

Transition to a sustainable, green and circular economy

COMPANY POLICIES

In accordance with the principles of the Code of Ethics and the Rules for environmental and energy policy, the Intesa Sanpaolo Group has always paid particular attention to the portfolio of green products and services it offers to its customers, also with the goal of contributing to combating climate change.

In January 2020, Intesa Sanpaolo, in the context of the European Green Deal, stated its willingness to make available 50 billion euro loans in the coming years in Italy.

Intesa Sanpaolo is active in supporting the transition to a low-carbon economy, promoting renewable energy, energy efficiency and the circular business model, and encouraging the development of its various customer segments, committed to reducing their environmental footprint, by promoting green products and services supplied via the sales network in Italy and abroad. In 2020 it expanded its range with innovative financial solutions that meet the growing need for products increasingly in line with ESG principles. The Group also takes heed of the impacts generated by customers and suppliers, contributing to the spread of virtuous processes and behaviours in the environmental, social and governance areas. In addition, particular importance is given to training and research initiatives, as well as to events on environmental issues organised by Intesa Sanpaolo and/or its partners.

LOANS AND SERVICES FOR THE GREEN AND CIRCULAR ECONOMY

In 2020, the Group's disbursements for the Green and Circular Economy came to over 2.5 billion euro, equal to 2.9% of all Group's loans.

GREEN ECONOMY

In 2020 the disbursements of the Group for the Green Economy totalled 1,985 million euro (almost 22 billion euro in the 2010-2020 period).

The offer involves all customer segments: retail customers (46%), businesses and Third sector (15%), corporate & project finance (39%).

The Bank supports the green projects of its retail customers through the granting of mortgages and loans for environmental purposes.

The financing solutions are not only aimed at those who want to purchase or build an energy efficient property but also at those who want to improve their energy efficiency through energy-saving measures such as, for example, the replacement of fixtures and high-performance boilers, the renovation of buildings from an energy efficiency perspective, the purchase of environmentally-friendly vehicles and the installation of solar and photovoltaic panels.

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

In 2020, over 5,100 green mortgages of a total value of over 800 million euro were issued.

Still on the subject of mortgages, Intesa Sanpaolo participates in the EeMAP (Energy efficient Mortgages Action Plan) project, a European initiative that aims to create standardised European energy efficient mortgages with a view to encouraging the redevelopment of buildings and the purchase of energy efficient properties thanks to preferential financial conditions.

Special conditions were also introduced in the loans area for the PerTe Prestito Facile and PerTe Prestito Giovani products for environmentally-aware customers who want to improve the quality of their properties with energy redevelopment measures. Around 59 million euro of green loans was granted in 2020.

The range of green solutions has been enriched with a series of dedicated services, some of which provided by partner companies. These additional and optional services help to assess the possible savings that can be made through energy redevelopment measures, for example. They include the Valorizzazione Immobiliare service which, via a specific tool, enables branch managers to support customers who intend to invest in their homes through energy redevelopment measures and restructuring works, identifying, free of charge, possible ways of reducing their energy consumption and, if possible, benefitting from tax breaks. In the event the customer wants a precise assessment of the condition of their property, it is also possible to perform an

energy check on the home, benefitting from special conditions. This check takes the form of a personalised consultancy service consisting of an inspection in which the individual components and energy characteristics of the building are examined in detail in order to determine the potential savings that can be made with the house.

Intesa Sanpaolo offers those planning to carry out renovation works - families, condominiums or specialist businesses, for example - a special structured solution so they can benefit from the subsidies introduced by the Italian "Rilancio" Decree (converted into Law no. 77 of 17 July 2020). This Decree raises the tax deduction level to 110% (the so-called "superbonus"), usable over five years or transfer of tax credit, for all energy redevelopment expenses incurred on the building between 1 July 2020 and 31 December 2021 for the performance of works such as insulation, the replacement of boilers with centralised condensation systems and heat pumps, including hybrid or geothermal systems. Intesa Sanpaolo's modular solution is based on the purchase of the tax credit at a fixed price set at the outset as a function of the type of the tax credit, the optional PerTe Ecobonus bridge-loan to start the work, without having to wait for offsetting against tax liabilities (with an undertaking to repay this advance by transferring the tax credit to the Bank), and the option of benefiting from free advisory service in identifying and gathering the technical and administrative documentation required to issue the approval, where applicable. PerTe Ecobonus also makes it possible to finance other measures that benefit from tax deductions of less than 110% (Ecobonus/Sismabonus and other construction tax bonuses), and more specifically energy efficiency projects, the installation of photovoltaic systems, the installation of electric vehicle charging columns and the adoption of anti-earthquake measures.

