
INTESA  SANPAOLO

**Green Bond
Investor Presentation**

March 2021

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- 2. Green, Social and Sustainability Bond Framework (March 2021)**
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Intesa Sanpaolo's pathway to sustainable excellence



Signatory of PRB (Principles for Responsible Banking), PSI (Principles for Sustainable Insurance), PRI (Principles for Responsible Investment) and subscription to Women's Empowerment Principles



Excellent results in main ESG Indices and Rankings



Enhanced ESG Governance Framework with established ESG Oversight Committee



Reskilling of personnel as key priority: ~4,500 people already redeployed to priority initiatives as of December 31st 2020



Confirmed the leadership in Italy in sustainable investments with a market share of 23%, AUM of ~18.4bn and ~€8.4bn inflows in 2020, with UBI Banca the market share is 30%, AUM ~€24.5bn and ~€9bn inflows in 2020



Focus on the environment continued, disbursed €2.2bn of loans Circular Economy since the launch of the Plafond (€1.5bn in 2020)



The planned energy efficiency actions continued and together with the lower use of properties linked to Covid-19 led to a significant reduction in CO₂ emissions



Safe working conditions guaranteed to Employees in the pandemic, with about 65,500 people (80,500 including UBI Banca) in smart working as of December 2020

Sustainability is a Key Priority for Intesa Sanpaolo

Intesa Sanpaolo has always been committed to sustainability, as clearly stated in its mission and confirmed in the **2018-2021 Business Plan**: “Intesa Sanpaolo, which is already a leading bank in **Corporate Social Responsibility**, aspires to become a world-class reference model on cultural and social responsibility and to leave a positive impact on society”

Subscription to the PRB (Principles for Responsible Banking)

“For a Bank like ours, which has embedded sustainability in its Business Plan, subscribing to the **Principles for Responsible Banking** is a natural next step”

Carlo Messina
Intesa Sanpaolo Managing Director and CEO
September 2019

Subscription to the PSI (Principles for Sustainable Insurance)

“The subscription to PSI by a leading institution in the Italian market, will contribute to promoting a more sustainable lifestyle...”

Nicola Fioravanti
Intesa Sanpaolo Vita CEO
January 2020

“International finance is increasingly focusing its investments towards sustainable projects. Europe is at the cutting edge in this regard and is introducing new approaches thanks to the green deal. We need to stimulate investment in Italy, especially sustainable investment. At Intesa Sanpaolo, we are providing **€50 billion** to support these types of investments.”

Carlo Messina
Intesa Sanpaolo Managing Director and CEO
January 2020

“We have a duty to leave a positive mark on the society around us and to support the transition towards social, cultural and environmental growth”.

Carlo Messina
Intesa Sanpaolo Managing Director and CEO
January 2021

The **Group's commitment** to becoming an **ESG leader** could be summarised as:

A committed leading sustainable bank, mitigating its own impact on the **environment**, that embodies **social responsibility** to the highest standard, and supports its **clients** and the broader economy in the **transition towards ESG practices** with a **comprehensive approach**

Commitment to Leading the Way to a Sustainable Future



A committed leading sustainable bank...

1

Strengthened ESG Governance Framework, with **Steering Committee** in charge of Sustainability/ESG issues, with at least one quarterly meeting entirely focused on sustainability & Climate Change

Ongoing internal project **ISP4ESG** with the aim to consolidate the Group's **ESG leadership**

Established ESG Oversight Committee to support the Steering Committee in the **strategic proposition of the ESG issues and coordination for the implementation of ESG initiatives**

Strong Commitment to key international voluntary initiatives¹ (incl. **PRB, PRI, PSI, SDG**, WEP and reporting in line with **TCFD**) - ISP is one of the few European banks having signed up to all UNEP FI initiatives (*details on page #5*)

ISP's Commitment also recognised through the excellent positioning in **ESG ratings, indexes and rankings** (*details on page #7*)



...mitigating its own impact on the environment...

2

Climate Change Action Plan (CCAP), with emission reduction targets for 2022 and 2037, envisages actions and goals to mitigate climate change effects

Green mobility program to reduce business travel, transportation and incentivise remote meetings

"Zero Paper" program for document digitisation

"Plastic free" program to eliminate plastic from offices

ISP Tower in Turin awarded the **LEED Platinum²** for green building



...that embodies social responsibility to the highest standard...

3

Talented and highly motivated employees

Job protection and re-skilling as a key priority

Quality of life of employees and **Diversity** at ISP

Tangible social contribution to the community in terms of **social inclusion, culture, education and innovation**

Loans for **high social impact**

Fund for Impact **€1.25bn** with different initiatives for **students, working mothers, female entrepreneurs** and people **over 50** close to **retirement**

Significant Community contribution: Donated €100m for National Health System through the **Civil Protection Department** throughout Italy



...and supports its clients and the broader economy in the transition towards ESG practices...

4

€50bn in new lending dedicated to the **Green Economy**

Credit plafond of up to **€6bn** for 2018-2021, aimed at companies that **adopt the circular model** in innovative ways, granting the best conditions for access to credit

S-loans: Innovative solution for **SMEs** to finance projects aimed at encouraging companies to **improve their sustainability profile** - allocated a **€2bn plafond** as part of the €50bn dedicated to the Green Economy

First Green Bond in June 2017 €500m issued and **Green Bond with focus on Circular economy** issued in November 2019 for €750m

Leadership in sustainable investments in Italy with 30% market share, AUM €24.5bn and ~€9bn inflows in 2020 (incl. UBI Banca)

Green products and services for clients (e.g. sustainable and green bonds, green loans, etc)

Working on **Customer Service** - Digitalisation, Cybersecurity



...with a comprehensive approach

5

Recognition of **climate change** as part of a **reputational risk framework** and **RAF**

Inclusion of selected **"ESG" components** in the **Corporate rating model**

Adoption of Equator Principles' guidelines for the assessment of social and environmental risks for Project finance

Dedicated Guidelines on ESG Sensitive Sectors and Specific Sector Policies to incorporate ESG considerations in credit procedures (e.g. controversial weapons, coal policy)

Implementation of TCFD¹ recommendations (e.g. **UNEP FI³ Pilot**)

¹ PRB = Principles for Responsible Banking, PRI = Principles for Responsible Investment, PSI = Principles for Sustainable Insurance; SDG = Sustainable Development Goals, TCFD = Task Force for Climate-related Financial Disclosures; ² LEED = Leadership in Energy and Environmental Design; ³ UNEP FI = United Nations Environment Programme Finance Initiative is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development

