



INTESA  SANPAOLO

2023 CLIMATE REPORT



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Concurrent with the release of its 2023 Status Report on October 12, 2023, the TCFD has fulfilled its remit and disbanded. The FSB has asked the IFRS Foundation to take over the monitoring of the progress of companies' climate-related disclosures. Intesa Sanpaolo's TCFD Report was consequently renamed Climate Report. The Climate Report is drafted in accordance with the Recommendations of the Task Force on Climate related Financial Disclosures (TCFD).

Acknowledgement

The pictures included in this 2023 Climate Report were taken and kindly made available by Intesa Sanpaolo people; they represent a unique contribution to the document.



INTRODUCTION

THE INTESA SANPAOLO GROUP PROFILE

The Intesa Sanpaolo Group is the leading banking group in Italy, with 13.6 million customers and over 3,300 branches; it also has a strategic international presence, with over 900 branches and 7.2 million customers. As at 31 December 2023, the Intesa Sanpaolo Group granted €429.5bn of customer loans.

The Group¹ operates through six divisions:

- **Banca dei Territori:** the division focuses on the domestic market and puts the territory at the core of its activities to build stronger relations with individuals, small and medium-sized enterprises and non-profit entities. The Division includes activities in industrial credit, leasing and factoring (loans to customers over €232bn as at 31/12/2023), as well as the digital bank Isybank.
- **IMI Corporate & Investment Banking:** taking a medium-long term view, the Division supports corporates, financial institutions and public administrations, both nationally and internationally. Its main activities include capital markets & investment banking (loans to customers €127.1bn as at 31/12/2023). The division is present in 25 countries where it facilitates the cross-border activities of its customers through a specialist

network made up of branches, representative offices, and subsidiary banks focused on corporate banking.

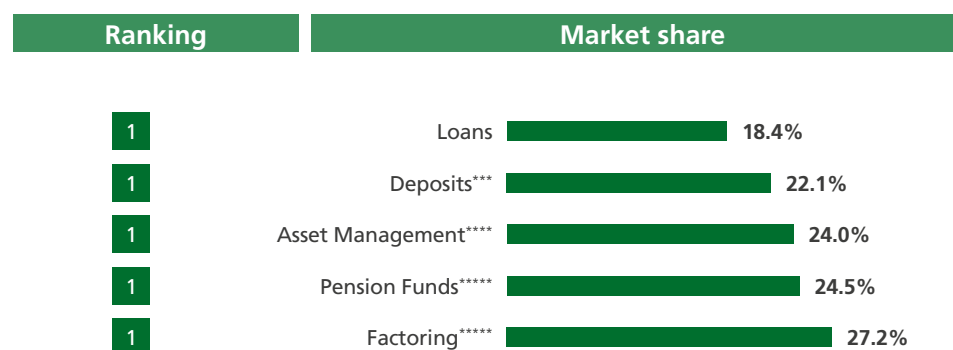
- **International Subsidiary Banks (ISBD):** the Division includes a number of commercial banking subsidiaries mainly located in Central Eastern Europe, and Middle Eastern and North African areas² (loans to customers €42bn as at 31/12/2023).
- **Private Banking:** the Division serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment. Fideuram - Intesa Sanpaolo Private Banking Division has a network of 6,696 private bankers.
- **Asset Management:** solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele. The Division includes Eurizon, with €311bn of assets under management³.
- **Insurance:** insurance and pension products tailored for the Group's clients. The Division holds direct deposits of €173bn and includes Intesa Sanpaolo Vita - which controls Intesa Sanpaolo Assicura, Intesa Sanpaolo RBM Salute, Intesa Sanpaolo Insurance Agency, InSalute Servizi - and Fideuram Vita.

Breakdown of Operating income by business area*



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

Leadership in Italy built on long-standing relationships with customers



Figures as at 31 December 2023
 *** Including bonds
 **** Mutual funds; figures as at 30 September 2023
 ***** Figures as at 30 September 2023

¹ [Intesa Sanpaolo Profile](#)

² Intesa Sanpaolo Bank Albania in Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, Eximbank in Moldova, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania in Romania, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia and Pravex Bank in Ukraine

³ Net of duplication

INTRODUCTION

2023 was the warmest year on record and climate change impacts are rapidly accelerating.

Despite progress, global greenhouse gas emissions trajectories are not yet in line with the temperature goal of the Paris Agreement, and there is a rapidly narrowing window for raising ambition and implementing existing commitments in order to achieve it, as confirmed in December 2023 by UN Climate Change Conference (COP28). The Conference of Parties underlined: “the urgent need to address, in a comprehensive and synergetic manner, the interlinked global crises of climate change and biodiversity loss in the broader context of achieving the Sustainable Development Goals, as well as the vital importance of protecting, conserving, restoring and sustainably using nature and ecosystems for effective and sustainable climate action”.

COP28, which was also attended by Intesa Sanpaolo, calls on Parties to contribute to this global goal, in a nationally determined manner, taking into account the Paris Agreement and their different national circumstances, pathways and approaches. Among the most global efforts:

- transitioning away from fossil fuels in energy systems;
- tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030;
- accelerating efforts globally towards net zero emission energy systems, utilizing zero and low carbon fuels well before or by around mid-century;
- accelerating zero and low-emission technologies, including, inter alia, renewables, nuclear, abatement and removal technologies such as carbon capture and utilization and storage, particularly in hard-to-abate sectors, and low carbon hydrogen production.

In 2022 EU27 contributed to total GHG emissions with a share of 6,67%; Italy contributes for a share of 0.73%⁴ to the global total GHG emissions.