Among the insurance products that aim to cover customers' insurance needs in the Family, Health and Property areas, the XME Protezione insurance policy focuses on protection against natural disasters, providing coverage for the damage caused by atmospheric events such as floods and cloudbursts. The coverage will reimburse up to 80% of the customer's property value. Over 105,000 XME Protezione policies with flood coverage had been taken out at the end of 2020.

In the area of motor insurance products, the ViaggiaConMe policy with consumption-based plan involves a premium linked to the number of kilometres travelled during the year: once the defined threshold has been exceeded, the premium to be paid will be integrated based on the additional kilometres travelled. The proposed solution therefore discourages the use of vehicles, with potential positive impacts on the environment.

Lastly, following the environmental disasters and extraordinary weather events that affected Italy also in 2020, the Intesa Sanpaolo Group continued its tangible and concrete commitment to supporting households and businesses affected with specific focus on agricultural companies, penalised more than anyone else by exceptional weather events, through the activation of dedicated credit lines, new subsidised loans for redeveloping damaged structures (homes, shops, offices, artisan workshops and businesses), suspensions of payments on outstanding loans and preferential, simplified and expedited procedures for the new instruments. In particular, emphasising its strong bond with the areas in which it operates and to help the public and the economic fabric of affected zones to deal with the emergency situations, the following instruments were provided in 2020: a 100 million euro credit line for the Verona area; a 300 million euro credit line to help families and businesses throughout the Triveneto area; 200 million euro for all of the provinces of North-West Italy; a 25 million euro credit line for families and businesses in the city and province of Crotona which suffered damage as a result of the extreme weather events.

Intesa Sanpaolo has continued to support non-profit companies that wish to invest in energy efficiency projects with solutions that make it possible to save on energy costs and increase the overall sustainability of their business.

Intesa Sanpaolo supports professionals and businesses in the creation of investment plans in the energy sector with short, medium and long-term loans to support renewable energy and energy efficiency projects.

In terms of products, in December the Banca dei Territori Division updated its range of solutions with Energia Impresa, a medium-term loan that replaces the previous Energia Imprese and Energia Sostenibile products, incorporating their features.

The new product is particularly flexible both in terms of the personalisation of the loan and its adaptability to various segments: the Renewable Energy sector (photovoltaic, wind energy, hydroelectric energy, residual gas from purification processes); Biogas, for the production of electricity; Biomethane, for the production of biomethane for transport; Energy Efficiency measures, for energy efficiency investments in buildings, plants and processes.

One distinctive feature of the solution is the support of MLT/Leasing Specialists who evaluate the technical/financial aspects of the investment and its relative sustainability, also availing themselves of a specific simulation tool and, if necessary, the assistance of the Energy & Utilities Desk in the origination phase of the project, in the structuring of the loan, in the technical due diligence phase, which is preceded by an appraisal - usually performed by an external consultant specifically appointed according to the regulations in force - to

support the Bank's credit assessment, and in the formulation of the final opinion on the technical, economic and financial sustainability of the project.

The Energy Desk, composed of a team of professionals from the sector, provides assistance for entrepreneurs who have planned investments in renewable energies or who intend to diversify their energy sources, assessing their projects from a technical and business perspective and evaluating the financial sustainability of the investment: a comprehensive service that ranges from the credit consultancy on risk assessment and the structuring of the most suitable financial solutions, to advice on new market opportunities and technology trends in the area of new energies.