1 Participation to Key International Voluntary Initiatives



Commitment to Voluntary Initiatives and Reporting

- Intesa Sanpaolo has joined various **international voluntary initiatives** with clear **commitments on sustainability and on strong disclosure reporting standards** and fostering **stakeholder engagement**
- In **2019**, ISP joined as **Founding Signatory of the Principles for Responsible Banking (PRB)**, and also signed the **Principles for Sustainable Insurance (PSI)**, and the **Women's Empowerment Principles (WEP)**
- ISP, by signing PRI, PRB and PSI, became one of the few European banks that signed up to all **UNEP FI** initiatives in its business areas



In support of



1 Intesa Sanpaolo's sustainability initiatives align with UN Sustainable Development Goals

- Many of the objectives set in the **2018-2021 Business Plan** are strictly connected with some **Sustainable Development Goals**
- This approach is proof of the Group's contribution to generating positive change at a global level, through a commitment that, considering the loans granted by the Group to support families and businesses, it extends to all SDGs and is focused on **12 objectives** in particular:

Contribution to SDGs	1 People	3 Good Health and Well-being	4 Quality Education	5 Gender Equality	7 Clean Energy	8 Decent Work and Economic Growth	9 Industry, Innovation and Infrastructure	10 Reduced Inequalities	11 Sustainable Cities and Communities	12 Responsible Consumption and Production	13 Climate Action	16 Peace, Justice and Strong Institutions
Group value and solidity						■						
Direct environmental impacts					■						■	
Transition towards a sustainable, green and circular economy					■					■	■	
Attraction, enhancement, diversity and inclusion of the Group's people			■	■		■		■				
Health, safety and well-being of the Group's people		■				■						
Employment protection						■						
Quality of service and customer satisfaction		■										
Financial inclusion and supporting production	■	■	■	■		■	■		■			
Sustainable investments and insurance						■					■	
Community support	■	■	■						■			
Integrity in corporate conduct												■
Innovation and digital transformation							■					

1 ISP Excelling to Main ESG Indices and Rankings



The **only Italian bank** listed in the Dow Jones Sustainability Indices, and the 2021 Corporate Knights "Global 100 Most Sustainable Corporations in the World Index"



In 2020 ranking of Institutional Investor, ISP was Europe's best bank for **Investor Relations** and for **ESG aspects** (only Italian bank among the "Most honored companies")

Top ranking¹ for Sustainability

Bloomberg	CDP	MSCI	SAM	SUSTAINALYTICS
69	A	AAA	100	19.5
59	A	AAA	99	19.5
59	A-	AAA	95	21.9
58	A-	AA	94	21.9
58	A-	AA	93	22.1
57	A-	AA	93	23.2
56	A-	AA	90	23.3
56	A-	AA	88	23.3
56	A-	AA	87	23.9
55	A-	AA	82	24.5
54	B	AA	71	24.8
53	B	A	70	25.7
53	B	A	67	25.9
53	B	A	62	27.1
50	B	A	62	27.8
49	B	A	60	28.7
48	C	BBB	57	30.0
44	C	BBB	54	31.8

STOXX

Member 2020/2021
ESG Leaders
Indices

MSCI

CDP
DISCLOSURE INSIGHT ACTION

EURONEXT
vigeoiris
INDICES EUROPE 120
EURONEXT
vigeoiris
INDICES EUROZONE 120

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA
Sustainability Award
Bronze Class 2021
S&P Global

SOLACTIVE
German Index Engineering

Bloomberg
Green Quality
Index
2021

FTSE4Good

GLOBAL100
Corporate Knights
The Magazine for Clean Capitalism

SUSTAINALYTICS
a Morningstar company

ECPI
Sense in sustainability

standard
ethics

REFINITIV
TOP 100 COMPANY 2020
Diversity and Inclusion Index

¹ ISP peer group; ² Natixis

SOURCE: Bloomberg ESG Disclosure Score (Bloomberg as of 14.1.21), CDP Climate Change Score 2020 (<https://www.cdp.net/en/companies/companies-scores>); MSCI ESG Score as of 11.1.21 (<https://www.msci.com/esg-ratings>); SAM (Bloomberg as of 21.12.20); Sustainalytics <https://www.sustainalytics.com> ESG Risk Rating as of 8.1.21

2 Mitigating its Impact on the Environment is One of the Key Dimensions of ISP's Commitment to Sustainability



Climate Change Action Plan

- ISP's **Climate Change Action Plan (CCAP)**, with emission reduction targets for 2022 and 2037, envisages actions and goals to mitigate climate change effects
- The Plan is focused on the reduction of direct and indirect **GHG¹ emissions** (Scope 1-2-3) deriving from ISP's activities, through the implementation of a wide range of initiatives in energy efficiency and reduction in the use of resources
- Clear targets** set to reduce direct and indirect **GHG emissions** for 2022 (vs 2012)

2019 Results			2022 Objectives	
	-33.2%²		Reduction in GHG emissions	-37%²
	82.6%	✓	Energy from renewable sources	81%
	-31.3%²	✓	Reduction in paper consumption related emissions	-26%²
	-25.4%²		Reduction in emissions connected with business travel (by airplane and train)	-34%²

In 2019 results were better/in line with the targets; trend continued in 1H20 with significant reduction in CO₂ due to the lower use of properties in the COVID-19 pandemic



Eco-efficiency today

- By implementing several projects, the bank has been able to achieve considerable savings in terms of energy and financial resources, while minimising CO₂ emissions (**ISP Emissions Scope 1+2 reduction in 2019: -21.4% vs 2018; -53.6% vs 2008**)



- ISP is the first Italian bank** to have adopted an integrated management system on **Health and Safety** (ISO 45001), **Environment** (ISO 14001) and **Energy** (ISO 50001)
- Scope of certification extended to 100% of branches and buildings located in Italy**

¹ GHG = Greenhouse Gas
² vs 2012

3 The Group has an Active and Responsible Role in the Development and Growth of the Areas Where it Operates

Loans for high social impact activities

~€3.8bn in 2019

~€20bn in 2015-2019

~€18.7bn in 1H20 including loans to face the COVID-19 emergency¹



Microcredit & anti-usury loans

In Italy and abroad for a total of ~€75m in 2019; ~€43m in 1H20



Support for people affected by disastrous events

~€137m to support people hit by disastrous events in 2019; €16,521m in 1H20



Loans to the third sector

In 2019, over €205m for the third sector; €105m in 1H20



Products for vulnerable social groups

In 2019, over €3,431m for vulnerable social groups; €1,984m in 1H20


Over €3.8bn in loans for high social impact activities in 2019 (6.6% of total loans granted), while **€18.7bn** in 1H20 includes loans granted to support families and businesses in the face of the COVID-19 emergency (**46%** of total loans)