In this context, Italy fully shares the European Union's approach of strengthening the commitment to decarbonize Europe's energy and economic systems, and of making Europe the first regional area to have a social, economic and productive dimension with net zero emissions.

Among the most recent legislative initiative, on 23 January 2024 the Italian government decree for Renewable Energy Communities (Comunità Energetiche Rinnovabili - CER) of up to five Gigawatts was approved by the EU Commission.

To reach Net Zero emissions ambition, the implementation of the European Green Deal demands a huge amount of investments, around €520bn per year from 2021-2030. Additional investments to boost the EU's capacity to manufacture net-zero technologies amount to around €92bn annually, from 2023 until 2030. In April 2023, the European Commission announced the launch of the Net-Zero Industry Act, an initiative stemming from the Green Deal Industrial Plan. This will accelerate the progress towards the EU's 2030 climate and energy targets and the transition to climate neutrality by 2050. To this extent, the strategic role covered by finance is critical to enable an effective climate action.

Financial institutions must further scale up investments in climate action and increase customers' availability, effectiveness and access to climate finance.

Intesa Sanpaolo is providing over €400bn in medium/long-term lending to businesses and households in support of Italy's NRRP, of which €76bn⁵ for green initiatives, circular economy and ecological transition.

In this scenario Intesa Sanpaolo publishes its third Climate Report⁶, in continuity with the 2021 and 2022 editions of the Intesa Sanpaolo's TCFD Report. The Report - which is published together with the [Consolidated Non-financial Statement \(CNFS\)](#) and Principles for Responsible Banking (PRB) Report and approved by the Board of Directors - confirms the significant progress done by Intesa Sanpaolo on the path towards its Net Zero goals. In 2023, the elaboration of sectoral targets continued and a Sectoral Transition Plan was elaborated, an integration and evolution of the High level Transition Plan published in the 2022 TCFD Report.

The Report also includes references to Intesa Sanpaolo's approach to wider nature-related issues.

Finally, the documentation to obtain the validation from SBTi was prepared during the year and will be submitted within March 2024.

⁴ Crippa, M., Guizzardi, D., Pagani, F., Banja, M., Muntean, M., Schaaf E., Becker, W., Monforti-Ferrario, F., Quadrelli, R., Risquez Martin, A., Taghavi-Moharamli, P., Köykkä, J., Grassi, G., Rossi, S., Brandao De Melo, J., Oom, D., Branco, A., San-Miguel, J., Vignati, E., GHG emissions of all world countries, Publications Office of the European Union, Luxembourg, 2023, doi:10.2760/953322, JRC134504

⁵ 2021-2026

⁶ It is to be noted that concurrent with the release of its 2023 Status Report on October 12, 2023, the TCFD has fulfilled its remit and disbanded. The Financial Stability Board has asked the IFRS Foundation to take over the monitoring of the progress of companies' climate related disclosures

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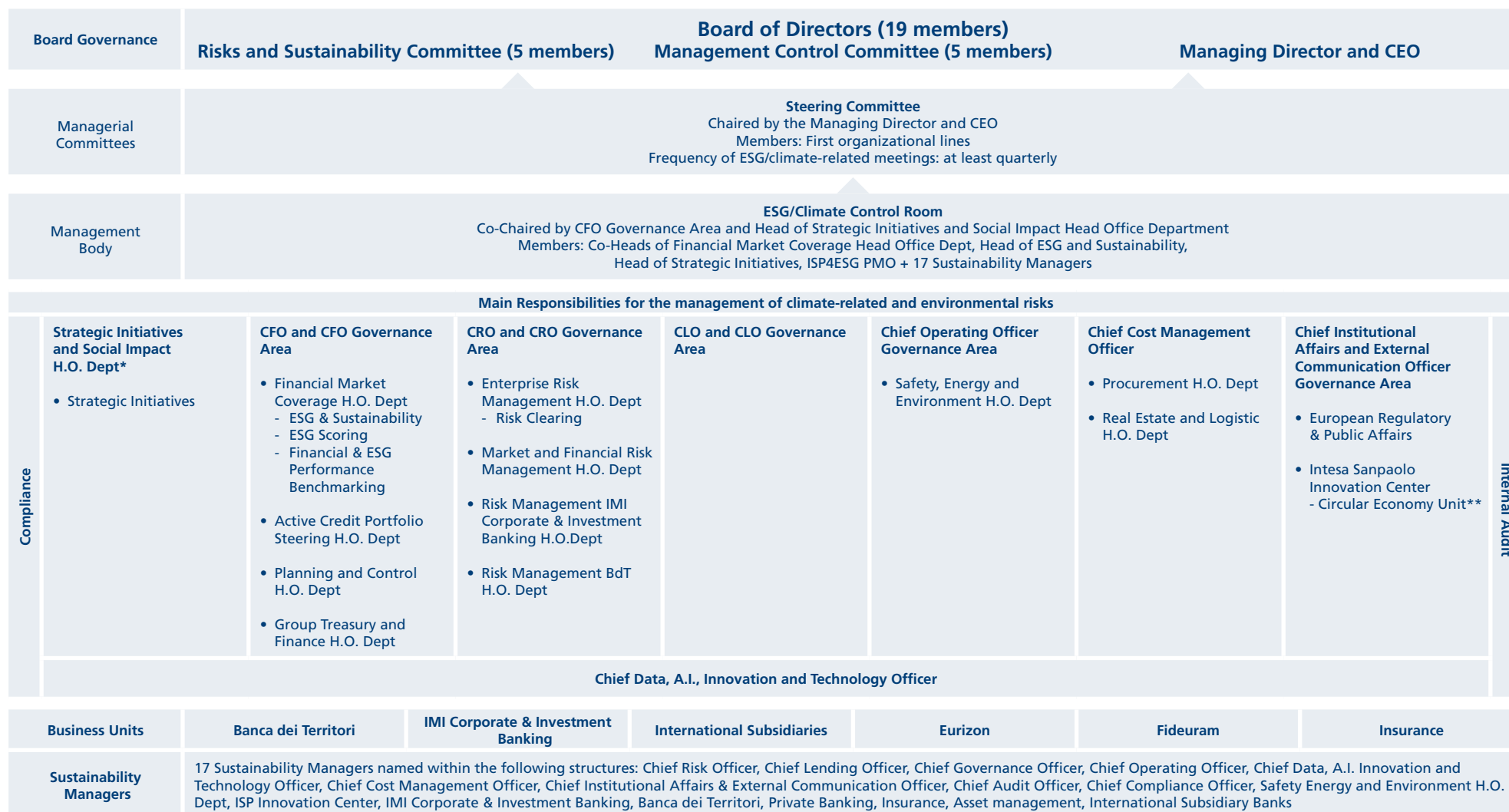


