



**POLICY ON INTEGRATION OF
SUSTAINABILITY RISKS AND NEGATIVE
IMPACTS INTO INVESTMENT DECISIONS
ABSTRACT**

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1 Premise

1.1 Object

The Policy regulates the principles, roles and responsibilities regarding the integration of environmental, social and governance (hereinafter ESG or sustainability) risks.

In line with the commitments and the ESG framework adopted by the Banco BPM Group (hereinafter also "Group", "Parent Company") and its parent company BBPM Vita, BBPM Life dac ("The Company") adopts its own Policy to promote a responsible and sustainable business model.

1.2 Scope of application and methods of implementation

The Policy applies to BBPM Life as a manufacturer of Class III insurance products (hereinafter the "Products"), including sustainability features. In applying the Policy, including subsequent updates, the Company is committed to ensuring its regulatory framework is consistent with that defined by the Parent Company.

The Policy, and any subsequent amendments, is approved by the Board of Directors of BBPM Life.

1.3 Update summary

Progressive	Update date	Summary of the update
First approval	March 31, 2026	Newly established Policy that incorporate the principles, criteria, and responsibilities for integrating environmental, social, and governance risks.

2 General principles

The Policy is part of the commitment to sustainability that the Company, in line with the provisions of the Banco BPM Group, has undertaken. in compliance with the 17 UN *Sustainable Development Goals (SDGs)*, the *Paris Agreement on climate change of 22 April 2016, ratified by the European Union on 5 October 2016*, and with relevant external legislation.

This Policy is consistent with the provisions of the national supervisory authorities responsible for insurance matters.

The Company embraces the principle that sustainable development, capable of promoting economic growth alongside social growth and respecting the conservation and protection of natural resources, is the path to ensuring long-term development that respects the needs of future generations and can mitigate the emergence of significant risks, including those with economic, financial, and reputational impacts.

The European Commission's "Sustainable Finance Action Plan," which is also relevant to the insurance sector, provides a framework for fostering sustainable growth, managing risks arising from environmental, social, and governance factors, and promoting a long-term vision in economic and financial activities.

Specifically, the Company, as a manufacturer of Class III insurance products and aware of the importance of proper and responsible resource allocation, is committed—with the support, direction, and coordination of Banco BPM—to conduct staff training activities to develop ESG skills and better understand any sustainability objectives associated with the products themselves.

The Company is progressively integrating ESG factors into the structuring of its Products and into the choice of underlying financial investments, also considering information on sustainability risks.

The integration of sustainability risks into investment decision-making processes aims to enable the Company to effectively manage the risks within its portfolio with the aim of creating long-term value for the Company itself, its stakeholders, the environment, and society.

3 Integrating sustainability risks into business processes and investment decisions

The Company incorporates sustainability risks into its investment decision-making processes, including organizational, risk management, and governance aspects, operating diligently and competently through the adoption of behaviors aimed at mitigating these sustainability risks.

Sustainability risks are defined as environmental, social, or governance events or conditions that, if they occur, could have a significant actual or potential negative impact on the value of the investment. By way of example, but not limited to, sustainability risks may include the risk of adverse weather events causing material damage to the company, the risk of significant social events affecting the company's reputation, or the risk of corporate mismanagement leading to financial losses.

Furthermore, the Company integrates environmental, social, and good governance factors into the investment process, strategy definition, and particularly during the investment universe construction phases, the oversight of the external delegated manager, portfolio monitoring, and the process of identifying, measuring, mitigating, and monitoring ESG risks.

Sustainable investment decisions are implemented by the Company, including through Anima SGR SpA, the delegated manager, based on a specific management mandate that governs, among other things, sustainable investment activities ¹. The delegated manager is a signatory of the United Nations Principles for Sustainable Investment (PRI).

The Product Oversight Governance (hereinafter "POG") process, which governs the approval of insurance products, their distribution mechanisms, and ongoing monitoring, is also relevant for the Company's integration of sustainability risks into investment decisions and business processes. This process also aims to protect customers from misselling by establishing safeguards throughout the product life cycle.

Although the Company does not currently offer — at the time of issuance of this Policy—products promoting environmental, social, or governance characteristics, nor products aiming at sustainable investments, it integrates sustainability objectives into its POG process, with reference to product testing and monitoring activities and the relationship with distribution channels. This is with a view to developing and marketing products that meet ESG requirements, consistent with the diverse preferences and sustainability objectives expressed by its target customers.

At Legal Entity level, the Company adopts qualitative/quantitative measures to evaluate and monitor sustainability risk in investment decisions, including:

1. negative screening: which establishes the exclusion criteria aimed at prohibiting trading in financial instruments that invest in controversial activities;
2. monitoring aimed at evaluating and controlling the ESG risks of investments.

3.1 Negative Screening

Negative *screening* establishes exclusion criteria aimed at prohibiting, upstream, trading in financial instruments that invest in controversial activities, which could cause a significant negative impact, actual or potential, on the value of the investment, as represented below.

This approach is followed with respect to issuers and producers of financial products, considered in the product design and portfolio management process, applying tolerance thresholds defined using internal methodologies, in accordance with the provisions of the Parent Company.

The exclusion criteria include:

¹ Group company controlled by Banco BPM Vita.

- a. issuers involved in controversial activities, or that violate the principles established by international treaties or guidelines, or by international initiatives to which the Parent Company has adhered. Reference is made to:
- violations of one or more principles of the United Nations Global Compact, relating to human rights, labour rights, environmental protection or anti-corruption;
 - violations of one or more principles of the OECD Guidelines for Multinational Enterprises, such as contributing to economic, social, and environmental progress to achieve sustainable development, supporting, and enforcing principles of good corporate governance and developing and applying good corporate governance practices, as defined by the Group;
 - involvement in activities involving controversial weapons (such as anti-personnel mines, cluster weapons, chemical and biological weapons, depleted uranium, and white phosphorus weapons);
- b. sovereign issuers involved in human rights violations, in accordance with the provisions of the Group Guidelines on operations with foreign counterparties and countries subject to restrictive measures and with the limitations defined by internal operating rules;
- c. third-party management companies and their respective collective investment undertakings (CIUs) whose measures to integrate sustainability risks have been found to be insufficient based on an assessment conducted at the initial stage or during periodic audits.

The methodology for applying the exclusion criteria uses information i) provided by a primary data provider to which tolerance thresholds defined with internal methodologies are applied, ii) coming from financial market participants or iii) collected through the *due diligence* questionnaire in the field of sustainability, developed by the parent company.

3.2 Monitoring

Investments not excluded from the negative screening referred to in the previous point are subject to additional review according to an internal methodology, aimed at assessing and monitoring the ESG risks of the Company's investments, consistent with the safeguards adopted by the Parent Company. Specifically, in addition to the producer's classification for the purposes of the Sustainable Finance Disclosure Regulation (SFDR), the Company monitors the level of controversies (high and severe) and the level of the investments' ESG Risk Score, in order to promptly identify situations of deterioration in the investments' ESG profile and, where necessary, activate mitigation or escalation measures, ensuring the portfolio's consistency with the Company's sustainability strategy.