¹ Up to June, around €16.5bn in loans were granted by the Group, including almost €14bn under the "Liquidity" Decree

4 Intesa Sanpaolo Aims at Supporting its Clients and the Broader Economy in the Transition Towards a Low Carbon Economy

Circular Economy



- The 2018-21 Business Plan includes two specific actions to **support the Circular Economy**: 
 - a **Credit Facility** of up to **€6¹bn**
 - the introduction of an **Equity Fund**
- The **€6bn¹ credit commitment allows ISP to** provide the most innovative clients/projects with facilities at very favorable terms. Access to these facilities is evaluated against a set of **five eligibility criteria** developed in partnership with the **Ellen MacArthur Foundation** and **three additional criteria** related to green projects. **€2.2bn** already disbursed since the launch of the Plafond (**€1.5bn in 2020**)



Solutions that extend the product-life of goods and/or materials



Utilization of renewable/recycled resources



Increase in efficiency and effectiveness of resources' consumption



Products that can be fully recycled or composted



Innovative technologies to enable circular business models



Production and transmission of renewable energy



Energy efficiency of production processes and buildings



Sustainable management of natural resources and soil, biodiversity

Green Loans

- Short and medium-long term loans to support **renewable energy projects** and energy efficiency interventions for **professionals and companies**
- **Loans and mortgages** for environmental purposes (e.g., renovation of buildings, environmentally-friendly vehicles, solar and photovoltaic panels)
- **€7.8bn** granted in the 2015-2019 period and **€1.4bn** in 2019

S-Loans

- Innovative solution for **SMEs** to finance projects aimed at encouraging companies to **improve their sustainability profile**, with a **reduced interest rate**, subject to the annual monitoring of **2 ESG KPIs**, reported in the company's annual report
- ISP allocated a **€2bn plafond** for S-Loans as part of the €50bn dedicated to the Green Economy, ~€130m granted in 2020

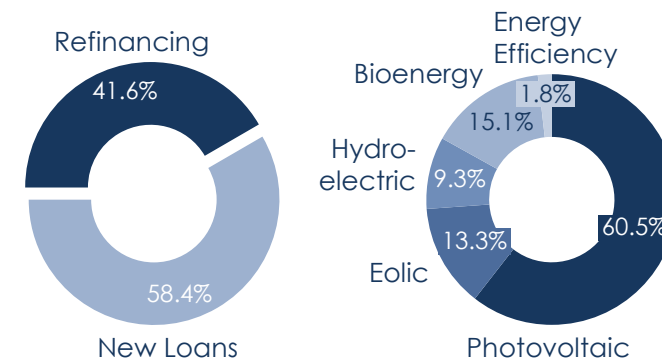
¹ €1bn increase in the CE Credit Plafond following the combination with UBI

4 ISP was the First Italian Bank to Issue a Green Bond

2017 Green Bond

- June 2017: ISP issued its **first Green Bond** for a total amount of **€500m** (demand reached more than €2bn)
- A five-year senior unsecured bond issue**, reserved for international institutional investors
- Used to finance initiatives promoting **environmental sustainability**, particularly **renewable energy** and **energy efficiency**
- 76 projects** were financed, avoiding the generation of **~460,000 tons of CO₂** Greenhouse Gas (GHG) emissions (data as of May 2020)

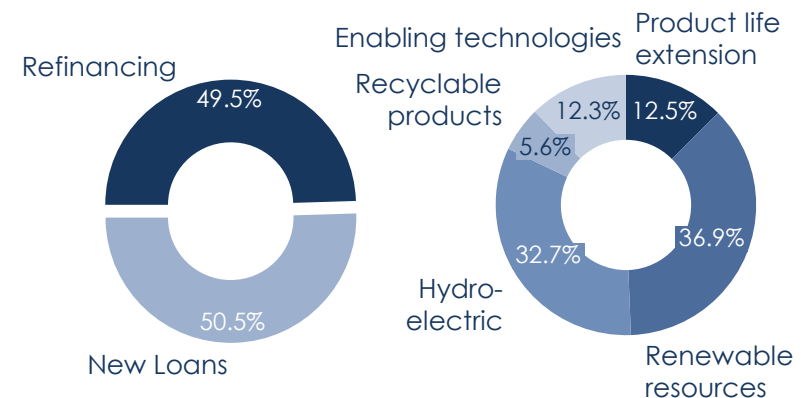
Bond allocation as of May 31st 2020



2019 Green Bond focused on Circular Economy

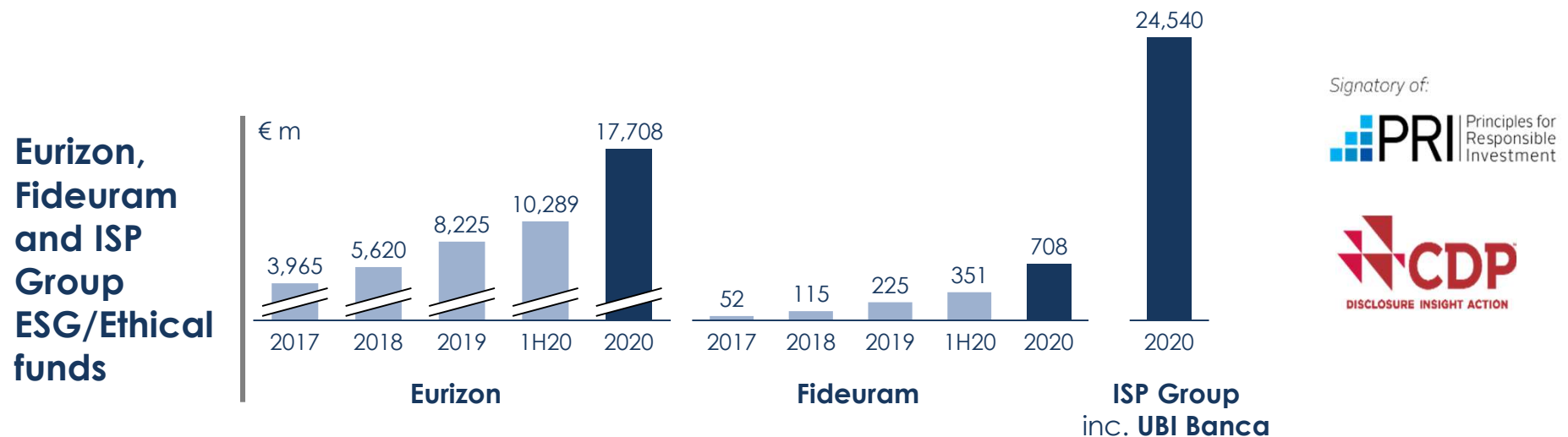
- November 2019: ISP issued its **Green Bond** focused **on the Circular Economy** for a total amount of **€750m** (demand reached more than €3.5bn)
- A five-year senior unsecured bond**, subscribed by international and specialised institutional investors
- The suitability of initiatives will be assessed by the Green Bond Working Group, which defined the selection criteria together with the Ellen MacArthur Foundation
- ISP won **Environmental Finance Bond Awards 2020** - Award for Innovation - use of proceeds (sustainability bond)

