

C0. Introduction

C0.1

**(C0.1) Give a general description and introduction to your organization.**

Intesa Sanpaolo (ISP) is the banking group which was formed by the merger of Banca Intesa and Sanpaolo IMI. The merger brought together two major Italian banks with shared values so as to increase their opportunities for growth, enhance service for retail customers, significantly support the development of businesses and make an important contribution to the country's growth. ISP is among the top banking groups in the euro zone, with a market capitalisation of 29.8 billion euro (as at 30 June 2020). ISP is the leader in Italy in all business areas (retail, corporate, and wealth management). The Group offers its services to 11.8 million customers through a network of approximately 3,700 branches well distributed throughout the country with market shares no lower than 12% in most Italian regions. ISP has a strategic international presence, with approximately 1,000 branches and 7.2 million customers, comprising subsidiaries operating in commercial banking in 12 countries in Central Eastern Europe and Middle Eastern and North African areas and an international network of specialists in support of corporate customers across 25 countries, in particular in the Middle East and North Africa and in those areas where Italian companies are most active, such as the United States, Brazil, Russia, India and China.

Within ISP's commitment towards sustainability, a specific focus is dedicated to climate change issues with the awareness that innovation, the development of new products and services and corporate responsibility may contribute to tackle environmental changes and the related social impacts. This commitment has led over the years to adhere to numerous international standards, amongst them the UNEP FI and the UN Global Compact. In 2018 ISP decided to support the TCFD recommendations and in 2019 signed the Principles for Responsible Banking (PRB) from UNEP FI. Through its subsidiaries, it adheres to the Principles for Responsible Investments (PRI) and the Principles for Sustainable Insurance (PSI). ISP is also taking part of the Uneq FI Pilot project (phase 2) on implementing the TCFD recommendations for Banks. Furthermore, within the Risk Appetite Framework (RAF), the Group has introduced a specific reference to climate risk, working to develop its integration into the existing risk management framework with particular reference to credit risk and reputational risk. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change.

Numerous initiatives are focused on the mitigation and careful management of direct and indirect impacts on the environment. The Group continues its commitment to reduce its environmental footprint through, for example, the development of projects aimed at promoting the efficient use of natural resources and the purchase and production of energy from renewable sources. These actions have contributed to an overall reduction of emissions of 53.6% from 2008 to 2019 in line with the Climate Change Action Plan – that has long-term targets in terms of CO2 emissions reduction. With regards to indirect impacts, Intesa Sanpaolo credit process considers, among others, environmental and social risks. In May 2020 ISP issued the "Guidelines for the governance of environmental, social and governance risks regarding lending operations" that define general criteria for limiting and excluding loans with a particularly high ESG risk. Together with these Guidelines, ISP issues a Coal policy which defines limitations and exclusion criteria with reference to credit operations in the coal sector. Since 2007 Intesa Sanpaolo has a particular focus on project finance in which environmental and social risks are assessed through the Equator Principles guidelines. In addition, ISP actively supports clients committed to reducing their environmental footprints, through the promotion of green products and services. In 2019, the Group disbursed approximately 2.2 billion euro of new loans for the green and circular economy, corresponding to 3.7% of the Group total disbursed. The Bank's established, for the period 2018-2021, a dedicated credit plafond to circular economy of 5 billion euro. In 2019, after the first green bond issued in 2017, the placement of a 750-million-euro sustainability bond in support of the circular economy was completed. In January 2020, in the context of the European Green Deal, ISP stated its willingness to make available 50 billion-euro loans in the coming years in Italy.

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

C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

- Albania
- Bosnia & Herzegovina
- Brazil
- Croatia
- Egypt
- Hungary
- Ireland
- Italy
- Luxembourg
- Republic of Moldova
- Romania
- Russian Federation
- Serbia
- Slovakia
- Slovenia
- Ukraine

**C0.4**

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

- EUR

**C0.5**

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

- Financial control

**C-FS0.7**

**(C-FS0.7) Which organizational activities does your organization undertake?**

- Bank lending (Bank)
- Investing (Asset manager)
- Insurance underwriting (Insurance company)

**C1. Governance**

**C1.1**

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

- Yes

**C1.1a**

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board-level committee	As ISP considers the risks and opportunities arising from climate change within its overall strategy, this matter is supervised by the Board of Directors through a Committee internal to the Board, the Risks Committee, made up of 5 Board members. The Risks Committee assures the best supervision of risks and guidance on the internal control system in this area. It pays special attention to activities that enable the Board to come to a fair and efficient determination of the Risk Appetite Framework (RAF) – which includes a statement on climate risk - and the risk governance policies. It assists the Board in the approval of the Code of Ethics and in the review of Environmental Social and Governance (ESG) matters, including climate change. It reviews the draft of the Consolidated Non-Financial Statement (CNFS) in view of its presentation to the Board and it reviewed the Climate Change Action Plan (which sets CO2 emission reduction targets). The Board approves the Code of Ethics and its updates, CSR policies and the CNFS with climate targets. A climate related decision made by the Risks Committee regards the approval of the Climate Change Action Plan (CCAP) in 2017, before approval by the CEO. The CCAP has targets for 2022 and 2037 and was developed by CSR together with the Real Estate and Logistics, Procurement, Human Resources, Information Systems, Safety and Protection Head Office Departments and the International Subsidiary Banks Division. In 2019 Intesa Sanpaolo strengthened its governance of sustainability and climate change. With the support of the Steering Committee, the Managing Director and CEO submits the definition of strategic guidelines and sustainability policies (ESG) including the fight against climate change to the relevant Board Committees and the Board of Directors. The Board of Directors then approves the strategic guidelines and policies on sustainability (ESG) with the support of the Risks Committee, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders, including the environment as declared in the Group's Code of Ethics. Moreover, the Steering Committee – composed of the first organisational line – meets quarterly to examine sustainability issues (ESG), including the fight against climate change.

**C1.1b**

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Climate-related risks and opportunities to our investment activities</p> <p>Climate-related risks and opportunities to our insurance underwriting activities</p> <p>Climate-related risks and opportunities to our other products and services we provide to our clients</p> <p>The impact of our own operations on the climate</p> <p>The impact of our bank lending activities on the climate</p> <p>The impact of our investing activities on the climate</p> <p>The impact of other products and services on the climate</p>	<p>The Risks Committee periodically reviews the approach and the progress of processes and activities related to ESG issues, including climate change issues. To this end, Corporate Social Responsibility (CSR) periodically meets with the Risks Committee to agree upon the approach and report on the progress of processes and activities related to sustainability and non-financial reporting. In 2019, it took part in 3 meetings with the Risks Committee (with the Management Control Committee also invited to 2 of them) to provide information on the 2018 Consolidated Non-financial Statement, on the Consolidated Nonfinancial Statement as at 30 June 2019 and on Intesa Sanpaolo's positioning in the main sustainability/ESG indices and rankings. During these meetings several climate issues are discussed, including the risks and opportunities arising from climate change, with regards to the different business lines of the Group, climate related financial and banking products, impacts and targets. Regarding the impact of our own operations on the climate, the Climate Change Action Plan (CCAP) with targets for 2022 and 2037 was reviewed by Risks Committee and approved by the CEO in 2017. The CCAP was developed by CSR together with the Real Estate and Logistics, Procurement, Human Resources, Information Systems, Safety and Protection Head Office Departments and the International Subsidiary Banks Division. Targets and achievements are included in the Consolidated Nonfinancial statements and are thus reviewed by the Risks Committee on a yearly basis. Regarding climate risk specifically, this risk has been integrated, as a qualitative statement, in the Risk Appetite Framework. During 2019 the subject of climate change risk was presented in different occasions by the Chief Risk Officer to the Risks Committee internal to the Board. The Risks Committee received a presentation on climate change risk, the EU Taxonomy and the integration of this risk within the risk management framework. Furthermore, in 2019 the Risks Committee examined a new version of the "Guidelines for the Governance of the Group's Most Significant Transactions", which introduces a specific category of transactions related to ESG risks (including climate change risk).</p>

**C1.2**

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Financial Officer (CFO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	<p>Risks and opportunities related to our bank lending activities</p> <p>Risks and opportunities related to our investing activities</p> <p>Risks and opportunities related to our insurance underwriting activities</p>	Quarterly
Chief Risks Officer (CRO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	<p>Risks and opportunities related to our bank lending activities</p> <p>Risks and opportunities related to our investing activities</p> <p>Risks and opportunities related to our insurance underwriting activities</p> <p>Risks and opportunities related to our other products and services</p>	Quarterly
Other committee, please specify (Steering Committee - – composed of the first organisational line) <i>Steering Committee – composed of the first organisational line – meets quarterly to examine sustainability issues (ESG), including the fight against climate change.</i>	CEO reporting line	Both assessing and managing climate-related risks and opportunities	<p>Risks and opportunities related to our bank lending activities</p> <p>Risks and opportunities related to our investing activities</p> <p>Risks and opportunities related to our insurance underwriting activities</p> <p>Risks and opportunities related to our other products and services</p>	Quarterly
Environmental, Health, and Safety manager	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Annually

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

**i. Where in the organizational structure this position(s) and/or committee(s) lie:**

The Steering Committee – composed of the first organisational line – meets quarterly to examine sustainability issues (ESG), including the fight against climate change.

The Chief Financial Officer and the Chief Risks Officer report directly to the Managing Director and CEO and to the Board and meet regularly with the Risks Committee internal to the Board. The Corporate Social Responsibility Sub-Department, with the Sustainability Manager (Head of CSR Sub-Department), is allocated in the Chief Financial Officer Area. The Environmental, Health and Safety Manager also reports directly to the Managing Director and CEO.

**ii. A rationale of why this/these position(s) or committee(s):**

ISP's organizational model has established that Environmental and Climate Change issues are supervised by the CSR Sub-Department. Within the Sub-Department a team is focused on climate change issues. Responsibilities for climate-related issues, are assigned to the CFO to best integrate sustainability in the finance sector and improve transparency and efficacy in disclosure and market communication. In addition, climate change risk considerations are integrated in the Group's Risk Appetite Framework (RAF), which is supervised by the CRO.

The Environmental, Health, and Safety manager is in charge of the Safety and Protection Head Office Department, that ensures Group-level supervision of compliance risk with reference to the area of Environmental Protection. The Energy Manager within the Safety and Protection Department is in charge of monitoring the impacts related to the Group's energy consumption.

The CRO and CFO are members of the Steering Committee composed of the first organisational line.

**iii. Specific responsibilities of every position and/or committee with regard to assessment and management of climate-related issues:**

The CFO assessment and management of climate-related issues is supported by Corporate Social Responsibility (CSR). CSR, through the CFO, supports Top Management in defining sustainability strategies and policies to generate value for stakeholders.

A specific responsibility on climate risks is assigned to the CRO, with the commitment to fully integrate climate change risk considerations in ISP's risk management framework - especially credit risk and reputational risk - and to monitor the exposure of the part of credit portfolio more sensitive to climate change risk, in line with the Group's Risk Appetite Framework (RAF).

CSR, under the CFO area, has the task of overseeing the Group's corporate social and environmental responsibility through the planning, management and monitoring of sustainability-related policies, instruments and initiatives. In these activities, CSR is supported by the CSR Delegates appointed in the main structures and in each International Subsidiary Bank.

Following the decision to support the recommendations of the Task Force on Climate-related Financial Disclosures, with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change, a working group was created to coordinate the works on climate change scenario analysis, risk management, monitoring and disclosure – involving CSR and the CRO Area with the support of the Chief Lending Officer Area and business structures.

In 2019, in order to strengthen sustainability governance, CSR engaged those reporting directly to the CEO in meetings to further increasing knowledge of ESG issues. For each Governance Area, Division and Head Office Department, each Chief identified Sustainability Managers capable of playing a strategic role in the definition and implementation of sustainability objectives and in the cooperation and coordination between Top Management and CSR. Moreover, in order to consolidate the Group's leadership in sustainability the ISP4ESG project was launched, a wide-ranging initiative with a significant impact promoted by the CFO in coordination with the Strategic Support Department. Starting with the mapping of the ESG positioning with respect to the main players in the sector, strengths and areas for specific focus were highlighted, also in light of recent regulatory scenarios, with the aim of being a model in the ESG strategy.

The Safety and Protection Head Office Department is responsible for governing the Environmental and Energy Management System adopted by the Group and promoting improvement objectives, guaranteeing the maintenance of international ISO certification in collaboration with the competent structures. The assessment of risks to workers' health and safety also includes the assessment of the hydrogeological risk and hydraulic risk due to flooding and landslides. It monitors the most significant impacts related to the Group's energy consumption.

The Steering Committee reviews TCFD reporting, the Consolidated non financial Disclosure and climate related policies.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Company performance against a climate-related sustainability index	Among the non-financial KPIs introduced in 2019 for 2020, the CEO was assigned a Social and Environmental Impact KPI (Impact& ESG KPI), with a weight of 10% over the total variable compensation. This KPI will be evaluated according to specific drivers aimed at monitoring the issue from various perspectives including the Group's inclusion in the sustainability indexes of specialist companies, and the support for the Green and Circular Economy. The Impact & ESG KPI is then declined within the organization, beginning with the CEO's first line, on the basis of the levers used by Risk Takers and the Middle Management
Energy manager	Monetary reward	Emissions reduction project Energy reduction project Energy reduction target Efficiency project Behavior change related indicator	The energy manager is in charge of monitoring the most significant impacts of energy consumption; preparation of energy balance; guidelines to identify improvements in line with the best practices; identification of optimisation activities, in particular in terms of purchases and management, to ensure the reduction of energy consumption, other resources and goods and waste; proposal of new technologies, solutions and products with lower environmental impact, based on cost-benefit analysis, to increase eco-efficiency. Her reward is directly based on reducing the ISP's carbon footprint. Annual incentives consider overall performance including qualitative aspects (behavioural skills, competencies level and annual results, compared with objectives).
Facilities manager	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Efficiency project	Activity incentivized: Energy reduction project; Emissions reduction project; Emissions reduction target; Efficiency project Teams responsible for facility management are incentivized and assessed to successfully implement activities and initiatives that support energy efficiency and the reduction of CO2 emissions. Annual incentives consider overall performance included qualitative aspects (behavioural skills, competences level and annual results, compared with objectives).
All employees	Monetary reward	Behavior change related indicator	Sustainable mobility. To facilitate employees commuting to reach the Bank's premises in areas not served by public transport in Turin/Moncalieri, Milan/Assago and Padua/Sarmeola di Rubano, ISP offers free shuttles, thereby reducing commuting costs paid by employees and reducing CO2 emissions. At the Bank of Alexandria (Egypt), a shuttle service to Cairo and Alexandria is available. Moreover, in the cities of Florence, Turin, Milan, Venice, Bologna, Rome and Padua employees can request annual season tickets to public transport directly from their workstation, avoiding trips and queues at the counters and taking advantage of discounts. ISP Group has developed in sharing services (car, motorbike and bike). In Italy, ALI - the Intesa Sanpaolo employees' association - has entered into agreements with the main networks in a number of cities. Bicycles owned by the Bank are available at Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank (Slovenia) and CIB Bank (Hungary) and as from this year also in VUB Banka (Slovakia). Special bicycle parking spaces are available in Intesa Sanpaolo Bank Albania and Eximbank (Moldova) as well as in Privredna Banka Zagreb (Croatia), CIB Bank (Hungary) and VUB Banka (Slovakia) where, in addition, employees can benefit from additional services (changing rooms and showers). COMPANY CARPOOLING The service, which initially started as a pilot project, has been available to all employees in Italy since October 2019. Other forms of car sharing have been implemented in Intesa Sanpaolo Bank Albania, CIB Bank (Hungary), Banca Intesa Beograd (Serbia), Pravex Bank (Ukraine), Intesa Sanpaolo Bank Romania and, starting from 2019, also in Intesa Sanpaolo Bank Slovenia, Intesa Sanpaolo Banka Bosna i Hercegovina, Privredna Banka Zagreb (Croatia) and in VUB Banka (Slovakia).

**C-FS1.4**

**(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?**

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as an investment option for some plans offered	ISP's Pension Fund dedicated to ISP's employees, has activated in 2019 a specific retirement scheme characterized by strict ESG criteria and focused on climate change issues. It has gathered in a few months more almost 40 million euro.

**C2. Risks and opportunities**

**C2.1**

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

**C2.1a**

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	2	0 = current
Medium-term	2	5	
Long-term	5		Climate change action plan foresees long term targets on GHG emissions reduction up to 2037.

## C2.1b

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### (C2.1b) How does your organization define substantive financial or strategic impact on your business?

ISP, for Climate Change issues, considers substantive financial impacts, those that can affect, due to their severity, a number of business units, business operation continuity, stakeholders concern, asset impairment, reduction in profits and therefore a financial

impact on profit and loss account and balance sheet. The event can have a significant financial impact because of one of each aspect or for the combination of more than one. A substantive financial impact is defined for operational risk as losses exceeding 8,000,000 euro accounted over a period of twelve months and related to a single event. Operational losses are cross-checked with the general ledger accounts and are monitored within the operational risk management framework: the loss data collection process gathers and stores in a central database information on operational losses that exceed 3,000 euro.

## C2.2

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### (C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

#### Value chain stage(s) covered

Direct operations  
Downstream

#### Risk management process

Integrated into multi-disciplinary company-wide risk management process

#### Frequency of assessment

Annually

#### Time horizon(s) covered

Short-term  
Medium-term  
Long-term

#### Description of process

ISP takes into account the environmental risks, associated with the activities of its client companies and the economic activities it invests focusing on sustainability issues related to sectors considered sensitive, i.e. those with a significant risk. In this context, the Bank pays particular attention to the risk arising from climate change. Key activities in climate risk management concern 1. the identification, assessment and measurement of such risks and 2. the implementation, development and monitoring of a company-wide risk management framework, incl. risk culture, risk appetite and credit limits. The CRO and the CFO Areas are responsible for identifying and analysing the range of risks and opportunities related to climate change to incorporate them into the ordinary processes of risk assessment and monitoring and credit strategies, and for setting objectives and guidelines to implement actions to manage and mitigate the risks. Within the Risk Appetite Framework, the Group introduced a reference to climate risk, working to develop its integration into the risk management framework with particular reference to credit risk and reputational risk. In 2019 work began on identifying the business sectors in the credit portfolio that are potentially most affected by climate risk, to quantify the Group's exposure to these risks. The potential impacts, the related time horizon (short, medium, long) and the mitigation and adaptation actions taken for each potential risk observed are identified annually. As part of the pre-lending assessment performed by the Risk Manager a class of risk is assigned to corporate clients that are potentially exposed to ESG risks, with a strong attention to environmental risk. The assessment of transitional risk is of great importance for clients operating in climate sensitive sectors as energy or coal. For ex, a risk clearing was performed in 2019 on a corporate client operating in the energy sector in Europe with a portfolio composed of a mix of energy sources, incl. gas, coal and renewables. The risk assessment incorporated climate risk info such as GHG emissions data and emissions reduction targets. The multiyear plan of the company for reducing the coal component in its portfolio has also been considered. This transaction was assigned a class of risk medium instead of medium-high, thanks to this plan of reduction. This allowed to support decision-making processes considering transitional risk in the financing transaction. With reference to operations, ISP is committed to analysing and containing possible risks on its properties. The Risk Assessment Document evaluating risks to workers' health and safety (Italian Legislative Decree 81/2008) includes, among other risks, the assessment of the hydrogeological risk due to flooding and landslides. Among the physical risks impacting operations of ISP in the Italian territory, hydrogeological risk is one of the most important. Floods can have an adverse impact on ISP as they can damage ISP premises, data centres and put at risk the possibility of commuting of employees. Thus, ISP has strengthened its assessment process in this regard. The assessment of buildings is conducted both as a preventive measure in relation to local risk and building vulnerability, and subsequent to an external event, to maintaining the functionality of the buildings involved. Based on the provisions of the Italian Institute for Environmental Protection and Research, which divides the territory into 5 hazard classes (very high P4, high P3, medium P2, moderate P1 and attention areas AA), more than 1,000 ISP's premises in Italy are subject to landslide and flood risk. In the Bank's assessment of flooding, the benchmark is based on the level of danger associated with a floodable area, and depends on the probability that the area can be flooded. With regard to landslides, the benchmark is based on the level of risk (from P1 to P4) associated with an area, and depends on the relationship between the probability of occurrence of the event and its magnitude (the latter takes into account both the speed of the landslide's and the extent of its spread over the area). These assessments enable ISP to implement actions and Emergency Plans that take account of the effects of critical events linked to natural events allowing for the management of different potential risk scenarios and for the mitigation of risk, particularly to workers and third parties. In the context of the above mentioned Risk Assessment Document analysing risks of direct operations, the hydrogeological risk has been assessed as one of the most important physical risks for ISP's premises and data centres, based on the Bank's assessment of hydrogeological risk linked to flooding and landslides. Thus, to better evaluate these risks, ISP in 2019 has strengthened its identification, assessment and measurement process in this regard. A pilot project has been launched, as a deep down on hydrogeological risk assessment, with the following steps: 1. the buildings most exposed to this risk have been identified (out of 1,000 ISP's premises subject to landslide and hydrogeological risk, 30 premises have been assessed as most exposed to this type of risk); 2, for the 30 premises most exposed to these risks, technical documentation of the property is collected and specific risk analysis reports are prepared.; 3) accordingly, specific actions are defined for each site allowing for a mitigation of hydrogeological risk, such as the purchase of bulkheads, the construction of tanks of water runoff, positioning of water-repellent materials, etc. The pilot project will be developed over 2020 and its final results will allow to evaluate the possibility to improve the hydrogeological risk assessment analysis for the whole Italian perimeter of ISP's branches. In general, with regard to all direct risks related to climate change and to the occurrence of crisis events in Italy, the adopted model calls for the activation of CEM (Critical Events Management) at the first alert of bad weather. CEM guarantees the continuous and precise monitoring of the situation and supports the overall coordination of the actions agreed to by the territorial structures, in constant connection with the relevant central structures. In the case of very serious calamitous events, the Emergency Management Operations Centre of the Business Continuity Management Department is also activated, which monitors the situation, assesses the temporary closure of buildings and initiates any other actions. In order to guarantee operational continuity in the areas most affected by bad weather, the local and central structures' crisis contacts are also activated for the timely reporting of critical issues, with particular reference to delays in the transport of valuables and correspondence, staff difficulties in reaching the workplace and difficulties of the branches with operations and systems

