INTESA SANPAOLO

2024 CLIMATE REPORT

INDEX

The Climate Report discloses climate-related information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In October 2023, after fulfilling its mandate, the TCFD disbanded and the Financial Stability Board (FSB) requested the IFRS Foundation to take over the monitoring of progress in corporate climate-related disclosures. The TCFD recommendations have been fully incorporated into the standards of the International Sustainability Standards Board (ISSB) of the IFRS Foundation.

Acknowledgement

The pictures included in this 2024 Climate Report were taken and kindly made available by Intesa Sanpaolo people; they represent a unique contribution to the document.

INTRODUCTION

THE INTESA SANPAOLO GROUP PROFILE

The Intesa Sanpaolo Group is one of the top banking groups in Europe (74.7 billion euro in market capitalisation[1]) and the leading one in Italy, with a significant ESG commitment, including on climate and a world-class position in Social Impact.

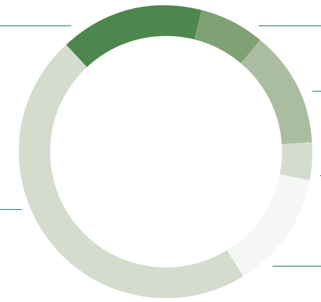
The Group serves 13.9 million customers through a network of approximately 3,000 branches across Italy and has a strategic international presence, with over 900 branches and 7.5 million customers.

As at 31 December 2024, the Group had total assets of 933,285 million euro, customer loans of 421,512 million euro, direct deposits from banking business of 584,508 million euro and direct deposits from insurance business of 177,430 million euro.

The Group[2] operates through six divisions:

- **Banca dei Territori (BdT):** focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized enterprises and non-profit entities. The division includes activities in industrial credit, leasing and factoring, as well as the digital bank Isybank (which also operates in instant banking through Mooney, a partnership with the ENEL Group). Loans to customers over €221 billion as at 31/12/2024.
- **IMI Corporate & Investment Banking:** a global partner which, taking a medium-long term view, supports corporates, financial institutions and public administration, both nationally and internationally. Its main activities include capital markets & investment banking. The division is present in 24 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking. Loans to customers €126 billion as at 31/12/2024.
- **International Banks Division (IBD):** includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania in Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, Eximbank in Moldova, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania and First Bank in Romania, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia and Pravex Bank in Ukraine. Loans to customers €45 billion as at 31/12/2024.
- **Private Banking Division:** serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored to this segment. The division includes Fideuram - Intesa Sanpaolo Private Banking, with 6,814 private bankers.
- **Asset Management Division:** asset management solutions targeted at the Group's customers, commercial networks outside the Group and the institutional clientele. The division includes Eurizon, with €333 billion of assets under management.
- **Insurance Division:** insurance and pension products tailored for the Group's clients. The division holds direct deposits of €177 billion and includes Intesa Sanpaolo Assicurazioni - which controls Intesa Sanpaolo Protezione, Intesa Sanpaolo Insurance Agency and InSalute Servizi - and Fideuram Vita.

Breakdown of operating income by business area*



Note: figures may not add up exactly due to rounding
* Excluding Corporate centre
** Domestic Commercial Banking

1 As at 31 January 2025.
2 Intesa Sanpaolo Profile.

Leadership in Italy built on long-standing relationships with customers

Ranking	Market share	
1	Loans	17.8%
1	Asset Management*	21.2%
1	Deposits**	21.6%
1	Pension Funds***	24.4%
1	Factoring***	26.4%

Figures as at 31 December 2024
* Mutual funds; figures as at 30 September 2024
** Including bonds
*** Figures as at 30 September 2024

INTRODUCTION

The year 2024 was the hottest on record, with global average temperatures surpassing pre-industrial levels by 1.6°C. For the first time, an entire year remained above the 1.5°C threshold set by the Paris Agreement, underscoring the accelerating climate crisis. This stark reality highlights the urgency of decisive action to mitigate climate change and drive the transition to a low-carbon economy.

The 29th United Nations Climate Change Conference (COP29), held in Baku, placed a strong emphasis on climate finance. A commitment was made to mobilise at least $300 billion annually by 2035 to support climate change mitigation and adaptation in developing countries. Additionally, the introduction of the Baku-Belém Roadmap established a global framework to enhance international climate cooperation, aiming to scale up climate financing to $1.3 trillion per year by 2035.

At the same time, the IPCC has begun work on its Seventh Assessment Report (AR7), which will focus on short-lived climate forcers and carbon removal technologies, reinforcing the need for faster emissions reductions in high-emission sectors.

In Europe, the European Commission has recently taken new steps to advance climate action. *The Competitiveness Compass* sets out a vision for a more prosperous and sustainable future for Europe. Furthermore, the *Clean Industrial Deal*, launched in February 2025, outlines a comprehensive plan to decarbonise and boost the competitiveness of European industry. In parallel, the *Affordable Energy Action Plan* aims to significantly reduce energy costs with estimated overall savings of €45 billion in 2025, which will progressively increase to €130 billion in annual savings by 2030 and €260 billion by 2040. These developments come as Eurostat data confirm that European renewable energy production reached record levels in 2023, with renewables accounting for 45.3% of gross electricity consumption.

In Italy, the *Renewable Energy Communities (CER)* Decree, which entered into force in January 2024, enables the development of renewable energy systems with an incentivisable capacity of up to 5 GW by 2027. The measure promotes collective self-consumption models by supporting local communities, businesses and public entities in producing, sharing and consuming renewable energy. By fostering decentralised energy production, the decree aims to accelerate the uptake of renewables, reduce energy costs, and enhance grid stability.

According to the European Environment Agency (EEA)[3], achieving the objectives of the European Green Deal will require average annual investments of approximately €520 billion until 2030, with an additional €92 billion per year needed to scale up the production of net-zero technologies. In this context, the financial sector plays a crucial role in enabling the transition by mobilising capital for sustainable and low-carbon projects.

In 2024, Intesa Sanpaolo has strengthened its commitment to decarbonisation by setting new sectoral targets for 2030 in Residential Real Estate, Agriculture-Primary Farming, Cement and Aluminium. These sectors are added to the six sectors already reported in the 2023 Climate Report (Oil & Gas, Power Generation, Automotive, Coal Mining, Iron and Steel, Commercial Real Estate). With these objectives, the Bank completed the definition of decarbonisation targets by 2030 in the highest-emitting and most material sectors for the Group, as indicated by the guidelines of the Net Zero Banking Alliance.

The Bank's commitment is further reflected in its over €400 billion in medium- and long-term financing supporting the Italian economy, including €76 billion dedicated to green initiatives, circular economy and ecological transition.

Also Intesa Sanpaolo was included in the 2024 CDP Climate "A List", which recognises companies for their transparency and effectiveness in tackling climate change. At the end of January 2025, further strengthening its commitment, the Bank received SBTi validation for its decarbonisation targets.

Scientific evidence and political developments in 2024 confirm that the window of opportunity to limit global warming is rapidly closing. In this context, the role of the financial sector is more critical than ever: accelerating the transition requires increased sustainable investments and stronger collaboration between the public and private sectors.

With the 2024 Climate Report, published alongside the 2024 Consolidated Sustainability Statement (prepared in accordance with the CSRD), the 2024 SDGs Report and the 2024 Responsible Banking Progress Statement - all approved by the Board of Directors - Intesa Sanpaolo confirms its significant progress on the path towards its Net Zero goals.

Intesa Sanpaolo reaffirms the continuity and evolution of its climate strategy and reiterates its commitment to supporting clients and stakeholders in the transition to a sustainable economy, contributing with concrete actions to climate change mitigation and long-term value creation.

3 EEA, "Investments in the sustainability transition: leveraging green industrial policy against emerging constraints", https://www.eea.europa.eu/publications/investments-into-the-sustainability-transition.

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GOVERNANCE

The Board of Directors (BoD) of Intesa Sanpaolo approves the strategic guidelines and policies on sustainability (Environmental, Social and Governance) and related disclosures, with the support of the Risks and Sustainability Committee, the involvement of the other Board Committees and all the main corporate bodies, including dedicated ESG structures and management levels.

MAIN BODIES AND STRUCTURES

The main Bodies and Structures having ESG and, more specifically, climate-related responsibilities within their remit are illustrated below[1].

Board Governance	**Board of Directors (19 members)** **Risks and Sustainability Committee (5 members)** · **Management Control Committee (5 members)** · **Managing Director and CEO**
Managerial Committees	**Steering Committee** Chaired by the Managing Director and CEO. Members: First organisational lines, including the Heads of Governance Areas (e.g., Chief Financial Officer, Chief Sustainability Officer, Chief Risk Officer) and Divisions. Frequency of ESG/climate-related meetings: at least quarterly, as part of the Business Plan and Sustainability (ESG) Session. **Group Control Coordination and Non-Financial Risks Committee** Chaired by the Chief Risk Officer, it is attended by the heads of the Group's corporate control functions and the relevant Governance Areas.
Managerial Body	**ESG Control Room** Chaired by the Chief Sustainability Officer (CSO), or, in their absence, by the Heads of ESG Steering. Members: Chief Financial Officer, Chief Risk Officer, Heads of ESG Steering, Head of ESG Governance (acting as Secretary). Additional participants may include Heads of Governance Areas, Divisions, or other structures, depending on the topics addressed.

Main Responsibilities for the management of climate-related and environmental issues

Compliance

Chief Sustainability Officer Governance Area	**Chief Financial Officer Governance Area**	**Chief Risk Officer Governance Area**	**Chief Lending Officer Governance Area**	**Chief Equity, Legal, & M&A Officer Governance Area**	**Chief Cost Management Officer Governance Area**	**Chief Institutional Affairs and External Communication Officer Governance Area**
ESG Steering Chief Social Impact Officer • Intesa Sanpaolo Environment and Energy Innovation Center & Investments • Intesa Sanpaolo Innovation Center	Administration, Regulatory Reporting & Tax Affairs Group Treasury & Capital Management Financial Market Coverage	Enterprise Risk Management Market & Financial Risk Management IMI Corporate & Investment Banking Risk Management Banca dei Territori Risk Management	Loan Origination Strategies	Legal Affairs - Group General Counsel	Group Procurement Real Estate Management	European Regulatory & Public Affairs

Chief Data, A.I. and Technology Officer

Internal Audit

Business Divisions	**Banca dei Territori**	**IMI Corporate & Investment Banking**	**International Banks**	**Private Banking**	**Asset Management**	**Insurance**

Sustainability Managers	20 Sustainability Managers appointed within each Governance Area or Division: Asset Management; Banca dei Territori; Chief Audit Officer; Chief Compliance Officer; Chief Cost Management Officer; Chief Data, A.I. and Technology Officer; Chief Equity, Legal and M&A Officer; Chief Financial Officer; Chief Governance, Operating and Transformation Officer; Chief Institutional Affairs and External Communication Officer; Chief Lending Officer; Chief People & Culture Officer; Chief Risk Officer; Chief Social Impact Officer; Chief Transformation & Organisation Officer; IMI Corporate & Investment Banking; Innovation Center & Investments; Insurance; International Banks; Private Banking.

ESG Coordination Table / Sustainable Investments and Insurance Table

1 Detailed information on the corporate governance and remuneration systems are provided in the "Report on Corporate Governance and Ownership Structures" and in the "Report on the remuneration policy and compensation paid" published on the Bank's website, to which reference should also be made.

Board Governance

BOARD OF DIRECTORS

Supported by the Risks and Sustainability Committee, the BoD:

- approves the Code of Ethics (and its updates), which describes Intesa Sanpaolo's commitment, among others, to social and environmental responsibilities, and the Group's Code of Conduct;
- defines and approves strategies and policies on sustainability (ESG), including the social and cultural responsibility model and the actions to be undertaken to fight climate change, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders;
- defines and approves risk objectives, which incorporates ESG risks and, in particular, climate and environmental risks;
- approves the list of ESG sensitive sectors relevant to the lending activities, assessing them based on the analysis of the external environment and in accordance with the Group's strategic and sustainability objectives;
- approves the results of the impact and financial materiality analysis, which identifies the aspects related to environmental, social and governance sustainability that are relevant with regard to the considered impacts, risks and opportunities, in compliance with the applicable regulations;
- approves the Consolidated Sustainability Statement, ensuring that it is drawn up and published in accordance with the current regulations, after examination by the Management Control Committee, as well as all other reporting of note in this area - including the Climate Report;
- approves the Pillar 3 disclosure on environmental, social and governance risks.

With the support of the Nomination Committee, the Board ensures the implementation of induction activities, dedicated to its members. The BoD, supported by the Remuneration Committee, submits the Remuneration Policies to the Shareholders' Meeting for approval, which link the variable portion of the total remuneration of the top and middle management, based on performance scorecards, also to Group ESG KPIs, including climate-specific indicators.

During 2024, 21 meetings of the Board of Directors were held, 16 of which also addressed ESG topics.

Board oversight and knowledge of sustainability and climate issues

The Board of Directors, appointed on 29 April 2022 for the 2022–2025 term, brings a diverse and extensive range of skills and experience to the Group. Regarding sustainability (ESG) knowledge, upon accepting their candidacy, 84% of Board Members declared a very good/distinctive level of competence on sustainability issues and their integration into the Bank's strategies. In 2024, one specific induction session conducted for the Board was dedicated to ESG topics, with a focus on the evolution of ESG Governance in Intesa Sanpaolo and updates on selected ESG priorities (i.e., sustainability disclosure, Net Zero targets, ESG Scoring).

RISKS AND SUSTAINABILITY COMMITTEE

The Committee supports the Board, inter alia, in:

- evaluating and analysing sustainability (ESG) issues associated with the Bank's activities;
- reviewing and approving proposals associated with strategic, business and financial plans, also taking into account the sustainability policies (ESG) and the budgets of the Bank and the Group, further to the evaluation of the stress test results;
- approving the strategic guidelines and policies on sustainability, including the corporate social and cultural responsibility model and the fight against climate change to also ensure more efficient risk monitoring in this field and taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders;
- assessing and determining matters relating to the materiality analysis, both in terms of impact and financial materiality, also with the purpose of approving the Consolidated Sustainability Statement. This analysis identifies aspects of environmental, social and governance sustainability that may be significant, considering impacts, risks and opportunities, in accordance with applicable regulations and the associated methodology;
- verifying that sustainability risks - when defining risk appetite and, where appropriate, risk tolerance - and in particular climate and environmental risks, are included in the framework for determining risk appetite and in reviewing and assessing the risks indicated;

Board Governance

- approving the list of ESG sensitive sectors relevant to the lending activities;
- evaluating the Group's positioning with respect to national and international best practices in the field of sustainability, with a specific focus on Intesa Sanpaolo's participation in major sustainability indices;
- assessing the opinions issued by the Risk Management function with regard to the most significant transactions that are relevant to reputational risks and ESG-Climate change;
- approving the Code of Ethics, the Code of Conduct, the Consolidated Sustainability Statement and the Climate Report. The Committee supports the Board of Directors in the evaluations and determinations to be adopted regarding the analysis of the impact and financial materiality.

During 2024, the Risks and Sustainability Committee convened 47 times, 23 of which were dedicated also to ESG-related matters.

MANAGEMENT CONTROL COMMITTEE

In liaison with the corporate structures responsible for the sustainability issues and the Internal Auditing function, it supervises the compliance with the principles and values contained in the Code of Ethics. With reference to the Consolidated Sustainability Statement, it examines its content overseeing compliance with the provisions laid down in Italian Legislative Decree No. 125/2024 and reports on that in its annual report to the Shareholders' Meeting. Additionally, it examines the annual information presented by the Manager responsible for certifying the Consolidated Sustainability Statement regarding the oversight activities related to sustainability reporting risks and the periodic reports submitted by corporate control structures.

MANAGING DIRECTOR AND CEO

The Managing Director and CEO plays a key role in governing sustainability performance and holds the authority to submit proposals to the Board for the adoption of resolutions within its remit. The CEO submits proposals for the definition of strategic guidelines and sustainability (ESG) policies including the fight against climate change to the Board of Directors.
The CEO ensures the implementation of the resolutions of the BoD, with particular reference to the implementation of the strategic guidelines, Risk Appetite Framework (RAF) - which includes a climate change section - and the risk governance policies defined by the Board of Directors. The CEO is informed annually by the Manager responsible for certifying the Consolidated Sustainability Statement about the activities of risks oversight related to sustainability reporting.

Managerial Committees

STEERING COMMITTEE

Chaired by the Managing Director and CEO, the Committee includes the Bank's first management line.

Its responsibilities include:

- collaborating on the definition of strategic guidelines and policies related to ESG issues including the model on corporate social and cultural responsibility and climate change which the Managing Director and CEO submits to the competent Board Committees and to the Board of Directors, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders;
- examining, prior to approval by the Managing Director and CEO, the Rules implementing the Guidelines for the governance of environmental, social and governance (ESG) risks of the Group, which establish criteria, limitations and exclusions for transactions in sectors that are sensitive to ESG and/or Reputational risks, as well as classification criteria for credit products and sustainable lending transactions;
- authorising in advance specific transactions of relevance to sustainability issues in the exceptional cases provided for in the Guidelines for the governance of environmental, social and governance (ESG) risks of the Group;
- examining the Consolidated Sustainability Statement, the Climate Report and any other reports on sustainability issues of particular relevance prior to their presentation to the Board;
- collaborating in the identification and updating of potentially relevant environmental, social and governance issues in relation to the considered impacts, risks and opportunities, in compliance with the applicable regulations, within the framework of impact and financial materiality analysis.

The functions of the Steering Committee are carried out in plenary session and special and distinct sessions.

As concerns ESG issues, the Steering Committee meets at least quarterly in a "Business Plan and Sustainability (ESG)" Session, a specific session also dedicated to ESG and climate-related issues and their inclusion in the Group's development plans, with 26 meetings held in 2024, 12 of which included climate and nature-related topics.

During 2024, ESG/climate-related topics were also examined by the Steering Committee in other sessions than Business Plan and Sustainability (ESG) Session, as follows:

- 5 meetings (out of 10) of the Supervisory Remediation Plans Session;
- 1 meeting (out of 9) of the Group Risk Analysis Session.

Within the latter, the Steering Committee focuses on examining:

- the Group's Risk Appetite Framework proposal, submitted by the Chief Risk Officer Governance Area, to share contents and assess the overall consistency, as a preparatory and functional step to the approval by the Board of Directors;
- the identification and classification of any new risks, within the relevant area of responsibility, presented by the Chief Risk Officer Governance Area for the purpose of updating the Group Risk Inventory in accordance with the relevant Guidelines;
- the Tableau de Bord of the risks, by analysing among others the main specific risks as defined in the RAF and the evolution of the Group's main risks (credit, counterparty, market, operational and other);
- the reporting presented every six months by the Chief Risk Officer Governance Area concerning the entire process of management of the Most Significant Transactions.

Furthermore, during two Credit Strategy Sessions, the Steering Committee approved the single sectoral view indicators for both 2024 semesters, also considering the "ESG Sectoral Colour Coding"[2]. A third session focused on 2024 credit strategy evolution, also considering ESG factors.

GROUP CONTROL COORDINATION AND NON-FINANCIAL RISKS COMMITTEE

The Group Control Coordination and Non-Financial Risks Committee is tasked with examining, during the Operational and Reputational Risk session, the main ESG risk profiles that affect or could potentially affect exposure to operational and reputational risks. This session, chaired by the Chief Risk Officer, is attended by the heads of the Group's corporate control functions and the relevant Governance Areas.

2 For further details on ESG Sectoral Colour Coding, please refer to the 'Strategy' chapter.

Managerial Body

ESG CONTROL ROOM

Following the reorganisation of the Group, effective from April 2024, that also established the new Chief Sustainability Officer Governance Area, the ESG Control Room has been redesigned to further strengthen its role by envisaging the participation of the Chief Sustainability Officer as Chair, the Chief Financial Officer, the Chief Risk Officer, the Heads of ESG Steering, the Head of ESG Governance and depending on the topics addressed, also the Chiefs of other Governance Areas or Business Divisions.

The ESG Control Room, among its activities:

- supports the Steering Committee in the processes of the Business Plan and Budget, in the examination and evaluation of proposals related to ESG guidelines and initiatives relevant at Group level, assessing priorities, metrics and targets (KPIs);
- analyses policies, including the Group's social and cultural responsibility model to combat climate change;
- provides evaluations on proposals related to the Group's ESG commitments (e.g., decarbonisation targets) and their main business implications;
- offers evaluations and recommendations on proposals to join major voluntary initiatives and the related action plan necessary to achieve the resulting objectives, monitoring the progress of activities and outcomes;
- analyses and shares, in alignment with the strategic guidelines and with the support of technical/real estate functions, the Group's Own Emissions Plan proposal for presentation to the competent Bodies, monitors the implementation of the necessary activities to achieve the defined objectives and track the achieved results;
- analyses the integration of ESG criteria in equity investments and credit strategies;
- review the main ESG reports prepared by the competent structures to monitor initiatives and the main ESG targets/objectives (Business Plan and Budget KPIs), assessing the main determinants and identifying any steering actions with the contribution from the Divisions;
- shares the findings of ESG regulatory monitoring activities and their related impacts on the Group's operations and examines potential impacts of ESG trend in the external context, including those related to other players, market needs and consumer preferences;
- receives updates on relevant ESG-related requests from Regulators or Authorities reported by the reference functions (Divisions and Governance Areas of competence), along with the related responses required for submission to the Bank's Bodies, if applicable.

Additionally, with the aim of activating a central coordination for the implementation of sustainability-related activities, the ESG Control Room is supported by the following Tables: the ESG Coordination Table, with the primary purpose of sharing, updating and monitoring the ESG-related activities and objectives, with collegial participation from all Governance Areas and Business Divisions through their respective Sustainability Managers; the Sustainable Investments and Insurance Table, ensuring overall supervision of the ESG initiatives of the Wealth Management and Insurance Divisions.

Focus:

Sustainability Managers

Sustainability Managers are appointed by the Head of each Governance Area/Division and are responsible within their Governance Area/Division for overseeing ESG topics, acting as coordinators on ESG issues and monitoring the implementation of ESG initiatives, ensuring the dissemination of ESG guidelines, best practices and priorities and the preparation of the contributions requested for sustainability reporting.

PARENT COMPANY STRUCTURES INVOLVED IN ESG/ CLIMATE ISSUES MANAGEMENT

The **Chief Sustainability Officer** (CSO) Governance Area was established in April 2024, assuming a central role in the strategic and operational direction of the Group's sustainability initiatives and reflecting Intesa Sanpaolo Business Plan's priorities. The activities previously distributed across various organisational units of the Group have been consolidated into this Area and a new ESG Steering organisational unit has been established to provide strategic guidance and monitor ESG issues.

The **Chief Sustainability Officer** Governance Area is responsible for:

- defining and implementing the Group's ESG strategy, in line with strategic and regulatory objectives;
- monitoring ESG quantitative and qualitative targets and promoting specific actions to achieve sustainability goals;
- supporting business units in transitioning towards a sustainable economic model, including identifying new ESG business opportunities;
- ensuring the operational functioning of the ESG Control Room and related Tables.

Within the Area, **ESG Steering** supports the Head of the Chief Sustainability Officer Governance Area in defining ESG guidelines, policies and strategic initiatives, ensuring their alignment with the Group's overall strategy and objectives. Key responsibilities include:

- defining ESG Key Performance Indicators (KPIs) and targets, in coordination with the relevant functions, ensuring their monitoring, evaluating results and supporting corrective steering actions and mitigation initiatives;
- supporting Business Units in setting ESG business objectives and fostering the integration of ESG strategies into their business models, in line with the Group's sustainability goals;
- coordinating strategic ESG initiatives within its scope of responsibility, ensuring their execution is consistent with the objectives set in the Business Plan;
- managing the ESG Control Room and related Tables, providing a comprehensive overview of ESG initiatives and maintaining relationships with Sustainability Managers and other key stakeholders;
- ensuring the preparation of sustainability reports, publications and information, consistent with internal regulations and within its area of responsibility also supporting the Manager Responsible for Preparing the Company's Financial Reports and ensuring their overall coherence;
- overseeing the governance of Human Rights Principles and the Code of Ethics, in collaboration with the relevant functions, ensuring their effective implementation;
- managing ESG-related internal and external communications, in coordination with the relevant departments and fostering the dissemination of ESG culture and training at the Group level;
- developing and evolving the Group's ESG Scoring model, ensuring its application to assess the sustainability positioning of significant counterparties and integrating ESG considerations into business processes.

The Divisions and Group Companies engaged in ESG-related activities functionally report to ESG Steering for relevant matters, ensuring a consistent and coordinated approach to ESG across the organisation.

As other main organisational structures, the CSO Governance Area also includes the Chief Social Impact Officer Governance Area and Innovation Center & Investments.

The **Chief Social Impact Officer** Governance Area leads the Group's social impact initiatives, fostering well-being and inclusion for individuals and communities. Key responsibilities include:

- defining strategic guidelines and intervention models to amplify positive social effects and generate structural changes through the Intesa Sanpaolo for Social Impact;
- ensuring, through **Intesa Sanpaolo Environment and Energy**, the direction, coordination and monitoring of initiatives aimed at mitigating the direct environmental impacts generated by the Group's activities, including the actions, measures and procedures necessary to promote the rational use of energy. Intesa Sanpaolo Environment and Energy is responsible for the Environment and Energy Management System and its related policies. It also contributes to managing risks related to climate change, assessing climate risks for the Bank's assets, ensuring the control of compliance risk and it acts as a specialist function in relation to environmental regulations.

Innovation Center & Investments supports the long-term competitiveness of the Group and its customers and acts as a driving force and stimulus for the "new economy" and technological innovation in the domestic and international economic system, including climate change and ESG topics.

In particular, Intesa Sanpaolo Innovation Center: i) represents the Group's center of expertise for the Circular Economy, developing and providing corporate customers with advisory services aimed at enabling the transition to Circular Economy principles; ii) provides specialised support to Intesa Sanpaolo's Divisions by issuing technical opinions following the analysis of lending facilities requests under the Circular and Green Economy Plafond; iii) supports the Group's internal transition to circular economy principles through tailored policies and initiatives; iv) analyses the frontier of scientific research developing reports and publications on a wide range of highly innovative topics, including decarbonisation.

In the **Chief Financial Officer** (CFO) Governance Area:

- **Administration, Regulatory Reporting & Tax Affairs** is responsible for the Consolidated Sustainability Statement, the regulatory interpretation of the European Taxonomy Rules and the related calculation of the Green Asset Ratio (GAR);
- **Group Treasury & Capital Management** is involved in the origination and structuring of the Group's bonds related to sustainable finance;
- **Financial Market Coverage** is responsible for managing relationships with the financial community and conducting assessments, including those aimed at obtaining sustainability ratings and inclusion in major sustainability indices.

The Manager responsible for preparing the company's financial reports is charged with the responsibility[3], together with the Managing Director and CEO, of certifying that the Consolidated Sustainability Statement included in the Management Report has been prepared in compliance with the applicable European Sustainability Reporting Standards and with the art. 8 of EU Taxonomy Regulation. To this end, they perform the requisite verification and monitoring activities through their subordinate structures.

The **Chief Risk Officer** (CRO) Governance Area ensures the measurement and control of the exposure to ESG risks and, in particular, environmental and climate change risks. The CRO also provides quarterly updates to the Risks and Sustainability Committee on the monitoring of the loan portfolio's exposure to business sectors with higher ESG risk, with particular emphasis on climate and environmental risks.

Within the Chief Risk Officer Governance Area, **Enterprise Risk Management** (ERM) draws up, among others, the proposed Risk Appetite Framework. It is responsible for the design, development and maintenance of the Group's internal reputational and ESG (including climate change) risk management and assessment system. In addition, it draws up and annually updates the Climate/ESG Materiality Assessment within which the Climate/ESG risk levels are assigned to each economic sector/loan portfolio and the sectors most exposed to those risks are identified. Within Enterprise Risk Management, ESG & Reputational Risk is the competence center for reputational and ESG risk management (including climate change), while Risk Clearing oversees the ESG and reputational risk clearing process.

ERM is also in charge of the processes to identify, assess and manage climate-related risks in collaboration with other structures (among others, defining climate sensitive sector policies, running stress test activities, scenario analysis and monitoring of climate risks in ongoing processes). The structure also:

- verifies the alignment of the portfolios with climate neutrality targets set by the Group (Net-Zero Banking Alliance and Science Based Targets), contributing to the definition of mitigation actions;
- assesses the ESG (including climate change) and reputational risk profiles of products/transactions/partnerships, with the support of the other control functions and business structures;
- participates in the Product Governance processes by evaluating the sustainability attribute proposed for sustainable credit products/transactions and carries out second-level checks on the correct assignment and management of the attribute itself.

Finally, within ERM, a specific structure reports periodically on the Group's overall risk status by producing the "Tableau de Bord of Risks", which includes a section dedicated to reputational and ESG risks, monitoring compliance with risk appetite limits and reporting their trends to the Top Management and relevant structures.

Market & Financial Risk Management proposes the guidelines and rules for the management, measurement and control of valuation, market, counterparty, interest rate, exchange rate, equity investment and liquidity risks at Group level, contributing to the monitoring of ESG risks within its areas of responsibility.

IMI CIB Risk Management and **BdT Risk Management** define the Credit Risk Appetite, also with regard to ESG and climate-related risks, and **Credit Risk Management**, as part of the development and management of internal credit risk measurement models, verifies the significance of the ESG factors, their basis of integration and potential contribution.

3 Pursuant to Article 154-bis, paragraph 5-ter, of the "Testo unico delle disposizioni in materia di intermediazione finanziaria" (TUF - Italian Consolidated Law on Financial Intermediation).

The **Chief Lending Officer** (CLO) Governance Area supports the integration of ESG and climate-related risks in the credit granting process.

Within CLO Governance Area, Loan Origination Strategies defines the proposal and related updates to be submitted to the decision-making bodies, with the support of the relevant structures, to outline credit strategies aimed at guiding origination and managing the stock of credits. This will be achieved through portfolio steering and dynamic management of loans, in line with the objectives of the Business Plan and the Risk Appetite Framework, also taking ESG sustainability aspects into account.

The **CSO**, **CFO**, **CRO** and **CLO** Governance Areas, in line with General Rules on Credit Strategies, all cooperate in the application of Intesa Sanpaolo credit strategies framework, that among its pillars has the evaluation of ESG Sectoral strategy.

Within the **Chief Audit Officer** Governance area**, the Global & Strategic Risks Audit Head Office Department** ensures "cross-risk" supervision on the strategic risk and on the risks related to ESG issues, including climate change. Internal Auditing is also responsible for overseeing the control system on the ESG risks and, as in previous years, it has drawn up the "ESG Risks Audit Programme" for 2024, which gathers together the main ESG-related audit measures and facilitates a uniform approach.

Within its activity plan, drawn up from a risk-based perspective, it also monitors the action plan on climate-related and environmental risk management, which also incorporates the expectations of the European Central Bank.

In accordance with the compliance risk management model set out in the Group Compliance Guidelines, the **Chief Compliance Officer** Governance Area ensures monitoring of compliance risks related to ESG issues and that, during the alignment to changes in external regulations, the legal and regulatory liability risks are duly taken into account and effectively integrated into the relevant business processes.

Through the **Chief Institutional Affairs and External Communication Officer** Governance Area, Intesa Sanpaolo also regularly monitors the regulatory framework relating to climate change at international, European and national level. In particular, at European level, European Regulatory & Public Affairs coordinates the activities related to responses to public consultations (including climate-related consultations), drafting of papers or amendment proposals, both directly and through the relevant professional associations.

The **Chief Cost Management Officer** Governance Area includes:

- The **Group Procurement**, which monitors procurement activities, including ESG aspects; in addition, it coordinates and manages the Group's Register of Suppliers, with checks and verifications on suppliers through a dedicated questionnaire. The assessment - from a risk-based perspective - includes ESG criteria.
- The **Real Estate Management**, which oversees the centralised monitoring of energy consumption of Group properties in order to identify any critical issues, guide the relevant corrective measures and reduce the associated costs; it ensures the administrative management of energy utilities, the implementation and updating of technological platforms for the management of energy consumption.

The **Legal Affairs - Group General Counsel**, within the **Chief Equity**, **Legal**, **& M&A Officer** Governance Area, provides legal advice and assistance to central structures and Group Companies of Intesa Sanpaolo that have service contracts in place relating to the Bank's and Group's ESG initiatives. Moreover, it monitors the rise of ESG litigations, with a focus on climate/environmental-related issues, at both the Group level and Market level.

The **Banca dei Territori Division** ensures the consistent application of sustainability principles across its operations, with particular focus on promoting energy efficiency, renewable energy and sustainable agricultural practices.

Within the **Banca dei Territori Division**, Impact Department acts as the interface for sustainability issues between the Division, the Intesa Sanpaolo's Governance functions and the Banks and Companies under its remit. The Department oversees innovative solutions aimed at generating positive social impacts. These initiatives include managing Impact Funds, developing partnerships with public and private entities and creating models to measure the effectiveness of sustainability projects.

In the **IMI Corporate & Investment Banking Division**, Strategies & Marketing oversees ESG activities and acts as a point of synthesis for ESG activities and projects across the Division to ensure the grounding of initiatives and their consistency, also through participation in the ESG Coordination Table, exercising the role of Sustainability Manager for the Division.

The Structure contributes to disseminating ESG culture within the Division to support the offer to IMI CIB customers, defining the communication strategy and developing commercial initiatives related to various projects. It also develops initiatives aimed at offering innovative ESG products to the Division's customers, including through strategic agreements, joint ventures and extraordinary transactions with third-party counterparties, in collaboration with other structures of the Division and the Group, particularly the Innovation Center.

Within the scope of the **International Banks Division**, the ESG governance model is consistent with the diversity and specificities of the reference territories and in line with the Parent Company's approach.

The monitoring of ESG issues has been progressively strengthened. At Head Office level, a dedicated structure was created in support of the Sustainability Manager that reports directly to the Head of Division. Furthermore, ESG Managers were appointed at the individual Bank level, usually identified in the deputy CEO and assisted by an ESG team reporting to him/her. Additionally, each Bank of the Division completed the implementation of an ESG Committee. The body, chaired by the ESG manager, has advisory and decision-making duties and the objective of coordinating and guiding ESG issues, to ensure the correct implementation of the Parent Company's strategies and guidelines.

The duties and composition of the Committee members are shared across all the Banks and reflect the same characteristics of the Committee set up at the Division level (International Banks Division's ESG Committee).

This Committee is a consultative and decision-making panel of the International Banks Division, established with the main goal of coordinating and steering its ESG related matter and ensuring the correct implementation of its ESG strategy, in line with the Parent Company's approach.

In April 2024, the structure at Head Office level was moved under the newly created CSO Area, under ESG Steering and renamed ESG Business Acceleration. The Head of ESG Business Acceleration continues to hold the responsibility of Sustainability Manager of the International Banks Division, assuring the overall implementation of the ESG strategy.

ESG–LINKED REMUNERATION

Incentive Systems Linked to Sustainability Factors

The Intesa Sanpaolo Group is aware of having a significant impact on the social and environmental context in which it carries out its business, choosing to act with the aim of creating long-term value for the Bank, its people, its customers, the community and the environment.

Therefore, the Group includes Environmental, Social and Governance components both in its Annual Incentive System and in its long-term incentive plans.

Annual Incentive System

The 2024 Annual Incentive System for Top and Middle Managers (approximately 3,000 Group managers, both in Italy and abroad), formalised through a Performance Scorecard, includes the Group's cross-functional KPI "Environmental, Social and Governance" among the non-financial qualitative KPIs, in continuity with previous years.

The ESG KPI has a weight of 15% (in continuity since 2021 and up from 10% in 2020). This is raised to 20% for the Chief Financial Officer, Chief Sustainability Officer and Chief Social Impact Officer. The evaluation of the ESG KPI takes place at both Group level, to recognise the commitment of the Group as a whole and at the Governance Area/Division or Sub-consolidating Group/Legal Entity level, to enhance the action areas of individual Group structures.

With specific reference to the CEO, for 2024 the ESG KPI (weighted at 15%) was assessed based on the following specific drivers:

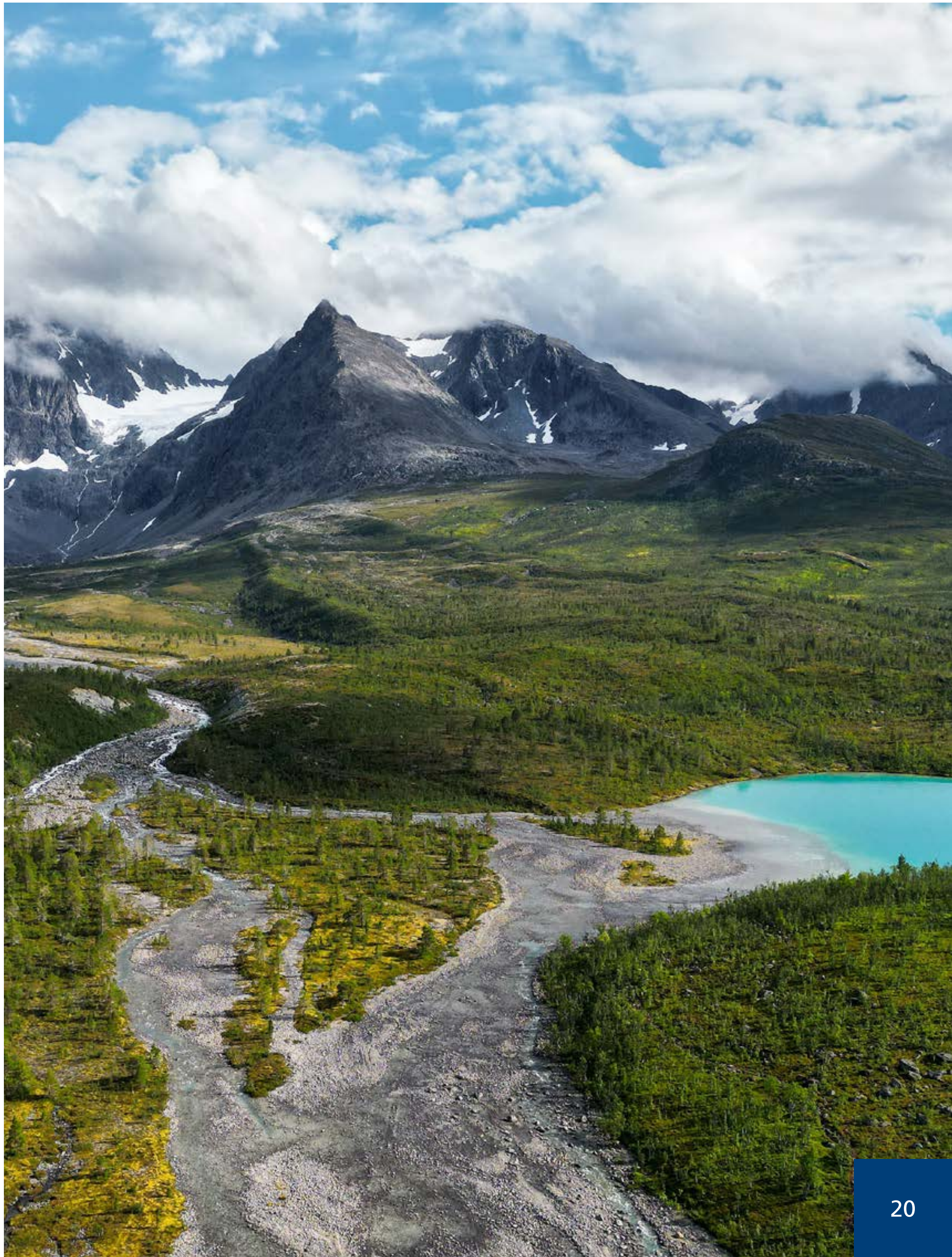
- **Intesa Sanpaolo's presence in sustainability indexes** of specialised companies (number of appearances);
- **Promoting an inclusive work environment** through the identification and implementation of targeted management actions, with a particular focus on meeting the gender equity commitments assigned to each Division/ Governance:
  - in annual hires;
  - in the pools of candidates for first appointment to managerial roles;
- **Group initiatives in the ESG area**:
  - Support to green and circular economy:
    - → Development of the loans from an ESG perspective;
    - → Definition of targets for the reduction of financed emissions in additional priority sectors;
    - → Reduction of the exposures towards ESG risk related sectors;
    - → Conclusion of ESG Credit Framework;
  - Sustainable investments: ESG investments as a percentage of total AuM;
  - Initiatives of youth counseling and employability.

Long-Term Incentive Plan

Management within both Italian and foreign perimeter (~3,100 staff members), including the CEO, is beneficiary of the Performance Share Long-Term Incentive Plan (PSP). The Plan is based on shares that are granted upon achieving specific performance objectives consistent with the Business Plan, whose levels align with those set in the Plan itself.

The PSP includes an ESG composite KPI, consisting of a sub-KPI for each of the three ESG factors (Environmental, Social and Governance), with target levels defined in the 2022-2025 Business Plan. It acts as a demultiplier by reducing by 10/20% the number of vested shares depending on the degree of target non-achievement in the 2022-2025 Business Plan. The environmental sub-KPI (weight 40% of the ESG composite KPI) is based on new lending to the green/circular economy and ecological transition, with a focus on Corporate/SMEs transition.

The same ESG composite KPI is included among the LECOIP 3.0, the long-term incentive plan for all Italian Professionals (45,629 people joined the Plan – about 63% of those eligible), based on Certificates having Intesa Sanpaolo shares as underlying. More in detail, if the Group reaches the target level of the ESG composite KPI, a minimum appreciation of 4% calculated as a fixed percentage of the Initially Allocated Capital is paid. If the indicator is not achieved, the amount that is not distributed among employees is invested in ESG projects that can contribute to the achievement of failed targets.



STAFF TRAINING TO INCREASE AWARENESS ON ESG AND CLIMATE CHANGE

The Group provides all staff with access to ESG training through a Training Plan structured on two levels: a base level, cutting across the various issues and delivered to all employees, including part-time employees, mainly through online Learning Objects, and an in-depth or specialist level, on individual issues, curated by the Divisions and Governance Areas concerned. Apprendo is the multimedia platform which also in 2024 was the main tool used for sharing content on ESG/environmental topics with all the Group's people.

In 2024 the Group's total number of participants to ESG training was about 88,700 (95% of the total number of employees) for a total of over 1,400,000 hours.

Within the training offer made available through multimedia platforms, specific Learning Objects were dedicated to environmental and climate change topics such as Net Zero, circular economy, energy transition, decarbonisation and renewable energy and environmental protection. Over 67,000 participants completed these learning objects for around 142,500 training hours[4].

Specific courses are compulsory for staff directly involved in the application of Environmental and Energy Management Systems (nearly 6,670 employees[4] as at 31/12/2024), but they are also available with a view to disseminating good practices.

The training offer during 2024 has been completely renewed in content and made available to colleagues starting from November 2024.

Climate training in Business Divisions

In line with the Group's commitment to fostering sustainability and addressing climate-related challenges, significant efforts have been made across various Business Divisions to enhance awareness and build expertise on ESG and climate issues.

The **Banca dei Territori Division** developed a specific training course in 2023 for approximately 400 Relationship Managers to enhance their understanding of the sustainable transition and the Bank's sustainability products and services. This course, delivered through digital sessions, covered the context of the sustainable transition, ESG principles, their market and regulatory impacts, transition tools for both banks and businesses, energy transition objectives and the Bank's offerings for energy-consuming or energy-producing companies. In 2024, the program expanded to include an additional 400 Relationship Managers, alongside a new course targeting MLT financing, Leasing and Factoring Specialists to delve deeper into ESG regulations and their business impacts, reaching 200 participants.

The **IMI Corporate & Investment Banking Division** is committed to raising awareness among colleagues, in Italy and abroad, on ESG and climate issues. Throughout 2024, the Division engaged in continuous knowledge sharing within its structure and with other areas of the Bank, focusing on topics related to climate change, climate impact and climate risk. The Division's institutional website has a dedicated Sustainability section, which is updated from time to time with new contents. Besides, the Insights is an editorial space within the site, created with the aim to strengthen the Division's image as a key system player by sharing its perspective on topics of particular interest to the business community and stakeholders and creating opportunities for discussion and in-depth analysis, being the voice of the Division's experts. All content stems from the need to interpret the present, helping navigate the competitive landscape and markets affected by major transformations, such as the sustainable transition, the evolution of the industrial landscape and international and geopolitical dynamics. New videos, podcasts and articles address on a continuous basis also ESG and climate issues. The Division's intranet portal, Atlante, played a key role in internal communication and dissemination activities, giving significant visibility to ESG-related issues by re-launching Group news, initiatives and documents, as well as publishing content created by members of its Editorial Board. A new training program on "ESG Risks" was developed in collaboration with the CRO Area - Enterprise Risk Management, consisting of two modules: "Intesa Sanpaolo Guidelines and Rules" and "Credit Transactions Assessment". This program reached over 210 participants in Italy and across the International Network. Additionally, in collaboration with People Attraction & Skill-Based Models, two ESG SmarTalks were organised for the CIG4GROWTH Tribe, involving over 450 people.
These webinars covered topics such as "ESG new rules, challenges and opportunities for companies", with the participation of SDA Bocconi and "The impact of renewable energy on electricity grid infrastructures". Within the "live" schedule of the new high school academic path "IMI CIB Next Generation Education Program", promoted in collaboration with Digit'Ed and SDA Bocconi, around 150 professionals from the Division participated in sessions with a strong focus on ESG topics, particularly climate change and related risks. This knowledge aims to better support customers in their

4 Data referred to Italian perimeter.

decarbonisation processes and align with the Group's Net Zero portfolio targets.

The **International Banks Division (IBD)** continued its efforts in 2024 to raise awareness of ESG and climate issues among Corporate and SME Relationship Managers and customers. Across the year, four sectoral workshops, addressed to Relationship Managers and SMEs customers and focused on E-mobility, EU Taxonomy, Food & Beverage and Twin Transition for SMEs, were held to share knowledge and improve IBD commercial offer while aiming at improving the overall awareness on ESG features. Furthermore, four sessions of the webinar "Circular economy/Green and S-Loan financing" were also organised, as well as a further one live, with the participation of around 370 colleagues from 8 banks in the Division. These initiatives were designed to build ESG awareness among business functions while supporting the commercialisation of specific green lending solutions, such as the Green Dedicated S-Loan, launched in Slovakia (VUB), Hungary (CIB) and Serbia (BIB).

In the Wealth Management Divisions, **Eurizon Capital SGR** included ESG-related content as part of its mandatory "30 hours" training program in 2024. Topics covered included the EU taxonomy, ESG rating and reporting, ESG fund characteristics, finance and sustainable growth and Net Zero goals, involving more than 160 participants.

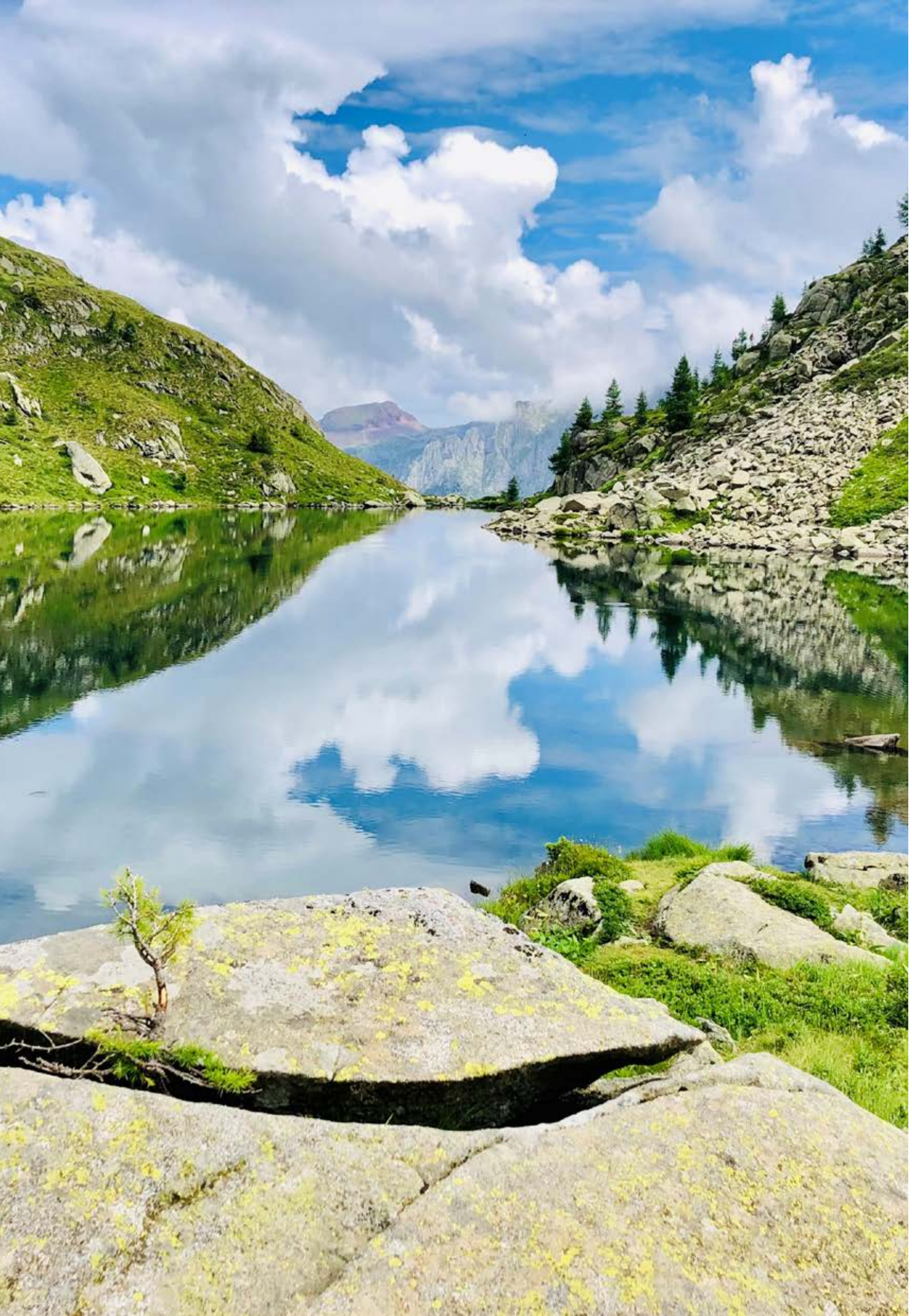
Similarly, **Fideuram - Intesa Sanpaolo Private Banking** conducted extensive training and awareness activities on ESG issues for employees and financial advisors. This included the EFPA ESG Advisor certification program, which engaged 5,300 financial advisors from Fideuram, Sanpaolo Invest and IW Private Investments networks, amounting to over 124,000 hours of training by December 2024. Additionally, mandatory ESG training was provided to approximately 1,800 people, including Private Banking Division employees and financial advisors, with a target of 10,000 training hours by the end of the year. Furthermore, 24 employees completed the 22-hour EFPA ESG Advisor certification program, contributing an additional 524 hours of ESG-focused training.

The **Intesa Sanpaolo Assicurazioni Group** is committed to raising a culture of sustainability and promoting awareness of ESG issues among colleagues.

During 2024, the entire Division developed a path aimed at further strengthening the attention towards ESG issues through awareness and Initiatives to promote sustainability culture. Specifically, the Intesa Sanpaolo Assicurazioni Group carried out:

- 6 deep-dive sessions on 'ESG related' topics;
- 4 online awareness meetings on 'ESG related' topics involving about 1,340 participants;
- 3 online awareness meetings focused on Diversity and Inclusion (D&I) involving about 1,045 participants;
- 90 managerial meetings on company values issues, involving about 150 participants.

Additionally, Intesa Sanpaolo Assicurazioni Group included ESG-related content as part of its mandatory training program for all its people in 2024. Topics covered included the Environmental protection and the CSRD - Corporate Sustainability Reporting Directive. A specific training session was also organised involving around 100 people on the topics of the main innovations, challenges and opportunities in the ESG field.



STRATEGY

THE FRAMEWORK

CODE OF ETHICS - (ABSTRACT)

OUR GUIDING PRINCIPLES AND VALUES

In implementing the corporate mission, the Group's strategy is aimed at creating solid and sustainable value over time, in economic, financial, social and environmental terms, built on relationships of trust with our stakeholders and based on the following values:

Environmental protection

We promote efficient and conscious use of all resources, avoiding waste and always favouring sustainable choices over time. We are committed to combating climate change, protecting nature and biodiversity and supporting the transition to a sustainable, green and circular economy.

PRINCIPLES OF CONDUCT REGARDING THE ENVIRONMENT

The Group generates environmental impacts from both its direct activities (direct impacts on the environment) and, more importantly, from its business (indirect impacts on the environment). Indeed, in addition to managing its own environmental footprint, the Group can also exert a strong influence on the activities and behaviour of its customers and suppliers, including by directing financial resources, in the short and long term, to favour a low carbon economy and environmental protection.

Listening and dialogue

The Group recognises that listening to and dialogue with those involved in reducing negative environmental impacts are key to ensuring responsible management of these aspects. To this end, it is committed to:

- ensure and promote ongoing dialogue with all stakeholders representing the "voice" of the environment, seeking a constructive exchange with them;
- actively participate in international initiatives (including regulators, trade associations, international bodies) to contribute to best practices in environmental responsibility, as well as their dissemination, in line with the spirit of the objectives of the Paris Agreement;
- raise awareness among communities and businesses on good practices to be adopted;
- disseminate environmental values, promoting the involvement of the Group's people, suppliers and customers in the application of responsible environmental practices.

Transparency

The Group promotes clear and transparent conduct that allows all stakeholders to understand its environmental performance. To this end, it is committed to:

- always making information on its environmental strategies and performance accessible to the public through the various communication channels available;
- ensuring the utmost accuracy and transparency in its sustainability reporting.

In this context, ESG Steering submits a Report on the Code of Ethics and the principles of social and environmental responsibility to the Management Control Committee and the Surveillance Body pursuant to Legislative Decree 231/2001, the Risks and Sustainability Committee and the Board of Directors with the contribution of the Chief Audit Officer structure.

Equality and inclusion

The Group considers it essential to make every member of the value chain aware of their responsibility for environmental issues, including climate change, also with a view to protecting those who have no "voice" and future generations.

Responsible management of direct environmental impacts

The Group's environmental policy is based on the principles of waste reduction, progressive improvement in energy efficiency and performance, consideration of the environmental and social consequences of its choices and the protection of nature and biodiversity. Accordingly, the Group, in addition to pursuing full and substantial compliance with environmental legislative requirements, is committed to:

- pursuing the achievement of net zero emissions by 2050;
- pursuing conscious consumption of resources (e.g. by reducing paper consumption and using recycled paper), including through the implementation of an environmental impact management system and promoting the progressive improvement of energy and water efficiency;
- ensuring the reduction, proper collection and disposal of the waste produced;
- applying the best internationally recognised standards and guidelines for the assessment of environmental impacts.

Responsible management of indirect environmental impacts

The Group also considers the impacts generated by the behaviour of third parties such as customers and suppliers, in the knowledge that it can also contribute to the spread of environmentally virtuous processes and behaviour throughout its value chain. In particular, the Group supports the ecological transition, contributes to the fight against climate change and promotes the protection of nature and biodiversity.

To this end, the Group is committed to:

- pursuing the achievement of net zero emissions by 2050 for the emissions from the loan and investment portfolios;
- considering climate and environmental risk in assessing operations with counterparties (including customers and suppliers) and in the development of policies, products and services, while capitalising on the opportunities offered by the sustainable transition;
- promoting and contributing to the transition towards a circular economic and development model, linking value creation for businesses, local areas and communities to the generation of positive impact, enabling the preservation of natural, economic and social capital;
- promoting services and products to foster the development of a low-emission economy, also through the dissemination of renewable energy and energy efficiency improvement;
- prioritising sourcing from suppliers committed to minimising negative environmental impacts;
- disseminating environmental values, promoting the involvement and appropriate training of the Group's people, suppliers and customers in applying responsible environmental practices.

Focus:

Addressing climate change impacts through donations: the Intesa Sanpaolo Charity Fund

Under Article 29.3 of the Articles of Association of Intesa Sanpaolo S.p.A., the Group provides for the allocation, through the "Fund for charitable, social and cultural contributions", of a share of the distributable profits to support projects concerning solidarity, social welfare and people value.

The Chairman of Intesa Sanpaolo's Board of Directors is in charge of the overall management of the Fund, under the Regulations for the management and use methods, approved by the Bank's Board of Directors in a transparent manner and consistently with the commitments set out in the Intesa Sanpaolo Group's Code of Ethics.

The Intesa Sanpaolo Charity Fund aims to contribute to the achievement of the social objectives of the Group's Business Plan and the Sustainable Development Goals set by the United Nations 2030 Agenda. The intention is to support the most vulnerable people, by financing small and medium-sized projects - traditionally development projects - carried out by non-profit organisations. In relation to climate change mitigation, in case of disasters, calamities, or extraordinary events, to which Intesa Sanpaolo, or the banking system in general, decides to respond, there is the possibility of supporting emergency interventions. In addition, actions in low-income or emerging countries hit by natural disasters (earthquake, flood, drought, etc.) are among the Fund areas of intervention and are included in the Charity Fund's 2025-2026 Guidelines.

MAIN ESG/CLIMATE RELATED GROUP AND SUBSIDIARIES' POLICIES

Policies are key documents in the path of sustainability that Intesa Sanpaolo has decided to undertake. Starting from the principles expressed in the Code of Ethics, they establish rules to ensure transparency and professionalism in the relationship with stakeholders and identify the responsible functions for the different activities. The main ESG/climate related policies are listed below:

- Guidelines for the governance of Environmental, Social and Governance (ESG) risks
- Rules for lending operations in the Coal sector
- Rules on Oil&Gas sector
- Environmental and energy policy
- Rules on Green Banking Procurement
- Health and Safety Policy
- Organisational, management and control model
- Policy on Biodiversity and Nature
- Policy on the integration of sustainability risks and information on the adverse impacts on sustainability factors in the provision of investment advisory services or in insurance distribution advice - Intesa Sanpaolo

In addition, the main ESG-/climate-related Subsidiaries' Policies include:

- Eurizon Capital SGR S.p.A.
  - Eurizon Sustainability Policy
  - Eurizon Engagement Policy
  - Eurizon Strategy for the exercise of participation and voting rights attached to the financial instruments held in the managed assets
- Fideuram – Intesa Sanpaolo Private Banking S.p.A.[1] (hereinafter also Fideuram – Intesa Sanpaolo Private Banking)
  - Policy on the integration of sustainability risks and information on the principal adverse sustainability impacts in the provision of investment advice or in insurance distribution advice
- Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A.[1] (hereinafter also Fideuram Asset Management SGR)
  - Integration of sustainability risks in investment decision-making process and consideration of the principal adverse sustainability impacts under EU Regulation 2019/2088 (SFDR)
  - Sustainable and Responsible Investment Policy
  - Engagement Policy
  - Strategy for the exercise of intervention and voting rights inherent in financial instruments pertaining to the managed UCIs
  - Integration of Sustainability Risks into the Remuneration and Incentive Policies
- Fideuram Asset Management (Ireland) dac. (hereinafter also Fideuram Asset Management Ireland)
  - Integration of sustainability risks in investment decision-making process and consideration of the principal adverse sustainability impacts under EU Regulation 2019/2088 (SFDR)
  - Sustainable and Responsible Investment Policy
  - Engagement Policy
  - Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management
  - Integration of Sustainability Risks into the Remuneration and Incentive Policies
- Intesa Sanpaolo Assicurazioni S.p.A.
  - Sustainability Policy
  - Policy on Principal Adverse Sustainability Impact (PAI) of the Intesa Sanpaolo Vita Insurance Group, pursuant to EU Reg. 2019/ 2088 SFDR - (Sustainable Finance Disclosure Regulation)
  - Policy for the integration of ESG (Environmental, Social and Governance) sustainability factors into the investment process
  - Remuneration and Incentive Policies[2]
  - Intesa Sanpaolo Protezione Underwriting Policy

1 The Fideuram – Intesa Sanpaolo Private Banking S.p.A. and the Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A.'s Policies are available in Italian only.

2 The Remuneration and Incentive Policies is available in Italian only.

ON THE PATH TO NET ZERO

2004

Eurizon becomes Investor Signatory of CDP

2007

Intesa Sanpaolo joins UNEP FI, UN Global Compact

Intesa Sanpaolo implements the Equator Principes

Intesa Sanpaolo enters FTSE4Good, ASPI Eurozone and the Ethibel Investment Register

2011

Intesa Sanpaolo approves the 2009-2013 Sustainable Energy Action Plan. It has the goal to reduce the energy consumed within the Group, through investments aimed to increase energy efficency. The scope of interest is limited to Italy

Intesa Sanpaolo enters the Dow Jones Sustainability Indices

Creation of IMPRES@MBIENTE portal: the portal is dedicated to Intesa Sanpaolo Group's corporate clients operating in the field of environmental sustainability and renewable energy

2013

Intesa Sanpaolo publishes the 2013-2016 Sustainable Energy Action Plan: the plan sets measurable goals in the areas of energy savings, cost savings and CO_2 emissions reduction.
The scope of interest, limited to Italy in the first Plan, has gradually expanded to include several foreign Banks

2015

Intesa Sanpaolo joines the Principles of Responsible Investment - PRI

Intesa Sanpaolo joins the Ellen MacArthur Foundation Network in 2015

2017

Intesa Sanpaolo pubblishes the 2018-2021 Business Plan

Intesa Sanpaolo launches its first Green Bond

Intesa Sanpaolo pubblishes the Climate Change Action Plan. Intesa Sanpaolo Group defines targets for the reduction of CO_2 emissions related to its own activities, with targets to 2022 and 2037

2018

Intesa Sanpaolo supports the TCFD Recommendations

2019

Intesa Sanpaolo creates the ISP4ESG Program

Intesa Sanpaolo joins the UNEP Finance Initiative – Principles for Responsible Banking - PRB

Intesa Sanpaolo joins the UNEP Finance Initiative – Principles for Sustainable Insurance - PSI

2020

Intesa Sanpaolo sets up the ESG Control Room

Intesa Sanpaolo launches the first ESG S-Loan

Intesa Sanpaolo publishes its "Guidelines for the governance of Environmental, Social and Governance risks in lending activities" and a first policy that defines limitations and exclusion criteria in the Coal Sector

2021

Intesa Sanpaolo includes a specific section on Climate change in its Risk Appetite Framework (RAF)

Intesa Sanpaolo publishes an update of the policy limiting the activities in the Coal Sector and a new policy on the unconventional Oil & Gas sector

Intesa Sanpaolo publishes its commitment to Net Zero Emissions by 2050

Intesa Sanpaolo joins the Net-Zero Banking Alliance (NZBA)

Eurizon Capital SGR, Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac join the Net Zero Asset Managers Initiative (NZAMI)

Intesa Sanpaolo Vita joins the Net Zero Asset Owner Alliance (NZAOA) and Net Zero Insurance Alliance (NZIA)

Intesa Sanpaolo publishes the first Group-wide TCFD Report

2022

Intesa Sanpaolo publishes its 2022-2025 Business Plan, including its first interim financed emissions targets to 2030 under the Net-Zero Banking Alliance (NZBA) and targets to 2030 for its Own Emissions

Intesa Sanpaolo publishes its new Group Guidelines for the governance of ESG risks

Eurizon Capital SGR, Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac and ISP Vita publish their first targets under the NZAMI and NZAOA

Intesa Sanpaolo becomes Investor Signatory of CDP

2023

Intesa Sanpaolo publishes an update of its Code of Ethics including references to Net Zero

Intesa Sanpaolo updates its Group Guidelines for the governance of ESG risks

Launch of the Think Forestry programme

Target setting initiatives continue

Eurizon Capital SGR, Fideuram Intesa Sanpaolo Private Banking Asset Management SGR and Fideuram Asset Management (Ireland) dac join the Net Zero Engagement Initiative (NZEI), Climate Action 100+, Nature Action 100 and publish their first reports on progress vs target, achievement of targets, as does Intesa Sanpaolo Assicurazioni

2024 early 2025

Additional intermediate targets to 2030 set for Commercial Real Estate[3], Residential Real Estate, Cement, Aluminium, Agribusiness - Primary farming

Intesa Sanpaolo obtains the validation of its emission reduction targets from the "Science Based Target initiative" (SBTi) in January 2025, following the submission of documentation in March 2024

New Rules on the Oil & Gas sector

Development of a Policy on Biodiversity and Nature[4]

3 The level of ambition for the Commercial Real Estate sector was increased.
4 Approved in January 2025.

GROUP STRATEGY

The Intesa Sanpaolo Group has committed to contributing to the achievement of global climate goals, facilitating the transition to a low carbon economy, aware of the risks and opportunities presented by the new operating and regulatory context, both current and prospective, induced by climate change.

