Green Bond focused on Circular Economy Report

December 2020
Green Bond focused on Circular Economy-Report 2020

INTRODUCTION

This document is the first annual report on the use of proceeds and environmental impact of Intesa Sanpaolo’s first Green Bond focused on Circular Economy, issued on 4 December 2019, based on the Intesa Sanpaolo Sustainability Bond Framework (hereafter: “Framework”).

The report covers the period from 4 December 2019 to 31 October 2020.

INTESA SANPAOLO 2019 GREEN BOND

Intesa Sanpaolo in 2017 was the first Italian bank to debut as “green” issuer. In 2019, the great success of the € 750 million Senior Unsecured Bond due on 2024 deal, born to support projects dedicated to Circular Economy, has amplified the Bank’s commitment to sustainability.

The deal saw a significant participation of Green and Socially Responsible Investor (SRI), hence achieving a good diversification versus conventional senior bonds.

The final book collected orders over € 3.5 billion from 234 investors, allocated as follows:

- by jurisdiction: France (17%), UK & Ireland (23%), Germany & Austria (18%), Iberia (5%), Italy (13%), Switzerland (6%), Benelux (11%), Nordics (5%) and others (2%);
- by investor type: Fund Managers (75%), Official Institutions (10%), Insurance & PF (4%), Banks & PB (10%) and others (1%).

This green issuance focused on Circular Economy meets the Eligibility Criteria defined in the Intesa Sanpaolo Sustainability Bond Framework. Intesa Sanpaolo has obtained a dedicated Second Party Opinion on the Bond by ISS ESG.
Framework summary

PILLAR

USE OF PROCEEDS - CIRCULAR ECONOMY ELIGIBLE LOANS CATEGORIES

1. Solutions that extend the product-life or cycles of use of goods and/or materials
   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

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

3. Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain
   Products and/or services that significantly increase effectiveness and efficiency of the resource consumption enable a relevant saving of critical resources¹. These practices are restorative and regenerative of the natural capital

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

5. Innovative technologies to enable circular business models
   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

PROJECT EVALUATION AND SELECTION

- Business teams will propose loans as Use of Proceeds of each Intesa Sanpaolo Bond under the Sustainability Bond Framework
- The internal Sustainability Bond Working Group will review and approve, as appropriate, each proposed loan based on the defined Eligible Categories listed by the Use of Proceeds
- Loans determined as eligible will be marked accordingly and added into a Sustainability Bond Register
- The Sustainability Bond Working Group is responsible to maintain and update the Sustainability Bond Register described in section “Management of Proceeds” of the Framework

MANAGEMENT OF PROCEEDS

The proceeds of any Intesa Sanpaolo Bond under the Sustainability Bond Framework will be either dedicated to projects directly from Intesa Sanpaolo or from any one of Intesa Sanpaolo’s subsidiaries dedicated to circular, green or social financing, which will be funded via intercompany loans.

As such, the allocation from any Intesa Sanpaolo Bond issued under the Sustainability Bond Framework will be made into circular, green or social projects either directly or indirectly.

¹ Raw materials and natural resources such as water, agricultural resources as inputs of biobased chemicals products, oil, natural gas, coal, metals (eg antimony, cobalt, gallium, germanium, indium, platinum, palladium, nickel, neodymium and tantalum), in addition to land and agricultural resources with supply limits.
REPORTING

- Intesa Sanpaolo will report annually, until full allocation, on the use of proceeds via a “Sustainability Bond Report” which will be published on the Intesa Sanpaolo website.
- Intesa Sanpaolo will also report annually on the environmental and social benefits resulting from each loan disbursed from the Sustainability Bond, until full allocation:
  - Output: estimates and/or assessment of major outputs disclosed at category level, annually and up to the complete allocation of bond proceeds;
  - Impacts: annual estimates of ex-ante and/or ex-post impacts (where feasible) based on specific indicators developed by Intesa Sanpaolo, disclosed at category level.