## C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Climate related risks deriving from current regulation are considered relevant by Intesa Sanpaolo because in the event of non-compliance with Italian and European regulation, ISP can be affected in different ways, e.g. possible fines, that can have financial and reputational impacts, procedural adjustment costs relating to the implementation of new processes, negative impacts on the possibility of implementing new products and services. For this reason, ISP constantly and precautionary monitors possible changes to Italian and European regulations and the related ISP's compliance. Chief Institutional Affairs and External Communication Officer Area is in charge of following the regulatory evolution and its impact on ISP with a special focus on ESG regulation. For example, since 2017 Intesa Sanpaolo aligned its sustainability reporting to European Directive regarding Non-financial Statement and art. 4 of Italian Legislative Decree 254/2016. The decree requires climate related disclosure including on climate governance, analysis and management of climate related risks and opportunities, potential impacts of the company's activities on climate change, potential impact of climate change on the company. The potential financial impact of non-compliance with the decree involves the cost of administrative sanctions as well as a reputational cost. When the non-financial statement is drafted not in compliance with the provisions of the articles 3 and 4 of Italian Legislative Decree 254/2016 (including disclosure of management, policies, risks, actions and KPIs associated with environmental issues) a financial administrative sanction is applied to the board members. In June 2019, the EC's non-binding guidelines on non-financial reporting for the financial sector have been updated with regard to climate-related disclosures. Intesa Sanpaolo takes into consideration in its sustainability reporting also these new guidelines. In 2019, the EU Action Plan on financing sustainable growth and on the related regulations made available during the year (Taxonomy, Report on EU Green Bond Standards, Report on climate benchmarks and non-binding Guidelines on climate reporting) have been subject to a detailed internal assessment with an evaluation of the possible positive and negative impact. These have also been taken into consideration and analysed as part of the documentary analysis for identification of material issues for the Consolidated Non-financial Statement.
Emerging regulation	Relevant, always included	Climate related risks deriving from emerging regulation are considered relevant by ISP because in the event of non-compliance ISP can be affected in different ways: possible fines that can have financial and reputational impacts, procedural adjustment costs, negative impact on the implementation of new products and services. Thus, ISP constantly monitors emerging Italian and European regulations through the Chief Institutional Affairs and External Communication Officer Area, in charge of following the regulatory evolution and its impact on ISP. This is made by participating in national and international working groups and by participating in public consultations launched by the European institutions. Regulation is evolving quickly and with a strong focus on climate risk. For instance, ISP is evaluating with great attention the emerging regulation by the EBA (European Banking Authority) and ECB (European Central Bank) which is expected to impact substantially ISP's processes, risk management and business strategy. In 2019 the Group has made important contribution to the international debate and participated in the consultation with reference to sustainable finance. Among them, contribution was given to the EBA-ECB "Survey on market practices regarding the incorporation of environmental, social and governance risks into the strategy, governance and risk management of credit institutions" and to the "EBA guidelines on loan origination" (which integrate ESG and climate change risks). More recently, in 2020, ISP is participating in the consultation for the development of the EBA's Draft guide on climate and environmental risks. ISP is also participating in the EBA's voluntary Sensitivity analysis for climate risks (focus on transition risk). ISP is also considering emerging regulation linked to the possible extension of the applicability of the EU Taxonomy on Sustainable Activities to lending products. Products in scope for EU taxonomy disclosure are at present pension funds, asset management and insurance. The European Banking Federation and UNEP FI are working on usability of the EU Taxonomy for banks assessing the extent to which the EU Taxonomy on Sustainable Activities could be applied to core lending products. ISP is participating in the working group and is expected to issue recommendations based on the findings of the working group around Q42020.
Technology	Relevant, sometimes included	Technology climate related risks, risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system, are considered relevant by Intesa Sanpaolo because in the event of delays in scaling-up to new technological improvements ISP can be affected in different ways both directly and indirectly (customers, suppliers), with possible financial impacts. Intesa Sanpaolo is a financial institution that considers actions to advise clients on managing the transition towards a low-carbon economy. This is made also through the analysis of technological shifts - for example through the development of study and research projects in the environmental field, supporting businesses and customers in developing innovative ways of rethinking goods and services and through the "Industry 4.0 program" within the framework of the Industria 4.0 National Plan, in Italy. ISP also continues to pursue its Circular Economy project thanks to which numerous initiatives and actions were carried out in 2019 to promote the awareness and adoption of this model in various domestic and international locations. For the 2018-2021 period (Business Plan), ISP has established a plafond of 5 billion euro available to companies which adopt the circular model with innovative procedures, granting the best conditions for access to credit. As part of the credit process, ISP provides a technical assessment on the level of circularity of the initiatives proposed. Out of a total of around 250 applications reviewed since the launch of the credit plafond, 63 projects were funded for a value of around 760 million euro at the end of 2019. With regards to start-ups, the Start-Up Initiative is a programme which selects the most promising innovative start-ups, prepares them to face the market with coaching initiatives, and introduces them to the players of the innovation ecosystem. The selection process was integrated together with the circularity criteria in the overall assessment. Two Italian start-ups in the bioeconomy and fashion sectors were awarded as Circular Economy success stories
Legal	Relevant, always included	Legal climate related risks are considered relevant by Intesa Sanpaolo because in the event of litigation claims, ISP can be affected in different ways that can have reputational and financial impacts. Intesa Sanpaolo in order to guarantee complete and extensive compliance with legislative provisions regarding the environment in Italy and in the countries where the Group operates, constantly and precautionary monitors possible changes to Italian and European regulations in order to counteract negative legal implications from its activities. i.e. in Italy the Safety and Protection Head Office Department and the Energy manager ensure compliance with environmental and energy rules which, if not addressed, can lead to litigation claims. The possible legal implications linked to climate risk are also considered in the lending operations with corporate clients or SME clients and they are subject to careful consideration and analysis in the loan origination phase as well as in the risk assessment.
Market	Relevant, sometimes included	Market climate related risks are considered relevant by Intesa Sanpaolo because in the event of shifts in supply and demand for certain commodities, products, and services, ISP can be affected in different ways that can have both reputational and financial impacts. Market risks are integrated in the risks assessment with reference to operations, to the upstream phase (suppliers) and the downstream phase (customers). With reference to operations, ISP evaluates the potential direct impacts on its premises in Italy and in the countries where ISP operates (for instance through the exposure to unexpected shifts in energy cost). On the upstream side (suppliers), to mitigate risks from unexpected shifts in energy costs, Intesa Sanpaolo implements the following actions: - signing contracts with electricity providers on a biennial basis instead of annual with so-called structured price contract. The contract provides for a purchase method in which the price is fixed in advance in relation to the prices of the raw material present on the reference market (European Energy Exchange - EEX) - direct actions and initiatives to reduce electricity consumption. On the downstream side, ISP is impacted by market risk for example through the exposition to changing customer behaviour that ISP aims to intercept through the development of green economy and circular economy products and services. In addition to what is stated above, ISP risk evaluation takes into account market risk related to the companies and Business sectors financed that are particularly exposed to climate change impacts. To this extent ISP has issued a policy regarding the financing of the coal sector. To mitigate the risk of a reduced customers' demand for green goods and/or services due to shift in consumer preferences, Intesa Sanpaolo advises clients about benefits deriving from investments in renewable energy. For example, through the Energy desk of Mediocredito Italiano, several projects on energy efficiency were funded in 2019. Moreover, ISP has defined credit guidelines also with the aim of promoting investments in the sector of energy efficiency and energy saving, that can be made directly by businesses or through ESCOs (Energy Service Companies).
Reputation	Relevant, always included	Reputation risks deriving from climate (all risks tied to changing customer or community perceptions of an organization's contribution to or detractor from the transition to a lower-carbon economy) are considered relevant by Intesa Sanpaolo because in the event ISP is affected by a reputational issue, financial impacts can occur. Intesa Sanpaolo's reputational risk governance model assigns to the Corporate Bodies the function of strategic supervision and to the Enterprise Risk Management Head Office Department general responsibility for governing reputational risk processes. Each company function of ISP is involved in the process of safeguarding the corporate image by identifying the reputational risks associated with the activities under its responsibility. Some of the Group's company functions (including Compliance, CSR, Investor Relations, Institutional Affairs and External Communication, Internal Communication) are also assigned specific tasks in relation to reputation protection. The ISP Group attaches great importance to non-financial risks and, as part of the main risk-taking strategies set out in the Risk Appetite Framework (RAF), it has been defined a qualitative statement dedicated to the protection of its reputation. Within the Reputational Risk process the Intesa Sanpaolo Group tries to capture risks also associated with climate change that may result in additional costs for the Bank or its customers. i.e. integration of ESG and Equator principles assessment within the lending evaluation. For example, ISP's financing to its corporate customers operating in a climate sensitive sector, such as coal or oil&gas, are subject to a reputational, environmental and social risk evaluation, by the Chief Risk Officer Area, which analyses the various risk factors and possible impacts and assigns a class of risk to the client.
Acute physical	Relevant, sometimes included	Acute physical risks (risks that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods) are considered relevant by Intesa Sanpaolo because in the event ISP is affected by severe weather atmospheric events there can be financial impacts on the Group properties or indirectly (customer activities). In particular there can be financial implications related to the increase of customers' probability of default for businesses seriously damaged by extreme atmospheric events and/or increased costs deriving from possible damages to the Bank's infrastructure i.e. adoption of a business continuity plan and measures to prevent physical damage to the Bank's premises. Acute Physical weather and atmospheric events are part of Intesa Sanpaolo risk assessment. Intesa Sanpaolo makes a prior assessment of the hydrogeological risks and hydraulic risks of its buildings in relation to the territorial risk and the vulnerability of buildings. This assessment allows for preventative actions in high risk locations. With regards to customer activities Intesa Sanpaolo Group supports with a concrete and tangible commitment families and businesses affected by environmental disasters. Among these initiatives, it is worth noting that, in 2019, ISP provided support for families affected by the flooding in Venice and the surrounding area through a credit line of 100 million euro and a 12-month suspension of mortgages. Also in the insurance segment ISP has integrated the acute physical risk and opportunity. Among the insurance products that aim to cover customers' insurance needs in the Family, Health and Property areas, the "XME Protezione" insurance cover, places special emphasis on protection against natural disasters, offering protection from damage caused by atmospheric events such as floods and cloudbursts. The coverage will reimburse up to 80% of the customer's property value. Over 76,000 "XME Protezione" policies with flood coverage were taken out at the end of 2019. Furthermore we expect, after completion of the pilot project with Unep FI on climate scenario analysis for Banks, to implement climate related scenarios in order to adapt our business to acute physical climate changes. The Bank is evaluating which scenario best covers a reasonable variety of future outcomes. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans in 2020.

	Relevance & inclusion	Please explain
Chronic physical	Relevant, sometimes included	ISP is starting to consider "Chronic physical risks" such as changes in precipitation patterns and strong variability in weather patterns, rising mean temperatures or rising sea levels. In particular Intesa Sanpaolo is aware that there can be financial indirect implications related to the increase of the probability of default of businesses suffering increased costs of production or reduced demand related to the climate change events. Therefore, on the medium-long term Chronic physical risks can be considered relevant. For instance, rising mean temperature could have a significant impact on power and thermal consumption in ISP's premises. The potential financial implications of these risks are strictly related to the increase of electric energy consumption and associated costs. To mitigate the risk of heat consumption not suited to indoor and outdoor temperature Intesa Sanpaolo has identified targets and has installed temperature sensors (in about 4,000 premises) that can provide the real time temperatures inside Bank's locations, which has allowed considerable savings. Moreover, Intesa Sanpaolo pays attention to energy efficiency of its branches. The actions and measures to reduce electricity and thermal energy consumption continued in 2019 both in Italy and in the International Subsidiary Banks. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Rising sea levels could have a financial impact on ISP, i.e. in Italy, where there are thousands of kilometres of coastal areas, the risk of sea level rise can be considerable in the long term. Furthermore, we expect, after completion of the pilot project with Unep FI on climate scenario analysis for Banks, to implement climate related scenarios in order to adapt our business to chronic physical climate changes. The Bank is evaluating which scenario best covers a reasonable variety of future outcomes. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans in 2020.

## C-FS2.2b

### (C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	In the end of 2018 work began on identifying the business sectors in the credit portfolio that are potentially most affected by climate risks and opportunities, both from transition risk and physical risk, in order to quantify the Group's exposure to these risks and opportunities. The work follows the TCFD approach, i.e. the logic of financial materiality (impact of climate change on the value of the counterparty and consequently on credit risk). The scope of the portfolio assessment includes loans to Corporate clients, SMEs, sovereigns and public entities, including loans of the International Subsidiary Banks of the Group. This mapping of the lending portfolio has utilized NACE codes as the main classification system. Since mid 2019, the lending portfolio's exposure to climate related risks and opportunities is presented on a quarterly basis to the Steering Committee in the context of the Risk Appetite Framework (RAF) presentation. A wider assessment of the credit portfolio's exposure to ESG risks and opportunities is underway. This work in turn is part - and it represents the first step - of a wide project called ISP4ESG aiming to develop ESG policies and strategies in Intesa Sanpaolo to place the Group as a leader in this field.
Investing (Asset manager)	No, but we plan to do so in the next two years	In 2019 a wide project has been launched called ISP4ESG aiming to develop ESG policies in Intesa Sanpaolo to place the Group as a leader in this field. One of the pillars of this project is assessing the exposure of the portfolios of the Group to ESG risks and opportunities with a focus on climate change risks and opportunities. Until now works have focused on lending portfolio but the assessment will also include the other business lines of the Group as the approach of this long term programme is comprehensive.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	In 2019 a wide project has been launched called ISP4ESG aiming to develop ESG policies in Intesa Sanpaolo to place the Group as a leader in this field. One of the pillars of this project is assessing the exposure of the portfolios of the Group to ESG risks and opportunities with a focus on climate change risks and opportunities. Until now works have focused on lending portfolio but the assessment will also include the other business lines of the Group as the approach of this long term programme is comprehensive.
Other products and services, please specify	No, but we plan to do so in the next two years	In 2019 a wide project has been launched called ISP4ESG aiming to develop ESG policies in Intesa Sanpaolo to place the Group as a leader in this field. One of the pillars of this project is assessing the exposure of the portfolios of the Group to ESG risks and opportunities with a focus on climate change risks and opportunities. Until now works have focused on lending portfolio but the assessment will also include the other business lines of the Group as the approach of this long term programme is comprehensive.

## C-FS2.2c

### (C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Majority of the portfolio	Quantitative	The assessment quantifies the credit portfolio exposures that are potentially most affected by climate risks and opportunities, both from transition risk and physical risk. The work follows the TCFD approach, i.e. the logic of financial materiality (impact of climate change on the value of the counterparty and consequently on credit risk). The scope of the portfolio assessment includes loans to Corporate clients, SMEs, sovereigns and public entities, including loans of the International Subsidiary Banks of the Group. This mapping of the lending portfolio has utilized NACE codes as the main classification system.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>



C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	No, we don't assess this	<Not Applicable>	water-related environmental and social risks are considered important within the Group for example when evaluating a project to be financed (for a large infrastructure or in the agribusiness sector etc). The impact of drought, flooding, water scarcity, water stress, are also included as part of the risk assessment in our operations. However we have not yet planned to assess specifically the portfolio's exposure to water related risks and opportunities because we are at present focused on the assessment of the portfolio's exposure to climate related risks and opportunities (where there are however connections with water challenges). In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. One of the pillars of this project is assessing the exposure of the portfolios of the Group to ESG risks and opportunities with a focus on climate change risks and opportunities. In this context water issues are being considered also, in the "environmental pillar" of ESG. However the focus on water and the measurement of the related exposure, would require an in depth dedicated analysis and assessment with dedicated resources.
Investing (Asset manager)	No, we don't assess this	<Not Applicable>	water-related environmental aspects are valued within the ESG escalation procedure of the Investment Process. Issuers are considered eligible on the base of their positive and negative impact on various environmental aspects including water related ones. However we have not planned to assess specifically the portfolio's exposure to water related risks and opportunities.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No, we don't assess this	<Not Applicable>	water-related environmental aspects are valued within the ESG escalation procedure of the Investment Process. Assets are considered eligible on the base of their positive and negative impact on various environmental aspects including water related ones. However we have not planned to assess specifically the portfolio's exposure to water related risks and opportunities.
Other products and services, please specify	No, we don't assess this	<Not Applicable>	water-related environmental and social risks are considered important within the ESG /reputational evaluation other products and services. However we have not planned to assess specifically the portfolio's exposure to water related risks and opportunities.

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	All of the portfolio	The "Guidelines for the governance of environmental, social and governance risks regarding lending operations" define the general criteria for limiting and excluding loans with a particularly high Environmental Social and Governance risk, including climate risk; furthermore, they define the criteria applicable to single sensitive sectors through the application of specific sector Rules. The forestry sector is among the identified sensitive sectors, particularly for its high exposure to environmental and climate risk. In this context forests related risks are identified. ISP's exposure to the forestry sector has been assessed and it has resulted as one of the bottom ten sectors - so one towards which our Group is less exposed to in terms of disbursement and granted amounts.
Investing (Asset manager)	No, we don't assess this	<Not Applicable>	forests-related environmental aspects are valued within the ESG escalation procedure of the Investment process. Issuers are considered eligible on the base of their positive and negative impact on various environmental aspects including forests- related ones.. However we have not planned to assess specifically the portfolio's exposure to forests related risks and opportunities.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No, we don't assess this	<Not Applicable>	forests-related environmental aspects are valued within the ESG escalation procedure of the Investment process. Issuers are considered eligible on the base of their positive and negative impact on various environmental aspects including forests- related ones.. However we have not planned to assess specifically the portfolio's exposure to forests related risks and opportunities.
Other products and services, please specify	No, we don't assess this	<Not Applicable>	forests-related environmental and social risks are considered important within the ESG /reputational evaluation other products and services-. However we have not planned to assess specifically the portfolio's exposure to forests related risks and opportunities.