GOVERNANCE

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

MAIN BODIES AND STRUCTURES

The main Bodies and Structures having ESG and, more specifically, climate-related responsibilities within their remit are illustrated below¹.



* Reporting directly Managing Director and CEO
 ** Provides specialized support to all Business Units

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

Board Governance

BOARD OF DIRECTORS

Supported by the Risks and Sustainability Committee, the BoD approves:

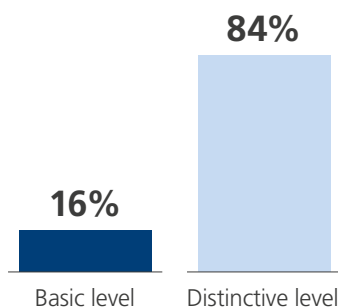
- the Code of Ethics (and its updates), which describes Intesa Sanpaolo's commitment, among others, to social and environmental responsibilities, and the Group's Code of Conduct;
- strategies and policies on sustainability issues (ESG), including the social and cultural responsibility model and the actions to be undertaken to fight climate change, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders;
- the Risk Appetite Framework, which incorporates ESG risks and, in particular, climate and environmental risks;
- the list of ESG-sensitive areas, that include climate and environmental aspects, relevant for the financing activities of the Group, assessing them on the basis of the analysis of the external environment and in line with the Group's strategic and sustainability objectives;
- the Consolidated Non-financial Statement, as well as all other reporting of note in this area, including the Climate Report, and oversees the Pillar 3 disclosure on environmental, social and governance risks.

With the support of the Nomination Committee, the Board ensures the implementation of induction plans, aimed at its members.

The BoD, supported by the Remuneration Committee, submits for approval to the Shareholders' Meeting the Remuneration Policies, which link the variable portion of the total remuneration of the top and middle management, based on performance scorecards, to Group ESG KPIs, including climate-specific indicators.

Board oversight and knowledge of sustainability and climate issues

On 29 April 2022, a new Board of Directors (BoD) was appointed for the three-year period 2022-2025. The skills and experience of the Board Members are diverse and broad. Furthermore, 84% of Board members have declared a distinctive level of "knowledge of sustainability issues and their integration into the bank's strategies", as specified in the self-assessment² of the skills declared by the individual Directors at the time they accept the nomination. In 2023, 10 inductions were held for the Board members. In particular, in July the BoD members participated in a specific induction concerning "Update on the activities of the ESG Control Room and the main ESG evolutionary projects of the Group".



Focus:

ADDRESSING CLIMATE CHANGE IMPACTS THROUGH DONATIONS: THE INTESA SANPAOLO CHARITY FUND

Under Article 29.3 of the [Articles of Association of Intesa Sanpaolo S.p.A.](#) the Group provides for the allocation, through the "Fund for charitable, social and cultural contributions", of a share of the distributable profits to support projects concerning solidarity, social welfare and people value. The Chairman of Intesa Sanpaolo's Board of Directors is in charge of the overall management of the Fund, under the Regulations for the management and use methods, approved by the Bank's Board of Directors in a transparent manner, and consistently with the commitments set out in the Intesa Sanpaolo Group Code of Ethics.

The [Intesa Sanpaolo Charity Fund](#) aims to contribute to the achievement of the social objectives of the Bank's Business Plan and the Sustainable Development Goals set by the United Nations 2030 Agenda. The intention is to support the most fragile people, by financing medium and small-sized projects - traditionally development projects - carried out by non-profit organizations. In relation to climate change mitigations, in case of disasters, calamities or extraordinary events, to which Intesa Sanpaolo, or the banking system in general, decides to dedicate actions, there is the possibility of supporting emergency interventions. In addition, actions in poor or emerging countries hit by natural disasters (earthquake, flood, drought, etc.) are among the Fund areas of intervention and are included in the [2023 - 2024 Guidelines](#). While focusing its interventions at national level, in support of the geographies where Intesa Sanpaolo operates, the Charity Fund also has among its priorities to keep alive international solidarity and to contribute to the efforts of states and civil society to alleviate poverty in the world and ensure the growth of all peoples. This includes interventions in poor or emerging countries affected by natural disasters.

