



Transition to a sustainable,  
green and circular economy



# Transition to a sustainable, green and circular economy

## RELEVANT ISSUES

Loans and services for a sustainable, green and circular economy

page 209

Green and sustainable culture and initiatives

page 215

### RELEVANCE OF ISSUES AND MAIN IMPACTS

One of the strategic priorities of the European Union is to drive the modern, competitive and efficient transformation of the economy in terms of resources, while safeguarding the natural environment, combating climate change and making Europe carbon neutral by 2050. The financial pillars that underpin the EU's goals include the 2019 European Green Deal and the national recovery and resilience plans that form part of the Next Generation EU instrument. In November 2022 the United Nations Climate Change Conference (COP27) reiterated the key goal of guaranteeing the full implementation of the Paris Agreement and reducing emissions by 45% by 2030.

Intesa Sanpaolo has always believed that banks must play an active part in driving the transformation of the local economic and social context. For this reason, aware of its role and contribution to sustainable development processes, for a long time the Group has led the way in accelerating the transition to a low carbon economy in order to achieve global climate goals and contribute to protecting natural capital. In addition, the Group also considers its own potential impact for a Just Transition in order to promote socially equitable transition processes. Proof of this can be seen in its membership of the Net Zero Banking Alliance and its participation in the Glasgow Financial Alliance for Net Zero (GFANZ), a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy; the new 2022-2025 Business Plan also focuses closely on the climate and outlines a clear roadmap for the Group in terms of contributing to the ecological transition, with specific loans and credit plafonds to support the green and circular economy and the ecological transition.

The profound transformation of the system must involve the constant participation of all stakeholders: Intesa Sanpaolo creates opportunities for dialogue and the promotion of the culture of sustainable change through engagement initiatives, training, participation in work groups and awareness-raising activities.

### PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2022 Actions/Results	Plan Objectives for 2025 Cumulative value 2022-2025
Transition to a sustainable, green and circular economy	New lending to support the ecological transition under the National Recovery and Resilience Plan	<ul style="list-style-type: none"> <li>~32 billion euro of new lending to support the ecological transition in 2021-2022</li> </ul>	<ul style="list-style-type: none"> <li>New lending to support the ecological transition: ~76 billion euro's worth of loans as part of the National Recovery and Resilience Plan (2021-2026)</li> </ul>
	Loans and services for the green and circular economy	<ul style="list-style-type: none"> <li>Funding for the green and circular economy: ~6.3 billion disbursed, equal to 7.7% of total loans</li> </ul>	<ul style="list-style-type: none"> <li>Customer support through the ESG/ climate transition</li> </ul>
	of which Green Mortgages	<ul style="list-style-type: none"> <li>~2.6 billion euro of Green Mortgages disbursed in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Further boost to sustainable credit for retail customers with special emphasis on the ecological transition: 12 billion euro of green loans to individuals over the 2022-2025 Plan</li> </ul>
	of which circular economy	<ul style="list-style-type: none"> <li>Circular economy credit plafond<sup>1</sup>: 3.1 billion euro (of which 2.2 billion euro dedicated to green finance) disbursed in 2022</li> <li>Continuation of the collaboration with the Ellen MacArthur Foundation, of which Intesa Sanpaolo is Strategic Partner, with a new 3-year agreement for the 2022-2024 period</li> </ul>	<ul style="list-style-type: none"> <li>8 billion euro dedicated to the circular economy</li> </ul>

## PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2022 Actions/Results	Plan Objectives for 2025 Cumulative value 2022-2025
	ESG-Linked loans for SMEs: S-Loan	<ul style="list-style-type: none"> <li>Continuous expansion of the range of S-Loan products dedicated to SMEs to finance projects aimed at improving their sustainability profile (5 product lines: S-Loan ESG, S-Loan Diversity, S-Loan Climate Change; S-Loan Agribusiness and S-Loan Tourism). ~3.5 billion euro granted since launch, of which ~2.2 billion euro in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the sustainable economy</li> </ul>
	Green and sustainable culture and initiatives	<ul style="list-style-type: none"> <li>ESG Workshops originated to offer physical and virtual meeting opportunities to guide companies along the sustainable transition processes also through the support provided by specialised partners. The first 8 ESG Workshops were launched in 2022 and the first 12 dedicated ESG specialists were involved during the course of the year</li> </ul>	<ul style="list-style-type: none"> <li>Support to SMEs/Corporate customers in achieving their sustainability objectives by increasing the specialised advisory services provided through the activation of at least one ESG Workshop in each Regional Governance Centre by 2025 and ~100 dedicated ESG specialists</li> </ul>
	Green Bond Report	<ul style="list-style-type: none"> <li>March 2022 saw the publication of the new Green Bond Report 2021 on the use of the proceeds of the four Green Bonds issued in 2017, 2019 and 2021 and their related environmental benefits at portfolio level for each of the green categories. A total of 5.5 million tonnes of CO<sub>2</sub> eq emissions were avoided in 2021 <sup>[1]</sup></li> </ul>	<ul style="list-style-type: none"> <li>Supporting the green economy</li> </ul>
	Green, Social and Sustainability Bond Framework	<ul style="list-style-type: none"> <li>In June 2022 Intesa Sanpaolo published an updated version of the Green, Social and Sustainability Bond Framework, in line with the ICMA Green Bond Principles 2021, ICMA Social Bond Principles 2021 and ICMA Sustainability Bond Guidelines 2021, in order to promote alignment with the EU Taxonomy regulation on sustainable activities and with the Green Bond Standards</li> </ul>	
	Green bonds	<ul style="list-style-type: none"> <li>A new Green Bond with a nominal value of 1 billion euro was placed in September 2022, aligned with the new framework and whose proceeds are allocated for all of the Green categories included in the said framework.</li> </ul>	

<sup>(1)</sup> Credit plafond dedicated to the circular and green economy which includes specific incentives.

## COMPANY POLICIES

In accordance with the principles of the Code of Ethics and the Rules for environmental and energy policy, the Intesa Sanpaolo Group has always paid particular attention to the portfolio of green products and services it offers to its customers, also with the goal of contributing to combating climate change. Furthermore, considering the evolution of regulatory and market factors, in order to provide greater internal and external transparency on products and transactions that are considered sustainable and in line with the guidelines of the European Banking Authority (EBA), the Rules on classification of sustainable credit products and lending transactions have been defined.