C-FS2.2f

**(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?**

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	As part of Reputational Risk Clearing (a pre-lending assessment performed by the Risk Manager in collaboration with the Client's Relationship Manager as needed) a class of risk is assigned to transactions/counterparties that are potentially exposed to reputational and ESG risks in order to support decision-making processes, thus enabling an informed acceptance of risk. In 2019, methodological developments have focused on strengthening the assessment of ESG risks associated with transactions/counterparties, with a particular focus on customers operating in sectors that are sensitive to climate change risk. In 2019, a total of 130 financing transactions were assessed, 17 of which were screened under the Equator Principles. This assessment incorporates some climate risk information such as GHG emissions data and emissions reduction targets. Information is sourced from public documents (Sustainability Reports, web pages etc) when possible, or from requested written documentation.
Investing (Asset manager)	Yes	Issuers are selected on the base of an internal rating system which highly values environmental impacts. The engagement practice, part of the escalation procedure, focuses on climate related information specifically on impact and resilience. As of 2018 Eurizon, ISP's asset management company, has its own Engagement Policy in which it reaffirms its commitment to carry out in-depth research and to establish a fruitful dialogue with the management and/or control bodies of the relevant issuers. Eurizon implements an engagement process ('active share ownership') structured on various levels, from dialogue with the companies subject to supervision right up to the activation of voting rights in shareholders' meetings. In 2019, Eurizon carried out 675 engagement initiatives with 515 issuers, with about 15% (102 initiatives with 77 companies) primarily related to ESG issues. Fideuram, the other company within the ISP Group which operates in the asset management business, also has its own engagement policy.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Yes, for some	For the assets managed by Eurizon Capital, the main asset management company of the Intesa Sanpaolo Group, issuers are selected following the engagement policy of Eurizon Capital. The assets managed by Eurizon Capital represent the majority of the insurance underwriting portfolio. Issuers are selected on the base of an internal rating system which highly values environmental impacts. The engagement practice, part of the escalation procedure, focuses on climate related information specifically on impact and resilience. For the assets managed by Fideuram, the other asset management company of ISP Group, issuers are selected following the engagement policy of Fideuram.
Other products and services, please specify	Please select	

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Current regulation	Other, please specify (compliance to voluntary standards)
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

Intesa Sanpaolo, as a financial services company active in asset management, retail and corporate banking, investment banking and bank assurance, can be affected directly and indirectly by changes in voluntary standard related to climate change it has adopted. Among these voluntary standards, the ISO14001 and the ISO 50001 certifications are particularly important. ISP was the first Italian bank to have adopted an Integrated Management System in Italy that complies with international standards ISO 45001 (Occupational Health and Safety), ISO 14001 (Environment) and ISO 50001 (Energy). The certification scope, for the three schemes, has been extended over the years to include 100% of branches and buildings in Italy in 2019. The System, with particular reference to environmental, energy and climate issues (GHG emissions), establishes a continuous monitoring process of the targets and internal checks are carried out in order to assess the level of performance achieved compared to planned performance. These standards evolve over time and in case of a change in the standards' requirement (as for examples the recent new 14001 and 50001 standards) Intesa Sanpaolo will need to upgrade processes and pay for specific advisory services and training.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

296500

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Potential financial impacts of changes in voluntary standards are related to the need to adapt to new rules with consequent costs. We can assume that every time ISP has to implement a new certification scheme there is an estimated cost of about 296.500 euro. This cost includes cost of the consultancy firm (30%), cost of developing training courses (this is done through an external provider and cost around 14%) and cost of personnel dedicated to the activity of developing the new procedures (56%). Regarding the cost of personnel, we estimate 3 FTEs with an average gross cost of 55,500 euro yearly each, dedicated to this activity in the office inside the ISP Safety and Protection Department which is in charge of Environment and Energy Systems.

**Cost of response to risk**

85500

**Description of response and explanation of cost calculation**

Intesa Sanpaolo carries out a careful analysis of current standards and possible changes that may allow us to modify the risk for our Bank of being caught unprepared. ISP constantly monitors development in the relevant ISO standards and participates in specific training courses to become aware of state of the art and developments in this regard. For instance the Intesa Sanpaolo Environmental Management System in 2017 was adapted to the changes occurred in the UNI EN ISO 14001: 2015 standard, one year in advance of the permissible terms; the change consisted in the requirement to provide for, among other things, the conduct of an "Analysis of Context" in order to fully understand the reference scenario, define needs and expectations of stakeholders and better assess risks and opportunities. This analysis has been integrated in the wider process of ISP materiality analysis. ISP estimates about 85500 euro of annual management cost, corresponding to the cost of 1 FTE completely dedicated to the constant monitoring of the ISO standards (with an estimated gross cost of 55500 euro) and the cost of consultancy for updating of procedures (around 30.000 euro). In 2020, a first draft of a new Energy Procedure, compliant with the new ISO 50001:2018, was implemented.

**Comment****Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Current regulation	Enhanced emissions-reporting obligations
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**Primary potential financial impact**

Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**

Policy and legal risk

**Company-specific description**

The international standards for reporting are becoming increasingly strict and consequently detailed environmental data and GHG related emissions are requested. Intesa Sanpaolo annually issues a Consolidated Non-financial Statement in which it reports on its emissions in a comprehensive and detailed way. For instance, in 2019 ISP Consolidated Non-Financial Statement – was drafted in accordance with art. 4 of Italian Legislative Decree 254/2016, the "Core" option of the GRI Standards defined in 2016 by the GRI (Global Reporting Initiative) and the "Financial Services Sector Supplements". Consideration was also given to the recommendations issued in June 2017 by the Task Force on Climate related Financial Disclosures (TCFD), adopted by Intesa Sanpaolo in October 2018, for the voluntary dissemination of transparent reporting on the risks and opportunities linked to climate change. In 2019, in particular, the documentary analysis for identification of material issues for the Consolidated Non-financial Statement focused on the Action Plan on financing sustainable growth, on the communication from the European Commission published in March 2018, and on the related documents made available during 2019 (Taxonomy, Report on EU Green Bond Standards, Report on climate benchmarks and non-binding Guidelines on climate reporting). In case of non compliance to these new regulations, Intesa Sanpaolo could incur in financial penalties. Thus ISP needs to invest in new monitoring and reporting process.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

630000

**Potential financial impact figure – maximum (currency)**

2650000

**Explanation of financial impact figure**

The potential financial impact for ISP depends on the non-compliance with the law that involves the risk of administrative sanctions. In fact, if ISP non-financial statement is not drafted in compliance with the provisions of the articles 3 and 4 (including disclosure of management, policies, risks, actions and KPIs associated with environmental issues) a financial administrative sanction would be applied to the board members. The risk of sanctions for Intesa Sanpaolo with the current perimeter would go from a minimum of 630,000 to a maximum of 2,650,000 euros. The assessment of the risk of sanction was estimated on the basis of the following assumptions: - ISP Consolidated Non-financial Statement prepared not in compliance with the provisions of Legislative Decree 254/2016: the risk of sanctions can be estimated in an amount between 380,000 and 1,900,000 euros (sanctions in a range from 20,000 to 100,000 euros applied to 19 members of the Board of Directors) - ISP Consolidated Non-financial Statement containing relevant facts that do not correspond to the truth or that omits relevant facts: the risk of sanctions can be estimated in an amount between 250,000 and 750,000 euros (sanctions in a range from 50,000 to 150,000 euros applied to 5 members of the Management Control Committee)

**Cost of response to risk**

222000

**Description of response and explanation of cost calculation**

To meet new Italian and European regulation requirements ISP is continuing investing in its monitoring processes to align to the standards requested for reporting to the extent of reaching the highest level of transparency and accuracy. ISP is actively involved in many working groups of ABI (Italian Banking Association) focused on setting benchmarks for the Banking sector and implementing new guidelines for banks' sustainability reporting. Intesa Sanpaolo has provided a significant contribution to several ABI's documents, i.e. Guidelines on the Application in Banks of the GRI Environmental Indicators (ABI Energia) updated in 2018 also thanks to the contribution of ISP. ISP in 2019 has also participated actively in the European Lab Project Task Force on Climate-related Reporting created within the EFRAG (European Financial Reporting Advisory Group) which assessed the state of play of climate-related reporting by European companies and the current and potential use of climate-related information by investors and other users. The primary focus of the Task Force is on the TCFD recommendations with consideration of other reporting frameworks as appropriate and taking account of the EC's non-binding guidelines on non-financial reporting, which have been updated in 2019 on climate-related disclosures. Furthermore, Intesa Sanpaolo is participating in the on going consultation to renew EU strategy on sustainable finance (new release expected by the end of 2020) which includes the review of non financial reporting directive. These activities are carried out by various departments of ISP, we can assume that they involve an annual overall commitment of 4 FTEs with an estimated gross cost of 55,500 euro yearly each (operating in particular in the Corporate Social Responsibility structure and in the Group Management Planning and Control structure, in addition to the network of people who contribute throughout the Group to the collection of data and information to be included in the Consolidated Non-financial Statement).

**Comment****Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Market	Increased cost of raw materials
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

ISP Group operates mainly in Italy, a country that is not self-sufficient from an energy standpoint. This makes it subject to the volatility of international markets and the cost of energy. Furthermore, the real cost of energy is often affected by the tax element that may vary over time: for example, the cost of the incentive for the Italian PV is charged in the bill to all end users. Intesa Sanpaolo costs related to energy can increase due to the introduction of new fuel or energy taxes. Furthermore, an indirect increase of prices of other goods (eg. paper) could occur and have a negative impact on Intesa Sanpaolo capital costs.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1800000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Due to the fact that ISP Group operates mainly in Italy, that is a country that is not self-sufficient from an energy standpoint, the cost of energy is subject to the volatility of international market. Furthermore, the real cost of energy is often affected by the tax element or by the increase of the cost of raw materials that may increase the cost of energy. Intesa Sanpaolo estimates that on the energy expenditure for 2019 in Italy a possible increase of 2% of the cost of electricity and gas, that for example happened some years ago, would cost around 1.8 million euro.

**Cost of response to risk**

8900000

**Description of response and explanation of cost calculation**

In order to mitigate the risk of an increase of energy costs Intesa Sanpaolo has in place the following actions: - signing contracts with electricity providers on a biennial basis with so-called structured price contract. The contract provides for a purchase method in which the price is fixed in advance in relation to the prices of the raw material present on the reference market (European Energy Exchange - EEX) - implement actions and initiatives to reduce electricity consumption. To tackle the need for reduced energy consumption, ISP has set mid to long-term goals through the creation of specific action plans. The first ISP Environmental Plan covered the 2009-2013 period, and was followed by the plan relating to 2013-2016. Both Plans set measurable goals in the areas of energy savings, economic savings and the reduction of CO2 emissions. The scope of the plans, limited to Italy in the first Plan, has gradually increased with the inclusion of various International Subsidiary Banks. In 2017, CSR, in association with the Real Estate and Logistics, Procurement and Safety and Protection Head Office Departments, the International Subsidiary Banks Division and the Chief Operating Officer and Chief IT, Digital and Innovation Officer Governance Areas, drafted a new Environmental Plan - the Climate Change Action Plan - with targets for 2022 and 2037. This Plan was reviewed by the Risks Committee and approved by the CEO. The CSR Department monitors the achievement of the targets on an annual basis and the results will be analysed with the relevant competent structures. The monitoring of the Environmental Plan highlighted for 2019 a trend in line with the CO2 emission reduction forecasts. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Other than cost related to a limited number of actions and measures undertaken in 2019 to reduce electricity and thermal energy

consumption (around 7,5 millions of euro for Heating, Ventilation and Air Conditioning, around 105,000 euro for lighting, around 1 million euro for insulation and around 210,000 euro for maintenance programs) we need to add also an annual overall commitment of 2 FTEs (full time equivalent, one in the Management System Department and one in the Real Estate Department) with an estimated gross cost of 55,500 euro each.

#### Comment

#### Identifier

Risk 4

#### Where in the value chain does the risk driver occur?

Downstream

#### Risk type & Primary climate-related risk driver

Current regulation	Other, please specify (regulation incentivizing renewable energy (and related uncertainty) )
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#### Primary potential financial impact

Decreased revenues due to reduced demand for products and services

#### Climate risk type mapped to traditional financial services industry risk classification

Strategic risk

#### Company-specific description

ISP activities are carried out mainly in Italy, that as a member of the European Union, in order to meet the objectives 20/20/20 and the new European target to 2030, since 2007 has enabled substantial incentives in favour of renewable energies, particularly photovoltaics. Uncertainty over the incentives has made difficult to plan the offer of green loans/products in the medium long term and the related expected disbursements. The risk for Intesa Sanpaolo is to significantly reduce the profits arising from the funding allocated to this area. In fact, Intesa Sanpaolo's financing for the green economy has undergone a drastic reduction in comparison to 2011 because the demand of green products from customers has been reduced also due by the reduction of incentives: green loans has gone from over 3.7 billion euros in 2011 to about 2.2 billion euros in 2019.

#### Time horizon

Short-term

#### Likelihood

Unlikely

#### Magnitude of impact

Medium

#### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

#### Potential financial impact figure (currency)

556500000

#### Potential financial impact figure – minimum (currency)

<Not Applicable>

#### Potential financial impact figure – maximum (currency)

<Not Applicable>

#### Explanation of financial impact figure

Italian government incentives for renewable energy, in particular photovoltaic, and for energy efficiency has shown substantial variation over the years and that has financial impacts on ISP's revenues related to green products. For example, Intesa Sanpaolo's disbursement for the green economy in 2019 has been lower (1,419.1 million euro) than the average 2010-2019 (1,975.6 million euro) in spite of ISP strategy aimed at enhancing green economy financing - strategy which has also been included in the business plan 2018-2021. Therefore ISP, based on previous years green disbursements, estimates a potential negative financial impact in terms of lost loans of around 556.5 million euro of loans (average 2010-2019 disbursements minus disbursements in 2019).

#### Cost of response to risk

333000

#### Description of response and explanation of cost calculation

To mitigate these risks ISP is continuing to advice customers about benefits deriving from investments in renewable energy within the framework of a legislation that is changing. This need for advice is particularly important small and medium businesses; To tackle this issue, ISP has developed various consulting activities. In particular, ISP some years ago has set up an Energy Desk which supports businesses that invest in renewable energy production plants and in the energy efficiency of their production processes, providing dedicated financial solutions and specialist advisory services. All loans, overseen step by step by the specialist Energy Desk, are always preceded by an appraisal in support of the Bank's credit assessment. Customers can count on a comprehensive service that ranges from risk assessment to the structuring of the most appropriate financial solutions, and from consultancy on new technology trends to new market opportunities. The total disbursements include the contracts signed in the lease area as new Leasenergy product contracts (equal to approximately 2.5 million euro), which will result in an annual emissions saving estimated at around 1,570 tonnes of annual CO2. There are around 1,370 existing lease contracts, which have contributed to the construction of plants for the production of over 1.7 Gigawatts of energy from renewable sources. ISP has also strengthened through its Corporate and Investment Banking Division its commitment to support Italian and international corporate clients in their transition projects towards a low-carbon economy and in efficient energy production plants projects. In 2019, ISP participated, as a Bookrunner, in 12 Green, Social and SDG-linked Bond issues onto the Euro market, including the issue of the ISP Group Sustainability Bond, confirming its role among the leading players on the Italian market. Finally, the Circular Economy Desk has been set up to assess, advice and finance (with a 5 bn credit plafond) circular economy projects. These activities are carried out by various departments of ISP, we can assume they involve an annual overall commitment of 6 FTEs with estimated gross cost of 55,500 euro yearly each: 2 FTEs providing support to small and medium businesses, 2 FTEs assessing circular economy projects, 2 FTEs advising Corporate clients,

#### Comment

#### Identifier

Risk 5

#### Where in the value chain does the risk driver occur?

Downstream

#### Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
----------------	--

### Primary potential financial impact

Increased credit risk

### Climate risk type mapped to traditional financial services industry risk classification

Credit risk

### Company-specific description

In Italy, where ISP mainly operates, floods are becoming more common, causing damages to the agriculture sector but also to houses, premises and infrastructures. The risk for Intesa Sanpaolo is related to the increase of probability of default of businesses and private customers severely damaged for examples by storms and floods. Among these businesses, those operating in the agriculture sector are particularly hit by these extreme events; In relation to ISP' business clients operating in the agriculture sector, ISP carefully considers the risk of a potential reduction in agricultural productivity, i.e. crop production, but also fruits and vegetables

### Time horizon

Short-term

### Likelihood

Likely

### Magnitude of impact

Low

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

19635000

### Potential financial impact figure – minimum (currency)

<Not Applicable>

### Potential financial impact figure – maximum (currency)

<Not Applicable>

### Explanation of financial impact figure

The risk for Intesa Sanpaolo is related to the possibility of default of companies and private customers severely damaged by storms and floods. To give an example: financial implications of damages to the Italian agricultural sector in 2017 because of extreme weather conditions amounted to around 14 billion euro in the last decade 2010-2020 (Source "Coldiretti" - leading organization of farmers at national and European level). For ISP, the first player of the banking sector in Italy, this means a potential loss. In 2019 ISP has suspended repayments on existing loans for a total residual debt of 19,635,000 euro, for extreme natural events such as floods.

### Cost of response to risk

277500

### Description of response and explanation of cost calculation

The Intesa Sanpaolo Group supports with tangible commitment families and businesses affected by environmental disasters. In 2019 the Intesa Sanpaolo Group confirmed its concrete commitment to support the populations affected by the extraordinary events related to the bad weather that are increasingly affecting the Italian territory by providing new subsidised loans intended for the restoration of damaged properties (houses, shops, offices, artisan workshops, companies), suspensions on existing loans, actions in the area of protection and preferential, simplified and expedited procedures. In addition, about 2,800 subsidised loans were disbursed for natural catastrophes and disasters, for over 135 million euro in 2019 and about 335 million euro from 2018. Costs related to these activities are integrated into the company budgets. Also based on the number of branches involved we can assume an annual overall commitment of 5 FTEs on average, working in the network of branches involved in the process (an estimated gross cost of 55,500 Euro yearly each).

### Comment

### Identifier

Risk 6

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
----------------	--

### Primary potential financial impact

Increased direct costs

### Climate risk type mapped to traditional financial services industry risk classification

Operational risk

### Company-specific description

Italy is one of the European countries most affected by landslides, with 620,808 landslides (area of approximately 23,700 km<sup>2</sup>, equal to 7.9% of the national territory). These data derive from the Inventory of Landslide Phenomena in Italy (IFFI Project) carried out by ISPRA and by the Regions and Autonomous Provinces according to standardized and shared methods. At the same time Italy is the European country most exposed to risk of flood due to the morphological characteristics of the national territory, where spaces and distances granted to the hydrographic network by the mountain ranges and the sea are mostly very modest, exposed to alluvial events, known as sudden floods or flash floods, often triggered by short and intense weather phenomena. The Higher Institute for Environmental Protection and Research (ISPRA) has established 5 hazard classes in Italy: very high P4, high P3, medium P2, moderate P1 and areas of attention AA. The areas with high hydraulic hazard in Italy are equal to 12,405 km<sup>2</sup>, the medium hazard areas amount to 25,398 km<sup>2</sup>, the low hazard areas (maximum expected scenario) to 32,961 km<sup>2</sup>. Extreme precipitations and floods can have an adverse impact on Intesa Sanpaolo: it could cause damages to ISP premises, data centres and put at risk the possibility of commuting of employees. The Italian regions with the highest average hydraulic hazard, based on data provided by the District Basin Authorities, are Emilia-Romagna, Tuscany, Lombardy, Piedmont and Veneto. Referring to the ISPRA data, Intesa Sanpaolo has evaluated that more than 200 buildings (including branches and the 3 data centres) in Italy are in these Regions (valued in the high and very high hydrogeological risk range).

### Time horizon

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

1500

**Potential financial impact figure – maximum (currency)**

160000000

**Explanation of financial impact figure**

The estimates were made, for the maximum amount, on the basis of what could occur in case of flooding of the most important Datacenter of Intesa Sanpaolo located in the Piedmont Region (one of the Italian regions most exposed to hydrogeological risk – the site was in fact already flooded in November 2016). The amount considered is the worst case that could occur if we have to change all the information technology assets, the cybersecurity assets and to restore all the buildings. For the minimum amount the estimation was made on the basis of the possible occurrence of a slight flood in a Intesa Sanpaolo branch for restoration/drying and painting.

**Cost of response to risk**

600000

**Description of response and explanation of cost calculation**

The Risk Assessment Document evaluating risks to workers' health and safety (Italian Legislative Decree 81/2008), updated annually, includes the assessment of hydrogeological risk due to flooding and landslides. A hydrogeological risk assessment of ISP's premises is conducted both as a preventive measure -in relation to local risk and premises' vulnerability - and subsequently to the occurrence of an adverse event, to maintain the functionality of the buildings involved. Based on the provisions of the Italian Institute for Environmental Protection and Research, which divides the territory into 5 hazard classes (very high, high, medium, moderate and attention areas), over 1,000 ISP's buildings in Italy are subject to landslide and flood risk. In ISP's assessment, the benchmark is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded. With regard to landslides, the benchmark is based on the level of risk associated with an area subject to landslides and depends on the relationship between the probability of occurrence of the event and its magnitude (the latter takes into account both the speed of the landslide's movement and the extent of its spread over the area). These assessments enable ISP to implement actions and Emergency Plans that take account of the effects of critical events linked to natural events allowing for the management of different potential risk scenarios and for the mitigation of risk, particularly to workers and third parties. As hydrogeological risk has been assessed as one of the most important physical risks for ISP's premises and data centres, ISP in 2019 has strengthened its assessment process in this regard. A pilot project has been launched: the hydrogeological risk is analysed for the buildings of ISP most exposed to this risk; the main activities are the collection of all the technical documentation of the property and the preparation of specific risk analysis reports. Out of over 1,000 ISP's premises subject to landslide and hydrogeological risk, 30 premises have been assessed as most exposed to this type of risk; accordingly, specific actions are defined for each site allowing for a mitigation of hydrogeological risk. Annual costs related to these activities are 10 FTEs (with average remuneration of 55,500 euro each) from Real Estate Department and Safety Department) for an annual cost of 555,000 euros plus the advisory costs (about 45,000).