VERIFICATION - EXTERNAL REVIEW

Starting one year after issuance, a verification or assurance of the reporting may be released on an annual basis by a third party ESG agency or financial auditor, including: bond proceeds allocation, the compliance of the allocated loans with the selection process and the reporting metrics.
The Green Bond focused on Circular Economy: selection and allocation summary

Here below a brief recap of the selection process of projects:
- for the inaugural Green Bond focused on Circular Economy, Intesa Sanpaolo considered the financing/refinancing of credits granted through the € 5 billion Circular Economy Plafond launched in 2018 as eligible for the Use of Proceeds;
- an internal team of qualified individuals (the “Sustainability Bond Working Group”) was created, made up from the Treasury Department, CSR and the Circular Economy Desk;
- the Sustainability Bond Working Group evaluated and approved, as appropriate, each loan dedicated to Circular Economy financing proposed by Circular Economy Desk, based on the defined Eligible Categories and created a Sustainability Bond Register.

THE BOND

On 4 December 2019 Intesa Sanpaolo issued its Green Bond focused on Circular Economy of € 750 mln: 100% of the proceeds were allocated in the first year of the bond’s life.

As at 31 October 2020:
- 49.5% of the net proceeds of the Green Bond (€ 371 mln approx.) were allocated to refinance specific loans included in the Circular Economy Portfolio of Intesa Sanpaolo, selected according to the following specific criteria:
  - loans dedicated to circular economy projects with no other funding sources (i.e. financing from EIB or other supranational entities) than the net proceeds of the Green Bond;
  - performing loans;
  - loans signed from 2018.
- 50.5% of the net proceeds of the Green Bond (€ 379 mln approx.) were allocated to New Loans financing new circular green projects which were agreed and signed in the period 4 December 2019 - 31 October 2020.

BOND ALLOCATION

- 49.5% Refinancing
- 50.5% New Loans
CIRCULAR ECONOMY ALLOCATION REPORTING

CORPORATE & INVESTMENT BANKING (CIB) CIRCULAR ECONOMY PORTFOLIO AS AT 31 OCTOBER

USE OF PROCEEDS FOR ELIGIBLE CIRCULAR ECONOMY PROJECTS

<table>
<thead>
<tr>
<th>Eligible Circular economy Project Portfolio</th>
<th>Outstanding Amount [EURm]</th>
<th>Share of total financing</th>
<th>Allocation of Circular Economy funding</th>
<th>Amount [EURm]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Solutions that extend the product-life or cycles of use of goods and/or materials</td>
<td>110.0</td>
<td>12.5%</td>
<td>- Circular Economy Bond ISPIM 03/412/04/24 (SIN XS2089368596)</td>
<td>750</td>
</tr>
<tr>
<td>2 - Production processes fuelled by and/or products made of renewable or recycled resources</td>
<td>323.6</td>
<td>36.9%</td>
<td>- Unallocated amount of Eligible Circular Economy Project Portfolio</td>
<td>128</td>
</tr>
<tr>
<td>3 - Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain</td>
<td>286.6</td>
<td>32.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 - Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use</td>
<td>49.6</td>
<td>5.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - Innovative technologies to enable circular business models</td>
<td>107.7</td>
<td>12.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total eligible CIB Circular Economy Project Portfolio</td>
<td>877.5</td>
<td>100%</td>
<td>Circular Economy Funding</td>
<td>€ 750</td>
</tr>
</tbody>
</table>

REPORTING ON GREEN BOND FOCUSED ON CIRCULAR ECONOMY ISPIM 0 ¾ 12/04/24 - ISIN XS2089368596

<table>
<thead>
<tr>
<th>Eligible Project Category</th>
<th>ICMA Principles</th>
<th>Outstanding amount financed by Green bond focused on C.E. [EURm]</th>
<th>Eligibility for Green bond focused on C.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Solutions that extend the product-life or cycles of use of goods and/or materials</td>
<td>GBP</td>
<td>94.0</td>
<td>100%</td>
</tr>
<tr>
<td>2 - Production processes fuelled by and/or products made of renewable or recycled resources</td>
<td>GBP</td>
<td>276.6</td>
<td>100%</td>
</tr>
<tr>
<td>3 - Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain</td>
<td>GBP</td>
<td>244.9</td>
<td>100%</td>
</tr>
<tr>
<td>4 - Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use</td>
<td>GBP</td>
<td>42.4</td>
<td>100%</td>
</tr>
<tr>
<td>5 - Innovative technologies to enable circular business models</td>
<td>GBP</td>
<td>92.1</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>750.0</td>
<td>100%</td>
</tr>
</tbody>
</table>