The Group's 2022-2025 Business Plan focuses closely on the goals connected with the transition to a low-carbon economy, supporting green initiatives and projects of benefit to its customers.

To give impetus and tangible support to the green economy the Group has introduced specific credit plafonds and developed a broad and diverse range of loan and consultancy products dedicated to all types of customers, in Italy and abroad. In particular, Intesa Sanpaolo has allocated 88 billion euro to support the green economy, the circular economy and the ecological transition, 76 billion euro of which as part of the Group's commitment to the National Recovery and Resilience Plan (NRRP)<sup>2</sup> with 12 billion euro consisting of new credit to individuals; in this context, the new Plan has confirmed its commitment to the circular economy, promoting the spread of this model also with the support of the Ellen MacArthur Foundation and renewing the dedicated credit plafond<sup>3</sup> with 8 billion euro of new credit.

Intesa Sanpaolo's commitment to the ESG transition also takes the form of bonds dedicated to funding environmental projects. For these issuances, the Bank has developed specific Frameworks in line with the ICMA's Green Bond Principles and Sustainability Bond Guidelines.

However, financial resources alone are not enough to enable the sustainable transformation of businesses; the development of a new business culture focused on sustainability and the acquisition of specific skills are required. To this end, the Bank has put together a broad and structured range of solutions, including a dedicated online training platform, bespoke training and support programmes, and ESG workshops.

The Group's commitment to effecting global change can be seen in its participation in the international debate on environmental sustainability issues as well as its numerous initiatives, involving the various Divisions of the Bank and the Group companies, to spread the culture of environmental awareness.

## LOANS AND SERVICES FOR A SUSTAINABLE, GREEN AND CIRCULAR ECONOMY<sup>4</sup>

In 2022, the Group's loans for the green and circular economy came at around 6.3 billion euro, equal to 7.7% of all Group's loans.

### GREEN ECONOMY

In 2022 the Group's disbursements for the Green Economy totalled around 5.4 billion euro (over 33 billion euro in the 2010-2022 period).

The offer involves all customer segments: retail customers (48.8%), businesses and Third sector (9.8%), corporate & project finance (41.4%).

### PRODUCTS AND SERVICES FOR RETAIL CUSTOMERS

The new Business Plan provides a further boost to sustainable credit for retail customers with special emphasis on the ecological transition, making available 12 billion euro of green loans to individuals. The Bank continued to provide loans and mortgages for environmental purposes to retail customers in 2022.

The financing solutions are not only available to support the purchase or construction of an energy-efficient property, but also to those who want to improve energy efficiency through, for example, the replacement of windows and doors and high-performance boilers, the purchase of environmentally-friendly vehicles and installation of solar and photovoltaic panels.

<sup>2</sup> 2021-2026.

<sup>3</sup> Credit plafond dedicated to the circular and green economy which includes specific incentives.

<sup>4</sup> For more information see the 2022 TCFD Report [\[1\]](#).

The Bank proposes Green - Mutuo Domus: a subsidised mortgage (reduction of the APR and free energy certification for renovation purposes) which makes it possible to purchase and build a residential property in Italy with a high energy efficiency class (equal to or higher than B) or to renovate a residential property in Italy improving its energy performance rating by at least one class.

In 2022, around 15,650 green mortgages with a total value of around 2.6 billion euro were issued (around 14,000 worth over 2.2 billion euro in 2021).

To this end, Intesa Sanpaolo participated in the EeMAP (Energy efficient Mortgages Action Plan) project.

The range of green solutions has been enriched with a series of dedicated services, some of which are provided by partner companies. These additional and optional services help to assess the possible savings that can be made through energy redevelopment measures, for example.

Intesa Sanpaolo offers those planning to carry out renovation works - families, condominiums or specialist businesses, for example - a special structured solution so they can benefit from the subsidies introduced by the Italian "Rilancio" Decree (converted into Law no. 77 of 17 July 2020).

This Decree raised the tax deduction level to 110% (the so-called "superbonus"), usable over five years (reduced to four for expenses incurred from 1 January 2022) or recoupable through the transfer of tax credits, for all energy redevelopment expenses incurred on the building for the performance of works such as insulation, the replacement of boilers with centralised condensation systems and heat pumps, including hybrid or geothermal systems.

A modular solution is available based on the purchase of the tax credit at a fixed price set at the outset as a function of the type of the tax credit, the optional PerTe Ecobonus bridge loan to start the work, without having to wait for offsetting against tax liabilities (with an undertaking to repay this advance by transferring the tax credit to the Bank), and the option of benefiting from free advisory service in identifying and gathering the technical and administrative documentation required to issue the approval, where applicable. PerTe Ecobonus also makes it possible to finance other measures that benefit from tax deductions of less than 110% (Ecobonus/Sismabonus and other construction tax bonuses), and more specifically energy efficiency projects, the installation of photovoltaic systems, the installation of electric vehicle charging columns and the adoption of anti-earthquake measures. In 2022, over 6,600 loans were finalised with around 715 million euro disbursed.

Among the insurance products that aim to cover customers' insurance needs in the Family, Health and Property areas, the XME Protezione insurance policy focuses on protection against natural disasters, providing coverage for the damage caused by atmospheric events such as floods and cloudbursts. The coverage will reimburse up to 80% of the customer's property value. As at December 2022, over 405,200 XME Protezione policies with flood and earthquake cover had been taken out.

In the area of motor insurance products, the ViaggiaConMe policy is a usage-based solution which, besides encouraging policyholders to use their vehicles responsibly, reducing their premiums if they lower their mileage (monitored by a device installed in the car), also includes in its 24-hour roadside assistance and support free cover for a bicycle (or e-bike) belonging to the policyholder.

