendix. The 2022-2024 Strategic Plan will integrate the goals of Unipol's climate strategy; the Taxonomy will acquire an increasingly important role in supporting the achievement of those goals.

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[47]. It should be noted that the Group has used templates for its reporting that are consistent with those contained in the annexes to Delegated Regulation (EU) 2021/2178 applicable for the period from 1 January 2024, adapting their content where necessary, supplementing the information that is currently available in the manner required by the regulations and indicating the cases in which such information is not currently available[48]. Also note that, to supplement the compulsory disclosure, the Group has voluntarily provided further indications on the Taxonomy goals, specifying the assumptions, calculation methods and differences with respect to compulsory reporting[49].

1. Investment KPI

In the first phase of application of the Taxonomy Regulation, insurance and reinsurance undertakings are required to report on the investments made:

I. the proportion of exposures to Taxonomy eligible and Taxonomy-non-eligible economic activities.
II. the proportion of exposures to central governments, central banks and supranational issuers ("Investments in sovereign entities").
III. the proportion of exposures to derivative assets.
IV. the share of exposures to undertakings that are not subject to the application of Articles 19 bis and 29 bis of Directive 2013/34/EU ("Non-financial Reporting").

It should be noted that, for the purpose of calculating the portion referred to in point (ii) above, the denominator, which corresponds to the concept of "total investments" in the table below, is the sum of items "4 Investments" and "7 Cash and cash equivalents", as reported in the Statement of Financial Position. However, the denominator for the proportions in points i), iii) and iv), which corresponds to the concept of "Assets covered by the KPI" in the following tables, is determined by deducting the total investments in sovereign entities from the denominator referred to in point ii) as described above.

In order to ensure, at least with regard to the information to be disclosed in application of the Taxonomy Regulation, an effective comparability between the published data, the European Commission[50] has required that the disclosures relating to the above-

[45] Defined in Regulation (EU) 852/2020 and its Delegated Acts.
[46] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, as amended ("Climate Delegated Act")
[47] "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 EU Taxonomy Regulation on the reporting of eligible economic activities and assets" of February 2022. "Platform considerations on voluntary information as part of Taxonomy-eligibility reporting – Appendix 1" of the Platform on Sustainable Finance.
[48] "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?", FAQ no. 5.
[49] "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. 7.
[50] "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.

mentioned allowances be based on actual information, provided by the financial or non-financial undertaking in which the exposure is held. At present, however, such information is not available in reference to almost all the financial investments, and consequently it was not possible to calculate the proportion of exposures to Taxonomy-eligible and Taxonomy-non-eligible economic activities[51]. Note that investment property[52] has been 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).

Weighted average value of all investments of the insurance or reinsurance undertaking to finance or associated with economic activities eligible for the Taxonomy compared to the value of all assets covered by the KPI, with the following weightings for investments in the undertaking:		Weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, Taxonomy-eligible economic activities with the following weights for investments in undertakings:	
turnover-based (%)	Unavailable	turnover-based (€m)	Unavailable
Capital expenditures-based (%)	Unavailable	Capital expenditures-based (€m)	Unavailable

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 (%)	48.6	Coverage (€m)	33,208.8

Investments in central governments, central banks and supranational issuers represent 51.4% of the Group's total assets, equal to €35,095m.

Additional complementary information - breakdown of the KPI denominator

Percentage of derivatives relative to total assets covered by the KPI		Value in monetary amounts of derivatives	
%	0.4	(€m)	147.0

Proportion of exposures to EU financial and non-financial undertakings[53] not subject to Articles 19a and 29a of Directive 2013/34/EU ("Non-financial statement") over total assets covered by the KPI:		Value of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
for non-financial undertakings (%)	6.8	for non-financial undertakings (€m)	2,255.8
for financial undertakings (%)	29.3	for financial undertakings (€m)	9,742.0

Proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
for non-financial undertakings (%)	4.5	for non-financial undertakings (€m)	1,504.1
for financial undertakings (%)	14.4	for financial undertakings (€m)	4,773.1

Proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to the application of Articles 19a and 29a of Directive 2013/34/EU:	
for non-financial undertakings (%)	11.5	for non-financial undertakings (€m)	3,813.8
for financial undertakings (%)	21	for financial undertakings (€m)	6,956.4

Proportion of exposures to other counterparties over total assets covered by the KPI:		Value of exposures to other counterparties:	
(%)	12.1	(€m)	4,016.6

Additional complementary information - breakdown of the KPI numerator

Share of Taxonomy-eligible exposures to other counterparties (real estate) compared to total assets covered by the KPI[54]:		Value of Taxonomy-eligible exposures to other counterparties (property) over total assets covered by the KPI:	
turnover-based (%)	6.2	turnover-based (€m)	2,072.5
Capital expenditures-based (%)	6.2	Capital expenditures-based (€m)	2,072.5

[51] See the information provided on a voluntary basis below.
[52] Asset item 4.1 in the Statement of Financial Position.
[53] For reporting on this indicator, the Group decided to refer to the sample tables proposed in the "Platform considerations on voluntary information as part of Taxonomy-eligibility reporting - Appendix 1" with regard to Investment KPI reporting for financial undertakings, limiting the scope of this item to undertakings in the European Union not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI. This allows a breakdown of the denominator of the KPI to be presented through individual values which, overall, account for 100% of the denominator, making the figures easier to understand and compare.
[54] The share of exposures eligible for the Taxonomy to other counterparties consists entirely of investment properties; therefore, it is not possible to present a figure on the basis of turnover and/or on the basis of capital expenditure. The amounts indicated represent the value of the investment recognised in the Financial Statements.