Allocation by Category

TOTAL LOANS

- Solutions that extend the product-life or cycles of use of goods and/or materials: 5.6% 12.3%
- Production processes fuelled by and/or products made of renewable or recycled resources: 32.7% 36.9%
- Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain: 11.2% 23.0%
- Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use: 42.5% 31.3%
- Innovative technologies to enable circular business models: 15.0% 42.5%

NEW LOANS

- Solutions that extend the product-life or cycles of use of goods and/or materials: 9.7%
- Production processes fuelled by and/or products made of renewable or recycled resources: 24.8%
- Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain: 31.3%
- Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use: 42.5%
- Innovative technologies to enable circular business models: 15.0%

REFINANCING LOANS

- Solutions that extend the product-life or cycles of use of goods and/or materials: 12.5%
- Production processes fuelled by and/or products made of renewable or recycled resources: 24.8%
- Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain: 31.3%
- Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use: 42.5%
- Innovative technologies to enable circular business models: 15.0%
EXCLUDED CATEGORIES AND LIMITATIONS

- Any kind of investment connected to: Fossil Fuels, Nuclear energy, Armament, Alcohol\(^2\), 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.

- 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.

\(^2\) 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
Green impact reporting

The total amount of the eligible portfolio is equal to around € 878 mln and corresponds to 12 loans financed. For each project, Intesa Sanpaolo selected the KPIs on which basis it evaluated annual emissions avoided. Priority was given to the objectives that can be easily quantified in terms of mass and/or energy.

Given the heterogeneity of the circular economy projects in general, it is not possible to have a unique set of indicators that applies to everyone. We have therefore chosen to select the most significant output performance indicators for each project and we report them below:

- Increase of renewable energies production (17.15 GWh/year)
- Amount of waste and by-products re-inputted in production processes (e.g. Fabric waste recycled in production, 95 t/year; 88,690 t/year of recycled PET)
- Amount of water recovered and reutilized (70,000 m³/year)
- Amount of plastic use reduction (1,194 t/year)
- Amount of fully compostable goods produced (19,200 t/year of compost)
- Amount of biomass production (8,747,000 m³/year)
- Amount of CO₂ as a by-product of biomethane production (7,065 t/year)

One of the projects selected relates to an investment in research & development. The KPI identified is connected to the estimate of the fossil material replaced with renewable material but the company will be able to release reliable data only in the future years.

Compared to the other projects analyzed, for which it is possible to evaluate an annual mass or energy flow for which to calculate the environmental benefits, for this project, which is more focused on research and development of new materials and technologies, the benefit was evaluated overall linked to the objectives of the project. Therefore, the calculated benefit is expressed in absolute terms in tCO₂eq and figuratively distributed over the duration of the project.

The most significant methodological aspects of the analysis are:

- Data related to the KPIs used to evaluate the CO₂ avoided have been agreed with the counterparties in the phase of contract signing and represent for them non-financial covenants. In the following years an update of those data will be required in order to improve the consistency level of reporting
- The emission factors were defined using the life cycle approach and following the GHG Protocol
- Sources used - the main source used is Ecoinvent. Where available, emission factors representative of the processes considered have also been used (e.g. emission factor for the generation of electricity national average => report AIB on European Residual Mix) and sector statistics to increase the representativeness of the emission factor
- Mass or energy flows are converted into tCO₂eq by applying the emission factors identified for each KPI
- The calculations of avoided emissions are carried out gross of the impacts for the realization of the projects (e.g. construction of plants for the production of energy from renewable sources, recycling processes, etc.)

The result of the study is that the total value of CO₂ greenhouse gas emissions avoided amounts to 298,887 metric tons.

As the amount of the portfolio funded by the Bond is € 750 mln, proportionally the amount of greenhouse gas emissions avoided directly linked to the issue is equal to 255,459 metric tons of CO₂, with an average of 341 tCO₂ avoided per million euro.
Projects Examples

FASHION AND TEXTILE

The project was presented by Zegna Group, Italian company in the luxury men’s clothing sector with a long-lasting commitment to having a positive social and environmental impact. A few years ago, the company built two plants to produce hydroelectric energy. Furthermore, several investments are ongoing to recover textile by-products and to re-insert them in the production cycle, both for self-use and re-selling to other companies.