Emilia Romagna

After the flood that struck Emilia Romagna in May 2023, many people suffered various difficulties caused by the effects of the forced closure of several economic activities, in some cases permanently, and also in relation to the damages that affected businesses' sites and equipment due to landslides. More than 100 municipalities in the affected area faced hydrogeological instability and cases of isolated territories.

The Charity Fund, with the project "Network, listening and support for all", together with Caritas Forli, has offered practical help to more than 110 families, both directly and indirectly affected by the tragic events in the region.

The project, concentrated in the provinces of Ravenna, Forli, Cesena, Rimini, Bologna and Ferrara, had the objective of facilitating the return to normality, and focused on the most fragile subjects to try and avoid further social distress.

Pakistan

In the middle of last year and for several months Pakistan suffered one of the worst monsoon season in its history, from 3 to 5 times more intense than the average of the last 30 years.

More than 33 million people - including 16 million children - were affected by monsoon rains, which brought floods, sudden landslides, the loss of more than 700,000 heads of cattle and the devastation of crops, which threaten to worsen the already extremely vulnerable population's food security.

The Charity Fund supported the CESVI project, specifically targeted to communities in the Sindh region, which was among the areas most affected by the emergency. The project provided housing protection kits, including waterproof tarpaulins, nails, hammers, bamboo poles and mosquito nets, but also products to ensure better hygiene and health levels. In addition, an important part of the project was dedicated to support the population, also including training activities for disaster risk management caused by natural disasters.

² Consistently with Art. 26 of the Consolidated Law on Banking (TUB), Ministerial Decree 169/2020, [ECB Guide to fit and proper assessments](#) and [ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders](#) under Directive 2013/36/EU and Directive 2014/65/EU

Board Governance

RISKS AND SUSTAINABILITY COMMITTEE

The Committee supports the Board, inter alia, in:

- reviewing and approving proposals associated with strategic, business and financial plans, taking also into account the sustainability policies (ESG) and the budgets of the Bank and the Group. It also evaluates stress test results;
- approving the strategic guidelines and policies on sustainability, including the corporate social and cultural responsibility model and the fight against climate change, helping to ensure the best possible risk monitoring and taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders;
- verifying that sustainability risks - when defining risk appetite and, where appropriate, risk tolerance - and in particular climate and environmental risks, are included in the framework for determining risk appetite and in reviewing and assessing the risks indicated;
- approving the list of ESG-sensitive sectors relevant to the Group's financing, assessing them based on the analysis of the external context and in line with the Group's strategic and sustainability objectives;
- assessing the opinions issued by the Risk Management function with regard to the most significant transactions including those deemed to be transactions relevant to reputational risks and ESG-Climate change;
- approving the Code of Ethics, the Code of Conduct, the Consolidated Non-financial Statement (CNFS) and the Climate Report. It also examines the material themes, which identify the most potentially relevant issues in the area of sustainability. The Committee also examines the Report on the Code of Ethics and the principles of social and environmental responsibility.

MANAGEMENT CONTROL COMMITTEE

In liaison with the corporate functions responsible for the sustainability issues (ESG) and the Internal Audit function, it supervises the compliance with the principles and values contained in the Code of Ethics. With reference to the CNFS, it oversees compliance with the provisions laid down in Italian Legislative Decree No. 254/2016 and reports on that in its annual report to the Shareholders' Meeting.

MANAGING DIRECTOR AND CEO

Among others, the Managing Director and CEO governs sustainability performance and has the power to submit proposals to the Board for the adoption of resolutions within its remit. The CEO submits the definition of strategic guidelines and sustainability (ESG) policies including the fight against climate change to the Board of Directors. The CEO ensures the implementation of the resolutions of the BoD, with particular reference to the implementation of the strategic guidelines, Risk Appetite Framework (RAF) - which includes a climate change section - and the risk governance policies defined by the Board of Directors.

Managerial Committee

STEERING COMMITTEE

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

The functions of the Steering Committee are carried out in plenary session and in special and distinct sessions. In particular as concerns ESG matters:

The Steering Committee meets at least quarterly in a "Business Plan and Sustainability (ESG)" session, a specific session dedicated to ESG and climate-related matters and their inclusion in the Group's development plans.

Among others, it contributes to:

- the definition of strategic guidelines and policies related to ESG matters, including the model on corporate social and cultural responsibility and climate change, which the Managing Director and CEO submits to the competent Board Committees and to the Board of Directors;
- examining, prior to approval by the Managing Director and CEO, the Rules documents implementing the Guidelines for the governance of environmental, social and governance (ESG) risks of the Group, which establish criteria, limitations and exclusions for transactions in sectors that are sensitive to ESG and/or Reputational risks, as well as classification criteria for credit products and sustainable lending transactions;
- authorizing in advance specific transactions of relevance to sustainability issues in the exceptional cases provided for in the Guidelines for the governance of environmental, social and governance (ESG) risks of the Group.

Within ESG responsibilities, the Steering Committee cooperates in:

- the identification of sustainability issues (ESG) potentially relevant for the definition and updating of the so-called materiality list;
- the definition of strategic guidelines and sustainability policies (ESG), including the model on corporate social and cultural responsibility and climate changes, which the Managing Director and CEO submits to the competent Board Committees and to the Board of Directors, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders.

The Steering Committee - Business Plan and Sustainability (ESG) Session - also examines the Consolidated Non-financial Statement, the Climate Report and any other reports of particular relevance to sustainability issues prior to their presentation to the Board (15 meetings of the mentioned session were held in 2023, of which 9 included climate-related topics).