The Group's commitment was confirmed in 2021 through the adhesion to the main Net-Zero initiatives promoted by UNEP FI and was further reinforced in the 2022-2025 Business Plan. In 2024, Intesa Sanpaolo has completed the publication of its 2030 decarbonisation targets in the highest emitting sectors.

The Group has a diversified business model – with revenues from financing, investment, asset management and insurance underwriting activities – and serves the various sectors of the economy both at the national and international level. This diversification increases the breadth of analysis and action to be taken with respect to climate related risks, but on the other hand offers a wider range of climate-related opportunities. To allow risks and opportunities to be correctly addressed, Intesa Sanpaolo considers robust sustainability governance, solid risk management, the development of a cutting-edge range of products - including loans, services, advisory, a wide range of sustainable and responsible investments - as well as the implementation and updating of processes, rules and procedures to support the transition towards a sustainable, green and circular economy, as an integral part of its strategy to combat climate change. The Group has also adopted a business model that combines the generation of sustainable revenues, high efficiency and a low-risk profile.

In developing its strategy, the Group is also inspired by the "Just Transition" principles, according to which the transition to greener, more resilient and climate-neutral economies and societies must take place fairly, in a socially equitable way, leaving no one behind.

Intesa Sanpaolo has chosen to pursue the "Net Zero" objective by 2050 for all its main business lines, including its own emissions, the lending and investment portfolios, the asset management and insurance divisions[5].

In addition to managing its own environmental footprint, Intesa Sanpaolo can exert a positive influence on activities and behaviors that it cannot directly control and thus favour the transition, orienting capital and resources in support of a sustainable economy.

With reference to financed emissions from lending activities, net zero-aligned targets for 2030 have been set since 2022 in a number of sectors. During 2024, the Group finalised the definition of decarbonisation targets for all key high-emission sectors. Sectors covered by target setting accounted for 74% at the end of 2024 of the financed emissions of the portfolio of non-financial corporations (NFCs) in the sectors identified by the NZBA. Targets are supported by actions identified and summarised in a sectoral transition plan, which integrates and updates the Group's decarbonisation strategy, further extended and strengthened in November 2024 with the finalisation of target setting. Yearly progress is detailed in the "Metrics and Targets" chapter of the Climate Report[6] and shows a further reduction of 16% in absolute financed emissions from end 2023 to end 2024. In January 2025, Intesa Sanpaolo obtained the validation of its emission reduction targets from the "Science Based Target initiative" (SBTi), following the submission of documentation in March 2024.

The Net Zero commitment was also consolidated through the release of intermediate targets - published in October 2022 - by the Intesa Sanpaolo companies active in wealth management (asset management and insurance adhering to the NZAMI[7] and the NZAOA). Recent results as at the end of 2024 show positive trends for all wealth management companies, on the path to the achievement of targets set.

As concerns own operations, the ongoing effort deployed over the years by the Group to reduce its own emissions led to the successful achievement of the main targets included in three subsequent plans with a decrease of 35% of CO_2 (scope1+2) from 2019 to 2024 (with a target of -53% by 2030). With the current Own Emissions Plan, the Group expects to reach carbon neutrality and 100% of energy purchased from renewable sources by 2030. SBTi validation of own emissions targets classified Intesa Sanpaolo's scope 1 and 2 target ambition and determined that it is in line with a 1.5°C trajectory.

The pathway to Net Zero was strengthened in 2024 with the further enhancement of management, monitoring and mitigation measures specifically to physical climate risk, aimed at complementing measures already in place for transition risk. In June 2024, the Group published the new Rules on Oil & Gas Sector. As concerns the promotion of sustainable financial products and services to foster the transition to a low carbon

5 In the fourth quarter of 2021, in addition to joining the Net-Zero Banking Alliance (NZBA), Intesa Sanpaolo joined the Net Zero Asset Managers Initiative (NZAMI) through Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management Ireland and the Net Zero Asset Owner Initiative (NZAOA) as well as the Net Zero Insurance Alliance (NZIA) through Intesa Sanpaolo Assicurazioni, the latter replaced in 2024 by the Forum for Insurance Transition to Net Zero (FIT).

6 In 2021 and 2022 the Report was denominated "TCFD Report". The name was changed to Climate Report after the Task Force was dismantled in October 2023. The Climate Report is based on the Recommendations of the Task Force on Climate related Financial Disclosures.

7 On 13 January 2025, NZAMI launched a review of the initiative to ensure it remains fit for purpose in the new global context. During this review phase, the initiative is suspending activities to track signatory implementation and reporting.

economy model, within its 2022-2025 Business Plan Intesa Sanpaolo committed to provide strong support to the green and circular economy, as well as to the ecological transition, through a total of €88bn made available to finance new lending opportunities, of which around €68.3bn had been disbursed in the period 2021-2024.

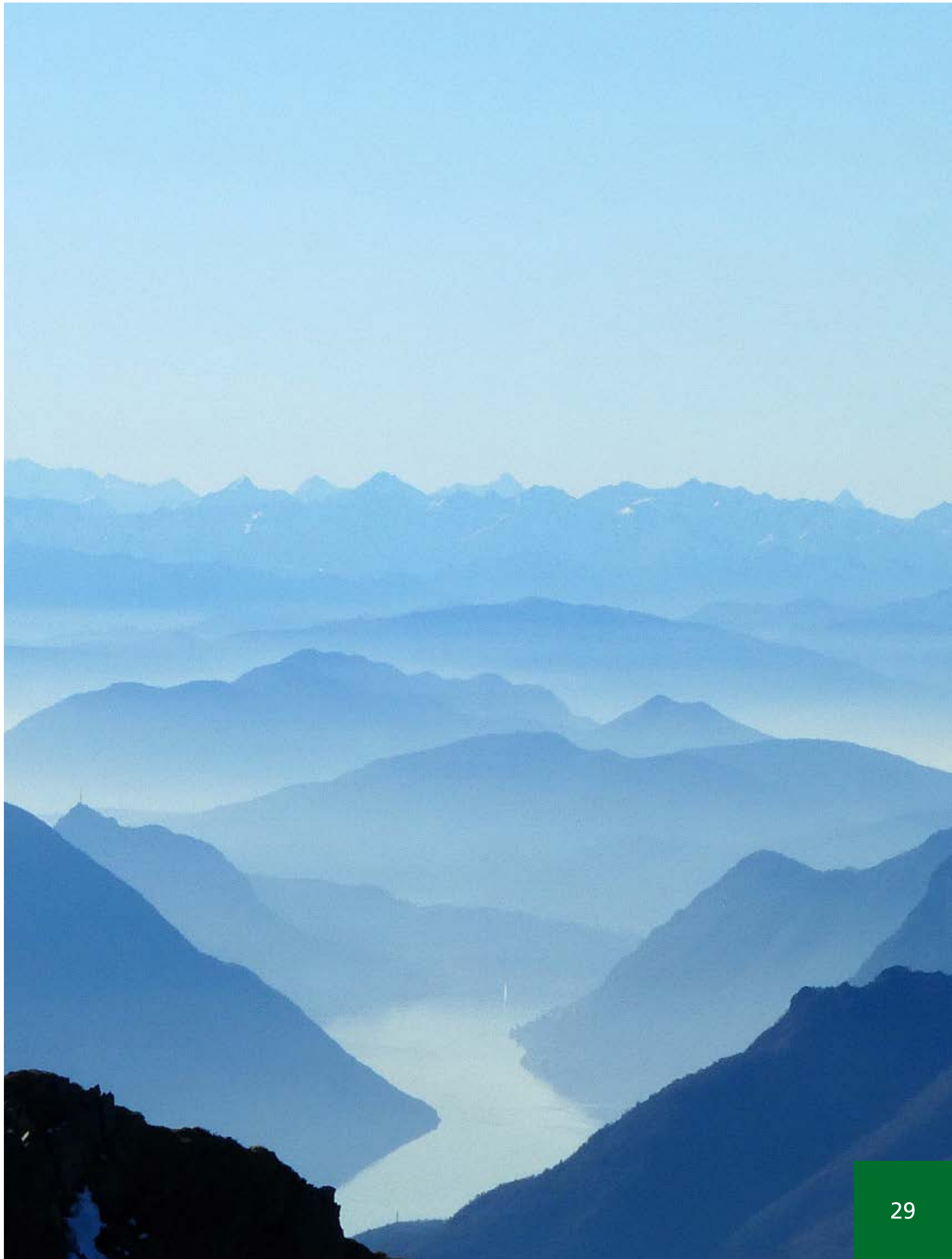
The availability and/or provision of eligible financing is also underpinning green and social bond issuances, which accelerated significantly in 2024. Total outstanding green and social bonds at end of 2024 came to €11.1bn (€2bn issued in 2024) of which €8.7bn relating to green bonds (€1.2bn issued in 2024).

The strategy also envisages the growth of assets under management invested in products pursuant to art. 8 and 9 of the SFDR 2019/2088. Specifically, Eurizon has increased the weight of these products to 76% of total fund assets, while in Fideuram, the 78% of customer assets and more than 82% of the non-Group funds, are classified ex art. 8 and 9.

As indicated in its Business Plan, Intesa Sanpaolo is aware of the need to safeguard, protect and promote Natural Capital and developed in 2024 a Policy on Biodiversity and Nature. Furthermore, the Group reaffirmed the Think Forestry programme, launched in November 2023, that offers innovative tools to support companies in their efforts to reduce CO_2 emissions and manage residual emissions and for 2024 counts 7 reforestation initiatives already completed.

Intesa Sanpaolo continues to pay particular attention to the regular dissemination of knowledge and training on climate and related new emerging trends as well as, more broadly, on all ESG themes, think both within the Group and towards its customers. It also continues to offer its contribution through engagement processes with various stakeholders, both at national and international level.

Finally, the Green Asset Ratio (GAR) and all the EU taxonomy templates were published in the first Consolidated Sustainability Statement, disclosed in accordance with the requirements of Directive 2022/2464/EU and the Intesa Sanpaolo Group aligned GAR, calculated on a stock turnover basis as of 31.12.2024, is equal to 3.63% (2.65% in 2023).



COMMITMENTS AND PARTNERSHIPS AS PART OF THE GROUP'S ENVIRONMENTAL STRATEGY

The Group's voluntary commitment to domestic and international initiatives and partnerships shows long term and growing involvement and collaboration with public and private bodies on climate related matters.

NET ZERO INITIATIVES

Commitments

The Investor Agenda	2024	Global Investor Statement to Governments on the Climate Crisis
UN environment programme finance initiative	2024	Statement from the Private Financial Sector to the member States negotiating the International Legally Binding Instrument (ILBI) to end Plastic Pollution[8]
FIT Forum for Insurance Transition to Net Zero	2024	Forum for Insurance Transition to Net Zero (FIT)[9]
Climate Action 100+	2023	Climate Action 100+[10]
Nature Action 100	2023	Nature Action 100[11]
IIGCC The Institutional Investors Group on Climate Change	2023	The Institutional Investors Group on Climate Change: IIGCC (Since 2021)[12] The Net Zero Engagement Initiative (NZEI)
RLCF Alliance	May 2022	Renewable and low-carbon fuels value chain industrial alliance
GFANZ Glasgow Financial Alliance for Net Zero	October 2021	Glasgow Financial Alliance for Net Zero (GFANZ)[13]
UN environment programme finance initiative	December 2021	Net Zero Insurance Alliance (NZIA)[14]
		Net Zero Asset Owner Alliance (NZAOA)
	October 2021	Net-Zero Banking Alliance (NZBA)[15]
NET ZERO ASSET MANAGERS INITIATIVE	November 2021	Net Zero Asset Managers Initiative (NZAMI)[16]
European Clean Hydrogen Alliance	May 2021	European Clean Hydrogen Alliance
Climate Investment Platform	March 2021	Climate Investment Platform
UNEP Finance Initiative / PSI Principles for Sustainable Insurance	December 2019	UNEP Finance Initiative – Principles for Sustainable Insurance – PSI
Signatory of: UNEP Finance Initiative Principles for Responsible Banking	September 2019	UNEP Finance Initiative – Principles for Responsible Banking - PRB
TCFD Task Force on Climate-related Financial Disclosures	October 2018	Task Force on Climate-related Financial Disclosures – TCFD[17]
Signatory of: PRI Principles for Responsible Investment	2015	Principles for Responsible Investment
Equator Principles	2007	Equator Principles
We support UN Global Compact	2007	Global Compact
UN environment programme finance initiative	2007	UNEP Finance Initiative
CDP	2004	CDP

Partnerships and memberships

European Energy Efficiency Financing Coalition	2024	European Energy Efficiency Financing Coalition
TNFD Taskforce on Nature-related Financial Disclosures	2023	Member of the TNFD Forum
Energy Efficient Mortgage Label	February 2021	Energy Efficient Mortgages Label
EeMAP Energy efficient Mortgages Action Plan	December 2019	Energy efficient Mortgages Action Plan
Alleanza per l'Economia Circolare	2017	Alliance for Circular Economy
Ellen MacArthur Foundation Strategic Partner	December 2015	Ellen MacArthur Foundation
Forum per la Finanza Sostenibile	2007	Forum for Sustainable Finance

8 In 2024, the Group signed the Finance Statement on Plastic Pollution to support the Global Plastic Treaty.
9 The Forum for Insurance Transition to Net Zero has been announced by the United Nations Environment Programme (UNEP) following the communication that the Net-Zero Insurance Alliance was discontinued, on 25 April 2024.
10 Intesa Sanpaolo participates through: Eurizon Capital SGR; Fideuram Asset Management SGR, Fideuram Asset Management Ireland and Intesa Sanpaolo Pension Funds.
11 Intesa Sanpaolo participates through: Eurizon Capital SGR; Fideuram Asset Management SGR and Fideuram Asset Management Ireland.
12 Intesa Sanpaolo participates through: Eurizon Capital SGR; Fideuram Asset Management SGR and Fideuram Asset Management Ireland.
13 Since Intesa Sanpaolo NZBA adherence.
14 The Net-Zero Insurance Alliance was discontinued as of 25 April 2024.
15 The Intesa Sanpaolo Group, as a member of NZBA, NZAOA and NZAMI, commits to setting science-based targets (SBTi) to achieve net-zero emissions by 2050 (or sooner) and to developing transition plans to support the decarbonisation of the global economy.
16 On 13 January 2025, NZAMI launched a review of the initiative to ensure it remains fit for purpose in the new global context. During this review phase, the initiative is suspending activities to track signatory implementation and reporting.
17 In 2023 the TCFD has fulfilled its remit and disbanded. The FSB's request to transfer the TCFD's monitoring responsibilities to the ISSB (International Sustainability Standards Board) from 2024.

INTESA SANPAOLO'S STRATEGY ON IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

Intesa Sanpaolo's climate strategy is based on a clear awareness of climate change risks (both transition and physical risks[18]) and opportunities. The range of risks and opportunities related to climate change are identified and analysed by Intesa Sanpaolo with the aim of incorporating them into the ordinary processes of risk assessment and monitoring and credit strategies. This is also reflected in the Group's commercial offering. Potential impacts, the related time horizon (short, medium and long term), actions implemented and opportunities identified for each potential risk observed, which are updated annually, with reference to both indirect and direct risks, are shown in the tables below.

Indirect risks related to Climate change

INDIRECT RISKS – Potential impacts

	Potential risks	Risk type	Timeframe* ST (0-3y)	MT (4-7y)	LT (7-30y)	Business Area** BdT	C&IB	PB	IBD	AM	INS	CC	Potential Impacts
Transition Risks	**Climate change risk:** misalignment of economic actors with actions aimed at reducing their CO_2 emissions	**Credit Risk**	⟲	⟲	⟲	○	○	○	○				**Non-financial corporation counterparties:** Introduction of climate policies and technological shifts can weaken companies' competitiveness, affecting their financial statements through reduction of earnings, alteration of business costs, need for investment, impacting their creditworthiness and solvency. **Households and retail customers:** Non-compliance with regulations or shifts in preferences towards low-energy housing may affect collateral value or generate stranded assets. Additionally, higher energy prices or policies promoting green mobility could impact families' costs and spending power and, in turn, their creditworthiness and solvency.
Transition Risks		**Market risk**	⟲	⟲	⟲		○	○	○	○	○	○	**Non-financial corporation issuers:** Introduction of climate policies and technological shifts can weaken companies' competitiveness, affecting their financial statements through reduction of earnings, alteration of business costs, need for investment, impacting their creditworthiness, solvency and the value of their financial instruments traded on financial markets. **Sovereign issuers:** Impact on real economy and financial system, coupled with social adjustments to support transition, may lead to higher costs for high-emitting nations, which, in turn could impact their creditworthiness, solvency and the value of the financial instruments traded on the financial markets. **Asset Management / Insurance:** Consequences of climate change on companies in the portfolio with consequent possible reduction in the value of assets under management or investments.
Transition Risks		**Operational risk**	⟲			○	○	○	○	○	○		**Conduct:** Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product or commitments (e.g. greenwashing). **Litigation:** Litigation and liability costs associated with climate-sensitive investments and businesses.
Transition Risks	via: ■ Policy and Legal Risks ■ Technology Risks ■ Consumer preferences ■ Reputational risks	**Liquidity risk**	⟲	⟲		○	○	○	○			○	**Credit exposures:** Impact of transition risks on customer exposures could affect the liquidity position of the Group (e.g. undrawn committed lines/default of counterparties). **Funding:** Transition risk factors may affect customers and therefore their ability to fund the Group. **Market exposures:** Transition impacts on issuers and their financial instruments might reduce the ability for the Bank to trade or liquidate assets computed in the liquidity reserves.
Transition Risks		**Reputational risk**	⟲	⟲	⟲	○	○	○	○	○	○		Deterioration of the Group's image due to unmet expectations in climate and environmental risk management or business adaptation ■ Negative perception from stakeholders and in particular from ESG investors due to nil or inadequate management of such risks ■ Possible exclusion from sustainability (ESG) indices or a worse ESG position or lower ESG rating

* **Timeframe:** The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium and long term and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.

** **Business Areas:** BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

18 For a full definition of physical and transition risks please see the "Risk Management" chapter.

INDIRECT RISKS – Actions and Opportunities

	Potential risks	Risk type	Timeframe*			Business Area**							Implemented actions	Opportunities
			ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	C&IB	PB	IBD	AM	INS	CC		
Transition Risks	**Climate change risk:** misalignment of economic actors with actions aimed at reducing their CO_2 emissions	**Credit Risk**	○	○	○	○	○	○	○				■ Assessment of ESG and climate risks in the lending portfolio through Materiality assessment, scenario analysis, Business Environment Scan exercise and transactions risk assessment process ■ Definition of targets related to the physical intensity of financed counterparties belonging to specific sectors ■ Limits and monitoring thresholds set within the Risk Appetite Framework ■ Identification of environmental (e.g. net zero loans and medium-to-long-term financing with SACE green guarantees), social, governance and other sustainable products and transactions ■ Implementation of self-regulation policies (credit portfolio)	■ Sustainable finance: increase customer support to enforce energy transition by offering products and dedicated financial solutions (e.g. Green and Circular Economy products)
Transition Risks		**Market risk**	○	○	○		○	○	○	○	○	○	■ Assessment of ESG and climate risks in the investment portfolio through Materiality assessment, scenario analysis and Business Environment Scan analysis ■ Limits and early warning setting within the Risk Appetite Framework ■ Identification of green, social and sustainable investments ■ Implementation of self-regulation policies (investment portfolio) ■ Rebalancing of portfolios	■ Increasing and expanding the range of investment products and services
Transition Risks	via: ■ Policy and Legal Risks ■ Technology Risks ■ Consumer preferences ■ Reputational risks	**Operational risk**	○			○	○	○	○	○	○		■ Assessment of ESG and climate risks through Materiality assessment, scenario analysis, Business Environment Scan analysis and operational losses monitoring	
Transition Risks		**Liquidity risk**	○	○		○	○	○	○			○	■ Assessment of ESG and climate risks through Materiality assessment and scenario analysis	■ Increase of Green and ESG bond own issuances ■ Increase of third counterparties' Green and ESG bond in own
Transition Risks		**Reputational risk**	○	○	○	○	○	○	○	○	○		■ Assessment of ESG and climate risks through transactions risk assessment process ■ Participation in international working groups on climate change issues (e.g. UNEP FI, Net Zero initiatives) ■ Stakeholder engagement initiatives ■ Market perception and ESG rating positioning monitoring	■ Improvement of the Group's perception/image for both investors and clients
		Cross-risk actions											■ Active monitoring of ESG evolving regulations and implementation/integration of internal policies ■ Active collaboration with policy makers to highlight the need for stable and clear environmental and ESG regulations ■ Inclusion of climate risk in risk management systems	

* **Timeframe:** The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium and long term and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.

** **Business Areas:** BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

INDIRECT RISKS – Potential impacts

Physical Risks

Potential risks	Risk type[19]	Timeframe*			Business Area**							Potential Impacts
		ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	C&IB	PB	IBD	AM	INS[20]	CC	
Climate change risk: Risks related to the physical impacts of climate change Chronic Acute	**Credit Risk**	◷	◷	◷	○	○	○	○				**Non-financial corporation counterparties:** Severe weather events, both acute and chronic, may impact creditworthiness and solvency of corporate counterparties, with impacts varying based on business sector and location, potentially affecting their profitability. **Households and retail customers:** Acute or chronic climate events can damage or destroy properties, decreasing their value and increasing credit risk.
	Market risk	◷	◷	◷		○	○	○	○	○	○	**Non-financial corporations issuers:** Severe weather events, both acute and chronic, may impact creditworthiness and solvency of corporate counterparties, with impacts varying based on business sector and location, potentially affecting their profitability and the value of their financial instruments traded on the financial markets. **Sovereign issuers:** Severe weather events, both acute and chronic may impact the real economy and financial systems, coupled with social adjustments to support businesses and population in case of physical climate events. This could lead to higher costs for nations more prone to physical risks, which, in turn, could impact their creditworthiness, solvency and the value of the financial instruments traded on the financial markets. **Asset Management / Insurance:** Possible acute and chronic extreme weather events may cause losses on securities in managed portfolios.
	Liquidity risk	◷	◷		○	○	○	○			○	**Credit exposures:** The impact of physical risk on customer exposures could affect the liquidity position of the Group (e.g. undrawn committed lines/default of counterparties). **Funding:** Physical risk factors may affect customers and therefore their ability to fund the Group. **Market exposures:** Physical impacts on issuers and underlying assets of their financial instruments might reduce the ability, for the Bank, to trade or liquidate assets computed in the liquidity reserves.

* **Timeframe:** The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium and long term and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.

** **Business Areas:** BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

19 In the physical risk section, no potential impacts and actions directly related to reputational risk have been considered. Furthermore, in the context of Physical Risks, the Operational Risk can be considered a "Direct Risk", see next table.

20 Catastrophic events may adversely affect the profitability of the insurance business with consequent increases in claims and may exceed insurance companies' estimates of expected risks and losses leading to higher insurance premiums with a consequent possible decrease in demand for insurance.

INDIRECT RISKS – Actions and Opportunities

Physical Risks

Potential risks	Risk type[21]	Timeframe*			Business Area**							Implemented actions	Opportunities
		ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	C&IB	PB	IBD	AM	INS[22]	CC		
Climate change risk: Risks related to the physical impacts of climate change Chronic Acute	**Credit Risk**	⟲	⟲	⟲	○	○	○	○				■ Assessment of ESG and climate risks in the lending portfolio through Materiality assessment, scenario analysis, Business Environment Scan exercise and transactions risk assessment process ■ Limits and early warning setting within the Risk Appetite Framework	■ Reinforced customer relations. New subsidised loans intended to restore damaged structures ■ Financing of resilient buildings and infrastructures to adapt to climate change ■ Insurance policies covering physical risks
	Market risk	⟲	⟲	⟲		○	○	○	○	○	○	■ Assessment of ESG and climate risks in the investment portfolio through Materiality assessment, scenario analysis and Business Environment Scan analysis	
	Liquidity risk	⟲	⟲		○	○	○	○			○	■ Assessment of ESG and climate risks through Materiality assessment and scenario analysis	

* **Timeframe:** The timeframe indicated below considers the analyses carried out by the Banking Group in various climate-related risks assessment exercises. The analyses are not exhaustive regarding the potential impacts that the Bank could face in the short, medium and long term and are not indicative of the materiality of the impacts assessed as detailed in the Risk Management chapter.

** **Business Areas:** BdT = Banca dei Territori; C&IB = Corporate & Investment Bank; PB = private banking; IBD = International Banks Division; AM = Asset Management; INS = Insurance; CC = Corporate Center. The areas where it is possible to observe climate-related risk impacts are here identified, based on the business relevance for those areas. This does not exclude the possibility that other areas, not indicated, may also have potential impacts. The details of the analyses conducted on the different business areas are set out in the Risk Management section.

21 In the physical risk section, no potential impacts and actions directly related to reputational risk have been considered. Furthermore, in the context of Physical Risks, the Operational Risk can be considered a "Direct Risk", see next table.

22 Insurance: the potential impacts, defined in note 2 of the previous table, open up opportunities for the development of specific policies for extreme catastrophic events.

Direct risks related to climate change

DIRECT RISKS – Potential impacts and Actions

	Potential risks	Risk type[23]	Timeframe ST (0-3y)	Timeframe MT (4-7y)	Timeframe LT (7-30y)	Potential Impacts	Implemented actions
Transition Risks	Changes in environmental regulations ■ Introduction of new greenhouse gas emission limits or new related reporting systems ■ Increase in cost of raw materials Changes in environmental regulations and standards that the Group voluntarily adheres to (ISO standards)	**Operational & Other risks**				■ Possible sanctions in case of failure to comply with new Regulations ■ Costs for upgrading heating and air conditioning systems and for new monitoring tools ■ Cost related to potential taxes connected with greenhouse gas emissions ■ Increase in costs of energy supply ■ Costs of changing the certification processes in case of changes in the standards	■ Constant and precautionary monitoring of possible changes to national and European regulations ■ Participation in dedicated training courses or workshops ■ Own emissions plan implementation and monitoring ■ Energy efficiency actions ■ Increase in the use of renewable energy sources ■ Preventive actions to replace old systems with next-generation ones with a low environmental impact, as well as consumption monitoring systems during the renovation of branches and buildings ■ Continuous and precautionary monitoring of possible changes in standards
Physical Risks	**Acute** Extreme weather events (floods, landslides, avalanche, mudslides, heavy rainfalls, hailstorms, heavy snowfall,whirlwinds, hurricanes, cyclones, coastal storms)	**Operational & Other risks**				■ Business continuity: extreme weather events may cause material damage and interruptions to the Group's operations ■ Own assets: extreme weather events may cause material damage to the assets of the Group	■ Precautionary assessment of the hydrogeological risks for buildings ■ Adoption of a business continuity plan and measures to prevent/mitigate/ manage physical damage to the bank's structures ■ Creation of a platform to identify the risk level of any Intesa Sanpaolo Group real estate asset ■ Insurance to cover the risks and their impacts
Physical Risks	**Chronic** Increase or reduction in average temperatures, sea level rise, water stress and drought	**Operational & Other risks**				■ Increase in energy supply costs connected with greater heat or electricity consumption ■ Power-outage risk due to increased energy demand ■ Sea level rise with consequent impact on buildings close to the sea ■ Potential fires due to temperature increase in areas close to the Bank's buildings	■ Energy efficiency actions ■ Increase in the use of renewable energy sources ■ Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches buildings ■ Preventive assessment of the risk of sea level rise ■ Adoption of a business continuity plan and actions to mitigate/manage possible power outage ■ ISO 14001, ISO 50001 and ISO 45001 certifications taking into account climate change related risks ■ Creation of a platform to identify the risk level of any Intesa Sanpaolo real estate asset

23 Within direct risks, both operational and other types of risks not directly related to the prudential framework of the Group have been considered.

BUSINESS ENVIRONMENT SCAN (BES) OVERVIEW AND STRATEGIC INSIGHTS

In accordance with the guidelines provided by the European Central Bank in 2020 ("Guide on climate-related and environmental risks"), Intesa Sanpaolo has implemented a comprehensive approach to assess **climate-related and environmental (C&E) risks** through the **Business Environment Scan (BES)**, aimed at evaluating the potential impacts of both physical and transition risks and opportunities across the Group's business areas.

The BES focuses on identifying **key variables and trends** that could impact the Group's operations, utilising a strategic analysis framework that spans **short, medium and long-term time horizons**. It assesses the implications of climate-related and environmental (C&E) risks across various macroeconomic variables, aligning with the databases of **Oxford Economics**, the **Central Banks**, the **Supervisors Network for Greening the Financial System (NGFS) in the three considered climate scenarios Hot House World**, **Orderly Transition**, **Disorderly Transition**.

In this way, the BES fulfills the **requirements of sustainability and resilience**, ensuring that climate risks are integrated into decision-making processes and with the Group's Business Plan and the Group commitment to transparency and accountability in analysing and representing the effects of C&E risks.

The BES qualitatively analyses the following five dimensions for each relevant business area, evaluating the potential impact and the time horizon when these effects might materialise:

- macroeconomic variables: the impacts of macroeconomic factors on Intesa Sanpaolo's business environment are expected to emerge primarily in the medium term, with some exceptions like energy prices affecting certain sectors in the short term;
- competitive dynamics: the impact of changes in competitors' strategies and market dynamic on Intesa Sanpaolo's business environment are expected in the short to medium term, driven by peers developing climate-related offers and adhering to Net zero alliances;
- regulatory trends: the impact of key climate-related regulations has been assessed to be significant in the short/medium term for almost all the business areas involved;
- technological trends: the impact of the main technological advancements on Intesa Sanpaolo's business environment is expected primarily in the medium term, highlighting opportunities to adapt and innovate in response to emerging technologies and to support the green transition of the bank's clients;
- societal/demographic trends: the impacts of societal and demographic changes on Intesa Sanpaolo's business environment, such as rising customer demand for sustainable products and investments and increased awareness on the consequences of climate risks, are generally more modest but can still influence the Bank's strategies and operations;
- transition risk: assessment of the quantitative impact on Intesa Sanpaolo Group's exposures from the shift towards a low-carbon, more environmentally sustainable economy;
- physical risk: assessment of the quantitative impact on the Group's exposures to climate change, including more frequent extreme weather events and gradual climate changes.

For physical and transition risks, the analysis was conducted using the data currently available internally (e.g., GHG emissions, Energy Performance Certificate (EPC) data) and the latest developments in the methodology used by the Group, which is subject to continuous development and standardisation across the various business areas.

For each variable analysed, the potential impact has been assessed and the time horizon in which these effects could materialise has been indicated. The analysis covered 14 business areas: Banca dei Territori (BdT), with a focus on Residential Real Estate and SMEs (Small and Medium Enterprises); IMI Corporate & Investment Banking (IMI CIB), with a focus on the sectors of Manufacturing, Wholesale & Retail Trade, Construction, Real Estate Activities, Oil & Gas, Power Generation and Automotive; International Banks Division (IBD); Private Banking; Asset Management; Insurance; and the Corporate Governance area[24].

24 The Corporate Governance area, with functions of direction, coordination and control of the entire Group, is responsible for not only credit risks but also the typical risks of the Corporate Center (in particular those arising from investments), risks related to exposures in default, interest rate and currency risks of the Banking Book and risks arising from the management of the Parent Company's FVOCI (Fair Value Through Other Comprehensive Income) portfolio.

SUSTAINABILITY & CLIMATE MATTERS AS TRANSVERSAL DRIVERS

All the different Group structures cooperate to integrate ESG and Climate related elements and criteria into the Group's business model and strategy. Since April 2024, following the Group's reorganisation, the new Chief Sustainability Officer Area and the ESG Control Room and its related Tables ensure the central coordination of ESG/Climate initiatives and the monitoring of the progress and evolution of the Action Plan on climate change.

Specifically, since 2023, the revised ESG/Climate Credit Framework has been implemented with the full integration of ESG/Climate metrics into the lending and monitoring processes in relation to the Non financial Corporate perimeter.

Within the credit stream, important results were achieved in these years connected to targets set within the 2022- 2025 Business Plan:

- **Target setting:** defined and published sectoral decarbonization targets for the highest emission intensive sectors as per the NZBA guidelines (Oil & Gas, Power Generation, Automotive, Iron & Steel, Aluminium, Cement, Agriculture – Primary Farming, Commercial and Residential Real Estate). Obtained the SBTi validation in January 2025, following the submission of documentation in March 2024;
- **EU Taxonomy Green Enhancement:** project aimed at dynamically steering the loan portfolio towards more sustainable financing, identifying new business opportunities and responding to regulatory requests (i.e. EU Taxonomy).

Among the work streams currently under way, the Sustainable Investments work stream, launched at the end of 2020, also continued its activity at Group level to promote further evaluation of new methodologies application, monitor ESG activities and engagement results, share common guidelines and policies also in relation to updates to regulatory provisions and supervisory constraints.

As at 31.12.2024	Total environmentally sustainable assets (millions of euro)	KPI (Turnover based)	KPI (CapEx based)
Green asset ratio (GAR) stock	20,516	3.63%	4.36%
Green asset ratio (GAR) flow	5,859	8.03%	11.21%

For further details please refer to "Reporting pursuant to the EU Taxonomy (Regulation (EU) 2020/852)" paragraph of the 2024 Consolidated Sustainability Statement (CSRD), pagg. 216-218

Focus:

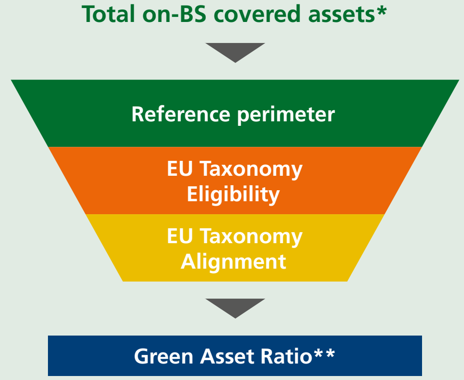
EU Taxonomy Green Enhancement

The project, launched in 2022, aims to establish guidelines in support of the business to verify the eligibility of economic activities and assess their alignment with the EU Taxonomy Technical Screening Criteria.

It also focuses on the steering the loan portfolio, with a special focus on new loans, in addition to promoting remediation actions for existing loans also through massive data gathering, for example on energy class for residential real estate collateral.

Strategic choices were first defined in 2023 and then confirmed in 2024 to assess exposures and engage external providers and tools to collect the necessary data in order to estimate the EU Taxonomy alignment, leveraging the internal ESG data architecture. Initiatives to steer the Green Asset Ratio (GAR) were put in place, developing business levers for the improvement of alignment indicators, engaging corporate clients and defining a new pricing incentives framework for lending activities aligned to the EU Taxonomy.

GAR calculation revolves around three main steps



* Balance Sheet covered assets, excluding exposures to Central Bank, Sovereign and trading book

** EU Regulation 2020/852

THE ESG/CLIMATE CREDIT FRAMEWORK AS PART OF THE CREDIT STRATEGY

The ESG/Climate Credit Framework includes ESG /Climate criteria to assist, among others, strategic lending portfolio steering and transaction pricing. In particular, the ESG/Climate Credit Framework operates on three levels:

- Sector, with the definition of "ESG Sectoral Strategy - color coding", which takes into consideration ESG risks and opportunities aspects and contributes in defining the sectoral attractiveness within Credit Strategies;

  As part of the ESG sectoral strategy, a sectoral heatmap assigns the following sectoral strategies to each business sector:

ESG Sectoral Strategy (color coding)		Classification criteria
Red	Disengagement through policy	Sectors/sub-sectors subject to **exclusion by credit policy**
Orange	Selective disengagement through credit process	Sectors/sub-sectors with **high ESG risk** where a **transition path** is considered **not possible**
Yellow	Transition/selective engagement	Sectors/sub-sectors with **high ESG risk** where it is considered **possible** a **transition path**
White	Neutral	Sectors/sub-sectors where **relevant ESG-Climate ris**k components are **not identified**
Blue	Positive/ engagement	Sectors/sub-sectors with **predominantly positive impact**

- **Counterparty**, with the introduction of an ESG score defined at counterparty level, integrated among others within Credit Strategies and the Credit Risk Appetite (CRA). For further details please refer to the "Profile of the counterparty – ESG score" in the Focus which follows.
- **Transaction**, with the definition of the framework of sustainable products/transactions, included in the "Rules for the Classification of Sustainable Credit Products and Lending Transactions".

Credit Products and Lending Transactions are input into the Sustainability Portal. Transactions are also analysed through ESG and Reputational Risk Profiles as part of the ESG and Reputational Risk Clearing process.

These three levels have implications in several areas: RAF, CRA , Credit Strategies - as well as on the credit granting process.

In terms of Underwriting, the process was implemented in 2023 to strengthen the approach towards ESG/Climate risks for large transactions (above a certain RWA level) envisaging specific steps (i.e. Clearing) for high ESG/Climate risk transactions, identified through ESG Score, sectoral color coding and sustainable product/transactions framework.

Further implementations include the automatic feeding into the underwriting procedure of the information related to the EU Taxonomy alignment for the dedicated deals which have been flagged as "EU Taxonomy aligned".

Focus:

Sustainable profile of the counterparty – ESG score

In 2021 Intesa Sanpaolo developed a proprietary methodology for assessing the sustainability performance of client companies, the ESG Score. The ESG Score is a qualitative-quantitative assessment that analyses information on the Environmental, Social and Governance profile of a client company and takes into consideration both the risks to which it is exposed and the opportunities that can be developed. Starting from 2022, the ESG Score feeds into some of the main risk and governance processes within the Group's Credit Framework. The Score analysis is carried out on more than 100 parameters (for larger companies), both precise data relating to environmental, social and governance issues, such as CO_2 emissions, water consumption, environmental certifications, policy for reducing the use of natural resources and indicators of possible controversies that allow analysis of risks and points of attention related to these issues. The data used to build the ESG Score come both from internal sources, deriving from knowledge of customers and from external sources through a panel of leading data providers. The ESG Score is a synthetic assessment which breaks down into three pillars (Environmental, Social and Governance):

- the Environmental Pillar assesses the company's performance in various environmental thematic areas; it includes all the areas considered by the EU Taxonomy as well as aspects of opportunities deriving from the development and sale of "green" products and services;
- the Social Pillar analyses the quality of relationships with all the main stakeholders of the company: employees, customers and the community in which the company operates;
- the Governance Pillar assesses the company's alignment with the ethical principles and best corporate governance practices, also taking into account diversity in the composition of the administrative bodies as well as their independence and the quality and transparency of reporting.

Intesa Sanpaolo ESG Scoring: knowing the ESG profile of its customer base...

ESG descriptors used in ESG Score

E	Carbon Footprint
	Climate - Transition Risk Readiness
	Climate - Physical Risk Readiness
	Water
	Natural Resources and Biodiversity
	Waste & Pollution
	Circular Economy
	Green Products and Solutions
S	Labour Management & Standards
	Occupational Health and Safety
	Human Capital Development
	Employee Engagement, Diversity & Inclusion
	Customer Relations and Consumer Protection
	Product Quality, Safety and Communication
	Human Rights and Community Relations
	Social Inclusion and Economic Dev. Solutions
G	Board Structure and Remuneration
	ESG Governance Strategy & Disclosure
	Ownership & Control
	Audit, Tax & Risk Management
	Business Ethics & Political Engagements
	Business Relationships

- **Quantitative and fact-based** approach, combining **multiple input sources** and covering **both corporate and SME** borrowers
- Leveraging **direct access to clients to enrich and integrate** ESG information, further features include the use of **advanced analytics, such as natural language processing (NLP)**
- **More than 100 parameters** used (for larger companies)
- The Score covers **~245,000 counterparties**

...to foster ESG responsible behaviours, mitigate financial risks and improve transparency for all stakeholders

Securitisation	ESG Score used as **portfolio selection criteria**
Credit Strategies	**FTP** add-ons/ discounts** to steer originations
Risk Appetite	ESG Score in **input for counterparty risk tolerance definition**
Credit Decisions	ESG Score used for **counterparty level due diligence during** credit process
Business Development	ESG Score used in the context of **pre-screening for potential prospect clients**
Monitoring & Reporting	Periodic monitoring and reporting of credit book **ESG profile evolution**

At the end of 2024, the calculation of the ESG Score is already integrated in the Bank's IT systems with a fully digitalised process and covers a perimeter of over 245,000 counterparties. Starting from 2023 and during 2024, the proprietary ESG scoring model was further enriched to assess new portfolio segments and counterparty types and to improve the databases that feed the scoring model. In this regard, the ESG Scoring Model has been updated to capture the specificities of Project Finance operations, to include Sovereign entities, as well as part of the Financial Institutions counterparties and to assess corporate clients of all Banks within the perimeter of the International Banks Division that operate in the European Union. Concurrently, the initiatives of data collection in IMI Corporate & Investment Banking and Banca dei Territori's corporate clients through a specific ESG questionnaire have continued throughout the year.

The questionnaires aim to supplement the Group's existing ESG database while minimising the workload for clients and the sales network. Additionally, they provide participant customers with a positioning report, enabling companies to objectively assess their sustainability performance according to key quantitative metrics (e.g., CO_2 emissions intensity or water consumption). These metrics are compared both with the average of their sector and with the average performance of Intesa Sanpaolo's corporate customers. Thanks to the ESG Scoring project, in October 2024, Intesa Sanpaolo won the "Social, Sustainable & Responsible Banking" award at the Qorus-Infosys Finacle Banking Innovation Awards.

THE TRANSITION TO A GREEN AND CIRCULAR ECONOMY

Intesa Sanpaolo's strategy remains strongly committed to actively supporting its clients in the transition towards a low-carbon economy, fostering sustainability across all dimensions. This includes facilitating the generation and consumption of renewable energy, promoting energy efficiency, advancing the unique circular economy model and encouraging clients to reduce their environmental footprint. The Bank achieves this by offering a wide range of climate-related loan products and services, integrated within innovative financial solutions.

The primary objective is to provide solutions that are adaptable across multiple sectors, ensuring comprehensive support for the transition of all client segments. Intesa Sanpaolo's transition finance offering is therefore holistic, encompassing a diverse array of targeted lending solutions, capital market products and advisory services. This integrated approach reflects the multifaceted nature of client relationships and ensures that the Bank's support is tailored to meet all client needs effectively.

Specific products and services are designed for Large Corporates, Corporates, Small Businesses and Retail customers. These offerings are customised not only to align with the unique needs of each customer segment but also to promote sustainability goals across the value chain, thereby advancing the broader agenda of a sustainable, low-carbon future.

THE GROUP LENDING OFFER

The Intesa Sanpaolo 2022-2025 Business Plan confirmed the strong focus on climate with the commitment to providing €88bn of which €76bn of new lending in order to support the green and circular economy and the green transition (including Mission 2 NRRP) and €12bn dedicated to individuals, mostly in relation to green lending to individuals. The commitment to the Circular Economy was confirmed with a dedicated plafond amounting to €8bn over the Business Plan horizon. In the period 2021-2024, new lending in support of the green economy, circular economy and ecological transition amounted to around €68.3bn, while new green mortgages in 2024 amounted to €4.1bn.

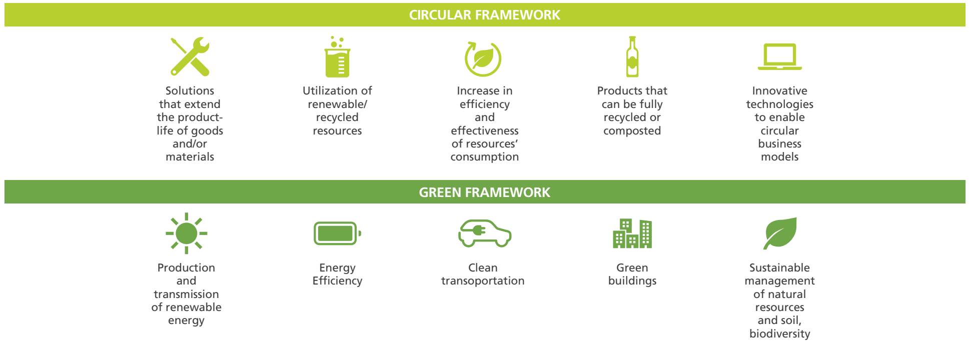
New dedicated lending to support the Circular Economy

The Intesa Sanpaolo Group has confirmed its commitment to the Circular Economy by fostering the dissemination of the circular economy paradigm, also drawing on the support of the Ellen MacArthur Foundation, the main promoter of this global transition. The collaboration with the Foundation, of which Intesa Sanpaolo is a Strategic Partner, continues through a renewed agreement for the 2022-2024 period. Intesa Sanpaolo Innovation Center (ISPIC), the Intesa Sanpaolo Group company dedicated innovation, is part of the Italian Alliance for the Circular Economy, a private initiative, launched in 2017 consisting of a pool of 10 companies operating in different economic sectors and committed to sharing good circular economy practices.

With a view to concretely support businesses active in the green and circular transition process, the Intesa Sanpaolo Group has renewed its credit offer dedicated to the Circular Economy and green projects (initially inaugurated with the 2018-2021 Business Plan), allocating an additional €8bn over the 2022-2025 Business Plan period. The dedicated credit facility is available to customers of the Banca dei Territori, IMI Corporate & Investment Banking and International Banks Division and it is aimed at Italian and foreign companies that adopt circular business models in innovative ways, granting them the best conditions to access credit.

Within the credit process, Intesa Sanpaolo Innovation Center, on the basis of five specific Circular Economy eligibility criteria defined together with the Ellen MacArthur Foundation, makes a technical assessment regarding the level of circularity of the initiatives proposed by companies. In addition to the Circular framework, a tranche of the plafond is dedicated to the Green framework, on the basis of five additional eligibility criteria aligned with the Green, Social & Sustainability Bond Framework of the Bank, to support companies investing in renewable energy, energy efficiency, clean transportation, green buildings and sustainable management of natural resources, soil and biodiversity.

Eligibility criteria to access the Circular Economy Plafond



During 2024, through the specialised support of the Intesa Sanpaolo Innovation Center, 285 green and circular projects amounting to €13.1bn were validated. Of these, ~€8.3bn (of which about €4.4bn related to green criteria) were then granted by the Group in 170 transactions. Overall, since 2022 more than 1,050 green and circular projects have been assessed and validated, for a value of about €34bn. Of these, the Group granted about € 20bn (of which about €12bn related to green criteria) in 642 transactions.

In general, numerous company projects were supported for initiatives such as the replacement of critical materials from fossil sources with others from recycled or biological sources, the reuse of urban organic waste for the production of biomethane and compost and recovery of CO_2, the revamping of renewable energy plants with extension of useful life and increase in production capacity, recovery of industrial production waste for reuse in new product lines.

Solutions for large corporate

ESG Advisory

IMI Corporate & Investment Banking supports companies throughout the entire process of developing and implementing sustainable initiatives, of realizing sustainable strategic plans, investing in the transition.

The ESG Advisory Team created in 2023 supports the IMI Corporate & Investment Banking Corporate, Financial Institutions, Sovereign and Supranational Agencies clients with sustainable finance customised solutions, in line with the evolution of the IMI Corporate & Investment Banking dedicated ESG offer which currently includes a wide range of products (e.g., loans, bonds, securitisations, guarantees, etc).

More in detail, the Team supports the above-mentioned clients in setting up customised ESG instruments, linked to their ESG strategies and transition plans. The Team, in cooperation with the customer coverage and dedicated products desks, involved as necessary, provides the necessary support, from the deal origination to the selection of the more appropriate sustainable instrument considering the client's financial needs, to the structuring and drafting of legal documentation and all the related activities.

Sustainability-linked solutions and solutions with dedicated use of proceeds linked to capital expenditures allow, in specific cases, access to the Bank's dedicated Circular Economy Plafond. In terms of sustainability and climate solutions, in 2024 the Group supported its clients with loans, bonds, guarantees, securitisations and hedging.

Dedicated use of proceeds solutions include:

- **Green loans:** instruments that only finance or refinance, fully or partially, new and/or existing eligible Green projects. These solutions enable companies to finance projects with a significant environmental impact, including Research and Development activities, in alignment with the LMA (Loan Market Association) Green Loan Principles;
- **Green, Social and Sustainability bonds**: bond instruments whose proceeds will be exclusively used to finance and/or refinance new and/ or existing eligible green and/or social projects/assets which provide clear environmental/social benefits, according to the ICMA (International Capital Market Association) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

The offering also consists of **Green Convertible bonds** as well as **Project Finance facilities** dedicated to the renewable energy sector (i.e. wind, photovoltaic and hydro).

General corporate purpose solutions include:

- **Sustainability-linked loans:** credit lines, guarantee lines, or letters of credit that, through an incentive/penalisation mechanism, encourage companies to set and achieve their sustainability goals. Sustainability-linked loans can be used for general corporate purposes, without a specific use of proceeds, and are structured in accordance with the LMA (Loan Market Association) Sustainability-Linked Loan Principles;
- **Sustainability-linked bonds:** general corporate purpose instruments not linked to a specific use of proceeds. These bonds embed an incentive/ penalisation if the issuer achieves/does not achieve predetermined ESG targets and are structured according to the ICMA Sustainability-Linked Bond Principles.

As part of its commitment to innovative ESG solutions, IMI Corporate & Investment Banking has introduced Sustainability-Linked and Green Guarantees. Recently, a Sustainability-Linked Guarantee transaction was successfully completed for its client Carrefour. The pricing of the issued guarantees is directly linked to the achievement of specific ESG targets, including reducing the packaging used in Carrefour-branded products by more than 1,000 tonnes by 2025 and cutting greenhouse gas emissions by over 40% by 2025 compared to 2019[25].

Sovereign Wealth & Pension Funds

In 2024, IMI Corporate & Investment Banking played an active role in several ESG-related transactions promoted by Sovereign Wealth Funds and Public Pension Funds, among which: Joint Passive Bookrunner in PIF's September $500m Green Bonds tap; Lead Arranger in the $1.2bn Senior Secured Construction Warehouse RCF (Revolving Credit Facility) towards Leeward Renewable Energy, US high-growth renewable energy company; Mandated Lead Arranger (MLA) in the $517m project financing of Invenergy Renewables' Split Rail 300MW photovoltaic solar-powered generating facility in Missouri; Lender in the €350m Sustainability-linked RCF of Caruna and in the SEK11bn Ellevio (100% Turnover Alignment EU Taxonomy, Distribution System Operator (DSO) in Finland and Sweden respectively.

Debt Capital Markets

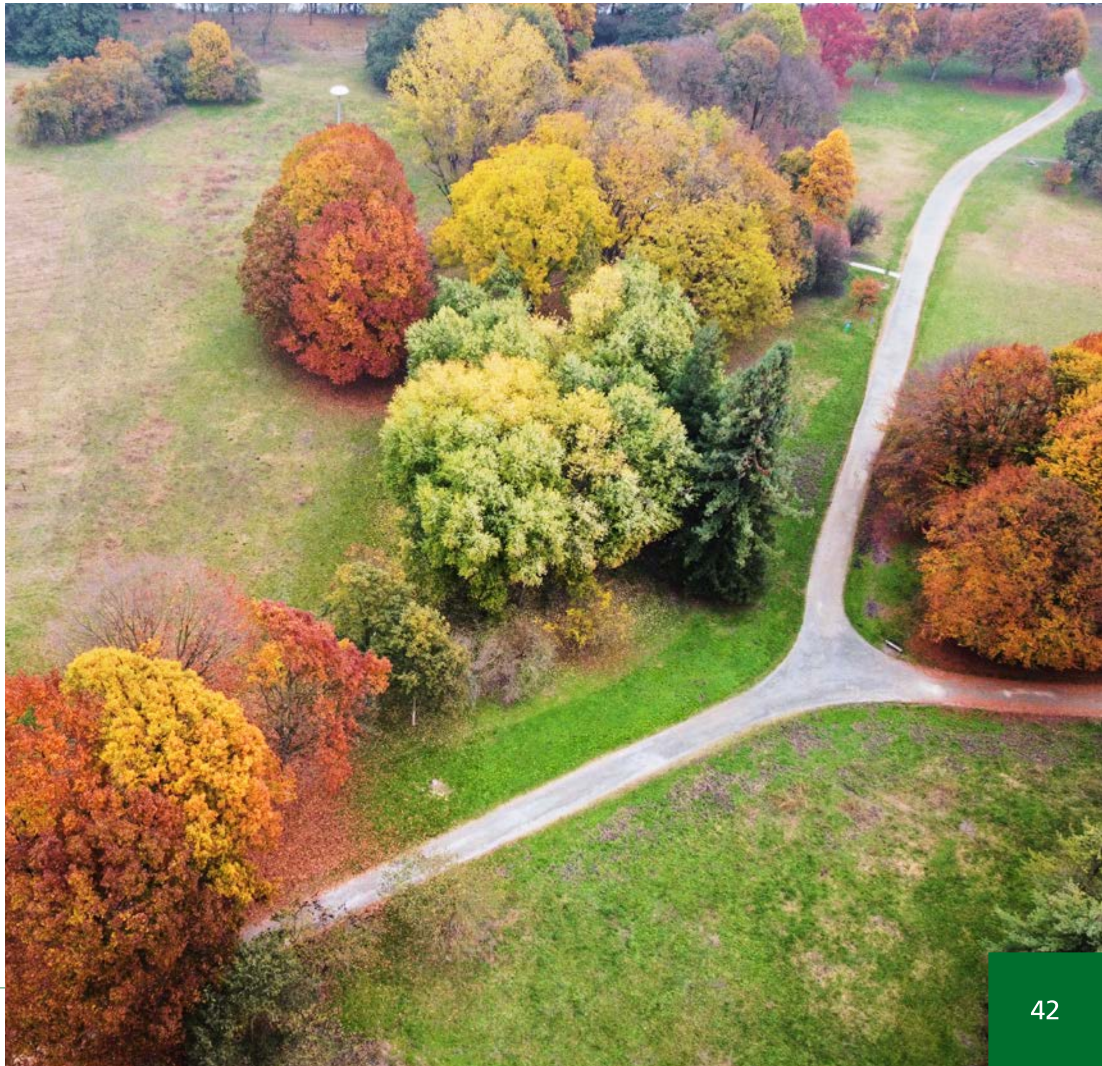
In relation to fixed income market activity, in 2024 the IMI Corporate & Investment Banking Division participated as Lead Manager in the placement of 28 Green bonds (for a total issued amount close to €18.9bn), 12 Sustainability-Linked bonds (for a total issued amount of €8.2bn), 5 Social bonds (for a total issued amount of €2.6bn) and 1 Sustainability bond (for an issued amount of €0.5bn) in the Eurobond market.

Derivatives

IMI Corporate & Investment Banking also offers hedging products and strategies, which include ESG features, aiming at supporting corporates and financial institutions to manage financial risks through a wide range of solutions. Intesa Sanpaolo is further enhancing its offering in this area to support a more sustainable economy.

The goal is not just to be a financial partner in providing funding, but also to assist clients in managing market risks associated with the clients' businesses. Leveraging Intesa Sanpaolo's expertise in risk management, clients can explore a range of bespoke hedging solutions underlying several asset classes and aligning with ESG goals:

- Bespoke hedging products: Intesa Sanpaolo was among the first financial partners in Europe to offer ESG-asymmetric derivatives for interest rate and FX risk management, consisting of a rewarding mechanism lowering the cost for the client in case some pre-agreed sustainability performance targets are achieved by the client at certain checkpoints;
- Securitisation (e.g., ESG-linked securitisation programmes): Climate-oriented securitisations incorporate pricing mechanisms tied to specific climate targets, with adjustments to spreads based on performance. This approach aligns working capital financing with indicators reflecting the sustainable development goals of the originating company. By linking financial sources to environmental metrics, these solutions incentivise and financially reward businesses for achieving their climate-related objectives, fostering a direct connection between sustainable practices and the cost of financing. Currently, IMI Corporate & Investment Banking has under management 14 transactions linked to climate-change targets (i.e. renewable energy generation and CO_2 Scope 1 & 2 emission).



25 For further information please refer to: https://group.intesasanpaolo.com/en/newsroom/news/all-news/2023/carrefour-sustainable-growth-55mln.

Solutions for Corporate and Small Medium Enterprises (SMEs)

In 2024, Intesa Sanpaolo Banca dei Territori Division's offer in the ESG and Climate domain continued. Banca dei Territori provides customers with a set of solutions[26] to meet their needs along the entire path of sustainable development.

The ESG Platform and ESG Questionnaire

The ESG Platform is a modular and transversal solution aimed at addressing specific ESG topics and available to SMEs and Agribusiness enterprises in their internet banking or through their Relationship Manager. The platform is a tool with several features where the customer may:

- fill in the ESG questionnaire, based on 32 questions (out of which 9 related to environmental topics), that allow the client to carry out a self-assessment of its own sustainable performance;
- immediately after completing the ESG questionnaire, consult the positioning report in the dashboard, containing a benchmark of the customer's ESG positioning with respect to both the companies in the sector to which it belongs and the Italian market average;
- receive suggestions, also based on the questionnaire results, sent by the Relationship Manager aimed at offering solutions better suited to the objectives and peculiarities of each company.

During 2024, several upgrades were released that enriched the functionality of the Platform, including:

- Quality check: verification process aimed at ensuring the quality of the answers provided by users when completing the questionnaire. The objective is to inform the customer about the responses that the ESG Platform identifies as outside the range established based on the sector to which they belong;
- Simulator: allows to simulate filling out the ESG Questionnaire, offering an overview of how a company's positioning could change based on the different answers provided.

The ESG platform access and the ESG questionnaire filling are the first steps to enable the company to understand its positioning and increase awareness on its ESG performances and, consequently, take action to improve its ESG profile and enhance its sustainability commitments.

For the Bank the ESG Platform represents an opportunity to:

- collect ESG information directly from the customer and improve the calculation of Intesa Sanpaolo's "ESG score";
- understand the specific needs of the customer and support the company along the transition path through a dedicated set of financial and non-financial products and services.

During 2024, has continued the awareness-raising activity on filling out the questionnaires.

Focus:

"Il tuo futuro è la nostra impresa" plan

In 2024 Intesa Sanpaolo launched "Il tuo futuro è la nostra impresa", a new plan for the growth and future of the Italian entrepreneurial system that provide financing to accompany the planning of businesses. The objective is to encourage new investments for competitiveness by accelerating the dynamics of good performance of the production system and ensuring the immediate activation of sustainable and long-term strategies. One of the pillars of the plan is the Orizzonte Impresa Transizione Energetica Programme, which focuses on facilitating businesses' transition. It covers a range of areas, including renewable energy, energy efficiency and the Circular Economy. The offer includes financing to reduce energy dependence, mechanisms to address high raw material costs, specialised consultancy services and the implementation of complex projects.

26 Banca dei Territori loans are consistent with Intesa Sanpaolo Rules for the classification of sustainable credit products and lending transaction.

S-Loan offer

The S-Loan offering, launched in 2020 to support small and medium-sized enterprises wishing to improve their sustainability profile, continued. This solution aims at financing SMEs sustainable growth projects, associating their economic and financial decisions with their environmental and social impacts and assisting them on the path to structural change.

The customer defines annual objectives on 2 ESG KPIs chosen among a selection proposed by the Bank. If the objectives are achieved, the customer is granted a subsidised interest rate for the following year. The KPIs performance is monitored by the Bank on an annual basis and certified by the company in the notes to the financial statements. In addition, once the S-Loan financing mechanism is activated, this includes a donation from Intesa Sanpaolo to support charitable projects in which the financed company can also participate. To respond to different clients' needs and to cover the multiple aspects of sustainability across ESG dimensions, Intesa Sanpaolo originally designed six S-Loan, that in 2024 has been redesigned in these three lines: S-Loan ESG; S-Loan Diversity and S-Loan CER. The latter is a facility that Intesa Sanpaolo makes available to companies that decide to invest in renewable energy and share the energy produced and not self-consumed in the RECs[27] (Renewable Energy Community).

In particular, Intesa Sanpaolo collaborates with Enel X and Regalgrid in the context of Renewable Energy Communities. These partnerships aim to encourage businesses to establish and participate in RECs, while also providing Intesa Sanpaolo with the opportunity to financially support investments aimed at achieving sustainability goals for companies (e.g., installing renewable energy production facilities).

2024 S-loans range

	S-Loan ESG **6 KPIs**	S-Loan CER **2 KPIs**	S-Loan Diversity **4 KPIs**
	Initiatives on the **3 ESG areas** to **improve** the **sustainability profile**	Goals focused on **Renewable Energy Community**	**Enhancement** and **promotion of gender equality** and **the role of women** in the socioeconomic context.
E	■ Provision of electricity sourced **entirely** from **renewable or bioenergy sources** ■ Introducing a **procurement policy** that integrates environmental concerns on purchasing, transportation and energy practices	■ Investments in **one or more energy self-sufficiency renewable** plant ■ **Allocation** of energy produced and not self-consumed to the **Renewable Energy Community**	
S	■ Share of turnover dedicated to **community support activities** ■ Share of customers and/or suppliers **engaged in sustainability issues**		■ **Introduction of initiatives to promote the role of women in society** ■ Share of new hires dedicated to female employees
G	■ **Hours of training** per individual worker on environmental/social sustainability issues ■ Development of **employee welfare programmes**		■ Introduction of policies to **promote gender equality** ■ Development of **welfare programmes for female employees**

27 RECs are Renewable Energy Communities, legal entities formed by private citizens, organisation and businesses that consume self-produced energy from renewable sources. Their main purpose is to provide environmental, economic, or social benefits to their members and the areas in which they operate

The S-Loan ESG and S-Loan CER facilities can be assisted by SACE (the Italian Export Credit Agency) Green Guarantee.

In addition to the three S-Loan lines, a new facility was launched in February 2024, S-Loan Progetti Green. S-Loan Progetti Green[28] is a MLT loan designed to support all types of business investments that can generate a positive environmental impact on processes, infrastructures, technologies, services, products. This facility can be applied to the following Sustainable Environmental Projects:

1. Clean energy
2. Efficient Energy
3. Safe Environment
4. Agriculture and Territory
5. Biodiversity
6. Green Mobility
7. Water Efficiency
8. Climate Change
9. Circular Economy
10. Green Buildings

The funding is aimed at supporting one of the Sustainable Environmental Projects, among those listed above, identified in the description sheet of the investment plan submitted by the customer. Furthermore, a further discount on the financing rate may be granted if the customer makes the investment by the agreed date.

Support for businesses in renewables and efficiency investment plans and other initiatives

- "Energia Impresa" loan is a medium/long-term financing for professionals and businesses interested in the implementation of investment programmes in the energy sector, especially in the Renewable Energy sector, biomethane and energy efficiency interventions. The product is a flexible solution both in terms of customisation of financing and adaptability to different lines of intervention:
  - Renewable Energy plants (photovoltaic, wind, hydroelectric, residual gas from sewage processes);
  - Biogas plants, for the production of electricity;
  - Biomethane plants, for the production of biomethane for transport;
  - Energy Efficiency interventions, for investments aimed at improving the energy efficiency of buildings, plants, processes.

In 2024, 16 loans for a total of over €16.6m were granted.

- MLT Loan with SACE Green Guarantee

  Within Intesa Sanpaolo products and services offering, the MLT Loan with SACE Green Guarantee is a medium/long-term financing facility designed to support the achievement of environmental goals. The facility can finance initiatives aimed at: facilitating the transition to a clean and circular economy; integrating production cycles with low-emission technologies to produce sustainable goods and services; accelerating the transition to sustainable and intelligent mobility. The guarantee to be issued by SACE covers up to 80% of the amount, with a maximum limit of €50m over a maximum of 20 years for projects such as: mitigation and prevention of climate change, reduction of polluting activities, protection of water and marine resources, protection and restoration of biodiversity and ecosystems and Circular Economy, REC. The guarantee is intended for companies with turnover up to €500m. In 2024, 47 medium long-term loans were disbursed (assisted by the SACE Green Guarantee) amounting to about €120m.

- Nova+

  Nova+ is the medium/ long-term financing product aimed at supporting companies that invest in Research and Innovation (R&I). The product concept involves a technical-industrial evaluation of the research project conducted by Intesa Sanpaolo through a team of engineers specialised by sector. Among the new lines, Nova+ Green, Nova+ Mobility and Nova+ Agritech provide a specific focus on climate and sustainability.