To support businesses that aim to improve their sustainability profile and with the goal of assisting them on a path of structural change, associating their economic and financial decisions with their environmental and social impacts, in July 2020 Intesa Sanpaolo launched an innovative new solution to finance and encourage the sustainable growth projects of SMEs. The new ESG-Linked S-Loan stands out for the sharing of sustainability performance improvement goals by businesses, through precise commitments undertaken with the Bank via specific indicators subject to annual monitoring, certified by the business in the notes to their financial statements, and rewards in the shape of special conditions, with rate reductions awarded to businesses that meet their fixed goals. The product is activated through the signing of a covenant based on the choice of two KPIs, relating to two different ESG areas, from a selection of six. If, on the basis of the declarations in the notes to the financial statements regarding KPI-related performances, the covenant is respected, the corporate customer shall be granted the special rate for the following year. In 2020, 71.7% of businesses chose an Environment KPI (Energy procurement with Guarantees of Origin or Introduction of a procurement policy including environmental considerations). Intesa Sanpaolo allocated a 2 billion euro credit line for the S-Loan as part of the 50 billion euro dedicated to the Green Economy. At the end of the year 119 projects had been funded for a value of over 130 million euro.

To help raise awareness of environmental issues among business customers, in 2020 a number of webinars and focus sessions were held, also in collaboration with external media partners and trade associations, on the key issues and most high-impact Group solutions in the area of sustainability and ESG topics particularly with regard to the S-Loan, as well as on the issue of the Circular Economy and the Superbonus, generating great interest and strong participation among customers.

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

The range of financial products includes the following main solutions: Sustainability-linked and Green Loans, Circular Economy Loans and placements that permit the use of the Bank's dedicated credit line, Green, Social and Sustainability-linked Bonds (e.g. SDG-Linked or Climate Change), as well as Project Finance dedicated to the world of renewable energies (wind, photovoltaic, biomass, hydroelectric).

In 2020 the Division participated in numerous green, circular and sustainable financing operations (bilateral and syndicated). In addition, in September it participated, as Joint Bookrunner, in the issuing of the first equity-linked green bond in Italy by Falck Renewables SpA.

In April 2020 IMI CIB took part, as Joint Lead Manager and Joint Bookrunner, in the issuing of the Cassa Depositi e Prestiti Social Bond, an operation designed to support the businesses and public entities severely affected by the COVID-19 emergency.

All in all, the IMI Corporate & Investment Banking Division participated as bookrunner in 12 Green, Social and SDG-linked bonds in the Euro market in 2020.

In December 2020, there were also two commodity finance contracts that link the variation of the interest rate with the achievement of environmental-linked KPIs.

In terms of innovative solutions, in November 2020 IMI CIB concluded an ESG operation on the Forex market with Moncler that makes it possible to link the hedging of currency risk with the company's green sustainability goals. The operation leverages on the ESG experience acquired by Intesa Sanpaolo also as part of the operation concluded in December 2019 with high-speed railway industry business Italo (first ESG-linked derivative in Italy related to interest rate hedging).

Furthermore, in order to accelerate the spread of the ESG culture and guarantee its customers the best solutions, the IMI CIB Division, leveraging on its internal and international expertise, put together a specialist interfunctional coverage and product team, known as ESG Team IMI CIB, consisting of professionals with complementary knowledge, expertise and experience in order to offer its domestic and international Corporate customers a wide and integrated range of products/services.

In the second part of 2020 a pilot training course on ESG issues was launched for IMI CIB, which focused on Environment and Climate problems.

CIRCULAR ECONOMY

The Circular Economy is fundamental for economic development that generates a positive environmental and social impact. The circular model is based on the redesign of industrial processes and business models to generate economic and competitive advantage for companies, with a regenerative approach towards natural capital. Its objectives include the generation of a virtuous cycle in the use of resources, overcoming the linear model which involves extraction, production, sale and waste.

The Intesa Sanpaolo Group confirmed its commitment to the Circular Economy by promoting the spread of the model, drawing on the support of the Ellen MacArthur Foundation, the main promoter of the global transition towards the Circular Economy. In fact, it continued to collaborate with the Foundation, of which Intesa Sanpaolo is now Strategic Partner thanks to a 3-year agreement for the 2019-2021 period. Intesa Sanpaolo will continue to redefine business strategies in an innovative way, ensuring financial support for investments to facilitate the redesign of the industrial system. The activity is considered of primary importance for the Group and is indicated as a strategic pillar within the 2018-2021 Business Plan.

The transition to a Circular Economy continued, also with the contribution of the Intesa Sanpaolo Innovation Center, a Group company which oversees all the Circular Economy activities.