Bond allocation as of October 31st 2020



4 Rapid Growth in Sustainable Investments

- **Eurizon Capital** was the first in Italy, back in 1996, to offer Ethical Funds, and it is signatory of **PRI (Principles for Responsible Investment)**, the **CDP (ex Carbon Disclosure Project)** and the **Italian Stewardship Principles**, for the responsible exercise of ownership and voting rights in listed companies



- **Fideuram Intesa Sanpaolo Private Banking** offers sustainable funds with AUM reaching **~€708m** in 2020

ISP confirms its **leadership in Italy in sustainable investments** with a **market share of 23%**, AUM of ~18.4bn and ~€8.4bn inflows in 2020, considering **UBI Banca** the **market share of ISP is 30%**, AUM €24.5bn and ~€9bn inflows in 2020

5 ISP has Adopted Comprehensive Approach to Identifying and Managing ESG risks

ESG risk integrated into Risk Framework

- **Updated Risk Appetite Framework** to include **climate change risk** which states the commitment to integrate this type of risk into the risk management framework, with specific reference to credit risk and reputational risk – and to monitor the exposure to climate risk of the loan portfolio
- **ESG** and climate change risks are **included in the reputational risk framework** e.g.
 - In the reputational **risk clearing process** when assessing financing transactions in sensitive sectors
 - In the **supplier partner selection** process and management of supply chain
 - **40 partnerships and 130 financing transactions** subject to ESG and reputational assessment in 2019

ESG in Corporate Rating Model

- **Inclusion of selected “ESG” components** in the **Corporate rating model** through collection of targeted information on presence/not presence of, for example:
 - **Certifications** (such as quality, environmental, occupational health, information security,...), trademarks and patents¹
 - **Insurance coverage** for operating risks (business interruption) and/or credit risks

Policy Credit enhancement

- **ESG sector policy on weapons in place**, regulating operations relating to the production and/or trade of military goods (even if permitted by applicable law) and establishing the exclusion of any financial support of activities related to the production of and/or trade in controversial weapons²
- **New Guidelines to manage ESG credit risks in lending with specific sector policies** (e.g. Coal policy approved in March '20; other sector policies are expected to be introduced gradually)

Equator Principles

- **Adoption of Equator Principles guidelines** for the assessment of social and environmental risks for Project finance since 2007
- **357 transactions** have undergone **Equator Principles screening** since 2007
- In **2019, the overall value of loans** granted for projects subject to EP screening was **€825m in 11 transactions**

¹ Information on certifications collected from external data providers such as Accredita include: Certification ISO 14000, EMAS (Eco Management and Audit Scheme environmental efficiency)

² Including nuclear, biological and chemical weapons; cluster and fragmentation bombs; weapons containing depleted uranium; and anti-personnel landmines

5 ISP Risk Guidelines for ESG Sensitive Sectors



Risk Guidelines for ESG Sensitive Sectors

- **Intesa Sanpaolo** issued ESG Guidelines for identification and management of clients/projects belonging to specific sectors (see website)
- The following sectors have been identified as **ESG sensitive**:
 - Defence
 - Coal extraction
 - Oil and gas
 - Mining sector (other than coal)
 - Forestry and use of forest areas
 - Electricity production (coal, oil, gas, nuclear¹)
 - Chemical industry
 - Pharmaceutical and Biotechnology
 - Tobacco
 - Gambling
- Particular attention is made for **the assessment of ESG/reputational risk profiles** related to operations in ESG sensitive sectors
- The operations are subject to **reputational and ESG clearing** according to the Group's criteria and rules
- ESG sensitive sectors of activity may be subject to specific limitation or exclusion for financing activities, taking into account the specific features of the sector and the purposes of the financing granted
- The Bank undertakes not to finance companies and projects that are characterised by their negative impact on:
 - UNESCO World Heritage Sites²;
 - wetlands³ under the Ramsar Convention;
 - IUCN protected areas I to VI⁴
- In addition, the Bank undertakes not to finance companies and projects if these are located in areas of active armed conflict, or if evidence emerges, such as legal proceedings brought by the competent authorities, relating to human rights violations and forced or child labour practices⁵

¹ Nuclear energy production includes nuclear fuel and waste management

² This is a list of sites officially recognised by the United Nations Educational, Scientific and Cultural Organization (UNESCO)

³ This is a Convention of international importance that provides the framework for the conservation and prudent use of wetlands and their resources

⁴ For the list of protected areas please check

https://group.intesasnpaolo.com/content/dam/portalgroup/repository-documenti/sostenibilit%C3%A0/inglese/Guidelines%20for%20the%20governance%20of%20ESG%20risks%20regarding%20lending%20operations_Highlights.pdf

⁵ See the Group's General Principles of Governance "Human Rights Principles"

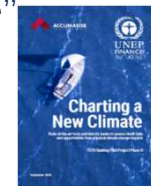
5 ISP is participating in various international working groups

UNEP FI



Physical Transition

- **UNEP FI's Phase II TCFD:** ISP participated to the **group** composed of **39 international banks**, coordinated by **UNEP FI**
 - The aim of the Working Group was enhancing the climate risk toolkits of the participants and improving their climate risk disclosures
 - ISP has elaborated **2 case studies** (on **physical risks** and **transition risks**) published by UNEP FI in 2020 and 2021 in the papers "**Charting a New Climate**" and "**Pathways to Paris**"
- In January 2021 **Phase III of the TCFD banking pilot** started, it will explore climate stress testing, the integration of physical and transition risk assessments, and sector-specific risks and opportunities



EBF and UNEP FI



- The **European Banking Federation** and **UNEP-FI** are working on the usability of the **taxonomy** for banks, assessing the extent to which the **EU Taxonomy on Sustainable Activities** can be applied to core banking products
- The Working Group, composed of 26 European banks including ISP, issued **8 recommendations** on the high-level feasibility assessment of the **EU Taxonomy** to core banking products upon completion of **Phase I** in **January 2021**.
- The first Report was published, together with the Annex with practical case studies, including ISP
- The Working Group is currently starting **Phase II of the project** with the objective to support the **implementation of the recommendations** issued as a result of the experimental work done in Phase I, by publishing product guidelines and reporting templates for core banking products.