- EIB and EIF provisions

  The collaboration with the European Investment Bank (EIB), the institution through which Intesa Sanpaolo can allow its customers to access funds with advantageous conditions, continued and further developed during 2024. With these resources, the Group was able to support investment projects also relating to the production of Renewable Energy, energy efficiency and reduction of environmental impact, with the possibility of exploiting favourable rate conditions in combination with SACE Green Guarantee products, Energia Impresa and S-Loan Progetti Green. During 2024, a new EIB loan of €500m was signed dedicated to investment projects carried out by SME and Midcaps counterparties with a portion of the credit limit to be allocated to investments in the field of environmental sustainability. At the end of 2024, the placement of this fund has reached 70% of the total amount made available. During 2024, the bank's support for SMEs and Small Mid Cap companies continued through the granting of guarantees under the InvestEU programme of the EIF (European Investment Fund).

28 S-Loan Green Projects.

Thanks to the use of these guarantees, the bank has supported access to credit for businesses through medium-long term financing with a focus on "sustainability". In addition to the limits already available, in August the bank signed a new guarantee limit of an additional €100m with the European Investment Fund (EIF) intended to support sustainable financing. In 2024, 12 investment projects were supported for €18m in financing granted.

Filiere Sostenibili (Sustainable Supply Chains Development Programme)

The programme was launched in 2023 to promote sustainable transition across the entire supply chain. Suppliers or retailers, involved in the programme by the Supply Chain Leader, can access financial support for ESG investments on favourable terms and be engaged in awareness initiatives within the supply chain on ESG issues in collaboration with the Bank (e.g., ESG webinars).

Filiere Sostenibili includes three key elements

Awareness Initiatives on ESG Topics for the supply chain

Through dedicated events and webinars

Investment support to improve the ESG profile

Through financing solutions on favourable terms for companies belonging to the Programme

Awareness of ESG positioning

Through a dedicated ESG vs. market benchmark positioning report, calculated on the Bank's customers

Intesa Sanpaolo Rent ForYou Programme

In terms of rental solutions, Intesa Sanpaolo Rent ForYou (the Group's company offering medium and long-term rental solutions) provides its clients with an offer also aimed at optimising and reducing energy consumption (for example, through sensors for consumption control, photovoltaic panels and charging stations).

Solutions for retail customers

Green Mortgages

The Bank supports retail customers' green projects, including the following:

- Green Mortgage: a preferential-rate mortgage designed to facilitate the purchase, construction, or renovation of residential properties in Italy, ensuring a high energy efficiency rating;
- EeMAP Project (Energy efficient Mortgages Action Plan): A European initiative aimed at creating energy-efficient mortgages to incentivise building retrofits and the purchase of highly energy-efficient properties.

The provisions of the European Directive on the Energy Performance of Buildings (EPBD) envisages the progressive retrofitting of the EU member states' building stock. In this context, the banking sector is encouraged to play a transformative role in directing financial investments towards activities that contribute to reducing the EU's dependence on fossil fuels, thereby supporting the achievement of the Union's climate objectives, including net-zero emissions by 2050.

The Bank's financing solutions are available not only to support the purchase or construction of energy-efficient properties but also for those seeking to improve energy performance through measures such as replacing windows and high-efficiency boilers, purchasing eco-friendly vehicles and installing solar and photovoltaic panels.

To this end, the Bank offers the "Green Mutuo Domus": a preferential-rate (featuring a reduced fixed annual nominal interest rate and complimentary energy certification for renovation purposes). This product enables the purchase or construction of residential properties in Italy with an energy efficiency class of B or higher, as well as the renovation of residential properties in Italy to improve their energy performance by at least one class.

Intesa Sanpaolo participates in the EeMAP project and has also joined the Energy Efficient Mortgage Label (EEML)[29]. The EEML seeks to maximise

29 https://www.energy-efficient-mortgage-label.org/
The Energy Efficient Mortgage Label (EEML) is a clear and transparent quality label for consumers, lenders and investors, aimed at identifying energy efficient mortgages (EEM) in lending institutions' portfolios, which are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings, with a focus on building energy performance.

regulatory alignment of the Bank's portfolio with key legislative and policy developments, such as the EU Taxonomy, the Mortgage Credit Directive (MCD), the Capital Requirements Regulation (CRR) and equivalent international frameworks.

Under the EEML framework, since 2021, Intesa Sanpaolo has been reporting quarterly aggregate data on both its green and standard mortgage portfolios. Consistent with the regulatory framework defined by EU Regulation 2020/852 on the European Taxonomy, the Bank has implemented a range of activities to collect information regarding the energy performance of properties used as collateral for mortgage applications.

The Bank's comprehensive knowledge of the energy efficiency of mortgaged properties serves two strategic purposes:

1. Enhancing awareness of the real estate portfolio's quality, particularly in terms of energy efficiency;
2. Actively supporting clients in undertaking property retrofitting initiatives aimed at reducing energy consumption and safeguarding the value of their real estate assets.

From November 2024, the Bank has introduced a new calculation methodology to assess the alignment of properties used as mortgage collateral with the **Technical Screening Criteria** outlined in the European Taxonomy.

Building on its past efforts and in step with evolving regulations, Intesa Sanpaolo remains committed to facilitating the retrofitting of Italy's building stock, thereby contributing to the achievement of the 2030/2033 targets established by the European Directive.

Finally, in relation to Green Mortgages, in the first half of 2024 the Bank supported Think Forestry, a reforestation project dedicated to the care and protection of Italian greenery and in the second half of 2024 Priceless Planet Coalition, through donations related to the mortgages disbursed.

Energy efficiency products and services

The green offering is enhanced by a range of dedicated services, some of which are provided by partner companies. These are optional supplementary services designed to assist, for instance, in assessing potential savings resulting from energy efficiency upgrades.

The Energy Efficient Mortgage Label (EEML) is a clear and transparent quality label for consumers, lenders and investors, aimed at identifying energy efficient mortgages (EEM) in lending institutions' portfolios, which are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings, with a focus on building energy performance.

Think Forestry

The Group continued to promote the Think Forestry programme (launched in November 2023) to accompany client companies on the path of environmental transition, with the dual objectives of safeguarding and enhancing natural capitaland accelerating on the path of climate change mitigation by working on the management and reduction of CO_2 emissions from client businesses. In order to reach the goal of reforestation and preservation of natural capital across Italy, the programme provides access to a network of top-tier national forestry initiatives thanks to an agreement with the non-profit organisation Rete Clima.

An extensive planting programme has been initiated with the goal of contributing to the "reforestation" of Italian territory. The bank actively participates in the programme by setting an example, supporting tree planting in different Italian cities and encouraging participation from its corporate clients. The development of the initiative was further expanded thanks to the involvement of households through a specific initiative by For Funding, Intesa Sanpaolo's crowdfunding platform aimed at supporting social and environmental initiatives with the greatest impact through both contributions from individuals and resources from the Group. In particular, the Bank decided to allocate to this project also a portion of the transaction fees from credit card transactions. Up to 2024 nine interventions were carried out across various areas in Italy, resulting in the planting of over 12,000 trees.

Moreover, the programme aims to offer innovative tools to support corporate clients' efforts to measure and reduce their CO_2 emissions and manage their residual emissions. Intesa Sanpaolo is enhancing Think Forestry with additional partnerships to develop a dedicated advisory service for corporate clients. The aim is to address all phases of the emission management and reduction process by businesses, from measuring their environmental impact to climate change mitigation tools, allowing them to pursue a sustainable transition by guiding in target setting and engaging in environmental projects on an international scale.

Focus:

Biodiversity in Intesa Sanpaolo

Context

The interconnected crises of climate change, biodiversity loss and pollution pose significant threats to the environment, human well-being and the global economy. Biodiversity underpins crucial ecosystem services, such as pollination for over 75% of food crops[30] and supports more than half of global GDP. However, human activities have caused alarming damage, including the loss of 32% of forests and a 41% decline in insect species in the past decades[31]. The economic implications are profound, with biodiversity loss potentially shrinking global GDP by up to USD 2.7 trillion by 2030[32]. Urgent investments in conservation and restoration, also estimating to generate €69 billion in benefits by 2050[33], are crucial to mitigating these risks.

Intesa Sanpaolo's biodiversity strategy and offer

The Intesa Sanpaolo Group, aware of the importance of nature and ecosystem protection, has integrated biodiversity in the bank's governance documents, starting from the Code of Ethics, where biodiversity and protection of nature are taken into account both in terms of direct and indirect environmental impacts resulting from the Bank's activities.

In line with the 2022-2025 Business Plan, that includes – among its targets – the adoption of a specific policy on biodiversity and the commitment to restore and increase natural capital, the Group supports companies through various forms of financing, including S–Loan Progetti Green, that applies, among others, to initiatives such as Biodiversity and Water Efficiency Sustainable Environmental Projects and the MLT Loan with SACE Green Guarantee, a medium/long-term financing facility that can be used to support projects focused on reducing pollution, protecting water and marine resources and preserving and restoring biodiversity and ecosystems.

In this context, within the climate credit framework, the ESG scoring model integrates information on biodiversity and nature issues, including water consumption, waste and pollution, as well as alignment with the European Taxonomy, to support financing towards virtuous counterparties also for issues related to biodiversity and nature.

In addition, the Group also launched the Think Forestry program to accompany client companies on the ecological transition path, with the dual objectives of safeguarding and enhancing natural capital, namely forests and accelerating on the path of climate change mitigation by supporting the companies on the management and reduction of CO_2 emissions.

The Group also contributes to creating opportunities for discussions that promote the culture of change with a view to sustainability through engagement initiatives such as the signing of the "Finance Leadership Statement on Plastic Pollution". Moreover, starting from July 2023, Intesa Sanpaolo and Intesa Sanpaolo Innovation Center joined the task force on the "Nexus between circular economy, climate and nature", organised by UNEP FI, to work on interlinkages between circular economy, climate mitigation and biodiversity and the impact such interlinkages have on target setting for banks. The nexus of these is crucial to foster systematic changes in society and the collective efforts to address global warming, supporting the impact of the transition by demonstrating how a circular economy model helps to decouple economic growth from resource use, biodiversity loss and rising GHG emissions and helps to build social, economic and natural capital, contributing to shareholder and stakeholder value. Also in 2024, the Intesa Sanpaolo Innovation Center collaborated with the Italian Alliance for the Circular Economy for the realization of the "Biodiversity and Circular Economy Report" with specific content and examples of operational activities.

Intesa Sanpaolo also supports the ecological transition through partnerships, awareness campaigns, including the promotion of fundraising for projects with a positive impact on nature and biodiversity via For Funding, the Group's social crowdfunding platform aimed at non-profits organisations, as well as training activities and applied research projects. For example, the following may be

30 Source: "The business case for biodiversity", European Commission 2020.
31 Source: "Nature Risk Rising" World Economic Forum Report, 2020.
32 Source: World Bank.
33 Source: European Commission's Impact Assessment Study.

mentioned: the applied research projects carried out with Intesa Sanpaolo Innovation Center aimed at studying environmental attitudes and their behavioural correlates, according to a neuroscientific approach, with the aim of identifying effective ways to increase citizens' awareness and consequent actions on aspects related to climate change and biodiversity, as well as the design of a new applied research aimed at measuring the level of biodiversity in urban environments through a robotic system equipped with various sensors and a camera.

In relation to the Group asset management companies, Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management Ireland defined ESG/climate-related policies that integrate biodiversity and protection of nature aspects and they have joined the Nature Action 100 initiative which focuses on engagement activities in relation to natural capital conservation and biodiversity.

In particular, Eurizon has also adopted an Engagement Policy within which it has defined an internal screening methodology, called Eurizon Naturewatch, inspired by the Kunming-Montreal Global Biodiversity Framework (GBF). This methodology aims at identifying issuers that can generate negative impacts on biodiversity caused (i) by the location of their production sites near sensitive areas and fragile ecosystems or (ii) by their own activities. This methodology aims to provide an assessment of the possible exposure of the investee companies to issues related to the exploitation of ecosystems as well as to the potential loss of value associated with them, in order to prioritise engagement actions towards those companies characterised by greater exposure to the aforementioned criteria.

Risk management

Intesa Sanpaolo Group defines and adopts an integrated approach to biodiversity and nature-related issues, applying specific criteria to financing activities defined in the "Guidelines for the Governance of ESG risks" and in the "Rules on biodiversity and nature"[34] in order to avoid the financing of activities and/or projects with particularly significant environmental impacts also related to Biodiversity ecosystems.

In particular, with the goal of directing exposures towards the protection and conservation of biodiversity and nature, the Group is committed to not financing new projects with at least one of the following characteristics:

- Located in geographic areas defined by:
  - Wetlands under the Ramsar Convention;
  - IUCN protected areas I to VI - areas designed for the long-term conservation of nature including nature reserves, national parks, natural monuments, species or habitat conservation areas and both terrestrial and marine protected areas;
  - Alliance for Zero Extinctions (AZE) - which includes sites hosting the last remaining populations of 1,620 of the most threatened species on Earth;
  - Natural World Heritage sites (UNESCO) - which identifies the main terrestrial and marine natural areas characterized by a high biodiversity rate;
- Categorised as 'controversial' due to their impacts or dependencies on biodiversity and nature, which may also expose the Bank to a significant reputational risk;
- Located in countries that have not ratified important environmental conventions (i.e., so-called 'red countries') and related to economic activities that may have a negative potential impact on biodiversity, nature, pollution and water.

In addition, the Group commits not to finance counterparties that have their registered office in the so-called 'red countries' and that are involved in the economic activities with potential impact on biodiversity, nature, pollution and water.

In line with the Group's strategic guidelines and the ESG risk governance framework, Intesa Sanpaolo also pays particular attention to new projects with activities relating to sectors and/or geographical areas most exposed to ESG risks with a focus on biodiversity and nature, for which it considers specific safeguards for the assessment of these risks through the ESG & Reputational Risk Clearing process whether the new project: i) meets the characteristics provided by the Equator Principles guidelines; ii) is located in countries that do not ratify specific conventions; iii) is related to specific sectors of economic activity.

For project finance, since 2007 Intesa Sanpaolo adopted the Equator Principles, a set of voluntary international guidelines and reference standards for the financial sector that aims at identifying, assessing and managing the environmental and social risk of projects.

34 Policy elaborated in 2024 and adopted in 2025.

The Equator Principles in its Performance Standards include the Promotion of the conservation of biodiversity as well as sustainable ecosystem and natural resource management.

Regarding the potential direct impact on biodiversity and nature, Intesa Sanpaolo has defined an assessment model, applicable to all properties for functional use that, starting from the mapping of the properties included in the geographical perimeters of the World Database on Protected Areas (WDPA), defines for each of them the relative level of potential impact and the consequent possible intervention and monitoring actions, aimed at mitigating its environmental footprint on biodiversity.

CLIENT ENGAGEMENT AND TRAINING

Intesa Sanpaolo customer engagement activities involve different customer segments and topics within the broader ESG area. In order to contribute to worldwide efforts in climate change mitigation and align with Intesa's 2050 Net Zero target, in 2024 Intesa Sanpaolo implemented various initiatives. These were designed to foster ESG awareness among corporations and advance, among others, the goals of energy transition, circular economy, education, sustainable living spaces.

Large Corporate Dialogue

Intesa Sanpaolo is at the forefront of fostering sustainability and environmental, social and governance awareness. Through a comprehensive approach, the bank offers dedicated meetings, focused webinars, serving as both physical and virtual meeting points to guide companies on their journey towards sustainable practices. These initiatives aim to promote dialogue, support impactful initiatives and create collective value, culminating in a holistic strategy that spans from educational content to practical tools for assessing and improving sustainable performance.

- Meetings dedicated to ESG issues: Sustainability-linked events and forums are an important component of IMI Corporate & Investment Banking engagement process with its client base on climate-related topics. The Division organises and actively participates in a number of events throughout the year as sponsor or contributor. In 2024, among others, this included several ESG-focused conferences, such as: the IREFI Forum France - Italie de l'infrastructure des Transports et de l'Energie in Paris; "Accelerating the Transition in the Maritime and Aviation Sectors: the EU Renewable and Low-Carbon Fuels Alliance Conference in Italy" conference in Milan; "Obiettivo Italia 2024. Oltre il bilancio: soluzioni innovative per ESG, gestione dei rischi e liquidità" roadshow that involved 6 cities in Italy; "The role of Spain and Italy for growth Innovation, sustainability and strategic infrastructure for a more competitive Europe" conference in Madrid;
- Borsa Italiana Sustainable Finance Partnership: from January 2021, Intesa Sanpaolo through its IMI Corporate & Investment Banking Division, has joined Borsa Italiana Sustainable Finance Partnership. The Partnership mission is to create a culture and an integrated ecosystem for the development of innovative corporate sustainable finance solutions for the Italian capital market. As a Partner of the programme, IMI Corporate & Investment Banking brings its expertise and experience on sustainability topics, which include a wide range of financial and non-financial solutions to support the development of a more sustainable economy. Thanks to this collaboration, the Division has participated in several workshops and initiatives organised by Borsa Italiana, including the flagship event "Sustainability Week".

Circular Economy Lab

Intesa Sanpaolo provides dedicated consulting services aimed at generating new economic and relational value for the Group and enhancing the competitiveness of business. In particular, the Intesa Sanpaolo Innovation Center, in synergy and coordination with the divisions Banca dei Territori and IMI Corporate & Investment Banking, develops advisory and non-financial services, offering pathways for innovation and transition towards the Circular Economy. To support the shift to a Circular Economy, ISPIC established the Circular Economy Lab (CE Lab) in partnership with Cariplo Factory[35]. The CE Lab facilitates the transformation of the Italian economic system by promoting innovative value creation models and accelerating the transition to a Circular Economy through open innovation methodologies that identify innovative solutions and technologies.

CE Lab Strategy and Pillars:

- **Circular Connection:** Fosters dialogue on the Circular Economy by engaging a national and international network of companies, institutions, universities, research centers and other partners;
- **Circular Innovation:** Offers tailored consultancy to accelerate the adoption of Circular Economy models by SMEs and large corporations;
- **Circular Education:** Provides training courses to spread knowledge about the Circular Economy and related opportunities in business, competitiveness and resilience.

Services Offered by the CE Lab:

- **Circular Assessment:** Evaluates a company's current level of circularity and identifies potential improvement actions;
- **Circular Open Innovation:** Identifies strategic areas for circular development and seeks technological solutions and collaborations with startups and SMEs;
- **Circular Project Building:** Develops, tests and implements new products, services, or circular business models.

35 At the end of 2023, Intesa Sanpaolo Innovation Center and Intesa Sanpaolo extended the collaboration with Fondazione Cariplo e Cariplo Factory on circular economy.

- **Supply Chain Engagement:** Engages stakeholders to plan the circular transformation of supply chains, with the option of specific agreements on products or services;
- **Circularity Plan:** Designs a long-term circular transformation plan with concrete actions, objectives and KPIs to strengthen reputational benefits;
- **Life Cycle Assessment:** made in compliance with the international standards ISO 14044:2006 and ISO 14040:2006, the service offers a structured assessment of the potential impact on the environment and on humans of goods or services, from raw materials to the end of their useful life.

In 2024, the CE Lab continued to support Corporations to develop innovative and circular business models, designing five Open Innovation programmes in the Energy and Waste Management sectors, one Material Flow Analysis in the Healthcare sector and one Open Innovation Scouting Programme in the Smart Home Sector. Within the Strategic Master Agreement signed last year with the Ministry of Economy of the United Arab Emirates, the collaboration to establish an Emirates Circular Economy Lab continued.

ESG Laboratories for SMEs

Initiatives linked to the ESG Laboratories (ESG Lab) continued in 2024. The Lab is a meeting point, physical and virtual, to accompany Italian SMEs in the sustainable transition, a development path aimed at generating new competitive advantages and supporting long-term growth with positive impacts on the environment and people.

The birth of the first Laboratory in 2021 in Brescia was followed by the opening, over the years, of 15 other laboratories throughout the national territory: Padua in 2021; Venice, Bergamo, Cuneo, Bari, Taranto, Rome, Naples and Palermo in 2022; Milan, Turin and Florence in 2023; Macerata, Chieti and Genoa in 2024.

The format, which in 2024 saw the realisation of over 70 events on the territory, aims to spread the culture on ESG and circularity issues and to facilitate the transition of customer companies with a structured schedule of ESG issues that ranges, also through the support of qualified partners, from risk/opportunity and regulatory scenario analysis to understanding the degree of circularity of a process or product, to the construction or conversion of a sustainable supply chain, actions to address short-term challenges (e.g. increased costs of energy, raw materials and sea freight) and/or long term eco-sustainable transformation.

Within the ESG Laboratories, Intesa Sanpaolo also offers advisory services specifically targeting ESG topics and challenges by partnering with Nativa and Circularity, sustainability-expert partners. The services enable clients to understand their ESG starting point through an assessment that identifies strengths and areas for improvement. The client's sustainable strategy is then outlined, by defining key initiatives for intervention based on the initial assessment and the identified objectives, also with the aim of obtaining the main certifications in the market.

"Imprese Vincenti" (Winning Enterprises)

To enhance Italian entrepreneurial excellences, the Group completed the fifth edition of "Winning Enterprises" in 2024. The programme highlights the growth paths of digital and sustainable transformation and the related business models developed by companies, the engine of the country's economy. The aim is to provide selected companies, among a number of candidates, with visibility, development support programmes, consultancy on strategic issues, training and workshops in collaboration with key partners. The fifth edition recorded excellent results: over 4,000 candidate companies, 150 companies selected and celebrated as Winning Companies during a dedicated Tour throughout the national territory, as well as two special events dedicated to Agrifood, the Third Sector and Foreign Banks. Among the 4,000 candidate companies, about 38% declared that they had invested and/or lanched significant initiatives in the field of sustainability and green initiatives.

Energy Transition Consulting Services for SMEs

During 2024, the Energy & Utilities desk carried out project analysis and the formulation of a technical, economic and financial sustainability opinion on 27 operations for a total amount of about €330m. The Energy & Utilities Desk supports entrepreneurs which have planned investments in renewable energies or intend to diversify their energy sources. This process envisages evaluating projects from the technical-industrial profile to the financial sustainability of the investment. A complete service that ranges from the risk assessment and structuring of the most appropriate financial solutions, to advice on new market opportunities, on incentive support measures (including those of the NRRP) and on technological directions as enabling factors of the energy transition.

Initiatives for the growth of startups and the development of innovation ecosystems

Among others, the Intesa Sanpaolo Innovation Center aims at supporting the growth of high-potential startups, including those focused on climate, also through the management and implementation of acceleration paths.

In 2024, Intesa Sanpaolo Innovation Center analysed more than 60 startups of which 56 were accelerated. Among the various growth and acceleration programmes, with reference to climate and biodiversity topics, it is worth emphasising:

- "Techstars Transformative World Torino" (focus "trend-setting and advanced technologies"): in 2023, the Intesa Sanpaolo Innovation Center renewed the partnership with Fondazione Compagnia di San Paolo, Fondazione Sviluppo e Crescita - CRT and Techstars to continue to support the growth of the innovation ecosystem and strengthen Turin's strategic positioning as an attractive international hub, by signing a two-year Memorandum of Understanding. Thanks to this partnership, "Techstars Transformative World Torino" was launched, a new acceleration programme on trend-setting advanced technologies (mobility, decarbonisation, energy efficiency, Educational Technology, social responsibility and individual well-being), which follows the previous programmes on smart mobility and smart cities. Since launch in 2019, 57 startups were accelerated, 100 proofs of concept and other contractual collaborations were signed, ~€100m of capital raised and >550 new hires;
- "Terra Next" (focus "Bioeconomy"): in January 2024 the call for the 3rd class of the three-year acceleration programme on Bioeconomy "Terra Next" was launched, in cooperation with Cassa Depositi e Prestiti, Cariplo Factory, local corporate and scientific partners and the patronage of the Ministry of Environment and Energy Security. In January 2025 the 7 startups accelerated will present their solutions at the Demo Day. Since launch in 2022, 15 startups were accelerated, ~150 proofs of concept and other contractual collaborations, ~€3.5m in capital raised and ~70 new hires;
- launched the initiative of Venture Building "Maritime Ventures" with Cassa Depositi e Prestiti, Fondazione CSP, companies of the sector, other specialised players and institutional entities of the territory, aimed at identifying innovative ideas and launching 10 new startups (which will develop products or services for the digitalisation and innovation of SMEs operating in the nautical and port supply-chain) in the next three years. Planned the investments by Fondo Sviluppo Ecosistemi di Innovazione of NEVA SGR and the advisory by ISPIC which will facilitate interaction between project management and SME ecosystem;
- Up2Stars: ended the 2nd edition of the initiative developed by the Banca dei Territori Division with the support of Intesa Sanpaolo Innovation Center, aimed at accelerating 40 startups on four vertical pillars (Watertech; Renewable energy and energy efficiency; Artificial intelligence for business transformation; IoT, infrastructure and mobility). In 2024 30 startups accelerated of the pillars "Renewable energy and energy efficiency", "AI for business transformation" and "IoT, infrastructure and mobility". Overall, for the two editions, ~750 applications received and 80 startups accelerated;
- "In Action ESG Climate": completed the 3rd edition of the initiative developed by the Insurance Division with the support of Intesa Sanpaolo Innovation Center, for the development of new solutions to combat climate change and support the green transition through technological innovation and development of new business models. In September 2024, 4 startups were awarded with a total amount of ~€650k. In the three editions, 11 startups overall were awarded a total amount of €1.75m.

Neva SGR

The Venture Capital firm part of the Intesa Sanpaolo Group also invests in climate tech and energy transition. In particular, through its funds it has invested:

- in Energy Dome, an Italian excellence that developed a new large-scale, high-efficiency, high-durability battery (LDES - Long Duration Energy Storage) based on a thermodynamic process that uses carbon dioxide (CO_2) and that can optimise the storage and use of energy from renewable sources; in Tech4planet, the national technology transfer hub for environmental sustainability, that focuses on exploiting the results of research in the field of environmental sustainability by involving the most important Italian Research Centres specialised in the subject;
- in xFarm, an Italian-Swiss agritech company that developed a digital platform to help farmers optimise agricultural operations and support food producers in collecting sustainability data, while also promoting regenerative agriculture; and
- in Cool Planet Technologies, a portfolio company dedicated to capturing carbon dioxide from flue gas emissions in hard-to-abate sectors. Neva participated in the company's latest financing round, which garnered strong backing also from strategic industrial players.

Training offer for customers

Thanks to the partnership with Digit'ED, Intesa Sanpaolo offers training on sustainability topics to companies, with the aim of supporting the development of awareness on the importance of the transition to a more sustainable economy and the acquisition of the skills necessary for sustainable business transformation. The training offering consists of flexible and customisable paths, through the provision of online training.

During 2024, the offer of Joint Training programmes (Intesa Sanpaolo - Digit'Ed) began, with a particular focus on ESG issues:

- ESG Base, which can be used remotely, to learn basic knowledge about ESG principles and the logic and methods with which to activate sustainability paths in the company;
- ESG Premium, which can be used in a mixed form (remote and virtual classroom), to support companies that intend to undertake or strengthen the transition towards sustainability and implement ESG solutions.

RESEARCH, REPORTS AND INNOVATION IN INTESA SANPAOLO

In 2024 Intesa Sanpaolo studies and research projects on climate change and related impacts and issues, involved contribution by different structures and entities of the Group, both to foster client awareness and engagement and to gain an in-depth knowledge of relevant topics.

Among the most relevant publications issued in 2024 by **Intesa Sanpaolo Research** (also in cooperation with specialised external organisations):

- the 10th edition of the Bioeconomy in Europe Report, with a focus on alternative fuels and one on agrifood sector;
- the second edition of the Italian Hydrogen Industry and its growth potential, survey on companies of the sector and representative of the entire value chain of hydrogen, from production to final uses. The results of this survey, a preview of which was presented, will be integrated with other analyses and published in a Report to be presented in 2025 in cooperation with H2IT;
- Green Bond Brief, an analysis of the Green Bond Market in Europe focused on the green bond holdings in the Euro Area and the perspectives on the issuance of green government bonds;
- the first issue of the ACEA and Intesa Sanpaolo Water Sector Observatory focused on the topic of reusing purified wastewater, a practice that could contribute significantly to reducing water stress;
- the 6th edition of the report on the performance of local public transport;
- the Report "Sustainability and decarbonisation of the transport system: the role of regional rail services";
- the focus on the energy efficiency of public buildings.

SRM, a Research Center for Economic Studies associated with the Intesa Sanpaolo Banking Group, has published several reports focusing on sectors such as port-shipping-logistics and energy. Among these, the Fifth "MED & Italian Energy Report. Geopolitics of energy in the Mediterranean area between international crises and new energy commodities" was released in 2023. This report evaluates the current energy landscape and explores future prospects in the Mediterranean region, with a particular emphasis on the interplay between geopolitics emerging energy technologies.

Alongside the contributions of Intesa Sanpaolo Research Department and SRM, Intesa Sanpaolo Innovation Center (a subsidiary of the banking group) examines cross-industry innovation trends, produces reports to support businesses and the Group and publishes materials on innovation themes. In collaboration with external research centers and universities, the Intesa Sanpaolo Innovation Center also undertakes research projects designed to foster multidisciplinarity and advance expertise in areas such as Artificial Intelligence, neuroscience and robotics skills, with applications connected to climate change and biodiversity.

The Intesa Sanpaolo Innovation Center has been at the forefront of applied research and knowledge dissemination, focusing on sustainability and innovation. Among its notable contributions is the "Decarbonising the Agrifood System Report", which explores innovative solutions for the agrifood supply chain. This includes advancements in sustainable agriculture, waste management, renewable energy, packaging, alternative transport and the role of banks in supporting the transition.

This report complements the "Industry Trends Reports" series, which covers in 2024 critical topics such as Critical Raw Materials, Hydrogen, Energy Storage, The future of Nuclear Power and Sustainable Construction Materials[36].

Among other reports, Intesa Sanpaolo Innovation Center released the "Ocean – Nutrition, Sustainability, Technology Report", which analyses the multiple pressures exerted on oceans by human activity. It was presented at the 2024 Blue Economy Summit during Ocean Week.

In 2024, the Intesa Sanpaolo Innovation Center continued its applied research projects, including a neuroscientific study on environmental attitudes and their behavioral implications. This initiative aims to understand consumer awareness regarding climate change and biodiversity and develop strategies to foster a mindset more attentive to these issues.

The Intesa Sanpaolo Innovation Center also renewed its collaboration with "Valore Acqua Community"[37], contributing to a new report on water management, scheduled for publication in 2025.

Intesa Sanpaolo Innovation Center promotes the dissemination of knowledge and a culture of innovation through various events and workshops (both of positioning and of match-making for the meeting demand offer and innovation) and webinars.

36 Some reports were realized in synergy with the National Recovery and Resilience Plan.

37 The Community is an initiative promoted by The European House – Ambrosetti that involves the main players of the water value chain in order to elaborate scenarios and strategies for better water management.

Workshops and Events

To promote a culture of innovation, the Intesa Sanpaolo Innovation Center organised a range of events, including workshops, webinars and "Innovation Coffees" (a format of events dedicated to the discovery and dissemination of innovation culture of short duration, max 30 minutes). Key initiatives in 2024 included:

- "Circular economy and protection of biodiversity: strategies for a global challenge" (in collaboration with the Italian Alliance for the Circular Economy[38]) during the workshop the report "Industry, biodiversity and circular economy. Impacts of economic activities on biodiversity and possible mitigation solutions" by AGICI[39], which identifies circular economy strategies to mitigating biodiversity impacts, was presented;
- "Finance for Enabling Regenerative Agriculture" workshop (in partnership with the Ellen MacArthur Foundation) was focused on financial models to accelerate the agrifood sector's transition to regenerative agriculture;
- CE Lab[40] events (in collaboration with "Laboratori ESG" of Banca dei Territori Division) that covered trends, legislative frameworks and success stories to support the transition to regenerative production and consumption models across sectors;
- Two webinars on Climate Change topics:
  - "Space: Net Zero objective" that explored global solutions to the climate crisis;
  - "Climate Emergency: causes and effects" that delved into the complexities of climate change and its interactions.
- "Innovation Coffees" focused on:
  - the explanation of corporate commitments to environmental protection with "Rete Clima", a non-profit organisation supporting companies in protecting natural capital and decarbonisation pathways;
  - the food design for the Circular Economy during the "Waste Reduction Week" during which a startup of Intesa Sanpaolo Innovation Center portfolio shared insights on innovation to reduce food waste.

38 Partnership that brings together various stakeholders with the aim at promoting circular production models, reducing waste and reintroducing resources into productive cycles.

39 A research and consulting company specializing in the energy, infrastructure and network services sectors, aiming to foster sustainable development and innovation.

40 Partnership between Intesa Sanpaolo Innovation Center and Cariplo Factory aimed at facilitating the transformation of the Italian economic system by promoting innovative value creation models and accelerating the transition to a Circular Economy through open innovation methodologies that identify innovative solutions and technologies.

Academic Collaborations

As part of its partnership with the Polytechnic of Turin, Intesa Sanpaolo Innovation Center supported the fifth edition of the Master in Climate Change: "Adaptation and mitigation solutions", reinforcing its commitment to fostering expertise in climate-related challenges.

ADDRESSING CUSTOMER INVESTMENT & INSURANCE NEEDS

The strategic commitment in tackling climate change is also embodied in the strengthening of the asset management offering, in all the asset classes that include a focus on environmental or social issues, with a planned growth of assets under management classified under Articles 8 and 9 of the SFDR 2088/2019 to €156bn in 2025 from €110bn in 2021[41].

The Intesa Sanpaolo Group offers a full range of investment products and services that integrate sustainability criteria into investment choices, promote environmental factors or/and aim at contrasting climate change.

Additionally, the Group's insurance offering has evolved to include innovative solutions that address sustainability challenges, such as ESG-focused life and non-life products, expanded coverage for natural disasters and incentives for adopting preventive measures and sustainable practices.

ASSET MANAGEMENT OFFER

Eurizon offers a range of 350 products, diversified across all asset classes, which promote environmental and/or social characteristics or have sustainable investment objectives, in accordance with articles 8 and 9 of the SFDR with approximately €156bn of assets, representing 76.4% (~74% in 2023) of total AuM[42].

The products' range includes Eurizon Fund Absolute Green Bonds and Eurizon Fund Green Euro Credit. The funds use investment selection methodologies aimed at financing projects benefiting the environment (through investments in green bonds or labelled bonds) therefore aimed at generating positive environmental and/or social impacts, as well as a measurable financial return. As of December 2024, the funds' assets amounted to over €2.24bn. For detailed information please refer to the "Metrics and Targets" chapter.

PRIVATE BANKING OFFER

The Private Banking Division offers solutions, created by the Division and the Group or selected from the proposals of major international investment firms, that promote environmental and/or social issues or that have a sustainable investment objective. The range of sustainable products aims to meet the customers' main needs, including Funds, Asset Management and Insurance products.

Also in 2024, the new offer was strongly directed towards solutions that reflected the criteria adopted by the Division in terms of ESG, with an incidence of over 85%[43] of products classified under Articles 8 and 9 of the SFDR on the total of new products.

Within the in-house products and services, it is worth mentioning the activity carried out by Fideuram Asset Management SGR, which has brought 44 discretionary mandate lines to art. 8 of the SFDR (2 Fideuram Fogli, 17 Fideuram Omnia and 25 Wealth Collection). Furthermore, the investable universe of Il Mio Foglio ESG (art. 8 SFDR) has been enriched. Finally, Fideuram Asset Management Ireland increased its art.9 SFDR offering, launching in June the Fonditalia Clean Energy Solutions fund and introduced the ETF D-X platform characterised by 6 equity and bond solutions (7 ISINs) classified under Articles 8 the SFDR[44].

To complement the Group's product offering, according to the Guided Open Architecture Approach, to meet the most sophisticated needs, the Division's catalogue offers its customers the possibility to choose among a selection of third-party ESG products in collaboration with leading international investment houses.

As of 31 December 2024, 78% of Fideuram Division customer assets are classified ex art. 8 and 9 of the SFDR Regulation. Of the non-Group funds (approximately €43bn in client assets)[45], more than 82% are classified under Articles 8 and 9 of the SFDR** by their respective fund managers.

41 Eurizon perimeter.
42 Eurizon perimeter - funds and AM products pursuant to Articles 8 and 9 of SFDR 2019/2088.
43 Data as of 31.12.2024, internal source.
44 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector.
45 Data as of 31.12.2024, internal source.

INSURANCE OFFER

During 2024, the Intesa Sanpaolo Assicurazioni Group continued to develop and evolve the products and services offer for all its business lines to meet customer needs on sustainability issues.

In line with its ongoing commitment to sustainability, also outlined within the corporate policies, the Insurance Group's goal is to continue the evolution of its offer, including new products and insurance coverages over the coming years, as well as the revision of product processes with an ESG perspective. Some of those are related to climate and environmental matters.

Life Business

In 2024 the Life companies within the Intesa Sanpaolo Assicurazioni Group have continued their effort to enrich their offer with new ESG investment options and to evolve their investment strategies to better consider ESG factors. In terms of investment options, at December 2024, 81.8% of the options provided by the marketed products were classified article 8 and 9 ex SFDR (80% at 2023 year-end). All unit-link and hybrid products launched in 2023 were art.8 ex SFDR. The effort on developing new art. 8 ex SFDR investment solutions was supported by the evolution of the investment strategies and monitoring processes.

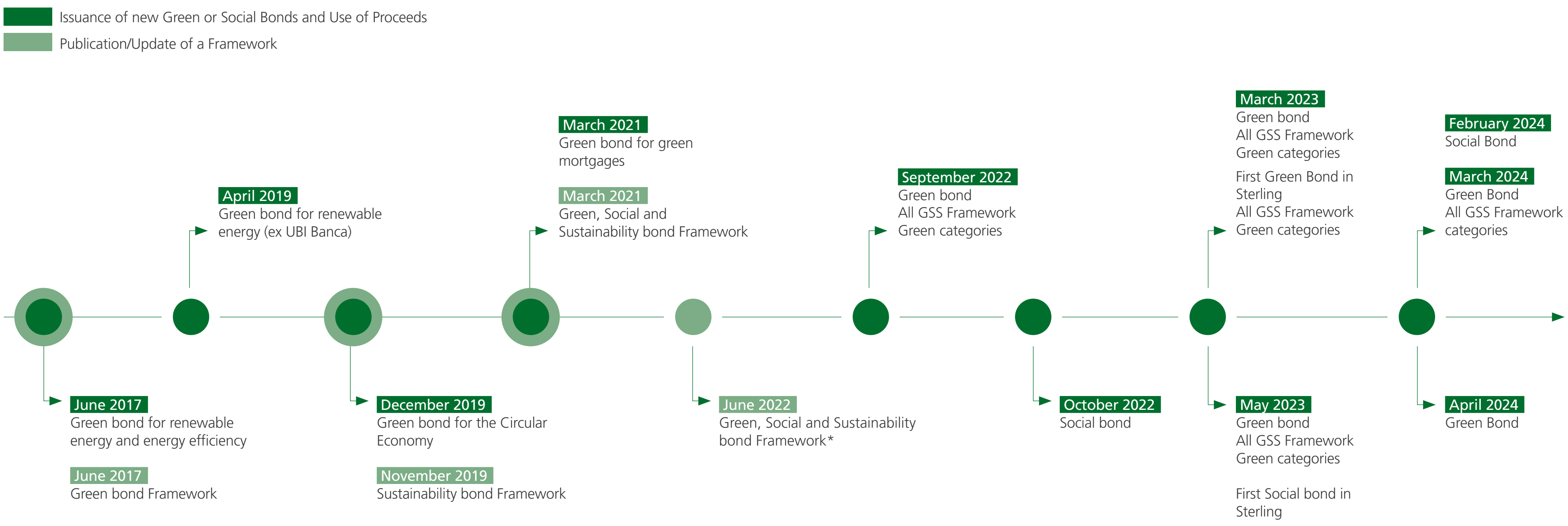
At December 2024 the assets under management relative to Articles 8 and 9 investment options were €73.7bn (43% of the total assets under management), increasing compared to €60.6bn at 31/12/2023.

Non-Life Business

The Intesa Sanpaolo Insurance Group operates through Intesa Sanpaolo Protezione S.p.A. ("ISPP"), offering a wide range of products dedicated to the protection of individuals, homes (theft, fire, etc.), vehicles and the needs of Small and Medium Enterprises (MEs) and the Corporate segment. For example the "Tutela Business" product, dedicated to small and medium-sized enterprises, is a multi-coverage policy designed for agricultural, commercial, manufacturing, office and professional activities, offering flexible protection tailored to the specific needs of each sector. It includes mandatory coverages, such as civil liability and assistance, as well as optional protections for specific risks, including property damage, theft, legal protection, or cyber risk. In the 2024 has been expanded with additional guarantees against catastrophic events.

FINANCING THE TRANSITION: THE ISSUANCE OF GREEN BONDS AND THE GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK

In line with its long-standing commitment to environmental and social matters, in June 2017 Intesa Sanpaolo was the first Italian bank to issue a Green bond connected with environmental sustainability projects.



* In alignment with the ICMA Green Bond Principles 2021, the ICMA Social Bond Principles 2021, the ICMA Sustainability Bond Guidelines 2021, with the intention of seeking alignment on a best effort basis with the EU Taxonomy regulation on sustainable activities and the Green Bond Standards.

The proceeds of any Intesa Sanpaolo Bond issued under the Green, Social and Sustainability Bond Framework will be exclusively allocated to Eligible Loans as defined within the list of Green Eligible Categories[46], that may be summarised as follows.

Green Eligible Categories

Renewable Energy	Energy Efficiency	Clean Transportation	Green Buildings	Environmentally Sustainable Management of Living Natural Resources and Land-use, Biodiversity	Circular Economy
Solar, Wind and Hydro-power where the facility: a) is a run-of-river plant and does not have an artificial reservoir or b) has power density 5W/m² or c) life cycle GHG emissions are lower than 100g CO_2e/kWh.	Energy storage from RES, smart grids, cogeneration of heat/cool and power if life-cycle GHG emissions lower than 100 g CO_2e per 1 kWh of energy output, energy efficient equipment and district heating/cooling.	Electric vehicles, Infrastructure enabling low carbon road and public transport, Urban and suburban road electric passenger transport, zero-emission heavy-duty and freight vehicles.	New and Existing buildings ■ For buildings built before 31st December 2020: • EPC A or buildings belonging to the Top 15% of the national building stock based on Primary Energy Demand (PED); • Buildings belonging to the Top 15% and having obtained a certain level of recognized environmental standards and certifications; ■ For buildings built after 1st January 2021: buildings where the PED is, or will be, at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures. **Refurbished buildings** with a minimum 30% energy saving improvement (or at least a two-step improvement in EPC label).	Sustainable agriculture (e.g. organic farming), sustainable forestry (afforestation, re-forestation, forest management and conservation based on certifications and standards) and carbon farming.	Various technologies, solutions, products and services aimed at increasing resource efficiency and enabling circular economy business models.

46 Consult Green, Social and Sustainability Bond Framework for further details.

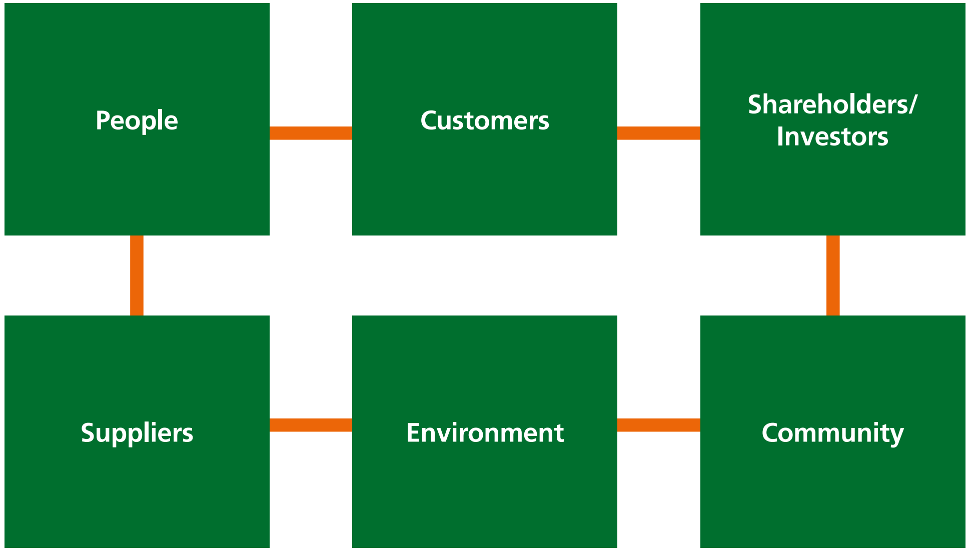
As at December 2024, Intesa Sanpaolo's outstanding Green Bonds amount to around €8.7bn. The Green Bond Ratio, the percentage of green bonds outstanding at the end of the fiscal year 2024 out of the total amount of outstanding public bonds of Senior Preferred, Senior non-preferred and Covered Bonds intended for institutional investors (five-year moving average), is equal to around 18.57%. Please also refer to the chapter "Metrics & Targets" for further information regarding "Use of proceeds" of Intesa Sanpaolo Green Bonds.

EXTERNAL ENGAGEMENT

ESG topics and climate change risks and opportunities are becoming increasingly important for the entire value chain of financial institutions. For this reason, Intesa Sanpaolo is constantly engaging with different stakeholders: suppliers, investors and investees, authorities and trade associations.

Intesa Sanpaolo is committed to proactively engaging with peers in the financial industry to support the global transition to net zero. The Group's engagement with the industry is aimed at sharing best practices and expertise, as well as partnering to act cohesively on common challenges across the industry. Forums, events and consultations are key enablers of industry-wide coordination and sharing of best practices.

Stakeholders Dialogue in Intesa Sanpaolo



The Group recognises a stakeholder as being any internal or external party directly or indirectly involved in or impacted by the conduct of the company's business. Each stakeholder is involved in the achievement of the corporate mission in relation to the activities carried out by the Group. Stakeholders are therefore: customers, shareholders, the Group's people and all those who work with the Group, suppliers, the communities and the environment, with the latter also relating to the responsibility towards present and future generations.

Intesa Sanpaolo is committed to interacting with all its stakeholders in an ethical and transparent manner. The dialogue and engagement covers a large number of stakeholders and individuals, such as unions, works councils, academia, customers, suppliers, business partners, authorities, industry associations, non-governmental organisations and local communities, including vulnerable groups.

Intesa Sanpaolo recognises the value of engaging with public authorities and other stakeholders in relation to the development of various policy initiatives that impact its industry. In particular, in relation to Climate Change, as stated in Intesa Sanpaolo Code of Ethics, the Group is committed to actively participate in international initiatives (including regulators, trade associations, international bodies) to contribute to best practices in environmental responsibility, as well as their dissemination, in line with the spirit of the objectives of the Paris Agreement.

To this extent, the Group interacts primarily with decision makers in the countries in which it has significant operations and in particular in Italy, within the European Union, but also with extra EU international institutions, including Multilateral Development Banks and supra-national organisations and with foreign Countries representatives. These interactions are aimed at monitoring the developments of European and extra EU and supra-national banking, financial and insurance regulation and identifying the most affecting regulatory issues. The Bank also plays a proactive role in the relations with key stakeholders, informing the Group structures, carrying out analysis and participating in the discussions on regulatory proposals. Most resources are dedicated to advocacy activities within the EU through business associations and to direct dialogue with authorities and decision makers.

In addition, Intesa Sanpaolo participates in think tanks, at national and international level and engages with various Civil Society Organisations.

Investors and financial community

ESG and climate related issues represent a strategic part of institutional investors engagement, rating agencies' assessments and brokers research and analysis.

In 2024 Intesa Sanpaolo has continued its interaction with ESG Investors, both through one-on-one meetings, collective engagement initiatives, ESG Conferences and through the acknowledgement of requests of formal engagement on ESG/ Climate issues by large asset managers.

In 2024, the Assessments and SRI Investor Relations Team held 38 meetings with 54 ESG investor firms, including portfolio managers and buy side analysts focusing on sustainability, involving when requested other specialised structures Climate issues from investors have increased and cover a central role in structured questionnaires and surveys, ante and post meetings. The decarbonization path and transition finance remain among the most relevant topics discussed.

Dialogue with the financial community also involves ESG Data providers and Rating agencies. In 2024 Intesa Sanpaolo participated in 26 assessments, including S&P Global, CDP, Refinitiv, Sustainalytics, MSCI, ISS, etc.) which confirmed Intesa Sanpaolo's positioning among ESG leading companies.

Specifically, ISP was recently confirmed as the only Italian banking Group included in the Dow Jones Best-in-Class Indices (Europe and World), in CDP's Climate A List, and in the 2025 ESG Industry and Regional Top-Rated Companies List by Sustainalytics.

Dialogue with Civil Society Organisation

Intesa Sanpaolo seeks open dialogue with all of its stakeholders, taking into consideration their views and concerns. Civil Society Organisations (CSOs) are among Intesa Sanpaolo audiences and partners as listening to their instances can provide a contribution to the development of the Group's environmental and social strategies, policies, or the implementation of investment projects and the promotion of public dialogue with governments and policy makers.

Civil society includes, among others, non-profit organisations, Non-governmental organisations (NGOs), policy and research think tanks, social movements, community-based organisations, trade associations and other socio-economic and labour-market actors.

Authorities & trade associations

Intesa Sanpaolo is actively engaged in contributing to the regulatory landscape it operates in and constantly monitors the regulatory framework on the topic of climate change at the international, European and national level through its Chief Institutional Affairs and External Communication Officer (CIAECO) Governance Area.

The information collected by the relevant structures within the CIAECO Governance Area is then disseminated across the Group through seminars, regulatory alerts, newsletters and other tools (such as the ESG regulatory vademecum).

At European level Intesa Sanpaolo is interacting with regulators, authorities, major European trade associations and other stakeholders to provide the Group's contributions to various sustainability initiatives. Intesa Sanpaolo, through the European Regulatory & Public Affairs (ERPA) function, based in Brussels, has been providing inputs to European institutions, both directly and through European trade associations, participating in selected European consultations, trade associations' working groups and events on various issues related to sustainability, climate change and other environmental topics[47].

In addition to its external activities, ERPA is committed to raising awareness and providing training for business units impacted by major European legislative decisions such as: the reporting standards provided by the Corporate Sustainability Reporting Directive (CSRD), the reporting requirements and technical screening criteria provided by the EU Taxonomy Framework, the Regulation on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds, the legislative Proposal for a Regulation on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, the Corporate Sustainability Due Diligence Directive (CSDDD), the role and benefits of financial actors in EU ETS, the legislative proposal reviewing the European Performance of Buildings Directive, the legislative proposal establishing a European carbon removal certification framework (and the IOSCO[48] communications on Voluntary Carbon Markets, a non-legislative initiative), the Commission's REpowerEU Plan, the Green Deal Industrial Plan (in particular for what concerns the Critical Raw Material Act).

The Group also continued its collaboration on Sustainable Finance with leading European trade associations, contributing to the work of the European Banking Federation (EBF), the Association for Financial Markets in Europe (AFME), European Issuers and the European Mortgage Federation - European Covered Bond Council (EMF-ECBC), which launched the Energy Efficient Mortgages Initiative (EEMI). EEMI, which has received funding from the European Commission for specific projects in recent years, aims to foster the market for energy efficiency mortgages development and consolidation and to empirically collect data on it. Intesa Sanpaolo joined in 2021 and takes part in the Working Groups of the EEMI, furthermore a representative from Intesa Sanpaolo was appointed Chairman of the ECBC for the 2024-2025 period.

On the topic of sustainable finance, Intesa Sanpaolo's collaboration with the Italian Banking Association (Associasione Bancaria Italiana - ABI) within

47 Within the EU office in Brussel, a total of 3 full-time equivalents (FTE) are dedicated to these activities. All the related information, including the estimated annual costs attributable to activities covered by the Register and the amount of EU grants, are publicly reported by Intesa Sanpaolo through the EU Transparency Register.

48 International Organisation of Securities Commissions.

specific working groups, such as BACC (Banche, ambiente e cambiamenti climatici - Banks, environment and climate change) and Investimenti sostenibili (Sustainable Investments) continued. In 2024, Intesa Sanpaolo worked together with ABI to participate to the European Energy Efficiency Financing Coalition, the initiative launched by the European Commission that aims to create a favourable market environment for energy efficiency investments. Intesa Sanpaolo also contributed to the Ministry for Enterprises and Made in Italy's consultation on "Industrial policy Made in Italy 2030" Green Book to manage the green transition whose objective is decarbonization. Finally in 2024, Intesa Sanpaolo also contributed to guidelines for application in the banking sector of European Sustainability Reporting Standard (ESRS) in environmental matters published by ABI Lab.

International activities

Besides ad-hoc forums, Intesa Sanpaolo participates in a number of climate related initiatives and partnerships demonstrating the Group's adhesion to the sector's collective effort to achieve Net-Zero and other environmental goals. For a comprehensive list of Intesa Sanpaolo's initiatives and partnerships, please refer to the Strategy chapter, paragraph "Commitments and partnerships as part of the Group's environmental strategy".

Among others, within the UNEP FI activities, Intesa Sanpaolo continues to participate in NZBA Implementation Work Track, that in 2024 continued its work to support the target setting and implementation efforts of NZBA members. In October, the UN-convened Net-Zero Banking Alliance published the third Progress Report, which includes the link to Intesa Sanpaolo Net Zero targets. In 2024, the activities of the "NZBA Target Setting for Capital Markets Activities Working Group", to which IMI Corporate & Investment Banking Division participated were concluded and the ''Target Setting for Capital Markets Activities" report was published.

In 2024, Intesa Sanpaolo participated in UNEP FI's Risk Centre, a comprehensive hub which builds on UNEP FI's well-respected and long-running climate and nature risk programmes. The Centre offers a wide range of centralised resources to help members assess and find the opportunities in climate and nature risk through technical skill-building workshops, working groups that develop cutting-edge risk management tools and guidance and sessions with leading external experts, regulators, modellers and data providers.

In June, the Assessments and SRI Investor Relations Team, participated in the "NZBA Global Conference" in London and took part in the workshops, "Client Engagement for sectoral transitions", "Just Transition" and "Transition Planning and Finance".

In 2024, Intesa Sanpaolo continued its participation and co-chairing activity within the BAFT global working group on sustainability. Main achievement for the year 2024 has been the issuance of the first "Sustainable Product Matrix", which was aimed at summarising the approach most institutions are adopting to define Sustainable Trade and Transaction Banking products. A sub-group – the so called "Future leaders" – also developed a "Client Due Diligence Questionnaire for Sustainability purposes" intended to understand – among other aspects – also the emissions targets and timeline set by clients to address climate change. The working group is also in the final stages of drafting amendments to BAFT standard agreements (e.g. Master Trade Loan Agreement and the Master Risk Participation Agreements) to address sustainability representations that may be applicable in any particular transaction. These are being incorporated as an optional addendum along with other updates to the MTLA that are being reviewed by BAFT legal counsel.

Dialogues with Net Zero Banking Alliance were maintained throughout the whole year, with a productive exchange of ideas on applying NZBA standards in a transaction banking context. For the upcoming year, a dialogue also with PCAF is planned, in view of understanding how transactional banking and trade finance products might be considered by the existing PCAF Standard.

The European Clean Hydrogen Alliance was set up in July 2020 to support the large-scale deployment of clean hydrogen technologies by 2030. It brings together renewable and low carbon hydrogen production, demand in industry, mobility and other sectors and hydrogen transmission and distribution[49].

In 2024, the IMI Corporate & Investment Banking Division participated in the following initiatives:

- **The RLCF Alliance (Renewable and Low-Carbon Fuels Value Chain Industrial Alliance):** Promoted by DG Move of the European Commission, this broad initiative aims to ensure adequate access to renewable and low-carbon fuels for the aviation and maritime sectors. The IMI Corporate & Investment Banking Division was appointed as "Chair" of the bankability working group;

49 European Clean Hydrogen Alliance: https://single-market-economy.ec.europa.eu/industry/strategy/industrial-alliances/european-clean-hydrogen-alliance_en

- **Project Skypower – Breakthrough Energy – SystemIQ (Gates Foundation):** The global aviation industry has committed to cutting emissions significantly by 2050 – with e-SAF (Sustainable Aviation Fuel) forecast to be a critical lever for this, particularly for long-haul flight. By successfully scaling on e-SAF, Europe can increase its energy security, reducing reliance on imported fossil fuels and strengthen its climate leadership, leading the way for large-scale emissions reductions in the global aviation industry.

ESG CRITERIA IN PROCUREMENT ACTIVITIES

Risks and opportunities arising from climate change influence Intesa Sanpaolo's supply chain strategy: purchasing and partnership decisions aim to minimise climate risks and maximise related opportunities over time. In compliance with its Code of Ethics, Intesa Sanpaolo monitors the suppliers' management approach to sustainability issues, including environmental ones.

Supplier relationship management is implemented mainly through the "Suppliers' Gate" (Intesa Sanpaolo suppliers' portal), which enables to: manage registrations by collecting all the necessary information from suppliers, archive registration documents and their subsequent updates, run sourcing events (RFI, RFP, etc.), launch information campaigns towards suppliers, archive contracts signed with suppliers.

The management of the qualification and monitoring processes is conducted through the 'Qualification Portal 2.0' that processes various internal and external information sources within the Bank and calculates a Global Score. The Global Score value determines a supplier's green, yellow or red status and can impact on this possibility to be involved in sourcing events.

During the onboarding process on the Suppliers' Gate, suppliers are required to complete a series of questionnaires including the ESG questionnaire and the Reputational Risks questionnaire. The ESG questionnaire allows the understanding of suppliers' business ethics, respect for human and labour rights, environment and climate change (15 out of 38 questions are related to environmental topics, with an overall weight of 37%) and maps environmental certifications (such as ISO:14001, ISO:14064, ISO:50001, ISO:20400) possession. In case of possession, environmental certifications must be uploaded on the Portal and kept updated. Control, monitoring and reminder activities are carried out if documents are not updated. Awareness-raising campaigns were conducted in 2023 and 2024 for old suppliers to fill out the new ESG and Reputational Risks questionnaires.

In fact, 2022-2025 Business Plan target provides for 100% of qualified and active suppliers the mapping in terms of environmental, social and governance criteria by 2025. At the end 2024, 86% of qualified suppliers engaged within the "centralized purchasing" model completed the questionnaire and obtained an ESG evaluation.

The disclosure of Intesa Sanpaolo's sustainability principles to suppliers is undertaken: during the registration process on Suppliers' Gate, when suppliers are required to view and accept various company documents including the Intesa Sanpaolo Code of Ethics and the General Terms and Conditions of Supply in force and, when assigning each new engagement, since the General Terms and Conditions of Supply expressly provide the suppliers commitment to respect the main contents of the Code of Ethics when performing their assigned tasks, also making this pledge on behalf of their representatives, employees, associates and subcontractors.

RISK MANAGEMENT

RISK MANAGEMENT: INTRODUCTION

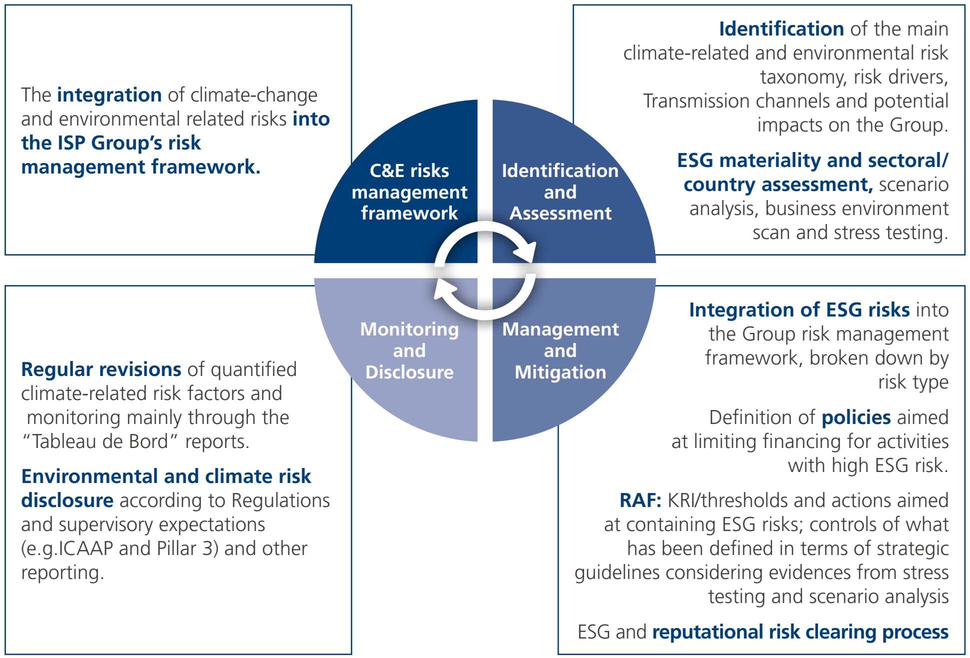
The identification of risks is carried out by the Group on an ongoing basis given the continuously changing internal and external landscape in order to ensure the safeguard of adequacy and "long-term viability".

The Group's risk management process consists of the following steps:

- identification;
- measurement and assessment (methods and tools);
- monitoring and control;
- mitigation;
- disclosure.

This process is also applied to the management of climate and environmental (C&E) risks. Hence, Intesa Sanpaolo's integrated approach to managing C&E risks could be represented into four parts:

- integration of C&E risks within the risk management framework;
- identification and assessment;
- management and mitigation;
- monitoring and disclosure.

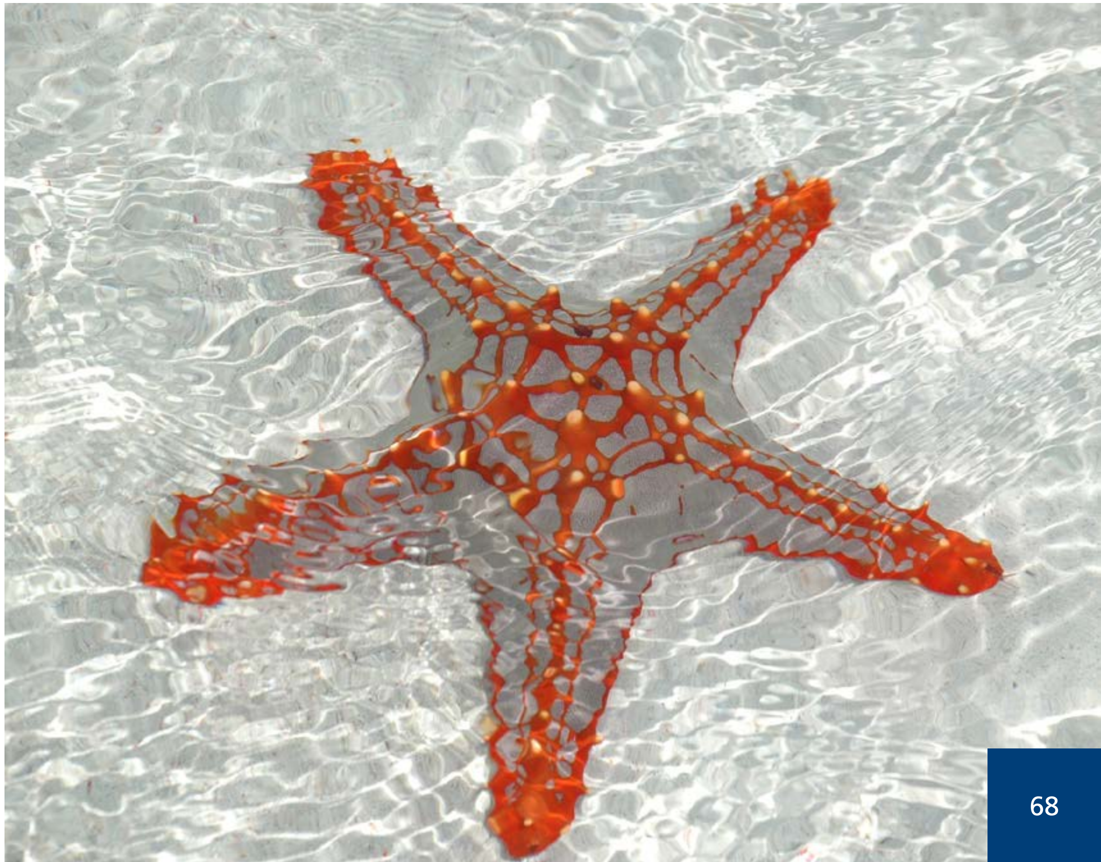


CLIMATE AND ENVIRONMENTAL RISKS INTEGRATION WITHIN THE RISK MANAGEMENT FRAMEWORK

Intesa Sanpaolo is implementing its climate and environmental framework according to the principles defined by international best practices and regulatory developments at international level.