The Circular Economy Lab (hereinafter, CE Lab), launched in 2018 thanks to a Framework Agreement between Intesa Sanpaolo and Fondazione Cariplo 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, accelerating the transition to the Circular Economy, was relaunched with the renewal of the partnership signed in July 2020. The Circular Economy Lab's strategy involves open innovation operating methodologies aimed at identifying innovative solutions and technologies in the area of the circular economy and its relative activities are now based on these three pillars:

- the promotion and spread of CE culture at national and international level through events, networking platforms with the involvement of external stakeholders and partners;
- innovative training programmes aimed at businesses, with the aim of supporting the updating of the circular economy business culture;
- the acceleration of the circular transformation through Circular Economy advisories for SMEs and Corporate businesses.

Among the various projects, the CE Lab launched an open innovation programme for the circular innovation of a Group customer, an initiative that involved almost 100 start-ups (15% foreign) with mature and market-ready solutions; 10 start-ups made it to the final and were presented to the customer's management team in order to launch pilot projects.

In partnership with Microsoft, it also launched a Call for Start-ups with the aim of combining the principles of the circular economy with the potential of the digital revolution. The initiative involved over 400 start-ups (55% Italian and 45% foreign) and over 20 Corporate businesses and SMEs. The result is an important and up-to-date map of the digital technologies that act as enablers for the Circular Economy.

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 credit plafond of up to 5 billion euro, increased by 1 billion euro in 2020 following the operation with UBI, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit. In 2020 this business support tool was also extended to the foreign banks of the International Subsidiary Banks Division. In addition, a tranche of the credit plafond was allocated to supporting businesses that invest in projects in the area of the production of renewable energy, energy efficiency and sustainable farming and biodiversity. Still in the area of green initiatives, a tranche of the credit plafond was also dedicated to supporting the Green Mortgages requested by customers for the purchase of new high energy efficiency houses (class B upwards) or the refurbishment of houses with consequent improvement of the energy class.

As regards the credit process, the 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 by businesses. More specifically, the circular eligibility criteria are as follows:

- Solutions that extend the product life or cycles of use of goods and materials (application of modular design; implementation of reverse logistics programmes; reuse, repair and regeneration or reconditioning of products);
- Production processes fuelled by and/or products made of renewable or recycled resources;
- Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain (application of principles of industrial symbiosis and realisation of an integrated supply chain that makes waste streams into feedstock; closing loops and/or

apply circular economy and systemic design principles; creation or promotion of a supply chain guided by circular principles);

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

As regards the tranche for green projects, the criteria used to access the credit line and for which the Innovation Center provides an assessment are:

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

Out of a total of 420 applications reviewed since the launch of the credit line, 139 projects with circular criteria and valued at over 1.3 billion euro and 7 projects with green criteria valued at more than 65 million euro have been funded by the end of 2020*.

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 CO₂, the production of coloured compostable fabrics with dyes made from agricultural waste.

In order to disseminate and share these criteria within the Bank, an online training course targeted at over 50,000 Group employees has been set up and further updated.

Training and awareness initiatives have also continued, producing the following overall results: over 450 workers participated in specific courses; 19 training tools and 7 Circular Economy Podcasts; around 800 students were involved in circular lectures. With regard to the Banks of the International Subsidiary Banks Division, in May and June 3 online sessions were held for the Managers and Relationship Managers of the Corporate&SME functions. The training sessions, which involved 150 employees from the Division's Banks, sought to raise awareness of Circular Economy criteria also through the sharing of Group success stories with the end goal of facilitating the transition to Circular Economy models in the countries in which the Division operates.

During the year, the assessment of businesses along their value chain also continued (over 100 businesses have been interviewed since the start of the initiative) with the use of the Circular Economy Standard, an instrument used to measure the level of circularity; 2 in-depth workshops on Circular Economy issues were also held for businesses.

With regard to start-ups (see page 118), 2020 saw the continuation of the Startup Initiative which selects the most promising innovative start-ups, provides them with coaching on approaching the market and introduces them to the stakeholders of the innovation ecosystem. The selection process integrates the circularity criteria in the overall assessment. An Italian start-up in the bioeconomy sector was heralded as Circular Economy success story.

In the context of partnerships and collaborations, meetings of the Alleanza Italiana per l'Economia Circolare (Italian Alliance for the Circular Economy), of which Intesa Sanpaolo is the promoter, together with Enel, also continued. The Alliance comprises a number of large and medium sized 'Made in Italy' companies and, since 2017, has sought to reinforce existing collaborations and propose new projects between companies, in order to promote the transition to the Circular Economy in the various production chains, while also involving Italian and European institutions. To this end, in November a new position paper was published which presented not only the vision of the Alliance and its guiding ideas and experiences, but also a road map to the circular economic model consisting of concrete goals and opportunities.