ISP Has Proactively Implemented a Complete Set of Responses to Mitigate the COVID-19 Impact

ISP proactive response to COVID-19 across key areas

Care for ISP
People and
Clients



Continuous
support to the
real economy
and society



Immediate
business
reaction



Ready to face the new environment leveraging ISP's
competitive advantages



ISP Promptly Ensured Safe Working Conditions for Its People and Clients

NOT EXHAUSTIVE

Main initiatives to ensure safe working conditions for ISP People and Clients

ISP People



- **Remote working enabled for ~65,500** ISP People¹, with “digital coach” to sustain the switch to smart working and share best practices
- Agreements with trade unions for **extraordinary measures** to support **families** and **childcare** and to **compensate** for **COVID-19** work absences in the **variable performance bonus**² calculation
- **Digital learning** enabled for **all ISP People** in Italy
- **6 additional days** of paid leave for ISP People who work in the **branch network** or are unable to work **remotely**
- **~800 people hired**³ in 2020
- “**Ascolto e Supporto**” project offering psychological support to all ISP People

ISP Clients



- **~100% of branches open** and fully operational; advisory only by appointment and cash desk service by appointment only in the Italian areas with a higher level of COVID restrictions (red zones)
- **Business continuity ensured** by the online branch, Internet Banking, App and ATM/Cash machines (98% active)
- Activated **remote relationship advisory service**, with **~25,500 Relationship Managers**
- **Free extension** of ISP health insurance policy coverage to include COVID-19

¹ As of 31.12.20, ~80,500 including UBI Banca
² Premio Variabile di Risultato
³ Italian Perimeter, ~1,050 including UBI Banca

ISP Is Actively Committed to Supporting Healthcare Priorities and the Real Economy During the COVID-19 Emergency

NOT EXHAUSTIVE

Main initiatives to provide active support to healthcare priorities and the real economy

Voluntary donations	€100m	to strengthen the National Health System through the Civil Protection Department throughout Italy, and in particular in the most affected areas of Bergamo and Brescia. 16 hospitals and 3 COVID-19 Emergency Centres benefitted from the donation with the creation of 36 new hospital wards and 500 hospital beds mainly in Intensive and Sub-Intensive Care Units
	€10m	to support families in financial and social difficulty due to the COVID-19 crisis, of which €5m donated to Ricominciamo Insieme project of the Diocese of Bergamo and €5m donated to the Diocese of Brescia
	€6m	in donations coming from the CEO (€1m) and top management's 2019 variable compensation , to strengthen healthcare initiatives, with additional voluntary donations coming from ISP People and Board of Directors
	€3.5m	donated through ForFunding – the ISP crowdfunding platform – to support Civil Protection Department initiatives related to the COVID-19 emergency
	€1m	allocated from the ISP Charity Fund to boost COVID-19 scientific research
	€600k	intervention by Fondazione Intesa Sanpaolo Onlus to support entities that have guaranteed primary services and direct assistance to vulnerable individuals
Lending support	€350k	donated to Associazione Nazionale Alpini to accelerate the construction of a field hospital in Bergamo
	€73bn ^{1 2}	suspension of existing mortgage and loan installments for families and companies (1 st in Italy to launch the initiative before the regulation came into force), of which ~€54bn for enterprises and ~€19bn for households
	€50bn	in credit made available to support companies and professionals to protect jobs and manage payments during the emergency
	€21bn ^{3 4}	in loans with a State guarantee
	€10bn	in new credit facilities to boost ~2,500 Italian industrial supplier value chains through the enhancement of the Sviluppo Filiere Program
	€9bn ³	in loans with a guarantee from SACE (1 st in Italy to sign the collaboration protocol with SACE, providing immediate support to large corporates and SMEs under Liquidity Decree)
€80m	Programma Rinascimento , including impact loans to micro-enterprises and start-ups, for the recovery and the re-shaping of their business models for the post COVID-19 scenario, leveraging on growth and innovation projects boosting economic growth and social and territorial cohesion. Launched in Bergamo (€30m, in partnership with the Municipality) and in Florence (€50m, in partnership with CR Firenze Foundation)	

€125m (equal to 50%) of the ISP Fund for Impact will be used to reduce the socio-economic distress caused by COVID-19

1 Suspensions granted until 31.12.20 (flows), including renewals
2 ~€95bn including UBI Banca

18 3 As of 31.12.20
4 ~€25bn including UBI Banca

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Green, Social and Sustainability Bond Framework 2021

Intesa Sanpaolo has developed a new Green, Social and Sustainability Bond Framework under which it can issue Green, Social and Sustainability bonds to fund new and existing loans/projects and businesses with environmental and/or social benefits, in alignment with the GBP 2018¹, the SBP 2020², the SBGs 2018³ and with the intention of seeking alignment with best market practice and with the upcoming European regulation

Use of Proceeds

- **Green Eligible categories** including: Renewable Energy; Energy Efficiency; Green Buildings; Environmentally sustainable management of living natural resources and land-use, biodiversity and Circular Economy
- **Social Eligible categories** including: Social Infrastructure; Natural disasters, Health emergencies and support to real economy; Non-profit and Third sector; Individuals and Microfinance; Benefit corporations and certified B corporations
- Intesa Sanpaolo has worked out a comprehensive **Exclusions and Limitations List**⁴

Project evaluation and selection

- Business teams will propose loans to be included in the Green, Social and Sustainability Bond Portfolios
- The **Green, Social and Sustainability Bond Working Group** will review and approve proposed loans/projects based on the defined Eligible Categories listed by the Use of Proceeds
- Eligible Loans/Projects will be marked accordingly and added into the Portfolios

Management of proceeds

- Intesa Sanpaolo will maintain a Register of Eligible Projects/Loans, which will include a sub-register of Green Eligible Projects and a sub-register of Social Eligible Projects. **The proceeds from the Bonds issued under this Framework will be managed on a portfolio basis**
- Unallocated proceeds, if any, will be held in accordance with Intesa Sanpaolo's normal liquidity management, including treasury liquidity portfolio, Cash, Time Deposit with Banks or Other form of available short term and medium / long term funding sources, **that do not include GHG intensive activities nor any disputable sector/activity**