Intesa Sanpaolo believes that C&E risks as well as social and governance risks are cross-cutting drivers of traditional risk families (i.e., credit risk, operational risk, reputational risk, market risk and liquidity risk).

In fact, as specifically set out in the taxonomy included in the Group's Integrated Internal Control System regulation, the following risks are liable to be impacted by ESG risks. They are defined as "risks deriving from potential negative impacts, direct or indirect, on the environment, people and communities and more generally on all stakeholders, or deriving from the governance of the company".



Impacts on financial and non-financial traditional risks (illustrative):

	Physical		Transition
	Climate	**Environmental**	**Climate/Environmental**
	• Extreme weather events • Chronic weather conditions	• Decline of ecosystem services (e.g. provisions, soil quality, etc.)	• Economic policies and regulation • Technology • Market Confidence • Preferences and expectations of consumers and investors
Credit risks	Credit risks increase if climate-related risks and environmental risks reduce borrowers' ability to repay and service debt (income effect) or banks' ability to fully recover the value of a loan in the event of default (wealth effect). The estimates of the PD (probability of default) and LGD (Loss Given Default) of exposures in sectors or geographical areas vulnerable to physical risks may be affected by the physical events to which the counterparties' assets (with consequent repercussions on financials) or collateral as a guarantee for the loans are subject.		Substantial adaptation costs and lower corporate profitability may lead to a higher PD as well as lower collateral values or less efficient recovery actions (LGD) For example energy efficiency standards will lead to high adaptation costs with possible tensions in profitability indicators and a consequent increase in PD; on the other hand, the properties that do not comply with energy standards will have a lower value with a consequent impact on the value of collateral.
Market risks	Reduction in financial asset values, including the potential to trigger large, sudden and negative price adjustments where climate-related and environmental risk is not yet incorporated into prices. Climate-related and environmental risk could also lead to a breakdown in correlations between assets or a change in market liquidity for particular assets, undermining risk management assumptions. Severe physical events could cause changes in market expectations and result in a sudden repricing of risk, higher volatility and losses on asset values in some markets.		Transition risk factors could even generate sudden impacts on the prices of financial instruments, homogeneous asset classes or market sectors, as well as significant increases in the volatility associated with these instruments.
Liquidity risks	Climate and environmental risks could have direct impacts in the determination of cash outflows (such as, for example, withdrawals of money from accounts by customers to finance damages) or indirect impacts, for example following potential tensions on financial markets. Banks' access to stable sources of funding could be reduced as market conditions change.		Transition risk factors could negatively affect, directly and indirectly, the expected cash flows, or could affect the available liquidity reserves, making some assets less liquid or reducing their value, negatively affecting the bank's overall liquidity position.
Reputational risks	Extreme weather or ecosystem integrity related events could result in interruptions to the Group's operations, with possible repercussions in terms of image. Reputational risk factors could occur if the Group does not adhere to or does not comply with the sustainability and carbon neutrality targets defined for its operations; furthermore, increasing reputational risks to financial institutions may occur based on changing market or consumer sentiment.		The negative perception or deterioration of the Group's image because customer, counterparty, investor or Supervisory Authorities expectations on the management of climatic and environmental risks are not met, can derive for example from: • failure to comply with international standards/objectives to which the Group has adhered; • customer complaints relating to climate and environmental issues; • media campaigns or NGO initiatives related to the financing of controversial activities from an environmental point of view.
Non-financial risks – Operational risks	The Group's operations could suffer interruptions due to material damage to properties following extreme weather or ecosystem integrity events. Increasing legal and regulatory compliance costs associated with nature-sensitive investments and businesses.		The evolution of consumers' awareness of climate issues may lead to legal liability risks for the Group due to issues caused by the financing of environmentally controversial activities.

The potential impacts of C&E risks, as well as social and governance risks, are assessed through the risk management framework in the following manner:

- the development of the internal risk taxonomy and the identification and analysis of the relevant transmission channels;
- Scenario Analysis assessments and stress testing processes, aimed at evaluating the impacts of climate risks in the short, medium and long term;
- the Climate and Environmental Materiality Assessment aimed at identifying the bank's assets most exposed to C&E risks based on qualitative and quantitative approaches;
- the definition of specific Key Risk Indicators (KRI) and limits as well as exclusions in sectors most exposed to C&E, social and governance risks;
- the integration of a specific ESG risk assessment within the credit granting processes and definition of credit strategies driven by ESG risks and opportunities;
- setting specific processes to integrate ESG risk factors within the management of traditional risk families;
- integration of a specific ESG risk assessment within the investment decision process as far as financial portfolios are concerned;
- both internal and external reporting activities aimed at informing and disclosing the results of the measurement and monitoring activities to the different stakeholders.

CLIMATE AND ENVIRONMENTAL RISKS: IDENTIFICATION AND ASSESSMENT

In order to define the appropriate processes for managing and mitigating C&E risks, the Group adopts common definitions of risk drivers and transmission channels (risk taxonomy) and defines the appropriate models to measure the effects of the forementioned drivers on the traditional risk families of the Group (Credit, Liquidity, Market, Operational risks). The following paragraphs detail the definitions currently used by Intesa Sanpaolo within the C&E risk management framework and the main methodologies and processes undertaken to assess materiality and potential impacts of these risks for the Group.

CLIMATE AND ENVIRONMENTAL RISK TAXONOMY

According to the internal risk taxonomy, C&E risks can be divided into the traditional physical and transition risk categories as described in the figure below.

Physical and transition risk drivers impact economic activities, which in turn impact the financial system. This impact can occur directly, through for example lower corporate profitability or the devaluation of assets, or indirectly, through macro-financial changes.

C&E risk drivers

Transition Risk

Risks related to the transition to a lower-carbon economy:
Policy and regulation:
- Policy and regulation: political actions which will encourage a transition to a green economy
- Technology development
- Consumer preferences: changes in demand and supply of raw materials, products and services

Physical Risk

Risks related to the physical impacts of climate change

Acute Risks

Risks **arising from extreme events,** such as droughts, floods and storms

Chronic Risks

Risks **arising from progressive shifts,** such as increasing temperatures and water stress

Transmission Channels

Macroeconomic

Physical risk drivers impact on the economy overall and sovereigns in general, as well as macroeconomic variables

- Commodities Prices
- Corporates and Households
- Sovereign Institutions
- Interest rate levels
- Governments Bonds

Microeconomic

Those channels that allow physical risk drivers to impact banks' financial risks either directly or indirectly, for example through their counterparties or financial assets

- Drop in labor productivity
- Increasing costs
- Reduction in revenues
- Worsening collateral value
- …

Potential Impacts

Credit Risk:
- NFCs Unsecured/Secured Exposures
- Retail Unsecured/Secured Exposures
- Governments Exposures
- …

Market Risk:
- Government Securities
- Corporate Securities
- Financial Securities
- …

Liquidity Risk:
- HQLA (High Quality Liquid Assets)
- Cash Inflows
- Cash Outflows
- …

Operational Risk:
- Bank Branches
- Production Sites
- Service Centers
- …

Technology Risk | Reputation Risk

Policy and Legal Risk

The likelihood and size of the impact of climate risk drivers can be affected by a number of additional variables. These include: the geographic location of the bank, asset or exposure, interactions and interdependencies between transmission channels and climate risk drivers that can amplify impacts and mitigants that reduce or offset impacts.

All of the above holds also as concerns the broader climate-related and environmental risks, extending for example to nature-related risk categories and transmission channels, where, as defined by the latest evolution of literature and studies on the topic, the main sources of risks for the counterparties of Intesa Sanpaolo and, in turn, for the Group itself stem from:

- impacts on nature: change in the state (quality or quantity) of natural capital caused by business activity, which may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative;
- dependencies from nature: ecosystem services that an organisation relies on for their business processes to function, such as a clean and regular water supply.

The integration within the risk management framework of nature-related risks (i.e. financial risks deriving from the impact on biodiversity or from dependencies related to natural capital or ecosystem services), focusing on Non Financial Corporations (NFC) exposures, is progressing following a pilot assessment exercise that has been carried out in 2023 (for detailed information on the methodology please refer to the 2023 Climate Report, section "Pilot on environmental assessment").

SCENARIO ANALYSIS AND STRESS TEST

Scenario analysis represents a fundamental element to evaluate risks associated with climate change, taking also into consideration implications of different time-horizons. In general, the Climate Scenario Analysis is used to explore potential portfolio vulnerabilities, where deemed more material and in the context of regulatory or internal stress testing processes.

The scenario analysis is performed for different risk categories while ensuring coherence among the underlying assumptions of the scenarios used.

Scenarios

As per best international practices, the Network for Greening the Financial System ("NGFS") Phase 4 scenarios have been taken into consideration within the scenario analysis and stress test.

More specifically, for 2024, the following three paths were chosen, providing different insights on the effects of both physical and transition climate events:

- **Orderly transition ("Net Zero 2050"):** the scenario assumes that climate policies are introduced early and gradually become more stringent. The Net Zero 2050 scenario foresees a limit to global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. Some jurisdictions reach net zero for all GHGs.
- **Disorderly transition ("Delayed Transition"):** The scenario assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.
- **Hot House World ("Current Policies"):** the scenario assumes that some climate policies are being implemented in some jurisdictions, but that globally efforts are insufficient to halt significant global warming. In particular, the Current Policies scenario assumes that only currently implemented policies are preserved, leading to high physical risks.

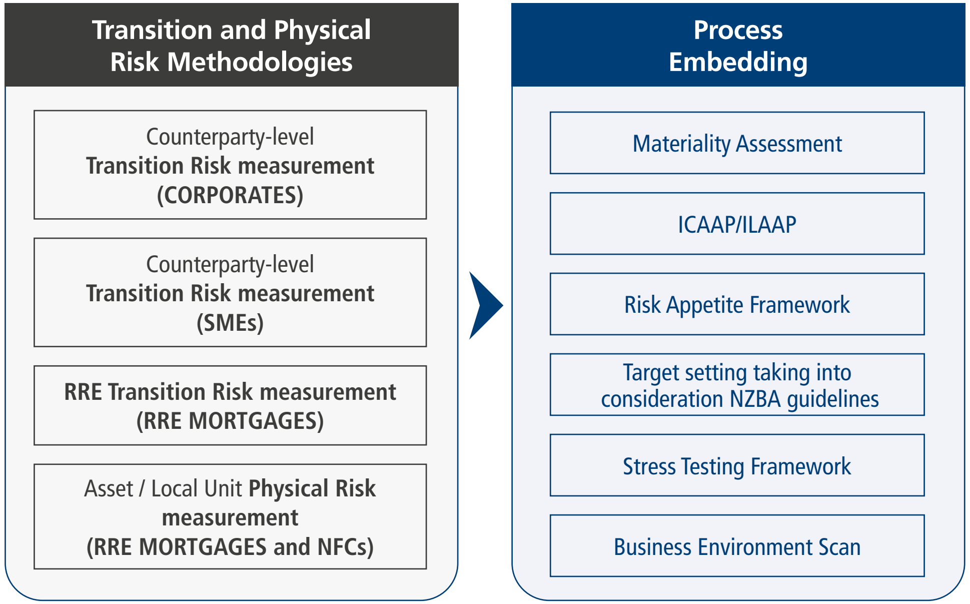
Both Orderly and Disorderly transition scenarios, as declared within the NGFS technical documentation, are within the range of the low temperature scenario (Representative Concentration Pathway RCP 2.6), whereas the Current policies scenario is close to the high temperature scenario (RCP 6.0) by the end of the century.

These scenarios have been used coherently both within the Credit Risk and Market Risk scenario analysis exercise. The Liquidity Risk scenario analysis has leveraged on the outcomes of the Credit Risk scenario analysis in order to integrate part of the effects on Credit Risk exposures on the regulatory liquidity indicators (Liquidity Coverage Ratio, Net Stable Funding Ratio).

Credit Risk

Measurement framework

To conduct scenario analysis activity on the credit portfolio, Intesa Sanpaolo adopted an approach that integrates different components. The overall picture of the measurement framework is represented in the figure below.



A general overview of the measurement approaches is summarized in the figure below. The climate risk drivers and the transmission channels described in the previous sections are modelled in order to estimate the impact of the given scenarios on the main risk measure (i.e. Probability of Default of the counterparties).

For non-financial corporate exposures (NFCs), which include also SME corporate exposures, the effects of the scenarios are reflected by projecting balance sheet figures at single counterparty level while for the residential real estate portfolio (RRE), the financial impact is estimated on immovable properties considering the impact of transition scenarios and physical hazards. The outcomes are embedded in various processes that are described in this and the following chapter.

	NFCs		RRE	
Key Risk Indicator	IMPACT ON BALANCE SHEET ITEMS		IMPACT ON ASSET VALUE	
	Transition Risk	**Physical Risk**	**Transition Risk**	**Physical Risk**
Transmission channels	• Policies & Regulations • Technology • Market Sentiment & Reputation	• Flood • Wildfire • Drought • Heatwave • Coldwave • Landslide • Wind gust	• Policies & Regulations • Technology	• Flood • Wildfire • Landslide • Wind gust
Vulnerability Threshold	• Balance Sheet Simulation • Rating projections	• Damage functions application • Balance Sheet Simulation • Rating projections	• Decarbonization Path and retrofitting costs • Market Value Calculation	• Damage functions application • Market Value Calculation
Time Horizon	Short Term (2027) - Medium Term (2030) - Long Term (2050)			

Market Risk

Measurement framework

To conduct scenario analysis for transition and physical risks on the securities portfolio measured at fair value, Intesa Sanpaolo adopted an approach focused on the following:

- Sovereign issuers exposures (focused on transition risk);
- Corporate & Financial issuers exposures (both for transition and physical risks).

With the aim of providing a comprehensive view of Intesa Sanpaolo's main vulnerabilities to climate risk, the scenario and stress testing analyses have been carried out taking into account different perspectives:

- a specific focus on short, medium and long term perspective for the Corporate & Financial issuers securities portfolio;
- medium/long-term perspective for Sovereign bond exposures.

The models used rely on the following methodological framework to assess the impact of the NGFS scenarios in scope of the analysis:

- Sovereign bond exposures for issuers covered by NGFS scenarios: bond repricing using yield curve shocks based on rate expectations 30 years into the future;
- Corporate & Financial issuers exposures: Climate VaR ("value-at-risk") at single issuer and portfolio level based on forward-looking cost and benefit analysis to calculate impact of climate change on current enterprise value of companies.

During 2024 the methodological framework has been enhanced by the introduction of new in-house developed stress scenarios that provided market risk shocks with regard to the most relevant risk factors affecting the Group financial portfolios. These scenarios have been used to assess the impact as of 2030 on the Financial Portfolios arising by the application of severe climate stress scenarios developed according to NFGS methodology.

Liquidity Risk

Measurement framework

In assessing the various scenarios, including stressed ones, on incoming and outgoing cash flows and the quantitative and qualitative adequacy of liquidity reserves, particular attention is paid to analysing the impact of C&E risk factors that could compromise liquidity positions on a forward-looking basis: this analysis is incorporated in the annual report of the "Internal Liquidity Adequacy Assessment Process" (ILAAP) over a time-horizon of up to 4 years.

Operational Risk

Measurement framework

The potential impact of ESG Risks with regards to effects on Operational Risk, is assessed annually through a Scenario Analysis undertaken in the context of a "self-diagnosis" process. The analysis leverages on scenarios referring to:

- Physical Risk (Climate Change Risk): the main source of risk has been identified in floods that may involve data centers; the location of properties does not seem to expose the Group to very significant risks and, therefore, the relevance of this kind of scenarios has been deemed relatively small compared to the total potential estimated losses;
- The risk of ESG-related litigation (i.e. lawsuits related to investments in products with an adverse environmental impact, financing high-polluting companies, social or environmental disputes linked to business activities of the Group): a specific scenario pertinent to the risk of losses due to a violation of fiduciary obligations with clients or with Financial Markets regarding ESG issues is assessed, with a forward looking perspective and includes three cases:
    - Violation of the current ESG regulatory framework - consisting of a complex set of binding and non-binding measures and regulations issued at international, EU and national level;
    - Non-fulfillment of contractual and possible non-contractual liabilities (e.g.: Bank/customer for own or third-party products; Bank/ shareholder; Bank/ subscriber of own Green Bond issues; Bank for roles assumed in customer issues; Bank for financing or related activities;
    - Greenwashing and violation of ESG disclosure obligations - disputes of a civil and/or administrative nature deriving from false, misleading, incomplete or inconsistent communications from the Bank in which a product or an activity is declared as green or sustainable, or from the violation of ESG disclosure obligations.

The contribution to the total estimated losses and Value-at-Risk was estimated taking into account also the slightly growing trends in the ESG litigations reported by banking/financial sector, both domestic and international.

The operational events taxonomy used within Loss Data collection (process aimed at detecting historical operational events affecting the Group) has been enriched by including categories specifically dedicated to natural disasters that can be related to Climate Change risk (e.g., floods, heat waves) and a comprehensive classification of all Environmental related litigations.

CLIMATE AND ENVIRONMENTAL MATERIALITY ASSESSMENT

According to the ECB expectations on climate-related risks management, Intesa Sanpaolo has developed and progressively enriched the Climate and Environmental Materiality Assessment analysis, in order to identify the bank's assets most exposed to environmental and climate risks based on qualitative and quantitative approaches.

The materiality assessment aims to provide well-informed decisions on C&E risks within main business processes:

- the outcomes of the materiality assessment constitute one of the inputs for the classifications of sectors into the ESG sectoral strategies;
- according to those ESG sectoral strategies, credit operations are then redirected towards the ESG risk assessment process;
- within the Group's Risk Appetite Framework specific sectoral limits have been implemented considering the aforementioned outcomes, as tolerance thresholds and risk limits.

The C&E materiality assessment has been developed across all risk families considering various regulatory segments. The materiality assessment works with different levels of granularity, depending on specificities of the portfolios considered and the lending processes to be informed.

The Climate and Environmental Materiality Assessment quantitative metrics are also used by the Bank within the Business Environment Scan (BES) analysis.

Furthermore, the tools used to implement The Climate and Environmental Materiality Assessment and the Materiality Assessment required by the Corporate Sustainability Reporting Directive (CSRD) share a global common framework even if the approach and methodology applied may vary due to the fact that they respond to different regulatory requirements.

Focus on credit risk

The materiality assessment of the non-financial corporate credit portfolio relies on the "ESG sectoral assessment approach". This approach provides a prudent, estimation of the NFCs susceptibility to a set of risk drivers, including, among others, physical, transition and environmental risks. This approach combines the analysis of qualitative external sources (qualitative top-down element) with the granular and forward-looking results of the scenario analysis (quantitative bottom-up element).

The top-down element analyses economic sectors' vulnerability to C&E risks at large drawing on several external sources, thus leveraging on multiple perspectives in reaching a conversant evaluation. The bottom-up element leverages on climate stressed counterparty-level data, providing a more granular and forward-looking insight into the underlying vulnerabilities of the NFC portfolio, as explained in the previous paragraphs. Together, these approaches help identify and qualify the risks economic sectors are exposed to.

The figure below shows sector-level exposures and associated level of physical, transition and environmental risk. While the physical and transition risk scores capture the sectors' vulnerability to climate-related risks, the environmental risk score additionally assesses dimensions such as environmental pollution and ecological impact.

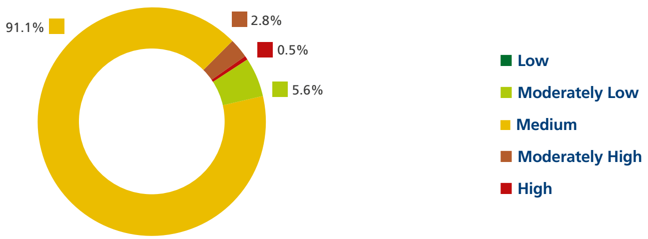
Sector	PH	TR	E	% in total NFC exposures
Infrastructure and Transport				14.5%
Manufacturing				14.5%
Distribution				14.4%
Building, Construction and Real Estate				9.2%
Technology and Telecommunications				7.3%
Power and Utilities				6.7%
Agriculture and Food				6.1%
Financial and Public Services				6.1%
Oil and Gas				4.6%
Mining and Metals				2.3%
└ *of which Coal Mining (under phase-out)*				*.0005%*
Automotive				2.0%
Aerospace & Defence				1.2%
Other				11.2%

- Low - Moderately Low - Medium - Moderately High - High

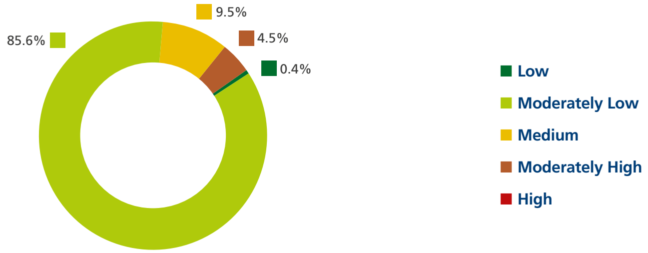
The materiality assessment of the sovereign lending portfolio relies both on the "ESG sectoral assessment" and the "ESG Sovereign Integration" approaches to capture the materiality of climate risks in the context of the sovereign lending portfolio. This assessment relies on external sources to provide an estimation of countries' exposure to physical and transition risk.

The figure below shows the sovereign lending portfolio exposures (at country-level) respectively to physical and transition risk.

Sovereign lending - Physical risk:



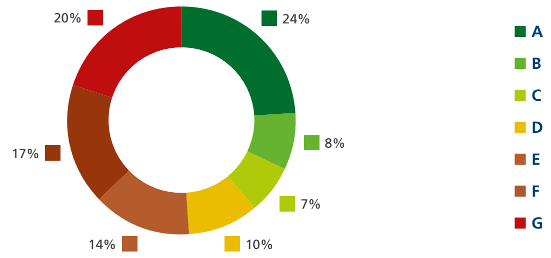
Sovereign lending - Transition risk:



The materiality assessment of the Residential Real Estate Portfolio relies on climate risk models designed to evaluate the mortgage properties' vulnerabilities to risk associated with climate change scenarios and physical hazards in the context of transition and physical climate risk assessments.

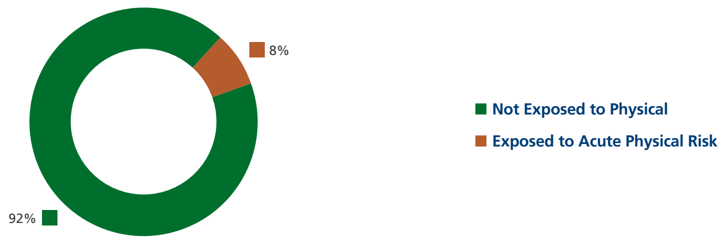
In order to represent the transition risk, the graphic below shows the distribution of the exposures collateralised by residential immovable properties based on the label of the energy performance certificate (EPC). Only those properties for which an EPC is available are included in the representation.

Mortgages – Transition risk (by energy performance certificate EPC):

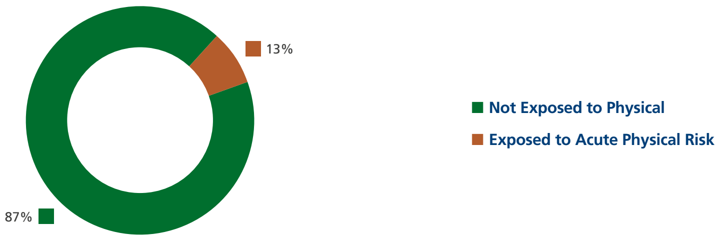


To represent physical risk, the graph below shows the percentage of loans collateralised by immovable properties that are exposed to acute climate-related risk compared to the total mortgage portfolio. In order to provide a more detailed overview, the presentation is broken down by the geographical area in which the collateralised property is located (Italy and EU).

Mortgages – Physical risk (EU):



Mortgages – Physical risk (Italy):



Focus on Market risk

Given the significance of the NFC credit portfolio in terms of size and importance for the Group, starting from 2023 the C&E materiality assessment methodology applied to that portfolio has also been extended to the assessment of the investment portfolios.

In 2024, there have been developments regarding the materiality assessment process, in terms of perimeter of exposures: the assessment also includes Equity Instruments held on Trading Book, Alternative Investments (Private Equity, Private Debt and Hedge Funds) and OTC derivatives perimeters.

In particular, the exposures are evaluated using the following approaches:

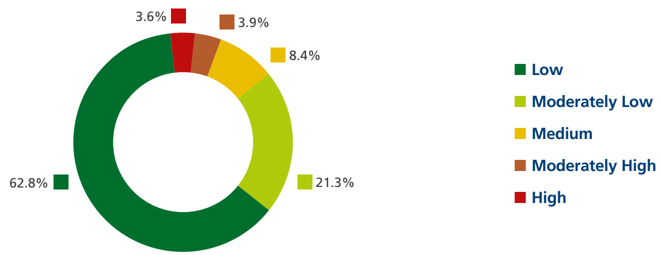
- the "ESG sectoral assessment approach" (also applied for credit materiality assessment);
- the "ESG Sovereign integration approach", aimed at evaluating countries' ESG performance considering KPIs drawn from multiple external sources: the approach considers factors such as the SDGs scores, GHG intensity, etc.. to capture Climate & ESG risk of sovereign issuers;
- the "compliance to the UN PRI principle" as a driver to assess Alternative Investments.

The figure below shows Corporate & Financial bond portfolio exposures and the associated level of physical, transition and environmental risk, based on the "ESG sectoral assessment approach" outcomes.

Sector	PH	TR	E	% in total exposures
Financial and Public Services	Moderately Low	Moderately Low	Moderately Low	44%
Infrastructure and Transport	Medium	Medium	Medium	12%
Power Generation	Medium	Medium	Medium	11%
Technology and Telecommunications	Medium	Moderately Low	Medium	7%
Manufacturing	Medium	Medium	Medium	7%
Automotive	Medium	Moderately High	Moderately High	4%
Agriculture and Food	Moderately High	Medium	Moderately High	4%
Oil and Gas	Medium	Moderately High	Moderately High	3%
Building, Construction and Real Estate	Medium	Medium	Medium	2%
Distribution	Medium	Moderately Low	Medium	1%
Aerospace & Defence	Moderately Low	Medium	Medium	0%
Mining and Metals	Medium	Medium	Moderately High	0%
Other	Medium	Medium	Medium	5%

- Low - Moderately Low - Medium - Moderately High - High

The figure below shows Sovereign bond portfolio exposures and the associated synthetic assessment of physical, transition and environmental risk, based on the "ESG Sovereign integration approach".



The results show limited exposures to high ESG risk sectors and countries.

Focus on Liquidity risk

The liquidity risk materiality assessment process aims to investigate the effects that relevant C&E risks may have on net cash outflows or available liquidity reserves of Intesa Sanpaolo. As per general consensus in the banking industry, the link between ESG risks and liquidity is mainly of an indirect nature and especially with potentially longer-term manifestations. Nevertheless, these risks and their transmission channels should not be overlooked, but appropriately integrated in the assessment of the potential effects on the current and prospective liquidity position of the Group.

To this end, after the prior identification of the C&E risks factors that could negatively affect the Group's liquidity positions, specific analyses and monitoring of the exposures are carried out for the climate-related risk materiality assessment, maintaining close connection with the methodologies adopted by credit and market risk management.

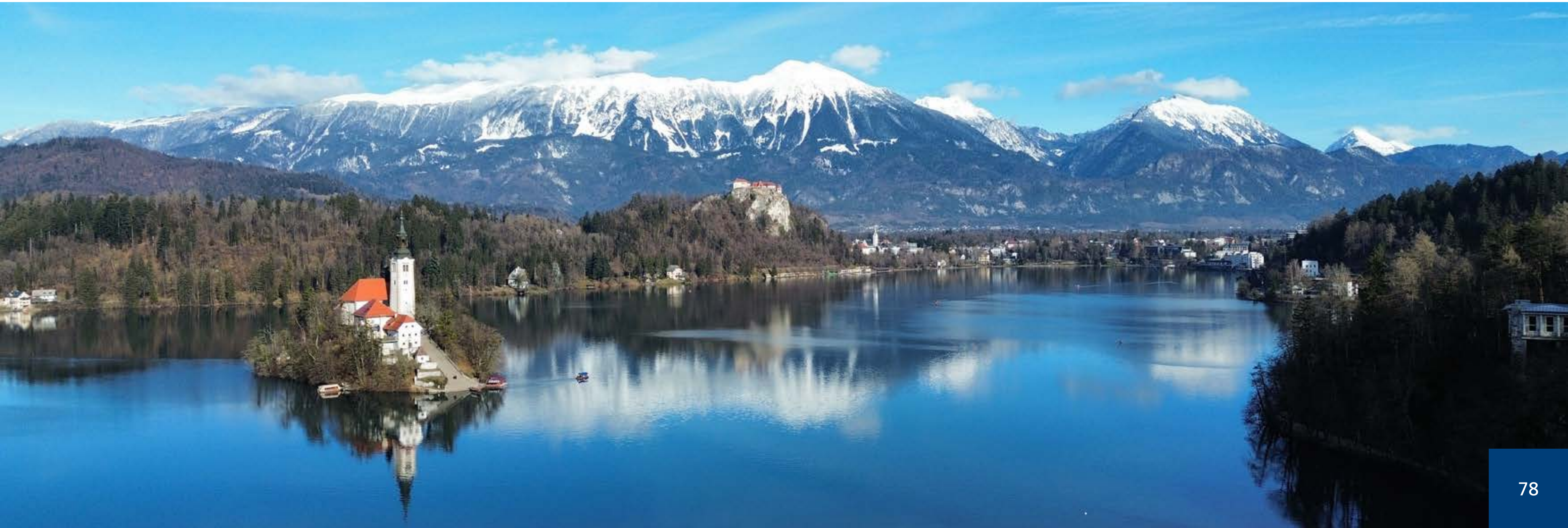
In particular,the Group performs the measurement of the relevant exposures (in terms of amount and concentration) ranked as potentially "high ESG risks" through:

- the use of the "ESG sectoral assessment approach" for NFCs exposures;
- the use of the "ESG sovereign integration approach" for Sovereign bond portfolio.

These analyses are finalised to measure:

- the relevance of the impacted positions in the Group's Liquidity reserves;
- the potential loss of deposits from customers associated to sectors classified as high risk;
- the potential increase in unexpected drawdowns of committed lines granted to customers associated to sectors classified as high risk.

Starting from the NFCs exposures classified as "ESG high risk", as described previously, a sensitivity analysis on the Liquidity Coverage Ratio is also performed. This process aims to assess a "Liquidity Coverage Ratio drop" due to the erosion of the available ISP liquidity buffer, prudentially following the materialization of instantaneous outflows. The assumptions underlying the simulations embed the loss of 100% of High Quality Liquid Assets identified as "ESG high risk" (including positions referred to "ESG high risks" Sovereign issuers), along with sensitivity analysis run from combined risk factors of corporate funding run-off and committed lines drawdowns, by applying different risk shocks calibrated with increasing severity.



CLIMATE AND ENVIRONMENTAL RISKS: MANAGEMENT AND MITIGATION

The supervision of ESG risks cannot be separated from the processes described in the previous sections (identification, measurement and assessment), but it needs to be integrated with a robust management and mitigation process.

To do so, Intesa Sanpaolo Group sets out, within its Risk Appetite Framework, its strategic objectives to manage climate-related risks through the inclusion of different monitoring Key Risk Indicators and limits.

Furthermore, the mitigation of ESG risks is ensured through the definition of policies and processes aimed at screening counterparties and transactions for potential ESG risk drivers, as better detailed in the following paragraphs.

CLIMATE CHANGE RISK IN INTESA SANPAOLO'S RISK APPETITE FRAMEWORK (RAF)

Intesa Sanpaolo has established several policies, processes, controls and limits to identify, estimate and monitor the relevant risks, both financial and non-financial, to which it is exposed. The overall framework within which corporate risks are identified and managed has been enriched in order to assess and limit also the climate related risk. The management and the mitigation of the risks to which Intesa Sanpaolo is exposed require their clear identification and translation into metrics.

In this context, the so-called Risk Appetite Framework (RAF) integrates and translates into specific controls what has been defined in terms of strategic guidelines through the Climate and environmental Materiality Assessment and the ESG Sectoral strategies, continuously identifying limits, Key Risk Indicators and specific actions aimed at containing ESG risks.

There are also specific provisions related to the Group's strategic initiatives such as, for example, the adherence to the Net-Zero objectives.

The development of controls in the ESG area also takes into account the main evidence from the most relevant risk assessment processes including Stress Test, Scenario Analysis and ESG risk assessment process.Controls and limits dedicated to C&E risks have been set considering:

- the bank's commitment to helping achieve global climate targets, reducing its environmental impact and promoting the transition to a low carbon economy;
- the bank's acknowledgment of Climate Change as a material risk factor both on current and future credit risk as well as determining investors preference;
- the growing importance among all stakeholders of themes related to environmental sensitivity and ethical conduct.

The content of the 2024 RAF is intended to set limits to operations in order to reduce the climate change and environmental risk and the most relevant ones are as follows:

- a tight limit on the exposure towards the coal mining sector, consistent with the established phase-out target by 2025;
- a specific limit on Oil & Gas sector, also applicable to investment portfolios, consistently with the Net Zero objectives declared by the Bank in its 2022-2025 Business Plan;
- a limit on sensitive sectors, as mining, gambling and tobacco, in line with the credit disincentive strategy assigned to these sectors as part of the ESG sectoral strategy and also applicable to investment portfolios;
- specific limits and monitoring thresholds relating to the physical intensity of financed counterparties belonging to the Iron & Steel sector, in addition to the existing ones for the Oil & Gas, Power Generation;
- and Automotive sectors, with the aim of meeting the commitments undertaken following adherence to the Net-Zero Banking Alliance and the Science Based Target initiative. For the same purpose of monitoring targets, relevant credit transactions within the Commercial Real Estate (CRE) is monitored, with a particular focus on energy efficiency of the collateral;
- specific limits on new underwriting in the Residential Real Estate (RRE) portfolio with the aim of improving the quality of the residential properties taken as collateral and therefore reducing both the transition and the physical risk relating to retail residential mortgages. In particular, a limit on properties with low energy performance classes (EPC certifications) and a limit on properties located in the areas most exposed to acute physical risk;
- a specific limit[1] in relation to exposure in debt securities issued by sovereign classified as "ESG high risk", according to certain internal criteria concerning ESG aspects.

1 In this case limits have to be intended as RAF Early Warning: these are predetermined levels related to the metrics identified in the RAF, which, if breached activate predefined escalation and/or mitigation processes

Further, also within the RAF, the Group acknowledges the protection of natural capital and biodiversity as an emerging priority in order to mitigate negative impacts on its financial activities and reputation. The Group is committed to identify potential vulnerability areas and related strategic priorities within the scope of the environmental risk materiality assessment and to conduct a focused nature-related risks assessment in order to identify relevant actions to be taken to develop a management system for this type of risk.

The main limitations and exclusions to sectors/counterparties most exposed to ESG risks are defined within the scope of the RAF and are then integrated into self-regulation policies and/or within the operational processes.

All transactions with counterparties presenting elements of significant environmental/climate risk (e.g. top polluting companies) are classified as Most Significant Transactions (MST) and therefore subject to a strengthened assessment and the binding opinion of the Chief Risk Officer.

Within the Risk Appetite Framework, particular importance is given to the Credit Risk Appetite, whose aim is to define the tolerated risk for each share of the loan portfolio with the ultimate goal of steering behaviors towards a prudent credit risk management. While assessing counterparties in the credit origination phase, factors related to the ESG profile of the counterparties are also considered. These factors contribute to the categorisation of the counterparty for the purpose of being subject to the limits envisaged for transactions considered most risky and in particular to limit the exposure towards companies that are characterised by a clear direct involvement in activities exposed to climate and environmental risks. Credit risk appetite factors related to exposure to climate risks may consequently have potential repercussions through credit strategies on the pricing for customer financing transactions.

SELF-REGULATION POLICIES

Among the measures taken in order to manage ESG risks, the Group establishes specific criteria for the limitation and the exclusion of operations in sectors that are sensitive to these risks[2], as well as criteria aimed at classifying sustainable credit products and lending transactions. With reference to the financing activity, the Group undertakes not to finance companies and projects that are characterized by their negative impact on:

- UNESCO World Heritage Sites[3] or their buffer zones. Where a buffer zone is not determined and the project is close to a World Heritage Site (i.e., less than 1 km from its border), the Group will decide on a case-by-case basis whether to apply the exclusion criterion;
- Wetlands[4] under the Ramsar Convention - wetlands included in the Ramsar Convention list;
- IUCN protected areas I to VI[5] - areas designed for the long-term conservation of nature, i.e., those areas classified by the IUCN ("International Union for Conservation of Nature") as protected areas in categories I to VI.

In addition, the Group undertakes not to finance companies and projects if, during the evaluation of the transaction, they are located in areas of active armed conflict, or evidence emerges, such as sanctions, legal proceedings and judgements, relating to:

- human rights violations;
- forced or child labor practices[6].

In addition to these general exclusion criteria, for some economic activities, also identified on the basis of the evidence emerging from the ESG sectoral strategies (i.e. the so-called "Red sectors"), the definition of specific policies is envisaged, which establish criteria for the limitation or exclusion of financing activities, taking into account the specific nature of the sector and the purpose of the financing granted. In particular, these regulations are developed with the aim of limiting or excluding the financing of activities with higher ESG risk profiles, identifying eligibility criteria for counterparties in line with the Group's strategic objectives and with a view to engaging clients towards more sustainable business models.

For example, Intesa Sanpaolo is not providing support to projects aimed at the construction or expansion of new coal mines and at the construction of new coalfired power plants. The Group also undertakes to phase out by 2025 the share of financial services to counterparties in the coal mining sector. Other limits and rules were set for general financing to coal mining and coal power companies[7].

2 Please see: "Group guidelines for the governance of Environmental, Social and Governance (ESG) risks"
3 This is a list of sites officially recognised by the United Nations Educational, Scientific and Cultural Organization (UNESCO). The sites are selected on the basis of cultural, historical, scientific or some other form of relevance and are legally protected by international treaties (http://whc.unesco.org/en/list)
4 This is a Convention of international importance that provides the framework for the conservation and prudent use of wetlands and their resources. Nearly 90% of the member states of the United Nations, from all geographical regions of the world, have acceded to the Convention by becoming "contracting parties". A key commitment of the Contracting Parties is to identify and place suitable wetlands on the list of wetlands of international importance, also known as the Ramsar list (https://www.ramsar.org/our-work/wetlands-international-importance/ramsar-list)
5 This is a list of protected areas (i.e. "a clearly defined, recognised, dedicated and managed geographical area, through legal instruments or other effective means, to achieve long-term nature protection with associated eco-systemic services and cultural values"), which have been identified and classified (Class I to VI) by the International Union for Conservation of Nature (IUCN), a union of members consisting solely of governmental and civil society organisations. The categories are defined as follows (https://www.protectedplanet.net/):
- I Strict protection [Ia) Strict nature reserve and Ib) Wilderness
- II Conservation and protection of ecosystems (e.g. National Park)
- III Conservation of natural features (i.e. natural monument)
- IV Conservation through active management (e.g. Habitat/species management area)
- V Landscape/seascape conservation and restoration (e.g. protected landscape/seascape)
- VI Sustainable use of natural resources (e.g. protected area of managed resources)
6 See the Group's General Principles of Governance "Human Rights Principles
7 Please see: "Rules for lending operations in the coal sector"

Limitations and restrictions are also set to operations in the Oil & Gas sector. Namely, the policy poses a limit to contain the exposure towards this sector and requires not to finance projects involving new oil extraction sites. In addition, specific limits and exclusions are foreseen for some activities with greater criticality from an environmental point of view, in particular with reference to "unconventional" resources, which the Group commits to phase out by 2025.

The Group also regulates its operations with respect to risks related to biodiversity and ecosystems, establishing specific limitation and exclusion criteria, refining risk assessment procedures and promoting sustainable financing aimed at conserving or enhancing biodiversity and ecosystem services as described in the Strategy chapter, where a specific focus on biodiversity is detailed.

THE ESG RISK ASSESSMENT PROCESS ("ESG & REPUTATIONAL RISK CLEARING PROCESS")

In line with the Group's ESG strategy, C&E risks are also managed through a specific ESG & Reputational Risk Clearing process aimed at identifying and assessing in advance the potential risks associated with credit transactions involving counterparties operating in the sectors most exposed to ESG risks. On a wider basis, the process also concerns extraordinary transactions that modify the corporate/Group structure, supply contracts and partnerships with third-party counterparties for specific initiatives (financial and non-financial) and outsourcing of activities.

With specific reference to the credit process, credit proposals assessed are those identified as critical by a preliminary ESG issues evaluation (e.g., are classified as most carbon-intensive worldwide[8] or that are particularly subject to negative media attention, or that are located in areas more exposed to biodiversity and ecosystem risk), as well as proposals that relate to counterparties operating in the coal mining sector.

The process is applied, in line with the principle of proportionality, in a differentiated manner according to the complexity of the counterparties/transactions and provides for differentiated escalation mechanisms according to the ESG risk class assigned to the transaction/counterparty.

From 2023 an assessment of the counterparty's transition plan is also carried out for selected transactions related to high transition risk sectors.

The ESG & Reputational Risk Clearing process consists of an in-depth assessment of ESG risks that are associated with the transactions and the counterparties. It involves an expert analysis of these risk profiles and generally consists of an advisory opinion issued by Risk Management that includes an assessment of the main critical issues identified, the related mitigating factors and the class of risk attributed to the transaction; in the presence of risk classes that are not consistent with the Bank's risk appetite, specific escalation mechanisms are activated.

8 Defined as "top polluters" by the "Climate Accountability Institute"

Through this process, the risks associated with the environmental impacts of the sector and the operations of the counterparty are assessed (for example polluting emissions and the consequences on biodiversity), together with the adoption by the counterparty of any containment and mitigation measures to improve business sustainability; with particular regard to climate change risk (transition risk), the degree of exposure is assessed, examining the counterparty's commitment to adopt transition plans aimed at reducing GHG emissions and to set, within a defined time-frame, carbon neutrality objectives, to increase the use and/or production of energy from renewable sources and, for the sectors subject to target setting, an assessment of consistency with the commitments taken by Intesa Sanpaolo is provided.

Preliminary ESG evaluation classifies credit proposals as critical considering different drivers, like for example:

- ESG sectoral strategy
- Counterparty-level ESG score
- Counterparty's carbon-intensity, negative media attention, legal proceeding…

The ESG Risk Assessment considers multiple dimensions when issuing an advisory opinion, such as for example:

- The ESG profile of the counterparty, of the sector and of the country it belongs to
- Transition risk profile for high transition risk sectors
- Any mitigating factors

Moreover, a deep dive is carried out for transactions subject to the Equator Principles (EP)[9]. The loans subject to the screening of the Equator Principles that reached financial close in 2024 amounted to 32 (for a total of 466 since 2007) for a total amount of ~€2.58bn. The EPs provide for the assignment of a risk category to projects to be financed (A high, B medium, C low) based on variables such as the socioenvironmental characteristics of the country, the industrial sector to which they belong and the specific characteristics of the project. Higher risk projects and, if appropriate, medium risk projects are assessed by an independent consultant who identifies their main social and environmental impacts. The tables below show the number of projects that achieved financial approval in 2024, broken down by category, sector, region, type of country and indipendent audit.

	Total	Category A	Category B	Category C
Project Finance [no.]*	30	4	15	11
Project related Corporate Loans [no.]*	2	1	0	1

Project Finance [no.]*	Category A	Category B	Category C
Total	**4**	**15**	**11**
Sector			
Oil and gas		1	
Mining			
Energy	2	11	1
Infrastructure	2	2	1
Other		1	9
Region			
Americas	1	8	6
Europe, Middle East and Africa (EMEA)	2	3	5
Asia and Oceania	1	4	
Type of country**			
Designated	2	10	9
Not designated	2	5	2
Independent audit			
Yes	4	15	10
No			1

Project related Corporate Loans [no.]*	Category A	Category B	Category C
Total	**1**		**1**
Sector			
Oil and gas			
Mining			
Energy			
Infrastructure			
Other	1		1
Region			
Americas			
Europe, Middle East and Africa (EMEA)	1		1
Asia and Oceania			
Type of country**			
Designated	1		
Not designated			1
Independent audit			
Yes	1		
No			1

* Refers to the number of projects that were financially completed in 2024.
** Designated countries: countries considered as having solid environmental and social governance, legal systems and an institutional capacity conceived to protect the population and natural environment. The list of designated countries is available on the Equator Principles Internet site. The Equator Principles envisage the assignment of a risk category to the projects to be financed (A is high, B medium and C low).

Project finance and project related corporate loans closed during the year*	Unit	2023 Group	2024 Group
Projects	no	30	32
Economic Value	m euro	3,889	2,579

* Projects that were financially completed during the year.

9 Equator Principles are international guidelines Intesa Sanpaolo has adhered to since 2007 (the Group currently adopts the "EP IV", updated version of the guidelines). https://equator-principles.com/

MANAGING ESG RISK FACTORS FOR DIFFERENT RISK CATEGORIES

Credit Risk

Climate and environmental risk factors are considered in assessing the creditworthiness of counterparties and in the credit granting process, ensuring their monitoring within portfolios. More in details, C&E risks are taken into account with reference to the credit ratings attribution processes, as part of the Credit Risk Appetite (CRA) and in the assessment of collateral for credit granting purposes.

In the qualitative component of the rating models currently validated and used by the Group, various aspects and elements related to the ESG and "Climate" areas are taken into consideration. For Large Corporates, a specific module has been incorporated into the model which considers quantitative ESG data provided by external providers. For the Corporate model, in addition to high-level qualitative components covering socio-environmental risks, in order to take into account the counterparty's exposure to physical risks deriving from catastrophic events (e.g. damage to production plants or warehouses), a specific module has been statistically estimated. Starting from the historical and public evidence of catastrophic events (e.g. floods, fires, earthquakes) observed at geographical area level, it identifies potential deteriorations in the probability of default. Finally, the potential exposure to climate change and natural disasters, as well as the respect of territory for bigger initiatives, have been recently included in the real estate and project finance rating models.

Market Risk

In managing market risk, Intesa Sanpaolo also assesses the effects of climatic and environmental factors on its current positions exposed to market risk.

The Group:

- analyses and monitors market prices and liquidity of financial instruments to identify possible evidence of climate and environmental risk factors;
- analyses the impact of climate and environmental risks on the measurement of financial instruments at fair value, with particular focus on the main asset classes, payoffs and positions explicitly linked to climate & environmental risk factors, as well as on future investments proposed by business units;
- classifies current positions subject to market risk within the climate and environmental materiality assessment and the scenario analysis, as better detailed within the "Climate and Environmental Risks: Identification and Assessment" section of this chapter.

Liquidity Risk

In managing liquidity risk, Intesa Sanpaolo intends to assess the direct or indirect effects of climate and environmental risks on the Group's current and prospective liquidity position. This includes an impact assessment of relevant climate and environmental risks in terms of potential net cash outflows and potential erosion of liquidity reserves, as better detailed within the "Climate and Environmental Risks: Identification and Assessment" section of this chapter. The Group therefore:

- identifies climate and environmental risk factors that could adversely affect the Group's liquidity positions within the climate and environmental materiality assessment;
- carries out the analysis and monitoring of exposures for the assessment of the materiality of the risk factors identified on the Group's current and prospective liquidity risk position;
- carries out sensitivity analyses based on the potential impact of ESG High Risk exposures on relevant liquidity metrics (e.g. Liquidity Coverage Ratio LCR), by applying different scenario assumptions;
- conducts stress tests on liquidity risk, including forward-looking analyses and includes results in the ILAAP reporting.

Operational Risk

In managing operational risks, Intesa Sanpaolo also considers the possible adverse impact of climatic and environmental events on its real estate properties, on business continuity as well as on litigation risk, as better detailed within the "Climate and Environmental Risks: Identification and Assessment" section of this document. In particular, the Group:

- identifies within operational events those related to climate and environmental risks; the taxonomies used within Loss Data collection have been enriched in order to include categories specifically dedicated to disasters that can be related to Climate Change risk (e.g., floods, heat waves) and to all types of Environmental related litigations;

- assesses, during the Self-Diagnosis process, the possible losses deriving from damage to real estate properties, from possible interruptions to its operations and from possible legal liabilities, by means of specific risk scenarios dedicated to climatic and environmental risks; (starting in 2023, a scenario is performed aimed at estimating the consequences for the Bank of an extreme weather event that affects a supplier, compromising its ability to carry out its function);
- to protect business continuity, assesses the impact of physical risks associated with IT centers and sites (including outsourced IT services).

With specific reference to climate/environment-related litigation risk, the framework defined by the Group takes into consideration the possible emergence of issues related to critical climatic and/or environmental issues and their monitoring over time, such as, in particular the violation of the current ESG regulatory framework, the non-fulfillment of contractual and possible non-contractual liabilities, greenwashing and violation of ESG disclosure obligations (please also see the Operational risk – Measurement framework paragraph above).

In this respect, Intesa Sanpaolo periodically carries out the monitoring of lawsuits impacting peers (domestic and international), fine-tuned the process for monitoring its own potential disputes and carried out specific training initiatives addressed to dedicated personnel.

Reputational Risk

In managing reputational risk, the Group assesses ex-ante the potential ESG and reputational risks associated with business operations and the selection of Group suppliers/partners through the ESG & Reputational Risk Clearing process.

The Group also monitors its web reputation by integrating specific assessments on events related to environmental risks/climate change (e.g. events deriving from protests or adverse campaigns deriving from the bank's financing activity). Finally, specific scenarios relating to ESG and climate issues are included in the annual reputational risk assessment process by top management.

CLIMATE AND ENVIRONMENTAL RISKS WITHIN THE ASSET MANAGEMENT AND INSURANCE ACTIVITY

With regard to the investment policies and services provided to customers, the Group is committed to integrating ESG factors into investment analysis and decision-making, issuer selection criteria and investment management by progressively expanding the monitoring of financial assets in terms of ESG performance as well as extending its proposal of sustainable financial products.

As signatories of the Principles for Responsible Investment promoted by the United Nations, the Group's asset management companies, Eurizon Capital SGR (Eurizon), Fideuram Asset Management SGR and Fideuram Asset Management Ireland pay particular attention to the policies implemented by the issuers in which they invest on environmental, social and governance issues. Similarly, Intesa Sanpaolo Assicurazioni follows the same approach as a signatory of the Principles for Sustainable Insurance (PSI).

Eurizon

Eurizon has defined specific methodologies to select and monitor financial instruments aimed at integrating sustainability risks analysis and management in its own Investment Process regarding collective asset management and portfolio management services.

These methodologies are defined based on the characteristics of the products and their classification in accordance with the SFDR (Sustainable Finance Disclosure Regulation) and can be summarized in the following "Macro Strategies":

- Negative screening, i.e. restrictions or exclusions differentiated by type of corporate or government issuer and considering different indicators (Principal Adverse Impact indicators – "PAIs") further than the Financial Action Task Force "(FATF)" black list of high risk countries concerning:
  - Issuers operating in sectors considered "not responsible", including thermal coal, oil sands and unconventional weapons activities;
  - Issuers deemed "critical", i.e. those companies characterized by a higher exposure to environmental, social and governance risks.
- Positive screening, in compliance with good governance practices[10]:
  - Integration of ESG factors in the analysis through different strategies with the aim to promote, among others, environmental and/or social characteristics, pursuant to art. 8 of SFDR;
  - Pursuing sustainable investment goals (so-called "Sustainable Investments"), through methodologies to select investments aiming at (i) contributing to the UN Sustainable Development Goals; (ii) generating a positive social and environmental impact together with a measurable financial return.
- Stewardship: proactive interaction with issuers, through the exercise of participation and voting rights, as well as carrying out engagement activities.

Eurizon has defined, for each of the Strategies, specific decision-making processes and operating limits aimed at containing the risks, also reputational, of managed portfolios.

In order to assess the main adverse effects of investment decisions and investment advice on sustainability factors and to identify possible mitigation actions, Eurizon has established a specific framework that defines how the so-called "Principal Adverse Impact indicators" ("PAIs") are taken into account within the managed assets, in accordance with the Regulatory Technical Standards (RTS) of the SFDR. If issuers or investments have a particularly negative performance in terms of negative impacts on sustainability factors, it may be decided to initiate specific engagement/ actions, to reduce or ultimately divest from the investments.

Eurizon has adopted - as an additional assessment element to support the investment decisions of the managers - a proprietary score that integrates environmental, social and governance factors, called "Eurizon ESG Score". The score provides for an articulated system of the aggregation of scores, is attributed on a standardized scale (from 0 to 10), referring to:

- Corporate issuers;
- Government issuers;
- Third parties funds.

Eurizon has implemented a model that estimates climate risks also through the "Climate Adjusted Value" (CAV), a forward-looking metric which integrates the two dimensions of "Transition Risk" and " Physical Risk".

The CAV under a given climate scenario represents the impact on the security's valuation under that scenario from both Physical and Transition Climate shocks relative to the counterfactual, which assumes no further physical climate change or policy action.

The determination of this metric's value varies depending on the type of asset class being analysed.

10 Products classified under Articles 8 and 9 of the SFDR Regulation invest in companies that follow good governance practices, as specified in the same Regulation, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance

For Equities, the CAV is obtained as the linear sum of the impacts resulting from physical and transition risks.

For Corporate Bonds, the Combined Risk on securities is calculated in three steps:

- the CAV on equities is first computed as the aggregate impact from physical and transition Risk;
- the equity impact is then translated into a credit impact on the bond universe by computing corresponding Combined Risk credit shocks, which are then converted to equivalent CAVs for the bonds. The credit model translates the equity climate impact to equivalent shocks to the Probability of Default (PD) on the bond. In addition to the climate impact on the bond-issuing entity, other characteristics of the bond such as its rating and maturity also contribute to the resultant impact on its valuation under a given climate scenario;
- from these shocks, the CAV for corporate bonds is determined. Any uncovered securities are handled using proxy.

For Sovereign Bonds, in the CAV calculation, physical risk and transition risk GDP losses are incorporated to generate one credit shock at the aggregated level. More specifically, three phases can be distinguished:

- assessment of the impact of the combined GDP loss between transition risk and physical risk;
- determination of the combined credit shocks from the resulting combined GDP. Here again, the combined rate shock is not simply an addition, as the phenomenon does not follow a linear dynamic;
- calculation of the pricing impact from the resulting calibrated aggregated credit shocks. Similar to the credit shock results, the bond price changes in transition risk and physical risk also do not add up directly to the combined price change given the nonlinearity in the calculation of the credit shocks.

The transition risk and physical risk models implemented by Eurizon are described below.

The transition risk model quantifies the impact of potential transition scenario pathways toward a low-carbon economy on the value of assets.

The model considers both corporate and sovereign issuers and follows different approaches for each.

For corporate issuers, the model leverages scenario inputs as well as operational and financial data for each company and combines them through a bottom-up analysis on the company's operations, asset profiles and financials.

The transition risk model consists of three phases:

- the assessment of transition risks is based on NGFS scenarios, incorporating additional variables such as carbon prices, energy demand, fuel prices and emissions at regional and global levels;
- scenario data, combined with individual asset-level data (financial data, emissions, targets, production mix, etc.), fed into financial models known as the Company Impact Model (CIM). These models translate the impact of transition on various financial parameters during a projection period ending in 2050;
- the CIMs generate two projections. The first applies climate scenarios to reflect the impacts of transition risks, while the second imposes no climatic constraints. By calculating the difference between the two projections, variations in free cash flow and leverage resulting from climate risks are obtained. These values, along with other financial variables impacted by climate risks, are used to calculate the impact on the company's value (TCAV). Additionally, the model assesses the probability of default associated with the change in the company's value due to transition risks and other credit parameters.

For sovereign issuers, the transition risk model consists of three components:

- NGFS Climate Transition Economic Modeling: transition risks resulting from climate change are assessed based on NGFS scenarios;
- Sovereign Issuer Modeling: each issuer is assigned a risk score on a scale from 1 to 10, calibrated based on a risk metric that reflects exposure to climate risk. The loss of GDP at the aggregate level is used to measure the classification of each issuer based on climate risk;
- Single Security Pricing Model: the model calculates various outputs, including transition risk-adjusted simulations such as changes in the price of sovereign bonds and increases in the probability of default resulting from transition risks. It also considers transition risk macroeconomic shocks, such as shocks on GDP and inflation based on NGFS data and provides risk scores at issuer and individual issue level.

Overall, the transition risk model adopted by Eurizon provides a comprehensive framework for assessing the impact of transition scenarios towards a low carbon economy on the value of assets. It considers climate risk drivers, company-specific impact, asset valuation and provides valuable insights into the changes in asset values and credit parameters associated with transition risks.

The physical risk model implemented by Eurizon provides a comprehensive framework for quantifying the impact of climate change on asset value in multiple climate scenarios. The physical risk model employs different approaches depending on the type of issuer.

For corporate issuers the physical risk model incorporates climate risk models and econometric models to calculate climate-adjusted revenues and costs and subsequently climate-adjusted profits and cash flows.

These calculations are used to determine the impact on the value of the company, referred to as the Physical Climate-adjusted value.

The approach to quantifying the impact of climate change on corporate issuers involves four phases:

- Modelling of climate scenarios: the model identifies scientific climate models developed by the academic community to predict climate data related to temperature increase, sea level rise and extreme weather events. Two sets of scenarios are considered: IPCC scenarios and NGFS scenarios;
- Economic impact: the economic impacts of the identified scenarios are assessed using climate econometric models. The model evaluates multiple impacts of physical risks on macro and micro variables, such as GDP, labour productivity, production costs, energy costs and direct physical damage;
- Financial impact: the economic impact resulting from climate change is converted into financial impact. For corporate issuers, the impact on revenues is assessed based on the location of revenues at country level;
- Valuation of the company: the model quantifies the impact of climate change on the company value under different climate scenarios. Climate-adjusted cash flows are determined based on the estimated impact of climate risks on financial parameters. These cash flows are used in a Discounted Cash Flows (DCF) model to calculate the Physical Climate-adjusted value and the change in company's value compared to the unadjusted base scenario. The model also calculates the Climate- adjusted Probability of Default at different time horizons.

The physical risk model for government issuers follows a similar four-phase approach:

- Modelling of climate scenarios: the model identifies scientific climate models to predict climate data related to temperature, precipitation, hurricane activity, fires, floods and sea level rise;
- Economic impact: the economic impact of the scenarios is evaluated using climate econometric models;
- Financial impact: the pricing model translates the economic impact into financial impact by calculating the variation in yields and spreads of sovereign bonds at country level;
- Evaluation and analytics: the model quantifies the impact of climate change on government issuers by incorporating the yield and spread estimates into various analytics, such as yield to worst and duration.

The final results for each scenario considered include the change in the price of sovereign bonds and the change in the probability of default at different time horizons.

Fideuram

In line with Principle 1 of the PRI and with the requirements of Regulation (EU) 2019/2088 (SFDR) on information on sustainability in the financial services sector, **Fideuram Asset Management SGR and Fideuram Asset Management Ireland** have defined specific methodologies for selecting and monitoring financial instruments in order to consider sustainability risks within the asset-management investment process, integrating ESG metrics into traditional financial assessment analysis on investments.

These methodologies are appropriately defined based on the characteristics of the products and their classification in accordance with the SFDR and can be summarized in three "Macro Strategies":

- Negative screening, i.e. restrictions or exclusions concerning:
  - Issuers operating in sectors considered "not responsible", including thermal coal, unconventional Oil & Gas, nuclear and unconventional weapons activities; the issuers operating in the production and/or marketing of ordinary weapons are also excluded, with the exception of issuers having less than 5% of their revenue from such activities and issuers belonging to European Union and/or NATO countries;
  - Issuers deemed "critical", i.e. those companies characterized by a higher exposure to environmental, social and governance risks.
- Positive screening, in compliance with good governance practices:
  - Integration of ESG factors in the analysis, selection and construction of managed portfolios;
  - Pursuing sustainable investment goals (so-called "Sustainable Investments"), through methodologies to select investments aiming at (i) contributing to the UN Sustainable Development Goals, with no significant harm to any of the objectives and following good governance practices; (ii) generating a positive social and environmental impact together with a measurable financial return.
- Stewardship: proactive interaction with issuers, through the exercise of participation and voting rights, as well as carrying out engagement activities.

For each strategy, FAM and FAMI have defined specific decision-making processes and operating limits aimed at containing risks, including reputational ones, of the managed products connected to ESG and SRI issues, compliance with which is monitored by the Risk Management function with the support of the Compliance Function.

FAM and FAMI are aware that investment decisions could generate direct and indirect impacts, both positive and negative, on environmental, social or governance factors of sustainability; for this reason, they adopt the specific policies referred to the adverse impacts of investment decisions on sustainability factors ("Principal Adverse Impact indicators" or "PAI").

In order to better define the Company's actions with respect to the Principal Adverse Impacts deriving from its investment decisions, FAM and FAMI have identified the fight against climate change and the respect for human rights as priorities among sustainability issues. In particular FAM and FAMI adopt asset class specific strategies to manage PAI: regarding the investments in securities, the Companies apply negative screening and are engaged in focused alliances and initiatives while, regarding the investments in target UCITS, they focus their investments in UCITS having the same priority in terms of PAIs.

In addition, both Companies monitor the entire portfolio on the basis of a series of environmental, social and governance indicators, through the information collected by a specialized info-provider. The issuers or investments exhibiting particularly negative performance in terms of adverse impacts on sustainability factors are presented to the ESG/SRI Committee which may decide to initiate specific actions, starting from engagement to specific actions to reduce or dispose of investments, which can even be of a progressive nature.

Additionally, in order to define a dedicated universe of third-party asset managers and ESG/SRI funds, the financial analysis of these assets is integrated with ESG or SRI considerations aimed at deepening:

- whether the asset manager has adopted an investment policy that includes ESG or SRI criteria;
- the investment policies of the individual fund, verifying: (i) the promotion of environmental or social characteristics, or a combination thereof; (ii) the adoption of sustainable investment objectives; (iii) the potential presence of additional, distinctive ESG characteristics in the management of individual products and the alignment to the PAI selected by FAM and FAMI as entity and/or for specific products.

Moreover, as part of the Companies engagement activities, Portfolio Management and Multimanager promotes awareness initiatives towards third-party Asset Managers in which it invests, to involve them in matters of relevance to the Companies.

According to the action plan shared by FAM with Banca d'Italia and in line with the objectives declared joining to the "Net Zero Asset Managers Initiative", FAM Risk Management is progressively extending the more general risk management framework to take account of both physical and transition risk factors and how these factors can also significantly impact the investment value through the relationship of the main types of existing risk (i.e., market, liquidity, operational).

Physical climate risk can manifest in both acute and chronic ways and identifies the economic/financial impact resulting from tangible events linked to climate change, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation, i.e. air, water and soil pollution, water stress, loss of biodiversity and deforestation. Acute risks are event-driven, such as floods, storms and fires. Chronic risks are event- caused by progressive changes such as increased temperatures resulting in drought, rising sea levels, water stress, loss of biodiversity, change in land use, destruction of habitats and scarcity of resources. This risk can directly cause, for example, material damage or a drop in productivity, or have indirect impacts such as the interruption of production chain.

Transition risk can express the economic/financial loss that an entity may incur, directly or indirectly, as a result of the failure to adjust to a low-carbon and more environmentally sustainable economy. This situation could be caused, for example, by the relatively sudden adoption of climate and environmental policies, by technological progress or by changes in market confidence and preferences.

Within the risk identification step, the Risk Management framework was integrated with a mapping of climate physical hazards and transition categories which, in line with the group's taxonomy, includes the same risk factors identified by the Parent Company: 8 Acute physical risks (Heat wave, Wildfire, Cold wave, Droughts, Floods, Heavy Rain, Wind Gust, Landslide), 8 Chronic physical risks (Changing Temperature, Temperature Variability, Heat Stress, Changing Wind Patterns, Changing precipitation patterns, Precipitation Variability, Water Level Rise, Water Stress) and 4 transition risks (Policy&Legal, Technology, Consumer Preferences, Reputation).

The next evaluation step was characterized by an assessment activity aimed to identifying tools and methodologies suitable for obtaining a measurement of the quantitative impact, identifying the Physical Climate Adjusted Value (PCAV) and Climate-Adjusted Values for Transition Risks (TCAV) measures as the metrics to be added to the other quantitative indicators already in use (i.e. ESG Score, PAI) within the issuer evaluation process.

In particular, for materiality assessment of climate risk factors and the progressive integration of climate-related information within the investment process, FAM has adopted a specific "Climate Solutions" module provided by an external provider and integrated within the risk management application.