Within the Group Risk Analysis Session, among others, it examines:

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

During 2023, one meeting (out of 8) of the Steering Committee, Group Risk Analysis Session, included ESG/climate-related topics (RAF 2023 - Early Warning Thresholds on CO₂ emissions for Automotive and Oil & Gas sectors).

In the Credit Strategy Session, the Steering Committee examines and approves the proposals for assigning or updating the classification of economic sectors and/or sub-sectors based on the "ESG" characteristics of risk or opportunity (ESG Sectoral Color Coding) presented by the ESG Control Room (3 meetings of the mentioned session were held in 2023, 1 of which referred to the update of the ESG Sectoral Color Coding).

During 2023, one meeting (out of 6) of the Steering Committee, Plenary Session, included ESG/climate-related topics (2023 Management Review of the Occupational Health & Safety (OH&S), Environment and Energy management system).

Management Body

ESG CONTROL ROOM

Introduced as part of the ISP4ESG Program and active since October 2020, the ESG Control Room supports the Steering Committee – Business Plan and Sustainability (ESG) session - in defining the strategic proposition relating to ESG issues. It assesses the opportunity and solidity of new sustainability related initiatives and coordinates and supervises the implementation of the most relevant ones, also thanks to a dedicated PMO structure.

It relies on the participation of representatives from the CFO Governance Area and the Strategic Initiatives and Social Impact Head Office Department and of the Sustainability Managers who, reporting directly to the respective Area and Division heads, guarantee the overall and integrated supervision of ESG initiatives for the relevant department and contribute to the Group's strategic proposals on these issues (11 meetings in 2023, all of which included climate related topics).



PARENT COMPANY STRUCTURES INVOLVED IN ESG/ CLIMATE ISSUES MANAGEMENT

Climate and environmental related responsibilities are now integrated into management roles across the different Governance Areas and structures of the Group, down to division and business unit level.

The management of Climate Change and Environment matters strongly involves the Chief Financial Officer and the Chief Risk Officer – and the structures within their Governance Areas. The CFO and the CRO report directly to the Managing Director and CEO and meet regularly with the Risks and Sustainability Committee.

The Strategic Initiatives and Social Impact Head Office Department and the CFO Area, reporting directly to the Managing Director and CEO, co-chair the ESG Control Room, and among others, define the general ESG strategy for the Group and support the Steering Committee in preparing a proposal for strategic ESG guidelines.

Within the **Strategic Initiatives and Social Impact Head Office Department**, the Strategic Initiatives unit coordinates specific relevant interdivisional and inter-functional projects in order to ensure the coherence and the development of synergies in line with the Group's strategic guidelines.

In the **Chief Financial Officer Governance Area**, and in particular within the **Financial Market Coverage Head Office Department**:

- **ESG & Sustainability** supports the Top Management in defining sustainability strategies and policies, designed to generate value for all the stakeholders. It oversees: the process of defining, approving and updating ESG and sustainability guidelines, in line with corporate strategies and objectives; the promotion and implementation of ESG and sustainability within the Group's strategies and operations, including climate change issues, in cooperation with other structures. The structure is also in charge of the update Group's Code of Ethics - the latest version was released in June 2023 - and monitors its application, supported by the Internal Audit function; it draws up the Consolidated Non-financial Statement, from 2021 a dedicated Climate Report, as well as all other reporting of note in this area; it also oversees the relations with the financial community and stakeholders with respect to sustainability matters and climate-related issues. Finally, it is responsible for the management of the Group's activities in respect of communication, in coordination with the ESG Control Room, and definition of ESG and sustainability training requirements, also in collaboration with the other competent corporate functions.

- the **ESG Scoring** unit has developed and is in charge of enhancing and managing a common scoring model for the attribution of a counterparty ESG score which is used, among others, within credit strategies and decisions and is part of the Climate/ESG Credit Framework. The unit is also developing the Think Forestry Project (Business Plan afforestation and preservation project) and a specific tool for the verification of alignment to EU Taxonomy criteria in the main lending transactions.
- With a view to strengthening ESG data collection, ESG responsibilities are attributed to the **Financial & ESG Performance Benchmarking** unit, in order to develop and carry out extensive ESG benchmarking to support strategy and business model analysis.

The **Active Credit Portfolio Steering Head Office Department** has the task of defining and monitoring Credit Strategies to guide loan origination activities of the bank's divisions towards sustainable growth in line with the Risk Appetite Framework (RAF), which has been enriched by ESG and climate specific statements and indicators.

The **Group Treasury Head Office Department** is involved in the origination and structuring of Parent company bonds related to sustainable finance for institutional investors, among which the update of Green, Social and Sustainability Bond Framework and issuance of green (since 2017) and social (since 2022) bonds; the structure also annually draws up the Green and Social Bond Report.

Within the **Planning and Control Head Office Department** a function focuses on supervision, within the Bank, of: ESG data collection, consolidation and analysis processes regarding ESG reporting; monitoring of the ESG KPIs relevant to the achievement of the Business Plan targets; ESG KPIs budget process.

The **Chief Risk Officer (CRO)** and the relevant Governance Area are strongly involved in the Bank's organizational model as concerns the Management of the broadest ESG risks and in particular Environmental and Climate Change risks. The CRO also provides, on a quarterly basis, updates to the Steering Committee on the loan book exposure towards climate-sensitive sectors, which is monitored by the CRO Area.