**Comment**

**Identifier**

Risk 7

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Chronic physical	Rising sea levels
------------------	-------------------

**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

One of the consequences linked to climate change and specifically to the rise in temperatures is the rise in sea level. The striking example of climate change is Venice which in recent years has increasingly seen an increase in the frequency of exceptional tidal events (above 140 cm above average sea level). In Italy, where there are thousands of kilometres of coastal areas, the risk of sea level rise can be considerable in the long term. The presence of Intesa Sanpaolo branches located in the coastal cities is risky because they could be affected by the increased level of the Mediterranean Sea with consequent inability to operate.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

35000

**Potential financial impact figure – maximum (currency)**

1750000

**Explanation of financial impact figure**

The data of ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) show that the Mediterranean has risen 30 centimeters in the past thousand years. A tripling of the average level is expected in the next hundred years. For these reasons ISP is aware of the increased risk of flooding and erosion of coastal areas due to an increased incidence of extreme weather events and rising sea level. Intesa Sanpaolo is present in all coastal areas in Italy with numerous subsidiaries that could be damaged resulting in a considerable financial impact for the Group in the long term. The evaluation of any costs on Intesa Sanpaolo's assets derives from the possible depreciation of the properties located along the coastal areas affected by this event. The assessment of the costs relating to the impact of this risk derives both from the possible depreciation of the value of the Intesa Sanpaolo properties and from the actions that must be implemented once a flood event has occurred. For example in Venice in October 2019 there was an exceptional increase in the water level that completely flooded the city exceeding all expectations. The branches in the city have been completely flooded. The restoration of a branch, with the purchase of new furniture, PCs, cables, doors and windows, drying and painting of the walls, costs 35,000 euros for the main branch most affected. We estimate a potential financial impact between 35,000 euro (for a minimum of one ISP's branch impacted) and 1,750,000 euro ( for about 50 ISP's branches impacted), considering branches next to the sea in the Italian territory,

**Cost of response to risk**

286500

**Description of response and explanation of cost calculation**

In case of extreme weather events or emergencies caused by the rising sea level, ISP can immediately activate its business continuity plans providing for the carrying out of basic operations. In these cases it is possible, for ISP employees to operate via web in a nearby ISP branch or, in some cases, operate from home via web. Additional countermeasures are activated by ISP in order to ensure the safety of its employees. In Italy, in Liguria Region, for example, ISP branches must follow a specific procedure in case the municipality sends a weather alert. In order to mitigate as much as possible the effects deriving from the sea level rise in Venice for example, following the exceptional event of October 2019, we have activated a very important prevention project on the main branch. At the end of 2019 an assessment of critical points of the Branch from which water could enter was made. A tender is in progress, for an amount equal to approximately 120,000 for prevention actions such as the purchase of bulkheads, the construction of tanks of water runoff, positioning of water-repellent materials, etc.). The ISP staff dedicated to mitigating this risk is estimated in 3 FTEs (55500 each) including 2 FTEs from the Real Estate Department of Venice and one FTE from the Prevention and Protection Office with a broader view of the problem..

**Comment****Identifier**

Risk 8

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

Intesa Sanpaolo complies with regulatory requirements related to environmental issues. We anticipate that carbon-pricing regulations may emerge over the medium- to long-term timeframe as confirmed in all climate related scenarios, and such regulations may result in a financial impact to the ISP's operations, including an increase in operating costs as well as potential capital expenditures to reduce emissions. According to ISP's assessment such new regulation is more likely to emerge first in Europe where the Intesa Sanpaolo Group mainly operates (see European Commission Action Plan on sustainable finance). In detail we anticipate an increase in operating cost due to a taxation on ISP direct emissions.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1200000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

The expected new carbon tax will have an impact on the income statement of Intesa Sanpaolo. Intesa Sanpaolo estimates that if a carbon pricing of 27.15 euro per tonnes CO2 (price of EEX EUA Future dec 2022 recorded on the 30th of June 2020) is applied on the 2019 Intesa Sanpaolo's scope1 emissions (45,398 t) this would lead to an additional cost of around 1,200,000 euro. This calculation is precautionary, as it does not consider the planned reduction in Scope1 emissions defined in the ISP's Climate Change Action Plan.

**Cost of response to risk**

4123000

**Description of response and explanation of cost calculation**

To anticipate new introduction of carbon pricing ISP carries out a careful analysis of current European legislation and possible changes that may impact and modify the risk for the Bank. ISP also carries out the following actions to reduce direct emissions as described in the ISP environmental plan "the Climate Change Action Plan" prepared in



2017 with targets set for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group declines CO2 emission reduction targets, linked to its activities, taking 2012 as the reference year. The 2022 targets are supported by targeted actions. The targets for 2022 include a reduction compared to 2012 by 37% (a 33% reduction was already recorded in the period 2012-2019) of emissions related to energy consumption (direct and indirect). This reduction is tied to measures taken on electricity, natural gas for independent heating and fleet. Below, are listed the actions that are going to minimize the impact of a possible introduction of a carbon pricing: 1) Emissions from heat produced directly by the Bank -Renewing thermal power plants with new energy efficient equipment, Italy - Reduced gas consumption (Hungary, Serbia, Italy). 2) Emissions caused by the fleet - Replacement of the car fleet, The company fleet will continue to be renovated, which will result in savings coming from the replacement of Euro 4 or 5 cars with the less polluting Euro 6 cars (Italy, Croatia, Hungary, Serbia). The estimated cost of management takes into account: interventions on plants (about €3,930,000), replacement of windows and interventions on facades (about € 39.900) ,actions of energy efficiency (about € 42,200), 2 FTEs in the Real Estate Department with an estimated gross annual cost of 55,500 Euro each (111,000 euro) ., for a total of about €4,123,000.

#### Comment

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## C2.4

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### (C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

## C2.4a

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### (C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

#### Identifier

Opp1

#### Where in the value chain does the opportunity occur?

Downstream

#### Opportunity type

Markets

#### Primary climate-related opportunity driver

Access to new markets

#### Primary potential financial impact

Increased revenues resulting from increased demand for products and services

#### Company-specific description

The Intesa Sanpaolo Group considers the opportunities arising from climate change within its overall strategy and provides a whole range of environmental and energy efficiency products that contribute to contrasting Climate-change effects. To this extent in June 2017 Intesa Sanpaolo became the first Italian bank to issue a Green Bond of 500 million euro connected with environmental sustainability projects. The projects financed by the bond must belong to the following three categories: - infrastructures for the generation and transmission of energy from renewable sources (solar, photovoltaic, wind, biomass and hydroelectric); - investments in infrastructure or processes for reducing the use of energy and fostering greater energy efficiency; - construction of new buildings or the redevelopment of existing buildings according to the best environmental standards. ISP Green bond is the first issued by an Italian bank. The proceeds, in case of early repayment, asset divestment or if a project no longer meets the eligibility criteria, will be used to finance other eligible loans which are compliant with the eligibility criteria of the Green Bond Framework within the 2022 bond's maturity. As of May 2019, 75 projects were financed with over 353,000 tonnes of CO2 emissions avoided annually. In 2019 the new Sustainability Bond Framework was released ahead of the issue of the Sustainability Bond to support loans and projects for the Green Economy, the Circular Economy and also for social purposes. The Framework was prepared in line with the international standards drawn up by ICMA, in particular with the (2018) Green Bond Principles, the (2018) Social Bond Principles and the (2018) Sustainability Bond Guidelines. In November 2019, Intesa Sanpaolo successfully completed the placement of the Sustainability Bond focused on the Circular Economy, intended to support the loans granted by the Bank under the 5 billion euro credit plafond dedicated to the Circular Economy. The 750 million euro issue, against a demand of over 3.5 billion euro, was mainly subscribed by institutional investors: Asset Managers (75%), Banks and Private banking (10%), Public Entities (10%), Insurance and Retirement Funds (4%). thanks to this issue, the Green Bond Ratio, the percentage of outstanding green bonds at the end of the year out of the total amount of outstanding Senior Preferred and Covered Bonds intended for institutional investors (five-year moving average), is equal to about 3.3%.

#### Time horizon

Short-term

#### Likelihood

Virtually certain

#### Magnitude of impact

Medium

#### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

#### Potential financial impact figure (currency)

750000000

#### Potential financial impact figure – minimum (currency)

<Not Applicable>

#### Potential financial impact figure – maximum (currency)

<Not Applicable>

#### Explanation of financial impact figure

The 750 million euro is the amount of the Sustainability Bond issued in 2019 to finance eligible green and circular projects and expand ISP environmental products and services.

#### Cost to realize opportunity

300000

#### Strategy to realize opportunity and explanation of cost calculation

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Over the years ISP has adhered to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. Also, Intesa Sanpaolo's commits to tackle climate change issues with innovative products and services. One of these products is the Green Bond issued in 2017. Another one is the Sustainability Bond issued in November 2019, Intesa Sanpaolo successfully completed the placement of the Sustainability Bond focused on the Circular Economy, intended to support the loans granted by the Bank under the 5-billion-euro credit plafond dedicated to the Circular Economy. The 750-million-euro issue, against a demand of over 3.5 billion euro, was mainly subscribed by institutional investors: Asset Managers (75%), Banks and Private banking (10%), Public Entities (10%), Insurance and Retirement Funds (4%). thanks to this issue, the Green Bond Ratio, the percentage of outstanding green bonds at the end of the year out of the total amount of outstanding Senior Preferred and Covered Bonds intended for institutional investors (five-year moving average), is equal to about 3.3%. Intesa Sanpaolo was the first Italian bank to make in 2017 its debut as a "green" issuer, demonstrating its strong commitment to the growth of sustainable finance in Italy. It continued to seize opportunities in this field in 2018 and 2019 and issued a sustainability bond in 2019. In the future ISP is evaluating new Green/Sustainability/Circular Bond issuance. Substantive and ongoing activity is needed to develop this opportunity involving different organizational structures of the Group. In June 2019, ISP published its second Green Bond Report on the use of Green Bond proceeds and its associated environmental benefits. The report also includes the certification of the auditing company, the Second Party Opinion on the bond issue (Robust ESG performance) and the Moody's assessment, which obtained the highest score (GB1 Excellent). Costs related to these activities are integrated into the ISP budgets. ISP estimates accessory costs in 300,000 euro for elaborating the framework and to cover the activities related to the issue of the bond. Out of the total estimated costs, those related to the issue (legal, listing, due diligence, Second Party Opinion, etc.) amount to around 70%; the recurring costs throughout the life of the bond (annual reporting, audit, etc.) make up for some 30%.

## Comment

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### Identifier

Opp2

### Where in the value chain does the opportunity occur?

Downstream

### Opportunity type

Products and services

### Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

### Primary potential financial impact

Increased revenues resulting from increased demand for products and services

### Company-specific description

Intesa Sanpaolo is already very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. As widely demonstrated by international studies and research, climate change can also be regarded as a business opportunity and an economic development lever. Intesa Sanpaolo has the opportunity to expand the market in the field of renewable energy, energy efficiency and could lead to greater demand for environmental loans with positive financial impacts in terms of revenues. In 2019, the Group's disbursements for the Green Economy totalled 1,419 million euro (almost 20 billion in the 2010-2019 period). The offer involves all customer segments: retail customers (3.7%), businesses and Third Sector (13.3%), corporate & project finance (83.0%). The development of green products and services is considered by Intesa Sanpaolo as an opportunity that has a potential for expansion in the coming years. Intesa Sanpaolo has made available, within the European Green Deal, 50 billion euro for the green economy in Italy.

### Time horizon

Short-term

### Likelihood

Very likely

### Magnitude of impact

High

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

1500000000

### Potential financial impact figure – minimum (currency)

<Not Applicable>

### Potential financial impact figure – maximum (currency)

<Not Applicable>

### Explanation of financial impact figure

The figure represents the prudential estimate of ISP's annual green loans' disbursements, equal to 1,5 billion euro. This is average disbursements in the last three years: 1,419 million euro in 2019; 1,922 million euro in 2018; 1,256 million euro in 2017. The offer involves all customer segments: retail customers (3.7%), businesses and Third Sector (13.3%), corporate & project finance (83.0%). A Total of 95% of this figure is made up of loans in Italy, the remaining 5% of loans in other countries disbursed by the International Subsidiary Banks,

### Cost to realize opportunity

555000

### Strategy to realize opportunity and explanation of cost calculation

ISP carries out a careful analysis of current Italian and European legislation and possible changes (for example the EU green taxonomy, at present applied to investment, and its possible extension to banking / lending products). To manage this opportunity ISP is engaging with regulators (European Commission, Italian Ministry of Environment, etc.) to be up to date on new rules and if possible anticipate them. ISP is very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. This takes place through the bank branches of the Banca dei Territori Division and Banca Prossima, the Mediocredito Italiano Energy Desk for business loans, the support of the Innovation Center for the Circular Economy and innovation and the Corporate banking division. In 2019, the Group's disbursements for the Green Economy totalled 1,419 million euro (almost 20 billion in the 2010-2019 period). The offer involves all customer segments: retail customers (3.7%), businesses and Third Sector (13.3%), corporate & project finance (83.0%). The development of green products and services is considered by Intesa Sanpaolo as an opportunity that has a potential for expansion in the coming years. Intesa Sanpaolo has made available, within the European Green Deal, 50 billion euro for the green economy in Italy. Annual costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimate a cost of 10 FTEs (55,500 euro each): 2 FTEs in Banca dei Territori Division for developing retail green products, 2 FTEs in the Mediocredito's Energy Desk providing support to businesses that invest in renewable energy production plants and in the energy efficiency of their production processes, providing dedicated financial solutions and specialist advisory services., 2 FTEs in the Innovation Center developing the offer with regards to circular economy financing, 2 FTEs in the Corporate banking division developing the offer to Corporate and Large Corporate clients, 2 FTEs in the Corporate Social Responsibility Sub Department supporting the business functions of the Group in this respect.

## Comment

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### Identifier

Opp3

### Where in the value chain does the opportunity occur?

Downstream

### Opportunity type

Products and services

### Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

### Primary potential financial impact

Increased revenues resulting from increased demand for products and services

### Company-specific description

International studies and research show that climate change may also be a business opportunity and a lever for economic growth, considering the fact that, in order to achieve the European Union's climate and energy targets for 2030, the European Commission's Action Plan on sustainable finance estimates supplementary investments of 180 billion euro per year. To this end, Intesa Sanpaolo is active in promoting renewable energy, energy efficiency and the circular business model by supporting their development and assisting customers, committed to reducing their environmental impact, with the promotion of green products and services offered by the sales network both in Italy and abroad, resulting in increased revenues. ISP is the only Financial Services global partner of the Ellen MacArthur Foundation – the main promoter of the global transition towards the circular economy. Through its "Circular Economy" project, the Intesa Sanpaolo Group is seizing strategic opportunities to become an innovative and exclusive financial leader for the circular economy, redefining traditional financial tools to support transition to a new model for economic development, which is sustainable over time.

### Time horizon

Short-term

### Likelihood

Virtually certain

### Magnitude of impact

Medium-high

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

5000000000

### Potential financial impact figure – minimum (currency)

<Not Applicable>

### Potential financial impact figure – maximum (currency)

<Not Applicable>

### Explanation of financial impact figure

In order to provide concrete support to companies involved in the transition process, the Intesa Sanpaolo Group, within the time-frame of the 2018-2021 Business Plan, has decided to provide a plafond of up to 5 billion euro, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit. The entire amount of 5 billion euro is open to any kind of company and project as long as they meet our Circular Economy criteria. Given the market structure, we would estimate approximately 1/5 of the Plafond to be allocated to startups and SMEs, with remaining amount going to Corporate initiatives. Out of a total of around 250 applications reviewed since the launch of the credit plafond, 63 projects were funded for a value of around 760 million euro at the end of 2019. Numerous company projects were supported for initiatives such as the replacement of traditional materials with others from recycled or biological sources, the recovery of urban organic waste for biomethane production, with the production of compost and recovery of CO<sub>2</sub>, the production of coloured compostable fabrics with dyes made from agricultural waste.

### Cost to realize opportunity

222000

### Strategy to realize opportunity and explanation of cost calculation

Intesa Sanpaolo is committed to promoting the Circular Economy (CE) model, drawing on the support of the Ellen MacArthur Foundation, the main promoter of the global transition towards the CE. The cooperation agreement with the Foundation has been renewed for the 2019-2021 period. The Intesa Sanpaolo Innovation Center oversees the CE activities. In 2018 the Circular Economy Lab was launched, with the goal of supporting and assisting the transformation of the Italian economic system and disseminating new models of value creation in the collective interest, by accelerating the transition to the CE. For the 2018-2021 period (Business Plan), ISP has established a plafond of 5 billion euro available to companies which adopt the circular model. In particular, as part of the credit process, ISP, based on criteria defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed. In February 2019, the Bank has allocated the first circular loan for investing in a plant for the recycling of plastic. In November 2018, the Position Paper of the Alleanza Italiana per l'Economia Circolare (Italian Alliance for the Circular Economy) was submitted, promoted by Intesa Sanpaolo in conjunction with Enel. Annual costs related to the management of the plafond and the related assessments is estimated in 4 FTEs (55,500 euro each) working in the Circular Economy Desk. Such FTEs are employed to assess deals that are potentially eligible to access the Plafond, as well as to monitor and coordinate the overall functioning of the Plafond.

## Comment

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### Identifier

Opp4

### Where in the value chain does the opportunity occur?

Direct operations

### Opportunity type

Resource efficiency

### Primary climate-related opportunity driver

Move to more efficient buildings

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

Thanks to the attention that public opinion, the European Commission and the Italian legislator have placed in recent years in relation to the issue of emissions, energy saving and the possible impacts associated with climate change, Intesa Sanpaolo has carried out, also thanks to these legislative initiatives, numerous investments aimed at saving energy. These investments, often linked to public incentives, have allowed Intesa Sanpaolo to make significant savings in economic terms. In view of the fact that these issues will increasingly be at the center of the political debate, it is assumed that public incentives related to energy efficiency actions (such as replacement of fixtures, replacement of boilers, installation of photovoltaic systems, remote building control, etc) will increase and will allow ISP to carry out further electrical and thermal savings and consequently economic savings. The energy manager, together with colleagues from Real Estate Department, constantly monitors regulatory developments regarding public incentives aimed at energy saving and reports on the economic savings deriving from them.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1500000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Based on the state incentives related to energy efficiency actions received in recent years (30 interventions equal to 700,000 euro tax deduction in 2019, 46 interventions equal to 970,000 euro tax deductions in 2018, 67 interventions equal to 1,100,000 tax deductions in 2017) it can be estimated that in the next few years, more than € 1,000,000 per year in tax deductions can also be obtained for efficiency interventions, also given additional Italian state incentives being approved. Moreover, around 500,000 euros is the economic saving due to the implementation of energy efficiency actions and to the auto-production of photovoltaic energy (thereby avoiding the purchase of electricity).

**Cost to realize opportunity**

1157500

**Strategy to realize opportunity and explanation of cost calculation**

ISP implemented energy efficiency actions in Italy and in the International Subsidiary Banks: a greater distribution of web-based metering systems, the replacement of boilers with condensation systems, high-performance heat pumps and refrigerating units, the modernisation of electrical systems, the use of LED lighting, interventions to optimize the management of technological systems, the switch-off for PCs at the branches during the night and holidays. ISP also adopted a policy to gradually replace office equipment with more energy-efficient models. In line with the Rules on sustainability for the purchase of office machines, ISP assesses the environmental impact connected with the purchase and responsible use of equipment like photocopiers, printers, computer, monitors, ATMs/MTAs. Lastly, in line with the internal policy on sustainable branches, site renovation or the construction of new branches is based on energy efficiency and improved management criteria. To seize the opportunity linked to reduced energy consumption, ISP has set mid to long-term goals through the creation of specific action plans. The first ISP Environmental Plan covered the 2009-2013 period, and was followed by the plan relating to 2013-2016. Both Plans set measurable goals in the areas of energy savings, economic savings and the reduction of CO2 emissions. The scope of the plans, limited to Italy in the first Plan, has gradually increased with the inclusion of various International Subsidiary Banks. In 2017, CSR, in association with the Real Estate and Logistics, Procurement and Safety and Protection Head Office Departments, the International Subsidiary Banks Division and the Chief Operating Officer and Chief IT, Digital and Innovation Officer Governance Areas, drafted a new Environmental Plan - the Climate Change Action Plan - with targets for 2022 and 2037. The Plan was reviewed by the Risks Committee and approved by the CEO. The CSR Department monitors the achievement of the targets on an annual basis. The monitoring of the Plan highlighted for 2019 a trend in line with the reduction goals. We estimate a commitment of 5 FTEs (55,500 euro each) involved in research and reporting to obtain incentives: 1 in the Real Estate dep., 1 in the Logistics office, 1 in the Procurement Dep, 1 Energy Manager, 1 in the CSR Department ( total 277,500 euro). Plus 180,000 euro for investments in the substitution of windows and 700,000 euro for investments in the substitution of plants.