To spread the culture of innovation in the area of the Circular Economy, in 2020 the Group continued to support the BioCircE Master's (the first Italian Master's course in this area).

An agreement with Bocconi University for research into the Circular Economy, geared towards validating the

* The figures including UBI Banca are as follows: out of a total of 441 applications reviewed since the launch of the credit line, 145 projects with circular criteria and valued at over 1.3 billion euro and 10 projects with green criteria valued at around 70 million euro have been funded by the end of 2020.

theory of de-risking financial portfolios both at individual counterparty and portfolio level, was renewed for two years. The Circular Economy and Finance research project scientifically analysed this issue by focusing on some of the opportunities available in terms of de-risking circular assets, generating superior risk-return combinations and the ability to stabilise performances over time. As part of the work, the 3R (Risk, Revenue, Reputation) Model was defined, a mapping of the main benefits generated for financial institutions by the Circular Economy.

As part of the partnership with the Ellen MacArthur Foundation, in September 2020 the paper “Financing the circular economy - Capturing the opportunity” was published with the expert contribution of the Intesa Sanpaolo Innovation Center.

In terms of European Commission initiatives, Intesa Sanpaolo continued the activity it began in 2017, regularly participating in the work of the Group of Experts for the financing of the Circular Economy, contributing in 2020 to the publication of the document Categorisation System for the Circular Economy which aims to identify the activities that significantly contribute to the goals of the circular economy also through the development of the associated technical screening criteria.

In June 2020 Intesa Sanpaolo was the winner of the ABI Award for Innovation in Banking Services in the Innovation in Sustainable Finance category thanks to its Intesa Sanpaolo Circular Economy Plafond project. The award recognises the company's willingness to contribute to the development and transformation of the Italian economic context, making a positive impact on both society and the environment. In December, this award made it possible to participate in and win the XI National Innovation Award – Premio dei Premi, established by the Office of the President of the Council of Ministers with the permission of the President of the Republic, who every year presents it to the best innovation projects in the banking, industry, services, university, public administration and voluntary sectors.

GREEN BONDS

In 2017, Intesa Sanpaolo 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 defined in Guidelines (Green Bond Framework) in line with the Green Bond Principles of the ICMA (International Capital Markets Association), as confirmed by an independent audit performed by an external ESG research and analysis company. In June 2020 Intesa Sanpaolo published its third annual Green Bond Report [1] on the use of the proceeds from the Green Bond 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 Moody's assessment, which obtained the highest score (GB1 Excellent). At 31 May 2020, the proceeds from the Bond, fully allocated during the first year of the issue, had been used as follows: 58.4% to finance new projects and 41.6% to refinance projects already present in the Intesa Sanpaolo portfolio. In total, 76 projects have been financed with over 460,000 tonnes of CO₂ emissions avoided annually, the equivalent of over 2.8 million return trips from Milan to Rome by plane. 60.5% of the proceeds have been allocated to photovoltaic power, 13.3% to wind power, 15.1% to bioenergies, 9.3% to hydroelectric power and 1.8% to energy efficiency.

To support loans and projects for the Green Economy, the Circular Economy and the social sphere, in November 2019 Intesa Sanpaolo, on the basis of the Sustainability Bond Guidelines (Sustainability Bond Framework - developed in line with the international standards established by the ICMA, in particular with the Green Bond Principles 2018, the Social Bond Principles 2018 and the Sustainability Bond Guidelines 2018), issued the first 750 million euro Circular Economy Green Bond to support loans granted by the Bank as part of the 5 billion euro credit line dedicated to the Circular Economy, increased by 1 billion euro in 2020 following the merger with UBI. In December 2020 Intesa Sanpaolo published the first report on the use of the proceeds from the Green Bond focused on the Circular Economy [1], which were fully allocated during the first year. The report also includes the certification of the auditing company, and obtained the Second Party Opinion of ISS ESG. 50.5% of the proceeds have been allocated for the financing of new projects and 49.5% to refinance existing projects. At 31 October 2020 the breakdown of the projects in the Circular Economy portfolio was as follows: 36.9% for production processes driven by renewable or recycled sources and/or connected products, 32.7% for the development of products and/or services that significantly improve effectiveness and efficiency in the consumption of resources, inside the company or its supply chain, 12.5% for solutions that extend the life cycle or products and/or materials, 12.3% for innovative technologies that promote the circular economy model, 5.6% for the design and/or realisation of products that can be entirely recycled or composted as part of an efficient process of collection, separation and recycling after use. All in all, the forecast annual savings in CO₂ emissions come to over 255,000 tonnes, corresponding to 341 tonnes per million euro.