The commitment is towards three main pillars: i) continuing the production of hydroelectric and photovoltaic energy, with an annual average of about 4.5 GWh, equal to 40% of total energy consumption in the main plant; ii) recovery and reuse of waste water into the production cycle, with 70,000 cubic meters of water, equal to 20% of total consumption in the main plant (250,000 KWh of thermic energy); iii) sell of textile by-products to third companies, for 95 tons, equal to 15% of annual total consumption in the main plant.

ENERGY, WATER AND UTILITIES

The project was presented by Thames Water, a British company responsible for public water supply and waste water treatment. The project includes several initiatives related to water treatment, from utilisation of wastewater to produce renewable energy and fertilisers to recycling of waste water and prevention of water pollution.

The commitment is towards two main pillars: i) installation of drainage systems, preventing water pollution, flooding and creating in total 40 hectares of green spaces; ii) increase of renewable energy production, with an initial target of additional 6 GWh year by year, already significantly outperformed in 2019/2020.

3 The amount related to 2020 is 6 hectares.
Intesa Sanpaolo's commitment to the environment: an ongoing and consistent path

Intesa Sanpaolo considers the environment - and climate change in particular - as key issues, integrated in a wider social and environmental strategy that includes the integration of sustainability in all the Group's departments and banks, with the awareness that innovation and the development of new products and services may contribute to tackle environmental changes and the related social impacts.

This commitment has led over the years to adhere to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. Furthermore, in 2018 Intesa Sanpaolo decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and in 2019 signed the Principles for Responsible Banking (PRB) from UNEP FI. Through its subsidiaries, Intesa Sanpaolo adheres to the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector.

Intesa Sanpaolo has always considered environmental management as a fundamental part of a wider management model which embeds sustainability across the entire Group. Numerous initiatives are focused on the mitigation and careful management of direct and indirect impacts on the environment. The Group continues its commitment to reduce its environmental footprint through, for example, the development of projects aimed at promoting the efficient use of natural resources, the purchase and production of energy from renewable sources and the support of research and innovation in the area of energy efficiency. These actions have contributed to an overall reduction of emissions of 53.6% from 2008 to 2019 in line with the Climate Change Action Plan – that has long-term targets in terms of CO₂ emissions reduction.

With regards to indirect impacts Intesa Sanpaolo credit process considers, among others, environmental and social risks and to this extent the Group is working continuously on its internal processes in order to apply more stringent assessment criteria and more effective operating procedures. In May 2020 Intesa Sanpaolo issued a policy that defines limitations and exclusion criteria with reference to credit operations in the coal sector. With this policy Intesa Sanpaolo wants to support its customers that are shifting away from the use of coal for energy production (phase-out) and to encourage the transition to low carbon alternatives (e.g. renewables and gas). In addition, Intesa Sanpaolo actively supports individuals and businesses committed to reducing their environmental footprints, through the promotion of green products and services.

With reference to environmental financing, in 2019, the Group disbursed approximately 2.2 billion euro of new loans in support of the green economy and the circular economy, corresponding to 3.7% of the Group total disbursed.

Intesa Sanpaolo's commitment is also recognised by its positioning in the main social and environmental sustainability indices and rankings: Intesa Sanpaolo is the only Italian bank included in the Dow Jones Sustainability Indices and in the 2019 CDP Climate A List.

Focus on Circular Economy

The Circular Economy is fundamental for an economic development that generates positive environmental and social impact. The circular model is based on the redesign of industrial processes and business models to generate economic and competitive advantage for companies, with a regenerative approach towards natural capital. Intesa Sanpaolo is strongly committed to accelerate the transition towards the Circular Economy and decided to join in 2015 the Ellen MacArthur Foundation (EMF), the most relevant player in this field, as its first Financial Services Global Partner, while from June 2020 Intesa Sanpaolo was named Strategic Partner of the Foundation, thanks to its focus on redefining business strategies in an innovative way, ensuring financial support for investments to facilitate the redesign of the industrial system.
As stated by the Foundation, Circular Economy is a new economic paradigm underpinned by the transition towards renewable energy sources. Circular business models follow three simple principles: design out waste and pollution, keep products and materials in use and regenerate natural systems.