Voluntary additional information

To supplement the compulsory disclosure provided above, the Group has decided to voluntarily estimate the proportion of Taxonomy eligibility of the economic activities in which it invests. This estimate differs from the information required for mandatory disclosure because it is not based on actual data provided by the invested companies, but on estimated data as described below.

For the estimation of the economic activities eligible for the Taxonomy, the Group has evaluated, with reference to exposures in financial instruments issued by companies subject to the publication of a Non-Financial Statement, to consider the NACE code (fourth level) of the main activity carried out by each issuer. Economic activities classified with a NACE code associable with the **economic activities described in Annexes I and II of the Climate Delegated Act were therefore considered Taxonomy-eligible.**[55] Vice versa, economic activities classified with a NACE code not associated with the economic activities described in Annexes I and II of Delegated Regulation (EU) 2021/2139 were considered Taxonomy-non-eligible. This approach refers both to direct and indirect investments.[56]

Based on the above criteria, the following should be noted.

Value of all the investments of insurance or reinsurance undertakings which, based on the core business of the issuer (financial assets) or the nature of the investment (property), are directed at funding, or are associated with, Taxonomy-eligible economic activities, relative to the value of total assets covered by the KPI.		Value of all the investments of insurance or reinsurance undertakings which, based on the core business of the issuer (financial assets) or the nature of the investment (property), are directed at funding, or are associated with, Taxonomy-eligible economic activities	
%	10.7	(€m)	3,557.5

Proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, which, based on the core business of the issuer (financial assets) or the nature of the investment (property), are directed at funding, or are associated with, Taxonomy-eligible economic activities:		Value of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, which, based on the core business of the issuer (financial assets) or the nature of the investment (property), are directed at funding, or are associated with, Taxonomy-eligible economic activities:	
%	10.5	(€m)	3,501.9

Value of all the investments which, based on the core business of the issuer (financial assets) or the nature of the investment (property), are directed at funding, or are associated with, Taxonomy-non-eligible economic activities, compared to the value of all assets covered by the KPI:		Value of all the investments that are funding Taxonomy-non-eligible economic activities:	
%	89.3	(€m)	29,651.3

Proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU which, based on the core business of the issuer (financial assets) are Taxonomy-eligible, compared to the total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU which, based on the core business of the issuer (financial assets) are Taxonomy-eligible	
For non-financial undertakings (%)	2.2	For non-financial undertakings (€m)	724.3
For financial undertakings (%)	2.3	For financial undertakings (€m)	760.7

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 Delegated Act on Climate Change. Specifically with regard to insurance, the economic activity described by 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 areas of the insurance business (Line of business or "Lob") expressly laid out.

In the first phase of the application of the Taxonomy Regulation, insurance and reinsurance companies are required to publish the share of non-life insurance business **eligible and ineligible for the Taxonomy**. To be considered eligible for the Taxonomy, in addition to belonging to one of the above-mentioned Lines of Business, a policy must have conditions that provide coverage for risks related to "climatic hazards"[57].

[55] The Green Bond portion of the exposure (identified at this stage through a point-by-point identification) was considered eligible, taking into account the relevant underlyings eligible for the Taxonomy according to a "use-of-proceed" approach of the bonds themselves.

[56] The Group has performed a "look through" analysis for the funds in its portfolio, see 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?", FAQ no. 13.

[57] "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

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 ministerial classes[58] 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-related perils. 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 coverage[59] 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-related hazards", to be reported for the purposes of calculating the KPI related to underwriting.
As a result of the analysis carried out, the Group has detected significant underwriting activities of climate-related hazards in the following Lines of Business:

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

The amount of premiums reported below is therefore concentrated in these three Lines of Business, which together account for **28% of total gross written premiums** for the Non-Life business.

Economic activities	Absolute premiums, year t	Proportion of premiums, year t
	Currency (€m)	%
A.1. Non-Life insurance underwriting - Taxonomy-**eligible** activities[60]	817.2	10.0%
A.2 Activities not included in A.1	7,397.1	90.0%
Total (A.1 + A.2)	**8,214.3**	**100%**

[58] 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.
[59] 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 neligible.
[60] Premiums relating to reinsurance business carried out by the reinsurance company UnipolRe, for which no precise information on the eligibility or ineligibility of reinsurance business is available at this stage, were prudentially considered non-eligible.