## PRODUCTS AND SERVICES FOR SMALL AND MEDIUM-SIZED ENTERPRISES

In accordance with the goals of the Motore Italia programme, introduced by Intesa Sanpaolo in 2021 to support the recovery of the entire Italian production system, Motore Italia Digitale was launched in 2021 and Motore Italia Transizione Energetica in 2022, the latter being supported with a €10 billion credit plafond. Various instruments have been made available: loans to reduce energy dependency, instruments to mitigate rising commodity prices, and specialised advisory services to facilitate access to tenders and the implementation of complex projects.

These instruments also include the sustainability-linked "S-Loan" to support small- and medium-sized enterprises that aim to improve their sustainability profile and to assist them on a path of structural change, associating their economic and financial decisions with their environmental and social impacts, through precise commitments undertaken with the Bank using specific ESG indicators (KPIs) subject to annual monitoring. In 2022, 39.7% of businesses chose an Environment KPI.

<sup>(6)</sup> The credit plafond forms part of the 76 billion euro made available by the Group in support of the National Recovery and Resilience Plan (NRRP).

Corporations interested in improving their ESG profile can choose from five different products on the basis of their sustainable development goals. In particular:

- S-Loan ESG;
- S-Loan Diversity;
- S-Loan Climate Change;
- S-Loan Agribusiness;
- S-Loan Turismo.

In 2022, around 1,360 projects with an overall value of approximately 2.2 billion euro were funded (715 for 1.2 billion euro in 2021).

These loans contributed to raising funds via the Intesa Sanpaolo crowdfunding platform For Funding, which identifies charity projects to support with donations connected with the sale of sustainable products (including S-Loans), encouraging the same companies to make donations in turn.

With regard to the type of loan chosen, the S-Loan solution can also be associated with the main government guarantees: Guarantee Fund, SACE Italy Guarantee, SACE SupportItalia and SACE Green Guarantee. The guarantee issued by SACE is equal to 80% and aimed at corporations - with a minimum risk rating and turnover of no more than 500 million euro - with medium-to-long-term loans of up to 15 million euro with a duration of 36 months up to 20 years. In 2022, the Bank finalised 104 MLT Loans with Sace Green Guarantee of an overall value of around 350 million euro. Solutions for professionals and businesses pursuing investment plans in the energy sector include the Energia Impresa loan, available since late 2020

One distinctive feature of the business solutions is the support of MLT/Leasing Specialists who evaluate the technical/financial aspects of the investment and its relative sustainability, also requesting the assistance of the Energy & Utilities Desk, where necessary, in the project origination phase, in the structuring of the loan, in the technical due diligence phase, which is preceded by an appraisal - usually performed by an external consultant specifically appointed according to the regulations in force - to support the Bank's credit assessment, and in the formulation of the final opinion on the technical, economic and financial sustainability of the project. The Energy & Utilities Desk, composed of a team of professionals from the sector, provides assistance for entrepreneurs who have planned investments in renewable energies or who intend to diversify their energy sources, assessing their projects from a technical and business perspective and evaluating the financial sustainability of the investment: a comprehensive service that ranges from credit consultancy on risk assessment and the structuring of the most suitable financial solutions, to advice on new market opportunities and technology trends in the area of new energies.

Within the scope of insurance products for the business world, in October 2022 the Group launched the RC Ambientale (Environmental Liability) policy, the product of a partnership between Intesa Sanpaolo Assicura and the Pool Ambiente consortium and dedicated to business customers and retail companies. As well as protecting businesses from the risk of liability compensation claims being made against them, the product also seeks to safeguard the environment and thus communities spread a culture of prevention and provide instruments to manage and solve emergency environmental situations.

In 2022, Intesa Sanpaolo continued to support non-profit companies that wish to invest in energy efficiency projects to save on energy costs and increase the overall sustainability of their business.

## PRODUCTS AND SERVICES FOR CORPORATES

The IMI Corporate & Investment Banking Division (IMI CIB) continues to pursue its commitment to sustainability, promoting innovative financial solutions that respond to the growing need for products more in line with ESG criteria. During the year it assisted and supported businesses with sustainable strategic plans and investments for the transition towards a green and circular economy.

Support for the sustainable transition is provided thanks to the activities of the ESG Team IMI CIB, created in 2020 and made up of professionals with complementary knowledge, expertise and experience, to propose to domestic and international Corporate customers a wide and integrated range of products and services.

The financial offer includes the main ESG solutions: sustainability-linked solutions and solutions with income linked to specific investments, which make it possible, depending on the circumstances, to use the circular framework or green framework of the Bank's dedicated circular economy credit plafond. In particular, in terms of sustainability-linked solutions, in 2022 the Group supported its customers with loans, bonds, guarantees, securitisations and hedging activities, while the transactions with earmarked income include Green loans, Green,

<sup>(6)</sup> Available until 30/06/2022.



Social and Sustainability-linked bonds, as well as Project Finance dedicated to the world of renewable energy (wind, photovoltaic, biomass, hydroelectric).

In 2022 the Division participated in numerous green, circular and sustainability-linked lending transactions (bilateral and syndicated). Within the scope of the broader strategy of the Group and the IMI CIB Division aimed at providing institutional clients with additional support in the form of increasingly cutting-edge digital solutions, the “Cardea” portal was also created in 2022, a single platform that provides a wide range of information for transactions on the global financial markets that can be used to define effective investment strategies.

The IMI CIB Division manages relations with the European Investment Bank (EIB) with which, in 2022, ISP signed two agreements to provide credit plafonds for small and medium-sized enterprises for ecological and/or agricultural transition activities, in accordance with shared ESG targets.

Finally, in November Intesa Sanpaolo was Lead Manager (consortium director) of the first social bond distributed exclusively on the Intesa Sanpaolo Group networks (in particular, Intesa Sanpaolo Private Banking and Fideuram) issued by the Citigroup Inc. Social Bond Framework for Affordable Housing.

## CIRCULAR ECONOMY

The Intesa Sanpaolo Group confirmed its commitment to the Circular Economy by promoting the spread of the model, drawing on the support of the Ellen MacArthur Foundation, the main promoter of the global transition towards the Circular Economy. It continued to collaborate with the Foundation, of which Intesa Sanpaolo is a Strategic Partner, with a new 3-year agreement for the 2022-2024 period.