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 3.6%.

In March 2020 the Intesa Sanpaolo Group was the winner of the 2020 Environmental Finance Bond Awards for its issuing of a Green Bond focused on the Circular Economy. UNEP FI (the United Nations Environment Programme Finance Initiative) also recognised Intesa Sanpaolo's commitment to spreading the values of the circular economy in its report "Financing Circularity: Demystifying Finance for the Circular Economy", published in October 2020, which makes particular mention of the Green Bond focused on the Circular Economy.

GREEN CULTURE AND INITIATIVES

Numerous initiatives have been put in place to spread an environmental culture among employees and customers (for the initiatives in the Circular Economy area, see page 177), including:

TRAINING

The "Apprendo" multimedia platform is available for all employees in Italy: it provides training on environmental and climate change issues. The training module "The climate change challenge" has been available since 2019 and by the end of 2020 had been used by around 4,500 employees.

As regards environmental protection issues, two mandatory courses are available on the online Apprendo platform for Intesa Sanpaolo resources directly involved in the application of the Environmental and Energy Management Systems (around 7,000 people). For all other resources an optional course is available with the aim of spreading good practices. The course was also made available to employees of Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura and Fideuram Vita who occupy the properties that attained ISO 14001 certification. Similarly, to meet the requisites of the ISO 50001 standard, in 2020 CIB Bank (Hungary) once again trained around 2,000 employees on energy issues through an online platform and its top management with 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.

In 2020 Intesa Sanpaolo Formazione continued to develop digital learning and manage the 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, six are specifically focused on social and environmental impact issues.

PARTICIPATION IN ASSOCIATIONS AND DEBATES ON ENVIRONMENTAL SUSTAINABILITY ISSUES

The Group made an important contribution to the international debate on environmental sustainability issues in 2020.

With regard to the issue of direct environmental impacts, the Bank continued to participate in the working group of the Italian Banking Association (ABI) on Green Banking, which provides an insight into the processes relating to energy and environmental management in the Bank according to the main international standards. In particular, in 2020 the attention was focused on the management of real estate during the COVID-19 pandemic and green banking procurement.

In terms of sustainable finance, the Group's collaboration with the Italian Banking Association (ABI) continued and intensified within specific working groups, particularly in relation to issues connected with the European Action Plan for financing sustainable growth. Within the Association, Intesa Sanpaolo also actively participated in the "Sustainable Loans – Supporting businesses in the process of transition towards sustainability" project, an initiative designed to contribute to the process of integrating ESG factors (particularly Environment and Climate Change) in the management of the risks connected with corporate lending and the definition of the "Handbook for Sustainable Finance", an info-educational tool jointly developed by ABI and consumer associations which, using simple and accessible language, aims to communicate and raise awareness among consumers of the various aspects of sustainability in its guise as an informed economic model.

Intesa Sanpaolo participates in the Working Group on Sustainable Finance, established by Ministry of the Environment decree no. 75 of 2020, which is tasked with developing proposals on sustainable finance issues within the framework of the United Nations Sustainable Development Goals. Thanks to the work carried out by the Working Group, the Ministry of the Environment has introduced a voluntary environmental sustainability certification system, currently at the trial stage, also with the collaboration of Intesa Sanpaolo. The system provides indicators and assessment metrics that make it possible to measure the level of environmental

sustainability of a business project which, if virtuous, can access specific loans.

At the European level, Intesa Sanpaolo interacted with legislators, trade associations and various stakeholders to promote and represent the Group's various initiatives on environmental and social sustainability. Intesa Sanpaolo, through its office in Brussels, brings its best practices to the attention of regulators and represents the specificities of its context so that they are taken into consideration during the legislative process.