Using quantitative models, based on specific issuers characteristics (corporate, government), the tool allows the quantification of the risks and opportunities related to climate change through the estimation of the impacts of the potential climate scenario pathways on the financial value of the issuer/instrument.

The evaluation process involves four phases:

1. Define Climate Scenarios: the tool utilizes scientific climate scenarios model provided by the academic community to predict climate data related to temperature increases, sea level rise and extreme weather events. Each scenario evaluates how climate policy, emissions and temperature will evolve over time projecting an anomaly global mean surface temperature at 2100, anomaly compared to the pre-industrial levels at 2100. Two sets of scenarios are considered: IPCC scenarios (Physical Risk only) and NGFS scenarios (both Physical and Transition Risk);
2. Assessment of the economic impact: assessment of the impact of the scenario on macro and micro economic variables through financial projections, implicit in the provider's evaluation models (differentiated transmission channels, differentiated based on the type of issuer - corporate/government - issuer and type of risk - Physical/Transition risk);
3. Assessment of the financial impact: the economic impact resulting from climate change is converted into financial impact (through (i) geographical exposure, in the case of physical risk, or (ii) sector exposure, in the case of transition risk, so the focus is on consolidated financials and business segmentation, revenues and costs, geographic impacts);
4. Valuation of the company: the model quantifies the impact of climate change on the company value under different climate scenarios. Climate-adjusted cash flows are determined based on the estimated impact of climate factors on financial parameters. These cash flows are used in a Discounted Cash Flows (DCF) model to calculate Climate Risk.

Intesa Sanpaolo Assicurazioni

The Intesa Sanpaolo Assicurazioni Group has also expressed its commitment to strengthen the integration of sustainability principles within its strategy and has established methodologies to select and monitor investments according to sustainable investment criteria. The Group is committed to expanding its range of products, investment options and services with sustainability features to be achieved through the placement of pension and insurance investment products and by supplementing customer documentation with detailed information.

The Assicurazioni Group also incorporates environmental, social and governance aspects in its investment processes in financial instruments underlying the insurance products in its portfolio, with the aim of generating a positive impact while also encouraging the companies in which it invests to move along this direction. In particular, the Group's commitment is reflected in the definition of a Policy for incorporating ESG factors and the principles of Sustainable and Responsible Investments (SRI) within the investment process.

The Policy provides for, inter alia, the exclusion from the investment portfolio or restricted investment in issuers engaged in sectors that are deemed not socially responsible and in critical issuers; in particular, in order to integrate ESG factors into its investment choices, the Insurance Group adopts the following criteria:

- exclusion of issuers operating in sectors deemed not to be "socially responsible" to which restrictions or exclusions apply with respect to the Investment Universe of the individual assets under management;
- exclusions and restrictions with respect to issuers defined as "critical" i.e. those companies with a higher exposure to environmental, social and corporate governance risks, that is companies with a lower ESG sustainability rating;
- exclusions, for products classified under Articles 8 and 9 pursuant to SFDR, with respect to issuers that do not comply with sound governance practices assessed with reference to the presence of solid management structures, relations with personnel and their remuneration and compliance with tax obligations.

The Insurance Group also promotes proactive engagement with issuers by exercising participatory and voting rights, including through Delegated Managers and by engagement with investees, encouraging effective communication with the Management of the companies i.e. "active ownership – engagement".

As part of the selection and monitoring process of UCITS (so-called Manager Selection Integration) - both promoted and distributed by the Group companies and by third-party fund houses - the Insurance Group, when directly supervising the selection process of the UCITS, includes the financial analysis of the UCITS by analysing the level of integration of SRI and/or ESG factors and the related sustainability risks, through a Due Diligence process.

In addition, the Policy on Principal Adverse Impacts on Sustainability (PAIs) defines the procedures for considering the principal adverse impacts of investment decisions on the identified sustainability factors, the identification of priority PAIs and a review of the monitoring system not only at company level, but also for Articles 8 and 9 investment options.

This process is done mainly with the objective of:

- making customer information clear and understandable by informing customers about financial products with sustainable characteristics or investment objectives;
- offering clients an advisory service with a high level of protection and, as part of the client profiling process, collecting information on any investment preferences regarding sustainability.

In terms of impacts of climate risks, the Life insurance activity is deemed to have a higher level of exposure to transition risk, particularly considering the recent implementation of new climate regulations. The Non-Life insurance activity is considered to have a higher level of exposure to physical risk.

Intesa Sanpaolo Assicurazioni Group in the context of Own Risk and Solvency Assessment (ORSA) has integrated different metrics to evaluate the exposure and potential impact of climate change on its assets.

The Insurance Group adopted the Climate Value at Risk (CVaR), a model provided by the infoprovider MSCI, that using a forward-looking metric provides a percentage estimate of the potential impact of physical and transition climate risks on a security's market value.

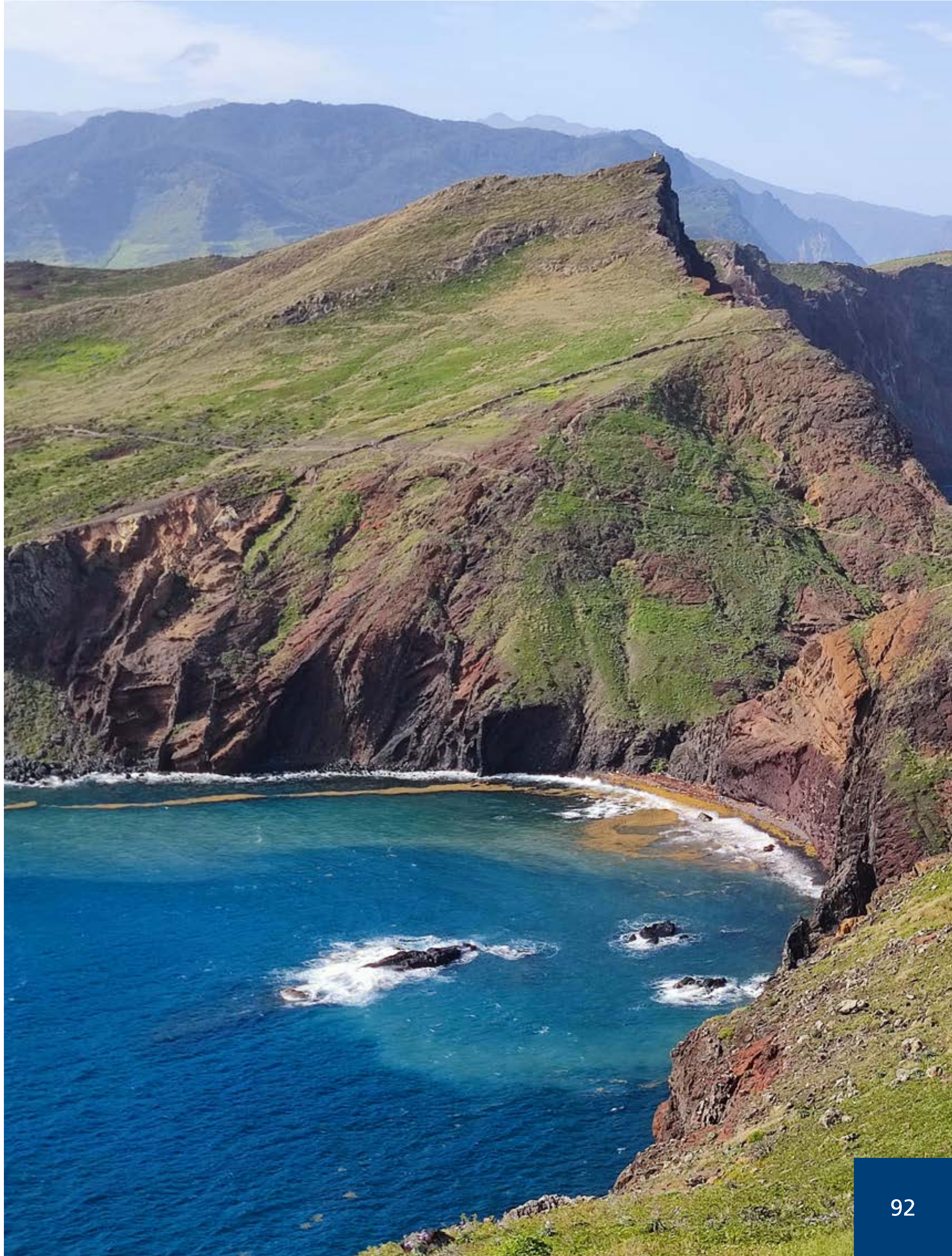
The tool offers the possibility to select different climate scenarios model provided by the academic community. Each scenario evaluates how climate policy, emissions and temperature will evolve over time projecting an anomaly global mean surface temperature at 2100, anomaly compared to the pre-industrial levels at 2100. Among different climate scenarios, NGFS scenarios have been adopted, covering both physical and transition risk.

Furthermore, the results of the scenario analysis are used to estimate the climate change impact on the solvency and financial resilience of the Insurance Group.

The last developments of the tool introduced a multi-horizon perspective.

The Insurance Group integrated three time-horizons (short, medium and long term) and multiple NGFS climate scenarios (Net Zero 2050, Delayed Transition and Current Policies). The selected scenarios allow to estimate the impact of climate change assuming three different paths of the increase of the global mean surface temperature at 2100 (in line with 1.5°C, below 2°C and about 3°C).

In addition, to evaluate the alignment of the portfolio to the Paris global temperature targets, the Implied Temperature Rise (ITR) tool has been adopted. This tool, based on the last release, covers equity, corporate bonds and funds.



CLIMATE AND ENVIRONMENTAL RISKS: MONITORING AND DISCLOSURE

Intesa Sanpaolo activities undertaken within the climate-related risk management process and the associated results are taken in due consideration by both internal and external stakeholders.

In this sense, Intesa Sanpaolo produces and updates different documents and reports, which do not only include documents required by regulatory Authorities, but also voluntary disclosure initiatives and internal reporting to support the Board and the Top Management in their strategic decision activities.

The results of the identification, assessment, mitigation actions above-mentioned are substantiated in reports to the Board of Directors, Committees, Top Management and relevant structures.

Additionally, the Group has been involved in different regulatory exercises (e.g. EBA's One-off Fit-for-55 climate risk scenario analysis, EBA's Short Term Exercise with specific focus on climate change risks) and provides a deep insight of its climate-related risks integration in the risk management framework through the Internal Capital Adequacy Assessment Process/Ilaap and stress testing yearly exercises, in accordance with the Supervisory Review and Evaluation Process (SREP).

Besides internal reporting, Intesa Sanpaolo, in line with regulations and supervisory expectations, continues its commitment to publishing an integrated set of sustainability disclosures. In addition to the Climate Report, the Group publishes the Consolidated Sustainability Statement and the Sustainable Development Goal's Report (SDGs Report) which presents the ESG performance and results achieved by the Group, together with high level description of the ESG risk management framework and activities. ESG risk management and results disclosure is also included half-yearly in the Pillar III reporting, as required by EBA regulation, with a dedicated section on environmental, social and governance risks.

Among voluntary disclosure activities, in addition to the Climate Report, Intesa Sanpaolo integrates its sustainability reporting by including the Responsible Banking Progress Statement, the Green and Social Bond Report and the Ex-ante impact assessment report of funding to non-profit organisations.

DIRECT ENVIRONMENTAL RISKS

With reference to direct impacts, Intesa Sanpaolo is committed to analysing and containing possible risks on its properties as well as taking immediate action in the event of environmental disasters.

To this end, in line with the provisions of the Business Plan, a specific tool was identified that allows to calculate the level of exposure of Intesa Sanpaolo's real estate assets to the main territorial and climate change risks. This IT platform addresses the essential need to systematically and promptly assess the physical vulnerabilities related to climate change risks and other territorial risks for each asset. The goal is to enhance the oversight and control of risks to the real estate assets, improve worker safety by implementing appropriate risk mitigation measures and increase stakeholder awareness of the Bank's exposure to climate change-related risks.

This tool geolocates, for the Italian perimeter, each individual asset and calculates the exposure index for each risk, based on data from the main national and international certified sources, such as: SwissRE, Copernicus, INGV, ISPRA and Civil Protection. In addition, the platform considers the whole variety of physical risks arising from climate change (e.g., flooding, drought, storm surge) and territorial factors (e.g., earthquake, landslide, nuclear incident) to provide an overall risk exposure index for each real estate asset, on the basis of a specific, customized calculation model.

The platform also allows the identification of Intesa Sanpaolo Group's buildings that are wholly or partially located within the areas included in the World Database on Protected Areas (WDPA), the most comprehensive global database on terrestrial and marine protected areas, including also Natura 2000 sites. While the activities carried out by Intesa Sanpaolo in the Group's offices generally do not impact biodiversity, the bank will nonetheless screen its offices to assess their potential location in or near areas of high naturalistic value. At the moment, 46 buildings have been identified in Italy that wholly fall within WDPA sites. The impact of these offices has been evaluated considering criteria related to the intrinsic characteristics and usage of the buildings, as well as the "sensitivity" characteristics of the surrounding territory based on the Corine Land Cover mapping. The impact assessment model determines the potential impact level and suggests intervention and monitoring actions to mitigate their environmental footprint on biodiversity.

The Risk Assessment Document, which evaluates risks to workers' health and safety (Italian Legislative Decree 81/2008), also assesses hydrogeological risk due to flooding and landslides. The hydrogeological risk assessment of buildings is conducted both as a preventive measure and also following external events with a view to ensuring that the buildings involved maintain all safety standards.

With regard to hydrogeological instability, the benchmark for flooding is based on the level of hazard associated with a floodable area and depends on the probability of the area being flooded. In Italy, ISPRA creates the mosaic of areas with hydraulic hazard delineated by the District Basin Authorities and the level of hazard is obtained by assuming a flood that has average return times: high between 20 and 50 years (frequent floods), medium between 100 and 200 years, low over 200 years (low probability of floods or extreme event scenarios). For assets located in other countries, different sources are used provided by CatNet®, a proprietary tool developed by Swiss Re.

As regards landslides, data from the World Bank are used for foreign building, while in Italy the reference criterion is based on the level of hazard associated by the ISPRA Hydrogeological Structure Plans (PAI) with an area subject to landslide phenomena. Areas at risk from landslides identified by the PAI also include, in addition to the landslides that have already occurred, the areas of possible evolution of the phenomena and the areas potentially susceptible to new landslides. Conventionally the areas are classified into 5 classes: very high hazard P4, high P3, medium P2, moderate P1 and AA attention areas.

Regarding lightning risk, the assessment is based on the annual average number of lightning strikes per square kilometer. This data is provided by Swiss Re through the CatNet® tool and the risk scale ranges from Very Low to Extreme, with ten distinct levels.

Another hazard indicator identifies areas most at risk from storm surges, tsunamis, or other coastal flooding waves. This data is generated using a digital elevation model of the terrain and is also derived from the CatNet® tool by Swiss Re.

The platform also considers the exposures of assets to various other climatic and territorial risks. These include wildfires, earthquakes, tornadoes, volcanic activity, cyclones, droughts and heatwaves, major accidents, sea level rise, heavy snowfall and strong winds. By evaluating these risks, the platform helps in understanding and mitigating potential threats to the bank's properties.

In Italy, out of a total of over 3,000 real estate assets, the results of the assessments currently show that 129 properties are in areas with high flood risk. For landslide risk, 16 properties are in very high-risk areas (P4) and 28 in high-risk areas (P3). Among foreign assets, over 1,000 properties are monitored through the platform and the monitoring of risks is continuously being enhanced through ongoing developments and refinements. At the moment, 138 foreign assets are in high-risk areas for flooding. Instead, no foreign properties are exposed to high landslide risk, being classified as having low to medium-low risk, likely due to their location predominantly in urban centers. Conversely, regarding lightning risk, the only 9 assets among the monitored properties at very high risk are located outside Italy. For storm surge risk, 146 Italian buildings and 68 foreign buildings are classified as "high" risk, while the figures for "medium-high" risk levels include 69 Italian buildings and 10 foreign buildings.

These assessments, together with the daily analysis of Arpa's weather alert bulletins and the bulletins of the Department of Civil Protection on critical national and regional issues, enable the Intesa Sanpaolo Group in Italy to implement actions that take account of the effects of critical events connected with natural phenomena deriving from climate change, making it possible to manage different potential risk scenarios, indicated in the Emergency Plans, in order to mitigate and reduce their potential damage, particularly with regard to workers and Stakeholders.

In 2024 the platform has indeed also been developed for the computerized management of emergency events: it automatically generates alerts based on data from bulletins and other sources, such as bulletins of the Department of Civil Protection on critical national and regional issues. The platform provides detailed information about emergency events, including affected assets, historical changes and related communications and alerts. It supports the management of nine specific event types, such as earthquakes, which can be visualized on a map, allowing for timely communication until the event is resolved. Additionally, the platform allows for the selection of predefined perimeters (e.g., river basins) when creating an event and includes specific mappings, such as the National Emergency Planning Map for the Campi Flegrei area. Moreover, the tide bulletin is periodically consulted on the Venice branches affected by the "high tide" emergency due to the rise in tide levels, so as to allow prior notification to the competent structures for the activation of the procedures laid down in the specific Emergency Plans. In these cases, event management is carried out following specific water level alerts set during the creation of the high tide event and it is enabled by the IT platform. Furthermore, the project to update the specific risk analysis based on the implementation of the Mose in the municipality of Venice continued.

In general, with regard to all direct risks related to climate change, in Italy the CEM (Critical Events Management) is activated when the first bad weather alert is issued. CEM guarantees the continuous and precise monitoring of the situation and supports the overall coordination of the actions agreed with the territorial structures, in constant connection with the relevant central structures. In the case of very serious disaster situations, the Emergency Management Operations Centre of the Business Continuity Management Department is also activated, which monitors the situation and assesses whether to close facilities temporarily and to take any additional action.

In order to ensure business continuity in the areas most affected by the inclement weather, the crisis delegates of local and central structures are also activated for timely reporting of critical situations, with particular regard to delays in the transport of valuables and correspondence, difficulties for personnel in reaching their workplaces, operational issues and problems with branch physical plant.

Finally, the Context Analysis of the three schemes of certification for the Environment, Energy, Health and Safety Management Systems, aligned with the international standards ISO 45001, ISO 14001, ISO 50001, also take into account, among others, the risks connected with climate change.

Focus:

Turin Nuovo Centro Direzionale (NCD) and GIOIA 22 Tower

Intesa Sanpaolo occupies two buildings that have important environmental certifications to confirm its strong commitment to the environment and energy:

- the Turin NCD that has the Leed Platinum certification both in the "new construction" category and in the "sustainable building management" category;
- the new Milan skyscraper, Gioia 22, which in addition to being the first skyscraper in Italy with almost no energy consumption - Nearly Zero Energy Building - has also obtained the Leed Platinum in the "core and shell" and "interior" category. The building has also obtained two important certifications on health and safety: Well Platinum in "interior" category and Well Silver in "core and shell" category.

METRICS & TARGETS

This chapter sets out Metrics and Targets related to initiatives described in the previous Climate Report sections. Reference should therefore be made to those sections for further details on single initiatives.

INTESA SANPAOLO CLIMATE & ENVIRONMENTAL HIGHLIGHTS

Main Targets

KPI	Target	Timeframe
New lending to support the green economy, circular economy and ecological transition (including Mission 2 NRRP)	€76bn	By 2026
of which circular economy new lending[1]	€8bn	By 2025 in line with 2022-2025 Business Plan horizon
New green lending to individuals	€12bn	
Eurizon "sustainability-conscious" products[2]	€156bn (60% of total AuM)	
Target Setting	Net-Zero emissions in terms of loans and investments portfolios	By 2050
	Intermediate emissions reduction targets: • Agriculture – Primary Farming • Aluminium • Automotive • Cement • Commercial Real Estate[3] • Iron & Steel • Oil & Gas • Power Generation • Residential Real Estate	By 2030
Coal mining	Exclusion policy: zero exposure	By 2025
Own Emissions	Net-Zero in terms of Own emissions	By 2050
	Carbon neutrality Purchase of 100% of electricity from renewable sources[4]	By 2030

Main 2024 Results

New lending to support the green economy, circular economy and ecological transition (including Mission 2 NRRP)	~€23.4bn disbursed in 2024 (€68.3bn since 2021[5])
Of which circular economy new lending	~€4bn[6] disbursed in 2024 (€5.6bn in 2023)
New green lending to individuals	~€4.1bn[7] of Green Mortgages in 2024 (€9bn in the 2022-2024 period)
ESG financing to SMEs	~€1.6bn of S-Loan in 2024 (€6.8bn from launch in July 2020)
Eurizon "sustainability-conscious" products[8]	~€156bn (76.4% of total AuM)
Electricity purchased from renewable sources	~93% (~100% in Italy since 2021)
Absolute financed emissions	-16% vs 2023
Own emissions	Scope 1+2 market based -35% vs 2019 (-10.3% vs 2023)

1 Including green and circular criteria.
2 Eurizon perimeter - funds and AM products pursuant to Articles 8 and 9 of SFDR 2019/2088.
3 In 2024, the level of ambition for the Commercial Real Estate sector was increased: the target for reducing operational emissions was raised to -49% from a 2022 baseline of 43.16 $kgCO_2e/m^2$. However, it is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
4 At Group level in 2030.

5 2021-2024. Starting from 30.6.24 the figure also includes the 2022-2024 cumulative amount of transition finance pertaining to the foreign activities of the Group.
6 Of which €2.2bn related to green criteria.
7 Starting from 30.6.24 green mortgages issued by International Banks Division are included.
8 Eurizon perimeter - funds and AM products pursuant to Articles 8 and 9 of SFDR 2019/2088.

OWN OPERATIONS

RESPONSIBLE MANAGEMENT OF RESOURCES

According to the Code of Ethics, the Rules for the environmental and energy policy and the Green Banking Procurement rules, the Group's responsibilities include the close evaluation of the consequences of its activities on ecosystems and the reduction of its environmental footprint. For this reason, the responsible management of resources is a priority issue for the Intesa Sanpaolo Group in its attempts to mitigate its impact on the environment.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

In line with its past activities, in 2024 Intesa Sanpaolo renewed the certification of its "Health, Safety & Environment" (HSE) Management System applied to all owner-occupied properties in Italy pursuant to the ISO 45001, 14001 and 50001 standards[9]; the certification and surveillance process is performed by an independent third party. Through this instrument Intesa Sanpaolo keeps a close eye on ESG topics, on the monitoring and management of risk, on the continuous improvement of its performances and on the involvement of the internal structures.

The application and coordination of the System is the responsibility of Intesa Sanpaolo Environment and Energy and Health and Safety structures, involving the Real Estate Management which centralises activities related to real estate assets, the People Attraction Skills & Learning Strategy for training requirements, Group Technology & Services for the management and streamlining of ICT infrastructure and the Banca dei Territori Division for network activities.

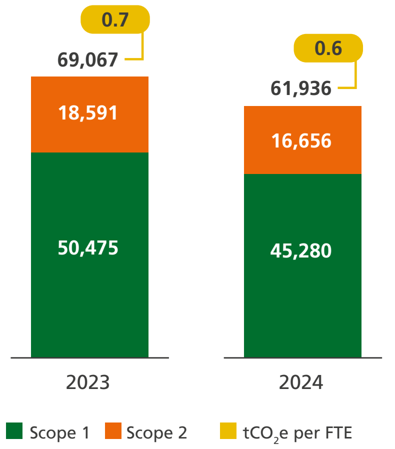
The System also involves: cycles of internal audits with first level controls performed by all structures that manage processes identified as sensitive; second level controls aimed at evaluating the compliance of workplaces and processes to ensure that appropriate corrective actions are implemented to manage any anomalies; third level controls performed by the internal audit function. Once a year Intesa Sanpaolo, as Employer, together with its appointed Representative and the Environmental Officer, hold a Management Review meeting, involving all of the departments that had an impact on the maintenance of the System. During the meeting the opportunity of reviewing the Environmental and Energy Policy and the Health, Safety and Welfare at Work Policy is also evaluated.

The Review is the key moment of analysis and discussion around the performance, the suitability and the effectiveness of the System in regard to the reference ISO standards and current legislation. The meeting examines the results of the internal audits, System performance indicators, changes in the context and stakeholder analysis, internal and external regulatory updates and changes in material factors. The Top Management also evaluates the results achieved and sets new qualitative and quantitative performance improvement goals. As of 2023 the results of the Review are also presented to the Steering Committee.

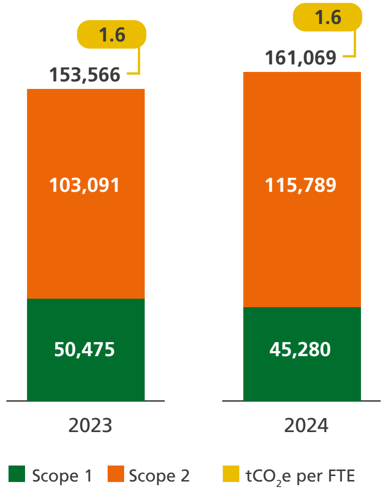
9 For further details on ISO Standards please visit International Organisation for Standardization website.

OWN OPERATIONAL FOOTPRINT

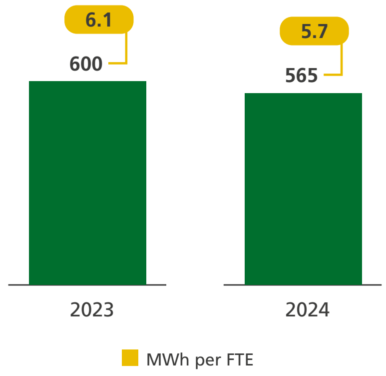
Market Based GHG Emissions (tCO_2e)



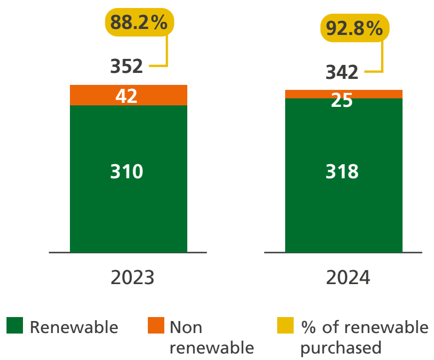
Location Based GHG Emissions (tCO_2e)



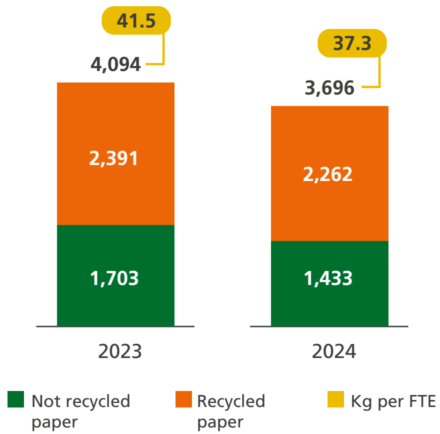
Energy consumption (GWh)



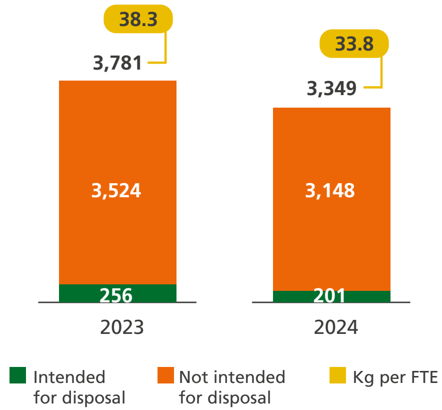
Purchased Electricity (GWh)



Purchased Paper (t)



Generated Waste (t)



OWN EMISSIONS PLAN

In accordance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set medium to long term goals through the creation of specific action plans. The first Intesa Sanpaolo Environmental Plan covered the 2009-2013 period and was followed by the plan relating to 2013-2016 and the 2017-2022 Climate Change Action Plan. All Plans set measurable goals in the areas of energy savings, economic savings and the reduction of CO_2 emissions. The scope, limited to Italy in the first plan, has expanded over time to include the International Banks.

As a demonstration of the strategic relevance of climate change, in 2021 the Bank's commitment to contain CO_2 emissions has resulted in the definition of the new Own Emissions Plan which identifies specific medium/long-term actions aimed at reducing its consumption of natural gas, diesel and traditional electricity. On 27 January 2025 SBTi validated Intesa Sanpaolo's Scope 1 + Scope 2 target, determining that its ambition is in line with a 1.5°C pathway.

The 2030 targets of the Own Emissions Plan

Scope	Base year	% of emissions in scope	Base year emissions covered by target (tCO_2eq)	Target year	% reduction target vs base year	2021 result	2022 result	2023 result	2024 result
Scope 1+2 (Market based)	2019	100%	96,192	2030	-53%	-16%	-21%	-28%	-35%

Renewable sources	Base year	Renewable electricity base year (%)	Target year	Target renewable electricity (%)	2021 result % renewable electricity	2022 result % renewable electricity	2023 result % renewable electricity	2024 result % renewable electricity
Purchasing of electricity from renewable sources	2019	87.7%	2030	100%	87.7%	90.7%	88.2%[10]	92.8%

The Own Emissions Plan provides for the purchase of 100% of electricity from renewable sources at Group level by 2030 (level already reached in 2021 in branches and buildings based in Italy). It is to be noted that in 2024 approximately 92.8% of Group electricity purchases already come from renewable sources.

10 The reduction in the purchase of electricity from renewable sources was influenced by the national energy mix of some banks in the foreign perimeter, where the purchase of green energy is restricted by state monopolies, the slight increase in the production of electricity from co-generator in Italy and the numerous energy efficiency initiatives which have at the same time reduced the need for purchased electricity.

OWN OPERATIONS INDICATORS

Parameters and factors

Parameters	Unit	2023 Group	2024 Group
Operators = Staff + External staff with continuous presence	no	98,739	99,082
Staff	no	93,759	93,539
External staff with continuous presence	no	4,980	5,543
Floor area*	thousands of m^2	3,933	3,452

* The floor area data, coherently with the CSRD requirements, is not comparable with previous years due to methodological changes.

Energy - Emission factors*	Unit**	2023 Group	2024 Group
Electricity - National mix	$kgCO_2eq/kWh$	0.279	0.315
Electricity - Residual mix	$kgCO_2eq/kWh$	0.404	0.444
Natural gas	$kgCO_2eq/m^3$	2.009	2.023
Diesel	$kgCO_2eq/l$	2.628	2.625

* Sources: Intesa Sanpaolo calculations based on 2024 publications with data referred to 2022 sourced from ABI Lab (Guidelines on the application of the European Sustainability Reporting Standards in environmental matters in banking operations), ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale), UNFCCC (United Nations Framework Convention on Climate Change), IEA (International Energy Agency), AIB (Association of Issuing Bodies), EPA (United States Environmental Protection Agency), IPCC (Intergovernmental Panel on Climate Change).

** $CO_2eq = CO_2*GWP + CH_4*GWP + N_2O*GWP$ where GWP = GWP-100 years from IPCC AR6 WGI 2021.

Mobility - Emission factors*	Unit**	2023	2024
Company fleet - Gasoline	$kgCO_2eq/km$	0.164	0.164
Company fleet - Gasoline Hybrid	$kgCO_2eq/km$	0.138	0.138
Company fleet - Plug-in	$kgCO_2eq/km$	0.189	0.190
Company fleet - Diesel	$kgCO_2eq/km$	0.160	0.160
Company fleet - LPG	$kgCO_2eq/km$	n.a	0.148
Personal cars - Gasoline	$kgCO_2eq/km$	0.173	0.173
Personal cars - Diesel	$kgCO_2eq/km$	0.172	0.172
Train - High speed	$kgCO_2eq/km$	0.041	0.041
Train - Other	$kgCO_2eq/km$	0.046	0.045
Flights - Domestic	$kgCO_2eq/km$	0.112	0.109
Flights - Mix	$kgCO_2eq/km$	0.090	0.085
Flights - International	$kgCO_2eq/km$	0.061	0.058

* Sources: Intesa Sanpaolo calculations based on 2024 publications with data referred to 2022 sourced from ABI Lab (Guidelines on the application of the European Sustainability Reporting Standards in environmental matters in banking operations), ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale), Eco-passenger (developed by UCI - International Union of Railway), ICAO (International Civil Aviation Organisation), IPCC (Intergovernmental Panel on Climate Change).

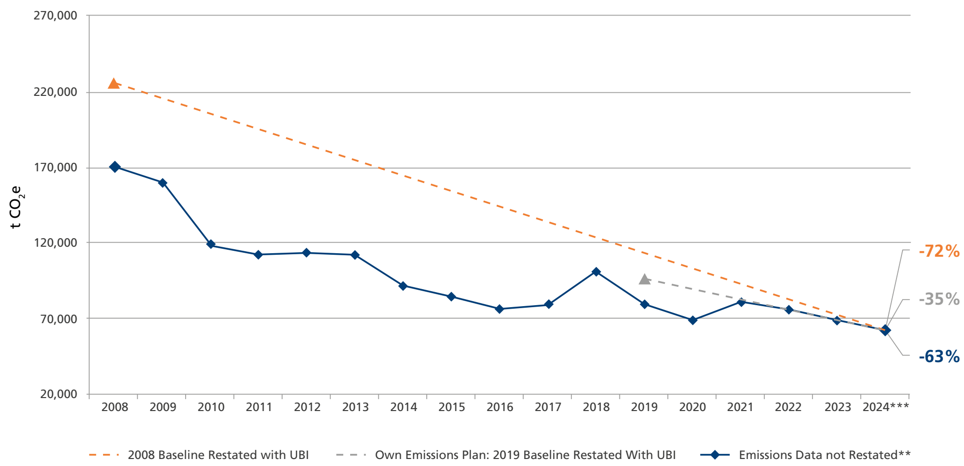
** $CO_2eq = CO_2*GWP + CH_4*GWP + N_2O*GWP$ where GWP = GWP-100 years from IPCC AR6 WGI 2021.

GHG Emissions

The Intesa Sanpaolo Group's greenhouse gas emissions, reported in CO_2 equivalent in accordance with the international GHG Protocol (Greenhouse Gas Protocol), relate to: scope 1 direct emissions, relating to the use of fuel for heating, leaks of F-GAS[11], the fleet; scope 2 indirect emissions for centralised HVAC systems and electricity.

As a result of the medium/long-term plans implemented since 2019, major reductions in electricity and thermal energy consumption and in the resulting emissions were achieved by the Group, with a drop of -35% in Scope 1 + Scope 2 Market-based emissions in 2024 (a -10.3% decrease in 2024 compared to 2023).

Trend in GHG emissions (Scope 1 + Scope 2 Market-based*) from 2008 to 2024



* Market-based: for purchased electricity, the Scope 2 data considers the contribution, agreed contractually, of the guaranteed renewable source certificates, which therefore have zero emissions. Location-based: for purchased electricity, the Scope 2 data considers the transformation factors of national emissions. The location-based method highlights the actual emissions reduction deriving from energy efficiency without considering the positive contribution resulting from the purchasing of certified renewable energy (Market-based).
Emission factors for the calculation of CO_2 established by Intesa Sanpaolo, in accordance with the Italian Banking Association (ABI) Guidelines on environmental matters issued by ABI Energia and on the basis of the main 2024 publications (UNFCCC, IEA, IPCC, AIB, etc.). For further information please refer to: Greenhouse gas emissions section in Intesa Sanpaolo's website.

** The increase in emissions recorded in 2018 and 2021 is mainly due to a wider reporting perimeter. Banca Popolare di Vicenza and Veneto Banca figures are included from 2018 while UBI Banca Group figures are included from 2021.

*** Change in reporting methodology.

11 Fluorinated gases used as refrigerants in the refrigeration, air conditioning and heat pump sector (e.g., hydrofluorocarbons, HFCs), isolation gases in electricity grid connections (e.g., sulphur hexafluoride, SF6) and in the electronics and pharmaceuticals sectors (e.g., perfluorocarbons, PFCs).

The 2024 Scope 1 and Scope 2 Market Based emissions, despite changes in the methodology of some indicators required by the CSRD, highlight the positive results thanks to the implementation of the Own Emissions Plans and all the included decarbonisation activities, with a 10.3% reduction compared with 2023. Regarding Scope 2 Location Based emissions the raise is mainly due to an increase (13%) in the average emission factor of the national energy mix. It should be noted that, given the reduction in purchased electricity for buildings (-2%), there was a slight increase in the electricity used for the fleet.

Furthermore, in addition to its Scope 1 and 2 emissions the Intesa Sanpaolo Group is also committed to reporting its indirect Scope 3 emissions which are connected with its activities but not directly controlled by the company (paper, waste, office equipment, etc.).

Greenhouse gas emissions	Unit	2023	2024
		Group	Group
Gross Scope 1 greenhouse gas emissions	tCO_2eq	50,475	45,280
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	tCO_2eq	n.a	n.a
Gross location-based Scope 2 greenhouse gas emissions	tCO_2eq	103,091	115,789
Gross market-based Scope 2 greenhouse gas emissions	tCO_2eq	18,591	16,656
Scope1+2 - Gross location-based greenhouse gas emissions	tCO_2eq	153,566	161,069
Scope1+2 - Gross location-based greenhouse gas emissions per operator	tCO_2eq/operator	1.6	1.6
Scope1+2 - Gross market-based greenhouse gas emissions	tCO_2eq	69,067	61,936
Scope1+2 - Gross market-based greenhouse gas emissions per operator	tCO_2eq/operator	0.7	0.6
Scope 3 Gross GHG emissions	tCO_2eq	n.a	59,892,681
Percentage of GHG Scope 3 calculated using primary data	%	n.a	26.4%
1. Purchased goods and services*	tCO_2eq	3,733	7,179
2. Capital goods	tCO_2eq	5,092	6,432
3. Fuel and energy-related activities	tCO_2eq	28,542	25,645
4. Upstream transportation and distribution	tCO_2eq	12,481	13,161
5. Waste generated in operations	tCO_2eq	325	254
6. Business travel	tCO_2eq	5,495	5,959
7. Employee commuting [Italy]	tCO_2eq	58,018	33,441
8. Upstream leased assets	tCO_2eq	n.a	2,419
9. Downstream transportation	tCO_2eq	n.a	n.a
10. Processing of sold products	tCO_2eq	n.a	n.a
11. Use of sold products	tCO_2eq	224	239
12. End-of-life treatment of sold products	tCO_2eq	n.a	n.a
13. Downstream leased assets [Italy]	tCO_2eq	3,334	3,489
14. Franchises	tCO_2eq	n.a	n.a
15. Investments (Pillar 3 Data)**	tCO_2eq	n.a	59,794,462
Total GHG emissions (location-based)	tCO_2eq	n.a	60,053,750
Total GHG emissions (market-based)	tCO_2eq	n.a	59,954,617

* 2024 data includes, in addition to emissions from paper purchases, also emissions from the use of cloud computing that were not calculated in 2023. With reference to the emissions due to the purchase of paper (4,672.75 tCO_2) a considerable increase occurred in the emission factors of 2024 paper compared to 2023 (+37.4% for recycled paper and +42% for eco and traditional paper).

** As from 2024 Scope 3 cat. 15 figure refers to Pillar 3 disclosures. The figure relating to the target setting perimeter amounts to a total of 20.4 Mt CO_2e compared to 24.2 Mt CO_2e in 2023. For further details please refer to section "TARGET SETTING ON LENDING ACTIVITIES: ANNUAL REPORTING OF ESTIMATED EMISSIONS" below.

INTERNAL CARBON PRICING

Internal Carbon Pricing (ICP) is a tool through which a company assigns a monetary value to GHG emissions and integrates this value (referred to as the price) into investment decisions and business operations. Specifically, the adoption of an Internal Carbon Pricing system leverages market mechanisms and transfers the cost of GHG emissions to the emitter by assigning a price to carbon dioxide emissions.

The implementation of an internal carbon pricing system by the Group represents a strategic decision aimed at managing climate-related company risks and promoting a transition towards a zero-emission business model.

The type of scheme employed by the Group to set the internal carbon price, hereinafter referred to as the "ICP scheme", is based on the shadow price and applies to Green Banking Procurement, particularly IT equipment purchases. In fact, the ICP is applied to all procurement activities related to Information and Communication Technologies (ICT), which are managed centrally in accordance with the Group's purchasing policy. In residual cases (e.g., specific geographical areas), specific purchases may occur outside centralised procurement; in such cases, the ICP does not apply.

Accordingly, the internal carbon price is applied to GHG emissions generated by electricity consumption from IT equipment, based on product certifications (e.g., Energy Star) and/or supplier declarations. The resulting cost is added to the purchase and usage (energy) costs, contributing to the total lifecycle cost of the machines. This assessment supports Intesa Sanpaolo in selecting the most advantageous supply option from a lifecycle perspective. The main categories of tools to which ICP in Italy is applied include:

- Laptops: 99%
- Mini-desktops: 100%
- Desktops: 100%
- Cash-in cash-out machines: 100%
- ATMs/MTAs: 100%
- Monitors: 35%
- Printers: 81%

The price-setting mechanism applies to environmental impact analysis through a technical assessment of the equipment, including an evaluation of energy consumption and environmental characteristics.

In 2019, the internal carbon price was set at €57/tCO_2eq, based on the Life Cycle Impact Assessment Environmental Prices method (EU28 2018 version), which calculates the carbon footprint over the entire product lifecycle in line with market practices. By 2023, the ICP had risen to €100/tCO_2eq, a significantly higher value than the €64/tCO_2eq indicated by the NGFS, aligning with the recommendation to increase internal prices in pursuit of the 1.5°C goal and falling within the €50-160/tCO_2eq range proposed by the LCIA Environmental Prices. The price-setting mechanism applies to environmental impact analysis through a technical assessment of the equipment, as well as an evaluation of energy consumption and environmental characteristics.

It is noted that the ICP is determined based on an external study.

The emissions included within the scope of the ICP are Scope 2 Location-Based emissions related to electricity consumption (emissions associated with the use of IT devices in scope), amounting to 3,487 tCO_2eq in 2024. The percentage of Scope 2 GHG emissions covered by the ICP scheme relative to total Scope 2 Location-Based GHG emissions is 3.02%.

Application of the Shadow Price

	Affected Volume (tCO_2eq)	Applied Prices (€/tCO_2eq)	GHG Scope 2 [%]
Shadow Price CapEx	3,487	100	3.0%

Other emissions

Emissions of other gases which are harmful to the ozone layer (NOx, SO_2) – Scope 1 and 2	Unit	2023	2024
		Group	Group
NOx emissions	t	45	35
SO_2 emissions	t	13	11

Energy Consumption

In 2024 the Group's total energy consumption decreased by 5.8% compared to 2023, despite the increase in employees, and total energy consumption per operator decreased by 6.1%. The Group continued to reduce its electricity consumption, which fell by 3.3% compared with the previous year thanks to energy efficiency and optimisation actions and the reorganisation of the sales network.

Energy consumption and mix	Unit	2024
		Group
Total energy consumption	**MWh**	**565,284**
Total energy consumption per operator	MWh/operator	5.7
Total fossil energy consumption	**MWh**	**233,889**
Fuel consumption from coal and coal products	MWh	-
Fuel consumption from crude oil and petroleum products	MWh	36,475
Fuel consumption from natural gas	MWh	136,694
Fuel consumption from other fossil sources	MWh	-
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	60,719
Share of fossil sources in total energy consumption	%	41.4
Consumption from nuclear sources	**MWh**	**4,661**
Share of consumption from nuclear sources in total energy consumption	%	0.8
Total renewable energy consumption	**MWh**	**326,735**
Fuel consumption from renewable sources	MWh	-
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	325,382
Consumption of self-generated non-fuel renewable energy	MWh	1,353
Share of renewable sources in total energy consumption	%	57.8
Non-renewable energy production*	MWh	23,539
Renewable energy production	MWh	1,353
Total energy consumption from activities in high climate impact sectors**	MWh	1,081
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors***	MWh/€	0.00002

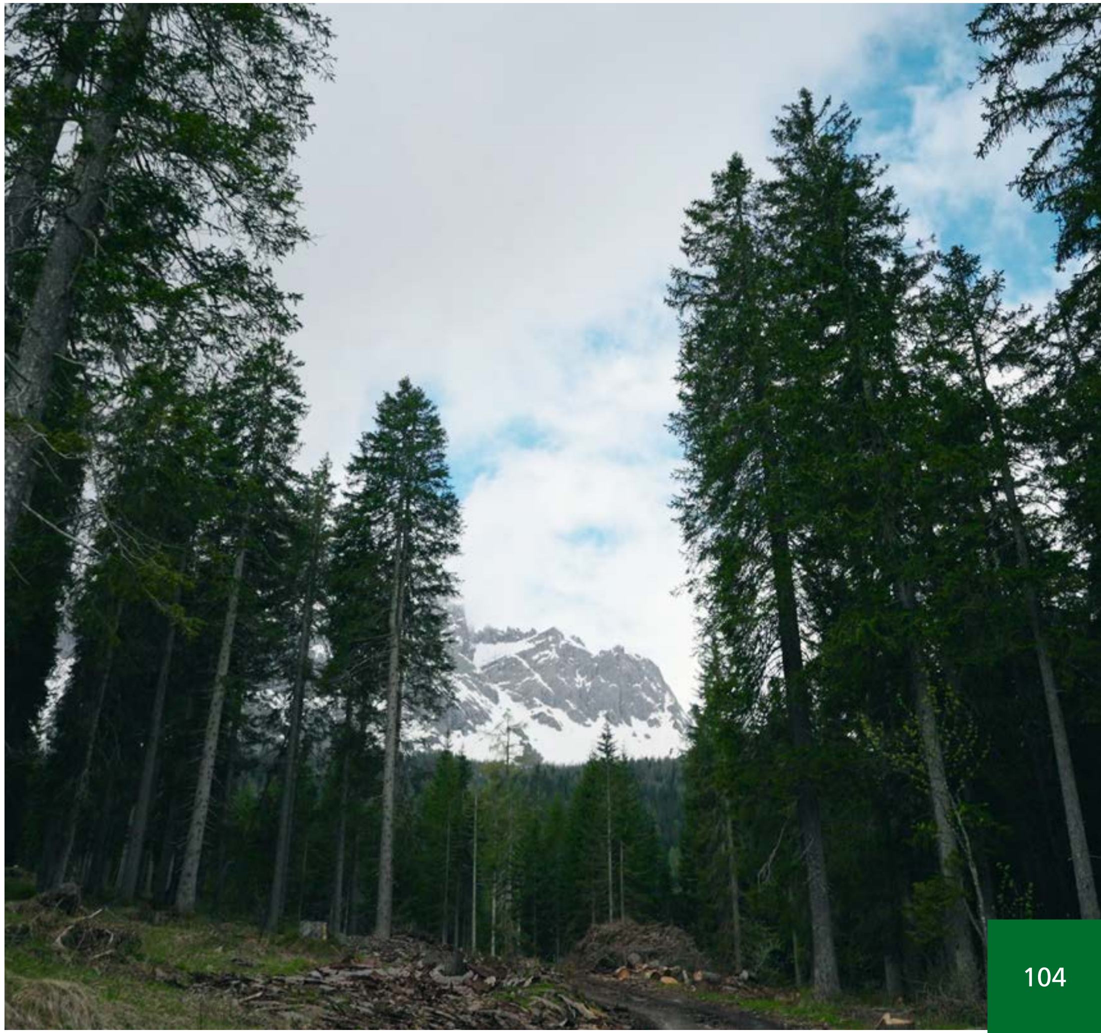
* The supply of energy for the Parma Data Center is provided by a trigeneration plant powered by natural gas. The plant guarantees high standards of reliability and operational continuity for a strategic site of the Bank. Inside a Data Center, there is a need to air condition the IT rooms 365 days a year, 24 hours a day, in order to guarantee the correct functioning of all the IT equipment contained therein as well as to guarantee winter heating for the offices in which the Bank's employees work.
In 2024, compared to a gas consumption of 5.6 million of m3, 23.5 GWh of electricity and 24.5 GWh of heat energy were fully recovered and self-consumed.

** It should be noted that high-climate-impact sectors are those listed in Sections A to H and Section L of the Statistical Classification of Economic Activities (NACE), as defined in Commission Delegated Regulation (EU) 2022/1288. Only a limited number of Group companies operate in the sectors covered by Section F - Construction, Section G - Wholesale and Retail Trade and Section L - Real Estate Activities.
Therefore, under the item "Total energy consumption from activities in high-climate-impact sectors," the Group reports total energy consumption, including energy from fossil sources, nuclear sources and renewable sources, attributable to its activities in these sectors.

*** The item "Total energy consumption from activities in high-climate-impact sectors per net revenue from activities in high-climate-impact sectors" is calculated using the following formula: Total energy consumption from activities in high-climate-impact sectors (MWh) / Net revenue from activities in high-climate-impact sectors (EUR), where the numerator represents the aforementioned energy consumption and the denominator reflects the net revenue attributable to activities in the high-climate-impact sectors listed above.

Electricity focus

Total electricity focus (including cogeneration)	Unit	2023	2024
		Group	Group
Total electricity consumed	**MWh**	**379,798**	**367,367**
Electricity per operator	kWh/operator	3,846	3,708
Electricity purchased	MWh	351,995	342,476
of which renewable	%	88.2	92.8
Electricity self-produced	MWh	27,802	24,892
of which renewable	%	5.0	5.4



Energy efficiency and consumption optimisation

The drafting of the Own Emissions Plan accelerated various long-standing Group initiatives aimed at reducing energy consumption. More specifically, in Italy a number of projects to change boilers heated with natural gas or diesel were completed in 2024, involving an investment of about 3.9 million euro, with estimated annual natural gas savings of about 378,000 m^3 and about 135,000 l of diesel and a potential annual reduction in CO_2 emissions of 1,100 t.

Another important initiative in Italy is the Smart Building project. Launched by Intesa Sanpaolo in 2019, it aims to create a smart, sustainable approach to managing over 4,000 properties in Italy. By implementing advanced technologies such as IoT, Digital Twin, machine learning and generative AI, the project significantly enhances energy efficiency, space utilisation and overall comfort. A cloud-based platform provides real-time monitoring, predictive analysis and ongoing optimisation of building operations. Leveraging comprehensive data collection and analytics, each building dynamically adapts to usage patterns and environmental conditions, substantially improving energy efficiency and sustainability. This initiative represents a strategic collaboration between Intesa Sanpaolo and Microsoft, transforming property management and reshaping the workplace experience. Over the past five years, the project has been implemented across 50 buildings, achieving a 20% reduction in total consumption since 2019, equivalent to 30 GWh.

Finally, the Turin Skyscraper's LEED Platinum–Existing Buildings Operations & Maintenance certification, first obtained from the Green Building Council in the sustainable management category in 2019, was renewed in 2024. The New Headquarters had previously received LEED Platinum–New Construction certification for the construction of the building, thanks to the design features and technological solutions adopted. The Milan skyscraper, Gioia 22, is not only the first skyscraper in Italy with almost no energy consumption - Nearly Zero Energy Building - but also obtained the LEED Platinum in the "core and shell" and "interior" categories. The building also obtained two important certifications for health and safety: WELL Platinum in the "interior" category and WELL Silver in the "core and shell" category.

2024 EFFICIENCY MEASURES

Some examples of other efficiency measures carried out in 2024 are outlined below.

INTESA SANPAOLO

Headquarters in Moncalieri, corso Savona 58

- New datacenter heat recovery system for the decarbonisation of the whole campus;
- Replacement of uninterruptible power supplies (UPS) with high-performance ones.

Overall, the measures adopted in Moncalieri will lead to estimated gas savings of 200.000 m^3/year and energy savings of 700 MWh/year in 2025.

PBZ

In 2024, the Bank completed the installation of a photovoltaic plant on the roof of a building in Cakovec and has replaced gas boilers for heating with heat pumps in 6 branches. This activity will lead to estimated annual energy savings of around 5.250 m^3 of natural gas.

CIB Group

In line with the Bank's commitment to energy efficiency – CIB has a certified energy management system in place – in 2024 it replaced boilers with next-generation heat pumps in 7 branches. This measure is expected to produce annual energy savings of around 21,000 m^3 of natural gas.
In addition, the Bank has upgraded the air conditioning system in Petrezselyem building in Budapest, that will lead to estimated annual energy savings of around 6,500 m^3 of natural gas and 211,000 kWh of electricity.

VUB

VUB Bank in Slovakia replaced and modernised the air conditioning and treatment systems in 20 branches and in the headquarters and replaced the boiler in Zilina branch. These activities will lead to estimated annual energy savings of around 54,000 kWh of electricity and 100,000 m^3 of natural gas.

Consumption and production of renewable energy

In addition to the energy efficiency measures aimed at reducing its environmental impact, the Intesa Sanpaolo Group has committed, where possible, to producing electricity (totally self-consumed) through the installation of photovoltaic plants and to purchasing electricity from renewable sources.

In 2024 the Intesa Sanpaolo Group in Italy, Slovenia and Croatia self-produced 1,353 MWh of energy, saving around 404,000 euro on the purchase of electricity and avoiding 624 tonnes of CO_2 emissions.

Additionally, Intesa Sanpaolo has signed a 10-year Power Purchase Agreement (PPA), starting in October 2024, for the procurement of around 30 GWh from two new dedicated photovoltaic plants in Italy. CIB Bank also signed a five-year PPA agreement in July 2024 for the procurement of around 6,700 MWh (32% of total MWh consumption) of its electricity demand in Hungary from photovoltaic plants.

In 2024, a strong effort was made to increase the purchase of energy from renewable sources. Notably, the Egyptian subsidiary, Bank of Alexandria, given local market restrictions, purchased i-RECs certificates and concluded a contract with the NREA (New and Renewable Energy Authority) for sites in the Cairo region to supply electricity from renewable sources, covering around 91% of its electricity purchases.

Paper

Paper consumption	Unit	2023	2024
		Group	Group
Purchased paper	**t**	**4,094**	**3,696**
Purchased paper / operator	kg/operator	41.5	37.3
Certified recycled paper	%	58.4	61.2
Eco-sustainable certified paper (not recycled)	%	30.3	29.9

The Intesa Sanpaolo Group has long undertaken to pursue environmental sustainability goals, striving to use as few resources as possible and to minimise its environmental impact. To this end the Group continues in the virtuous new approach in terms of reducing overall paper consumption, in accordance with the Green Banking Procurement Rules. Compared with 2023, paper usage has fallen by 9.73% with an increase in purchases of recycled paper by the International Banks, proof of the Group's increasing focus on its environmental impact. The figures per worker (37.3 kg in 2024 vs 41.5 kg in 2023) also underline the greater awareness of Group employees regarding the use of paper. Thanks to the various dematerialisation measures completed in the last five years, in 2024 around 1,945 tonnes of paper were saved, corresponding to 4,283 tonnes of CO_2 avoided and a theoretical cost saving of around 4.2 million euro.

In Italy, throughout 2024, the paperless project was extended to the processes regarding the protection of the personal data, in compliance with the privacy law, related to products and services dedicated to the individual customers. More specifically the acquisition of the first census of consents, introduced by the Branch Digital Onboarding Project, has been dematerialised.

This initiative includes:

- New onboarding practices, regarding the digital acquisition of the customer's identification document and health cards, as well as the dematerialisation of privacy management for prospects (provision of information and collection of consents),
- Lifecycle practices, regarding the digital acquisition of identification documents.

In line with the ongoing digitalisation initiatives for HR systems and services undertaken in recent years, the dematerialisation of employee communications continued, particularly for the signing of voluntary exits agreement, whether through retirement or access to the sector Solidarity Fund. Additionally, processes for the "initiatives in favour of Group employees' children with disabilities", provided by the mutual aid company – Third Sector Entity, were digitised.

The paperless project progressed in 2024 within the Intesa Sanpaolo International Branches, as in the case of the Hong Kong Branch, through initiatives encouraging the customers to receive or to sign digital documents instead of paper ones, for example for consultancy or bank statement.

The digital transformation process also continued in 2024 within the International Banks Division, as in the case of Intesa Sanpaolo Bank Albania, trough the implementation of new processes to eliminate paper documents, with the introduction of the #withSIGN (RDS) Certificate Enrollment process. The latter allows End User to enroll a digital signature certificate that is unique and associated with him, to sign electronic contracts or documents. The Digital Certificate is issued by Intesa Sanpaolo, acting as Certification Authority (CA) and qualified digital certificate issuer, compliant with eIDAS regulation.

Stationery

Regarding eco-sustainable stationery, the application of Green Banking Procurement Rules has initiated a virtuous process of purchasing low-environmental-impact materials throughout the Group. In 2024, the percentage of eco-friendly stationery purchases increased compared to 2023, reaching approximately 75.8 tonnes of sustainable office supplies, including 71.2 tonnes of paper-based materials (notebooks, post-its, folders, etc.), 3.6 tonnes of ballpoint pens and the remaining weight consisting of highlighters, recycled-material stamps and office supplies containing sustainable wood.

Toner

Toner consumption	Unit	2023	2024
		Group	Group
Toner: total	**kg**	**90,588**	**74,069**
Toner: remanufactured cartridges	%	49.3	57.9
Toner: traditional cartridges	%	50.7	42.1

The toner consumption decreased by -18.20% in line with the reduction in paper consumption. It is to be noted the increase in purchases of recycled toner compared to traditional toner.

Water

Water consumption	Unit	2023	2024
		Group	Group
Total water consumed	thousands of m^3 (ML)	1,970	2,129
Total water consumed / operator	m^3/operator	20.0	21.5

The Intesa Sanpaolo Group's consumption of drinking water from the network is predominantly connected with sanitation purposes and, to a much lesser extent, the generation of cold air for air conditioning. In 2024 the Group's per capita water consumption was 21.5 cubic metres per employee, slightly higher than in 2023 but generally in line with previous years.

Waste Management

Special waste by type	Unit	2023	2024
		Group	Group
Total waste	**t**	**3,781**	**3,349**
Total waste / operator	kg/operator	38.3	33.8
Total waste not intended for disposal*	**t**	**3,524**	**3,148**
Paper and cardboard	t	1,678	1,740
Cartridges, ribbons and films	t	50	44
Office machinery	t	1,589	1,165
Monitors	t	99	69
Other types	t	108	130
Total waste intended for disposal*	**t**	**256**	**201**
Paper and cardboard	t	13	13
Cartridges, ribbons and films	t	33	27
Office machinery	t	153	112
Monitors	t	37	26
Other types	t	21	23

* All waste operations are carried out at an external site.

Special waste not intended for disposal*	Unit	2023	2024
		Group	Group
Total nonhazardous waste	**t**	**3,388**	**3,041**
Recycling	t	1,733	1,781
Reuse/recovery	t	1,648	1,254
Preparation for reuse	t	3	3
Other recovery operations	t	4	4
Total hazardous waste	**t**	**136**	**107**
Recycling	t	0	0
Reuse/recovery	t	136	107
Preparation for reuse	t	0	0
Other recovery operations	t	1	0

* All waste operations are carried out at an external site.

Special waste intended for disposal*	Unit	2023	2024
		Group	Group
Total non hazardous waste	**t**	**219**	**175**
Landfil	t	150	116
Incineration with energy recovery	t	18	17
Incineration without energy recovery	t	49	36
Other disposal operations	t	1	6
Total hazardous waste	**t**	**37**	**26**
Landfil	t	35	24
Incineration with energy recovery	t	0	0
Incineration without energy recovery	t	2	1
Other disposal operations	t	1	0

* All waste operations are carried out at an external site.

The management of Intesa Sanpaolo Group waste, including collection, transportation, recovery and disposal at external sites, is overseen by third parties in accordance with all the relevant legislation in force. In 2024 there was a substantial fall in overall volumes of waste compared with the previous year (-11.4%), particularly as regards hazardous waste (-23.1%) which results mainly from the disposal of obsolete and no longer usable office machines. Only 6% of the waste produced is disposed of (4.2% disposed of in landfills) with over 94% prepared for reuse, recovery or recycling.

Environmental Monitoring and Hazardous Substances Management

As part of its ethical and legal responsibilities, the Intesa Sanpaolo Group focuses particular attention on environmental monitoring and the management of hazardous substances for the environment, also with regard to the physical safety of employees and other staff and the healthiness of working environments. In 2024, Health and Safety managed specific measurement campaigns in Italy on the various environmental compartments: asbestos and man-made vitreous fibres, noise, radon, electromagnetism, water and air. The assessment of the environmental data obtained from the monitoring campaigns verified compliance with all regulatory limitations in force and made it possible to plan all necessary prevention and protection measures. With regard to radon and asbestos, Health and Safety evaluated the specific risk for all workplaces in accordance with the relative industry regulations, where necessary appointing expert consultants for the issues under examination. As part of the implementation of the management system for the prevention and control of infectious diseases adopted by Intesa Sanpaolo, in 2024 the monitoring activities to assess the microbiological quality of the indoor air and water in workplaces continued in Italy. The results of the air quality surveys were satisfactory: on average, the level of internal microbial contamination was lower than that in the external environment, confirming that the air treatment and ventilation systems guarantee the consistently high quality of the indoor air. Similar observations were made with the main chemical-physical parameters such as VOC/CO_2/CO/HCHO, always at appropriate levels and in lower concentrations compared with the external environment. In regard to legionella, all phases of the process designed to control and prevent the risk of infection, including the management of any case of non-compliance and subsequent corrective actions, were carried out. In addition, Health and Safety continued to develop trial air treatment projects in Italy which should further improve the quality of indoor air, both from a chemical-physical perspective and in microbiological terms.

Mobility Management

Transport

Transport	Unit	2023	2024
		Group	Group
Total transport	**thousands of km**	**119,159**	**131,347**
Company fleet	thousands of km	56,771	61,263
Air travel	thousands of km	19,351	23,618
Train travel	thousands of km	28,165	31,427
Personal cars	thousands of km	14,873	15,040

Within the initiatives dedicated to supporting employee commuting, to improve their quality but also to promote sustainable means of transport engaging with the Group's people is a fundamental element to propose a comprehensive range of options for daily travel. For this reason, in 2024 a new questionnaire (58.7% redemption) was proposed, dedicated to mobility for people who work in the main Italian cities (in compliance with current regulations).

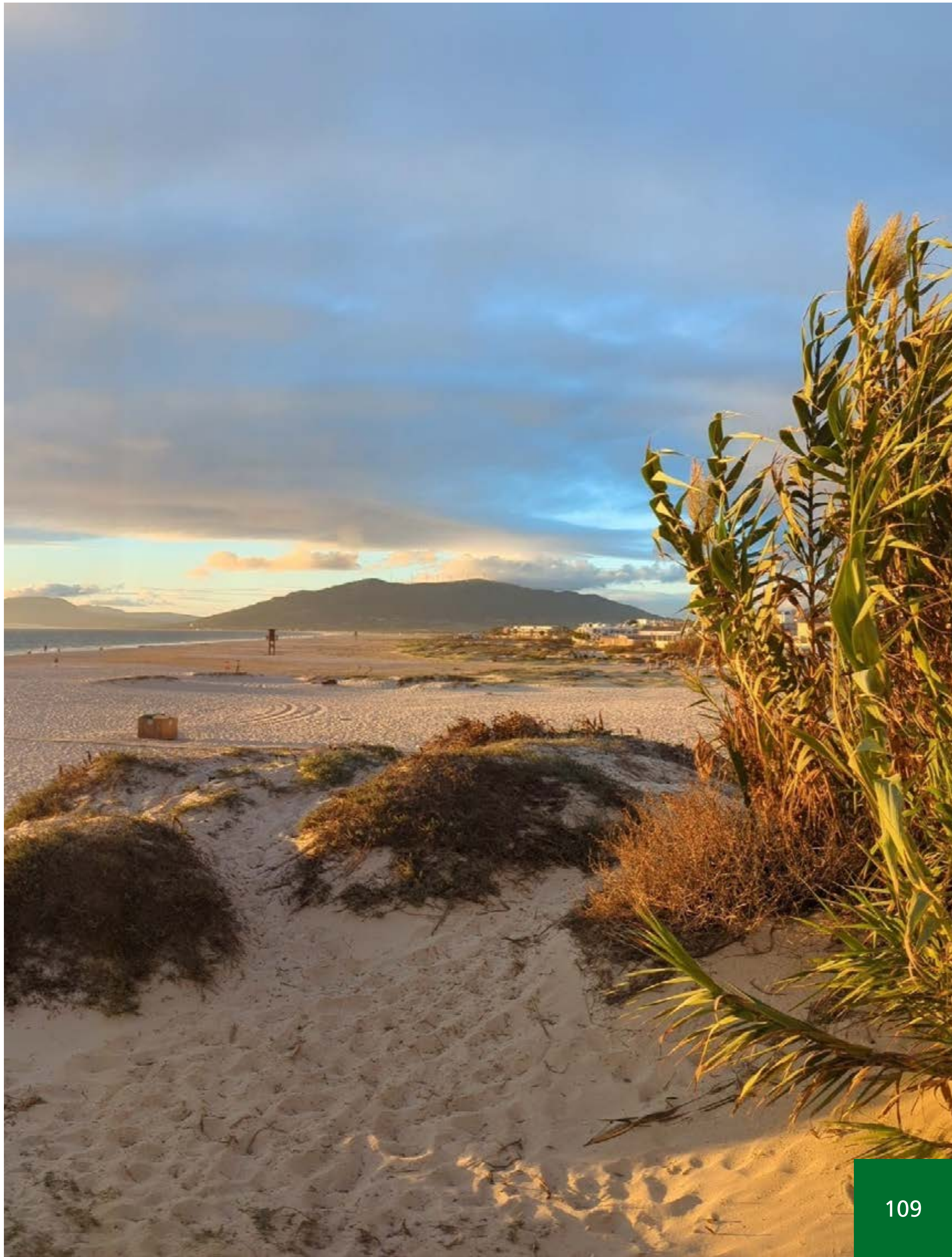
This initiative aims to better understand the mobility needs of the workforce and ensure alignment of projects and services designed to reduce the use of private individual transport and associated CO_2 emissions.