Intesa Sanpaolo continues to innovatively redefine business strategies, ensuring financial support for investments to facilitate the redesign of the industrial system. This activity was confirmed as one of the strategic goals of the 2022-2025 Business Plan.

The transition to a Circular Economy is also pursued thanks to the contribution of the Intesa Sanpaolo Innovation Center, a Group company which oversees all circular economy activities and which set up the Circular Economy Lab (hereinafter, CE Lab) in 2018 based on of a Framework Agreement between Intesa Sanpaolo, Fondazione Cariplo and Cariplo Factory (most recently renewed in 2020) to support and assist the transformation of the Italian economy and disseminate new models of value creation in the collective interest, accelerating the transition to the circular economy.

In 2022, the CE Lab oversaw and facilitated the identification of the circular innovation needs of various companies through the launch of 2 Market and Tech Assessment projects for the Fashion&Textile and Smart Mobility sector and 2 Circular Open Innovation programmes for the Energy sectors and Cleantech.

With a view to tangibly supporting businesses active in the circular transition process, the Intesa Sanpaolo Group renewed the circular economy credit plafond, originally launched with the 2018-2021 Business Plan, allocating an additional 8 billion euro as part of the 2022-2025 Business Plan. The credit plafond is available to customers of the Banca dei Territori, IMI Corporate & Investment Banking divisions and International Subsidiary Banks Division and aimed at Italian and international businesses that adopt the circular model with innovative methods, offering them the best possible credit access conditions.

From 1 January 2022, through the specialised support of the Intesa Sanpaolo Innovation Center, 430 projects were analysed and 420 validated for a total of 9.1 billion euro. Out of this amount, the Group agreed to 4.7 billion euro for 230 transactions (2.6 billion euro of which related to green finance) and disbursed 3.1 billion euro (2.2 billion of which related to green finance).

As well as the circular framework, part of the credit plafond is dedicated to the green framework, to support businesses that invest in renewable energy generation, energy efficiency and sustainable agriculture and biodiversity.

Within the credit process, on the basis of specific circular economy criteria defined together with the Ellen MacArthur Foundation, the Intesa Sanpaolo Innovation Center is responsible for providing a technical assessment of the level of circularity of the initiatives proposed by businesses. More specifically, the circular framework eligibility criteria are as follows:

- Solutions that extend the product life or cycles of use of goods and materials (application of modular design; implementation of reverse logistics programmes; reuse, repair and regeneration or reconditioning of products);
- Production processes fuelled by renewable energies and products made up of renewable or recycled resources;
- Products and/or services that significantly increase the effectiveness in the consumption of resources, inside the company or its supply chain (adoption of industrial symbiosis principles and realisation of an integrated supply chain that turns waste into resources; implementation of cycle closure models and application of eco-

design principles and systemic design; creation or promotion of a supply chain based on circular economy principles);

- Design and/or manufacture of products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use (compostable products, recyclable products);
- Innovative technologies that enable circular business models (Internet of Things to empower traceability services, reverse-logistics and/or predictive maintenance; use of additive manufacturing/3D printing to increase the easy-to-repair degree and the efficiency of the materials; Big Data analytics, Artificial Intelligence, and Cloud Computing aiming at dematerialisation services and/or marketplaces development for secondary raw materials).

As regards the tranche dedicated to the green framework, the criteria used for access to the credit plafond and by the Intesa Sanpaolo Innovation Center to provide an assessment are:

- Renewable energies and in particular investments in production, transmission, infrastructure and associated assets, such as solar, wind, bioenergy/biomass and hydroelectric energy;
- Energy efficiency, for example, new investments and maintenance in infrastructure, technologies and services that contribute to reducing energy consumption and/or increasing energy efficiency; construction and redevelopment of new energy-efficient buildings;
- Sustainable management of natural resources and the soil, biodiversity; sustainable farming and urban greening projects.

In general, support has been provided for numerous company projects for activities such as the replacement of critical and fossil fuel materials with recycled or organic materials, the reuse of urban organic waste for the production of biomethane and compost and the recovery of CO<sub>2</sub>, the revamping of renewable energy plants with the extension of their lifetimes and the increase in their production capacity, and the recovery of industrial waste for its reuse in new product lines.

To spread and share these criteria within the Bank, the activities to consolidate the Group's internal skills have continued via a series of initiatives, including the organisation of themed webinars (e.g. with a select group of over 100 people from the International Subsidiary Banks Division); the creation of 'Circular Stories', internal audio-visual content including interviews with customers involved in real-life cases; podcasts on circular economy topics aimed at an external public and involving authoritative figures on the various subjects examined each time.

With regard to the International Subsidiary Banks, during the year, 5 online sessions were organised, 2 of which for the SME segment, dedicated to Managers and Relationship Managers in the Corporate and SME segments. The training sessions involved around 200 people, 90 of whom for the SME segment, with the aim of raising awareness of green and circular economy criteria, also through the sharing of Group success stories, with the end goal of facilitating the transition towards circular economy models in the countries in which the Division operates.

Business events on circular economy topics were also held in collaboration with the Regional Governance Centres of the Banca dei Territori Division, the IMI CIB Division and as part of the ESG Workshop (see page 215).

During the year, the assessment of businesses along their value chain also continued (over 100 businesses have been interviewed since the start of the initiative) with the use of the circular economy Standard, an instrument used to measure the level of circularity; a project on the evolution of the assessment tool is underway to finetune the evaluation questionnaires and create a web platform that facilitates their administration and completion.

In the area of partnerships and collaborations, the meetings of the Alleanza Italiana per l'Economia Circolare (Italian Alliance for the Circular Economy), joined by Intesa Sanpaolo, also continued. In 2022, the Intesa Sanpaolo Innovation Center contributed to drafting 2 documents that highlight the principles of the Alleanza in support of circular procurement processes and environmental statements and communications pertaining to circularity.

In 2022, the Intesa Sanpaolo Innovation Center was also one of the Intesa Sanpaolo Group companies to participate in the Community Valore Acqua project, contributing its specialisation to the focus group dedicated to the issue of Circular Water.