**Comment****C3. Business Strategy****C3.1****(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

**C3.1a****(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

**C3.1c**

**(C3.1c) Why does your organization not use climate-related scenario analysis to inform its strategy?**

**I. Why climate-related scenario analysis is not used to inform your business strategy:**

A climate related scenario analysis has not been performed so far because a clear methodology was not available. Now thanks to the workflows of Unep FI on TCFD and the scenario analysis focused on financial sector, ISP considers possible to start performing it.

Since October 2018, Intesa Sanpaolo decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change.

ISP knows that among the steps that need to be implemented to enforce the alignment path with TCFD recommendations the scenario analysis is one of the most important. In 2019 Intesa Sanpaolo started participating in the working group TCFD Banking Sector Pilot - Phase II, which involves more than 35 international banks coordinated by UNEP FI, with the aim of developing methods for the assessment of impacts related to climate change through the performance of long-term scenario analysis. In particular, this method of analysis is applied to certain sectors of the Group's credit portfolio that are sensitive to climate change, in order to quantify the impact of both transition risk and physical risk.

**II. Whether you expect it to be in the future:**

ISP, as participant in the UNEP FI Banking Sector Pilot Phase 2 working group, in 2020 is evaluating the impact of the physical and transition climate change risk on a portion of its top exposures portfolio in the energy and oil&gas sectors. ISP plans to implement wider scenario analysis in 2020-2021 building on the insights gained and methodology developed in the context of the pilot project with UNEP FI.

**C3.1d**

**(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Risks and opportunities arising from climate change have significantly influenced our product-related strategy and product portfolio. ISP's offer of products and services keeps evolving in line with new regulations and customers' preferences and includes range of green products and services to all customer segments and in all business areas. . In 2019, the Group disbursed 1,419 mln euro to the green economy (20 bn euro over the 2010-2019 period). This takes place through the bank branches of the Banca dei Territori Division, the Energy Desk and the Corporate and Investment Banking Division, the support of the Innovation Center for the Circular Economy and innovation. Eurizon and Fideuram, ISP's asset management companies, offer a range of ESG and Ethical funds, that include environmental criteria In January 2020, ISP, in the context of the European Green Deal, made available 50 bn euro loans in the coming years in Italy for the green economy. The market of green and sustainability Bonds is particularly interesting and ISP's strategy is to develop this kind of products. In 2017, ISP was the first Italian bank to issue a 500-mln-euro Green Bond connected with environmental sustainability projects. The commitments undertaken by ISP are defined within the ISP's Green Bond Framework in line with the Green Bond Principles of the ICMA as verified by an external ESG research and analysis company. In June 2019 ISP published its annual Green Bond Report on the use of Green Bond proceeds and its environmental benefits. The report includes the certification of the audit company, the Second Party Opinion (Robust ESG performance) and Moody's assessment with the highest score (GB1 Excellent). As of 31 May 2019, the Bond proceeds were used as follows: 61.3% to refinance specific loans included in ISP's portfolio, 38.7% for the financing of new projects. In total, 75 projects were financed with over 353,000 tonnes of CO2 emissions avoided annually. 64.0% of the proceeds were allocated to photovoltaic power, 12.6% to wind power, 9.3% to hydroelectric power, 12.5% to bioenergy and 1.6% to energy efficiency. In 2019 the Sustainability Bond was issued focused on the Circular Economy. On the risk side, for loans to corporates operating in climate sensitive sectors (i.e. coal industry or oil&gas), environmental and social risk is assessed.
Supply chain and/or value chain	Yes	Risks and opportunities arising from climate change have influenced ISP' supply chain's strategy. ISP through its purchasing and partnership decisions pursues to minimize climate risks and maximize the opportunities in its supply chain. In compliance with ISP's Code of Ethics, ISP constantly monitors the suppliers' management approach on CSR issues, including environmental issues, through the Suppliers Gate. The Supplier gate is the tool used by ISP that led to the Group centralisation of sourcing, regulatory monitoring, supplier qualification and monitoring and adaptation of the contractual standards. The selection of suppliers already takes place during the process of registration to the gate by means of an assessment (updated at least once a year) that includes analyses of the suppliers' business ethics, respect for human and labour rights, environment and climate change. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and can be invited to the procurement events. The supplier's qualification process allows to obtain a supplier's rating which is monitored over time and to have an updated screening of the suppliers, for all the duration of the contractual relationship. In 2019 the number of suppliers on the Supplier Gate amounted to 5,569 (3,161 in 2018). Results of the assessment are monitored over time. Compared to 2018, in 2019 a total of 167 suppliers (6% of total suppliers) improved their environment scoring, 29 additional suppliers indicated to have environmental certification (ISO14001 or EMAS), 15 additional ISO 50001 standard on energy management, 25 additional suppliers respond to CDP questionnaire and 18 additional suppliers have implemented environmental policies. Analysis of some latest available replies reported in the New Supplier Portal directly linked to climate change shows the following breakdown: 53% declared they measure their energy consumption; 24% measure their CO2 emissions and 7% respond to CDP. Furthermore, ISP can carry out actions with suppliers with particularly low scores linked to environment and climate.
Investment in R&D	Yes	Risks and opportunities arising from climate change have significantly influenced ISP's strategy in the innovation filed, through the promotion of innovative green products, services that reduce exposure to climate change risks and the support of innovative businesses. ISP pursues a Circular Economy project thanks to which numerous initiatives and actions were carried out in 2019 to promote the awareness and adoption of the model in various domestic and international locations. During the year around 248 projects were reviewed and 63 financed under the Circular Economy Standard, created to verify and analyse the level of innovation of their business model according to the principles of the circular economy. In addition, the Italian Manifesto for the Circular Economy was signed which involved major Italian businesses also at international level. In 2018 The Circular Economy Lab was launched in Milan, thanks to ISP and Fondazione Cariplo, with the goal of supporting and assisting the transformation of the Italian economic system. The Group is committed to the development of research projects in the environmental field. In 2019 some of the most important: fifth Report on the Bio-economy ("Bio-economy in Europe"), which, in addition to providing new estimates of the value of the bio-economy, includes an analysis of the wood and paper supply chain; "The contribution of the water cycle and waste management to the Bio-economy", which provides further insight into the analysis on the bioeconomy with a focus on the sustainability of the two services; two reports on sustainable shipping, one on Liquefied Natural Gas and the development of shipping corridors, the other on alternative fuels for large vessels. ISP is global financial partner of the Ellen MacArthur Foundation to enter the Circular Economy acceleration sharing platform. In its role as a global partner, Intesa Sanpaolo intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system. At present the impact on business strategy can be considered medium given the dedicated 5 billion euro plafond allocated by ISP, within the time-frame of the 2018-2021 Business Plan, to finance companies which adopt the circular model.
Operations	Yes	ISP is working on several actions to minimize the potential impacts of climate change in business operations. Adverse weather events can damage the Bank's infrastructure, increase costs (for example for changes in average outside temperature) and lead to interruptions in banking activities. ISP has a business continuity plan and measures to manage/diminish physical damages to its premises. The Risk Assessment document evaluating risks to workers' health and safety includes, among other risks, the assessment of hydrogeological risk for ISP's premises due to flooding and landslides. The assessment is conducted both as a preventive measure and subsequently to the occurrence of an adverse event, to maintain the functionality of the buildings involved. Based on the provisions of the Italian Institute for Environmental Protection and Research, which divides the territory into 5 hazard classes, over 1,000 ISP's buildings in Italy are subject to landslide and flood risk. These assessments enable ISP to implement actions and Emergency Plans that take account of the effects of critical events linked to natural events allowing for the management of different potential risk scenarios and for the mitigation of risk, particularly to workers and third parties. As hydrogeological risk has been assessed as one of the most important physical risks for ISP's premises and data centres, ISP in 2019 has strengthened its assessment process in this regard. A pilot project has been launched: the hydrogeological risk is analysed for the buildings of ISP most exposed to this risk; the main activities are the collection of all the technical documentation of the property and the preparation of specific risk analysis reports . Out of 1,000 ISP's premises subject to landslide and hydrogeological risk, 30 premises have been assessed as most exposed to this type of risk; accordingly, specific actions are defined for each site allowing for a mitigation of hydrogeological risk. The project will be developed over 2020.

### C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs	ISP Group's financial planning takes into account climate-related risks and opportunities in relation to revenues and direct costs. In relation to revenues the planning has included: - a dedicated 5 billion euro plafond allocated by ISP, within the time-frame of the 2018-2021 Business Plan, to finance companies which adopt the circular model. - the placement of a 750 million Sustainability Bond in November 2019 dedicated to the circular economy, following the Green Bond issued in 2017 for 500 million euro, entirely allocated for the funding of green projects. Moreover in January 2020, ISP, in the context of the European Green Deal, made available 50 bn euro loans in the coming years in Italy for the green economy. As for sustainable investments, Eurizon (within ISP Asset Management division) expanded its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds. At the end of December 2019, the fund's assets amounted to 725 million euro. In 2019 Eurizon managed 8.2 billion in Ethical and ESG funds (12% of the total assets of Italian funds) and Fideuram 225 million euro of Ethical/ ESG funds. In terms of direct costs the Group has implemented a plan of energy efficiency and optimisation of energy consumption measures which allows for annual economic savings; thanks to these activities the economic savings amounted to 475,000 euros in 2019. Moreover, thanks to the energy efficiency actions planned by the Group and already implemented in recent years, in Italy the Group was able to claim tax deductions linked to public incentives for an amount of around 7.7 million euro in 2014-2019, around 700,000 euro in 2019.

### C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

### C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

### C-FS3.2a

**(C-FS3.2a) In which policies are climate-related issues integrated?**

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy Risk policy	All of the portfolio	Following the 2019 revision of the Risk Appetite Framework and the issuing of the "Guidelines for the governance of the Group's Most Significant Transactions", the document "Rules on the management of Most Significant Transactions" has been updated. The new version of this policy introduces a specific category of transactions related to ESG risks, which also includes climate change risk. According to this policy, transactions relevant with respect to this specific category are subject to ESG/reputational clearing; this assessment includes an evaluation of climate risk. This risk assessment is in turn integrated into the credit process and policy. This policy is applied by the Intesa Sanpaolo Group and includes credit transactions as well as other type of transactions and partnerships. In 2019, a total of 40 partnerships and 130 new financing transactions were assessed, 17 of which were screened under the Equator Principles (EP). Furthermore, the "Guidelines for the governance of environmental, social and governance risks regarding lending operations" define: 1. general criteria for limiting and excluding loans with a particularly high ESG risk, including climate risk; 2. detailed criteria applicable to single sensitive sectors through the application of specific sector Rules. The first of these Rules, issued in May 2020, are Rules for lending operations in the Coal sector. The general criteria of the "Guidelines for the governance of environmental, social and governance risks regarding lending operations" are applied by the Intesa Sanpaolo Group in all countries where the Group operates and to all the lending portfolio.
Investing (Asset manager)	Investment policy/strategy	All of the portfolio	In Eurizon Capital, Intesa Sanpaolo's asset management company, the ESG and SRI principles - including climate change issues, are applied to all actively managed funds, whether they are benchmark or flexible ones. In terms of actively managed funds, specialised ESG products were made which use a proprietary rating platform to select securities based on their sustainability rating. Active management products also include ethical funds with dedicated benchmarks. The process of selecting and monitoring investments based on ESG and SRI principles carried out by the asset management company is structured on the basis of three phases: creation, by the Long-Term Sustainable Strategies office of the Investments Department, of a list of issuers with high exposure to ESG risks (critical issuers) and a list of issuers operating in sectors regarded as not socially responsible; sharing and verification of these lists with the Investments Department and the SRI Committee; monitoring of the observance (ex ante during the order preparation phase and ex post during the portfolio optimisation phase) of specific operating limits on investments in issuers operating in non-socially responsible sectors by the Compliance Department. Operating limits are set in various ways with the following specifications: for products whose investment policy is characterised by the presence of a benchmark, the maximum direct investment allowed is equal to the weight of the issuer in the benchmark; for products whose investment policy does not provide for the presence of a benchmark, direct investment in securities of issuing bodies belonging to the list is ruled out. Furthermore, the Group offers a range of ESG and Ethical funds, that follows sustainable investment criteria / policy. As regards Eurizon, 2% of the total assets of Italian funds (8.2 billion euro) are Ethical and ESG funds (37 dedicated products; 12 new funds launched in 2019). For Fideuram, 225 million of Ethical/ ESG funds. Also Fideuram, the other asset management company of Intesa Sanpaolo Group, has its own investment policy integrating Environmental, Social and Governance criteria,
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Investment policy/strategy	Majority of the portfolio	For the assets managed by Eurizon Capital, the main asset management company of the Intesa Sanpaolo Group, issuers are selected following the investment policy of Eurizon Capital. The assets managed by Eurizon Capital represent the majority of the insurance underwriting portfolio. In Eurizon Capital, the ESG and SRI principles - including climate change issues, are applied to all actively managed funds, whether they are benchmark or flexible ones. In terms of actively managed funds, specialised ESG products were made which use a proprietary rating platform to select securities based on their sustainability rating. Active management products also include ethical funds with dedicated benchmarks. The process of selecting and monitoring investments based on ESG and SRI principles carried out by the asset management company is structured on the basis of three phases: creation, by the Long-Term Sustainable Strategies office of the Investments Department, of a list of issuers with high exposure to ESG risks (critical issuers) and a list of issuers operating in sectors regarded as not socially responsible; sharing and verification of these lists with the Investments Department and the SRI Committee; monitoring of the observance (ex ante during the order preparation phase and ex post during the portfolio optimisation phase) of specific operating limits on investments in issuers operating in non-socially responsible sectors by the Compliance Department. Operating limits are set in various ways with the following specifications: for products whose investment policy is characterised by the presence of a benchmark, the maximum direct investment allowed is equal to the weight of the issuer in the benchmark; for products whose investment policy does not provide for the presence of a benchmark, direct investment in securities of issuing bodies belonging to the list is ruled out. For the assets managed by Fideuram, the other asset management company of Intesa Sanpaolo Group, issuers are selected according to the investment policy of Fideuram which also integrates environmental criteria.
Other products and services, please specify	Please select	Please select	

**C-FS3.2b**

**(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.**

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	New business/investment for new projects	The Intesa Sanpaolo's "Rules for lending operations in the Coal sector", issued in March 2020, are applied by the Intesa Sanpaolo Group in all countries where the Group operates and to all financing provided by the Group with Customers/Projects which operate in thermal coal mining and in Coal Fired Power Plants (CFPPs). The policy applies to new loans to companies operating in the coal sector for general purposes and to projects in the coal sector. Exclusion criteria: The Group will not provide any new general purpose finance to companies with at least one of the following characteristics: <input type="checkbox"/> engaged in the construction of new coal mines (i.e. "Greenfield Projects"); <input type="checkbox"/> involved in coal mining operations using "Mountain Top Removal" techniques; <input type="checkbox"/> with more than 50% or 30% of installed capacity for the production of energy from coal - respectively for companies based in non-OECD and OECD countries - unless the company demonstrates a documented medium/long-term plan/strategy for the progressive reduction of the use of coal and its threshold and/or requests financing directly related to the coal transition objectives, for example in the form of a "green loan", "sustainable loan" or "transition loan". The Group will not provide new loans for any project that contributes to one or more of the following objectives: <input type="checkbox"/> the construction of new coal mines (i.e. "Greenfield Project"); <input type="checkbox"/> the construction of new coal fired power plants; <input type="checkbox"/> the acquisition of companies already operating in the mining sector if this leads to mix of extracted raw materials where coal accounts for more than 50%; <input type="checkbox"/> the acquisition of coal fired power plants already in operation if this results in a coal related installed capacity of more than 30% on the total installed capacity for companies based in OECD countries and 50% for companies based in non-OECD countries. There is also the possibility to grant loans to companies producing energy from renewable sources (even when they belong to a group producing energy from fossil fuels).
Other, please specify (general exclusion criteria for all sectors)	Bank lending	New business/investment for new projects	the "Guidelines for the governance of environmental, social and governance risks regarding lending operations" define general criteria for limiting and excluding loans in all sectors of activities with a particularly high Environmental Social and Governance risk, with interdependencies also with climate change issues. According to these Guidelines, the Bank undertakes not to finance companies and projects that are characterised by their negative impact on: <input type="checkbox"/> UNESCO World Heritage Sites ; <input type="checkbox"/> wetlands under the Ramsar Convention; <input type="checkbox"/> IUCN protected areas I to VI .

**C-FS3.3**

**(C-FS3.3) Are climate-related issues factored into your external asset manager selection process?**

Yes, for all assets managed externally

## C-FS3.3a

### (C-FS3.3a) How are climate-related issues factored into your external asset manager selection process?

	Process for factoring climate-related issues into external asset management selection	Comment
Row 1	Assessment of asset manager's climate-related performance (e.g. active ownership, proxy voting records, under-weighting in high impact activities)	Eurizon's Board of Directors has recently approved a strengthened version of the investment process to empower the selection of third-party funds with a screening of the fund house in sustainability terms. One of the screening criteria is the ability of the fund house to properly manage climate issues and report accordingly

## C4. Targets and performance

### C4.1

#### (C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

#### C4.1a

##### (C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

**Target reference number**

Abs 1

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

249171

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

89

**Target year**

2022

**Targeted reduction from base year (%)**

28

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

179403.12

**Covered emissions in reporting year (metric tons CO2e)**

197294

**% of target achieved [auto-calculated]**

74.3565663740965

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as ID: Abs1. The target for Scope 1+2 refers to the potential emissions related to electricity consumption and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. After an increase in 2018 of Scope1 + Scope2 greenhouse gas emissions, mainly due to the extension of the reporting perimeter, in 2019 emissions resumed the decreasing trend.

**Target reference number**

Abs 2



**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

82675

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

73

**Target year**

2022

**Targeted reduction from base year (%)**

42

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

47951.5

**Covered emissions in reporting year (metric tons CO2e)**

51804

**% of target achieved [auto-calculated]**

88.905208288335

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 ad ID: Abs2. The target for Scope 1+2 refers to the emissions related to electricity purchased not from renewable sources and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2019 emissions fell after an increase in 2018 Scope1 + Scope2 greenhouse gas emissions mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

**Target reference number**

Abs 3

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 3: Purchased goods &amp; services

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

16608

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2022

**Targeted reduction from base year (%)**

26

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

12289.92

**Covered emissions in reporting year (metric tons CO2e)**

11403

**% of target achieved [auto-calculated]**

120.539684304135

**Target status in reporting year**

Achieved

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as ID Abs3. The target for Scope 3 (Purchased goods and services) refers to the emissions related to paper consumption of the Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2019, the reduction in the use of paper continued both in absolute terms (-9.3% compared to 2018) and on a staff member basis (-8.6% compared to 2018). These results were also achieved through the implementation of various paperless initiatives. Among these measures, particularly worthy in Italy is the project for paperless contracts that in 2019 was extended to banking products and services related to pension plans and after-sales operations on POS contracts. The introduction of paperless POS contract was also accompanied by the start of the extension of dematerialised operations to contracts for legal entities. The digital transformation process also continues in the branches of the International Subsidiary Banks Division where the use of tablets, already in place for gathering signatures during transactions in Privredna Banka Zagreb (Croatia), VÚB Banka (Slovakia), Intesa Sanpaolo Bosna i Hercegovina, CIB Bank (Hungary), Intesa Sanpaolo Bank Slovenia, was extended to sales processes as well. Thanks to these initiatives a saving in 2019 of around 2,500 tonnes of paper compared to the previous year, amounting to just over 4,000 tonnes of CO2 avoided and an economic saving of around 4.3 million euro.