Within the CRO's Governance Area:

- the **Enterprise Risk Management (ERM) Head Office Department** defines, among others, the Risk Appetite Framework which includes a specific focus on "ESG and Climate Change risks"; it proposes, within the Risk Appetite Framework and for the purpose of subsequent presentation to the Corporate Bodies, the level of ESG (including climate change) and reputational risk tolerance, defining specific limits, KRIs³ and actions continuously monitored and updated.

It is also in charge of the processes to identify, assess and manage climate-related risks in collaboration with other departments (among others, developing materiality assessments, defining climate sensitive sector policies, running stress test activities, scenario analysis and monitoring of climate risks in ongoing processes). Under the Enterprise Risk Management Department, the **Risk Clearing sub-Department** is the competence center for Climate Change and ESG risk management, also in charge of the ESG & Reputational Risk Clearing Process.

The structure also:

- defines and updates annually the Climate/ESG Materiality Assessment, and the sectors most exposed to these risks;
 - verifies the alignment of the portfolios with climate neutrality targets set by the Group (Net-Zero Banking Alliance and Science Based Targets), contributing to the definition of mitigation actions;
 - assesses the ESG (including climate change) and reputational risk profiles of products/transactions/partnerships, with the support of the other control functions and business structures;
 - participates in the Product Governance processes by evaluating the sustainability attribute proposed for sustainable credit products/transactions and carries out second-level checks on the correct assignment and management of the attribute itself, also with reference to the compliance with the Regulation (EU) 2020/852 (so-called ESG Taxonomy).

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

- Also within the CRO Governance Area:
 - in the proposal of Guidelines and Rules for the management, measurement and control of the valuation, market, counterparty, interest rate, exchange rate, equity investments, liquidity risks at Group level, the **Market and Financial Risk Management Head Office Department** contributes to ESG (including climate change) risk oversight;

- the **IMI Corporate & Investment Banking Risk Management Head Office Department** and the **Banca dei Territori Risk Management Head Office Department** define the Credit Risk Appetite that includes also a reference to ESG and climate related risks.

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

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

As concerns the Group's own environmental footprint, within the **Chief Operating Officer** Governance Area, the **Safety, Energy and Environment Head Office Department** oversees the compliance risk, performing the Specialized Function role in relation to the implementation of environmental norms pursuant to Legislative Decree 152/2006, identifies actions, measures and proceedings required to promote the rational use of energy for the whole Group. The Department is responsible for the Health, Safety and Environment (HSE) Management System, and the related Group's Environmental policies. The System applies to all Italian branches and buildings and is certified by an international third party according to the ISO 45001, 14001 and 50001 standards. Moreover, the Department closely manages risks connected with climate change by assessing climate risks for the Bank assets, promoting adaptive behavior designed to mitigate this phenomenon, while simultaneously developing a culture focused on prevention.

As provided for by the Intesa Sanpaolo Articles of Association, the Employer for safety purposes, pursuant to the Italian Legislative Decree 81 of 9 April 2008, is responsible for corporate protection. To this end, the Board of Directors has assigned this responsibility to the Chief Operating Officer with the broadest decision-making, organisational and spending powers for the fullest fulfilment of obligations relating to the protection of health and safety in the workplace.

Within the **Chief Audit Officer (CAO)** Governance Area:

- the **Global & Strategic Risks Audit Head Office Department**, among other responsibilities, oversees the control system on ESG and Group's strategic risks, also coordinating the activities carried out by the other Chief Audit Officer structures on this area, each one for their respective responsibility.
- Furthermore, **Strategic & ESG Risks Audit** has taken responsibility for the assessment of the Bank's ESG framework and monitoring of the Bank's action plan related to climate and environmental risk management, also in relation to the alignment to the ECB Expectations.

In continuity with the 2021- 2022 Audit Program, the CAO Area 2023 audit activity in relation to the ESG scope included a fully completed Audit Program comprising the analysis of the evolution of Governance (Pillar III - focus on ESG factors) and the ESG framework (ESG impacts on supplier evaluation; ESG implementations concerning market and counterparty risk-framework; integration of Sustainable and Responsible Investments (SRI) principles and ESG factors in investment processes for Fideuram-ISPB; Own Emission Plan; issuing of green bonds on behalf of third parties; “Per Merito – Studio Si” Loans). 7 audit activities were carried out on these issues in 2023.

The **Chief Compliance Officer** Governance Area’s mission includes ESG matters within the regulatory topics subject to evaluation. In particular, it ensures the oversight of non-compliance risk related to ESG factors. It is also involved in the assessment of the ESG profile of new products and services within the Product Governance framework.

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

Intesa Sanpaolo Innovation Center SpA (Innovation Center), operating within the CIAECO perimeter, supports the long-term competitiveness of the Group and its customers and acts as a driving force and stimulus for the “new economy” and technological innovation in the domestic and international economic system, including climate change and ESG topics. Among others, it analyses megatrends and trends in technological innovation; identifies and develops a portfolio of startups with high growth potential; oversees the performance of Neva SGR’s investments; promotes and supports the transformation of the Italian economic system in line with the development guidelines in the Business Plan, accelerating the transition of businesses towards the Circular Economy.

The **Circular Economy Unit**, (within the Intesa Sanpaolo Innovation Center) develops and provides corporate customers with advisory services finalized to the transition to the Circular Economy, with the aim of enabling new offering platforms and new methodologies for circularity assessment; it provides specialized support to Intesa Sanpaolo’s Business Units through technical opinions issued following the analysis of lending facilities requests under the Circular and Green Economy plafond.