The main projects and services that the Group makes available in order to reduce the use of individual private means of transport and the related CO_2 emissions are: consolidation of smart working (120/140 days/year), 4x9 short week and flexibility hourly; company platform for the facilitated purchase of local public transport season tickets (2,510 subscribed in 2024); company shuttle service (10 lines in 3 cities); development of sharing services (7 partner operators); incentive for light mobility with the installation of racks for protected bike parking and the possibility of storing foldable bikes and/ or scooters within the company spaces.

As part of the International Banks Division's efforts to reduce emissions, CIB Bank (Hungary) has continued to promote existing green transportation initiatives and launch new ones, supporting the reduction of business travel emissions in 2024.

For example, GreenGo community electric cars are available to all employees, resulting in a total of 7,245 km traveled within Budapest in 2024, replacing taxi services and pool cars. Regarding taxi services, in line with specific rules issued by the Bank, 95% of business trips by taxis used electric or hybrid vehicles. The transition away from diesel and gasoline vehicles within the CIB car fleet also continued, with a total of 50 hybrid and plug-in hybrid vehicles purchased.

Moreover, PBZ (Croatia) incentivises micromobility by offering the possibility of parking bicycles in company spaces where branded racks have been installed in front of head offices and some branches, benefiting over 150 employees. Meanwhile, VUB (Slovakia) **provides** a carpooling service through a **dedicated** platform open to all employees: in 2024, a total of 174 vehicles **were available**, with an annual mileage of approximately 2,000,000 km. Bank of Alexandria (Egypt) **facilitates** commuting by offering shuttle services used by around 350 colleagues.



TARGET SETTING ON LENDING ACTIVITIES: ANNUAL REPORTING OF ESTIMATED EMISSIONS

EXECUTIVE SUMMARY

Intesa Sanpaolo completed the definition of decarbonisation targets by 2030 in the highest-emitting and most material sectors for the Group, as indicated by the guidelines of the Net Zero Banking Alliance, which the Group joined in October 2021.

As part of its 2022–2025 Business Plan, Intesa Sanpaolo published net-zero aligned emissions reduction targets for 2030 in the Oil & Gas, Power Generation, Automotive and Coal Mining sectors. With regard to Coal Mining in particular, the exposure target is zero by 2025, in line with the phase-out outlined in the "Rules for Lending Operations in the Coal Sector", updated in July 2021.

In 2023, the Group expanded its target-setting efforts to include the Iron & Steel and Commercial Real Estate sectors.

Furthermore, in November 2024 the Group announced new decarbonisation targets for four additional high-emitting sectors: Agriculture - Primary Farming, Aluminium, Cement and Residential Real Estate. These sectors represent a significant share of financed emissions in the Group's portfolio and are critical for achieving broader decarbonisation goals. Additionally, the level of ambition for the Commercial Real Estate sector was increased[12]. However, achieving the target for both Commercial and Residential Real Estate sectors is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.

The sectors covered by target setting account for ~74% of the 2024 financed emissions and ~88% of exposures to the highest emitting sectors indicated by the NZBA[13]. Results for 2024 show a decrease in absolute financed emissions by 16% compared to 2023 data for sectors covered by target setting.

Progress is closely monitored and results are analysed periodically to ensure alignment with the established targets. When necessary, the Group activates competent steering structures and evaluates potential "consequence management" actions to foster target achievement.

12 The target for reducing operational emissions was raised to -49% from a 2022 baseline of 43.16 $kgCO_2e/m^2$.
13 The percentages are calculated as the ratio between the sum of financed emissions\exposures in the portion of the value chain subject to target setting in each sector and the sum of financed emissions\exposures in the entire value chain of the same sectors and the sectors considered non-material.

Finally, the Group fulfilled the commitment taken in the 2022-2025 Business Plan by submitting its targets to SBTi in 2024 and receiving validation in January 2025.

No targets have been set for the Shipping and Aviation sectors, as they are not material in terms of exposure and/or financed emissions as of the baseline date.

The Section "Target Setting: Annual Reporting of estimated emissions" is subject to limited assurance available in the Independent Auditors' Report attached to this Climate disclosure.

The table below shows, for each sector, the metrics applied, the baseline, the target for 2030 and the benchmark scenario/tool considered for target setting

Sector	Scope	Value Chain	Metrics	Baseline (baseline date)	Target (2030)	Benchmark Scenario/Tool considered for Target Setting[14]
Agriculture – Primary Farming	Scope 1, 2	Focus on primary farming	tCO_2e/€m revenue	721 (31/12/2022)	641	Europe Agriculture NGFS NZ 2050 (2023)
Aluminium	Scope 1, 2	Focus on aluminium producers (refining of alumina from bauxite and both primary and secondary smelting)	tCO_2e/t aluminium	4.79 (31/12/2022)	4.31	IAI NZ 1.5° (2021)
Automotive	Scope 3 WTW	Vehicle production	gCO_2e/vkm	192 (31/12/2022)	100[15]	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release) - A conversion factor from pkm to vkm is applied
Cement	Scope 1, 2	Focus on cement producers, including production of clinker	tCO_2e/t cement	0.65 (31/12/2022)	0.50	IEA Net Zero 2050 World scenario (2023)
Coal Mining (exclusion policy)	Exclusion policy	Coal mining	€ bn exposure	0.2 (30/06/2021)	Zero by 2025 Zero emissions	
Commercial Real Estate (CRE)[16]	Scope 1, 2, 3[17]	In-use operational emissions of buildings in Italy	$kgCO_2e/m^2$	43.16 (31/12/2022)	22.11	ISP specific WB2D pathway calculated through SBTi tool[18]
Iron & Steel	Scope 1, 2	Companies producing crude steel that use iron ore (or scrap) as an input	tCO_2/t steel[19]	1.05 (31/12/2022)	0.81	ISP specific 1.5°C - pathway calculated through SBTi tool
Oil & Gas	Scope 1, 2, 3	Upstream operators and integrated players	gCO_2e/MJ	64 (30/06/2021)	55[20] (52-58)	IEA Net Zero by 2050 Scenario (2021) + adjustments for methane and carbon capture
Power generation	Scope 1, 2	Generation and integrated players	$kgCO_2e$/MWh	202 (31/12/2022)	110	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release)
Residential Real Estate (RRE)[21]	Scope 1, 2, 3[22]	In-use operational emissions of buildings in Italy	$kgCO_2e/m^2$	30.13 (31/12/2022)	19.26	The target has been set by defining an ambitious pathway considering market trends, decarbonisation scenarios and systemic constraints specific to the portfolio

For details see sections: ANALYSIS BY SECTOR and METHODOLOGY

14 Benchmarks and tools shown in this column are those considered in the process of target setting. The latest available benchmark for each sector is instead shown in the tables and figures included in the "Analysis by sector" section below.
15 The target of 100 gCO_2e/vkm to 2030 was calculated with the reduction approach and meets the expected reduction of the net-zero aligned IEA curves for the two components: IEA NZ 2050 Automotive pathway (TTW) and IEA NZ 2050 Power pathway (WTT).
16 Includes SME corporates but not SME retail. In 2024, the level of ambition for the Commercial Real Estate sector target was increased. However, it is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
17 Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
18 The pathway is calculated taking into account exposures related to commercial real estate and residential real estate for commercial purposes.
19 Iron & Steel considers only CO_2 ghg emissions.
20 Central value of the target range identified.
21 It is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
22 Scope 3 emissions for RRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).

The table below shows **physical intensity** for exposures as of 30/06/2021, 31/12/2022, 31/12/2023 and 31/12/2024, as applicable.

Sector	Scope	Metrics	Baseline (baseline date)	31/12/2022	31/12/2023	31/12/2024
Agriculture – Primary Farming[23]	Scope 1, 2	tCO_2e/€m revenue	721 (31/12/2022)	721	662	675
Aluminium	Scope 1, 2	tCO_2e/t aluminium	4.79 (31/12/2022)	4.79	4.33	4.38
Automotive	Scope 3 WTW	gCO_2e/vkm	192 (31/12/2022)	192	185	192
Cement	Scope 1, 2	tCO_2e/t cement	0.65 (31/12/2022)	0.65	0.65	0.64
Coal Mining (exclusion policy)	Exclusion policy	€ bn exposure	0.2 (30/06/2021)	0.1	0.03	0.01
Commercial Real Estate (CRE)[24]	Scope 1, 2, 3[25]	$kgCO_2e/m^2$	43.16 (31/12/2022)	43.16	44.25	38.94
Iron & Steel	Scope 1, 2	tCO_2/t steel[26]	1.05 (31/12/2022)	1.05	1.00	0.82
Oil & Gas	Scope 1, 2, 3	gCO_2e/MJ	64 (30/06/2021)	65	64	64
Power generation	Scope 1, 2	$kgCO_2e$/MWh	202 (31/12/2022)	202	180	123
Residential Real Estate (RRE)	Scope 1, 2, 3[27]	$kgCO_2e/m^2$	30.13 (31/12/2022)	30.13	29.67	28.77

For details see sections: ANALYSIS BY SECTOR and METHODOLOGY

Total absolute financed emissions

Sector	Scope	Absolute financed emissions Mt CO_2e		
		31/12/2022	31/12/2023	31/12/2024
Agriculture – Primary Farming	Scope 1, 2	0.9	0.8	0.7
Aluminium	Scope 1, 2	0.5	0.4	0.4
Automotive	Scope 3 WTW	1.2	1.0	1.0
Cement	Scope 1, 2	0.8	0.7	0.6
Coal Mining (exclusion policy)	Scope 1, 2	0.2	0.1	0.1
Commercial Real Estate (CRE)[24]	Scope 1, 2, 3[25]	1.0	0.8	0.5
Iron & Steel[26]	Scope 1, 2	2.0	1.2	1.0
Oil & Gas	Scope 1, 2, 3	19.0	15.1	12.6
Power generation	Scope 1, 2	2.7	2.0	1.5
Residential Real Estate (RRE)	Scope 1, 2, 3[27]	2.1	2.1	2.0
Total		30.4	24.2	20.4

For details see sections: ANALYSIS BY SECTOR and METHODOLOGY

Below, the portfolio coverage (as at 31/12/2024) for each sector in scope for Target Setting methodology, with respect to the total drawn amount (€421.5bn) of consolidated balance sheet of the ISP Group.

Sector	Portfolio Coverage (%)	Drawn Amount (€bn)
Agriculture – Primary Farming	0.2%	€0.9bn
Aluminium	0.1%	€0.4bn
Automotive	0.3%	€1.3bn
Cement	0.1%	€0.2bn
Coal Mining	0.003%	€0.01bn
Commercial Real Estate	1.8%	€7.7bn
Iron & Steel	0.2%	€0.9bn
Oil & Gas	0.8%	€3.6bn
Power Generation	1.7%	€7.3bn
Residential Real Estate	25.4%	€107.2bn
Total	30.6%	€129.5bn

23 For Agriculture – Primary Farming the approach is based on revenue intensity. See "Methodology" section below for further details.
24 Includes SME corporates but not SME retail. In 2024, the level of ambition for the Commercial Real Estate sector target was increased. However, it is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
25 Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
26 Iron & Steel considers only CO_2 ghg emissions.
27 Scope 3 emissions for RRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).

The tables below show the details of the Portfolio-wide emissions intensity for exposures as at 31/12/2022, 31/12/2023 and 31/12/2024 for each sector.

Total Portfolio-wide emissions intensity

Portfolio-wide emissions intensity ($MtCO_2e$/ €bn lent)	31/12/2022	31/12/2023	31/12/2024
Agriculture – Primary Farming (Scope 1, 2)	0.9	0.8	0.8
Aluminium (Scope 1, 2)	0.9	0.9	0.9
Automotive (Scope 3 WTW)	0.8	0.8	0.8
Cement (Scope 1, 2)	2.8	3.0	2.8
Coal Mining (exclusion policy) (Scope 1, 2)	2.7	3.8	5.3
Commercial Real Estate (CRE)[28] (Scope 1, 2, 3)[29]	0.1	0.1	0.1
Iron & Steel (Scope 1, 2)[30]	1.6	1.2	1.0
Oil & Gas (Scope 1, 2, 3)	3.4	3.7	3.5
Power generation (Scope 1, 2)	0.4	0.3	0.2
Residential Real Estate (RRE) (Scope 1, 2, 3)[31]	0.02	0.02	0.02
Total Portfolio-wide emissions intensity	0.2	0.2	0.2

Note: each value is calculated as the ratio between financed (lent) emissions in scope (numerator) and total of lent exposure (denominator) in scope (see METHODOLOGY)[32].

28 Includes SME corporates but not SME retail. In 2024, the level of ambition for the Commercial Real Estate sector target was increased. However, it is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
29 Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
30 Iron & Steel considers only CO_2 ghg emissions.
31 Scope 3 emissions for RRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
32 Invested amount not material.

ANALYSIS BY SECTOR

- AGRICULTURE – PRIMARY FARMING
- ALUMINIUM
- AUTOMOTIVE
- CEMENT
- COAL MINING
- COMMERCIAL REAL ESTATE (CRE)
- IRON & STEEL
- OIL & GAS
- POWER GENERATION
- RESIDENTIAL REAL ESTATE (RRE)

AGRICULTURE – PRIMARY FARMING

Key perimeter and baselining design choices and considerations

Value chain in scope	Focus on primary farming
Emissions coverage	Scope 1, 2
Asset classes	Medium and long-term loans (includes corporates and SME corporates with more than €10m revenue)
Target type	Intensity Sector Decarbonisation Approach (SDA)
Metric	tCO_2e/€m revenue
Portfolio weighting	Revenue-adjusted exposure weighted approach
Approach	Target revenue intensity value below 1.5 benchmark curve

Target setting

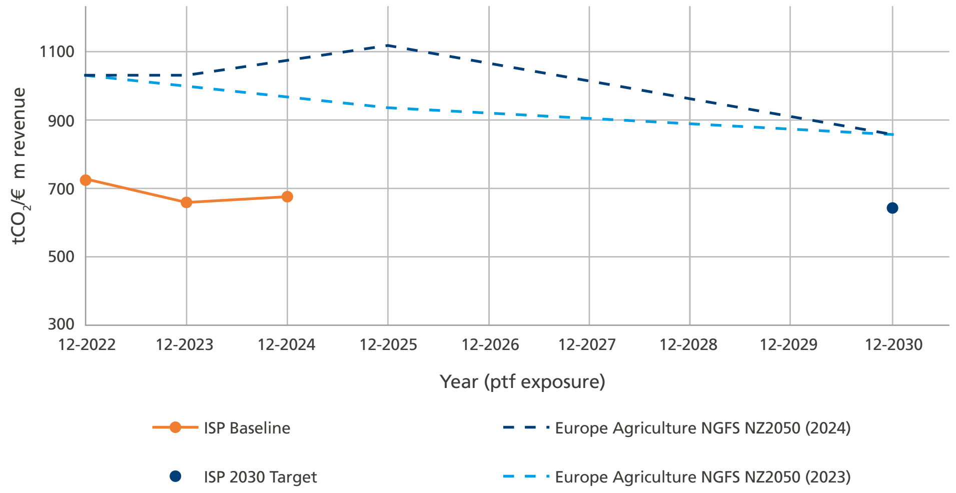
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€0.9bn
Estimated Physical intensity	721 tCO_2e/€ m revenue
Estimated Absolute financed emissions	0.9 Mt CO_2e

Target and results

Target date	2030
Benchmark Scenario	Europe Agriculture NGFS NZ 2050 (2024)[33]
Estimated Physical intensity	641 tCO_2e/€m revenue
Decrease vs baseline	-11%
Target ambition	1.5°C aligned
2024 estimated Physical intensity	675 tCO_2e/€m revenue
2024 estimated Absolute financed emissions	0.7 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€0.9bn
2024 PCAF Score[34]	4.0

Agriculture - Primary Farming (scope 1, 2) - Sector level physical intensity



Trends

In 2024, Intesa Sanpaolo set the emissions intensity target for its Agriculture - Primary Farming portfolio. The initial monitoring phase shows a positioning below the European sector average, reflecting the characteristics of the portfolio, which is largely focused on crop cultivation.

Intesa Sanpaolo's portfolio trajectory proves to be currently on path towards the 2030 target, also supported by its commitment to the energy transition of the agricultural supply chain through dedicated financing products.

33 Latest available benchmark scenario.
34 Reporting date of exposures.

ALUMINIUM

Key perimeter and baselining design choices and considerations

Value chain in scope	Focus on aluminium producers (refining of alumina from bauxite and both primary and secondary smelting)
Emissions coverage	Scope 1, 2
Asset classes	Medium and long-term loans
Target type	Intensity Sector Decarbonisation Approach (SDA)
Metric	tCO_2e/t aluminium
Portfolio weighting	Financed production weighted approach
Approach	Target physical intensity value below 1.5 benchmark curve

Target setting

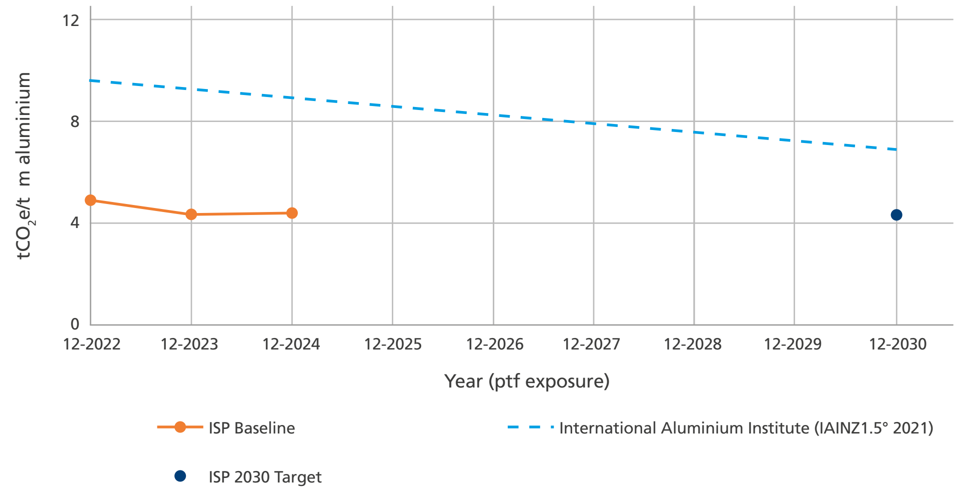
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€0.5bn
Estimated Physical intensity	4.79 tCO_2e/t aluminium
Estimated Absolute financed emissions	0.5 Mt CO_2e

Target and results

Target date	2030
Benchmark Scenario	IAI NZ 1.5° (2021)[35]
Estimated Physical intensity	4.31 tCO_2e/t aluminium
Decrease vs baseline	-10%
Target ambition	1.5°C aligned
2024 estimated Physical intensity	4.38 tCO_2e/t aluminium
2024 estimated Absolute financed emissions	0.4 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€0.4bn
2024 PCAF Score[36]	2.4

Aluminium (scope 1, 2) - Sector level physical intensity



Trends

Intesa Sanpaolo portfolio's physical intensity is below the benchmark scenario (International Aluminium Institute) and the portfolio's trajectory shows a trend in line with the 2030 Target, showcasing the Bank's ongoing support for its clients' transition efforts.

It is to be noted that the portfolio's physical intensity curve is below the benchmark curve due to the predominant presence of clients actively engaged in secondary aluminium production.

35 Latest available benchmark scenario.
36 Reporting date of exposures.

AUTOMOTIVE

Key perimeter and baselining design choices and considerations

Value chain in scope	Production of light duty vehicles (cars and light trucks)
Emissions coverage	Scope 3 Well To Wheel
Asset classes	Medium and long-term loans
Target type	Intensity Sector Decarbonisation Approach (SDA)
Metric	gCO_2e/vkm
Portfolio weighting	Financed production weighted approach
Approach	Reduction

Target setting

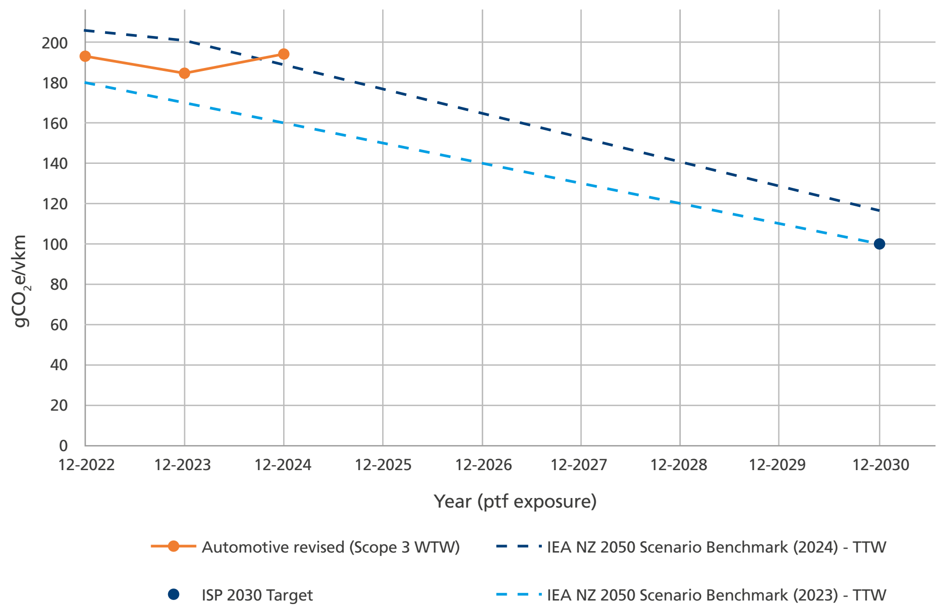
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€1.5bn
Estimated Physical intensity	192 gCO_2e/vkm
Estimated Absolute financed emissions	1.2 Mt CO_2e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: IEA Dataset (2024 release) - A conversion factor from pkm to vkm is applied[37]
Estimated Physical intensity	100 gCO_2e/vkm
Decrease vs baseline	-48%
Target ambition	1.5°C aligned
2024 estimated Physical intensity	192 gCO_2e/vkm
2024 estimated Absolute financed emissions	1.0 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€1.3bn
2024 PCAF Score[38]	3.0

Automotive (scope 3) - Sector level physical intensity



Note: The IEA Scenario refers to the Tank-To-Wheel component and it is not comparable with the Automotive target which also includes the Well-To-Tank component

Trends

The current uncertain situation related to this sector (further details are available in the "Sectoral Transition Plan" section), which impacted 2024 sales of battery electric vehicles (BEV), is reflected in the 2024 physical intensity of Intesa Sanpaolo's Automotive portfolio.

Additionally, the increase in the portfolio's physical intensity in 2024 is aligned to the revision of the benchmark for the same year, which rose compared to 2023. It is to be noted that no IEA Net Zero benchmark curve is available for Scope 3 WTW and therefore the selected benchmark considers only emissions related to the use of fuel (Tank To Wheel).

Intesa Sanpaolo continues to be strongly committed to actively support the transition of automotive sector companies as they navigate the complex journey towards sustainable mobility, aiming to achieve the declared 2030 physical intensity target.

37 Latest available benchmark scenario.
38 Reporting date of exposures.

CEMENT

Key perimeter and baselining design choices and considerations

Value chain in scope	Focus on cement producers, including production of clinker
Emissions coverage	Scope 1, 2
Asset classes	Medium and long-term loans
Target type	Intensity Sector Decarbonisation Approach (SDA)
Metric	tCO_2e/t cement
Portfolio weighting	Financed production weighted approach
Approach	Reduction

Target setting

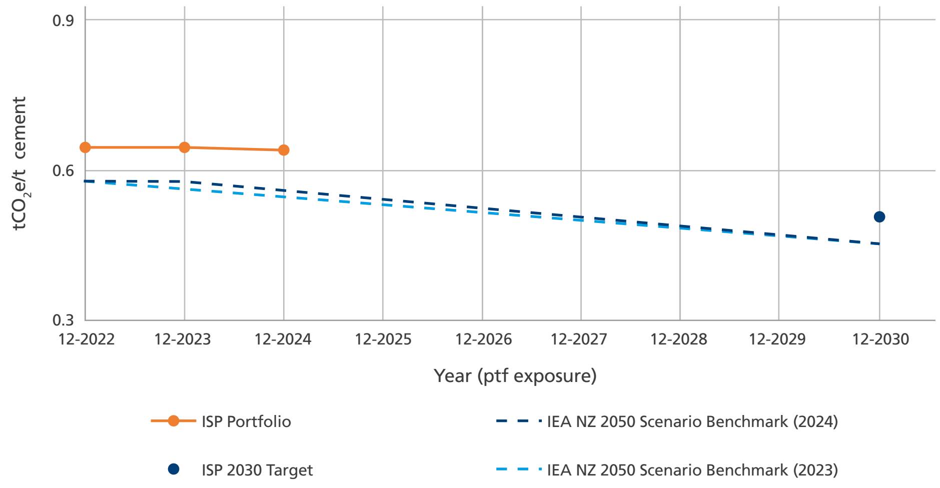
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€0.3bn
Estimated Physical intensity	0.65 tCO_2e/t cement
Estimated Absolute financed emissions	0.8 Mt CO_2e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero 2050 World scenario (2024)[39]
Estimated Physical intensity	0.50 tCO_2e/t cement
Decrease vs baseline	-22%
Target ambition	1.5°C aligned
2024 estimated Physical intensity	0.64 tCO_2e/t cement
2024 estimated Absolute financed emissions	0.6 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€0.2bn
2024 PCAF Score[40]	2.1

Cement (scope 1, 2) - Sector level physical intensity



Trends

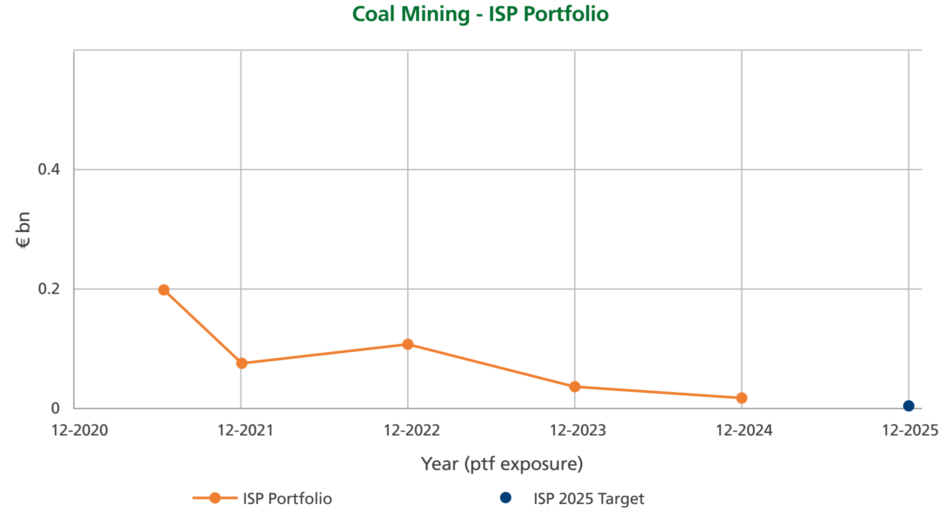
The physical intensity of the Intesa Sanpaolo's Cement portfolio shows a slight decrease in line with the 2030 target. However, the portfolio is currently lagging behind the benchmark, which is reflective of the broader trend within the sector, defined as hard-to-abate, especially in the short term, due to the early stage of decarbonisation technological development.

39 Latest available benchmark scenario.
40 Reporting date of exposures.

COAL MINING

Key perimeter and baselining design choices and considerations

Value chain in scope	Coal Mining
Emissions coverage	Scope 1, 2
Asset classes	Short-medium-long term loans
Target type	Exposure Phase-out 2025 policy
Metric	Euro
Perimeter	The perimeter has been selected at counterparty level based on the "Coal Mining" sector available in the Bank's IT systems and without any exclusion of SME counterparties



Target setting

Baseline

Date	30/06/2021
In scope portfolio, on balance lending (drawn exposure)	€0.2bn
Estimated Absolute financed emissions[41]	0.5 Mt CO_2e

Target and results

Target date	2025
Estimated Exposure	0 Euro, 0 emissions
Decrease vs baseline	-100%
Target ambition	1.5°C aligned
2024 estimated Absolute financed emissions	0.1 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€11m
2024 PCAF Score[42]	1.6

41 Until 2022, for the financed emissions reported, a conversion factor (average of fossil fuel emissions in Europe) on the Coal Mining exposure has been applied. As from 2023 the methodology for the determination of financed emissions changed and is aligned to that applied to the other sectors, based on the definition of financed emissions at counterparty level, calculated as attribution factor per emissions for each counterparty.
42 Reporting date of exposures.

COMMERCIAL REAL ESTATE (CRE)[43]

Key perimeter and baselining design choices and considerations

Value chain in scope	In-use operational emissions of buildings in Italy
Emissions coverage	Scope 1, 2, 3[44]
Asset classes	Medium-long term loans, including SMEs
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	$kgCO_2e/m^2$
Portfolio weighting	Financed floor area weighted approach
Approach	SBTi target setting tool

Target setting

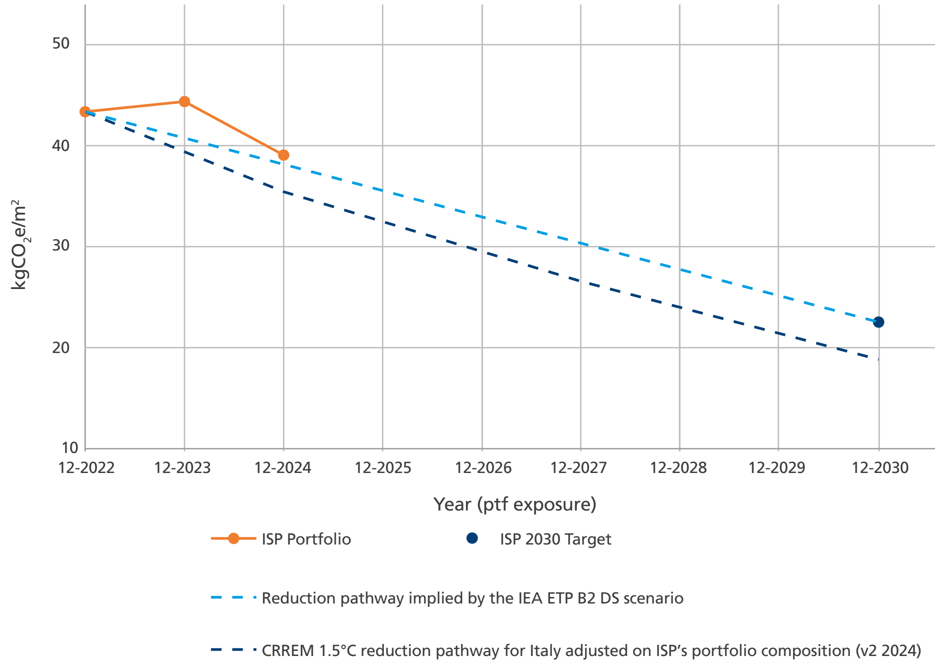
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€10.8bn
Estimated Physical intensity	43.16 $kgCO_2e/m^2$
Estimated Absolute financed emissions	1.0 $MtCO_2e$

Target and results

Target date	2030
Benchmark Scenario	CRREM 1.5°C reduction pathway for Italy adjusted on ISP's portfolio composition (v2 2024)[45]
Estimated Physical intensity	22.11 $kgCO_2e/m^2$
Decrease vs baseline	-49%
Target ambition	WB2°aligned
2024 estimated Physical intensity	38.94 $kgCO_2e/m^2$
2024 estimated Absolute financed emissions	0.5 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€7.7bn
2024 PCAF Score[46]	3.8

Commercial Real Estate (scope 1, 2, 3) - Sector level physical intensity



Trends

The intense production recovery following COVID lockdowns can be considered one of the factors that contributed to the temporary increase in sector emissions, also reflected in the Commercial Real Estate portfolio curve of Intesa Sanpaolo between 2022 and 2023, the first monitoring period.

The downward trend between 2023 and 2024, on the other hand, represents a significant progress towards the decarbonisation trajectories of the benchmark curves. This reduction is also supported by the evolution of the regulatory framework, both at the European level, also based on the energy efficiency targets set by the Energy Performance of Buildings Directive (EPBD) and at the Italian level, considering the incentive policies for building interventions.

43 Includes SME corporates but not SME retail. In 2024, the level of ambition for the Commercial Real Estate sector target was increased. However, it is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
44 Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
45 Latest available benchmark scenario. It is to be noted that the benchmark CRREM 1.5°C scenario for Italy is extremely challenging and highly reliant on factors that are dependent on government issued regulations and policies on buildings and electricity.
46 Reporting date of exposures.

Another factor driving this trend, which reinforces confidence in its continuation, is the economic advantage of reducing energy consumption, especially in a context of continuous energy price increases also driven by geopolitical tensions. Investments aimed at this goal mainly rely on long-term incentives with stable amounts over twenty years (particularly for renewable energy production), which facilitate access to credit thanks to the greater predictability and reliability of their financial flows.

In this context, Intesa Sanpaolo supports the energy transition of the value chain through dedicated products and services (furtherly detailed in the "Sectoral Transition Plan" section).

IRON & STEEL

Key perimeter and baselining design choices and considerations

Value chain in scope	Companies producing crude steel that use iron ore (or scrap) as an input
Emissions coverage	Scope 1 and 2[47]
Asset classes	Medium and long-term loans
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	tCO_2/t steel
Portfolio weighting	Financed production weighted approach
Approach	SBTi target setting tool (SDA)

Target setting

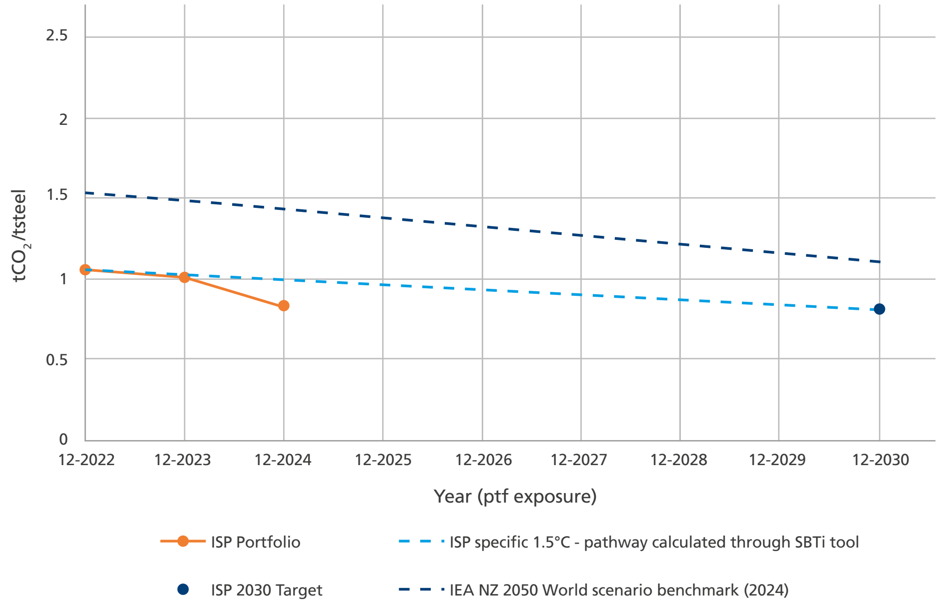
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€1.2bn
Estimated Physical intensity	1.05 tCO_2/t steel
Estimated Absolute financed emissions	2.0 Mt CO_2

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: IEA Dataset (2024 release)[48]
Estimated Physical intensity	0.81 tCO_2/t steel
Decrease vs baseline	-23%
Target ambition	1.5°C aligned
2024 estimated Physical intensity	0.82 tCO_2/t steel
2024 estimated Absolute financed emissions	1.0 Mt CO_2
2024 in scope portfolio on balance lending (drawn exposure)	€0.9bn
2024 PCAF Score[49]	1.7

Iron & Steel (scope 1, 2) - Sector level physical intensity



Please note that the IEA NZ 2050 World scenario only covers direct emissions from steelmaking and not emissions from purchased or self-generated electricity/heat and is not directly comparable with the SBTi target-setting tool pathway and ISP target.

Trends

The physical intensity of Intesa Sanpaolo's Iron & Steel portfolio continues to be below the IEA NZ benchmark and has been significantly reduced during 2024 (-22% vs baseline), thanks to the effort of companies in the sector that are making investments to reduce their emissions, also supported by Intesa Sanpaolo in their transition to decarbonisation. Technology plays a significant role, for example through the increased use of electric arc furnaces compared to blast furnaces and the use of green hydrogen.

47 Reported scope 1 and 2 emissions sourced from company reports applied for top material financed producers. For remaining counterparties or where reported data are not available, emission factors covering scope 1 and 2 emissions from pig iron, Direct Reduced Iron and steel production through BF-BOF (Blast Furnace-Basic Oxygen Furnace) and EAF (Electric Arc Furnace) methods are applied.
48 Latest available benchmark scenario.
49 Reporting date of exposures.

OIL & GAS

Key perimeter and baselining design choices and considerations

Value chain in scope	Upstream operators and integrated players
Emissions coverage	Scope 1, 2 and 3
Asset classes	Short, medium and long-term loans; bonds HTC
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	gCO_2e/MJ
Portfolio weighting	Financed production weighted approach
Approach	Convergence

Target setting

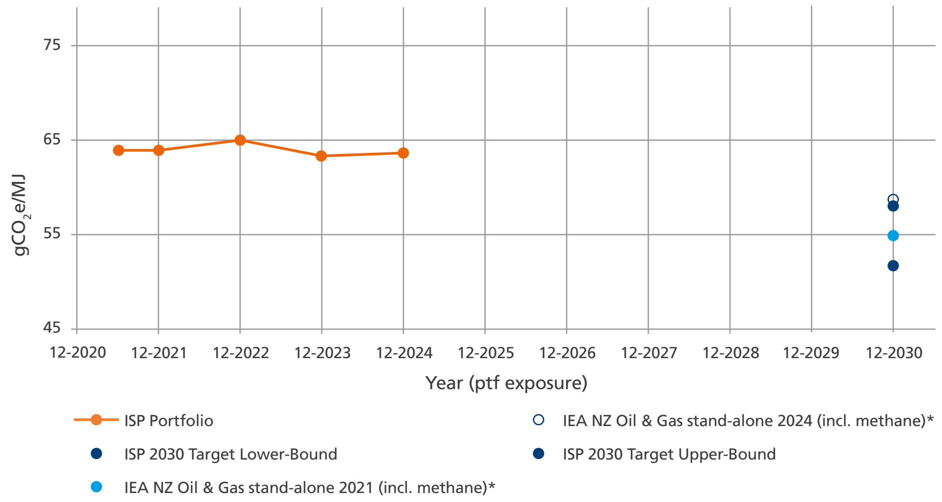
Baseline

Date	30/06/2021
In scope portfolio, on balance lending (drawn exposure)	€9.4bn
Estimated Physical intensity	64 gCO_2e/MJ
Estimated Absolute financed emissions	44.8 Mt CO_2e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: IEA Dataset (2024 release) + adjustments for methane and carbon capture[50]
Estimated Physical intensity	55[51] (52-58) gCO_2e/MJ
Decrease vs baseline	-14% (-18.7% / - 9.4%)
Target ambition	1.5°C aligned
2024 estimated Physical intensity	64 gCO_2e/MJ
2024 estimated Absolute financed emissions	12.6 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€3.6bn
2024 PCAF Score[52]	2.4

Oil & Gas (scope 1, 2, 3) - Sector level physical intensity



* The benchmark was built on top of the IEA Net Zero Oil & Gas stand-alone benchmark without renewables (54 gCO_2e/MJ in 2030) adding the contribution of methane emissions (2 gCO_2e/MJ) and adding back the carbon captured outside of the Oil & Gas (2 gCO_2e/MJ) as it is not under direct control/influence of the Oil & Gas players, driving the benchmark to 58 gCO_2e/MJ in 2030.

Trends

As of the end of 2024, the physical intensity of ISP Oil & Gas portfolio remains substantially in line with the one of the 2023-end. The slight increase in physical intensity values stems from fluctuations in counterparties' drawn exposure as part of portfolio management activities, despite reduction in exposure and financed emissions of the ISP O&G portfolio.

50 Latest available benchmark scenario.
51 Central value of the target range identified.
52 Reporting date of exposures.

POWER GENERATION

Key perimeter and baselining design choices and considerations

Value chain in scope	Generation and integrated players[53]
Emissions coverage	Scope 1 and 2
Asset classes	Medium and long-term loans
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	$KgCO_2e/MWh$
Portfolio weighting	Financed production weighted approach
Approach	Convergence

Target setting

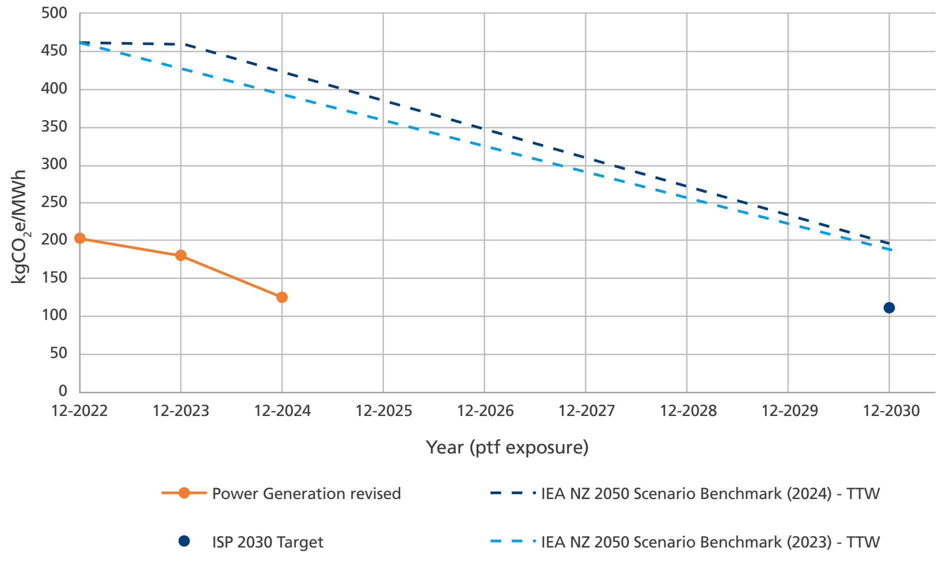
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€7.0bn
Estimated Physical intensity	202 $KgCO_2e/MWh$
Estimated Absolute financed emissions	2.7 Mt CO_2e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: IEA Dataset (2024 release)[54]
Estimated Physical intensity	110 $KgCO_2e/MWh$
Decrease vs baseline	-45.5%
Target ambition	1.5°C aligned
2024 estimated Physical intensity	123 $kgCO_2e/MWh$
2024 estimated Absolute financed emissions	1.5 Mt CO_2e
2024 in scope portfolio on balance lending (drawn exposure)	€7.3bn
2024 PCAF Score[55]	2.5

Power Generation (scope 1, 2) - Sector level physical intensity



Trends

Intesa Sanpaolo's Power Generation portfolio furtherly declined in 2024, mainly driven by ongoing investments in renewables. The share of green exposures within the Power Generation portfolio increased from 53% in 2023 to 59% in 2024, reflecting a strong commercial commitment to advancing Intesa Sanpaolo's support for the energy transition and a strategic focus on renewable project finance.

53 Power generation from coal included.
54 Latest available benchmark scenario.
55 Reporting date of exposures.

RESIDENTIAL REAL ESTATE (RRE)

Key perimeter and baselining design choices and considerations

Value chain in scope	In-use operational emissions of buildings in Italy
Emissions coverage	Scope 1, 2, 3[56]
Asset classes	Mortgages for retail clients
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	$kgCO_2e/m^2$
Portfolio weighting	Financed floor area weighted approach
Approach	Reduction in line with Bank's feasibility assessment

Target setting

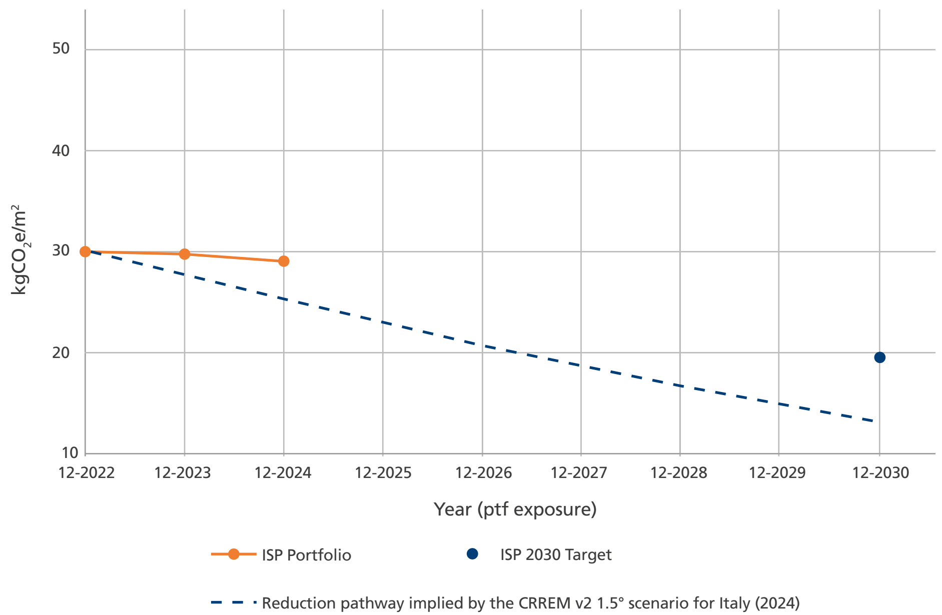
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€105.5bn
Estimated Physical intensity	30.13 $kgCO_2e/m^2$
Estimated Absolute financed emissions	2.1 $MtCO_2e$

Target and results

Target date	2030
Benchmark Scenario	CRREM v2 1.5°C reduction pathway for Italy (2024)[57]
Estimated Physical intensity	19.26 $kgCO_2e/m^2$
Decrease vs baseline[58]	-36%
Target ambition	-
2024 estimated Physical intensity	28.77 $kgCO_2e/m^2$
2024 estimated Absolute financed emissions	2.0 $MtCO_2e$
2024 in scope portfolio on balance lending (drawn exposure)	€107.2bn
2024 PCAF Score[59]	3.6

Residential Real Estate (scope 1, 2, 3) - Sector level physical intensity



Trends

To support the decarbonisation of the Residential Real Estate portfolio, which confirms a downward trend for 2024, the contribution from the commercial offering side has been based on four main points. First, the redefinition of the green mortgage offering, revised in November 2024 in coherence with the Bank's objectives and the expectation to offer products that are progressively more in line with the indications of the EU Taxonomy. The review considers not only the energy class of the property but also its energy consumption relative to the year of construction and the surrounding urban context.

Second, a gradual increase in the discount applied that has led to the current reduction of 60 basis points of the green mortgage offering's interest rate for customers.

56 Scope 3 emissions for RRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
57 Latest available benchmark scenario. It is to be noted that the benchmark CRREM 1.5°C scenario for Italy is extremely challenging and highly reliant on factors that are dependent on government issued regulations and policies on buildings and electricity.
58 It is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.
59 Reporting date of exposures.

Third, a structured external communication aimed at providing advisory services to customers, emphasizing the importance of purchasing high-energy-efficiency properties and the benefits of energy retrofitting for existing buildings. Fourth, an internal communication focused on raising awareness among the Bank's network about key strategic priorities identified for national development.

These initiatives have led to an increase in green mortgage disbursements from 20% to 29% over the past year, resulting in a lower physical intensity of the portfolio.

Finally, it is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.

METHODOLOGY

Interim targets are approved by the Board of Directors.

The methodology adopted by Intesa Sanpaolo, regarding baseline, metrics and target setting and progress against those targets, has been prepared taking into account the "Guidelines for Climate Target Setting for Banks" issued by UNEP-FI in its April 2021 version and also the "Financial Sector Science-Based Targets Guidance – version 1.1" issued by SBTi (August 2022). Therefore, climate targets set by the Group aim to align with the temperature goals of the Paris Agreement and support the transition towards a net-zero economy by 2050.

The design choices regarding the value chain, the perimeter of the emissions considered and any proxies are in line with PCAF (Partnership for Carbon Accounting Financials) and, when applicable, with SBTI methodologies. The Bank applies the reference science-based scenarios, such as IEA Net-Zero 2050, whose curves are aligned with the temperature goals of the Paris Agreement.

1. SELECTION OF THE PERIMETER IN SCOPE

The Intesa Sanpaolo net-zero emissions reduction targets are related to the accounting of the significant majority of the bank's portfolio emissions among the carbon-intensive sectors identified by NZBA . The Bank analysed its portfolio in order to prioritise the sectors that account for the largest share of absolute financed emissions. This assessment led to the identification, in the first round of target setting, of four sectors: Oil & Gas, Power Generation, Automotive, and Coal mining. In 2023 Intesa Sanpaolo worked on the setting of new 2030 interim net-zero aligned targets for the Iron & Steel sector and a decarbonisation target for Commercial Real Estate sector. As part of the continuous updating process, Intesa Sanpaolo has also revised, in line with design choices made for the definition of SBTi targets, the Automotive and Power Generation sectors, and fine-tuning perimeter and targets. In 2024 the Bank set new 2030 interim net-zero aligned targets for Agriculture - Primary Farming, Aluminium and Cement and a decarbonisation target for Residential Real Estate, to complete the high-emitting sectors. No targets have been set for the Shipping and Aviation sectors, as they are not material in terms of exposure and/or financed emissions as of the baseline date.

1.1 Exposure in scope

Exposure in scope for the target setting exercise includes the Bank's lending and investment activities (Scope 3 Financed Emission – Category 15 emissions[60])and in detail the following asset classes:

- drawn amount[61] on medium/long-term loans, except for the Oil & Gas target-setting perimeter which includes drawn amount on short, medium, long-term loans and Hold-to-collect (HTC) bonds, and for the Coal Mining target-setting perimeter which includes drawn amount on short, medium, long-term loans;
- Equity banking book[62].

1.2 Exclusion of SMEs

For the scope of the exercise small or medium-sized enterprises (SMEs), defined as specified by Article 501 (2) (b) CRR which refers to Commission Recommendation 2003/361/EC and identified through the "Regulatory segment" (flag in Bank's IT systems), are excluded only if they are a non-subsidiary, individual company. The rationale for the exclusion of SMEs depends on the limited data availability on smaller, non-listed counterparties, which implies extensive leverage on sectoral proxies to estimate their emissions and production data and might lead to a strong convergence of the portfolio average target to the sectoral average.

The only exceptions are:

- Agriculture – Primary Farming target-setting perimeter which includes SME Corporates with turnover over €10mn, as this allows the Bank to define a perimeter that is more representative of the typical size of the counterparties financed in this sector. The threshold has been set to allow for a material perimeter in terms of exposure while filtering out the set of smaller counterparties with less data availability and less steerability.
- Coal Mining target-setting perimeter which is selected at counterparty level based on the "Coal Mining" sector available in the Bank's IT systems and without any exclusion of SME counterparties.
- Commercial Real Estate target-setting perimeter which includes SME corporates in line with the SBTi guidelines (SME retail clients are excluded).

60 As defined in "The Global GHG Accounting and Reporting Standard Part A: Financed Emissions", Second Edition, Chapter 4.
61 Financial and commercial guarantees excluded.
62 In scope if material.

1.3 Value chain coverage

In line with industry standards, to avoid double counting only selected segments of the value chain of each sector are considered for the scope of the Target Setting exercise. Sectors and related segments considered are defined according to internal classification based on NACE codes (Italian classification ATECO – ATtività ECOnomiche) at the counterparty's group-level. For each sector, a definition of the value chain is performed in accordance with the main portfolio alignment methodologies and with the following principles: 1) incentive positive climate impact, 2) pragmatic and actionable, 3) transparent, 4) simple to implement, 5) easy to communicate, 6) minimise double counting.

The subset of activities covered and the rationales for each sector are set out in the following bullets.

- **Agriculture – Primary Farming:** focus on counterparties operating in primary farming sub-sector (e.g., agricultural production like dairy, livestock, crops). All other counterparties in upstream / downstream part of the value chain are excluded.
- **Aluminium:** focus on aluminium producers (refining of alumina from bauxite and both primary and secondary smelting). Exclusion of mining of bauxite and other raw materials and downstream uses of aluminium.
- **Automotive:** focus on the production of light-duty vehicles (passenger cars and light trucks) to encourage the manufacturing of vehicles with low-emission technologies. Exclusion of manufacturing components (e.g., tyres, brakes) because these products are independent of final vehicle's emissions.
- **Cement:** focus on production of clinker and cement. Exclusion of mining of raw materials, production of concrete and downstream uses of cement/concrete.
- **Commercial Real Estate:** focus on the in-use operational emissions of buildings in Italy. The perimeter considers exposures related to commercial real estate and residential real estate for commercial purposes.
- **Iron & Steel:** focus on companies producing crude steel that use iron ore (or scrap) as an input. Mining of raw materials, steel finishing and downstream use are excluded given reduced emission materiality and low data availability.
- **Oil & Gas:** focus on upstream operators and integrated players to encourage operational efficiency in extraction and to foster companies' transition from high-emitting fossil fuels to lower-emitting fuels (e.g., natural gas) and renewables. Exclusion of refineries, pipelines and downstream to avoid double counting.
- **Power Generation:** focus on generation and integrated players to encourage the generation of electricity from low-emission energy sources. Exclusion of transportation and distribution to avoid double counting.
- **Residential Real Estate:** focus on the in-use operational emissions of buildings in Italy. The perimeter includes private retail clients which finance properties for residential purposes only.

Counterparties are assigned to the specific value chain segments based on Intesa Sanpaolo's sectoral and sub-sectoral classifications (available on the Bank's IT systems) at the parent company level. This assignment is further refined using counterparty-specific data reported by Divisions and can be overridden if necessary for the correct inclusion or exclusion of specific counterparties.

Sector	Scope of emissions	Value chain in scope	Coverage of greenhouse gases («GHG»)
Agriculture - Primary farming	1 and 2	Agricultural inputs; **Primary farming**; Food processing; Retail & consumers	All GHGs
Aluminium	1 and 2	Mining of raw materials; **Aluminium production**; Users of aluminium	All GHGs
Automotive	3 WTW	Component manufacturing; **Vehicle production***; Automotive distribution	All GHGs
Cement	1 and 2	Mining of raw materials; **Clinker and cement production**; Concrete production; Users of cement	All GHGs
Coal mining	1 and 2	**Upstream** (e.g. extraction); Midstream (e.g. processing); Downstream (e.g. coal burning)	All GHGs

Sector	Scope of emissions	Value chain in scope	Coverage of greenhouse gases («GHG»)
Commercial Real Estate	1, 2 and 3	Upstream (e.g. raw materials extraction); **Building in-use** (e.g. combustion of fossil fuels); Downstream (e.g. dismantling)	All GHGs
Iron & Steel	1 and 2	Mining of raw materials; **Production of iron and crude steel**; Steel finishing and downstream use	CO_2 only
Oil and Gas	1, 2 and 3	**Upstream** (e.g. extraction); Midstream (e.g. transport); Refining (e.g. gasoline); Downstream (e.g. distribution)	All GHGs
Power generation	1 and 2	**Generation**; Transmission; Distribution (incl. trade)	All GHGs
Residential Real Estate	1, 2 and 3	Upstream (e.g. raw materials extraction); **Building in-use** (e.g. combustion of fossil fuels); Downstream (e.g. dismantling)	All GHGs

Legend: **Included in analysis**

* Well To Wheel

2. DEFINITION OF THE METHODS AND METRICS

2.1 Scope of emissions covered

For each sector, the scope of emissions was selected to maximise the share of emissions captured.

- Agriculture – Primary Farming: Scope 1 and 2
- Aluminium: Scope 1 and 2
- Automotive: Scope 3 - WTW emissions
- Cement: Scope 1 and 2
- Commercial Real Estate: Scope 1, 2 and 3[63]
- Iron & Steel: Scope 1 and 2[64]
- Oil & Gas: Scope 1, 2 and 3
- Power Generation: Scope 1 and 2
- Residential Real Estate: Scope 1, 2 and 3[65]

Scope selections are aligned with market practices, cover the bulk of the industry's emissions and are the data typically disclosed by industry players.

2.2 Target metric

Intesa Sanpaolo has decided to use a sectoral decarbonisation approach (SDA). For all sectors, except for Agriculture – Primary Farming, the Bank adopts a physical intensity emission metric defined as the ratio between financed emissions and financed production for each sector. For Agriculture – Primary Farming, the Bank adopts a revenue intensity emission metric that measures emissions in relation to the total revenue of the counterparty.

Specifically, the units of measure used for the metric of each sector are the following (sector-specific emissions intensity metrics):

- Agriculture – Primary Farming: tCO_2e/€m revenues
- Aluminium: tCO_2e/t Aluminium
- Automotive: gCO_2e/vkm
- Cement: tCO_2e/t Cement
- Commercial Real Estate: $kgCO_2e/m^2$
- Iron & Steel: tCO_2/t Steel
- Oil & Gas: gCO_2e/MJ
- Power Generation: $kgCO_2e$/MWh
- Residential Real Estate: $kgCO_2e/m^2$

Note, that for Coal Mining Intesa Sanpaolo did not define a target based on emission intensity but adopted a policy to completely phase out within 2025.

Counterparties' emissions data are collected in accordance with PCAF[66] guidelines (PCAF scores are reported above in "Analysis by sector"):

- reported emissions, verified or unverified emissions collected directly from the borrower or investee company (e.g., company sustainability report) or indirectly via verified third-party data providers;
- physical activity-based emissions, for the "core" scope (Scope 3 for Oil & Gas, Scope 1 for Power Generation, Scope 3 - WTW for Automotive, Scope 1 and 2 for Iron & Steel, Aluminium, Cement, Scope 1, 2 and 3 for Commercial and Residential Real Estate), estimated based on production data collected from the data provider (e.g., bottom-up approach);
- economic activity-based emissions, for Scope 1 and 2 for Agriculture – Primary Farming and for the "other-no core" scope, estimated based on region and sector-specific average emission factors computed by the specific climate analytics platform and expressed per revenue (peers' group).

Intesa Sanpaolo's approach to estimating future portfolio emissions considers companies' commitments first. If not available, a reference scenario reduction rate is applied.

63 Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
64 Reported scope 1 and 2 emissions sourced from company reports applied for top material financed producers. For remaining counterparties or where reported data are not available, emission factors covering scope 1 and 2 emissions from pig iron, Direct Reduced Iron and steel production through BF-BOF (Blast Furnace-Basic Oxygen Furnace) and EAF (Electric Arc Furnace) methods are applied.
65 Scope 3 emissions for RRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee).
66 Partnership for Carbon Accounting Financials.

Aggregation at portfolio level

For all sectors, except for Agriculture – Primary Farming, to aggregate the emission intensity of each counterparty at portfolio level, a financed production-weighted approach is applied. This means that the relative weight of each counterparty in the portfolio emission intensity is directly proportional to Intesa Sanpaolo's financed production (financed floor area for Commercial Real Estate and Residential Real Estate). Financed production calculation is based on an attribution factor computed as: Exposure/(Total equity + debt)[67].

For Agriculture – Primary Farming, to aggregate the emission intensity of each counterparty at portfolio level, a revenue-adjusted exposure-weighted approach is applied. This means that the relative weight of each counterparty in the portfolio emission intensity is directly proportional to the revenue attributable to Intesa Sanpaolo. Revenue-adjusted exposure is calculated as an attribution factor multiplied by revenue.

This approach is aligned with PCAF recommendations. Counterparties fully dedicated to renewable activities and project finance dedicated to "green" activities receive an emission intensity equal to zero in the computation of the overall portfolio emission curves.

Data lag

Regarding the reference period of data used for December 2024, exposures December 2024 and 2023 emissions are considered, with a lag of 1 year. For Commercial and Residential Real Estate, the physical intensity at December 2024 is calculated using a 2022 carbon factor for emissions intensity of final energy consumption, 2020 conversion factors to convert from primary to final energy intensity and December 2024 exposures.

Regarding the baseline:

- for Oil & Gas, the baseline exposure at June 2021 considers 2019 emissions
- for Iron & Steel, the baseline exposure at December 2022 considers 2021 emissions
- for Automotive, the baseline exposure at December 2022 considers 2022 emissions
- for Power Generation, the baseline exposure at December 2022 considers 2020 emissions
- for Agriculture – Primary Farming, Aluminium and Cement the baseline exposure at December 2022 considers 2022 emissions
- for Commercial and Residential Real Estate, the baseline physical intensity at December 2022 is calculated using a 2020 carbon factor for emissions intensity of final energy consumption, 2020 conversion factors to convert from primary to final energy intensity and December 2022 exposures.

Disclaimer: *Metrics and data may be updated over time following the evolution of the emission calculation methodology, the updates to the NZBA and SBTi Guidelines, updated data sources and accepted market practices. Metrics and data are based on projections and estimates that rely on underlying sectoral assumptions and strategic plans of underlying entities. Such assumptions may be largely dependent on external factors that are not under Intesa Sanpaolo's control, such as, but not only, technological improvements and/or government-led policies. In addition, metrics calculation relies on data inputs, with quality and availability subject to change and may be enhanced over time. Please note that progress towards targets may be non-linear in the short term in view of the fact that financing of the transition to a low-carbon economy is required or in view of external factors.*

67 Please note that "Exposure / (property market value) is the attribution factor formula for the case of Commercial and Residential Real Estate.

SECTORAL TRANSITION PLAN

In 2022, Intesa Sanpaolo drafted its first High-Level Transition Plan[68] which set out the broader architecture on which the plan is based and outlined its overarching framework for its transition strategy, which has since been developed and implemented. In 2023, the High-Level Transition Plan was indeed further developed, setting for each sector high-level actions to be implemented towards the achievement of defined targets ("Sectoral Transition Plan").

The Plan is included in the Climate Report which is approved by the Board of Directors and provides full information on wider Climate-related Governance, Strategy, Risk Management and Metrics and Targets, and represents the framework within which the Transition Plan is embedded and to which reference should be made.

Indeed, the Sectoral Transition Plan defines sector-specific actions, yet it sits within the Bank's ESG governance and cross-cutting principles, policies, processes and initiatives outlined in the previous chapters, including its ESG and Climate Credit Framework, lending offer and Risk Appetite Framework. It also leverages ESG performance dialogues with Divisions and engagement with stakeholders.

As concerns further Transition Plan disclosures, these are also included in the in-depth analysis required by CDP's annual assessment, compiled since 2007 by the Group, which can be viewed on the Group's web site.

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1 AGRICULTURE – PRIMARY FARMING

1.1 CONTEXT[69]

Agriculture plays a crucial role in mitigating climate change by sequestering carbon through crops, trees and well-managed soils. In fact, the "soil system" serves as a vast carbon sink capable of capturing carbon dioxide and reducing the amount released into the atmosphere. However, despite its significant potential for climate change mitigation, current agricultural practices often end up emitting more greenhouse gases than they absorb. The sector contributes to over 10% of the EU's total greenhouse gas emissions.

Specifically, enteric fermentation from the digestive process – particularly in ruminants, the management of livestock waste, the physical, chemical and biological processes in agricultural soils, rice paddy cultivation and the burning of agricultural residues release two major greenhouse gases: methane and nitrous oxide. Furthermore, the sector is also responsible for carbon dioxide emissions arising from soil application of urea and lime, as well as the use of other carbon-containing fertilisers.

As a result, the agricultural industry is commonly considered difficult to decarbonise in the short term. Economic and social factors also play a significant role, as agriculture is essential for food security and livelihoods.