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**Target reference number**

Abs 4

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

12431

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

21

**Target year**

2022

**Targeted reduction from base year (%)**

27

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

9074.63

**Covered emissions in reporting year (metric tons CO2e)**

11035

**% of target achieved [auto-calculated]**

41.5925538602717

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as ID: Abs4. This target refers to the emissions related to the fleet of the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (gas, diesel) and cogeneration (gas). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for reducing the CO2 emissions of our fleet and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2019 emissions related to the fleet of the Intesa Sanpaolo Group (Italy and International Network) increased mainly due to the emission factors (+6.7%).

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**Target reference number**

Abs 5

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 3: Business travel

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

9920

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

67

**Target year**

2022

**Targeted reduction from base year (%)**

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

6547.2

**Covered emissions in reporting year (metric tons CO2e)**

7405

**% of target achieved [auto-calculated]**

74.5671252371916

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as ID Abs5. The target for Scope 3 (Business travel) refers to the emissions related to train and air-flight employees travels of the Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. This target doesn't cover emissions from cars. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set.

**Target reference number**

Abs 6

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

249171

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

89

**Target year**

2037

**Targeted reduction from base year (%)**

41

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

147010.89

**Covered emissions in reporting year (metric tons CO2e)**

197294

**% of target achieved [auto-calculated]**

50.7800941091391

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as Abs6. The target for Scope 1+2 refers to the potential emissions related to electricity consumption and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. After a increase in 2018 of Scope1 + Scope2 greenhouse gas emissions, mainly due to the extension of the reporting perimeter, in 2019 emissions resumed the decreasing trend

**Target reference number**

Abs 7

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

82675

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

73

**Target year**

2037

**Targeted reduction from base year (%)**

50

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

41337.5

**Covered emissions in reporting year (metric tons CO2e)**

51804

**% of target achieved [auto-calculated]**

74.6803749622014

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as Abs7. The target for Scope 1+2 refers to the emissions related to electricity purchased not from renewable sources and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2019 emissions fell after an increase in 2018 Scope1 + Scope2 greenhouse gas emissions mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

**Target reference number**

Abs 8

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

113533

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2022

**Targeted reduction from base year (%)**

37

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

71525.79

**Covered emissions in reporting year (metric tons CO2e)**

75841

**% of target achieved [auto-calculated]**

89.7274539299325

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as Abs8. This target refers to 100% Scope1+2 emissions related to Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2019 emissions fell after an increase in 2018 Scope1 + Scope2 greenhouse gas emissions mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

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**Target reference number**

Abs 9

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2012

**Covered emissions in base year (metric tons CO2e)**

113533

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2037

**Targeted reduction from base year (%)**

43

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

64713.81

**Covered emissions in reporting year (metric tons CO2e)**

75841

**% of target achieved [auto-calculated]**

77.2073440792442

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as Abs9. This target refers to 100% Scope1+2 emissions related to Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2019 emissions fell after an increase in 2018 Scope1 + Scope2 greenhouse gas emissions mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

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## C4.2

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**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

### C4.2a

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**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.****Target reference number**

Low 1

**Year target was set**

2016

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

---

MWh

**Target denominator (intensity targets only)**

megawatt hour (MWh)

**Base year**

2012

**Figure or percentage in base year**

76.11

**Target year**

2022

**Figure or percentage in target year**

81.31

**Figure or percentage in reporting year**

82.64

**% of target achieved [auto-calculated]**

125.576923076923

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

Abs1 Abs2 Abs6 Abs7 Abs8 Abs9

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as - Renewable electricity consumption. The target applies to 100% of Intesa Sanpaolo Group perimeter. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. The Plan also sets renewable energy consumption and production targets. In particular, the percentage of energy use from renewable energy sources over the total energy use will increase from 76% in 2012 (base year) to 81% in 2022.

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**Target reference number**

Low 2

**Year target was set**

2016

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: energy carrier**

Electricity

**Target type: activity**

Production

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

MWh

**Target denominator (intensity targets only)**

megawatt hour (MWh)

**Base year**

2012

**Figure or percentage in base year**

0.07

**Target year**

2022

**Figure or percentage in target year**

0.3

**Figure or percentage in reporting year**

0.25

**% of target achieved [auto-calculated]**

78.2608695652174

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Abs1 Abs2 Abs6 Abs7 Abs8 Abs9

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Target also disclosed in CDP 2019 as Renewable electricity production. The target applies to 100% of Intesa Sanpaolo Group perimeter. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. The Plan also sets renewable energy consumption and production targets. In particular the self-production of electricity from a renewable source - fotovoltaic - rose from about 400 MWh in 2012 to over 1000 MWh in 2018, and similar production levels are forecast to be maintained over the years to come.

**C4.3**

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	35	1281
Implementation commenced*	22	2311
Implemented*	148	12159
Not to be implemented	0	0

**C4.3b**

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Low-carbon energy consumption	Other, please specify (Renewable energy certificates (GO))
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**Estimated annual CO2e savings (metric tonnes CO2e)**

6662.46

**Scope(s)**

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

**Initiative category & Initiative type**

Low-carbon energy generation	Solar PV
------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

3.22

**Scope(s)**

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

1434

**Investment required (unit currency – as specified in C0.4)**

20200

**Payback period**

11-15 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

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**Initiative category & Initiative type**

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)
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**Estimated annual CO2e savings (metric tonnes CO2e)**

279.83

**Scope(s)**

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

191161

**Investment required (unit currency – as specified in C0.4)**

7483673

**Payback period**

>25 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

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**Initiative category & Initiative type**

Energy efficiency in buildings	Lighting
--------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

138.3

**Scope(s)**

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

23957

**Investment required (unit currency – as specified in C0.4)**

105289

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

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**Initiative category & Initiative type**

Energy efficiency in buildings	Insulation
--------------------------------	------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

0

**Scope(s)**

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**



Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

991912

**Payback period**

No payback

**Estimated lifetime of the initiative**

21-30 years

**Comment**

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**Initiative category & Initiative type**

Energy efficiency in buildings	Maintenance program
--------------------------------	---------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

389.23

**Scope(s)**

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

261931

**Investment required (unit currency – as specified in C0.4)**

218416

**Payback period**

<1 year

**Estimated lifetime of the initiative**

11-15 years

**Comment**

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**Initiative category & Initiative type**

Transportation	Employee commuting
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**Estimated annual CO2e savings (metric tonnes CO2e)**

540

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Besides preparing the "Home Work Commute Plan" on staff commuting, activities continued to monitor the shuttle service run in Italy, in Turin/Moncalieri, Milan/Assago and Padua/Sarmeola di Rubano: in 2019, an estimated 540 tonnes of CO2 were avoided, thanks to use of the service.

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**Initiative category & Initiative type**

Other, please specify	Other, please specify (Digitalisation initiatives)
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**Estimated annual CO2e savings (metric tonnes CO2e)**

4146

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**  
4383299

**Investment required (unit currency – as specified in C0.4)**  
0

**Payback period**  
No payback

**Estimated lifetime of the initiative**  
Ongoing

**Comment**  
In 2019, the Group focused on various digitalisation initiatives, including fewer print-outs, information leaflets displayed on screen, paperless POS contract, digitalisation of all the Group's HR system and services, as well as the digitalisation of bank contracts. Thanks to this strategy, the reduction in paper amounted to above 2,500 tonnes in 2019, corresponding to 4,000 tonnes less of CO2 emissions and savings of around 4.3 million euro.

### C4.3c

#### (C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	The Intesa Sanpaolo Group establishes its objectives of reducing energy consumption in line with its targets (see Climate Change Action Plan). Moreover Intesa Sanpaolo has adopted an Integrated Management System in Italy that complies with international standards ISO 45001 (Occupational Health and Safety), ISO 14001 (Environment) and ISO 50001 (Energy). The certification scope, for the three schemes, has been extended over the years to include 100% of branches and buildings in Italy in 2019. Being a large company, Intesa Sanpaolo and its subsidiaries must carry out energy audits every four years on the premises where they exercise control of energy consumption, pursuant to Italian Legislative Decree 102/14. In 2019, multi-site companies, such as Intesa Sanpaolo, had to carry out the audits on a proportionate and sufficiently representative number of sites in order to define a true picture of the company's overall energy performance and to identify, in a reliable manner, the most significant areas for improvement. Energy audits were conducted in 37 sites in Italy: 17 branches and 20 properties between buildings and data centres distributed throughout the national territory. The first analyses highlight saving opportunities on a limited number of properties with simple management interventions. Possible improvements were highlighted against short and medium-term investments regarding the replacement of UPS, installation of inverters and photovoltaic plants, as well as the replacement of lighting fixtures (with LED lights). With reference to international subsidiary companies operating in EU countries where the regulatory obligation is required to be met, in 2019 CIB Bank (Hungary) fulfilled local requests through the ISO 50001 certification, VÚB Banka (Slovakia) conducted 16 energy audits and finally Intesa Sanpaolo Bank Ireland conducted 1 energy audit.
Dedicated budget for energy efficiency	A dedicated budget for the initiatives of energy efficiency included on the Climate Change Action Plan 2017-2022 has been established. Moreover, ISP has in place an Energy Desk that provides advisory and customized loans to companies wishing to invest in energy efficiency and renewable energies.
Dedicated budget for low-carbon product R&D	ISP has a specialist Energy Desk that provides advisory and customized loans to companies wishing to invest in renewable energies. The desk also provides specialist advisory to companies wishing to grow through investment in innovation. Moreover, Intesa Sanpaolo in its role as a global partner of the Ellen MacArthur Foundation intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system. For the 2018-2021 period, the Intesa Sanpaolo Group has made a plafond of 5 billion euro available to companies which adopt the circular model with innovative procedures, granting the best conditions for access to credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed. In January 2020, in the context of the European Green Deal, ISP stated its willingness to make available 50 billion-euro loans in the coming years in Italy.
Employee engagement	The "Apprendo" multimedia platform is available for all employees in Italy: it provides training on environmental and climate change issues. The training module "La sfida del cambiamento climatico" (The climate change challenge) was provided to some 3,000 employees. The new course "Tutela ambientale e sistemi di gestione" is also available and has been completely revised in terms of content and form, which includes 20 training modules on environmental and energy issues mandatory for approximately 7,000 employees directly involved in activities related to the application of the Environmental and Energy Management System, while for the other employees a selection of training modules is available, with optional participation. In line with the requirements for the new ISO 14001 certification, in 2019 the Insurance Division undertook to disseminate the sustainability culture also through info-training activities aimed at all the personnel of the Division and with specific activities for Specialists, Employers and Delegates. In addition, an employee engagement activity was carried out with the definition of a green questionnaire with the aim of gathering useful information to understand the level of awareness and attention to sustainability issues, particularly the environment and health and safety in the workplace. Similarly, for the purposes of ISO 50001 standard, CIB Bank (Hungary) trained around 2,000 employees on energy issues through an online platform and the top management through ad-hoc training. The European Regulatory & Public Affairs structure also carried out internal training initiatives to raise awareness among employees on environmental issues under discussion with European regulators. During 2019 Intesa Sanpaolo Formazione released two new digital training platforms: Skills4Capital and Skills4Agri. The former is dedicated to SMEs as part of the collaboration between Confindustria - Piccola Industria and Intesa Sanpaolo; the latter is instead dedicated to companies in the Italian agricultural and agri-food system, the result of the agreement between Intesa Sanpaolo and Confagricoltura. By subscribing to the platforms, users can take advantage of training content and, among the courses provided, three have a special focus on environmental sustainability and climate change issues.
Lower return on investment (ROI) specification	In "Sustainability rules for the purchase of office machinery" Intesa Sanpaolo is committed to assessing the environmental impact of products covered by these rules in the process of choosing and buying them, taking into account not only all the legal requirements and applicable compliance requirements in the field, but using specific environmental criteria to enable an accurate and measurable assessment.
Other (Government incentives)	We utilize government incentives for energy efficiency actions in our premises. For example we have used the Italian tax deductions in favour of saving energy to restructure many of our branches. Thanks to the measures implemented in recent years, in Italy the Group was able to claim tax deductions of around 7.7 million euro in 2014-2019, around 700,000 euro in 2019.

### C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**  
Yes

### C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**

Group of products

**Description of product/Group of products**

Intesa Sanpaolo is active in promoting renewable energy, energy efficiency and the circular business model by supporting their development and assisting the various customer segments, committed to reducing their environmental footprint, by promoting green products and services offered through the sales network in Italy and abroad.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (To calculate avoided emissions: GHG Protocol & ISPRA Italian ENVR Agency, AIB (Association of Issuing Bodies), ICMA)

**% revenue from low carbon product(s) in the reporting year**

3.7

**% of total portfolio value**

**Asset classes/ product types**

Please select

**Comment**

% revenue from low carbon products: is not identify separately in our official reports. The 3.7% reported in column "% revenue from low carbon product(s) in the reporting year" refers to the percentage of loans disbursed for the Green and Circular Economy in 2019 out of all loans disbursed in 2019. The avoided emissions are calculated for a small part of the disbursements. In detail, the Group disbursed 1,419 million € to the Green Economy (equal to 2.4% of all Group loans disbursed in 2019 -almost 20 billion in the 2010-2019 period) and 0.8 bn € to the Circular Economy for a total of approximately 2.2 bn € to the Green and Circular Economy. The % on green exposures of total portfolio value is in progress in order to link it to other European projects - see green taxonomy - for this reason ISP participates in the UN's Environment Programme Finance Initiative (UNEP FI) and the European Banking Federation working group to analyse the applicability of the EU taxonomy to core banking products with particular focus on climate-related activities. In addition, in 2017 ISP was the first Italian bank to issue a 500-million-euro Green Bond connected with environmental sustainability projects. The commitments undertaken by Intesa Sanpaolo are in line with the Green Bond Principles by ICMA (International Capital Markets Association), as verified by an external ESG research and analysis company. In June 2020, ISP published its third Green Bond Report on the use of Green Bond proceeds and its associated environmental benefits. In total, 76 projects were financed with around 460,000 tonnes of CO2 emissions avoided annually. In 2019 the new Sustainability Bond Framework was redacted to support (new or existing) loans and projects for the Green and Circular Economy and also for social purposes. The Framework was prepared in line with the international standards drawn up by ICMA. In November 2019, ISP successfully completed the placement of the first Sustainability Bond focused on the Circular Economy. Also, in April 2018, Eurizon (within ISP Asset Management division) expanded its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds. In September 2019, was drafted the third Global Impact Report regarding the fund which details the results of the quantitative impact analysis. For every million euro invested were avoided 206 tonnes of CO2.

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**C5. Emissions methodology**

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**C5.1**

**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

**Scope 1**

**Base year start**

January 1 2012

**Base year end**

December 31 2012

**Base year emissions (metric tons CO2e)**

58993.85

**Comment**

**Scope 2 (location-based)**

**Base year start**

January 1 2012

**Base year end**

December 31 2012

**Base year emissions (metric tons CO2e)**

221035.45

**Comment**

**Scope 2 (market-based)**

**Base year start**

January 1 2012

**Base year end**

December 31 2012

**Base year emissions (metric tons CO2e)**

54539.09

**Comment**

## C5.2

---

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

ABI Energia Linee Guida  
IEA CO2 Emissions from Fuel Combustion  
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)  
The Greenhouse Gas Protocol: Scope 2 Guidance  
Other, please specify (UNFCCC)

## C5.2a

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**(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

National Inventory Report – UNFCCC  
Common Reporting Format – UNFCCC

## C6. Emissions data

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### C6.1

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**  
45398.34

**Start date**  
<Not Applicable>

**End date**  
<Not Applicable>

**Comment**

### C6.2

---

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**  
We are reporting a Scope 2, location-based figure

**Scope 2, market-based**  
We are reporting a Scope 2, market-based figure

**Comment**

### C6.3

---

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**  
144970.63

**Scope 2, market-based (if applicable)**  
33708.67

**Start date**  
<Not Applicable>

**End date**  
<Not Applicable>

**Comment**

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO2e**

4584.03

#### **Emissions calculation methodology**

Purchased goods and services reported by Intesa Sanpaolo relate to graphic paper used in office and branch activities. The system boundaries cover cradle-to-grave phases and related transportation and energy wares, including pulp production, paper making and printing processes. Moreover, emissions generated by end-of-life treatment of paper reports delivered to the clients are estimated. Based on the annual purchased shares, both virgin woodfree uncoated paper and recycled paper are considered in the calculations. Transportation distances have been estimated as 500 km from the suppliers' places to Intesa Sanpaolo, 100 km for reports posting and 100 km for transportation to end-of-life treatment after use. The end-of-life scenario reflects the Italian statistics 2018 on paper waste disposal (CONAI and ISPRA), i.e. 81% recycling, 11% landfill and 8% incineration. According to the GHG Protocol Scope 3 Emission Standard (WBCSD/WRI), emissions from waste recycling processes as well as avoided emissions from substituted materials are not accounted. For all processes into the system boundaries, GHG emission factors have been sourced from Ecoinvent 3.5 ([www.ecoinvent.ch](http://www.ecoinvent.ch)). Emissions from virgin and recycled paper production represent a European average industry scenario. The released IPCC 2013 equivalence factors have been applied. In 2018 the data was 5,861.26 metric tonnes CO2e (2019 vs 2018 -21.8%)

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

#### **Please explain**

### **Capital goods**

#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO2e**

5801.96

#### **Emissions calculation methodology**

Accounted capital goods include the most relevant IT equipment and electronics purchased by Intesa Sanpaolo over the reporting year: desktop computers, laptops, LCD screens, printers, copying machines, scanners, mobile telephones, tablets and automated teller machines (ATM). In 2019 two new categories, "Accessories" (e.g. headphones) and "Projectors" have been included. The system boundaries include cradle-to-gate operations, i.e. the entire products supply chain until they are delivered to Intesa Sanpaolo. According to the GHG Protocol Scope 3 Emission Standard (WBCSD/WRI), emissions generated from capital goods manufacturing are totally accounted in the purchasing year, irrespective of the product service life. Emission factors have been sourced wherever possible from publicly available primary data, such as LCA reports, Environmental Product Declaration (EPDs) or sustainability reports from manufacturing corporates. This was for instance the case of Lenovo or Apple computers or Apple mobile telephones and tablets. For the remaining products, emission factors from Ecoinvent 3.5 ([www.ecoinvent.ch](http://www.ecoinvent.ch)) datasets with a satisfactory representativeness have been applied. Transportation distances from the manufacturing countries - mostly China and other Eastern Asia countries have been taken into account. ATM machines have been modelled based on their average Bill-of-Materials and the use of corresponding Ecoinvent datasets. The IPCC 2013 equivalence factors have been applied. In 2018 the data was 8,748.14 metric tonnes CO2e (2019 vs 2018 -33.7%)

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

#### **Please explain**

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

#### **Evaluation status**

Not relevant, calculated

#### **Metric tonnes CO2e**

26128.07

#### **Emissions calculation methodology**

In 2017, Intesa Sanpaolo extended Scope 3 accounting to the company energy system. In accordance with the GHG protocol, Scope 3 emissions related to energy supply include fuel supply chain, infrastructure construction and operation, distribution and transmission losses. Energy consumption, divided by source (e.g. fossil, renewable) and type (electricity, heat), was collected for Italy and foreign banks. Where possible, regionalized data have been used to characterize the impacts of energy carriers (e.g. natural gas). Otherwise, average European/world scenarios have been applied. If available, Country-specific residual electricity mixes were used as reference for electricity consumption, otherwise average national electricity mixes have been used. Emission factors from Ecoinvent 3.5 ([www.ecoinvent.ch](http://www.ecoinvent.ch)) have been used. The IPCC 2013 equivalence factors have been applied. In 2018 the data was 52,221.87 metric tonnes CO2e (2019 vs 2018 -50.0%)

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

#### **Please explain**

## Upstream transportation and distribution

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

10941.57

### Emissions calculation methodology

In 2018, Intesa Sanpaolo extended Scope 3 accounting to upstream transportation activities. This activity addresses the emissions generated by transportation of money for the recharge of ATMs. In accordance with the GHG Protocol, Scope 3 emissions related to upstream transportation are calculated for third party transportation services purchased by the reporting company in the reporting year, using a distance-based approach. Available activity data were the number of recharges of ATMs for all Intesa Sanpaolo's banks placed in Italy and for most of the banks located abroad. The same boundary has been confirmed for 2019 assessment. Road transportation by van has been assumed to model the system. Distances have been calculated with online maps (Google Maps) based on the position of ATMs (addresses). Emission factors for road transport (van) include all the relevant life-cycle stages: fuel supply chain, combustion emissions and vehicle manufacturing. Emission factors from Ecoinvent 3.5 ([www.ecoinvent.ch](http://www.ecoinvent.ch)) have been used. The IPCC 2013 equivalence factors have been applied. In 2018 the data was 11,383.15 metric tonnes CO2e (2019 vs 2018 -3.9%)

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

278.56

### Emissions calculation methodology

The system boundaries include the end-of-life treatment of special waste generated throughout Intesa Sanpaolo's operations in the reporting year, from corporate headquarters as well as Italian and foreign branches. The most important waste categories, according to the EWC classification are packaging waste, electronic waste, exhausted toners and waste from demolition and construction activities. Household waste generated by employees in office activities have been excluded from the analysis. The phases under assessment include waste transportation to the treatment facilities and end-of-life treatment. Information on the actual end-of-life treatment have been sourced from the official waste registers that are filled according to the Italian waste regulations. According to the GHG Protocol Scope 3 Emission Standard (WBCSD/WRI), emissions from waste recycling processes as well as avoided emissions from substituted materials are set to zero, hence for waste flows sent to recycling, which are the major share of waste produced by Intesa Sanpaolo, only transportation emissions have been accounted. For the remaining waste flows sent to landfill, incineration or other treatment processes, representative emission factors from Ecoinvent 3.5 ([www.ecoinvent.ch](http://www.ecoinvent.ch)) have been used. The IPCC 2013 equivalence factors have been applied. In 2018 the data was 272.40 metric tonnes CO2e (2019 vs 2018 +2.3%)

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

9528.42

### Emissions calculation methodology

Intesa Sanpaolo reports the business travel emissions arising from train, airplanes and personal cars. The model of data reporting adopted is designed in accordance with the GRI reporting standards and guidelines of ABlenergia for the application of the GRI environmental indicators in the banking sector. The model allows for an analysis of mobility useful for the definition of actions and policies that, with regard also to the profiles of economic sustainability, may reduce CO2 emissions. Taking into account the specificity of Mobility Management in Intesa Sanpaolo a set of indicators related to corporate mobility has been defined, that allows to address new GRI requests with regard to issues of mobility and adequately monitors them over time. Also, the emission factor applied and the GWP values used to calculate emissions are included in these guidelines. The model is based on data related to the vectors used, transfers and video conferencing and data obtained through the application of appropriate coefficients. In 2018 the data was 10,871.13 metric tonnes CO2e (2019 vs 2018 -12.4%)

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

49344.88

### Emissions calculation methodology

In 2013 we started to calculate emission from employees commuting. For 2019 ISP has calculated emissions from employee commuting with the data derived from the questionnaire submitted to its employees, (about 15,000 employees in 12 cities in Italy). Starting from the primary data we have applied the emission factor used for the 2019 Consolidated Nonfinancial Statement and properly integrated with the necessary data from other resources. Public transportation and shuttles, motorcycles, personal cars and train have been considered. In 2018 the data was 49,008.63 metric tonnes CO2e (2019 vs 2018 +0.7%)

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Intesa Sanpaolo includes the emissions from leased assets in Scope 1 and Scope 2.