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

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

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

The contribution of the **Chief Data, A.I., Innovation and Technology Officer Governance Area** is fundamental for the integration of ESG criteria into procedures and systems. Among others, the Area actively participates in the Green Software Foundation. Aware of the impact of software on energy consumption, to facilitate the writing of more sustainable software the Governance Area is carrying out two new activities:

1. the Green Index, which indicates a software green performance: it is active, monitored, and improved by application development groups;
2. the CO₂ Impact (experimental), that quantifies the CO₂ emitted by Intesa Sanpaolo servers/providers that are running the software.

During 2023, additional KPI studies were conducted in line with the Green Software Foundation's guidelines. Specifically, the measure formerly called "Impact CO₂e (experimental)" has been evolved into a new KPI called SCI (Software Carbon Intensity). This new tool allows emissions to be analyzed not only according to GHG Protocol guidelines, but also according to Green Software Foundation specifications, monitoring applications with the same criteria, regardless of whether the software is running on ISP servers or Google Cloud servers. This Index allows for more accurate monitoring of the results obtained and facilitates the definition of a transformation strategy with the goal of reducing emissions with a view to continuous improvement.

The solution has already been implemented and the KPI is already usable on a monitoring dashboard that currently covers a limited perimeter of the group's applications (to date 80 applications).

The goal is to broaden the scope as much as possible, increasing both the technologies monitored and the number of applications that are deemed less sustainable (e.g., mainframe), fostering greater awareness of the level of sustainability of the entire IT and future choices on technology evolution.

As concerns ESG governance within the **International Subsidiary Banks Division**, a dedicated office supports the Sustainability Manager, who coordinates the activities of the ESG Manager appointed in every single bank, usually identified in the deputy CEO and assisted by an ESG team.

Finally, in each Division and Governance Area of the parent company a Sustainability Manager was identified, together with the supporting structures, to manage ESG matters within the perimeter of competence. The Sustainability Managers participate in the ESG Control Room.

ESG–LINKED REMUNERATION

The Shareholders' Meeting of 28 April 2023 approved, upon proposal by the Board of Directors, the 2023 Group Remuneration Policies⁴. These Policies regulate the annual Incentive System that includes the so-called "ESG Group transversal KPI" assigned in the Performance Scorecards of Top and Middle Management, in Italy and abroad, for an overall total of approximately 3,000 resources (unvaried compared to 2022 and up from 2,100 in 2021 and from 1,200 in 2020).

The ESG KPI takes into account several ESG factors and areas in line with specific activities and projects carried out by the Bank, including climate related factors.

The evaluation of the ESG KPI takes place both at Group level, with a view to recognizing the commitment of the Group as a whole, and at Governance Area/Division level, in order to enhance the areas of action of the individual Group structures. Specifically, the following will be assessed:

- at Group level, the presence of Intesa Sanpaolo in the sustainability indexes of specialized companies;
- at Governance Area/Division level:
 - specific projects/actions in the ESG field such as, for example: development of lending volumes relating to ESG (i.e. Sustainable Loans, Green/Transition Loans, Circular Economy Loans and Green Mortgages), and reduction of exposures on sectors at ESG risk, growth of Sustainable Investments through the increase in the % incidence of AuM present in Asset Management products classified under articles 8 and 9 – EU Regulation 2019/2088;
 - promotion of an inclusive working environment through the identification and implementation of targeted management actions, with a particular focus on compliance with the commitments in terms of gender equality.



⁴ Detailed information on the remuneration system are provided in the "Report on the remuneration policy and compensation paid" published on the [Group's website](#)

Focus:

THE 2023 INCENTIVE SYSTEM FOR THE MANAGING DIRECTOR AND CEO

	KPI	Weight	
Group Objectives 70%	Net income	20%	
	Operating Income / average RWA	20%	
	Cost / Income	20%	
	Gross NPL ratio	10%	
Qualitative evaluation 30%	ESG	15%	<ul style="list-style-type: none"> ■ Presence of Intesa Sanpaolo in the sustainability indexes of specialised companies (number of appearances) ■ Promoting an inclusive work environment through the identification and implementation of targeted management actions, with a particular focus on meeting the gender equity commitments assigned to each Division/Governance: <ul style="list-style-type: none"> • in annual hires • in the pools of candidates for first appointment to managerial roles ■ Group initiatives in the ESG area: <ul style="list-style-type: none"> • Support to green and circular economy: <ul style="list-style-type: none"> - Development of the loans from an ESG perspective - Number of sectors to which an emission reduction target is assigned - Reduction of the exposures towards ESG risk related sectors - Implementation of the Climate Credit Framework integration model in the lending process • Growth of sustainable investments: ESG investments as a percentage of total AuM • Youth and Work Program
	Group Digital Transformation	15%	Evaluation based on the following drivers: <ol style="list-style-type: none"> 1. Digital Bank: Isybank set-up 2. Expansion of sales channels and methods of digital interaction (both online and mobile) to support the Group's distribution strategy set out in the 2022-2025 Business Plan - YoY increase 3. Digital transformation acceleration in a Cloud-Ready logic

The performance evaluation period (accrual period) is annual. As shown in the figure below, a 15% weight was assigned to the ESG transversal KPI (in line with 2022 and 2021 and up from 10% in 2020). This is raised to 20% for the CFO and the Head of the Strategic Support and Social Impact Head Office Department as heads of the ESG Control Room.



The ESG component is also included in the two Long-Term Incentive Plans for all Intesa Sanpaolo employees and launched in conjunction with the 2022-2025 Business Plan.