Reporting

- Intesa Sanpaolo will report **annually**, until full allocation, on the **use of proceeds as well as on the environmental and social benefits** via a Green, Social or Sustainability Bond Report, as the case may be, which will be published on www.group.intesasanpaolo.com
- The **Allocation report will be verified via annual external assurance process**






1. [Green-Bonds-Principles-June-2018-270520.pdf \(icmagroup.org\)](#)
2. [Social-Bond-Principles-June-2020-090620.pdf \(icmagroup.org\)](#)
3. [Sustainability-Bonds-Guidelines-June-2018-270520.pdf \(icmagroup.org\)](#)
4. Comprehensive Exclusions and Limitations List included within the Framework

Summary of the Use of Proceeds Categories

Green Eligible Categories

<h3>1 - Renewable Energy</h3>	<h3>2 - Energy Efficiency</h3>	<h3>3 - Green Buildings</h3>	<h3>4 - Environmentally sustainable management of living natural resources and land-use, biodiversity</h3>	<h3>5 - Circular Economy</h3>
<p>Production, transmission, infrastructure and associated assets, such as: Solar, Wind, Bio energy/Biomass and Hydro energy generation</p>	<p>Infrastructure, associated assets, technology and services that contribute towards reduced energy usage and or increased energy efficiency</p>	<p>Low-carbon¹ buildings and refurbished buildings with a minimum 30% energy saving improvement (or at least two steps improvement in EPC label)</p>	<p>Sustainable agriculture, sustainable forestry (afforestation, re-forestation, conservation) and urban greening</p>	<p>Various technologies, solutions, products and services aimed at increasing resource efficiency and enabling circular economy business models</p>
				

Social Eligible Categories

<h3>1 - Social Infrastructure</h3>	<h3>2 - Natural disaster, health emergencies and support to real economy</h3>	<h3>3 - Non-profit and Third Sector</h3>	<h3>4 - Individuals and Microfinance</h3>	<h3>5 - Benefit corporations and Certified B Corporations</h3>
<p>Sustainable infrastructure aimed at improving living conditions in underserved areas and supporting economic and social development, ensuring equitable access for all</p>	<p>Support to companies, areas and populations affected by natural disasters, health emergencies and the related economic/social downturn, including SMEs</p>	<p>Support to healthcare, education, social and recreational activities (including sport, welfare, and culture) and public utility infrastructures and services</p>	<p>Support to individuals belonging to target populations/groups and micro-finance enterprises</p>	<p>Support to benefit corporations and certified B corporations, aimed at reducing inequalities, lowering levels of poverty and creating jobs</p>
				

1. Low-carbon buildings refers to commercial buildings with a certain level of environmental certification, residential (including mortgages) and commercial buildings belonging to the top 15% residential and commercial in Italy or residential buildings with Energy Performance Certificate (EPC) A or B, in accordance with the Eligibility Criteria defined in the Framework

Exclusions and Limitations applying to the Framework

Intesa Sanpaolo has developed a comprehensive Excluded Categories and Limitations List applying to all the instruments issued under the Green, Social and Sustainability Bond Framework in accordance with best practice. In addition, all Eligible Loans comply with external regulation requirements and are subject to the internal Sustainability Policies and Guidelines established by Intesa Sanpaolo



Excluded Categories and Limitations to the Framework

- Any kind of investment connected to: Fossil Fuels, Nuclear energy, Armament, Alcohol¹, Gambling, Sex industry and Tobacco sector will be excluded
- Any kind of investment to companies or projects connected to: Intensive agro-industrial activities with intensive use of agrochemicals or which entail deforestation, Animal maltreatment, Hazardous chemicals, will be excluded
- Hydro projects up to 25 MW in installed capacity are eligible. If larger than 25 MW, one of the following international sustainability best practices has to be satisfied:
 - ❑ Hydropower Sustainability Protocol – Published assessment report, score of 3 or above (i.e., in line with “Good Practices”) on all relevant pillars or International Finance Corporation (IFC) Standards – Publicly stated commitment to meet the requirements outlined by all eight IFC performance standards
- Regarding energy production from biomass, the use of vegetable oil is not allowed. Moreover, project sponsors must provide directly at least 70% of plant raw material
- Use of toxic materials and waste to energy practices from unsorted waste (not organic products) are excluded, since they are harmful to humans & environment and leads to loss of value & materials
- Regarding solutions that extend the product-life or cycles of use of goods and/or materials: virgin plastic based products are excluded
- Regarding products that substitute critical materials with biological or bio-based materials: biological or biobased materials with strong sustainability risks and / or result in deforestation/competition with food production are excluded
- Regarding processes fuelled by energy from conversion of biomass: biomass originating from non-sustainable sources and/or recyclable and hazardous waste is excluded

1. In accordance with the IFC Exclusion List, production or trade in alcoholic beverages (except for beer and wine) is excluded.
Link to IFC Exclusion List: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

Reporting commitments under the Framework

Allocation and Impact reporting will be provided annually until proceeds full allocation. On a best effort basis Intesa Sanpaolo will align the impact reporting with the portfolio approach described in the “Harmonized Framework for Impact Reporting” dated December 2020¹. ISP intends to obtain external post-issuance verification on the Allocation Report

Allocation Reporting: Funds allocation per Eligible Category

Use of Proceeds	<ul style="list-style-type: none"> Number of loans Amounts invested in EUR Loan Maturity Direct or Indirect funding Total allocated amount vs total amount proceeds (in %) 	<ul style="list-style-type: none"> Balance of unallocated proceeds (in EUR and %) Description of the unallocated proceeds management Overall refunding amount vs new funding (in % of allocated amount and in % of total amount) The geographical distribution of the assets (at country level)
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Impact Reporting: Examples of environmental and social output and impact reporting metrics at Eligible Category level