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

The Intesa Sanpaolo Group doesn't produce goods that need downstream transportation and distribution.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

The Intesa Sanpaolo Group core business is to produce services for our customers. We don't use intermediate products by third parties.

## Use of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

216.6

### Emissions calculation methodology

In 2014 Intesa Sanpaolo started calculating emissions from internet banking operations in Italy. The most relevant operations were collected and classified with a twofold approach: type of operation (payment, transfer) and platform (mobile, PC). The following information was also needed to perform the evaluation: time for each operation, average electricity consumption for PC and mobile devices and emission factors for electricity consumption. Operation time was estimated through expert judgment. Average electricity consumption for mobile and PC was retrieved from publicly available studies. In 2016, the study was extended to most of the foreign banks, adopting the same approach and boundary definition. In 2018 the study has been further expanded to include a larger share of foreign banks (Egypt, Romania). The same boundary has been confirmed for 2019 assessment. If available, country-specific residual electricity mixes were used as reference for electricity consumption, otherwise average national electricity mixes have been used. Emission factors were sourced from Ecoinvent 3.5 ([www.ecoinvent.ch](http://www.ecoinvent.ch)). These emissions cover a scope 3 according to the GHG Protocol, including all the relevant life cycle stages from fuel supply chain to transmission losses. In 2018 the data was 175.98 metric tonnes CO2e (2019 vs 2018 +23.1%)

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## End of life treatment of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

The Intesa Sanpaolo Group doesn't produce goods that need an end of life treatment.

**Downstream leased assets****Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Intesa Sanpaolo leases a very small number of buildings to services companies. We estimate that the emissions from these buildings are very few and therefore not relevant for the Scope 3.

**Franchises****Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

The Intesa Sanpaolo Group doesn't have franchises.

**Other (upstream)****Evaluation status**

Please select

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain****Other (downstream)****Evaluation status**

Please select

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

C6.10

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**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.000004375

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

79107.01

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

18083000000

**Scope 2 figure used**

Market-based

**% change from previous year**

22

**Direction of change**

Decreased

**Reason for change**

The intensity figure per unit total revenue (total operating income) in 2018 was 0.000005629. The decrease of the intensity figure is due to a decrease of CO2 emissions. Degree to which different factors have influenced the decrease: • 95% Gross global combined Scope 1 and 2 emissions • 5% total operating income accounts. Emissions decreased and revenues increased during 2019. This result is also due to the emission reduction initiatives reported in answer C4.3b. The Intesa Sanpaolo Group continued to purchase renewable energy. In 2019, as much as 5,596.73 tCO2e were avoided thanks to the additional renewable energy purchased. In addition, Intesa Sanpaolo Group in 2019 continued to implement proactive emissions reduction initiatives, through management optimisation actions and energy efficiency measures. Scope 1 data in 2018: 57,165.42 metric tonnes CO2e (2019 vs 2018 -20.6%). Scope 2 market-based data in 2018: 43,460.90 metric tonnes CO2e (2019 vs 2018 -22.4%). Scope 2 location-based data in 2018: 158,744.10 metric tonnes CO2e (2019 vs 2018 -8.7%).

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## C7. Emissions breakdowns

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### C7.9

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**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

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**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	5596.73	Decreased	5.6	The Intesa Sanpaolo Group in 2019 continued to purchase renewable energy. The data stated in column "change emissions" derives from the additional purchases in the reporting year. In 2019, 5,596.73 tCO2e (6,662.46 tCO2e with 2019 emissions factors) were avoided by the additional renewable energy purchases, and ISP's total Scope 1 and 2 emissions in the previous year were 100,626.32 tCO2e. That led to a 5.6% decrease: $(5,596.73/100,626.32) * 100 = 5.6\%$ .
Other emissions reduction activities	810.27	Decreased	0.8	The Intesa Sanpaolo Group in 2019 continued to implement proactive emissions reduction initiatives, through energy consumption optimisation actions and energy efficiency measures. The data stated in column "change emissions" derive from the initiatives reported in section c4.3b (scope1 and scope 2) net of the changes in emission factors. In 2019, 810.27 tCO2e (810.57 tCO2e with 2019 emissions factors) were avoided thanks to emissions reduction projects; Total Scope 1 and 2 emissions in the previous year were 100,626.32 tCO2e. Therefore, a 0.8% decrease was achieved: $(810.27/100,626.32) * 100 = 0.8\%$ .
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology	36.64	Increased	0	This increase is due to the higher emission factors compared with 2018, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards). In 2019 an increase of 36.64 tCO2e emissions was recorded due to the change in emissions factors; total Scope 1 and 2 emissions in the previous year were 100,626.32 tCO2e. That results in a 0.04 % increase: $(36.64/100,626.32) * 100 = 0.04\%$ .
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other	15148.95	Decreased	15.1	This decrease is due to different reasons, among them: 1) to the rationalization (in Italy a decrease of 6.2% of office space in square meters) and improvement in the efficiency of the premises (this decrease happened after a big increase in 2018 after the extension of the reporting scope in that year (with the inclusion of the aggregate set of the former Banca Popolare di Vicenza and the former Veneto Banca in the 2018 reporting boundary – following their acquisition by Intesa Sanpaolo Group). 2) to more favorable weather conditions during the reporting year. In 2019, ISP had a decrease of 15,148.95 tCO2e; total Scope 1 and 2 emissions amounted to 100,626.32 tCO2e in the previous year. That results in a 15.1% decrease: $(15,148.95/100,626.32) * 100 = 15.1\%$ .

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

## C8.2a

### (C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	192809.91	192809.91
Consumption of purchased or acquired electricity	<Not Applicable>	364644.1	66075.05	430719.15
Consumption of purchased or acquired heat	<Not Applicable>	0	42642.11	42642.11
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1118.67	<Not Applicable>	1118.67
Total energy consumption	<Not Applicable>	365762.77	301527.07	667289.84

## C9. Additional metrics

### C9.1

#### (C9.1) Provide any additional climate-related metrics relevant to your business.

##### Description

Other, please specify (Paper)

##### Metric value

64.8

##### Metric numerator

kilograms of paper

##### Metric denominator (intensity metric only)

Staff member

##### % change from previous year

8.6

##### Direction of change

Decreased

##### Please explain

In 2019, the reduction in the use of paper continued both in absolute terms (-9.3% compared to 2018) and on a staff member basis (-8.6% compared to 2018). These results were also achieved through the implementation of various paperless initiatives. Among these measures, particularly worthy in Italy is the project for paperless contracts that in 2019 was extended to banking products and services related to pension plans and after-sales operations on POS contracts. The introduction of paperless POS contract was also accompanied by the start of the extension of dematerialised operations to contracts for legal entities. The digital transformation process also continues in the branches of the International Subsidiary Banks Division where the use of tablets, already in place for gathering signatures during transactions in Privredna Banka Zagreb (Croatia), VÚB Banka (Slovakia), Intesa Sanpaolo Bosna i Hercegovina, CIB Bank (Hungary), Intesa Sanpaolo Bank Slovenia, was extended to sales processes as well. These initiatives led to a saving in 2019 of around 2,500 tonnes of paper compared to the previous year, amounting to just over 4,000 tonnes of CO2 avoided and an economic saving of around 4.3 million euro.

## C10. Verification

### C10.1

#### (C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/ section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 129/131/191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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## C10.1b

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**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/ section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 129/131/191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/ section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 129/131/191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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## C10.1c

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**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**

Scope 3: Purchased goods and services

**Verification or assurance cycle in place**

Annual process

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**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Capital goods

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Upstream transportation and distribution

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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**Scope 3 category**

Scope 3: Waste generated in operations

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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**Scope 3 category**

Scope 3: Use of sold products

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

CDP letter and NFS.pdf

**Page/section reference**

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2019 Consolidated Non-Financial Statement page 191 (scope 1, 2 and 3 data) and 217-220

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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## C10.2

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**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## C10.2a

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**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	Limited assurance - ISAE 3000 revised	These data are included in the 2019 ISP Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also attached Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 129/131/191 (scope 1, 2 and 3 data) and 217-220 (Independent auditors' report on the consolidated nonfinancial statement) 2019 NFS.pdf
C6. Emissions data	Year on year change in emissions (Scope 2)	Limited assurance - ISAE 3000 revised	These data are included in the 2019 ISP Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also attached Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 129/131/191 (scope 1, 2 and 3 data) and 217-220 (Independent auditors' report on the consolidated nonfinancial statement) 2019 NFS.pdf
C6. Emissions data	Year on year change in emissions (Scope 1)	Limited assurance - ISAE 3000 revised	These data are included in the 2019 ISP Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also attached Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 129/131/191 (scope 1, 2 and 3 data) and 217-220 (Independent auditors' report on the consolidated nonfinancial statement) 2019 NFS.pdf
C4. Targets and performance	Emissions reduction activities	Limited assurance - ISAE 3000 revised	Most of these data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement page 131-132, 127-144 and 217-220 (Independent auditors' report on the consolidated nonfinancial statement) 2019 NFS.pdf
C6. Emissions data	Year on year change in emissions (Scope 3)	Limited assurance - ISAE 3000 revised	Most of these data are included in the 2019 ISP Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also attached Intesa Sanpaolo 2019 Consolidated Non-Financial Statement pages 191 (scope 1, 2 and 3 data) and 217-220 (Independent auditors' report on the consolidated nonfinancial statement) 2019 NFS.pdf

**C11. Carbon pricing**

**C11.2**

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

**C11.3**

**(C11.3) Does your organization use an internal price on carbon?**

Yes

**C11.3a**

**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

**Objective for implementing an internal carbon price**

Change internal behavior  
Drive energy efficiency

**GHG Scope**

Scope 3

**Application**

Business decision-making process that the internal carbon pricing mechanism applies to: procurement of IT equipment (e.g. computers, multifunctional printing devices, etc.). Degree of influence it has on business decisions: The evaluation is expected to support Intesa Sanpaolo in the selection of the most environmental-friendly supply.

**Actual price(s) used (Currency /metric ton)**

57

**Variance of price(s) used**

The shadow price used can be considered a static price (constant over time and geography), applied to a specific decision process (IT procurement) over the selection of IT equipment.

**Type of internal carbon price**

Shadow price

**Impact & implication**

The environmental impacts generated by office equipment in a large service company such as Intesa Sanpaolo is relevant. Following the SUSTAINABILITY RULES FOR THE PURCHASE OF OFFICE MACHINES, among the main environmental impacts are to be considered energy consumption and consequent emissions of carbon dioxide in the atmosphere, the use of hazardous substances and pollutants, waste generation, consumption of auxiliary materials (paper and toner). Intesa Sanpaolo introduced the use of an internal price on carbon, applied to procurement of IT equipment (e.g. computers, multifunctional printing devices, etc.). The internal price on carbon has been applied to IT equipment as an integration to the environmental criteria already in place for the evaluation of the different offers (e.g. energy efficiency, environmental labels, etc.). The price selected for the monetization of GHG emissions is derived from CE Delft, EnvironmentalPricesHandbookEU28 version, 2018. The internal price on carbon is applied to the GHG emissions generated by the electricity consumed by the IT equipment, based on product certifications (e.g. Energy Star) and/or declarations from suppliers. The resulting cost is added to the purchase cost and to the cost of use (energy) contributing to the life cycle cost of the machines. The evaluation supports Intesa Sanpaolo in the selection of the most advantageous supply considering a life cycle perspective. This application is expected to have a positive effect on the energy efficiency of the organization in a medium-long term.

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**C12. Engagement**

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**C12.1**

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**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers  
Yes, our customers

**C12.1a**

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**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Compliance & onboarding

**Details of engagement**

Climate change is integrated into supplier evaluation processes

**% of suppliers by number**

22

**% total procurement spend (direct and indirect)**

81

**% of supplier-related Scope 3 emissions as reported in C6.5**

34

**Rationale for the coverage of your engagement**

Intesa Sanpaolo CSR approach is based on continuous improvement to foster socially and environmentally oriented behaviours. For this reason, ISP constantly monitors the suppliers' management approach on CSR issues, including environmental issues, through the Suppliers Gate. The Supplier gate is the tool used by ISP that led to the Group centralisation of sourcing, regulatory monitoring, supplier qualification and monitoring and adaptation of the contractual standards. The selection of suppliers already takes place during the process of registration to the gate by means of an assessment (this assessment must be updated at least once a year) that considers not only the economic and financial data, the organisational and technical characteristics of each supplier, but also includes analyses of their business ethics, respect for human rights, labour rights, environment and climate change. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and can be invited to the procurement events. The supplier's qualification process makes it possible to obtain a more precise supplier's rating which can be monitored over time and to have an updated screening of the suppliers, for all the duration of the contractual relationship. In 2019 the perimeter of the Intesa Sanpaolo Group's companies adopting the application solution "Supplier Gate" (and consequently asking their suppliers to answer the environmental questions) has been extended. In 2019 the number of suppliers on the Supplier Gate whose registration is ongoing or that has been completed amounted to 5,569 (3,161 in 2018). Even though the number of suppliers (involved in the engagement and present on the Supplier Gate) represents 21.9% of total suppliers (25,372 in 2017), ISP estimates that they represented in 2019 more than 81.5% of the total procurement spent (71% in 2017) and this percentage is going to increase thanks to the "Group Purchasing Rationalization" project included in the 2018-2021 ISP's Business Plan which will increase the number of suppliers registered in the Gate.

**Impact of engagement, including measures of success**

The Suppliers Gate has been bringing a substantial communication improvement with suppliers and an increase in the degree of transparency in the relationship. To measure the success of the engagement ISP compares the answers provided by the suppliers one year with the previous year. For each question ISP checked the answers, keeping track of the changes. From this elaboration it emerged that there are several cases of success: compared to the previous year, 167 suppliers (6.0% of total suppliers) improved their CSR environment scoring, 29 additional suppliers indicated to have the 14001 or EMAS certification, 15 additional suppliers the ISO 50001 standard, 25 additional suppliers now assess that they respond to the CDP questionnaire and 18 additional suppliers state that they have implemented environmental policies. Analysis of some latest available replies reported in the New Supplier Portal directly linked to climate change shows the following breakdown: 53% declared they measure their energy consumption; 24% measure their CO2 emissions and 7% respond to the CDP (Carbon Disclosure Project) questionnaire. Furthermore, ISP is evaluating specific actions that will be carried out towards those suppliers with particularly low scores linked to environment and climate. Thanks to the questionnaire it is possible to take specific action against suppliers with unsatisfactory assessments or that do not meet the minimum requirements set by Intesa Sanpaolo Group.

**Comment**

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**C12.1b**

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**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement**

Collaboration & innovation

**Details of engagement**

Run a campaign to encourage innovation to reduce climate change impacts

**% of customers by number**

100

**% of customer - related Scope 3 emissions as reported in C6.5**

10

**Portfolio coverage (total or outstanding)**

All of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

ISP is committed to reduce its carbon footprint. Paper plays an important role in the activities of a large bank as Intesa Sanpaolo. For this reason, we have addressed through a specific policy the issue regarding both the quantities of paper consumption and the kind of paper used. In 2011 the Rules for the purchase and use of paper and derivative materials were released. The percentage in the column "size of engagement" (100%) refers to the total Intesa Sanpaolo Group customers. ISP Group has launched some awareness campaigns for its customers aimed at protecting the environment and reducing CO2 emissions. Over the years, several paperless initiatives were implemented, among them particularly worthy of note is the paperless contracts and accounts project, extended during the years to many banking products and services. The paperless contracts project, involving the exclusive use of graphometric or remote digital signature for signing documents instead of paper, available in all Retail and Personal branches, enables a simple and innovative interaction with customers. A significant contribution to the reduction of paper consumption is also due to the multichannel projects in Italy and in the Group's International Subsidiary Banks. One of the main goals of the 2018-2021 Business Plan is transforming the Group into a digital company with 2.8 billion euro of investments included in 2018-2021 ISP Business Plan. In addition another campaign concerned the adherence to online customer reporting that started in 2010 and is still ongoing. The documents and statements received in electronic format have the same value as paper, with the advantage of arriving in advance and being easily stored on PC, where the customer can consult them whenever he wants.

**Impact of engagement, including measures of success**

The results of the engagement is substantial. The reduction in the use of paper continued both in absolute terms (-9.3% compared to 2018) and on a staff member basis (-8.6% compared to 2018). ISP, in the area of multichannel and digital banking activities, has already achieved notable results in terms of customer engagement and the volume of services offered. In 2019, with regard to Italy (excluding Fideuram Intesa Sanpaolo Private banking and Banca 5) there were: 9.2 million multichannel customers (8.3 million in 2018), representing 78% of the total customer; 17.2 million digitised transactions (33 million since 2018) and 35% of activities digitised (17.8% in 2018); 6.1 million customers connected at least once to digital channels (Internet Banking and Mobile App) in 2019, including 5.5 million from 2018 to the new App (+38% compared to 2018); 66.4 million average monthly accesses via App, with 48 million transactions carried out in 2019 (in 2018 there were approximately 26 million transactions); 85% of the retail customer product range available via multichannel platforms. Most customers have given their preference to receive a digital copy of the contract, statements and accounts abandoning the printed copy. Other examples of positive outcomes achieved: To measure the success in this field ISP monitors the consumption of paper and the saving of paper due to several paperless initiatives. ISP collects the data concerning the number of digital contracts, the tons of saved sheets and envelopes and the related avoided CO2 emissions. The calculation of the avoided emissions is carried out taking into account the life cycle assessment of the paper. The implementation of various paperless initiatives led to a saving in 2019 of around 2,500 tonnes of paper compared to the previous year, amounting to just over 4,000 tonnes of CO2 avoided and an economic saving of around 4.3 million euro.