Italy's agri-food sector holds a prominent position in the national economy and is a driving force behind "Made in Italy" worldwide, thanks to the quality of its products and various competitive factors distinguishing it from key European competitors. Italy excels in product diversification and biodiversity conservation, with particularly high values in terms of the proportion of agricultural land dedicated to organic farming and forested areas. The Italian productive fabric shows a clear understanding of goals related to circular economy, energy consumption reduction and technological integration into processes.

Greenhouse gas emissions from the agricultural sector have been on a downward trend for over three decades. However, further reduction measures are required to meet the targets set by the Paris Agreement and European directives. Specifically, Italy's 2030 target under the Effort Sharing Regulation (2023/857/EC) mandates a 43.7% reduction in total greenhouse gas emissions from agriculture, residential, transport, waste and industrial installations not covered by the EU Emission Trading Scheme (EU-ETS) compared to 2005 levels.

68 Please refer to the "Transition Plan" in the 2022 TCFD Report to which reference should be made, https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/sostenibilt%C3%A0/tcfd/tcfd-report-2022/TCFD%20Report%202022.pdf.
69 The sources of the data and information presented in this section include: European Commission, "Study on options for mitigating climate change in agriculture by putting a price on emissions and rewarding carbon farming", https://climate.ec.europa.eu/news-your-voice/news/looking-how-mitigate-emissions-agriculture-2023-11-13_en, 2023; Eleonora Di Cristofaro, Francesca Palomba, ISPRA, "Emissioni di gas serra dall'agricoltura", https://indicatoriambientali.isprambiente.it/it/agricoltura/emissioni-di-gas-serra-dallagricoltura, 2024.

To align with environmental targets, the sector should focus on its decarbonisation levers, such as adopting sustainable agricultural practices (including reduced-tillage farming, crop rotation and soil restoration), improving soil and livestock management, integrating advanced technologies to reduce greenhouse gas emissions (such as clean energy and biofuels for business operations) and shifting from animal-based proteins to plant-based alternatives.

1.2 CHALLENGES AND ENABLERS

Key challenges

The main challenges in developing decarbonisation technologies include:

- **High initial investment costs** for infrastructure improvements (e.g., transition to renewable energy, construction of manure storage facilities, biogas plants);
- **Sector fragmentation**, with many small farms in Europe, exacerbating investment cost issues and hampering access to training;
- **Limited adoption of advanced technologies**, such as geographic information systems (GIS), the Internet of Things (IoT) solutions, robotics, sensors, drones, biotechnology, precision farming;
- **Limited availability of country-specific data** on the impact and cost of mitigation measures.

Key enablers

The agricultural industry employs various decarbonisation technologies, which can be classified as follows based on their areas of application:

- **Technologies for reducing crop emissions.** To mitigate crop-related emissions, the use of low-emission organic fertilisers and nitrification inhibitors is encouraged, alongside practices such as no-till farming (which preserves soil integrity), cover cropping and sustainable pasture management, all of which contribute to improved soil health and enhanced carbon sequestration. At the same time, bioenergy crops present an opportunity for generating renewable energy, further reducing environmental impact.
- **Technologies for reducing livestock emissions.** The efficiency of livestock farming can be improved through careful health and nutritional management, including research on dietary strategies, such as certain feed additives, to reduce methane emissions while ensuring animal welfare. Simultaneously, manure management can be made more sustainable by implementing techniques such as covered storage and anaerobic digestion, which convert waste into biogas.
- **Solutions for a more sustainable food system.** A sustainable food system requires promoting the consumption of plant-based or low-emission proteins, thereby lowering the carbon footprint of diets. At the same time, minimising food waste helps reduce methane emissions and improve resource efficiency. Furthermore, the supply chain can have significant impacts due to large-scale, long-distance transportation between clients and suppliers, necessitating the development of responsible sourcing policies.
- **Restoration of private and public forest areas.** Establishing a virtuous model for forest management is crucial to increasing carbon sequestration while maintaining a healthy forest system and providing economic opportunities for businesses and local communities. Indeed, the by-products of forest maintenance serve as a basis for producing electricity and thermal energy from biomass, further integrating the broader theme of renewable energy sources.

1.3 INTESA SANPAOLO STRATEGIC APPROACH TO AGRICULTURE – PRIMARY FARMING DECARBONISATION

Intesa Sanpaolo aims to guide its Agriculture-Primary Farming portfolio towards decarbonisation targets by supporting clients with transition plans and decarbonisation commitments. The Bank also seeks to finance green solutions in agriculture, including emerging technologies that drive decarbonisation and create new opportunities, even if not yet widely adopted.

Additionally, Intesa Sanpaolo is committed to fostering the continued development of the sector and advancing digital, technological and energy transition efforts to safeguard both consumers and the environment. This is pursued through its Agribusiness programme, to address the needs and specific characteristics of agri-food supply chain and support them throughout all phases of their life cycle and the initiative *Il tuo futuro è la nostra impresa*, which dedicates €15 billion to support the Italian agri-food sector.

The financial products promoted by Intesa Sanpaolo for agri-food businesses include:

- **Crescita Agri:** a financing solution designed to support investment, development and rebalancing programmes for agricultural enterprises. This product provides access to both agricultural and non-agricultural credit (industrial credit).
- **S-Loan Progetti Green:** a financing product with a dedicated line for the sustainable management of natural resources, supporting investments in:
  - environmentally sustainable agriculture;
  - environmentally sustainable livestock farming;
  - biological crop protection and drip irrigation;
  - sustainable fishing and aquaculture;
  - eco-sustainable forestry, including reforestation, conservation and landscape restoration;
  - recovery of agricultural land and promotion of local farming;
  - afforestation, urban greening projects, climate-controlled irrigation systems and livestock farming.

Furthermore, in 2024, Intesa Sanpaolo introduced a series of initiatives benefiting the agri-food sector and the environment, including:

- **Support for agri-food supply chains** through the *Programma Sviluppo Filiere*, managing 170 supply chain agreements to strengthen exports and facilitate access to credit. This programme fosters collaboration networks between leading companies and their suppliers, enhancing economic integration and resilience while facilitating credit access. Its key objectives include financial support, innovation, sustainability, competitive growth and the protection of *Made in Italy*. The programme aims to support all Italian agri-food supply chains, from agriculture to distribution.
- **Agreement with Italian MASAF (Ministry of Agriculture, Food Sovereignty and Forests) and Cassa Depositi e Prestiti**, promoting credit policies and synergies for the development of the agricultural and agri-food sector, including measures under the National Recovery and Resilience Plan (NRRP). Under this agreement, Intesa Sanpaolo has allocated €20 billion to revitalise Italian agriculture.
- **National agreement between Intesa Sanpaolo and ACEA** for water conservation and sustainable water management in production processes. The Bank, providing €20 billion, collaborates with Italy's leading water operator to develop systemic initiatives and innovative solutions to improve water efficiency, including for agri-food businesses.
- **Agreement with Coldiretti and CIB (Italian Biogas Consortium)** to support enterprises developing new agricultural biomethane plants or converting existing biogas facilities, through dedicated financing solutions.

1.4 EMISSION TARGETS

The Bank has set a reduction target of 11% from baseline year to 2030, aligning with the inertial decline projected under the Nationally Determined Contributions (NDC) scenario. This would result in an intensity level of 641, significantly below the Net Zero benchmark of 850 tCO_2eq/€ MM.

The target was established following a dedicated feasibility assessment, considering that the Bank's baseline reference value is considerably lower than the selected European benchmark. This is primarily due to a financing strategy that already integrates sustainability considerations.

The EU reference intensity for 2022 is calculated based on the distribution of primary agricultural production across various product types. Its projected reduction by 2030 follows Phase 4 of NGFS (Network for Greening the Financial System) Net Zero 2050 scenario.

CASE STUDY

Ferrari Giovanni S.p.A.

Intesa Sanpaolo has finalised a **€10 million loan**, secured by a **90% SACE Guarantee**, in favour of Ferrari Giovanni S.p.A., a company specialising in the production, selection, aging and packaging of high-quality cheeses, to support sustainability-focused investments.

The loan significantly contributes to the company's **2024–2026 investment plan** aimed at **improving the environmental sustainability of products** by investing in research and packaging facilities to utilise 100% recyclable - and, where possible, recycled - materials.

Furthermore, production processes will be enhanced to optimise environmental performance through waste reduction, energy savings and the use of renewable or self-generated energy, which will exceed 30% with the installation of new photovoltaic panels. Additionally, operational efficiency will be improved through advancements in digitalisation and the refinement of certain planning and control processes.

2 ALUMINIUM

2.1 CONTEXT[70]

Aluminium is instrumental in advancing technologies essential for a low-carbon economy and in reducing emissions across various sectors – including automotive, transportation, construction and food and beverage packaging – by leveraging both primary and recycled sources. However, its production is a major source of CO_2 emissions, generating nearly 270 million tonnes of direct CO_2 emissions globally in 2022 alone. Despite the Covid-19 pandemic, global aluminium production grew by over 3% from 2020 to 2022, outpacing other key industrial materials like steel and cement.

Global aluminium demand is expected to maintain its upward trend fueled by the global population and GDP growth, alongside the material's importance across high-value sectors like transportation, digital devices and technologies essential to achieving a net-zero economy.

With regard to CO_2 emissions, the aluminium production industry is commonly defined as "hard to abate", due to its heavy reliance on fossil fuels and the high emissions generated by its current production processes. Moreover, key decarbonisation technologies are not widely available yet to drive the complete decarbonisation of the sector. According to the International Energy Agency, the sector is decarbonising at a global average rate of less than 2% per year, significantly below the 4% annual reduction required by 2030 to meet Net Zero goals.

To align with environmental goals, the aluminium industry can focus on:

- creating and adopting near-zero emissions technologies that will substantially lower emissions from the refining of alumina as well as in the production of both primary and recycled aluminium and
- enhancing the recovery, sorting and recycling of scrap materials.

Currently, the main stages of aluminium primary production – anode production and aluminium smelting – account for nearly 85% of aluminium's direct CO_2 emissions, with the remaining 15% stemming from recycled production and semi-finishing processes. Direct emissions can be reduced by adopting near zero-emission technologies and by increasing post-consumer scrap recycling on primary production.

In particular, aluminium smelting is the most significant component of the aluminium industry's GHG emissions. Globally, in 2022, 59% of GHG emissions generated during primary aluminium production (mine to cast house) were generated by the production of electricity.

2.2 CHALLENGES AND ENABLERS

Key challenges

- **High investments for energy transition.** Transitioning to renewable energy sources requires substantial investments in new energy infrastructure, such as energy storage systems or backup power sources. Additionally, improving the energy efficiency of plants and processes through continuous investment in research and development (R&D) is essential, with the goal of upgrading existing facilities (e.g., retrofitting) or implementing innovative technologies such as electrified furnaces, new smelting processes and advanced recycling systems.
- **Scrap availability and quality.** Emissions in the aluminium industry can be reduced by increasing the share of recycled production, which is significantly less emissions-intensive than primary production. The proportion of secondary production increased to 36% in 2022, according to estimates from the International Aluminium Institute (IAI), and it is expected to exceed 40% of global production by 2030 (in the NZE Scenario). Despite high global collection rates for aluminium scrap, recycled production alone will not be sufficient to meet demand, even with maximised scrap collection.
- **Coordination efforts have room for improvement.** Decarbonising the entire aluminium value chain requires significant coordination across suppliers and end-users to achieve consistent emissions reductions. Moreover, global alignment is further complicated by regional regulations, market conditions and government policies inconsistent across major aluminium-producing regions.
- **High demand growth in the market.** Global demand for aluminium is expected to grow, driven by sectors like construction, automotive, aerospace and packaging. This rising demand challenges decarbonisation efforts by increasing emissions unless green technologies advance rapidly. Cost pressures may drive companies to prioritise capacity expansion and short-term profits over sustainability, especially in regions with lax regulations.

70 The sources of the data and information presented in this section include: IEA, "Tracking aluminium", https://www.iea.org/energy-system/industry/aluminium; International Aluminium Institute, "Greenhouse gas emissions decline in aluminium industry", https://international-aluminium.org/wp-content/uploads/2024/09/Emissions-reduction-factsheet-v3.6-1.pdf, 2024.

Key enablers

- **Alternative energy sources.** Although total energy used in the aluminium sector has increased with production, the sector's total energy intensity has decreased by about 15%between 2010 and 2022, according to estimates from IEA. However, energy efficiency improvements in primary aluminium smelting have slowed, as much of the industry has already adopted the best available technologies. More considerable reductions in energy intensity can be achieved for alumina refining and recycled production since both currently rely on fossil fuels. To align with NZE Scenario, the sector will need to switch to alternative energy sources like bioenergy, hydrogen or near-zero-emission electricity.
- **Technological innovation.** To effectively reduce emissions, early technological innovations need to be addressed before 2030 to align with the upcoming investment cycle. In particular, two key initiatives have shown significative progress:
  - Producing primary aluminium at industrial scale using inert anodes;
  - Exploring the use of Carbon Capture and Storage (CCS), although this is difficult to accomplish for aluminium because of its low concentrations of CO_2 (around 1%).
- **Policies and agreements.** Many countries have introduced policies addressing industrial emissions, including the aluminium sector (e.g., the European Union, in addition to its ETS, has agreed a carbon border adjustment mechanism that will include aluminium). Additionally, several agreements on aluminium have been announced aiming to coordinate the decarbonisation of the aluminium industry and related challenges, such as carbon leakage. For example, in 2021 and 2022, the United States made three separate statements on steel and aluminium with the European Union, the United Kingdom and Japan to reduce the carbon content of steel and aluminium.
- **Aluminium producers' commitment.** Producers are collaborating on initiatives to decarbonise the aluminium sector, guided by the pathways of the International Aluminium Institute (IAI) aligned with the goals of the Paris Agreement. For example, the US-led First Movers Coalition and the Mission Possible Partnership are promoting the transition to net zero of the aluminium sector. In parallel, initiatives from the Science Based Targets and Aluminium Stewardship are setting standards to ensure corporate alignment with net-zero targets.

2.3 INTESA SANPAOLO STRATEGIC APPROACH TO ALUMINIUM DECARBONISATION

The Bank's strategic approach aims to support companies operating in the Aluminium sector at different stages of transition readiness, aligning with key industry trends. This includes fostering the adoption of cleaner energy sources, encouraging technological advancements, also considering evolving regulatory frameworks.

The Bank has identified key levers to steer its Aluminium portfolio's carbon intensity toward target levels, focusing on evolving technology mix and disclosed decarbonisation commitments.

- **Prioritise decarbonisation commitments.** Maintain or increase financing for companies within the aluminium sector, that demonstrate credible and robust transition plans aligned with net-zero goals. This includes companies committed to reducing carbon emissions across their operations and supply chains and adopting cleaner energy sources such as renewable electricity in their production processes.
- **Focus on low-carbon technology adoption.** Support clients investing in advanced technologies like electrification of smelting processes and developing low-carbon alternatives to traditional bauxite extraction and refining.
- **Financing for renewable energy integration.** Support companies transitioning from fossil-fuel-based energy sources to renewable energy sources (e.g., hydropower, solar and wind) in aluminium production to reduce carbon footprint.
- **Green infrastructure development.** Actively finance projects that support the building of the infrastructure necessary for the aluminium sector's transition, including energy storage systems, electrified production facilities and hydrogen-based smelting.
- **Encouraging circular economy practices.** Support companies committed to increasing the recycling rates of aluminium, promoting investments in circular economy business models and advanced recycling technologies.
- **Promote green aluminium products.** Encourage financing for companies producing "green aluminium" – aluminium produced using renewable energy and low-emission technologies.

2.4 EMISSION TARGETS

For the Aluminium sector, the scope of the Target Setting exercise includes aluminium producers, bauxite refiners and both primary and secondary aluminium smelting. It excludes counterparties whose activity focuses on the mining of bauxite and raw materials and downstream uses of aluminium.

The **agreed 2030 target** for the Bank's Aluminium sector Physical Intensity is set at **4.31 tCO_2e/tonne aluminium**, which implies a **10% reduction** from the baseline year 2022 until 2030.

The target has been determined after having conducted a specific feasibility assessment, considering that the Bank's baseline is considerably below its respective benchmark scenario, mostly driven by a lending strategy that already takes into account sustainability considerations.

This results in large exposures to secondary producers, which are significantly less emission-intensive compared to primary ones.

The reference scenario used to set the target is the IAI 1.5°C Scenario.[71]

3 AUTOMOTIVE

3.1 CONTEXT[72]

The automotive sector stands among the most important contributors to GHG emissions. Passenger cars and light commercial vehicles (vans) contribute respectively ~16% and ~3% to total CO_2 emissions within the EU and European Institutions have introduced specific regulations establishing CO_2 emission standards for new passenger cars and vans, with the aim of reducing emissions. With stricter CO_2 emission targets enforced since 2020, the average CO_2 emissions from all new passenger cars registered in Europe declined by 27% between 2019 and 2022, while for new vans they declined by 10%. The decrease is primarily driven by a rise in zero-emission vehicles, which represented 13.4% and 6% of the European new car and van fleet in 2022 (including Norway and Iceland).

For decades, the industry has been an important contributor to Europe's economic growth, innovation and prosperity, accounting for almost 7% of the region's GDP and being directly and indirectly responsible for employing almost 14 million people (representing approximately 6% of total EU employment). The industry accounts for 8% of European manufacturing value added and produced 14.8 million vehicles in 2023.

The automotive sector is undergoing significant changes driven by emerging ESG trends, reshaping its industrial landscape. This transformation is closely tied to the sector's inherent impact on the global environment. In Europe, the EU emission regulations outlined in "Fit for 55", target a 55% reduction in CO_2 emissions by 2030 and zero-emission goals for new vehicles by 2035 (this provision is due to be reviewed in 2026). Regulation does in fact require Original Equipment Manufacturers (OEMs) and their suppliers to invest in electrification technologies in order to reach the zero-tailpipe emissions target. To achieve this challenging goal, over the past few years, major OEMs have started proactively crafting innovative strategies to adapt their traditional business models to anticipate a substantial growth trajectory for Electric Vehicles (EVs) driven by stringent government regulations. As a matter of fact, in the EU, the share of battery electric cars almost tripled between 2020 and 2023.

However, in 2024 the transition towards electrification into the Automotive sector has been complicated by some headwinds such as excess of industrial

71 International Aluminium Institute, "1.5 Degrees Scenario: A Model To Drive Emissions Reduction", https://international-aluminium.org/resources/1-5-degrees-scenario-a-model-to-drive-emissions-reduction/, 2021.

72 The sources of the data and information presented in this section include: European Commission, "CO_2 emission performance standards for cars and vans", https://climate.ec.europa.eu/eu-action/transport/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans_en; European Parliament, "The crisis facing the EU's automotive industry", https://www.europarl.europa.eu/RegData/etudes/ATAG/2024/762419/EPRS_ATA(2024)762419_EN.pdf, 2024; S&P Global Mobility, "Around the World Global Sales and Production Forecast", January 2024; S&P Global Mobility, "Around the World Global Sales and Production Forecast", November 2024.

production capacity for many players, technological uncertainty, consumer preferences and economic slowdown, all of which have strained profitability of the OEMs and their suppliers. In January 2024, battery electric vehicles' share of global production, forecasted for the end of 2024, stood at 15.4% but declined to 12.8% in November 2024.

Currently, regulators - especially in Europe - appear to be reconsidering longer-term EV policies. The global Electric Vehicles ("EV") transition is advancing steadily but it is likely to take longer in both North America and Europe, while EV demand will remain strong in China. These aspects are bringing main OEMs to review their announcement related to EV transition strategy.

3.2 CHALLENGES AND ENABLERS

Key challenges

The automotive industry is undergoing significant transformations, impacted by the surging EV market and stringent government regulations. Successful navigation of this landscape will require significant capital investment from players in the industry, but also innovative approaches to maintain a leading edge in global automotive competition.

Today, the Automotive Industry is facing several short-term headwinds, which add to the ongoing transformation driven by long-term macroeconomic trends. (e.g., electrification, connectivity, autonomous driving and car sharing):

- **Slow-down in EV adoption rate** (with relevant differences between geographies). This trend is mainly driven by consumer preferences such as high pricing, '*range anxiety*' (i.e., the concern experienced by EV owners about the adequacy of their vehicle's battery charge to complete a journey, or the availability of charging stations along the way), technological uncertainty and lack of public charging infrastructure.
- **Increasing need for EV infrastructure.** The expansion of EV adoption relies heavily on the availability of a comprehensive and well-distributed charging network. Addressing issues related to the quantity, accessibility and standardisation of charging stations is crucial to promote EV use.
- **Supply disruption risk for battery materials.** The automotive industry's shift towards electric mobility relies on battery technology yet securing a reliable and sustainable supply of crucial battery materials (e.g., lithium, cobalt, nickel) may prove challenging.
- **ESG implications of EV production.** EV production enables CO_2 emissions reduction and it is the EU's main strategy for sustainable mobility. However, further environmental aspects should be analysed, such as the extraction of materials like nickel, cobalt and lithium which is energy-intensive. Additionally, battery production also generates significant CO_2 emissions and the environmental benefits of EVs depend on the energy sources used for charging and the sustainable management of battery end-of-life, which poses challenges in disposal and recycling.

Key enablers

A realignment of government strategies and an increase in investments focused on the electrification of the automotive industry could enable and facilitate the transition.

- **Strong Investments in public-charging infrastructure as a key enabler to change customer sentiment on EV.** Strong investments in public-charging infrastructure are essential for driving the decarbonisation of the automotive sector. Expanding charging networks addresses one of the biggest barriers to electric vehicle (EV) adoption. By increasing the availability of fast and convenient charging options, these investments help change customer sentiment, making EVs more practical for everyday use and long-distance travel. A well-developed charging infrastructure boosts consumer confidence, encouraging more people to switch from internal combustion engine vehicles to EVs. Additionally, public and private partnerships in this area further accelerate the deployment of charging stations, supporting the overall transition to a low-carbon transportation system.
- **Gigafactory investments are becoming central in OEMs' strategies to achieve EV shift.** Gigafactory investments are crucial to OEMs in their transition to EVs, as these large-scale battery production facilities enable the mass production of EV batteries at lower costs and with greater efficiency. This is crucial for achieving decarbonisation in the automotive sector, as batteries are the most critical component in EVs.

3.3 INTESA SANPAOLO STRATEGIC APPROACH TO AUTOMOTIVE DECARBONIZATION

Intesa Sanpaolo is committed to actively supporting companies in the automotive sector as they navigate the complex journey towards sustainable mobility. This commitment extends to fostering investments in cutting-edge technologies that enable low-carbon mobility solutions, such as electric vehicles (EVs), hydrogen fuel technologies and advanced hybrid systems.

The Bank recognises that transitioning from traditional manufacturing processes to more sustainable ones is a significant endeavour that often requires the conversion of existing production facilities and the adoption of greener practices throughout the value chain. Intesa Sanpaolo is committed to facilitating the establishment and integration of battery supply chains, which are pivotal to accelerating the energy transition.

By investing in scalable and efficient battery production capabilities, the Bank aims to empower automotive companies to meet the growing demand for electric vehicles and storage solutions, thus driving the shift to cleaner energy alternatives. Additionally, the Bank seeks to identify and support opportunities within the broader automotive supply chain, including companies that are investing in next-generation technologies like carbon-neutral production methods, hydrogen fuel infrastructure and sustainable materials.

Intesa Sanpaolo aims to be a catalyst for innovation and sustainable growth, providing the financial resources, strategic insights and partnership opportunities necessary for clients to lead in the development of a greener automotive ecosystem. The Bank aspires to play a crucial role in reducing the sector's environmental footprint and advancing the global transition to a low-carbon economy, supporting the implementation of transformative initiatives, such as:

- **Foster relationships with clients.** Intesa Sanpaolo strategically aims to strengthen and consolidate relationships with key stakeholders across the automotive sector. The core focus is on building long-term partnerships with Original Equipment Manufacturers (OEMs) who are leading the transition to more sustainable mobility, as well as with suppliers, distributors and technology innovators involved in the sustainable mobility ecosystem. By offering customised financial solutions, investment opportunities and advisory services, the Bank seeks to support their growth strategies, research and development initiatives and sustainable production goals. Through collaborative efforts, the Bank intends to position as a trusted financial partner that understands the industry's unique challenges and is committed to driving innovation and sustainability in the evolving automotive landscape.
- **Support clients across the value chain.** Intesa Sanpaolo is committed to providing support to companies throughout the automotive sector's entire value chain, including both Original Equipment Manufacturers (OEMs) and Original Equipment Suppliers (OESs). The Bank recognises the diverse needs of businesses in this industry, from those leading the change with ambitious sustainability and electrification targets to those in the early stages of their transition journey, seeking guidance and specific resources to navigate the complexities of this shift. The Bank's support extends beyond traditional financing to include tailored advisory services, investment in green technologies and strategic partnerships that enable these companies to innovate, optimise their operations and reduce their environmental impact.
- **Support clients on transition capital expenditures.** To accelerate the transformation of the automotive sector, Intesa Sanpaolo is dedicated to supporting both Original Equipment Manufacturers (OEMs) and Original Equipment Suppliers (OESs) in their critical capital investments. The Bank recognises the significant financial demands associated with transitioning to electric and sustainable mobility solutions and its commitment extends to providing financial strategies that cater to these evolving needs.

3.4 EMISSION TARGETS

Within the 2022-2025 Business Plan, Intesa Sanpaolo presented interim 2030 emission reduction targets aligned to net zero in the Automotive sector. The perimeter was reviewed in 2023, moving from Tank-to-Wheel (TTW) to Well-to-Wheel (WTW) and including passenger cars and light-duty vehicles. The revised target is to reduce emissions physical intensity by 48%, passing from 192 gCO_2e/vkm in December 2020 to 100 in 2030.

SECTORAL TRANSITION PLAN

4 CEMENT

4.1 CONTEXT[73]

Cement is commonly defined as a hard-to-abate sector in the short-term due to its reliance on carbon-intensive raw materials and the high temperatures required for production. Currently, key decarbonisation technologies lack the maturity needed for full sector-wide adoption. According to the International Energy Agency (IEA), direct CO_2 emissions from cement production have remained relatively steady since 2018. The industry now faces the dual challenge of cutting CO_2 emissions while meeting the increasing global demand for cement. According to the Net Zero Emissions by 2050 (NZE)[74], the sector must achieve a 4% annual CO_2 intensity reduction through to 2030 to align with the objective of limiting the temperature increase to 1.5° by 2100.

4.2 CHALLENGES AND ENABLERS

Key challenges

- **Availability of Cement-Blending Materials.** Decarbonisation efforts often rely on alternative materials like fly ash, slag and other supplementary cementitious materials (SCMs), to reduce the clinker-to-cement ratio[75]. However, the supply of these materials is limited and geographically constrained, raising concerns about long-term availability. As demand for low-carbon materials increases, competition and costs may also rise, potentially straining supply.
- **Additional Electricity Supply Requirements.** Many decarbonisation technologies, particularly those involving electrification or low-carbon processes, demand a significant increase in electricity consumption. Ensuring a stable and sufficient supply of low-carbon electricity to meet this demand is a significant challenge, especially in regions where renewable energy infrastructure is underdeveloped. The need for additional electricity could strain existing grids, lead to higher energy costs or require significant investments in renewable energy sources and grid upgrades to support the transition.
- **High costs of Carbon Capture technologies.** These technologies, aiming to lower carbon emissions, require significant financial investment for their development, installation and maintenance. Large-scale implementation of CO_2 capture technologies will depend heavily on the regulatory frameworks that individual States will implement to incentivise the carbon capture industry. To date, only a few States have enacted rules regulating the remuneration for operators who will implement carbon capture plants.

Key enablers

- **Short-term decarbonisation technologies.** Under the IEA NZ Scenario, material efficiency is the biggest driver of emission reductions in the near term (2024-2030). To achieve this, it is crucial to reduce the clinker-to-cement ratio during production, for example using blended materials. Another short-term lever involves improving current technologies, particularly through the adoption of low-carbon fuels in cement kilns, such as biomass and waste materials, and by increasing the energy efficiency of existing plants (e.g., by retrofitting cement kilns, using variable speed drives, etc.).
- **Long-term decarbonisation technologies.** Even if Carbon Capture, Utilisation and Storage (CCUS) is already being deployed and growing in scale in the cement manufacturing process, the pipeline of current projects is only just around 40% of the Net Zero Scenario requirement in 2030[76]. Other long-term emerging technologies include the electrification of cement kilns as well as the integration of supplementary cementitious materials (SCMs) in the cement production process.

4.3 INTESA SANPAOLO STRATEGIC APPROACH TO CEMENT DECARBONISATION

To steer the Cement portfolio's physical intensity towards the target, Intesa Sanpaolo's strategy will prioritise forward-looking emission trajectories and decarbonisation commitments. This approach considers the role of alternative cement-blending materials, the growing need for low-carbon electricity and emerging technologies that can drive long-term emissions reductions and leverages the following key actions:

73 The sources of the data and information presented in this section include: IEA, "The Net Zero Emissions by 2050 (NZE) Scenario", https://www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze.
74 The Net Zero Emissions by 2050 Scenario (NZE Scenario) is a normative scenario meant to illustrate a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050.
75 Clinker is produced as small grey lumps (similar to small rocks) and is the key ingredient in cement.
76 IEA, "Tracking Carbon Capture, Utilisation and Storage", https://www.iea.org/energy-system/carbon-capture-utilisation-and-storage.

1. **Financing transition-aligned clients.** Intesa Sanpaolo recognises that achieving significant carbon reductions in the cement sector requires identifying and supporting clients with credible, forward-looking decarbonisation commitments. The Bank will keep financing companies that demonstrate a clear path toward achieving their net-zero goals. This lever involves several targeted actions:
   a. **Prioritise Companies with ambitious net-zero targets:** Intesa Sanpaolo supports cement companies that align their climate targets with internationally recognised frameworks.
   b. **Focus on Low-Carbon Innovation:** The Bank supports companies that are investing in and deploying innovative technologies that reduce the carbon intensity of cement production, including alternative raw materials and clinker substitution.
2. **Support the development of sector-specific transition solutions**. Intesa Sanpaolo supports clients who are pioneering green solutions and fostering collaboration between stakeholders to catalyse the entire sector's shift toward decarbonisation. In particular, the Bank:
   a. **Finances Green Cement Technologies.** Cement production is highly carbon-intensive due to the reliance on fossil fuels. Intesa Sanpaolo supports companies transitioning to low-carbon alternatives, such as biomass and waste-derived fuels.
   b. **Promotes Energy Efficiency and Renewable Energy Integration.** Many cement companies are working to decarbonise their energy sources. The Bank will prioritise financing for cement producers that are transitioning from fossil fuels to renewable energy-based solutions, such as electrification or green hydrogen.
   c. **Monitors and supports Carbon Capture, Utilisation and Storage (CCUS) solutions.** CCUS is a promising technology for the cement industry, which is responsible for significant process emissions that are hard to abate. The Bank monitors and supports investments in CCUS technology, whether for capturing emissions at the point of production or utilising captured carbon in new products.

To act upon such levers, Intesa Sanpaolo can leverage the following enablers:

- **Active engagement:** engage with the Bank's major clients on topics such as emissions disclosure, decarbonisation ambitions and targets and plans to invest or apply decarbonisation technologies such as the use of clinker substitutes and adoption of low-carbon fuels.
- **Increase lending to low-emitting counterparties and to counterparties credibly committed to aligning to a 1.5°C pathway.**
- **Support Industrial Plans for decarbonisation:** promote the best market practices for decarbonisation among customers operating in the sector, in order to support the Industrial Plans of the less efficient Clients that however undertake concrete plans for decarbonisation.
- **Transition Financing:** provide ring-fenced loans for specific cement transition and decarbonisation solutions, which are expected to have a significant impact as the sector's decarbonisation is anticipated to occur with the increasing deployment of emerging innovative technologies.

4.4 EMISSION TARGETS

For the Cement sector, the scope of the Target Setting exercise includes cement producers and clinker producers. It excludes counterparties whose activity focuses on the mining of raw materials, creation of concrete, and downstream uses of cement/concrete. At the baseline year 2022, the defined perimeter for the Bank's Cement portfolio covered €0.3bn of loan exposure, and a physical intensity of 0.65 tCO_2e/tonne cement and total financed emissions of 0.8 Mt CO_2e was measured. The agreed 2030 target for the Bank's Cement sector physical intensity is set at 0.50 tCO_2e/tonne of cement, which implies a 22% reduction from the baseline year until 2030.

5 COMMERCIAL REAL ESTATE

5.1 CONTEXT[77]

The building operations account for 30% of global final energy consumption and 26% of global energy-related emissions (8% being direct emissions in buildings and 18% indirect emissions from the production of electricity and heat used in buildings).

With regard to the European Union, the building sector accounts for 36% of carbon emissions and represents 40% of its energy use. The decarbonisation gap is not reducing at the pace required to align the sector with the pathway to climate neutrality by 2050.

For instance, emissions from energy use in service sector buildings decreased constantly between 2017 and 2020 but are still far from the path to climate neutrality. In fact, in 2020, emissions from energy use in service sector buildings in the EU reached 121 Mt CO_2, 13.2% higher than the value required to meet the goals of the Paris Agreement and other international and regional commitments towards 2050. Additionally, in the EU, in 2021 the downward trend in CO_2 emissions from service sector buildings was interrupted. Instead, emissions increased by 6.4%, reaching 128.5 Mt CO_2, which is 25.7% higher than the target value. The rebound in emissions is significant. This change in the trends can be related to multiple external factors, notably the reactivation of the service sector after the lifting of some COVID-19 restrictions in 2021. Yet the commercial real estate sector in the EU and Italy is witnessing a surge in sustainability initiatives, spurred by heightened environmental awareness and a commitment to reducing energy consumption and carbon emissions. This trend is manifested in several key areas, including the growing adoption of green building certifications (such as LEED[78] and BREEAM[79]) by developers and investors, the increasing demand for sustainable office space among tenants, investments in renewable energy sources (e.g., solar panels) by commercial real estate developers and the development of smart buildings that incorporate technology to optimise energy consumption, reduce waste and enhance occupant comfort.

The European regulation is also playing a key role in accelerating building renovations, for example with the revised Energy Performance of Buildings Directive (EU/2024/1275) entered into force in May 2024 in all EU countries.

The directive allows governments to tailor renovation measures to their specific national context (e.g., existing building stock, geography and climate) and promotes more targeted financing for investments in the building sector, complementing other EU instruments and fighting energy poverty by supporting vulnerable consumers. Moreover, the directive aims to reduce GHG emissions by at least 60% in the building sector by 2030 compared to 2015 and to achieve a decarbonised, zero-emission building stock by 2050.

5.2 CHALLENGES AND ENABLERS

Key challenges

- **High costs of capital.** The high initial costs of capital for both new technologies and retrofits can be a barrier for many building owners.
- **Need for upstream infrastructure.** To effectively reduce GHG emissions in buildings, it is essential not only the installation of new technologies, but also the development and deployment of upstream infrastructures, such as renewable energy sources, smart grids and energy storage systems. These upstream investments are crucial for supporting the deployment of new technologies and ensuring that buildings have access to clean and reliable energy.
- **Ownership.** Commercial buildings often have diverse ownership structures, including corporations, real estate investment trusts and individual investors. This diversity can complicate the coordination of energy-efficiency upgrades, as each owner may have different priorities.
- **Commercial banks do not operate in isolation.** The ability of commercial banks to support decarbonisation of the sector is influenced by the actions of other stakeholders, including real estate companies, governments and data and scenario providers.

77 The sources of the data and information presented in this section include: EU, Energy performance of buildings: climate neutrality by 2050, https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#:~:text=The%20directive%20contributes%20to%20the,emission%20building%20stock%20by%202050.
78 Leadership in Energy and Environmental Design.
79 Building Research Establishment Environmental Assessment Methodology.

Key enablers

The European real estate market has begun an era of asset renovation. Regulatory, societal and market pressure on commercial real estate (CRE) owners and occupiers is bringing energy efficiency and decarbonisation to the fore in asset renovation and investment strategies, as the rate of renovation must accelerate rapidly to meet national and EU-wide net zero energy targets by 2050. Europe's plans to decarbonise are becoming increasingly ambitious in order to meet Paris-compliant targets.

- **Shift of credit market toward sustainability.** The credit market is already shifting toward favouring sustainably rated assets with many assets that hold low Energy Performance Certificate (EPC) supposed to face increasingly significant challenges in securing debt financing.
- **Assets renovation.** Despite acknowledging that the renovation wave will incur significant upfront investments, the expectation is that the associated energy savings over time offset the cost of initial outlays. Moreover, upfront investments can yield better long-term rent and capital-value accumulation.
- **Recycling practices in construction.** The construction sector generates substantial amounts of waste. Implementing reuse and recycling practices for construction and demolition materials, rather than their disposal in landfills can have critical implications for CO_2 emissions reduction, the integration of circular economy principles and waste minimisation efforts.
- **Regulatory initiatives.** Regulatory initiatives can help improve energy efficiency. For example, Italy's commitment to improving energy efficiency has helped it to achieve a decline in energy demand in the buildings sector. In fact, interventions on buildings have contributed to an improvement in the national building stock, as a result of various policy measures to improve energy efficiency and reduce emissions. In particular, bonus schemes providing tax reductions (e.g., 'Bonus Verde', 'Bonus Idrico', 'Superbonus') for expenditures aimed at improving the energy efficiency of buildings had proven to be effective.

5.3 INTESA SANPAOLO STRATEGIC APPROACH TO COMMERCIAL REAL ESTATE DECARBONISATION

Intesa Sanpaolo aims to actively supporting companies in the sustainable transition of their real estate assets, through various lines of intervention, including financial and non-financial solutions.

In particular, to enable the achievement of decarbonisation targets, Intesa Sanpaolo has identified the following main initiatives:

- **Lending to support transition**, offering preferential financing terms to initiatives aimed at increasing energy efficiency standards and implementing sustainable solutions of buildings (e.g., installing solar panels or renewable energy sources, improving insulation, or upgrading heating, ventilation and air conditioning systems).
  - The financing products promoted by Intesa Sanpaolo for the Small and Medium Enterprises include **S-Loan Green Projects**, a financing product with a specific line dedicated to the purchase and renovation of commercial and residential buildings used for business and corporate activities, which comply with the high levels of environmental standards:
    - LEED: gold level
    - BREEAM: good/very good level
    - HQE: very good/excellent level
    - CASBEE: level A (very good)/S(excellent)
    - EPC: level A or B
- **Catalogue of financial offers suitable for the real estate sector**, called '**Ædifica**', designed to meet the needs of real estate developers and builders who, in addition to requiring financing for construction, prioritise the environmental aspect as a distinctive element of their projects. Moreover, the Bank supports strategic initiatives with the involvement of industrial and institutional investors. This approach aims to enhance the economic, environmental and social impact of urban regeneration through investments and partnerships.
- **Strategic advisory services**, provided by specific agreements, to advise clients on sustainability improvements also taking advantage of available government subsidies. For example, the Bank has supported the following initiatives:
  - **Collaboration with Enel X, Regalgrid and Deloitte** within the Renewable Energy Communities (CERs) aimed to incentivise companies to create and participate in CERs, as well as give Intesa Sanpaolo the

opportunity to financially support investments aimed at achieving the companies' sustainability objectives (e.g., installation of renewable energy production plants).
  - Implementation of '**Incent Now**', an informative and free platform owned by Deloitte, made available for Intesa Sanpaolo clients, in line with the objectives of the National Recovery and Resilience Plan (NRRP). In particular, the platform allows to search for the incentives available at the time and to consult the key information of each call for proposals.
- **Additional financial instruments** to support the realisation of renovation, energy or earthquake-proofing works on buildings, which benefit from the facilities provided by Italian bonus schemes. The aim is to make a significant contribution to the energy saving and emission reduction targets set by Italy's integrated national energy and climate plan[80] for 2030, by providing the possibility for those who have accrued a tax deduction[81] to cede the bonus to the Bank, obtaining payment of the amount without having to wait for the time required to recover the deduction itself. Intesa Sanpaolo also offers corporate customers who, in executing renovation/restructuring work, have granted the customer an invoice discount, the possibility of financing the work through a contract advance loan with simultaneous assignment of the tax credit to the bank. Moreover, leveraging on **Intesa Sanpaolo Rent Foryou**, a Group's company, the Bank offers medium and long-term rental solutions and can carry out the operational rental of solutions for consumption optimisation and management (e.g., IoT sensors and software and Artificial Intelligence for regulating electrical systems) and conversion to sustainable energy (e.g., solar panels).
- Intesa Sanpaolo is also working on the **improvement of data availability and quality** since specific and systematic process to obtain property-specific data (including for Commercial Properties) is required. It is to be noted that in Italy a national registry of EPC labels on the total stock of real estate is not available.

To further support the "**Orizzonte Impresa - Transizione Energetica**" plan, Intesa Sanpaolo has **signed several agreements**, such as:
- **Three-year agreement with Confindustria**, which provides companies with €150bn in liquidity and extensive and structured collaboration.
- **Collaboration protocol with "Associazione Nazionale Comuni Italiani" (ANCI)** to promote the diffusion of Renewable Energy Communities.
- **Collaboration agreement with "Gestore dei Servizi Energetici" (GSE)** to foster the integration of ESG and sustainable development in the financial sector and national business network.
- **Collaboration agreement with National Council of Shopping Centres (CNCC)** to encourage business investment in environmental sustainability and energy from renewable sources through the dissemination of CERs and Collective Self-Consumption.

The "*Orizzonte Impresa - Transizione Energetica*" programme offers clients customised financial and non-financial solutions.

5.4 EMISSION TARGETS

In 2023, Intesa Sanpaolo elaborated an interim 2030 emission reduction target for the Commercial Real Estate portfolio (Italian perimeter). In 2024 the level of ambition was increased and the revised target[82] aims to achieve a reduction in emissions' physical intensity by 49% from 43.16 kgCO_2 e/m^2 as of 31/12/2022 to 22.11 kgCO_2 e/m^2 in 2030.

80 Piano Nazionale Integrato per l'Energia e il Clima (PNIEC).
81 In respect of the interventions referred to in arts. 119 - 121 provided for by Law Decree no. 34/2020, converted into Law no. 77/2020) ('Decreto Rilancio') and subsequent amendments.
82 It is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.

CASE STUDIES

Financing the green requalification of a former tobacco factory

Vista Ostuni: In 2023 Intesa Sanpaolo financed the purchase and requalification of the former tobacco factory in Ostuni, a historic building of the XVI-XVIII century, for the construction of a 5-star hotel developed respecting eco-sustainability criteria, with the expectation to obtain LEED (U.S. Green Business Council) certification at gold level. The project will be completed by the end of 2024 with a total capital expenditure investment of €21Mln.

Financing the development of a geothermally independent hotel in Champoluc

Aethos Monterosa: In September 2024 Intesa Sanpaolo financed the expansion of the Aethos Monterosa hotel in Champoluc, one of the few in Italy with zero CO_2 emissions thanks to an open-circuit geothermal system that, with three heat pumps, meets all the thermal needs of the structure. Aethos Monterosa aims to reduce energy costs of 50% compared to market averages and to reduce waste equipping facilities with home automation to implement intelligent sensors and control malfunctions. The project was sponsored by Limestone Capital, a private equity fund specialised in investments in the travel and leisure sector.

6 IRON & STEEL

4.1 CONTEXT[83]

The Iron and Steel industry contributes to ~25% of global industrial CO_2 emissions and is a crucial sector for climate change mitigation. Over the past decade, total CO_2 emissions from this sector have increased, driven by steel demand and have relatively stabilised in recent years. However, CO_2 emissions need to drop significantly to align and get on track with the Net Zero Emission (NZE) Scenario, under which emissions intensity should fall by about a quarter by 2030.

In particular, the Iron and Steel industry in Italy is a major contributor to the country's economy, accounting for around 3.5% of industrial output and is also responsible for 4.5% of Italian GHG emissions.

In 2022, the push for sustainability gained momentum in the Italian steel industry, although progress varies significantly among producers. While some companies have implemented lower-carbon technologies, such as electric arc furnaces (EAF) powered by recycled scrap, the industry overall still has a substantial environmental impact.

Government regulations are increasingly stringent, encouraging sustainable practices within the sector through policies that incentivise low-carbon technologies and impose stricter emissions standards. At the same time, the rise in ESG investments reflects a growing commitment within the industry to align with broader environmental goals.

Efforts are being directed towards decarbonising the sector by increasing the use of renewable energy sources and future prospects, such as green hydrogen, are also being explored, with the understanding that such advancements will require substantial support for infrastructure and technological development.

Additionally, adopting material efficiency strategies — such as enhancing steel yields, using lighter materials and extending product lifetimes — can help limit demand growth without sacrificing quality, supporting Italy's alignment with the Net Zero Emission (NZE) scenario. However, achieving full decarbonisation will depend on continuous government support, improved regulatory frameworks and sustained investment to overcome existing challenges and drive the sector toward a more sustainable future.

83 The sources of the data and information presented in this section include: IEA, "*Tracking Steel*", https://www.iea.org/energy-system/industry/steel; Fondazione Promozione Acciaio, "Performance dell'acciaio: performance economica", https://www.promozioneacciaio.it/aree-tematiche/performance-economica/; Federacciai, "Emissioni di CO_2 e prevenzione dei cambiamenti climatici", https://federacciai.it/emissioni-di-co2-e-prevenzione-dei-cambiamenti-climatici/, 2021.

6.2 CHALLENGES AND ENABLERS

Decarbonisation path of the Iron and Steel sector faces challenges related to global dynamics, technological issues and future uncertainty.

Key challenges

Steel has been increasingly in the spotlight in discussions on decarbonising industry and efforts in the Iron and Steel sector need to accelerate significantly to get on track with the Net Zero Emissions by 2050 (NZE) Scenario. The emissions reduction potential of traditional processing methods and scrap is constrained, making innovation during this decade crucial for commercialising new near-zero-emission steel production processes, projected to represent 8% of primary production by 2030 in the NZE Scenario. In particular, the main challenges for the sector to reach Net Zero targets are:

- **High energy intensity and heat demand.** Steelmaking is a high energy-intensive process and it is currently the largest industrial consumer of coal, which provides around 75% of its global energy demand. Replacing coal and coke with cleaner alternatives, such as hydrogen or electricity, is challenging as it will require a significant increase in the availability of these fuels.
- **Capital costs and technological challenges.** Technologies to reduce GHG emissions in the Iron and Steel sector currently have high capital costs and are at different stages of development, increasing uncertainty inherent to the innovation process and on their future costs.
- **Pipeline of energy projects.** The global energy crisis has not stalled progress on project announcements, especially for the direct reduction of hydrogen (H_2-DRI[84]). However, the current pipeline of low- and near zero-emission projects falls short of what is required to meet the NZE Scenario and high-emission projects make up around two-thirds of all announced projects worldwide.
- **Availability and quality of scrap.** In the NZE Scenario, by 2030 the share of emissions-intensive blast furnaces in the production of iron is supposed to decline by around 10% through the phase-out of existing plants, while the share of scrap-based production increases by over 5% through more scrap availability. Scrap-based production is considerably less energy-intensive than producing steel from iron ore (so-called "primary production") via blast furnaces or DRI (Direct Reduction Iron), leading to significant emission reductions without innovation. The main constraint governing this route is the availability and quality of scrap.

Key enablers

To ensure the sector decarbonisation, policymakers must provide the industry with a strong and supportive policy framework and a level playing field, for proactive stakeholders to get ahead of the game by developing low-emitting steel production technologies and securing long-term benefits in a new competitive landscape. Among others, key enablers are:

- **International policies.** Many countries have introduced policies addressing industrial decarbonisation, with relevant policies specifically for steel, including the EU Carbon Border Adjustment Mechanism (CBAM), which will become effective in January 2026, gradually ending free EU ETS allowances for steel emissions until 2034 and ensuring the carbon price of imports is equivalent to the carbon price of domestic production. This will be pursued through tariffs on imported emissions-intensive goods from jurisdictions with weak or absent emissions policy to limit carbon leakage and incentivise stronger emissions measures overseas.
- **Corporate commitments along the iron value chain.** The major steelmakers in the world have announced decarbonisation targets. In parallel, there is evidence of an emerging market that is willing to pay a green steel premium, as automotive companies are announcing they will use low-CO_2 steel in their vehicle manufacturing. These commitments may signal a paradigm shift and a growing market for green steel.
- **International efforts.** Policymakers are increasingly coordinating on steel decarbonisation, in order to address the threats posed by carbon leakage and the need for more investment into developing and deploying clean technology. Recent developments include: the establishment of the EU Climate Club, a high-ambition intergovernmental forum for exchange on industry decarbonisation, serving as an enabling framework for increased collective action across diverse geographies; the Industrial Deep Decarbonisation Initiative (IDDI), to drive the development of Green Public Procurement (GPP) criteria for steel and cement; the Breakthrough Agenda, which launched a Steel Breakthrough at COP26 with the involvement of 44 countries supporting priorities related to definition and standards, demand creation, research, development and demonstration, trade conditions, finance and investments, landscape coordination.
- Moreover, many private and non-governmental actors in the steel industry are beginning to take important steps towards transitioning to a zero-emission steel industry. For example, the First Movers Coalition and the SteelZero Initiative increased their number of member companies. Besides bilateral off-take agreements, these initiatives constitute an

84 Direct Reduction of Iron is the product of the direct reduction of iron ore in the solid state by carbon monoxide and hydrogen derived from natural gas or coal.

important demand signal to secure investments in near zero- and low-carbon steel production.

- **Technology.** The steel industry is advancing significantly in emission reduction through electric arc furnaces, renewable energy and recycling, while green hydrogen is emerging as a future cornerstone. These breakthrough technologies are developed with the aim of increasing scrap use and energy efficiency, switching fuel to fossil-free electricity, introducing top gas recycling, or replacing injected coal in blast furnaces with sustainably sourced biofuels. Moreover, Low-Temperature Electrolysis (LTE) and Molten Oxide Electrolysis (MOE) production routes are progressing and provide an additional opportunity to decarbonise steel production from the end of this decade onwards. The decarbonisation of scrap-based steelmaking is also advancing, with solutions such as substituting natural gas-firing for hydrogen, biomass, biocarbon or substituting charge and injection carbon for biogenic or rubber-/plastic-based alternatives.

6.3 INTESA SANPAOLO STRATEGIC APPROACH TO IRON & STEEL DECARBONISATION

The Iron & Steel industry acceleration toward the transition to a lower carbon future and the development of new technologies will be necessary to meet Net Zero sectoral targets. Intesa Sanpaolo is committed to fostering this transition, in line with the strategic ambition of the Bank to achieve Net Zero in 2050, prioritising the following key areas of action:

- Focus on **counterparties with challenging targets** as concerns their emission reduction targets, collaborating with industry leaders and companies that demonstrate a clear commitment to reducing their carbon footprint. Intesa Sanpaolo is identifying and prioritising counterparties that have established ambitious science-based targets to cut emissions and work towards achieving Net Zero. By supporting forward-thinking organisations and counterparties, the Bank aims to catalyse industry-wide change and encourage other companies to follow suit in setting bold decarbonisation goals.
- Actively **support decarbonisation projects** with dedicated financing. The transition to a low-carbon Iron & Steel industry will require substantial investments in research, technology and infrastructure. This includes investments in breakthrough technologies such as hydrogen-based steel production and electrification of processes. By offering financial backing for such projects, the Bank helps the development of cleaner production methods that will significantly reduce emissions in the long term.
- Promote **client engagement** on themes such as setting Net Zero Targets, implementing their decarbonisation strategy and offering to finance transition solutions. The Bank provides financing options specifically tailored to support the adoption of transition solutions, such as energy efficiency improvements, renewable energy integration and green innovation.

6.4 EMISSION TARGETS

In 2023, Intesa Sanpaolo elaborated interim 2030 emission reduction targets, aligned to Net Zero, in the Iron and Steel Sector. The target is to reduce emissions of physical intensity by 23% from 1.05 tCO_2/t steel as at 31/12/2022 to 0.81 tCO_2/t steel in 2030. It is to be noted that Intesa Sanpaolo starts from a lower baseline compared to the market average.

7 OIL & GAS

7.1 CONTEXT[85]

Oil & Gas operations account for nearly 15% of energy-related GHG emissions globally, with emissions coming from a variety of sources along Oil & Gas supply chains.

Methane emissions account for nearly half of the sector's current scope 1 and 2 emissions. Tackling methane is the most important measure to reduce these emissions. Other key levers include: eliminating all non emergency flaring, electrifying upstream facilities with low-emissions electricity and expanding the use of low emissions hydrogen in refineries.

Significant investments must be deployed to achieve emission reduction targets in the Oil & Gas sector. In the Net Zero Emissions scenario, approximately $600bn of cumulative spending would be required to halve the emissions intensity of Oil & Gas operations globally by 2030, with less than $80bn allocated to methane and flaring abatement projects.

Oil demand growth is expected to slow progressively over the rest of the decade. Under current market conditions and policies, global oil demand is projected to plateau at around 106 million barrels per day (mb/d) towards the end of the decade, driven by the accelerating transition to clean energy technologies.

The rapid adoption of electric vehicles (EVs), continued efficiency improvements in vehicles and the substitution of oil with renewables or natural gas in the power sector are likely to significantly reduce oil consumption in road transport and electricity generation.

Efficiency improvements are expected to gain increased importance across all transport segments, including road, maritime and aviation. Total efficiency gains are expected to reduce global oil demand growth by 4.7 mb/d from 2023 to 2030, with the majority of savings in OECD road fuels due to stricter environmental regulations in Europe and the United States.

7.2 CHALLENGES AND ENABLERS

The Oil & Gas sector faces a crucial moment in navigating decarbonisation challenges and opportunities. Balancing growing energy demand with a move to sustainable sources involves tackling geopolitical pressures, technological hurdles and the necessity for significant changes in investment approaches. Initiatives like the EU's REPowerEU Plan and global commitments to reduce GHG emissions, jointly with increasing pressure from consumers and investors, support the industry's transition in this pivotal moment.

Key challenges

- **Global trends and geopolitics.** Several global trends affect the achievement of decarbonisation by the Oil & Gas sector. Firstly, the sector must navigate the challenge of meeting a growing demand for energy. Despite the decarbonisation efforts and the notable deceleration of oil consumption in China, which has been the cornerstone of the growth in global oil demand so far, emerging economies are taking the lead on oil demand growth. Secondly, the changing political context for the energy transition in the European parliament is supposed to focus on affordability and industry competitiveness while pursuing the 2050 net-zero climate target and intermediate 2030 target of 55% emissions reduction.
- **Technological challenges.** Despite the availability of various technological innovations and decarbonisation strategies to reduce upstream emissions, the main hurdle lies in the readiness, accessibility and cost-effectiveness of these technologies. Technologies such as Carbon Capture, Utilisation and Storage, renewable energy integration and hydrogen production require further development, substantial investments and concerted efforts before they can be fully operational.
- **Investment challenges.** The Oil & Gas industry faces significant investment challenges, with evidence suggesting a limited shift in investment from players, potentially due to a lack of attractive opportunities in new energy markets and required capabilities. According to IEA research, the Oil & Gas sector – which provides more than half of the global energy supply and employs nearly 12 million workers worldwide – has been a marginal force at best in transitioning to a clean energy system. In 2023, Oil and Gas companies invested USD 28 billion into clean energy globally, a 30% increase from 2022 levels. However, this was significantly lower than the 65% surge recorded between 2021 and 2022, reflecting in part the inflationary pressures and supply chain disruptions affecting some renewable projects in the wake of the energy crisis, as well as recalibrations of company strategies. Despite the growth recorded in recent years, clean energy investment represents only a limited share of overall capital spending and a marginal portion of net income for Oil & Gas companies. Moreover, ~50% of global clean energy investment in 2023 involved M&A of clean energy companies[86].

85 The sources of the data and information presented in this section include: IEA, The Oil and Gas Industry in Net Zero Transitions, https://www.iea.org/reports/the-oil-and-gas-industry-in-net-zero-transitions, 2023; IEA, "Oil 2024 - Analysis and forecast to 2030", https://iea.blob.core.windows.net/assets/493a4f1b-c0a8-4bfc-be7b-b9c0761a3e5e/Oil2024.pdf , 2024.
86 IEA, World energy investment 2024, https://www.iea.org/reports/world-energy-investment-2024.

- **Green investments.** Global clean energy investments by Oil & Gas companies reached around $30bn in 2023, only 4% of the industry's overall capital investments and less than 1% of net income[87].

Key enablers

- **New Global commitments.** Recent commitments have been made by governments and policymakers to assist developing countries in reducing their greenhouse gas (GHG) emissions (e.g., Denmark, Costa Rica, Ecuador, Spain and France have explicitly stated a wish to stop all oil and gas activities in their jurisdictions). Additionally, Oil & Gas companies have pledged significant efforts to cut GHG emissions, with a focus on methane and to accelerate the shift toward renewable energy sources.
- **European regulations.** REPowerEU Plan has the ambition to diversify its energy supplies, save energy and produce clean energy, supporting the acceleration of investment in renewable energy development.
- **Raising awareness.** Along with policies and corporate commitments, consumers and investors are also increasing the pressure. The sector faces growing demands from customers, employees and investors to decarbonise. Many Oil & Gas companies have publicly declared their intention to become carbon neutral by 2050, reflecting the rising demand and market pressures for decarbonisation.
- **New technologies.** Carbon Capture, Utilisation and Storage (CCUS) represents an auxiliary solution to decarbonisation.
- **Bio-refineries** are taking the leading trend in the refining sector, particularly in Europe, providing various sustainable fuel products to the market. In particular, they provide Sustainable Aviation Fuel (SAF) which is a core decarbonisation solution for the aviation sector with a high demand forecasted over the next decade.

7.3 INTESA SANPAOLO STRATEGIC APPROACH TO OIL & GAS DECARBONIZATION

Intesa Sanpaolo's commitment to accelerating the Net Zero transition is reinforced by the provision of a sustainable product offering focused on decarbonisation initiatives. In particular, the Bank promotes financing and advisory practices related to sustainable activities. This alignment is critical to ensure that the Bank's support drives measurable environmental impact, helping companies to meet regulatory requirements and climate targets while guiding them toward more sustainable business models. In particular, Intesa Sanpaolo aims to focus on:

- **Low-carbon technologies:** prioritising investments in low-carbon technologies, including green hydrogen production, renewable energy sources and their integration into the energy system.
- **Energy efficiency enhancements:** supporting projects that aim to reduce energy consumption and enhance the efficiency of existing Oil & Gas operations.

To actively support the decarbonisation of the Oil & Gas sector, Intesa Sanpaolo offers a range of innovative financing solutions specifically designed to enable companies to transition to greener practices (e.g., sustainability-linked, green and transition loans, green bond issues and "acquisition/project transition financing).

Moreover, the Bank has defined policies and rules introducing specific limits and exclusions regarding lending activities and providing progressive reduction of financial services to counterparties within the Oil & Gas sector.

The updated "Rules on Oil & Gas Sector", published in June 2024, set stringent exclusion criteria related to new lending to unconventional resources[88] and the phase out of any existing exposures to unconventional resources subject to exclusion in accordance with the policy has been brought forward to 2025 from the previous 2030.

7.4 EMISSION TARGETS

Within the 2022-2025 Business Plan Intesa Sanpaolo presented interim 2030 emission reduction target, aligned to Net zero, in the Oil & Gas sector. The target is to reduce emissions physical intensity from 64 gCO_2e/MJ as at 30/06/2021 to 52-58 gCO_2e/MJ in 2030.

87 IEA, World energy investment 2024, https://www.iea.org/reports/world-energy-investment-2024.
88 Unconventional resources defined as: shale/tight oil, shale/tight gas, tar sands/oil sands, coal bed methane/coal seam gas.

8 POWER GENERATION

8.1 CONTEXT[89]

Power generation is the leading sector in the transition towards net zero emissions through the rapid ramping up of renewables, such as solar and wind. Clean energy reached a record high level globally in 2023, with over 560 gigawatts (GW) of new renewable power capacity introduced to the grid. Around USD 2 trillion is expected to be invested globally in clean energy in 2024, almost double the amount invested in fossil fuels.

The power sector has a key role in modern societies and will become even more critical with the increasing electrification of transport and heating. Renewables are expected to dominate the growth of global electricity supply followed by hydropower and nuclear energy in the period 2023-2025, addressing the majority of the additional demand over the period, expected to substantially grow in China and the European Union.

To achieve significant decarbonisation targets globally, electricity share must grow rapidly, fossil fuels be reduced and low- and zero-emission sources accelerated significantly.

Achieving a net-zero energy system relies on a fully decarbonised electricity sector and to meet net-zero targets, global electricity's share in final energy consumption should go from the current 20% to 50% by 2050. Fossil fuels, constituting over 60% of global electricity generation, must be swiftly reduced to below 30% by 2030 and to accomplish this, the deployment of low and zero-emission sources must accelerate significantly.

Solar PV, wind, nuclear, electric vehicles, heat pumps, hydrogen and carbon capture are key to affordable and secure transitions. Together they account for three-quarters of the CO_2 emissions reductions to 2050 complemented by other renewables such as bioenergy and geothermal and energy efficiency.

8.2 CHALLENGES AND ENABLERS

Key challenges

- **Cost of capital.** Capital costs have increased across most of the world, with emerging and developing economies facing much higher financing costs. The year 2023 was marked by a spike in interest rates across many countries – including advanced economies where relatively low inflation and low interest rates had prevailed for more than a decade. A higher cost of capital makes it much more difficult to generate attractive risk-adjusted returns which is especially true for relatively capital-intensive clean energy technologies that require a large upfront investment. Moreover, this type of investment is generally more dependent on debt financing (compared to the Oil & Gas industry) with operating expenses that tend to represent a relatively small share of total project costs.
- **Oversupply.** Solar photovoltaic (PV) manufacturers are scaling back investment plans due to a deepening supply glut and record-low prices. Global solar manufacturing capacity is expected to reach over 1,100 GW by the end of 2024, more than doubling the projected PV demand. This oversupply has caused photovoltaic module prices to more than halve since early 2023, leading to negative net margins for integrated solar PV manufacturers in 2024. The challenging market conditions have resulted in the cancellation of about 300 GW of polysilicon and 200 GW of wafer manufacturing capacity projects, valued at approximately USD 25 billion.
- **Grid infrastructure and system integration of renewables**. The rapid increase in wind and solar PV generation is contributing to higher levels of curtailment, underlining the urgent need for greater grid flexibility. In countries where grid investments and system integration efforts are not keeping pace with the fast deployment of renewable energy, curtailment risks could escalate. Although investment in battery storage is rising in many of these regions, additional flexibility measures, such as long-term energy storage and large-scale demand-response systems, will be crucial to mitigate these challenges and ensure efficient renewable integration.
- **Permitting and regulatory issues.** Advanced technologies like nuclear fusion power and green hydrogen (H_2) are waiting for their momentum and need strong government support during the next decade. For instance, green H_2 needs infrastructure to connect H_2 producers with consumers and enable additional demand from new sectors (mainly transport and power).

89 The sources of the data and information presented in this section include: IEA, "World Energy Outlook 2024", https://www.iea.org/reports/world-energy-outlook-2024/executive-summary, 2024; IEA, "World Energy Investment 2024", https://www.iea.org/reports/world-energy-investment-2024/overview-and-key-findings; IEA, Electricity system, https://www.iea.org/energy-system/electricity, https://www.iea.org/reports/renewables-2024/executive-summary, 2025.

Key enablers

- **Sustainability-focused policies and regulations.** Global renewable capacity is expected to grow by 2.7 times its 2022 level by 2030[90]. Net Zero targets and energy security policies in nearly 140 countries have played a crucial role in making renewables cost-competitive with fossil-fired power plants. This is unlocking new demand from the private sector and households, while industrial policies that encourage local manufacturing of solar panels and wind turbines are fostering domestic markets. Moreover, as stated in the Renewable Energy Directive entered into force in November 2023, the binding renewable energy target for 2030 was raised to a minimum of 42.5% with the aspiration to reach 45%.
- **Growing need for electricity.** Renewable electricity uses in the transport, industry and buildings sectors accounts for more than three-quarters of the overall rise in forecasted global renewable energy demand. This increase boosts the share of renewables in final energy consumption to nearly 20% by 2030, up from 13% in 2023.
- **Energy security and independence.** Renewable energy sources provide an opportunity to reduce dependence on imported fossil fuels, improving energy security and reducing exposure to volatile global energy markets. In particular, the European Union had experienced an urgent need to replace natural gas imports and launched the REPowerEU plan which resulted in improved energy security for the EU through a more diversified energy balance with renewables playing a key role.
- **Re-powering opportunities.** Wind farms can be upgraded relatively easily compared to gas and nuclear plants. With advances in turbine technology, wind farms can produce significantly more power without expanding their physical footprint. This upgradability is a key advantage, as new technology can be deployed on existing infrastructure.