To promote the culture of innovation with regard to the circular economy, the Intesa Sanpaolo Innovation Center continued to support the BioCircE Master's (the first circular bioeconomy Master's programme in Italy) and also endorsed the Circular Economy Management course at LIUC University aimed at entrepreneurs and managers of small- and medium-sized businesses.

Still in the academic sphere, Intesa Sanpaolo Innovation Center, via the CE Lab, continued its collaboration



with the Energy & Strategy Observatory of the Polytechnic University of Milan in 2022 for the preparation of the annual report on the state of the circular economy in Italy.

The Intesa Sanpaolo Group also renewed its strategic partnership in the area of circular economy research with Bocconi University for a further three years to examine the theory of the de-risking of financial portfolios, both at single counterparty and portfolio level; this topic was analysed in the 2021 publication “The circular economy as a de-risking strategy and driver of superior risk-adjusted returns” written by Bocconi University, Ellen MacArthur Foundation and Intesa Sanpaolo. Moreover, in 2022, an article written in collaboration with Bocconi University, “Evolving sustainability: circular economics and finance for a new form of development”, was published in ABI’s *Bancaria* magazine.

In 2022, UNEP FI continued to promote the best circular economy practices in the global banking sector: through the Intesa Sanpaolo Innovation Center, Intesa Sanpaolo played an active leadership role in the working group set up to produce, within the framework of the Principles for Responsible Banking, a 2.0 version of “The Guidance on Resource Efficiency and Circular Economy Target Setting” report, which will be published at the start of 2023.

Via the Intesa Sanpaolo Innovation Center, in 2022 Intesa Sanpaolo also participated in the International Financial Institutions Circularity Exchange Network, a group of experts consisting of financial institutions, including the World Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and private banks, and other institutions such as the United Nations, Chatham House and the Ellen MacArthur Foundation. During the year, the working group drafted the “Circular Economy Roadmap for Financial Institutions” document, which presents a roadmap shared by participating entities designed to raise awareness of the circular economy in the financial world; the document was presented at the COP27 in Egypt where Intesa Sanpaolo was one of the guest speakers at the launch event.

Finally, since 2019 Intesa Sanpaolo Innovation Center has been part of the UNI 057 Technical Committee for the development of Project UNI/TS 11820 on “Measuring circularity. Methods and indicators for measuring circular processes in organisations”, to define voluntary circular economy certification standards. The technical specification was officially presented at the end of 2022 and includes 81 circularity indicators and an assessment aimed at product and service organisations.

## GREEN BONDS

Intesa Sanpaolo was the first Italian bank to issue a green bond in 2017, and this has been followed by five further issues in euro for a total of 6.25 billion euro (5.75 billion euro outstanding<sup>7</sup>) and an issue in March 2023 of a Green Bond worth £600 million.

The first issue was in 2017, a 500 million euro Green Bond for the funding of renewable energy and energy efficiency projects which was redeemed in June 2022.

To support loans and projects for the Green Economy, the Circular Economy and the social sphere, in 2019 Intesa Sanpaolo, on the basis of the Sustainability Bond Guidelines (Sustainability Bond Framework - developed in line with the international standards established by the ICMA, in particular with the Green Bond Principles 2018, the Social Bond Principles 2018 and the Sustainability Bond Guidelines 2018), issued the first 750 million euro circular economy Green Bond to support loans granted by the Bank as part of the 6 billion euro credit plafond dedicated to the circular economy. The Bond obtained the Second Party Opinion of ISS ESG when issued. Thanks to this issue, in 2020 the Intesa Sanpaolo Group won the Environmental Finance 2020 Bond Award. In addition, UNEP FI (the United Nations Environment Programme Finance Initiative) cited the bond as an example of a sustainable bond in the Financing Circularity: Demystifying Finance for the Circular Economy report, recognising the Group’s commitment to spreading the values of the circular economy.

Also in 2019, UBI Banca issued a 500 million euro Green Bond to refinance a select project finance portfolio in the renewable energies sector, focused essentially on solar and wind energy; the issue was carried out as part of a Framework drafted in accordance with the guidelines of the ICMA: the security obtained the Second Party Opinion of ISS-oekom.

In March 2021, Intesa Sanpaolo issued a Green Bond of a nominal value of 1.25 billion euro: the proceeds will be used to cover green mortgages issued for the construction or purchase of high energy-efficient properties (energy class A or B) or the redevelopment of buildings with an ensuing improvement of at least two energy efficiency classes<sup>8</sup>, as per the 2021 Green, Social and Sustainability Bond Framework (aligned with the ICMA Green Bond Principles - 2018, ICMA Sustainability Bond Guidelines - 2018 and ICMA Social Bond Principles - 2020), which established a list of eligible categories of green, social and circular economy funding for which the proceeds of issues may be used. The Green Bond obtained the Second Party Opinion of ISS ESG when issued.

<sup>7</sup>) In March 2022.

<sup>8</sup>) APE (Attestato di Prestazione Energetica - Energy Performance Certificate).

In June 2022, Intesa Sanpaolo published the new Green, Social and Sustainability Bond Framework (GSS Framework), aligned with the ICMA Green Bond Principles-2021, ICMA Social Bond Principles-2021 and ICMA Sustainability Bond Guidelines 2021 as well as the European Green Taxonomy (on a “best effort” basis). The Framework obtained the Second Party Opinion of ISS ESG. In September 2022 and March 2023 Intesa Sanpaolo placed three new Green Bonds with nominal values, respectively, of 1 billion euro, 2.25 billion euro and 600 million pound sterling aligned with the new framework and whose proceeds are allocated for all of the Green categories included in the said framework. The Green Bond Ratio, the percentage of outstanding green bonds at the end of the year out of the total amount of outstanding Senior Preferred, Senior non Preferred and Covered Bonds intended for institutional investors (five-year moving average), is equal to about 8.9%<sup>9</sup>. In March 2023, the second Green and Social Bond Report [1] based on the “Portfolio approach” was published. The Group therefore adopts an approach that estimates the impacts on and benefits for the entire portfolio of admissible loans for each of the green categories and, by looking at the estimated average impact per million euro financed, makes it possible to calculate the number of tonnes of CO<sub>2</sub> avoided as a direct result of each acquired bond.