**C12.3**

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

**C12.3a**

**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	In 2019 we continued the work started in 2018 on the European sustainable finance action plan. We engaged directly all the relevant European Institutions (especially the European Commission and the European Parliament) on the sustainable finance legislative package presented by the European Commission in May 2018. We worked on: - The proposal establishing a framework to facilitate sustainable investment (taxonomy); - The proposal for a regulation for disclosure relating to sustainable investments and sustainability risks for financial market participants and amending the IORP Directive; - The proposal to amend the Benchmarks Regulation on low carbon benchmarks and positive carbon impact benchmarks. We suggested some amendments to the proposals. Furthermore we replied directly to the following consultations which have explicit references to the sustainable finance topic: - EBA-ECB "Survey on market practices regarding the incorporation of environmental, social and governance risks into the strategy, governance and risk management of credit institutions" - EBA survey undue short-term pressure from the financial sector on corporations - EBA guidelines on loan origination	ISP continued its advocacy activity for the introduction of a "sustainable finance supporting factor" to foster investment in EU taxonomy compliant assets (trying to accelerate the EBA's mandate on this topic). On general terms we advocated for: - the need for a long-term strategy and global standards on the Action Plan (taken on board with the launch of the sustainable finance international platform); - the implementation of the Commission's plan to be continued during the next (current) Commission term (taken on board thanks to the confirmed role of VP Dombrovskis and the expected revision of the sustainable finance action plan); - more time and stability to ensure a proper implementation of the legislative initiatives, also in light of proposals' enlarged scopes; - more involvement of credit institutions in the sustainable finance discussion; - need for standardized and reliable climate data by companies.

**C12.3b**

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.****Trade association**

Associazione Bancaria Italiana (ABI) - Italian Banking Association

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

ABI has continued in 2019 the working group with ENEA and the Ministry of Economic Development to define precise rules for the application of European Directive 27/2012 (on energy audits) implemented by Italian Law 102/2014.

**How have you influenced, or are you attempting to influence their position?**

Intesa Sanpaolo has participated actively in the working group by providing suggestions for identifying the rules and the models that will be useful to draft the energy audits provided for by law at the end of 2019.

**Trade association**

European Banking Federation (EBF) through ABI (Italian Banking Association)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

EBF during 2019 has continued to work on sustainable finance through its dedicated working group on sustainable finance which replied to public consultations, produced position papers, proposed amendments and organised meetings. Furthermore the working group has been increased thanks to the launch of several sub-working groups, also actively participated by ISP. Within this framework in 2019 ISP has contributed to: - drafting the High-level recommendations on the voluntary application of the EU taxonomy to core banking products; - drafting the EBF presents proposals to scale up sustainable finance; - EBF signing of the Principles for Responsible Banking; - drafting the EBF comments to the TEG report on Taxonomy; - drafting the EBF response to the UNEP FI consultation on Principles for Responsible Banking; - drafting the manifesto "Boosting Europe – EBF recommendations for the EU 2019-2024 legislative cycle and beyond"; - drafting the EBF response to the EU Green Bond Standard TEG's proposal; - drafting the EBF response to the TEG Taxonomy consultation on Climate change mitigation activities; - drafting the EBF response to the TEG consultation on the Usability of the taxonomy; - drafting the EBF response to the Report on climate-related disclosures.

**How have you influenced, or are you attempting to influence their position?**

Intesa Sanpaolo has participated actively in the working group and in the sub-working groups by providing suggestions and amendments to all the work carried out. In particular ISP is chairing the sub-working group dedicated to indices and metrics.

**Trade association**

Associazione Bancaria Italiana (ABI) - Italian Banking Association

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

In order to create a shared basis for reporting between all the Italian Banks, ABI Energia and the Competence Center ABI Lab on Energy and Environment has drawn up the new guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" released in 2019. This document is aimed, on the one hand at harmonising the reporting methods so as to facilitate comparison of information among the various banks and create potential benchmarking, while at the same time also fostering further dissemination of sustainability reporting in the banks that have not yet adopted it. The new guidelines include new references/data sources/calculation resources for the emission factors.

**How have you influenced, or are you attempting to influence their position?**

Intesa Sanpaolo has participated actively in the working group by providing suggestions for identifying the rules and the models that were useful to draft the new ABI Energia Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" released in 2019. Intesa Sanpaolo has provided a significant contribution to this activity, since its environmental reporting is a benchmark in the Italian banking system. In detail, our methods for recording and monitoring the data, and the coefficients utilised for the calculation of the transformation factors influenced the final version of the Guidelines.

**Trade association**

Association for Financial Markets in Europe

**Is your position on climate change consistent with theirs?**

Mixed

**Please explain the trade association's position**

AFME is a strong supporter of the EU's aim to be a world leader in driving the development of a more sustainable financial system, including via the implementation of its Sustainable Finance Action Plan. AFME's sustainable finance working group meets regularly to discuss, debate and develop strategies for increasing the role of environmental, social and governance (ESG) considerations in wholesale finance and ISP is an active member. Within this framework in 2019 ISP has contributed to the following publication: - EU Taxonomy Regulation – a practical and flexible taxonomy, supporting transition activities, is pivotal; - Joint Trade Associations Letter on application date of regulation on sustainability disclosures; - AFME position on the Taxonomy Report by the EU Technical Expert Group on Sustainable Finance; - Status of European Legislative and Regulatory initiatives on Sustainable Finance; - AFME feedback on the TEG's report on Climate-related Disclosures; - AFME consultation response on nonbinding guidelines for non-financial reporting; - AFME response to ESMA Consultation Paper on integrating sustainability risks and factors in MiFID II; - Sustainable Finance: Pre-CRR3 position paper.

**How have you influenced, or are you attempting to influence their position?**

Intesa Sanpaolo has participated actively in the working group and in the sub-working groups by providing suggestions and amendments to all the work carried out.

**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

No

## C12.3e

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### **(C12.3e) Provide details of the other engagement activities that you undertake.**

#### i) Method of engagement:

Intesa Sanpaolo is actively engaging with the Italian Government, the European Commission and through its participation in the Unep FI initiative and the FFS (Forum for Sustainable Finance). Intesa Sanpaolo is sure that a more proactive role of financial institutions in the climate change field comes from an active cooperation with the governments, public institutions, other policy makers and the academia. Intesa Sanpaolo participates in these initiatives through discussion groups, workshops, roadshows, survey research and web-based consultations.

#### ii) Topic of engagement:

ISP is strongly committed to encourage climate change mitigation and adaptation. We deem that a fundamental contribution from the governments is to provide stable regulations in each country and common rules at international level.

#### iii) Nature of the engagement: Important contribution of the Group to the tables on sustainable finance.

First the Group participated in the Osservatorio Italiano per la Finanza Sostenibile (OIFS) promoted by the Italian Ministry of the Environment and the Protection of Land and Sea (MATTM), taking active part in the plenary session work and in the working groups on the Italian Financial Centre for sustainability and sustainable Reindustrialisation (Centro finanziario italiano per la sostenibilità e sulla Reindustrializzazione sostenibile).

Intesa Sanpaolo actively participated in the Project Task Force on Climate-related Reporting of the European Financial Reporting Advisory Group (EFRAG). The main objective was the analysis and identification of good corporate reporting practices, both as regards the financial impacts of climate risk on companies, and as regards the impact of companies' activities on the environment (the so-called double materiality) taking into consideration the needs of users and those who process the reports.

We are also represented in the Board of the Forum for Sustainable Finance (FFS) which is the Italian SIF (Sustainable Investment and Finance Association). FFS aims to support the Italian finance sector's participation in sustainable development through innovative financial services. The association represents an influential voice for the sustainable and responsible finance industry in Italy with a positive influence on governments, NGOs, regulators, companies, professional advisors.

On the issue of circular economy, the Bank has been involved in many institutional working groups with companies, public and private institutions, multilateral agencies and universities. Moreover, the Group participated in the consultation of the Italian Ministry of the Environment and the Protection of Land and Sea (MATTM) on indicators for the measurement of the Circular Economy and in the work of the National Observatory on Sustainable Finance promoted by the MATTM. In addition, the Group took part in the work of 'FinanCE', a working group formed within the Ellen MacArthur Foundation network, with the aim of rethinking the finance sector to accelerate the transition to the Circular Economy, by identifying concrete measures which the public and private sectors should undertake.

In 2020 ISP participates in a working group promoted by the Italian Ministry of the Environment on sustainable finance focusing on green and circular economy especially for SMEs.

The Group's commitment to the development of study and research projects in the environmental field continued in 2019. Listed are some of the most important publications:

In 2019 SRM (Studi e Ricerche per il Mezzogiorno) is a ISP Group's research centre aimed at disseminating economic knowledge and culture, with a particular focus on the development of southern Italy, Maritime Economy and Energy) published its Annual Report on the Italian Maritime Economy, which was presented on the national and international stage and has now become a reference point on this matter for institutions, sector professionals, trade associations, infrastructure and the academic world. Some of the key topics include the sustainability of port investments, reducing emissions produced by ships, the use of environmentally friendly fuels, and reducing road transport in favour of shipping. In 2019, in-depth studies were carried out on how to reduce external logistics costs together with ALIS (Associazione per la Logistica e l'Intermodalità Sostenibile) and on the Ro-Ro (Roll-on Roll-off) naval sector, which is the one that most contributes to the movement of articulated lorries from the road to the sea and is also a sector followed closely by European institutions;

Also in 2019 SRM, thanks to the new Mediterranean Energy Observatory (ENEMED) project developed together with the Energy Security Lab (ESL) of the Energy Department of the Turin Polytechnic, presented to the European Parliament the Annual Report on energy in the Mediterranean, which, among other things, focuses on renewable energies, the gas sector and energy investments in the Mediterranean area.

## C12.3f

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### **(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Through its Chief Institutional Affairs and External Communication Officer (CIAECO), Intesa Sanpaolo regularly monitors the numerous and profound changes in the regulatory framework defined at international, European and national level, in order to be aware of possible changes and anticipate the future directions. Regularly and, in general, whenever relevant, the structures within the CIAECO Area inform all the relevant functions of the banks (through seminars, regulatory alerts, newsletters, etc.) of the upcoming regulatory and policy initiatives on sustainable finance, ensuring that all the all the position expressed by the Group are consistent and in line with the strategy. In 2019 the Intesa Sanpaolo Group expressed its position responding to public consultations, drafting papers and proposing amendments both directly and through the relevant trade associations. All these activities are reported internally to all the organization structures involved in the issues of climate change risks and opportunities and evaluated in order to verify the consistency with ISP strategy: every reply to public consultations on climate issues are coordinated by the CIAECO Area, involving all the relevant functions of the Group and involving them in a drafting procedure that includes from 3 to 4 subsequent drafts before the definition of the final position.

The steering committee, composed of the first organizational line meets on a quarterly basis to examine climate change issues, including new regulation.

## C12.4

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**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In mainstream reports, incorporating the TCFD recommendations

**Status**

Complete

**Attach the document**

2019 NFS.pdf

**Page/Section reference**

The attached document is the 2019 Intesa Sanpaolo Consolidated Non-financial statement. Many parts of the document are directly connected to climate change and GHG, among them: Environment and climate change chapter pp.127-144 (emissions figures,emissions targets and other metrics, strategy, opportunities, green products), pp.191-194 (emission figures, other metrics), TCFD Recommendations correspondence table pp.195, Management of potential risks and impacts related to climate change pp.46-50

**Content elements**

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

**Comment**

The Intesa Sanpaolo Consolidated Non-financial statement responds to the EU Directive regarding Non-financial Statement, Article 4 of Italian Legislative Decree 254/2016, the Core option of the GRI Standards defined in 2016 by the GRI (Global Reporting Initiative) and the "Financial Services Sector Supplements". Consideration was also given to the recommendations issued in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), adopted by Intesa Sanpaolo in October 2018, for the voluntary dissemination of transparent reporting on the risks and opportunities linked to climate change. The Intesa Sanpaolo Non-Financial Statement was reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also: Intesa Sanpaolo 2019 Annual Report, pp. 50-51 Task Force on Climate-Related Financial Disclosures: Governance, Strategy, Management of risks and opportunities, Metrics and objectives. Intesa Sanpaolo website / Sustainability / "Environment and climate change" and "Management of risks and impacts related to climate change".

**Publication**

In mainstream reports, incorporating the TCFD recommendations

**Status**

Complete

**Attach the document**

Annual report 2019.pdf

**Page/Section reference**

Intesa Sanpaolo 2019 Annual Report, pp. 50-51 Task Force on Climate-Related Financial Disclosures: Governance, Strategy, Management of risks and opportunities, Metrics and objectives. See also pp. 48-49 Sustainability.

**Content elements**

- Governance
- Strategy
- Risks & opportunities
- Emission targets
- Other metrics

**Comment**

Intesa Sanpaolo 2019 Annual Report, pp. 50-51 Task Force on Climate-Related Financial Disclosures: Governance, Strategy, Management of risks and opportunities, Metrics and objectives. See also pp. 48-49 Sustainability.

**C-FS12.5**

**(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?**

	Industry collaboration	Comment
Reporting framework	Equator Principles Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking UNEP FI Principles for Sustainable Insurance	
Industry initiative	UNEP FI UNEP FI TCFD Pilot	
Commitment	Please select	

**C14. Portfolio Impact**

**C-FS14.1**

**(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)**

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable >	i) An explanation as to why climate-related portfolio analysis has not been undertaken: An analysis to understand how Intesa Sanpaolo portfolios impacts the climate has not been conducted so far because a clear and shared methodology for measuring portfolio impact to climate change is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability especially from SMEs, that implies financial institutions to make assumptions that can mislead the output of the analysis. ii) A description of plans to implement climate-related portfolio analysis in the future: Since October 2018, Intesa Sanpaolo decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change. ISP knows that among the steps that need to be implemented to enforce full alignment with TCFD recommendations the analysis of how its portfolio impacts the climate is very important. The Group's commitment to fight climate change is confirmed by the signature of the Principles for Responsible Banking (PRB), in 2020 ISP adhered to 3 PRB working groups including the working group on IMPACT. ISP plans to perform an analysis by the next 2 years at least on a portion of its portfolios also in line with the European new regulatory framework. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally. ISP also started to assess how the lending portfolio is affected by climate change with the participation in the working group TCFD Banking Sector Pilot - Phase II, coordinated by UNEP FI. As participant in 2020 ISP is assessing the impact of the physical and transition climate change risk on a portion of its top exposures portfolio in the energy and oil&gas sectors through the application of scenario analysis.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable >	i) An explanation as to why climate-related portfolio analysis has not been undertaken: An analysis to understand how Intesa Sanpaolo portfolios impacts the climate has not been conducted so far because a clear and shared methodology for measuring portfolio impact to climate change is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability, that implies financial institutions to make assumptions that can mislead the output of the analysis. ii) A description of plans to implement climate-related portfolio analysis in the future: The Group's commitment to fight climate change is confirmed by the signature of the main sectors initiatives such us Principles for Responsible Banking (PRB) and through its subsidiaries, the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector. ISP plans to perform an analysis by the next 2 years at least on a portion of its portfolios also in line with the European new regulatory framework. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally.
Investing (Asset owner)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	<Not Applicable >	i) An explanation as to why climate-related portfolio analysis has not been undertaken: An analysis to understand how Intesa Sanpaolo portfolios impacts the climate has not been conducted so far because a clear and shared methodology for measuring portfolio impact to climate change is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability, that implies financial institutions to make assumptions that can mislead the output of the analysis. ii) A description of plans to implement climate-related portfolio analysis in the future: The Group's commitment to fight climate change is confirmed by the signature of the main sectors initiatives such us Principles for Responsible Banking (PRB) and through its subsidiaries, the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector. ISP plans to perform an analysis by the next 2 years at least on a portion of its portfolios also in line with the European new regulatory framework. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally.
Other products and services, please specify	Not applicable	<Not Applicable >	See other rows

C-FS14.1c

**(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 “Investments” emissions or alternative carbon footprinting and/or exposure metrics)**

**i) An explanation as to why climate-related portfolio analysis has not been undertaken**

An analysis to understand how Intesa Sanpaolo portfolios impacts the climate has not been conducted so far because a clear and shared methodology for measuring portfolio impact to climate change is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability especially from SMEs, that implies financial institutions to make assumptions that can mislead the output of the analysis.

**ii) A description of plans to implement climate-related portfolio analysis in the future**

Since October 2018, Intesa Sanpaolo decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change. ISP knows that among the steps that need to be implemented to enforce full alignment with TCFD recommendations the analysis of how its portfolio impacts the climate is very important.

The Group's commitment to fight climate change is confirmed by the signature of the main sectors initiatives such as Principles for Responsible Banking (PRB) (also in 2020 ISP adhered to 3 PRB working groups including the working group on IMPACT) and through its subsidiaries, the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector.

In 2019 Intesa Sanpaolo considered important to collaborate within the industry to exchange ideas on the subject. ISP observed different working groups on the issue especially the Science Based Targets initiative for Financial Institutions by CDP, WRI, WWF and the Global Compact and the different approaches and consultations. ISP plans to perform an analysis by the next 2 years at least on a portion of its portfolios also in line with the European new regulatory framework.

In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally.

ISP is also participating in the EBA's voluntary Sensitivity analysis for climate risks (focus on transition risk) for the lending portfolio.

ISP also started to assess how the lending portfolio is affected by climate change with the participation in the working group TCFD Banking Sector Pilot - Phase II, coordinated by UNEP FI. As participant in 2020 ISP is assessing the impact of the physical and transition climate change risk on a portion of its top exposures portfolio in the energy and oil&gas sectors through the application of scenario analysis. ISP plans to disclose two case studies, one for physical risks and the other one for transition risks, on UNEP FI papers that will be released at the end of the project (Sept - Dec. 2020).

**C-FS14.3**

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**(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?**

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	Actions to align ISP portfolio to a well below 2-degree world have not been taken so far because a clear and shared methodology is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability especially from SMEs, that represent a large part of Intesa Sanpaolo's customers. In 2018, Intesa Sanpaolo has decided to support the TCFD recommendations. The Group's commitment to fight climate change is confirmed by the signature of the main sectors initiatives such as PRB. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally. ISP is observing different working groups on the issue especially the Science Based Targets initiative for Financial Institutions. ISP plans to take actions by the next 2 years at least on a portion of its portfolios also in line with the European new regulatory framework and for this reason is investigating different methodologies: Sector Decarbonization Approach, PACTA, SBT portfolio coverage and Temperature rating. ISP also started to assess how the lending portfolio is affected by climate change with the participation in the working group TCFD Banking Sector Pilot - Phase II, coordinated by UNEP FI. As participant in 2020 ISP is assessing the impact of the physical and transition climate change risk on a portion of its top exposures portfolio in the energy and oil&gas sectors through the application of scenario analysis. In May 2020 ISP issued the "Guidelines for the governance of environmental, social and governance risks regarding lending operations" that define general criteria for limiting and excluding loans with a particularly high ESG risk. Together with these Guidelines, ISP issued a Coal policy which defines limitations and exclusion criteria with reference to credit operations in the coal sector. With the policy ISP intends to support its customers that are shifting away from the use of coal for energy production and to encourage the transition to low carbon alternatives.
Investing (Asset manager)	No, but we plan to do so in the next two years	Actions to align Intesa Sanpaolo portfolio to a well below 2-degree world have not been taken so far because a clear and shared methodology is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability. The Group's commitment to fight climate change is confirmed by the signature of the main sectors initiatives such as Principles for Responsible Banking (PRB) and through its subsidiaries, the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally. ISP plans to take actions by the next 2 years at least on a portion of its portfolios, also in line with the European new regulatory framework, and for this reason is investigating different methodologies: sector decarbonization approach (SDA), PACTA, SBT portfolio coverage and Temperature rating.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	Actions to align Intesa Sanpaolo portfolio to a well below 2-degree world have not been taken so far because a clear and shared methodology is still not available, so far, the complexities and uncertainties of calculating the emissions remain a challenge. In addition, a big problem is the data availability. The Group's commitment to fight climate change is confirmed by the signature of the main sectors initiatives such as Principles for Responsible Banking (PRB) and through its subsidiaries, the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector. In 2019 a project called ISP4ESG was launched. After screening ESG best practices in the banking sector, the project aims at placing Intesa Sanpaolo among the leaders in this field including climate change. The first working group focused on assessing the exposure of the Group's lending portfolio to ESG risks and opportunities with a focus on climate change. The quantification is already available internally. ISP plans to take actions by the next 2 years at least on a portion of its portfolios, also in line with the European new regulatory framework, and for this reason is investigating different methodologies: sector decarbonization approach (SDA), PACTA, SBT portfolio coverage and Temperature rating.
Other products and services, please specify	Not applicable	See other rows

**C15. Signoff**

**C-FI**

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

**C15.1**

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Financial Officer, who reports directly to the Managing Director and CEO.	Chief Financial Officer (CFO)

**Submit your response**

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public



**Please confirm below**

I have read and accept the applicable Terms