The Group also continued its collaboration with the main European trade associations, contributing to the work of the European Banking Federation (EBF) on the Sustainable Finance and Sustainable Development Goals (SDGs), the Association for Financial Markets in Europe (AFME), European Issuers, in the area of Sustainable Corporate Governance, and the European Mortgage Federation – European Covered Bond Council (EMF-ECBC) as regards green mortgages. In particular, Intesa Sanpaolo helped draft the sector's position papers in some of the main documents (legislative and non-legislative) published in 2020.

In 2020 Intesa Sanpaolo actively participated in three working groups of the European Financial Reporting Advisory Group (EFRAG). Of these, the Project Task Force on Climate-related Reporting concluded with the presentation of the How to improve climate-related reporting report in February 2020. 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. Intesa Sanpaolo's collaboration with EFRAG continued with its participation in the "Project task force on preparatory work for the elaboration of possible EU non-financial reporting standards". The task force was set up in response to an official request for technical consultancy from the European Commission for the drafting of possible non-financial reporting standards that could form part of a revised European non-financial reporting directive. Finally, a representative of Intesa Sanpaolo was appointed to the "Advisory Panel on Intangibles (API)", which will provide the EFRAG Technical Expert Group the benefit of its accounting and industry expertise on specific aspects of intangibles.

Studi e Ricerche per il Mezzogiorno (SRM) is a 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. In 2020 SRM participated in a number of national and international meetings and seminars (held online) on the environment, Green Economy, Blue Economy and sustainability, expanding its ability to analyse these phenomena. SRM, among other things, is also part of SOS LOG, the association for the development of sustainable logistics, whose mission is the dissemination of information, research and initiatives aimed at spreading the culture of sustainable transport and logistics.

As Founding Member of Res4Africa, Intesa Sanpaolo confirmed its commitment to the development of renewable energy in Africa. The Foundation, which includes some of the main players in the Italian and European energy sector, has the aim of promoting a market, regulatory and financial context that allows investments to be made in renewable energy on the African continent. As well as the usual organisation of business-to-government events and seminars, the development of market studies and the organisation of capacity building seminars, in 2020 the Foundation focused in particular on the development of the RenewAfrica renewable energy support programme.

Intesa Sanpaolo is a partner of the Milan Polytechnic Energy & Strategy Group for the market trends observatory in the segments of renewable energy production and innovation in the energy sector.

STUDIES

The Group's commitment to the development of study and research projects in the environmental field continued in 2020. Listed are some of the most important publications:

- The sixth Report on the Bioeconomy - The Bioeconomy in Europe - produced by the Intesa Sanpaolo Research Department which, in addition to providing new estimates on the value of the bioeconomy, includes an analysis of the agrifood supply chain in Italy and Europe with a specific focus on its sustainability;
- The performance of local public transport businesses, product of the Research Department's long-standing partnership with ASSTRA on the issue of local public transport, takes account of the impact of COVID-19 on the sector, the dynamics of the demand for transport and the problems of congestion and pollution, which are resulting in the growing awareness that only by strengthening, improving the efficiency and modernising local public transport can we hope to foster the sustainable development of the country;
- The 98th edition of the Report analysing industrial sectors (ASI), by the Intesa Sanpaolo Research Department and Prometeia, contains an analysis of the green transition of Italian industry as compared with that of its main European competitors. According to the analysis, after Germany the Italian manufacturing segment is the second least intensive for GHG omissions;
- The green transformation of European manufacturing: an analysis of greenhouse gas emissions and the latest technologies, a study by the Research Department which examines the theme of the green transition of