GREEN LOANS PORTFOLIO			ISP GREEN BONDS <sup>1</sup>	
Admissible categories	Total <sup>2</sup> (€)	GHG emissions avoided (tCO <sub>2</sub> eq) <sup>3</sup>	ISIN	Total (€)
<b>Renewable Energies</b>	<b>3,313 m</b>	<b>3,153,300</b>		
- Photovoltaic	2,518 m		<b>XS2529233814<sup>5</sup></b>	<b>1,000 m</b>
- Wind	697 m			
- Hydroelectric	99 m		<b>XS24500686194<sup>6</sup></b>	<b>18 m</b>
<b>Energy efficiency</b>	<b>288 m</b>	<b>142,500</b>		
<b>Green Mortgages</b>	<b>4,179 m</b>	<b>94,500</b>	<b>XS1979446843</b>	<b>500 m</b>
- Energy class A	2,348 m			
- Energy class B	884 m		<b>XS2317069685</b>	<b>1.250 m</b>
- Renovations	181 m			
- New buildings (NZEB) <sup>4</sup>	766 m		<b>XS2089368596</b>	<b>750 m</b>
<b>Circular Economy</b>	<b>1,979 m</b>	<b>4,151,000</b>		
<b>Total</b>	<b>9,759 m</b>	<b>7,541,300</b>		<b>3,518 m</b>

<sup>(1)</sup> As at 31.12.2022.

<sup>(2)</sup> Only the outstanding loans admissible for each category.

<sup>(3)</sup> Emissions avoided per portfolio of admissible loans. For the method used to calculate emissions see page 9 of the Green and Social Bond Report 2022 [1].

<sup>(4)</sup> Net zero-emission building.

<sup>(5)</sup> Relating to all Green categories of the GSS Framework.

<sup>(6)</sup> Private placement of ¥2.4 bn in 2022.

## GREEN AND SUSTAINABLE CULTURE AND INITIATIVES <sup>10</sup>

Financial resources are not enough on their own to enable the sustainable transformation of businesses and society; we need to develop a new business culture focused on sustainability and the acquisition of specific expertise: for this reason, in its 2022-2025 Business Plan the Group set its itself clear goals in terms of supporting customers in the ESG/climate transition and in 2022 launched numerous initiatives aimed at both its employees and customers (for circular economy initiatives and training see page 212).

### TRAINING AND ENGAGEMENT

Multimedia platform Appendo was once again the main tool used for sharing content on environmental topics with all the Group’s people in 2022; the various modules available were used by over 40,000 employees for a total of around 53,000 hours.

As regards environmental protection issues, two mandatory courses are available on the online platform for employees directly involved in the application of the Environmental and Energy Management Systems (around 6,000 people). For all other people an optional course is available with the aim of spreading good environmental practices. The course was also made available to employees of Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura, Fideuram Vita and Intesa Sanpaolo RBM Salute who occupy the properties that attained ISO 14001 certification.

<sup>(9)</sup> As at 31/12/2022.

<sup>(10)</sup> For more information see the 2022 TCFD Report [1].

A series of news items was also published on the company intranet with the aim of raising employee awareness on the need to reduce energy consumption at both work and home and providing useful information in the event of disasters caused also by climate change.

A number of important courses on energy efficiency and climate change were held for all of the international subsidiary banks in 2022 with the aim of improving the reporting of environmental information and raising the awareness of those that work in these areas in the foreign subsidiaries. The first course, held in Turin and attended by around 50 people, focused closely on the issue of energy efficiency while the second course, held online, examined methods for measuring GHG emissions. In addition, at the start of 2022 a number of meetings were held on the topic of climate change to direct the Group's Own Emissions Plan, to which the international subsidiary banks also contribute.

The European Regulatory & Public Affairs (ERPA) function carried out internal training initiatives to raise awareness among the Group's people on environmental issues being discussed by European regulators. The Brussels structure provided training and consultancy for various central and business structures of the Parent Company, as well as for Group companies active in Italy and abroad. The meetings focused on the goals of the European Green Deal and, more specifically, on relevant legislative dossiers for the Group, such as Sustainable Finance and the "Fit for 55" package of sectoral measures to reduce emissions.

As to Sustainable Finance, ERPA made its contribution to the European institutions, where requested, through participation in European consultations, working groups and events on the topic. As well as its external activities, ERPA was also involved in training and raising the awareness of the business functions impacted by the most important European legislative decisions, including the proposed bill on the Corporate Sustainable Due Diligence Directive (CSDDD) and the Corporate Sustainable Reporting Directive (CSRD). ERPA also made its contribution to the main bill of the "Fit for 55" package.

Finally, the function also provided training activities for Group people on the Commission plan to make Europe independent of Russian gas (REpowerEU) and the other various energy proposals.

As part of the mandatory '30-hour' training course at Eurizon Capital SGR, three courses were held on ESG ratings, sustainability and green bonds, involving over 290 people.

Intesa Sanpaolo is also committed to developing a sustainability-based business culture in corporate customers, as set out in the 2022-2025 Business Plan: this is a key step to guide them towards an economic transition that is not only sustainable from a financial perspective; to increase the knowledge and skills that corporate customers require in this area, a project has been developed that involves both a dedicated online platform and custom-designed training and support programmes, taking advantage of internal skills and external partnerships.

In particular, in 2022 Intesa Sanpaolo Formazione<sup>8</sup> continued to develop digital training activities dedicated to businesses through the Skills4Capital training platform, with the goal of supporting the growth of businesses, developing skills and taking advantage of the opportunities that arise in a continuously evolving market. Subscribers to the platform were able to do training courses on different ESG issues thanks to the range of "Higher Education" courses held in dedicated and interactive virtual classrooms and/or via digital training packages.

Intesa Sanpaolo Formazione also designed Skills4ESG, an initiative designed to raise awareness of ESG issues via a customer portal, a single access point for ESG training with a range of dedicated content, news and success stories on ESG issues and sustainability, presentations of Group initiatives on sustainability issues with social, environmental and governance impact, and additional training services (e.g. advanced training courses, one-to-one training courses, multi-business workshops).