1 - Renewable Energy <ul style="list-style-type: none"> Installed capacity (MW) (Estimated) renewable energy production (MWh) CO2 emissions avoided (tons) 	2 - Energy Efficiency <ul style="list-style-type: none"> Energy savings (MWh) CO2 emissions avoided (tons) 	3 - Green Buildings <ul style="list-style-type: none"> Environmental Certifications/EPC labels obtained (for buildings, #) CO2 emissions avoided (tons) 	4 - Environmentally sustainable management of living natural resources and land-use, biodiversity <ul style="list-style-type: none"> Sustainable agriculture/forestry hectares CO2 emissions avoided (tons) 	5 - Circular Economy <ul style="list-style-type: none"> Amount of fully recyclable goods produced (tons) CO2 emissions avoided (tons)
1 – Social Infrastructure <ul style="list-style-type: none"> Number of affordable housing dwellings provided Number of students served 	2 - Natural disaster, health emergencies and support to real economy <ul style="list-style-type: none"> Number of businesses reopened Estimated number of Jobs retained on the financed Corporate/ SMEs 	3 - Non-profit and Third Sector <ul style="list-style-type: none"> Number of organizations funded Number of beneficiaries 	4 - Individuals And Microfinance <ul style="list-style-type: none"> Number of people provided with access to financial services, including microfinance (target population) 	5 – Benefit corporations and Certified B Corporations <ul style="list-style-type: none"> Number of organizations funded Number of jobs created

1. [Handbook - Harmonized Framework for Impact Reporting December 2020 \(icmagroup.org\)](https://www.icmagroup.org)

External review of the Framework: SPO¹ by ISS ESG

In accordance with the external ESG expert ISS-ESG the Intesa Sanpaolo Green, Social and Sustainability Bond Framework 2021 is in line with the ICMA 2018 GBPs, the ICMA 2020 SBPs and SBGs 2018, and with market best practices

ICMA Pillar

Summary

Use of Proceeds

- The Use of Proceeds description is aligned with the ICMA 2018 GBPs, the ICMA 2020 SBPs and SBGs 2018, and with market best practices. **Expected environmental and social benefits are clearly displayed** in a granular way and the eligible categories are **aligned with the broader strategy of the issuer toward sustainability**. Moreover, **clear exclusion criteria** have also been defined by the issuer

Project evaluation and selection

- Various departments are involved via the creation of a Working Group. **The tasks of the Working Group and internal responsibilities are well displayed**. The **selection process** of Eligible Loans is **structured, published on Intesa Sanpaolo's website, and fully integrated in Intesa Sanpaolo's existing investment process**

Management of proceeds

- Tracking of proceeds is ensured through the creation of a "Register" and a granular explanation of the functioning of this register is given**. Moreover, **unallocated proceeds** will be held in accordance with Intesa Sanpaolo's normal liquidity management or other form of available short term and medium / long term funding sources which also **apply exclusion criteria**, as defined above. This **aligns with best market practices**

Reporting

- Reporting is provided on **both allocation and impact**, and the frequency is **in line with best market practices**. The issuer also provides a **list of impact indicators** that provides qualitative information about the project. The issuer aims to align its reporting with the portfolio approach described in the **Harmonized Framework for Impact Reporting, which is seen positively**



1. ISS-ESG SPO can be found at www.group.intesasanpaolo.com

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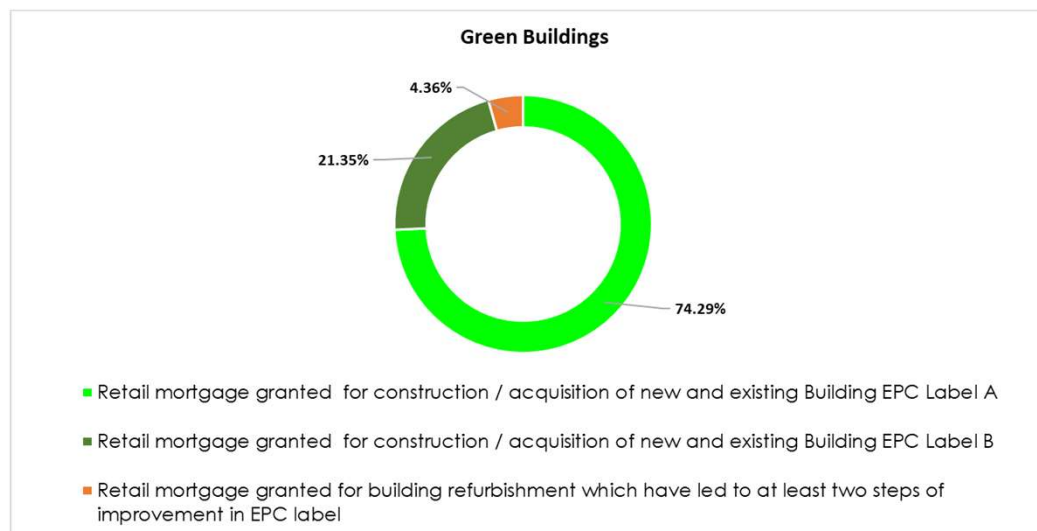
Contemplated Green Bond: Use of proceeds

As mentioned, the new transaction under this Framework will be a **Green Bond**

➔ **At present, the bond proceeds will be allocated to refinance/finance mortgage granted for GREEN BUILDINGS in accordance with the following criteria:**

- Retail mortgage granted for construction / acquisition of new and existing Building EPC Label A
- Retail mortgage granted for construction / acquisition of new and existing Building EPC Label B
- Retail mortgage granted for building refurbishment which have led to at least two steps of improvement in EPC label

The distribution of proceeds allocations as of 31/01/2021 is represented below. Distribution might change in time depending on new allocations. The total amount disbursed is currently equal to approx. **Eur 940 million. Approximately 74,29% of the current Green Buildings portfolio is composed of retail mortgages to residential properties with EPC Label A**¹



Within its green bond reporting, Intesa Sanpaolo intends to provide impact reporting indicators at category level. For Green Buildings, potential indicators are: Environmental Certifications/EPC labels obtained (for buildings, #) and CO2 emissions avoided (tons)

1. Therefore 74,29% of the Green Buildings Portfolio (as of 31/01/2021) is in line with the Climate Change Mitigation Technical Screening Criteria outlined on the Draft Delegated Act on the Taxonomy for the category "Acquisition and Ownership".