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

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" of Unipol Gruppo S.p.A. and its subsidiaries (hereinafter "Unipol Group" or "Group") for the year ended on December 31st, 2021, comprising direct GHG emissions (Scope 1) and indirect emissions (Scope 2) and the main assumptions and methodologies on pages 30-33 (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", 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.

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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".

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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".

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.

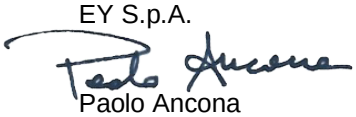
We also performed such other procedures as we considered necessary in the circumstances.

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, 2021, in order for it to be in accordance with the Criteria.

Milan, July 26th, 2022

EY S.p.A.



Paolo Ancona
(Auditor)

Unipol Gruppo S.p.A.

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Bologna Register of Companies
Tax No. 00284160371
VAT No.03740811207
R.E.A. 160304

Parent company of the
Unipol Insurance Group
entered in the Register
of the parent companies
at No. 046

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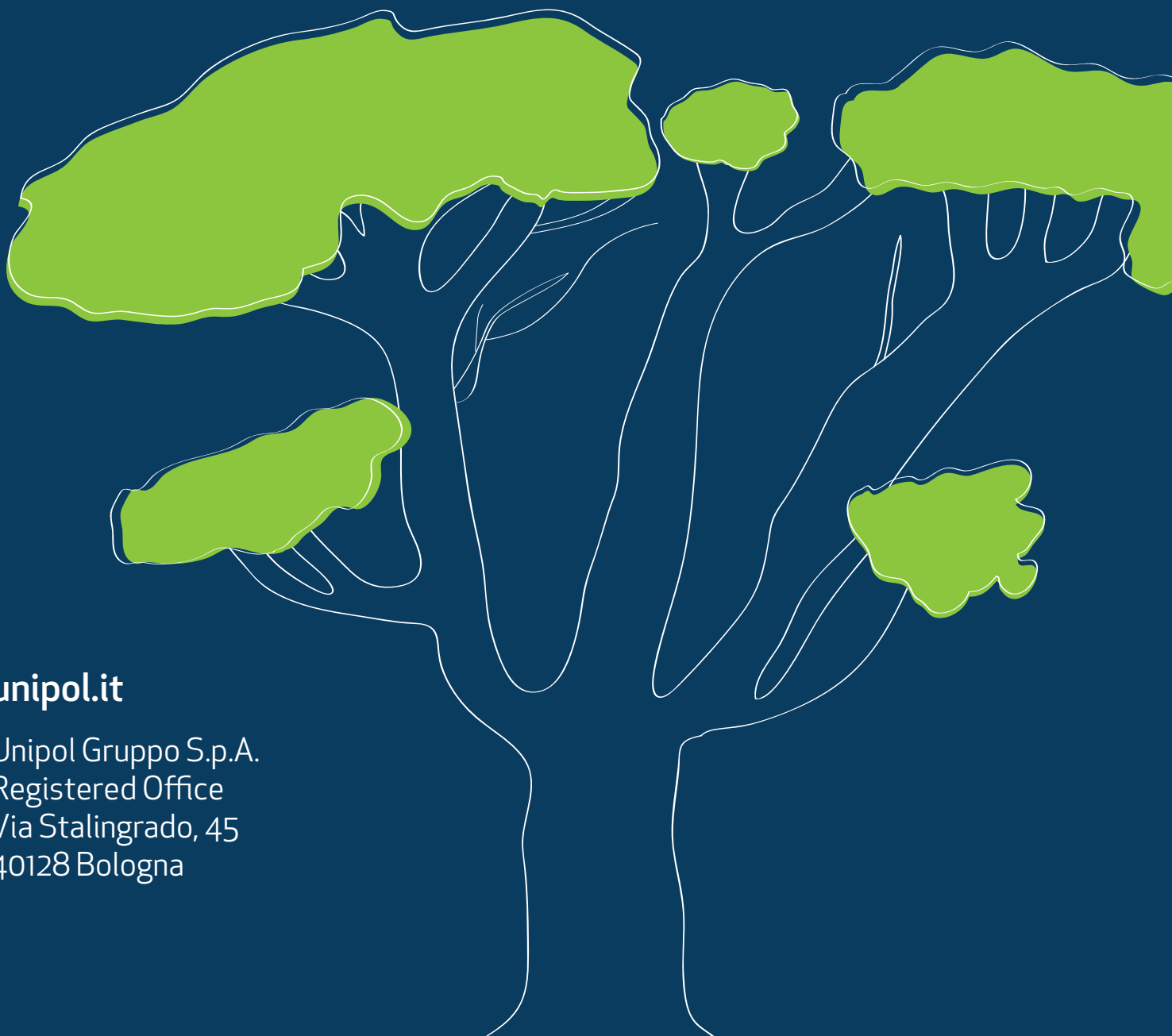

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