The ESG Workshops, physical and virtual meeting places for supporting Italian businesses during the sustainable transition and tracing a development course designed to support long-term growth with positive impacts on the environment and people, also continued in 2022. The Workshops, together with the local institutions that took part, encourage discussion and raise awareness of ESG issues among businesses and supply chains through in-depth meetings and workshops, with the aim of helping customers take their first steps towards initiatives that improve their sustainability profile with positive repercussions on business development. Following the launch of the first ESG Workshop in Brescia in October 2021, new workshops were opened in other Italian provinces in 2022: Padua, Venice, Bari and Taranto (Puglia ESG Workshop), Bergamo, Rome, Cuneo, Naples and Palermo (Naples&Palermo ESG Workshop). The aim of the workshops is to provide all of the tools necessary to invest in sustainable, digital and circular economics projects, matching the needs of companies with the expertise of expert partners, universities and innovation centres.

In 2022, Intesa Sanpaolo launched the fourth iteration of "Imprese Vincenti", the programme designed to promote Italian small- and medium-sized businesses that stand out for their entrepreneurial excellence; inspired by the development goals of the National Recovery and Resilience Plan, the fourth edition is focused on areas and

<sup>8</sup> As of 1 July 2022 Intesa Sanpaolo Formazione S.p.a. was the subject of a complex corporate action which led to the change of its name (it is now Digit'ed S.p.a.), the sale of its shares and its ensuing exit from the Group.



development or corporate transformation projects that have enabled SMEs to effectively respond to this particular moment of difficulty; the first and sixth stages (Milan and Padua) were dedicated to the topic of sustainability.

## **PARTICIPATION IN THE DEBATE AND ADVOCACY OF ENVIRONMENTAL SUSTAINABILITY**

The Group continued to make an important contribution to the international debate on environmental sustainability issues in 2022.

With regard to the issue of direct environmental impacts, the Bank continued to participate in the working group of the Italian Banking Association (ABI) on Green Banking, which provides an insight into the processes relating to energy and environmental management in the Bank according to the main international standards. In 2022, the main focus areas were energy consumption in the banking sector, with the production of a benchmark study; the updating of ABI Lab guidelines on the application of the GRI standards in the bank with the expansion of the scope 3 reporting boundary and the capital goods reporting methodology; the reporting of direct environmental impacts according to the GRI Environmental Standards with associated annual results (for 2021); the carbon offsetting tools that banks can use to offset non-reducible emissions, with a quick survey held to provide a snapshot of the progress being made in the sector and a specific day for study and discussion. The energy emergency was also addressed in the final quarter of 2022 with an analysis on the application of regulations and the measures that can be taken in the banking sector to reduce energy consumption.

In terms of sustainable finance, the Group's collaboration with the Italian Banking Association (ABI) was strengthened within specific working groups. The ABI monitoring and support activities regarded in particular the "ESG disclosure" area, which also underwent an important regulatory development in 2022. Measures were also taken to facilitate the Group's participation in the main ABI events, which focused on issues connected with environmental sustainability. Finally, the activities carried out by the Association to analyse the regulation and raise awareness in the financial and non-financial sectors of the imminent impact of the regulatory developments, particularly those associated with "ESG disclosures", were closely monitored at all times.

At the European level, Intesa Sanpaolo interacted with lawmakers, the main trade associations and other stakeholders to promote and represent the various environmental sustainability initiatives of the Group. Through its office in Brussels, Intesa Sanpaolo brings its best practices to the attention of regulators, provides training to European officials on financial issues in support of sustainability, and underlines the specific characteristics of its context so that these can be taken into consideration during the legislative process. The Group also continued to collaborate with the main European trade associations, contributing to the work of:

- the European Banking Federation (EBF) on Sustainable Finance and the Sustainable Development Goals (SDGs);
- the Association for Financial Markets in Europe (AFME) on the functioning of the European Union Allowances (EUA) market, the Corporate Sustainability Reporting Directive (CSRD), the EU Green Bond Standard (EU GBS) and the Corporate Sustainability Due Diligence Directive (CSDDD);
- European Issuers on CSDDD, CSRD and EU GBS;
- the European Mortgage Federation – European Covered Bond Council (EMF-ECBC), which launched the Energy Efficient Mortgages Initiative (EEMI) in which representatives of the Intesa Sanpaolo Banca dei Territori participate. The initiative, which over the years has been recognised and funded by the European Commission, seeks to analyse available data on specific portfolios of mortgages in various EU countries and demonstrate the negative correlation between the energy efficiency of collateral real estate and the probability of mortgage default.

In 2022, Intesa Sanpaolo also worked with both EMF-ECBC and ABI on the Energy Performance of Buildings Directive currently being discussed by EU lawmakers.

In general, Intesa Sanpaolo helped outline the sector's position in some of the main documents (legislative and non-legislative) published in 2022. In November, a representative of the bank was appointed chair of "Roundtable 4 – Access to Finance" of the Renewable Low Carbon Fuel (RLCF) Industrial Alliance.

Studi e Ricerche per il Mezzogiorno (SRM) is a Group research centre aiming to disseminate economic knowledge and culture, with a particular focus on the development of southern Italy, the economics of maritime transport and logistics, and energy. In 2022, SRM participated in numerous national and international meetings and seminars (held in person, online and in hybrid form) on the environment, the Green Economy, the Blue Economy and sustainability, expanding its ability to analyse these phenomena. Among other things, SRM is also part of SosLog, the association for the development of sustainable logistics, whose mission is the dissemination of information, research and initiatives aimed at spreading the culture of sustainable transport and logistics.

As Founding Member of Res4Africa, Intesa Sanpaolo confirmed its commitment to the development of renewable energy in Africa.

Intesa Sanpaolo also remains committed to the Climate Investment Platform (CIP), having become the first Italian bank to join it in 2021: the initiative brings together public and private sector financial institutions to support the development of renewable energy projects all over the world.

Intesa Sanpaolo is Energy & Strategy partner of the Polytechnic University of Milan for a number of Studies focused on market trends and technology development in the areas of renewable energy production, energy efficiency, hydrogen production and the national electric market.