- industry and of Italy in general;
- The research on the "Northern Sea Route" and its growth prospects, an argument strongly connected with climate change and sustainability, carried out by Studi e Ricerche per il Mezzogiorno (SRM) together with Intesa Sanpaolo;
 - The 2020 Annual Italian Maritime Economy Report by SRM which highlighted the issues of sustainability and the Blue Economy, presented on the international stage during Naples Shipping Week and as part of other national and international events; the research continues to be an important reference source on the topic for institutions, industry operators, trade associations, infrastructure and the academic world. The lead topics this year were intermodal railway and sustainability, regarded as two key drivers for combating the pandemic and making the national logistics system more resilient. In 2020 studies were also carried out with ALIS - Associazione per la Logistica e l'Intermodalità Sostenibile (Association for Sustainable Logistics and Intermodality) on how to reduce external logistics costs, and Contship (multinational in the logistics sector) on the container sector, which highlighted how the sustainability of logistics is a key driver of business development.
 - The 2020 Report on Energy in the Mediterranean by the Mediterranean Energy Observatory, a project developed by SRM together with the Energy Security Lab (ESL) of Turin Polytechnic. Among other things, the Report focused close attention on renewable energies, hydrogen, the gas sector and energy investments in the Mediterranean area;
 - The SRM research project Un Sud che Innova e Produce (A South that Innovates and Produces) was enriched with a new study on the technology transition in production chains: sustainability and innovation as drivers of development, carried out with the contribution of the Intesa Sanpaolo Research Department and Intesa Sanpaolo Forvalue. The study examined the issue of public and private supply and demand for innovation, to support the growth of the territories and to promote an innovative, interconnected and eco-sustainable production model.

EVENTS AND INITIATIVES

In order to raise the awareness of environmental issues among customers and employees, the Intesa Sanpaolo Group participates in various initiatives aimed at increasingly spreading the culture of sustainability and good practices as widely as possible. The main international events in which the Group participated in 2020 were World Environment Day promoted by UNEP (the United Nations Environment Programme) - this year dedicated to biodiversity - and the European Week for Waste Reduction promoted by the European Commission. In Italy, Intesa Sanpaolo also took part in Energy Saving Day as part of the "M'illumino di meno" campaign. As for the initiatives of the International Subsidiary Banks, CIB Bank (Hungary) participated in the WWF's Earth Hour while Bank of Alexandria (Egypt) and Intesa Sanpaolo Bank Albania promoted the United Nations' Earth Day. VÚB Banka (Slovakia), also in conjunction with a number of international environmental initiatives, organised training sessions to promote green lifestyles among employees.

At the end of 2020 Intesa Sanpaolo launched Formula Green + online transactions = - CO₂eq. The aim is to raise customer awareness of the environmental impact of their banking activities/transactions and support initiatives with positive environmental effects. Every time Retail customers buy a bank product via Remote Offering or through the self-service channel, without physically entering a branch, they are informed that, thanks to their choice, CO₂ emissions have been avoided. Customers can also learn more about the topic on the dedicated page of the Bank's website which highlights how the online product subscriptions of Intesa Sanpaolo multichannel customers in the last year resulted in a 570-tonne reduction in CO₂eq emissions (data validated by partner Lifegate). The good act of customers that acquire products without entering branches is mirrored by the Group which, via a donation, offers tangible support for the environmental protection projects present on the Group crowdfunding platform, For Funding. In this context, together with Fondazione Comunità Milano, Intesa Sanpaolo took part in Forestami, an urban forestation project which aims to plant 3 million new trees in the Metropolitan City of Milan by 2030. Intesa Sanpaolo contributed 250,000 euro, equal to 8,000 trees which will be planted as part of the project. In collaboration with the WWF, in 2020 Intesa Sanpaolo launched the "Diamo una casa alle api" project which, still ongoing, aims to help protect bees. The project plans to create areas in the WWF Oases for the feeding of the pollinators, Bee Hotels to position in gardens, urban parks and Oases to facilitate nesting and a number of camera traps to record the habits of the bees. As well as promoting the project on the For Funding platform, Intesa Sanpaolo contributes by donating 30 euro for every Green mortgage issued and 10 euro for every Green loan granted. Donations will end on 30 June 2021 when the target of 350,000 euro has been reached.

Finally, two invitation-only events, not open to the general public, were organised by the IMI Corporate & Investment Banking Division on the issue of Sustainability in 2020:

webinar "The European green deal: the way for a new Italian renaissance", aimed mainly at businesses in the Energy sector, with the participation of the Secretary of the Council of Ministers - Ministry of Economic Development. The European context was illustrated together with the role of Italian public policies on the

energy transition, renewable energies, energy efficiency and sustainable transport, and related investments in innovative technologies;

virtual conference "The new role of Sustainable Finance and the European Recovery Plan", attended by the Directorate-General of the European Commission Structural Reform Support Programme and the Italian Minister of European Affairs. The event focused on the EU programme of measures and its pillars in terms of sustainable finance, focusing particular attention on Italy and the recovery opportunities for national businesses.