Circular Economy is aimed at overcoming the traditional industrial approach currently based on a “take - make - dispose” model, where finite resources are considered as unlimited sources and its objectives include the generation of a virtuous cycle in the use of resources.

The Bank’s commitment to the circular economy is demonstrated by the inclusion, as a key strategic pillar, within 2018-2021 Business Plan, with the main objective to set a Circular Economy Plafond. As a result, at the end of 2018 a dedicated credit plafond of 5 billion euro was launched with the aim to support innovative and transformative projects and initiatives in the circular economy.

Another important result of Intesa Sanpaolo commitment is the launch of the Circular Economy Lab, first Italian Laboratory – held together with Fondazione Cariplo – aimed at creating value for the Group’s customers and other companies by developing open innovation programmes and through the promotion of a cultural transformation towards circular economy.
Independent auditors’ report

KPMG S.p.A.
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Independent auditors’ report on the Green Bond focused on Circular Economy Report

To the board of directors of Intesa Sanpaolo S.p.A.

We have been engaged to perform a limited assurance engagement on the Use of Proceeds data and on the environmental benefits data resulting from loans disbursed from the Green Bond included in the Green Bond focused on Circular Economy - Report 2020 (the “Report”) of Intesa Sanpaolo S.p.A. (the “Bank”) prepared on the basis of the Framework as of 18 November 2019 (the “Framework”) and available on the Bank’s website, developed by the Bank in accordance with the Green Bond Principles 2018 issued by the International Capital Market Association - ICMA (the “Principles”) and related to the Green Bond focused on Circular Economy issued on 4 December 2019 (the “Green Bond focused on Circular Economy”).

Responsibilities of the Banks’ directors for the Report

The directors are responsible for the preparation of the Report in accordance with the Framework, developed by the Bank in accordance with the Principles. In particular the directors are responsible for the preparation of the Use of Proceeds data in accordance with the eligible loans categories and of the environmental benefits data resulting from loans disbursed from the Green Bond focused on Circular Economy included in the Report as described in the “Framework summary” paragraph of the Report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error. It also includes identifying the content of the Report, selecting and applying policies, and making judgments and estimates that are reasonable in the circumstances.

Auditors’ independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional
behaviour. Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditors’ responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the Use of Proceeds data in accordance with the eligible loans categories and on the environmental benefits data resulting from loans disbursed from the Green Bond focused on Circular Economy included in the Report as described in the “Framework summary” paragraph of the Report. We carried out our work in accordance with the criteria established by “International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (“IAASB”) applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the Report are based on our professional judgement and include inquiries, primarily of the Bank’s personnel responsible for the preparation of the information presented in the Report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following main procedures:

— interviewing relevant staff at corporate level responsible for the verification of the maintenance of the conditions underlying the second party opinion which includes the sustainability credentials of the green bond focused on Circular Economy and the compliance with pre-issuance commitments of Intesa Sanpaolo and their alignment to the Green Bond Principles;

— evaluating the design and implementation of the reporting processes and the controls regarding the Use of Proceeds data and the environmental benefits data;

— interviewing relevant staff at corporate and business level responsible for the Green Bond focused on Circular Economy management and reporting;

— interviewing relevant staff at corporate and business level responsible for providing and consolidating the Use of Proceeds data and the environmental benefits data;

— evaluating internal and external documentation to determine whether the Use of Proceeds data is supported by sufficient evidence in line with the eligible loans categories;
— evaluating internal and external documentation to determine whether the environmental benefits data resulting from loans disbursed from the Green Bond focused on Circular Economy, in particular the environmental KPIs data used to determine the CO₂ avoided, is the one agreed with the counterparties in the phase of contract signing;

— evaluating internal and external documentation to determine whether the environmental benefits data, in terms of CO₂ avoided, resulting from loans disbursed from the Green Bond focused on Circular Economy, is prepared in line with the Greenhouse Gas Protocol Methodology.

**Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Use of Proceeds data and the environmental benefits data resulting from loans disbursed from the Green Bond focused on Circular Economy included in the Green Bond focused on Circular Economy - Report 2020 are not prepared, in all material respects, in accordance with the "Framework summary" paragraph of the Report.

Milan, 3 December 2020

KPMG S.p.A.

Mario Corti
Director of Audit