In October the Bank took part in Futura EXPO, a 3-day sustainability-themed show with a packed calendar of events and workshops organised by the Chamber of Commerce of Brescia and created with the goal of introducing innovations and developing the culture of sustainability through the green growth of the regions.

## STUDIES

The Group's commitment to the development of study and research projects in the environmental and social fields continued in 2022. Some of the most important publications and initiatives included:

- the Eighth Report on the Bioeconomy - The Bioeconomy in Europe - produced by the Research Department. As well as updating its 2021 forecasts, the Report includes an analysis of the impact of the war in Ukraine on the sectors of the Bioeconomy and a chapter on the European taxonomy for sustainable finance;
- the Performance of Local Public Transport Businesses - report by Intesa Sanpaolo and ASSTRA. Local public transport is a crucial sector for the sustainability of cities and the transition to a new model of mobility: the 2022 report presents an up-to-date overview of the sector in light of the pandemic and expected investments;
- the Annual Italian Maritime Economy Report 2022 – produced by Studi e Ricerche sul Mezzogiorno. This publication centred on sustainability and the Blue Economy and was presented in Naples during an international conference as well as at numerous other national and international events. This year's focus areas include Green Ports and questions connected with the Green Transition in shipping, highly topical issues that will help Italy make its logistics system stronger and more competitive. In 2022, lots of emphasis was placed on the sustainability of logistics as a driver of development in manufacturing businesses;
- the 2022 Report on Energy in the Mediterranean by the Mediterranean Energy Observatory, developed by SRM together with the Energy Security Lab (ESL) of the Polytechnic University of Turin. This year's publication took a close look at alternative fuels and their strategic role in the European and Mediterranean energy transition, and was presented at the European Parliament in Brussels in December, in the presence of MEPs and the Group's European stakeholders;
- the research study series Un Sud che Innova e Produce (A South that Innovates and Produces) - produced by SRM. The series was expanded with a new study on "The manufacturing industry of southern Italy. Economic potential, manufacturing dynamics and supply chain strategies": the study includes an analysis of "Environment Region and Sustainability: the role of the bioeconomy" which highlights the close connection between industrial investments in sustainability and the development prospects of a region.

## EVENTS AND INITIATIVES

In order to raise the awareness of environmental issues among customers and employees, the Intesa Sanpaolo Group participates in various initiatives aimed at spreading the culture of sustainability and good practices as widely as possible. The main international events in which the Group participated in 2022 were: World Environment Day promoted by UNEP, this year dedicated to protecting the Earth, and European Week for Waste Reduction, promoted by the European Commission. Intesa Sanpaolo promoted both events by disseminating both internal and external communications via the company intranet, the ATM network, the company website and Group's social media accounts.

As part of its initiatives to protect the environment, Intesa Sanpaolo promoted the launch of the RI-PARTY-AMO project, developed in partnership with WWF and Jova Beach Party 2022, which aims to mobilise the entire country with the goal of protecting coastal zones and other critical areas of Italian environmental heritage. In 2022, 59 cleaning days and 54 events involving over 1,850 people were held across Italy, making it possible to clean around 4.4 million square metres of beaches and rivers. Two of the planned nature restoration works were launched in 2022 (in Policoro and San Giuliano Milanese), involving over 3,000 classes from more than 900 schools, and three workshops were held at the Universities of Milano-Bicocca, Roma Tre and Teramo. The Bank played its part by giving the fundraising initiatives visibility through its channels, including the For Funding platform, and by allocating to RI-PARTY-AMO part of the proceeds deriving from the online purchases of many products by customers and the donations of the Bank associated with Green Mortgages and others types of loans taken out by customers. Overall, between November 2021 and December 2022 the Bank contributed over 2.5 million euro to the fundraising campaign, which raised a total of around 3.5 million euro, making it possible to

finance all of the project's objectives.

In terms of protection of natural capital, the Bank also continued to support Forestami in 2022, an urban forestation project that aims to plant 3 million new trees in the Metropolitan City of Milan by 2030; in the first months of 2022, for every Green Mortgage or other specific types of loans taken out by the Bank's customers, Intesa Sanpaolo made a donation to the project, for an overall sum of around 110,000 euro. Intesa Sanpaolo also chose to renew the same support for mortgages and loans taken out in the same period of 2022 (this donation will be finalised in early 2023).

In regard to safeguarding biodiversity, the "Di amo una casa alle api" project, designed to protect bees and held in collaboration with the WWF, came to a close in September 2021. The project raised a total of 480,000 euro, over 450,000 euro of which thanks to donations by the Bank; in 2022, activities were launched in 20 WWF Oases in 14 regions, around 40 dedicated areas were created for the sowing of over 4,000 m<sup>2</sup> of nectar plants (around 3,700) for the pollinating insects, and 70 artificial nests were installed.

In order to create a positive environmental impact and involve ordinary members in an active and responsible way through the spread of "good practices" in the area of environmental sustainability, in 2022 ALI (Associazione Lavoratori Intesa Sanpaolo) donated over 87,000 water bottles to all ordinary members, contributing to reducing the use of disposable plastic bottles.

Finally, the IMI CIB Division pursued various initiatives in 2022 as part of the "Research Lab in Sustainable Urban Regeneration" (SUR Lab) set up by the Department of Social and Political Sciences of Bocconi University with the support of Intesa Sanpaolo. In particular, professionals from the Bank participated in the first "Economics of sustainable urban regeneration" courses, offering the most deserving students on the course the opportunity of an internship in the IMI CIB Division.

The International Subsidiary Banks were involved also in various international and local initiatives; in particular, 9 banks participated in the United Nations World Environment Day: Bank of Alexandria (Egypt), Banca Intesa Beograd (Serbia), CIB Bank (Hungary), Eximbank (Moldova), Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank (Slovenia), PBZ (Croatia) and VÚB Banka (Slovakia). In collaboration with the VÚB Foundation, in 2022 VÚB Banka launched the second edition of Atlas, the first Slovakian award for ecology and the conservation of nature. Fifty-five projects entered this year's competition and the winners, identified with the support of an expert jury, were announced on Earth Day on 22 April.