Use of Proceeds criteria for Green Buildings

The Green Buildings category is in line with the ICMA Green Bond Principles 2018 and positively contributes to the achievement of UN SDGs 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities) and 13 (Climate Action) as well as the EU Environmental Objective of Climate Change Mitigation

Green Eligible Categories

Green Buildings

Further Details

- Finance or refinance:
 - commercial and residential building refurbishment according to the Italian law on energy efficiency improvement;
 - the construction, acquisition (including retail mortgages), development or renovation of new and existing buildings (including public service, commercial, residential and recreational) which meet recognized environmental standards such as: **LEED – gold, BREEAM–good/very good, HQE – very good/excellent, CASBEE – A (very good)/S(excellent)** or equivalent or **buildings belonging to the top 15% Low Carbon residential or commercial buildings in Italy or buildings with Energy Performance Certificate (EPC) A or B** or
- **Refurbished buildings which have achieved a minimum of 30% energy saving (or at least two steps of improvement in EPC label) compared to the baseline before the renovation**

Benefits

The construction and operation of a green building will promote a healthy environment for all involved, and it will not disrupt the land, water, resources and energy in and around the building. Green buildings are designed in such a way to reduce overall impact on environment and human health by: reducing trash, pollution and degradation of environment, efficiently using energy, water and other resources and protecting occupant health and improving productivity

Impacted SDGs



Positive assessment of the green asset pool by ISS ESG

The overall sustainability quality of the asset pool is considered to be good and in accordance to ISS-ESG, mortgages for residential green buildings contribute to at least two important UN SDGs

SPO section

Summary

Evaluation

Part 1 Issuer Sustainability performance

- The issuer itself shows a **good sustainability performance** and has been given a rating of **C ('Prime' status)**. It is rated **15th out of 285 companies within its sector** as of 15.02.2021. This equates to a high relative performance, with a **Decile Rank of 1**

- Status: **PRIME**
- Rating: **C**
- Decile Rank: **1**
- Transparency Level: **VERY HIGH**

Part 2 Alignment with GBPs, SBPs and SBGs



- The issuer has defined a **formal concept for the Bonds issued under the Green, Social and Sustainability Bond Framework (including its Green Bond)**, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept **is in line with the ICMA GBPs, SBPs, and SBGs**

- Alignment: **Positive**

Part 3 Sustainability quality of the green asset pool: Mortgages for residential green buildings

- The **overall sustainability quality of the green asset pool** in terms of sustainability benefits, risk avoidance and minimisation **is good**, based upon the ISS ESG assessment
- Mortgages for residential green buildings have a positive contribution to SDG 11 'Sustainable cities and communities' and SDG 13 'Climate Action'. The environmental and social risks associated with the assets have been well managed

- Alignment: **Positive**

	Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
	USE OF PROCEEDS		CONTRIBUTION OR OBSTRUCTION		SUSTAINABLE DEVELOPMENT GOALS
Mortgages for residential green buildings		Significant contribution		Limited contribution	 

Green Bond Termsheet

<i>Indicative Termsheet</i>	
Issuer :	Intesa Sanpaolo spa
Exp. Issue Rating :	Baa1 / BBB / BBB- / BBBH
Format :	Reg S, Senior Unsecured Unsubordinated
Maturity :	[tbd] years
Size :	Eur benchmark
Coupon :	Fixed annual
Use of Proceeds :	The net proceeds of the notes will be allocated to the Green Eligible Category “Green Buildings” as defined within the Issuer’s Sustainability Framework, aligned to the ICMA Green Bond Principles.
Listing :	Luxembourg
Green Structuring Advisor :	IMI-Intesa Sanpaolo, ING
Joint Bookrunners :	Barclays, BBVA, Crédit Agricole CIB, IMI-Intesa Sanpaolo, ING, NatWest Markets
Docs :	EMTN Base Prospectus dated 22 December 2020, as Supplemented from time to time
Governing Law :	Italian law

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Green Bond - Eligible Loans (1/4)

The proceeds of the new Intesa Sanpaolo Green Bond issued under this Framework will be allocated to Eligible Loans as defined within the following list of Eligible Green Categories¹ described in the Framework, aligned to the ICMA Green Bond Principles (2018 edition)

Green Eligible Categories

Further Details

Benefits

Impacted SDGs

1- Renewable Energy

Investments in production, transmission, infrastructure and associated assets, such as: Solar, Wind, Bio energy / Biomass and Hydro energy generation

Renewable energy –wind, solar, geothermal,hydroelectric, and biomass – provides substantial benefits for climate, environment, health and economy. Increasing the supply of renewable energy would allow people to replace carbon-intensive energy sources and significantly reduce global warming emissions





2- Energy Efficiency

New investments and ongoing maintenance in infrastructure, associated assets, technology and services that contribute towards reduced energy usage and or increased energy efficiency, such as: energy storage, energy efficiency in industrial facilities, high efficiency co-generation of heat and power, district heating, smart grids, LED lighting

Energy efficiency means using less energy to provide the same service. Increasing efficiency of energy consumption seems to be the most straightforward and practical way to climate change mitigation. Investing in energy efficiency also has an impact on the costs that private and business companies have to bear in their energy bills



Green Bond-Eligible Loans (2/4)

Green Eligible Categories	Further Details	Benefits	Impacted SDGs
<p>3- Green Buildings</p>	<ul style="list-style-type: none"> Description of detail for this Eligible Category, benefits and impact SDGs is included at page 27 of this presentation 		
<p>4- Environmentally sustainable management of living natural resources and land-use, biodiversity</p>	<ul style="list-style-type: none"> Finance or refinance new and/or existing loans/projects in sustainable agriculture including the improvement and recovery of agricultural lands and local farming Finance or refinance new and/or existing loans/ projects in sustainable forestry projects such as afforestation or reforestation, conservation Finance or refinance new and/or existing loans/projects in urban greening projects 	<p>Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality Increase of the agricultural productivity and incomes of food producers, family farmers, pastoralists and fishers</p>	 

Green Bond-Eligible Loans (3/4)

Green Eligible Categories

5- Circular Economy

Further Details

Solutions that extend the product-life or cycles of use of goods and/or materials¹

Production processes fuelled by and/or products made of renewable or recycled resources

Benefits

Solutions that extend the product life or cycles of use of goods allow to maintain the inner value of products and components at the highest possible level

Production processes fuelled by and/or products made of renewable or recycled resources allow to decouple production processes from fossil fuels and fossil-based raw materials

Impacted SDGs



1. Virgin plastic based products are excluded and will not be selected under this category

Green Bond-Eligible Loans (4/4)

Green Eligible Categories

5- Circular Economy

Further Details

Products and/ or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain

Design and/ or manufacture products that can be fully recycled or Composted within an efficient framework of collection, separation and recycling after use

Innovative technologies to enable circular business models

Benefits

Products and/ or services that significantly increase effectiveness and efficiency of the resources consumption enable a relevant saving of critical resources. These practices are restorative and regenerative of the natural capital

Design and/or manufacture products that can be fully recycled or composted allow to significantly reduce waste by re-using effectively products, components and materials

Innovative technologies enable new business models and services, enhancing all the positive impacts connected to the Circular Economy, including the access to assets and resources for a wider target of consumers

Impacted SDGs