8.3 INTESA SANPAOLO STRATEGIC APPROACH TO POWER GENERATION DECARBONISATION

The Power Generation sector was among the first areas where Intesa Sanpaolo set ambitious decarbonisation targets. Recognising the urgency of climate action, the Bank provides specialised financial services and strategic support to companies committed to Net Zero targets and advancing the clean energy transition. The approach is built around two core strategic pillars:

Active financial support

- Intesa Sanpaolo's commitment to decarbonising the Power Generation sector is reflected in the diverse range of **financial products**, specifically designed to meet the evolving needs of renewable energy initiatives and sustainable infrastructure projects. The Bank offers favourable financing terms through dedicated plafonds and instruments that support well-established renewable energy solutions, including Solar Photovoltaic, Onshore and Offshore Wind Energy and Battery Energy Storage Systems. This financial flexibility and support enable the development of projects, in line with sustainable objectives.
- In addition to established technologies, the Bank closely monitors and supports the projects that advance **Emerging Clean Technologies**, such as Green Hydrogen. These innovations hold enormous potential to further decarbonise power generation and industrial processes while offering reliable, long-term energy storage solutions.
- The financial commitment of Intesa Sanpaolo to green projects is underscored by a strong increase in **green loan originations** in the Power Generation sector, reflecting the steadfast commitment to advancing sustainable energy solutions and supporting clients in their journey toward a low-carbon economy.

90 IEA, "Massive global growth of renewables to 2030 is set to match entire power capacity of major economies today, moving world closer to tripling goal", https://www.iea.org/news/massive-global-growth-of-renewables-to-2030-is-set-to-match-entire-power-capacity-of-major-economies-today-moving-world-closer-to-tripling-goal, 2024; IEA, "Global overview – Renewable energy consumption", https://www.iea.org/reports/renewables-2024/global-overview, 2024.

Multistakeholder engagement and partnerships

Intesa Sanpaolo recognises that achieving a sustainable, low-carbon future for the Power Generation sector requires significant collaboration with a wide range of stakeholders. Engaging actively with industry participants, policymakers and communities is essential to foster an inclusive, robust transition toward sustainable energy solutions. By building strong partnerships, the Bank aims to amplify the impact of decarbonisation efforts across both industry and society.

- The Bank participates in a wide array of industry associations and energy forums, including leading energy councils and climate action groups. Through these platforms, the Bank builds strategic alliances, collaborates on shared objectives, exchanges critical insights and promotes best practices that drive collective progress toward sustainability. Intesa Sanpaolo's involvement in these forums allows it to stay at the forefront of emerging trends, regulatory developments and technological advancements, ensuring that its strategies and those of its partners remain aligned with the latest Net Zero targets. These strategic alliances not only help the Bank strengthen its impact but also foster a collaborative environment where knowledge and resources are shared, creating a unified approach to tackling the challenges of the clean energy transition.
- Partnering with **Multilateral Development Banks (MDBs)** is part of Intesa Sanpaolo's strategy, since it enables the enhancement of the generated impact through the participation in a broader range of sustainable projects across diverse regions. By joining forces with MDBs, the Bank gains access to a powerful network of resources, financial instruments and regional insights in order to support larger-scale projects aligned with the Bank's sustainability goals. Through these collaborations, the Bank can engage in projects that might otherwise be challenging for a single institution to undertake, such as large infrastructure developments in emerging markets, renewable energy installations and cross-border initiatives that require substantial funding and risk-sharing. Working with MDBs also enables the Bank to contribute to the financing of critical infrastructure in underdeveloped areas, promoting energy access, economic resilience and environmental sustainability. The partnerships with MDBs help the Bank broaden its geographic reach, deepen the expertise in diverse markets and leverage shared knowledge to implement best practices in sustainable finance. Together, Intesa Sanpaolo and MDBs can catalyse change on a global scale, accelerating the transition to a low-carbon economy and supporting sustainable growth in both developed and developing regions. For example, in October 2024 Intesa Sanpaolo announced an agreement with the European Investment Bank, in which they offer €1 billion in credit to wind power companies, supported by €500 million in guarantees. This initiative strengthens Europe's wind power sector during the green transition and aids local companies facing credit limitations. Loans will enable companies to secure performance bonds required for public contracts, helping them begin projects and receive advance payments. The Intesa Sanpaolo Group is looking with great interest at blended finance, which involves a mix of public and private resources in a common investment scheme, with the aim of financing sustainable projects, particularly in the energy transition, while ensuring adequate returns and mitigating risks. Blended finance could allow the Bank to participate in transactions of significant size or duration, to make complex investments in relevant sectors and to reach otherwise "unbankable" counterparties through an appropriate mix of funding sources and risk-sharing solutions.
- Intesa Sanpaolo actively supports **Public-Private Partnerships** to align public-sector policy objectives with private-sector innovation, investment and expertise. By fostering these collaborations, the Bank establishes a strong foundation where government agencies, private companies and financial institutions can work together to achieve shared sustainability goals that would be challenging to accomplish independently. PPPs enable to pool resources, share risks and leverage the strengths of both sectors, resulting in innovative solutions that address complex and large-scale sustainability challenges such as decarbonisation, green infrastructure development and energy efficiency. Through PPPs, the Bank supports the development of sustainable infrastructure projects – such as renewable energy installations, smart grids and eco-friendly urban planning – that can drive transformative change in the power generation sector. Additionally, PPPs contribute to the advancement of technologies like green hydrogen and energy storage, ensuring these emerging solutions have the financial backing and operational support needed to scale effectively.

By actively engaging with a wide range of stakeholders and establishing strategic partnerships, Intesa Sanpaolo is dedicated to creating a **robust, collaborative ecosystem** that supports and accelerates the energy transition within the power generation sector. Recognising that this transition requires a collective effort, the Bank works closely with industry players, policymakers, technology innovators and community organisations to foster a shared commitment to decarbonisation and sustainability.

Intesa Sanpaolo is not only committed to facilitating the shift to clean energy but also to **driving continuous innovation in sustainable practices**, such as advanced technologies and solutions to reduce carbon emissions and improve energy efficiency. Furthermore, the Bank enhances the resilience within communities affected by the energy transition, ensuring that the shift toward low-carbon energy is inclusive and equitable.

In addition, Intesa Sanpaolo plays a **proactive role** in shaping **sustainable finance practices**, advocating for policies and financial structures that encourage responsible investment in renewable energy and green infrastructure. Through these initiatives, the Bank seeks to empower industry stakeholders and society by developing financial and operational solutions that make the transition to a low-carbon economy accessible, achievable and beneficial for all.

2.4 EMISSION TARGETS

Within the 2022-2025 Business Plan, Intesa Sanpaolo presented interim 2030 emission reduction targets aligned to net zero in the Power Generation sector. The perimeter was reviewed in 2023; the target is to reduce emissions physical intensity by 45.5%, passing from 202 kgCO_2 e/MWh in December 2022 to 110 kgCO_2 e/MWh in 2030.

CASE STUDIES

IMI Corporate & Investment Banking acted as co-advisor to Enel for photovoltaic plants in Spain

Intesa Sanpaolo, through its IMI Corporate & Investment Banking Division, acted as co-advisor to the Enel Group for a partnership agreement to manage photovoltaic plants in Spain.

The agreement stipulates that Masdar (Abu Dhabi Future Energy Company) will acquire a minority stake in EGPE Solar, which holds the current portfolio of photovoltaic plants owned by Endesa – a subsidiary of Enel and one of the leading electricity companies in Spain and Portugal – already in operation, for a consideration of €817 million.

This transaction allows Enel to retain control of EGPE Solar while maximising productivity and returns on invested capital.

Once again, Intesa Sanpaolo has leveraged its expertise in extraordinary corporate finance operations, as well as its extensive knowledge of financial markets and industrial realities at the international level, to serve companies.

Financing a wind power plant in Croatia

Intesa Sanpaolo, through its International Banks Division, provided financing of ~€23m for the construction of a 50 MW wind power plant near Gračac (Croatia) with an annual production of about 111 GWh. The project financing was classified as environmentally sustainable according to the Bank rules. In particular, the project was designed to contain its environmental impact since all areas damaged by the construction of the wind farm were restored to the original and the environmental impact during operations was minimised through dedicated actions and investments aimed at the adoption of circularity principles.

9 RESIDENTIAL REAL ESTATE

9.1 CONTEXT[91]

Buildings account for approximately 40% of the EU's energy consumption and 35% of its energy-related greenhouse gas emissions (the main source being building energy consumption). The RRE sector therefore plays a significant role in supporting the EU's goal of transitioning to a net zero economy by 2050.

According to European Energy Agency, total GHG emissions from buildings in the EU decreased by 34% between 2005 and 2022, driven mainly by the EU's decarbonisation strategy, which promotes the improvement of energy efficiency in new and existing buildings and a general trend towards warmer winter temperatures which resulted in reduced heating needs. While the decreasing trend in emissions from buildings is promising, it must be accelerated to achieve the EU's goal of becoming climate-neutral by 2050.

One of the primary challenges in reducing greenhouse gas emissions from the building sector is the poor energy efficiency of the existing building stock, coupled with the persistently low refurbishment rates across nearly all EU member states. Currently, although around 35% of the EU's buildings are over 50 years old and nearly 75% of the building stock is considered energy inefficient, the average annual energy renovation rate is only about 1%. Increasing this rate is essential to decarbonise the RRE sector, but also demands considerable investment.

In particular, Italy's real estate landscape presents a unique challenge in the broader EU context. The country has approximately 12 million residential buildings, with over 60% built before 1976, before the introduction of the first energy regulations. Today, only 4% of Italian residential properties are classified as energy class A. However, there is a positive trend: in 2023 40% of renovated properties and 90% of new constructions 2023 have reached this class, highlighting the growing momentum toward energy-efficiency buildings.

In line with the objectives of the Fit for 55 and the Energy Performance of Buildings Directive (EPBD) published in April 2024, the EU has set itself a target of improving the average energy performance of the national residential building stock by 16% by 2030 and by 20-22% by 2035. To achieve this, the EU must leverage already available decarbonisation technologies to improve the energy efficiency of new and existing buildings, as well as implement policy measures to incentivise and accelerate the adoption of these technologies (see more details in the next section on decarbonisation levers).

9.2 CHALLENGES AND ENABLERS

Key challenges

The RRE sector faces several significant challenges in its efforts to decarbonise:

- **High costs.** Energy-efficient renovations can be prohibitively **expensive** for homeowners. Upgrading to energy-efficient systems and materials (e.g., retrofitting, heat pumps, solar panels) often requires substantial **upfront investment**, which can be a barrier for many property owners, particularly low-income households.
- **Reliance on a stable and supportive framework to drive decarbonisation.** Effective mechanisms, such as incentives, streamlined processes and clear guidelines, are essential to enable the widespread adoption of energy-efficient technologies. A lack of clarity or consistency in these mechanisms can create uncertainty, hindering progress and slowing investment in energy-efficient improvements.
- **Standardisation and availability of EPC (Energy Performance Certificate) data.** The lack of standardised and readily available EPC data **complicates** the **monitoring** of **building efficiency** and thus makes it **challenging** for banks to set **decarbonisation targets**.

Key enablers

- **Electrification and renewable energy integration.** Transitioning to electric heating and cooling systems (e.g., heat pumps, electric stoves, smart thermostats) and integrating on-site renewable energy solutions (e.g., solar panels with storage) can significantly reduce energy consumption and emissions in both new and existing buildings.
- **Energy-efficient materials and building designs.** Using high-performance materials like aerogels or insulated concrete forms (ICFs) enhances thermal efficiency, while building designs optimised for natural light and ventilation minimise the need for artificial lighting and cooling, further improving energy efficiency.

91 The sources of the data and information presented in this section include: EU, "Greenhouse gas emissions from energy use in buildings in Europe", https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-energy, 2024; EU, "Energy Performance of Buildings Directive adopted to bring down energy bills and reduce emissions", https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1965, 2024; EU, "Energy Performance of Buildings Directive", https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en; IEA, "Buildings", https://www.iea.org/energy-system/buildings; European Environment Agency, "Building renovation: where circular economy and climate meet", https://www.eea.europa.eu/publications/building-renovation-where-circular-economy, 2022.; ENEA, "La consistenza del parco immobiliare nazionale", https://www.pubblicazioni.enea.it/le-pubblicazioni-enea/edizioni-enea/anno-2024/la-consistenza-del-parco-immobiliare-nazionale.html, 2024; CRIF, "Transizione Verde: l'Italia può arrivare al 37% di immobili in classe A grazie a incentivi e finanza green", https://www.crif.it/area-stampa/transizione-verde-l-italia-puo-arrivare-al-37-di-immobili-in-classe-a-grazie-a-incentivi-e-finanza-green/, 2024.

- **Regulatory framework and incentives.** Improving **building standards** (e.g., EN Eurocodes[92] for the construction of buildings in Europe), implementing national renovation plans based on the Energy Performance of Buildings Directive (e.g., France's MaPrimeRénov[93] and Germany's KfW programmes[94]) and extending **Energy Performance Certificates** (EPCs) obligation[95] beyond transactions such as buying or renting, requiring continuous updating of the Energy Performance Certificate, would drive energy-efficient renovations, increase transparency and provide financial support to accelerate sustainable building practices.

9.3 INTESA SANPAOLO STRATEGIC APPROACH TO RESIDENTIAL REAL ESTATE DECARBONISATION

The **2022-2025 Business Plan** of Intesa Sanpaolo confirms the Bank's commitment to promote the transition to a low-emission economy by supporting green initiatives and projects for its clients. The Bank is committed to providing new lending to support the green economy, circular economy and ecological transition (including Mission 2 NRRP).

Italian buildings represent **more than a third of the country's energy consumption** and most were built **before the adoption of energy-saving solutions**. To support the energy efficiency of residential buildings in the country, the Bank supports its Retail clients' **green projects**, providing **Green Mortgages**, which are available not only to support the purchase or construction of a highly energy-efficient property but also for those who wish to improve energy performance through, for example, the replacement of windows and high-efficiency boilers, the purchase of eco-friendly vehicles and the installation of solar and photovoltaic panels.

Since 2020, the Bank has offered **Green-Domus Mortgage** under **favourable conditions** (reduction of the APR and free energy certification APE for purposes related to renovation) to allow the **purchase and construction** of a residential property in Italy with a high energy class (equal to or greater than B) or the re**novation of a residential property** in Italy with an improvement of at least one energy class.

In line with the Bank's objectives and the need to offer **green financing** increasingly aligned with the actual energy profile of properties, starting from November 2024, the Bank has also **renewed Green-Domus Mortgage,** applying new criteria aimed to evaluate the alignment of properties with the EU Taxonomy[96], thus valuing not only the energy class but also:

- energy consumption of the property;
- year of construction (pre-2020 vs post-2020);
- location in one of the 6 Italian climatic zones characterised by consistent characteristics.

Therefore, building on its past efforts while aligning with evolving regulations, **Intesa Sanpaolo's commitment** is to **facilitate the redevelopment of Italy's real estate assets**, supporting the achievement of the ambitious targets established by the EU's Energy Performance of Buildings Directive.

To leverage Intesa Sanpaolo expertise and actively contribute to discussions at the European level, the Bank:

- Participates in the **EeMAP (Energy efficient Mortgages Action Plan)**, an initiative aimed at creating a standardised energy-efficient mortgage at the European level to encourage the renovation of buildings and the purchase of highly efficient properties through favourable financial conditions.
- Adheres to the **Energy Efficient Mortgage Label (EEML)**, a project aimed at ensuring the regulatory alignment of the portfolio with major legal and policies, such as the EU Taxonomy, the Mortgage Credit Directive (MCD), the Capital Requirements Regulation (CRR), or their international equivalents. As part of the EEML project, since 2021, Intesa Sanpaolo has been reporting aggregated quarterly data on the green portfolio and the standard portfolio.

Given the above as well as the bank's desire to **grow its portfolio market share**, its priority for the sector should be to **maintain** (at a minimum) and **improve** current **new flow lending trends**, for example through continued **focus** and potential **extension** of **incentivisation mechanisms**. To this end, the set of **key steering actions** the bank could act upon to steer its portfolio's intensity towards the target are the following:

- **Increase financing:** to already high energy efficient buildings (e.g., EPC A, B, C);
- **Support the transition:** promote and finance retrofitting of less energy-efficient buildings (e.g., EPC E, F, G);
- **Consulting:** intensify advice to its customers on opportunities and risks related to the efficiency of its energy assets.

92 EN Eurocodes.
93 France's MaPrimeRenov Program.
94 KfW Federal Subsidy for Efficient Buildings.
95 European Parliament, "Revision of the Energy Performance of Buildings Directive", https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/698901/EPRS_BRI(2022)698901_EN.pdf, 2024.
96 European Union's classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and the broader environmental goals other than climate.

To act upon such levers, the Bank can leverage the following enablers:

- Continuation of the **incentive mechanisms** for the **most efficient buildings**, also leveraging the criteria identified by the EU taxonomy (year of construction, climate zone).
- Extension of **incentivisation mechanisms** to promote **renovation/ retrofitting** activities for less efficient buildings.

9.4 EMISSION TARGETS

For the Residential Real Estate (RRE) sector, the scope of the target-setting exercise includes loan exposures to mortgages in the Private Retail regulatory segment with real estate-related use of proceeds (e.g. purchase, refinance, construction or rehabilitation) and backed by real estate collateral.

At the baseline year, the defined perimeter for the Bank's RRE portfolio covers €105.5 bn of loan exposures, has a physical Intensity of 30.13 $KgCO_2e/m^2$ and total financed emissions of 2.1 $MtCO_2e$.

The 2030 target physical intensity[97] for the Bank's RRE portfolio is set at 19.26 $KgCO_2e/m^2$, which implies a 36% reduction from the baseline year to 2030.

97 It is to be noted that achieving the target is significantly dependent on the implementation of government policies for the decarbonisation of the energy grid.

FINANCING THE TRANSITION TO A SUSTAINABLE, GREEN AND CIRCULAR ECONOMY

Between 2021 and 2024[98], around €68.3bn were disbursed, out of the €76bn target of new lending to support Green Economy, Circular Economy and ecological transition[99].

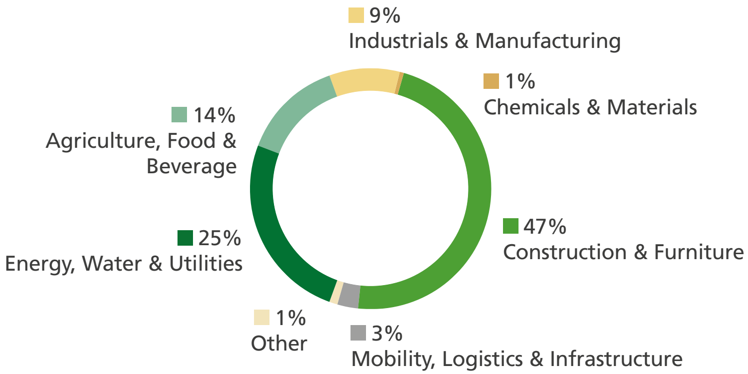
Focus on the Circular Economy New Lending

Group's commitment to the Circular and Green Economy was confirmed in the 2022-2025 Business Plan with the dedicated plafond of €8bn.

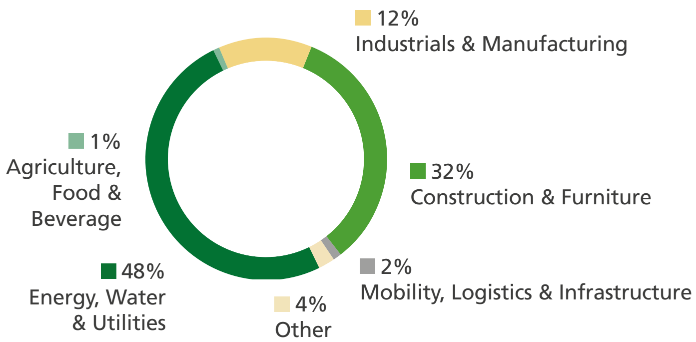
Disbursements in 2024 totaled €4bn (of which €2,2bn related to green criteria).

Focus on Circular Economy plafond projects (% amounts disbursed by sector)

2024



2023*



* The sum of the chart components does not equal 100% due to rounding adjustments.

Focus on S-Loans

~€2.2bn Disbursed in 2022

~€1.7bn Disbursed in 2023

~€1.6bn Disbursed in 2024

~€6.8bn Disbursed from July 2020

Focus on Green Mortgages[100]

~€4.1bn Disbursed in 2024

~€9.0bn Disbursed in 2022-2024

98 Starting from 30.6.24 the figure also includes the 2022-2024 cumulative amount of transition finance pertaining to the foreign activities of the Group.
99 Including Mission 2 of the National Recovery and Resilience Plan (NRRP).
100 Starting from 30.6.24 green mortgages issued by International Banks Division are included.

GREEN BONDS AND USE OF PROCEEDS[101]

In 2017, Intesa Sanpaolo was the first Italian bank to issue a €500m Green Bond connected with environmental sustainability projects. Since 2017 Intesa Sanpaolo has issued more than €10bn in Green Bonds (€8.67bn outstanding as of 31/12/2024). Under the Green, Social and Sustainability (GSS) Bond Framework, in 2024 Intesa Sanpaolo issued a €1bn Green Bond and a JPY37bn Green Bond Triple Tranche dedicated to the Japanese market. The bond proceeds of both issuances will be allocated to refinance/finance, on a portfolio basis, Eligible Green Loans within the Green Eligible Categories stated in the Green, Social & Sustainability Bond Framework dated June 2022.

Green Bonds Issuance

	Green Bond for Green Mortgages	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories
Amount	€1.25bn	€1bn	€750m	€1.5bn	£600m	Dual Tranche €1bn – 3y €1.25bn – 7y	¥37.1bn Triple Tranche ¥35bn – 2y ¥1.9bn – 3y ¥200m – 7y	€1bn
Underwriting	>50% from ESG investors	75% from ESG investors (54% Dark Green & 21% Light Green)	~80% from ESG investors	~80% from ESG investors	~88% from ESG investors	83% from ESG investors	N/A	>85% from ESG investors
Value date	March 2021	September 2022	March 2023	March 2023	March 2023	May 2023	March 2024	April 2024
Maturity date	March 2028	September 2027	March 2033	March 2028 (Callable March 2027)	March 2029 (callable March 2028)	May 2026/2030	March 2026/2027/2031	October 2030
Alignment	2018 GBPs, 2020 SBPs and SBGs 2018	2021	2021	2021	2021	2021	2021	2021
Second Party	ISS ESG	ISS ESG	ISS ESG	ISS ESG	ISS ESG	ISS ESG	ISS ESG	ISS ESG

101 Use of proceeds at 31/12/2024.

The new 2024 Green and Social Bond Report covering the Green Bonds outstanding as of 31/12/2024 will be published in 2025. The report is based on the "Portfolio approach" which, rather than reporting on the allocation of the proceeds and the environmental benefits of each loan, through to the coverage of the complete amount of the bond, estimates the impacts and benefits obtained for the entire portfolio of eligible loans for each of the green categories. In addition, by looking at the estimated average impact per million euro financed, it is possible to calculate the tons of CO_2 avoided directly attributable to the bond purchased. As shared in the report, the proceeds of any Intesa Sanpaolo Green Bond issued under the framework have been allocated exclusively to Eligible Loans.

ISP GREEN LOAN PORTFOLIO

Eligible categories	# of loans	Outstanding Amount (€)	Tenor (years)	% Outside Italy
Renewable Energy	**825**	**1,519,273,357**	**6.8**	**23%**
Photovoltaic	714	1,093,534,619	6.5	21%
Eolic	50	346,046,433	7.8	32%
Hydroelectric	61	79,692,305	7.3	0%
Energy efficiency	**36**	**105,374,739**	**4.6**	**0%**
Green buildings	**116,178**	**13,587,699,312**	**23.2**	**13%**
Built after 1st Jan. 2021				
NZEB - 10%[104]	15,046	2,024,875,712	24.8	2%
Built before 31st Dec. 2020				
EPC Label A	65,423	7,854,343,755	23.2	20%
Other in Top 15%[106]	35,709	3,708,479,845	22.1	3%
Circular Economy	**77**	**2,240,899,740**	**3.8**	**12%**
Total		**17,453,247,148**	**19.2**	**15%**

ISP GREEN FUNDING

ISIN	Allocated Amount (€)
XS2529233814	1,000 mln
XS2450068619[102]	18 mln
XS2317069685	1,250 mln
XS2592650373	1,500 mln
XS2592658947	750 mln
XS2598063480[103]	673 mln
XS2625195891	1,000 mln
XS2625196352	1,250 mln
2024 Issuances	
XS2783774743[105]	1 mln
XS2783773778[107]	12 mln
XS2783772614[108]	216 mln
XS2804485915	1,000 mln
	8,670 mln

When considering the use of proceeds and their effects on GHG emission reduction, 77.8% of the proceeds have been allocated to loans for Green Buildings, 8.7% for Renewable Energy, 12.9% for Circular economy projects and 0.6% for Energy efficiency measures.

102 Private Placement ¥2.4 bn printed in 2022.
103 Public Issue GBP 600 m printed in March 2023.
104 Italy doesn't specify a numerical indicator of primary energy requirement for Nearly-Zero Energy Buildings (NZEB) in the transposition of the EU Energy Performance of Buildings Directive 2010/31/EU (EPBD). Therefore, Buildings considered with Primary Energy Demand at least 10 % lower than the threshold set for NZEB requirements in national measures are those that meet Primary Energy Demand thresholds by climate area defined by third-party provider analysis.
105 JPY triple tranche printed in March 2024.
106 Buildings belonging to the Top 15% of the national residential building stock according to Primary Energy Demand thresholds by climate area defined by third-party provider analysis.
107 JPY triple tranche printed in March 2024.
108 JPY triple tranche printed in March 2024.
109 Avoided emissions only refer to outstanding eligible loans of the Portfolio.

IMPACT REPORTING AT GREEN PORTFOLIO LEVEL

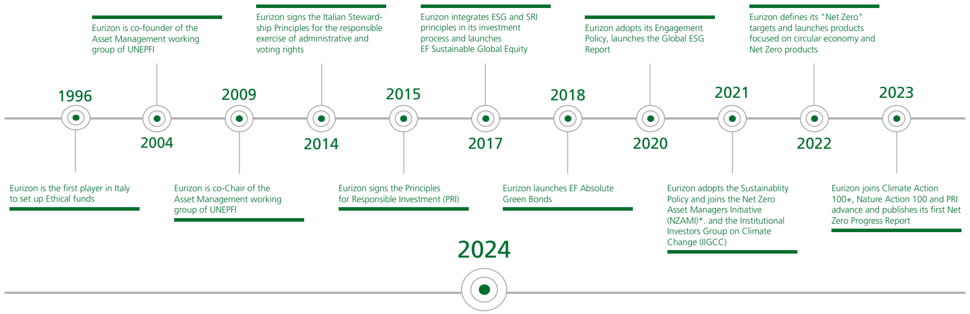
Eligible Loan Category	# of loans	Outstanding Amount* € mln	Share of total portfolio financing	Avoided financed GHG emissions (tCO_2e)[109]
Renewable Energy	825	1,519	8.7%	2,068,700
Energy efficiency	36	105	0.6%	61,700
Green Buildings	116,178	13,588	77.9%	224,400
Circular Economy	77	2,241	12.8%	2,053,000
Total	**117,116**	**17,453**	**100%**	**4,407,800**
Estimated Impact per €1 M invested (GHG)				253

* As of 31st December 2024

Avoided financed GHG emissions amount to 4.4m tCO_2e and estimated Impact per €1m invested is equal to 253 tCO_2e of avoided GHG emissions. The avoided emissions have been calculated, adopting a conservative approach, in compliance with the Global GHG Accounting and Reporting Standard for the Financial Industry and the Life Cycle Assessment approach and they have been proportionally allocated according to an Attribution Factor.

EURIZON ESG & CLIMATE COMMITMENT AND ESG REPORTS

In light of its fiduciary duty to clients, investors and stakeholders, Eurizon attributes great importance to sustainability, including climate related issues.



Eurizon introduces the 'Eurizon Naturewatch' and 'Director Accountability' frameworks; Principal Adverse Impact Indicators (PAIs) are also included in its Engagement Policy

* On 13 January 2025, NZAMI launched a review of the initiative to ensure it remains fit for purpose in the new global context. During this review phase, the initiative is suspending activities to track signatory implementation and reporting.

EURIZON NET ZERO TARGETS

Eurizon has defined Net Zero targets across four areas: Asset Level Alignment Target, Portfolio Level Reference Target, Stewardship Target and Investment in Climate Solutions Target. In setting these targets, Eurizon has followed the "Net Zero Investment Framework 1.5°C" ("NZIF"), considering Scope 1 and Scope 2 emissions for investee companies, with the intention of incorporating Scope 3 emissions when data availability will improve.

The table below presents progress on Net Zero targets as of year-end 2024. For further details, please refer to Eurizon Net Zero Progress Report 2024.

EURIZON
ASSET MANAGEMENT

Annual Reporting on Target progress

Targets

Asset Level Alignment

- **"Portfolio in Scope"**, consisting of investments in Listed Equity and Corporate Fixed Income, amounted to **€67.5bn**, equivalent to **15.39%** of its AUM at **31 December 2021**
- **50% of AUM** in "Portfolio in Scope" to be at least **"Aligning towards a Net Zero pathway" by 2030**
- and **100% of AUM** in "Portfolio in Scope" to be **"Aligned to a Net Zero pathway" or "Achieving Net Zero" by 2040.**

Target	Baseline	Last
2030	2019	Dec 2024
50%	14.53%	32.17%
LT Target		
2040		
100%		

TARGET 1: ASSET LEVEL ALIGNMENT

- The main objective of the Asset Level Alignment Target is **the progressive alignment of the companies included within the Portfolio in scope** with the Net Zero emissions scenario (Level "Achieving Net Zero"). The companies' assessment follows 6 criteria: Ambition, Targets, Emissions' performance, Transparency, Decarbonization strategy, Capital allocation.

Portfolio Level Reference

- calculated as the **Weighted Average Carbon Intensity (WACI)** of investee companies expressed as **tCO_2e/mln$ Revenue**
- Aim is to reduce the **WACI of Portfolio in Scope by 50%** by 2030 vs Baseline year
- Achievement of **Net Zero carbon emissions** (Scope 1 and 2) for the Portfolio in Scope by 2050

Target	Baseline	Last
2030	2019	Dec 2024
-50%	166.47 tCO_2e/mln $	112.74 tCO_2e/mln $ (-32.28%)
LT Target		
2050		
Net Zero		

TARGET 2: PORTFOLIO LEVEL REFERENCE

- Eurizon announced its goal of halving financed emissions - expressed in terms of intensity - by 2030 compared to the baseline year (2019), as required by the IPCC (Intergovernmental Panel on Climate Change), through actions that include stewardship & engagement activities and investments in climate solutions.

Stewardship & Engagement

- **# of Net Zero-focused engagements** (i.e. number of companies to be engaged **covering 70% and 90% of financed emissions by 2025 and 2030** respectively of the Portfolio in Scope)
- Eurizon has the objective to dialogue with **155 companies by 2030** to encourage them to achieve progressively a better degree of alignment to Net Zero Scenario

Target	Baseline	Last
2030	2019	Dec 2024
90%	0%	71.11%
155	0	71

TARGET 3: STEWARDSHIP TARGET

- Eurizon has defined an **analysis framework** for assessing the credibility of **issuers transition plans.**

Climate Solutions

- **% of AuM in scope** invested **in Green Bonds**

Target	Baseline	Last
2025	2019	Dec 2024
4%	1.53%	3.59%

TARGET 4: CLIMATE SOLUTIONS

- As of December 2023 the figure considers the amounts invested both in **Green Bonds and Sustainability Bonds.**

Insights

EURIZON STEWARDSHIP PRIORITY ISSUES

Eurizon periodically identifies priority issues on which it intends to focus its stewardship activities. During 2024, the environmental topics identified by the Company were:

- **Climate change mitigation and adaptation**, with particular focus on the credibility of issuers' Transition Plans and on Directors' accountability in the implementation of decarbonisation strategies. Analysis of the degree of alignment of a company's strategy with the Net Zero scenario are carried out using the NZIF methodology promoted by IIGCC[110]. As part of its stewardship activities, Eurizon commits to vote "Say on Climate" proposals on climate transition strategies presented by the management of investee companies at Annual General Meetings.
- **Biodiversity loss mitigation**, through monitoring the impact of companies' activities on the ecosystem.

In particular, within its Engagement Policy, Eurizon has defined the guidelines supporting the dialogue with issuers to address biodiversity loss and deforestation by promoting:

i. transparency in the sourcing and use of raw materials,

ii. the adoption of circular economy and material recycling practices and

iii. an ongoing commitment to more sustainable standards, also at a supply chain level.

During 2024, Eurizon conducted 837 engagement, ~37% of which concerning sustainability-related matters; 66 companies were engaged regarding their Net Zero Strategy.

At the Asset Management Division level, Eurizon expressed its vote on 21 "Say on Climate" resolutions and supported 64 resolutions asking companies to provide adequate disclosure that would allow for the evaluations of the current management of risks related to climate change; it also supported 100% of the proposals (32) requesting greater transparency in biodiversity conservation and circular economy[111].

110 The "Net Zero Investment Framework" (NZIF) methodology promoted by IIGCC, takes into account six criteria:
- "Ambition": the presence of public declarations of intent to reach the target of net zero direct and indirect emissions no later than 2050;
- "Targets": the publication of short- and medium-term targets to reduce own emissions;
- "Emission Performance": the publication of direct and indirect emission reduction levels in relation to established targets;
- "Transparency": the publication of own emission levels;
- "Decarbonisation strategy": the adoption of a strategy to achieve the decarbonisation targets;
- "Capital Allocation": the consistency expenditure with the target or reaching a "Net Zero" scenario.

111 In particular, Eurizon Capital SGR expressed its vote on 17 "Say on Climate" resolutions and supported 38 resolutions asking companies to provide adequate disclosure that would allow for the evaluations of the actual management of risks related to climate change; it also supported 100% of the proposals (24) requesting greater transparency in biodiversity conservation and circular economy.
Eurizon Capital SA expressed its vote on 21 "Say on Climate" resolutions and supported 64 resolutions asking companies to provide adequate disclosure that would allow for the evaluations of the actual management of risks related to climate change; it also supported 100% of the proposals (32) requesting greater transparency in biodiversity conservation and circular economy.
Epsilon SGR expressed its vote on 13 "Say on Climate" resolutions and supported 21 resolutions asking companies to provide adequate disclosure that would allow for the evaluations of the actual management of risks related to climate change; it also supported 100% of the proposals (11) requesting greater transparency in biodiversity conservation and circular economy.

Focus:

Prioritisation of principal adverse impacts of investment decisions on environmental factors (extract)

With regard to the managed products, Eurizon has adopted a framework that provides for the use of specific environmental indicators to assess the principal adverse impacts on sustainability factors identified according to the characteristics and objectives of each financial product.

Eurizon pays attention to issuers' commitment to promoting mitigation of and adaptation to climate change, halting the loss of biodiversity and combating deforestation.

In this context, Eurizon foresees:

- Negative Screening - Exclusions or Restrictions applicable to:
  - Corporate Issuers characterised by (i) a clear direct involvement in (a) the extraction or generation of electricity from thermal coal and (b) extraction of oil sands and (ii) a "critical" profile as expressed by the lowest ESG rating, (iii) a conduct that can adversely affect the environment and/or society;
  - Government Issuers characterised by greenhouse gas ("GHG") emissions intensity levels above a tolerance threshold.
- Positive Screening - Products that
  - i. promote environmental and/or social characteristics, including among others: (a) the achievement of a carbon footprint lower than that of their investment universe or benchmark; (b) investment selection processes based on sustainable investment criteria under the SFDR Regulation;
  - ii. promote sustainable investment objectives through investment selection methodologies aimed at (a) selecting investments based on sustainable investment criteria in accordance with the SFDR Regulation (so-called "SDG Investing"), (b) generating a positive social or environmental impact together with a measurable return (so-called "Impact Investing").
- Dialogue with investee companies to assess their (i) energy transition potential and the degree of alignment to "Net Zero" pathway, (ii) impact on biodiversity and ecosystems, including through value chains and (iii) Directors' accountability in the implementation of decarbonisation strategies.

EURIZON ENGAGEMENT ACTIVITIES REGARDING NET ZERO

Eurizon has joined the following international initiatives:

- "Climate Action 100+", a collaborative investor initiative to ensure the world's largest corporate greenhouse gas emitters to act on climate change;
- "Nature Action 100", a global investor-led engagement initiative focused on supporting greater corporate ambition and action to reverse nature and biodiversity loss;
- "The Net Zero Engagement Initiative" (NZEI), a platform that aims to accelerate and support the engagement processes and enable investors to achieve the engagement goals, set as part of their net zero commitment.

Furthermore, among others, Eurizon is part of the following international Working Groups with the aim of further innovating and contributing to the development of methodologies and tools that could help to achieve Net Zero:

- IIGCC Bondholder Stewardship Working Group aimed at developing guidelines for Fixed Income investor engagement;
- IIGCC Proxy Advisor Engagement Working Group aimed at involving Proxy Advisors in the definition of guidelines dedicated to the evaluation of climate governance best practices;
- IGCC Sovereign Bond and Country pathways aimed at defining guidelines for the evaluation of paths and progress of Countries in reaching Net Zero by 2050;
- IIGCC Index Investing Working Group, to develop supplementary guidance to the Net Zero Investment Framework for Passive Investing, to globally promote and develop passive capital towards the Net Zero transition;
- PRI Listed Equity Working Group aimed at identifying best valuation methodologies for equity investments in listed companies;
- PRI Circular Economy Reference Group, with the aim of sensitising investors on the risks and opportunities associated with the transition to a circular economy.

In 2024 Eurizon supported as Co-Signer the "CDP Non-Disclosure Campaign", that leverages the power of direct engagement from financial institutions to drive corporate environmental disclosure on climate, water and forest management. In addition, during the same year, Eurizon published the following articles and case studies:

- "Critical Raw Materials, Rare Earths and the Ecological Transition: Challenges and Opportunities for Innovation", which analyses the link between the transition to Net Zero carbon emissions and the exponential increase in the use of critical raw materials;
- "Eurizon's framework to assess Directors' accountability to Climate Change" which looks at good corporate governance practices to support the decarbonisation process of issuers;
- "Embedding net zero targets into a net zero strategy– Case Study for IIGCC" in which Eurizon outlines the Net Zero targets setting process undertaken and the progress it made towards these targets;
- "Biodiversity for Asset Managers: why it matters and how to address it", a white paper aimed at discussing the link between Climate Change and Biodiversity and illustrate how Eurizon's "NatureWatch" framework can be used to prioritize engagement with companies whose sites or operations are located in or close to biodiversity-sensitive areas and have negative impacts on these areas;
- Notably, in October, Eurizon joined 534 other global financial institutions in signing the "Global Investor Statement to Governments on the Climate Crisis"; the statement represents the most comprehensive initiative to date to urge governments to strengthen their climate policies and limit the temperature increase to 1.5°C.

Finally, in 2024 Eurizon introduced a new engagement service format called "Engagement a Porte Aperte", giving the opportunity to its institutional clients to participate in engagements focused on decarbonisation strategies; during the year, n. 3 engagements were organised within this specific initiative.

EURIZON ESG REPORTS

Global ESG Report

According to the most recent Global ESG Report[112] and specifically as concerns environmental impacts, the investments made by a selection of Eurizon's products aware of sustainability (classified as art. 8 and 9 according to SFDR) have achieved the following results:

POLLUTION REDUCTION

2,663,209
Tonnes of carbon dioxide emissions saved

35,775,332
Carbon dioxide saved expressed in numbers of car trips from Milan to Rome

WATER SAVINGS

624,536,076,354
Litres of water saved

249,814
Water saved as measured in Olympic size swimming pools

WASTE MANAGEMENT

55%
Percentage of companies that implement major programmes for the management and reduction of waste; +5% compared to the Mainstreet Partners composite index

Green Bonds Impact Report

In 2018 Eurizon was the first Italian asset management company to establish a Green Bond fund (Eurizon Fund – Absolute Green Bonds) through Eurizon Capital SA. Assets managed by the Fund amounted to over €1.31bn as at 31/12/2024.

In February 2021 Eurizon launched Eurizon Fund - Green Euro Credit. Assets managed by the Fund amounted to over €0.93bn as at 31/12/2024.

In April 2024, the Asset Manager updated the Green Bonds Impact Report[113] where the contribution to the United Nations SDGs are also reported. The investments made by Eurizon Fund Absolute Green Bonds and Eurizon Fund Green Euro Credit have contributed to important environmental and social impacts.

Eurizon Fund - Absolute Green Bonds

From 1 January 2023 to 31 December 2023 Eurizon Fund - Absolute Green Bonds has invested in 426 Green and thematic bonds. The investments made by Eurizon Fund - Absolute Green Bonds contributed to the achievement of the following environmental and social impact results:

The plants financed for the production of renewable energy have a generation capacity of
898 Megawatt
Equal to 2,806,250 solar panels installed on homes

The energy production deriving from these plants is equal to
1,696,861 Megawatt/hour
Equal to the energy consumed by 471,350 European citizens in a year

Investment in sustainable infrastructure (real estate and transport) have contributed to energy savings of
137,603 Megawatt/hour
Enough to make 1,479,598 trips between Milan and Rome with an electric car

Overall, annual emissions were reduced by
1,157,453 tons of carbon dioxine
Equivalent to the amount absorbed by 5,518 square kilometres of forest in a year

Investments in production plants and production processes have allowed for savings of
982,306,264 litres of water
Equal to 393 olympic swimming pools

Funding for waste management projects has led to the recycling of
23,665 tons of waste
Equal to 4,732,964 recycled garbage cans

The employment created by the total portfolio is equal to
4.3 jobs

112 Global ESG Report (published in April 2024 – based on 2023 data). Impact metrics and SDG alignment analysed ~ €67.3bn AUM. For further details please refer to the methodological notes in the Global ESG Report available on Eurizon's website.

113 Green Bonds Impact Report (published in April 2024 – based on 2023 data). Impact results are calculated based on the average amount invested in each thematic bond in relation to the total value issued. Impact results are expressed as final results according to the following metrics: renewable energy generation capacity, actual renewable energy generation, energy savings, annual reduction in greenhouse gas emissions, water savings and treatment, waste management and recycling and jobs created. These metrics reflect the categories established by the ICMA Green Bond Principles, which are internationally recognised by investors, issuers and distributors of thematic bonds.

Eurizon Fund - Green Euro Credit Impacts

From 1 January 2023 to 31 December 2023 Eurizon Fund - Green Euro Credit has invested in 367 Green and thematic bonds. The investments made by Eurizon Fund - Green Euro Credit contributed to the achievement of the following environmental impact results:

The plants financed for the production of renewable energy have a generation capacity of

488 Megawatt

Equal to 1,525,326 solar panels installed on homes

The energy production deriving from these plants is equal to

852,315 Megawatt/hour

Equal to the energy consumed by 236,754 European citizens in a year

Investment in sustainable infrastructure (real estate and transport) have contributed to energy saving of

30,181 Megawatt/hour

Enough to make 324,527 trips between Milan and Rome with an electric car

Overall annual emissions were reduced by

302,936 tons of carbon dioxine

Equivalent to the amount absorbed by 1,444 square kilometres of forest in a year

Investments in production plants and production processes have allowed for savings of

736,187,880 litres of water

Equal to 294 olympic swimming pools

Funding for waste management projects has led to the recycling of

5,579 tons of waste

Equal to 1,115,850 recycled garbage cans

The employment created by the total portfolio is equal to

38.6 jobs

FIDEURAM ESG & CLIMATE COMMITMENT

NET ZERO JOURNEY

10/21	Intesa Sanpaolo Group joined the Net Zero Banking Alliance with the aim to reach Net Zero Emissions by 2050. The manufactures consequently joined the sectoral Net Zero Alliance: FAM*, FAMI** and Eurizon the NZAMI, Fideuram Vita and ISP Life the NZAOA and NZIA
04/22	FAM and FAMI joined the Institutional Investor Group Climate Change (IIGCC)
10/22	FAM and FAMI published their own Initial Net Zero Targets in line with NZAMI Commitment
05/23	FAM and FAMI joined the Net Zero Engagement Initiative promoted by IIGCC
05/23	Creation of FoF and ETF working group launched by IIGCC and requested by FAM and FAMI
09/23	First Annual NZAMI disclosure through UN PRI Platform
10/23	Admission as contributors to the initiative CA100+ working Groups
02/24	IIGCC – FAM and FAMI joined Sovereign Bond and Country Pathways working group launched by IIGCC 02/2024
10/24	FAM and FAMI Signed the Global Investor Statement to Governments on the Climate Crisis sponsored by the Investors Agenda 10/2024

* Fideuram Asset Management SGR.
** Fideuram Asset Management Ireland.

FIDEURAM INVESTMENT PRODUCTS

Fideuram Asset Management SGR and Fideuram Asset Management Ireland have 307 products[114] classified as art. 8 and 9 of the SFDR Regulation, for a total of €83bn of which: €46bn of investment funds, €30bn of individual portfolio mandates and the remaining part are insurance and pension products.

The two companies manage 198 investment funds, of which 109 classified pursuant to Art. 8 and 6 classified pursuant to Art. 9 of the SFDR Regulation, representing about 84% of the total assets of the funds managed on 31 December 2024 (vs 71% in 2023).

FIDEURAM NET ZERO TARGETS

Fideuram Asset Management SGR and Fideuram Asset Management Ireland have reported on their net zero commitments in four areas of action (Portfolio Coverage, Portfolio Decarbonisation, Stewardship & Engagement and Climate Solutions). The methodology that Fideuram Asset Management SGR and Fideuram Asset Management Ireland have followed to define their targets was the "Net Zero Investment Framework" ("NZIF").

114 Data refers to 31/12/2024.

Annual Reporting on Target progress

Targets

ASSET LEVEL ALIGNMENT

AuM Commitment

- **% of AUM in scope** (also "portfolio in scope") defined considering a subset of managed financial products and, in terms of asset classes, corporate bonds and listed equities

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management – Target	Baseline	Last	FIDEURAM ASSET MANAGEMENT IRELAND – Target	Baseline	Last
2050	Dec 2021	Dec 2024	2050	Dec 2021	Dec 2024
100%	13.86%	15.45%	100%	29.79%	31.71%
AuM €bn	€7.9bn	€10.57bn	AuM €bn	€13.1bn	€15.76bn

Portfolio Coverage

- **% of AuM in scope** invested in assets in **material sectors* and higher impact companies**** that are Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning Towards a Net Zero Pathway
- The companies set interim medium-term target of 48% of AUM (material sectors and higher impact companies) classified in the buckets Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning Towards a Net Zero Pathway by 2030
- **100% of AUM in scope** in material sectors **and higher impact companies is expected** to Achieving Net Zero, Aligned to a Net Zero Pathway **by 2040**

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management – Target	Baseline	Last	FIDEURAM ASSET MANAGEMENT IRELAND – Target	Baseline	Last
2030	Dec 2021	Dec 2024	2030	Dec 2021	Dec 2024
48%	9.60%	18.81%	48%	8.70%	16.23%
2040			2040		
100%			100%		

Portfolio Level Reference

- Calculation of emissions **'Intensity Based' for material sectors and high impact companies of the portfolio in scope,** using the most updated GHG data **(tCO_2/mln€ EVIC)**

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management – Target	Baseline	Last	FIDEURAM ASSET MANAGEMENT IRELAND – Target	Baseline	Last
2030	Dec 2021	Dec 2024	2030	Dec 2021	Dec 2024
-50%	100.7 tCO_2e/mln €	52.39 tCO_2e/mln €	-50%	83.10 tCO_2e/mln €	61.03 tCO_2e/mln €

Stewardship & Engagement

- % of Coverage in terms of financed emissions in material sectors or higher impact companies of issuers classified in the buckets Achieving Net Zero, Aligned to a Net Zero Pathway or under stewardship and engagement activities

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management – Target	Baseline	Last	FIDEURAM ASSET MANAGEMENT IRELAND – Target	Baseline	Last
2025	Dec 2021	Dec 2024	2025	Dec 2021	Dec 2024
70%	2.41%	47.90%	70%	2.37%	53.60%
LT Target			LT Target		
2030			2030		
90%			90%		

Climate Solutions

- **% of AuM in scope** invested **in Green Bonds (out of total AuM of committed products)**

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management – Target	Baseline	Last	FIDEURAM ASSET MANAGEMENT IRELAND – Target	Baseline	Last
2025	Dec 2021	Dec 2024	2025	Dec 2021	Dec 2024
X3	0.34%	1.26%	X3	1.31%	4.31%

Insights

TARGET 1: ASSET LEVEL ALIGNMENT

AuM Commitment

- The AuM committed to the initiative for Fideuram Asset Management SGR and Fideuram Asset Management Ireland are €10.57bn (15.45%) and €15.76bn (31.71%) at the end of 2024

Portfolio Coverage

- At the end of 2024 the **percentages of issuers classified into the buckets** Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning Towards a Net Zero Pathway are respectively 18.81% (€1.92bn of AUM out of €10.24bn) and 16.23% (€2.48bn of AUM out of €15.29bn) for Fideuram Asset Management SGR and Fideuram Asset Management Ireland

TARGET 2: PORTFOLIO LEVEL REFERENCE

- The values reported are calculated on the holdings with availability of company carbon emissions and EVIC €
- During 2024, the carbon footprint metrics (emissions scope 1 and scope 2) of the portfolio in scope for the companies are 52.39 tCO_2e/€ million invested and 61.03 tCO_2e/€ million invested, with a reduction of 47.98% and 26.55% respectively against the baseline

TARGET 3: STEWARDSHIP & ENGAGEMENT

- The values reported are calculated on the holdings with availability of company carbon emissions and EVIC €
- During 2024, Fideuram Asset Management SGR and Fideuram Asset Management Ireland achieved financed emissions coverage values of 47.90% and 53.60% respectively
- The companies broadened the coverage of financed emissions by joining collective initiatives, (e.g. Climate Action 100+ and Net Zero Engagement Initiative) and also through bilateral activities on the main contributors to portfolios financed emissions

TARGET 4: CLIMATE SOLUTIONS

- The proportions of investments in climate solutions are respectively 1.26% and 4.31% of total AuM of committed products (€53.14bn and €27.41bn) for Fideuram Asset Management SGR and Fideuram Asset Management Ireland

Baseline: exposures at December 2021 and 2019 carbon emissions.
* Material sectors are identified with NACE code categories A-H and J-L.
** Higher Impact Companies are defined as: CA100+ focus list, companies in high sectors consistent with Transition Pathway Initiative sectors, plus banks and real estate.

FIDEURAM ENGAGEMENT ACTIVITIES REGARDING NET ZERO

In terms of general engagement activities, in 2024, Fideuram Asset Management SGR and Fideuram Asset Management Ireland conducted 115 and 51 engagements respectively, of which 89 and 49 concerned ESG matters (77.39% and 96%).

Regarding Net Zero, in 2024 Fideuram Asset Management SGR and Fideuram Asset Management Ireland conducted dedicated engagement and stewardship activities that allowed to achieve 47.9% and 53.6% in terms of financed emissions coverage respectively[115]. The two companies have planned to intensify engagement and stewardship activities in order to reach 70% by the end of 2025 and 90% by the end of 2030 in terms of financed emissions coverage goals.

The potential target companies have been prioritised considering several factors, such as the current level of carbon emissions, the estimated future level of carbon emissions, the geographical presence and the progress to date with respect to their decarbonisation targets. Fideuram Asset Management SGR and Fideuram Asset Management Ireland conducted individual and collective engagement activities, joining collective initiatives such as Climate Action 100+ and the Net Zero Engagement Initiative set up by IIGCC[116]. Fideuram Asset Management SGR and Fideuram Asset Management Ireland also co-signed the 2024 Non-Disclosure Campaign launched by CDP.

In regard to indirect investments, Fideuram Asset Management SGR and Fideuram Asset Management Ireland promoted and joined a working group within IIGCC, with the aim of developing a framework to assess net zero alignment for External Funds Managers and investments in third parties' funds based on consistent, solid and accepted criteria.

Finally, Fideuram Asset Management SGR and Fideuram Asset Management Ireland joined the IIGCC Sovereign Bond and Country Pathways working group on February 2024, to develop a methodology to include the Sovereign asset class within Net Zero scope.

Fideuram Asset Management SGR and Fideuram Asset Management Ireland signed the **Global Investor Statement to Governments on the Climate Crisis** sponsored by the Investors Agenda in October 2024. The document represents the most comprehensive statement to date, calling on governments to strengthen their climate policies and limit the rise in temperatures to within 1.5°C.

A dedicated structure, namely "ESG & Strategic Activism", which reports directly to the company's CEO/General Manager ensures proper management of ESG issues in the Division investment centre. Specifically, in terms of voting activities, the structure pays great attention to the exercise of administrative and voting rights, in particular on proposals regarding sustainability to be approved during shareholders' meetings. Voting instructions are based on the analysis of public documents, the results of interaction with the issuing company ("engagement") and Proxy Advisor indications. Fideuram, in exercising the rights of intervention and vote at the Shareholders' Meetings, places particular attention to the strategies to combat climate change proposed by issuers.

115 The values refer to stewardship and engagement activities on companies realised through individual activities or by collective initiatives.
116 Fideuram Asset Management SGR and Fideuram Asset Management Ireland are currently part of 2 working groups established by CA100+ and 6 working groups of the Net Zero Engagement Initiative.

INTESA SANPAOLO ASSICURAZIONI NET ZERO COMMITMENT

The Intesa Sanpaolo Assicurazioni Group has continued over the years its development path on climate-related issues, implementing concrete actions and initiatives aimed at further strengthening internal governance while also generating a tangible and significant impact on its customers[117].

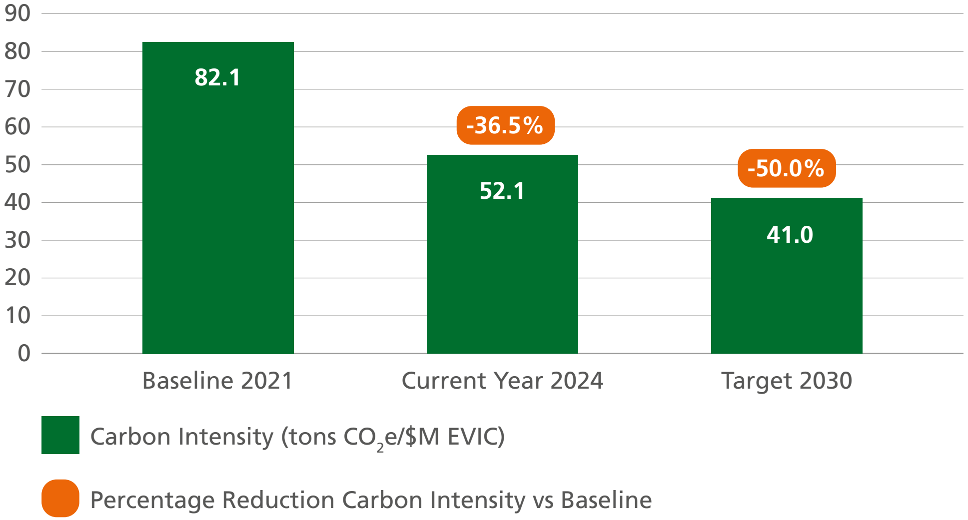
The Intesa Sanpaolo Assicurazioni Group has set out its commitment with particular reference to environmental, social and governance (ESG) factors. These three areas are addressed taking into consideration the Sustainable Development Goals (SGDs) and Principles for Sustainable Insurance (PSI), endorsed by the Insurance Group in 2019, as well as initiatives such as the UN Global Compact, UNEP FI, Equator Principles. Lastly, at the end of 2021, the Insurance Group, through Intesa Sanpaolo Assicurazioni, the Ultimate Italian Parent Company (USCI), joined the Net Zero Asset Owner Alliance (NZAOA) and in April 2024 joined the Forum for Insurance Transition to Net Zero (FIT).

INTESA SANPAOLO ASSICURAZIONI TARGETS

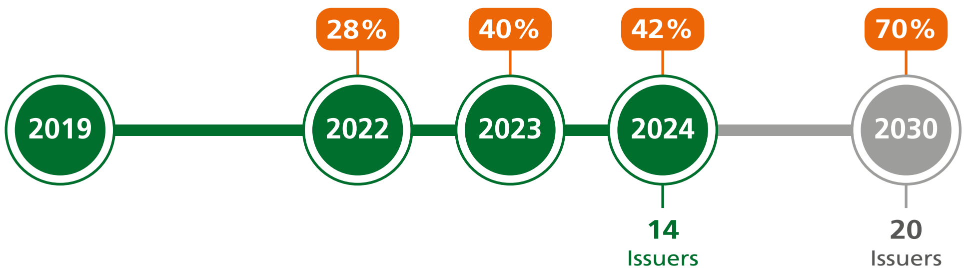
The Intesa Sanpaolo Assicurazioni Group published in October 2022 the first Intermediate Climate Targets for the investment portfolio to 2030. In particular, as part of the mitigation of the emissions of its investment portfolio, the Intesa Sanpaolo Assicurazioni Group, in line with the indications of the Intergovernmental Panel on Climate Change (IPCC), the 'Target Setting Protocol' (second edition) of the NZAOA and, using different climate scenarios including those defined by the 'One Earth Climate Model' (OECM), has committed to:

Quantitative sub-portfolio targets	Cutting the emissions of "Direct Investments" - for the Listed Equity and Publicly Traded Corporate Bond asset classes - equal to 50% of the Carbon Intensity by EVIC by 2030, considering 2021 as the baseline year. At 31 December 2021, AUM of €19.6bn is subject to the target.
Engagement targets	Bilateral discussions with the top 20 issuers, which account for about 70% of the emissions in the Insurance Group's In-Scope Portfolio - with the end aim of evaluating, discussing and enabling their respective decarbonisation pathways and strategies. The Group will also cooperate with the NZAOA by sharing input for collaborative position papers on related topics

During 2024 the company has quarterly monitored the targets' progress and activated new engagement strategies in order to progress towards its 2030 goals. The prospect below shows positive progress.



During 2024, the Carbon intensity by EVIC of the portfolio in scope is 52.1 tons CO_2e / $M EVIC, with a reduction of 36.5% against baseline value of 82.1 CO_2e / $M EVIC



During 2024, the Intesa Sanpaolo Assicurazioni Group achieved financed emissions coverage value of 42% (60% of portfolio in scope).

117 For further details please refer to the Consolidated Sustainability Statement of Intesa Sanpaolo Assicurazioni Group, within the Management Report of the Intesa Sanpaolo Assicurazioni Group's Consolidated Financial Statements.

INTESA SANPAOLO ASSICURAZIONI'S ACTIVITIES REGARDING CLIMATE INITIATIVE

To promote sustainability culture and contribute to the development of methodologies and tools to support the transition, Intesa Sanpaolo Assicurazioni Group is part of the following international Working Groups:

- as a co-leader, the NZAOA "Emission Attribution" working group, focusing on developing and disseminating methodologies for emissions attribution analysis in net-zero investment portfolios. The group's efforts culminated in December 2023 with the publication of the position paper "Understanding the Drivers of Investment Portfolios", providing practical guidance for asset owners seeking to understand and address the emissions impact of their investments.
- "Sovereign Debt" working group, which is utilising the ASCOR database to develop a scorecard for monitoring countries' progress towards decarbonisation. "Assessing Sovereign Climate-related Opportunities and Risks" (ASCOR) is an investor-led initiative offering to create a free, independent database to evaluate countries' climate change performance. The Insurance Group's involvement has supported the development of tools to help investors better understand and manage sovereign climate risks and opportunities.
- as a leader, the NZAOA "MRV Reporting" working group. Under its guidance, the working group focused on developing the technical components of the reporting template and streamlining the reporting process for members. These efforts have enhanced the Alliance's reporting framework, enabling members to better track and communicate their progress toward net-zero targets.
- Forum for Insurance Transition to Net Zero (FIT), as one of the Founding Forum for Insurance Transition (FIT) Participants. On April 25, 2024, UNEP announced the creation of the Forum for Insurance Transition FIT to net-zero, a new multistakeholder forum, convened and led by the United Nations to support the necessary acceleration and enhancement of voluntary climate action by the insurance industry and key stakeholders.
- "Transition Plan" working group, part of the Forum for Insurance Transition to Net Zero, contributing to the development of the first global guidance on transition plans for insurance companies. The group's efforts culminated in the publication of the paper "Closing the Gap: The emerging global agenda of transition plans and the need for insurance-specific guidance" by FIT during the 2024 United Nations Climate Change Conference (COP29).

AUDITORS' REPORT

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Intesa Sanpaolo S.p.A.

Independent Auditors' report on the disclosure "target setting on lending activities: annual reporting of estimated emissions" reported in the section "Metrics and Targets" of the Climate Report of the Intesa Sanpaolo Group for the year ended 31 December 2024

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EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

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To the Board of Directors of Intesa Sanpaolo S.p.A.

We were engaged to perform a limited assurance engagement on the disclosure "target setting on lending activities: annual reporting of estimated emissions" (the "Subject Matter") reported in the section "Metrics and Targets" of the Climate Report of the Intesa Sanpaolo Group for the year ended 31 December 2024 (the "2024 Climate Report"), approved by the Board of Directors of Intesa Sanpaolo S.p.A. (the "Bank") on 27 March 2025.

The Subject Matter has been prepared to disclose Net Zero Banking Alliance ("NZBA") annual reporting of emissions against targets. The Subject Matter has been prepared in accordance with the criteria defined in the section "Methodology" of the 2024 Climate Report, prepared taking into account the "Guidelines for Climate Target Setting for Banks" issued by the United Nations Environment Programme Finance Initiative ("UNEP FI") in April 2021 and the "Financial Sector Science-Based Targets Guidance – version 1.1" issued by Science Based Target initiative ("SBTi") in August 2022 (the "Suitable Criteria").

Management's responsibility

Management is responsible for the preparation of the 2024 Climate Report in accordance with the criteria described in the Task Force on Climate-related Financial Disclosures issued by the Financial Stability Board. The Subject Matter has been prepared by Directors of the Bank in compliance with the Suitable Criteria.

Management is also responsible for the internal controls as management determines is necessary to enable the preparation of the 2024 Climate Report, that is free from material misstatement, whether due to fraud or error.

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 behavior.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' responsibility

Our responsibility is to express a conclusion on the Subject Matter based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the provisions of the standard "International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain limited assurance whether the Subject Matter is free from material misstatement.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.975.000 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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The procedures we performed were based on our professional judgment and included inquiries, primarily of persons responsible for the preparation of the Subject Matter, inspection of documents, recalculation, agreeing or reconciling with underlying records and other evidence-gathering procedures that are appropriate in the circumstances.

Our limited assurance engagement also included:

- understanding of the internal rules underlying the preparation of the Subject Matter through acquisition and analysis of the relevant internal documentation (policies, procedures, process guides and methodologies);
- interviews and discussions with Bank's management to gather information on the reporting and technology systems used in preparing the Subject Matter and on the processes and internal control procedures used to gather, combine, process and transfer data and information for the preparation of the Subject Matter;
- sample-based analyses of documentation supporting the preparation of the Subject Matter to obtain evidence of the application of the processes put in place to prepare the data and information presented therein;
- analysis of the consistency of the information reported in the Subject Matter with the relevant disclosures reported in the 2024 Consolidated Sustainability Statement approved by the Board of Directors of the Bank on 27 February 2025;
- obtaining a representation letter from management on the compliance of the Subject Matter with the Suitable Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE 3000 revised and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the Suitable Criteria.

Others matters

This report has been prepared solely for the purposes described in the first paragraph and, accordingly, it may not be suitable for other purposes.

Milan, 28 March 2025

EY S.p.A.

Matteo Caccialanza
(Auditor)

CONTACTS

Contacts

Intesa Sanpaolo S.p.A.

Registered Office	Piazza S. Carlo 156 10121 Torino Tel.: +39 011 5551
Secondary Registered Office	Via Monte di Pietà 8 20121 Milano Tel.: +39 02 87911

Further information

Esg Disclosure	E-mail: es_esg_disclosure.39460@intesasanpaolo.com
Internet	group.intesasanpaolo.com

Prepared by	Intesa Sanpaolo S.p.A. - Esg Disclosure
Concept & premedia	Agema® - Milano
Published in	March 2025