In particular, the Performance Share Plan (PSP) is addressed to the Management (approximately 3,100 beneficiaries – including the Managing Director and CEO, the remaining Group Top Risk Takers, and the other Group Risk Takers), based on shares and subject to the achievement of performance objectives. The Plan is aimed at enhancing sustainable performance over time and therefore, it includes an ESG composite KPI based on three sub-KPIs, one for each of the three factors: E-S-G. The ESG KPI, whose target level is defined in the 2022-2025 Business Plan, acts as a demultiplier by reducing by 10/20%, the number of accrued shares on the basis of the achievement of the Plan objectives.

In addition to the PSP, for all Italian Professionals (45,629 people joined the Plan – about 63% of those eligible), the LECOIP 3.0 Plan based on Certificates having Intesa Sanpaolo shares as underlying has been launched in 2022. If the Group reaches the target level of the ESG composite KPI defined in the 2022-2025 Business Plan (the same used for the PSP Plan), a minimum appreciation of 4% calculated as a fixed percentage of the Initially Allocated Capital is paid. If the indicator is not achieved, the amount that is not distributed among employees is invested in ESG projects that can contribute to the achievement of failed targets.

For both the Performance Share Plan (PSP) and the LECOIP 3.0 Plan, the ESG KPI includes an environmental sub key performance indicator (weight 40%⁵) based on new lending to the green/circular economy and green transition with a major focus on supporting Corporates/SMEs transition.

⁵ Social sub-KPI (number of employees who successfully completed re-skilling training and were employed in a job in line with their newly acquired skills, or who completed up-skilling training) weights 40% and governance sub-KPI weights 20% (percentage of women in senior roles, new appointments i.e. -1 and -2 organizational levels below the CEO)

STAFF TRAINING TO INCREASE AWARENESS ON ESG AND CLIMATE CHANGE

The Group has set a challenging target at the ESG training level: 100% of trained people in ESG topics to be reached over the 2022-2025 Business Plan. The achievement of this goal is supported by a Training Plan structured on two levels: a base level, cutting across the various issues and delivered to all employees mainly through online Learning Objects, and an in-depth or specialist level, on individual issues, curated by the Divisions and Governance Areas concerned.

In 2023 the Group's total number of participants to ESG training was about 86,800 (92% of the total number of employees) for a total of over 1,000,000 hours⁶.

Within the training offer made available through multimedia platforms, specific Learning Objects were dedicated to environmental and climate change topics such as Net Zero, circular economy, energy transition, decarbonization and renewable energy and environmental protection. Over 67,000 participants completed these learning objects for around 34,000 training hours.

Specific courses are compulsory for staff directly involved in the application of Environmental and Energy Management Systems (nearly 6,000 employees as at 31/12/2023), but they are also available to all employees with a view to disseminating good practices.

Focus on Climate training in IMI Corporate & Investment Banking and Banca dei Territori

IMI Corporate & Investment Banking is committed to raising awareness among colleagues, in Italy and abroad, on ESG and climate issues. This involved all the Division throughout 2023 in a continuous knowledge sharing, both within the Division itself and with the other structures of the Bank, with a particular focus on issues related to climate change, climate impact, climate risk. As part of the internal communication and dissemination activities on Atlante, the Division's intranet portal, extensive prominence was given to all ESG related issues, both by re-launching Group news, initiatives and documents and by publishing content created directly by the people who are part of the Editorial board.

Updates and awareness-raising meetings on the Bank's positioning on ESG matters were organized in favor of the international "SHAPE" community, dedicated to the under 36s of the IMI Corporate & Investment Banking Division.

Within the "live" schedule of the new high school academic path "IMI CIB Next Generation Education Program", promoted in collaboration with Digit'Ed and SDA Bocconi, that involved 50 Professionals, selected within the Division, broad relevance was also dedicated to ESG issues with specific focus on Climate Change and the connected risks. In-depth knowledge of these issues is functional to better support customers in decarbonization processes, also in view of the Net Zero portfolio targets the Group committed to.

Within the Banca dei Territori Division, a specific training course has been developed for about 400 Relationship Managers on companies' sustainable transition, in order to improve the knowledge of the characteristics of Banca dei Territori sustainability products and services' offer and their implementation. This training plan (delivered both through live and digital sessions) focused on the sustainable transition context, the ESG principles and their impact on the market and on legislation, on transition tools (both bank and business side), objectives and benefits of the energy transition, and the Bank's offer to companies consuming or producing energy.

⁶ Figure also includes mandatory training and Health & Safety and Anti-corruption training. For further information please refer to the tables on pages 273 to 275 and 308 in the [2023 Consolidated Non-financial Statement](#)

Focus on Intesa Sanpaolo Divisions' Climate related training

Asset Management

As part of the mandatory training within the "30 hours" path in Eurizon Capital SGR, two ESG-related courses during 2023 and a number of ESG-themed Learning Objects were delivered, for example training related to the UN 2030 Agenda Goals, the Circular Economy, the sustainable finance and related investments, the Net Zero Goals and SFDR legislation, involving over 150 people in total.

Private Banking

In 2023 Fideuram-Intesa Sanpaolo Private Banking launched several information and training activities in support of the expansion of the ESG product offering, including:

- a two-meeting plan for the Division's Board Members, carried out in collaboration with Intesa Sanpaolo's Institutional Affairs Department, focused on ESG Sustainable Lending and Investments;
- the EFPA ESG Advisor certification program involving 4,650 financial advisors from the Fideuram, Sanpaolo Invest and IW Private Investments networks (over 95,000 hours);
- providing specific ESG training to 1,049 Private Bankers, both employees and agents of the Intesa Sanpaolo Private Bank network (approximately 9,000).

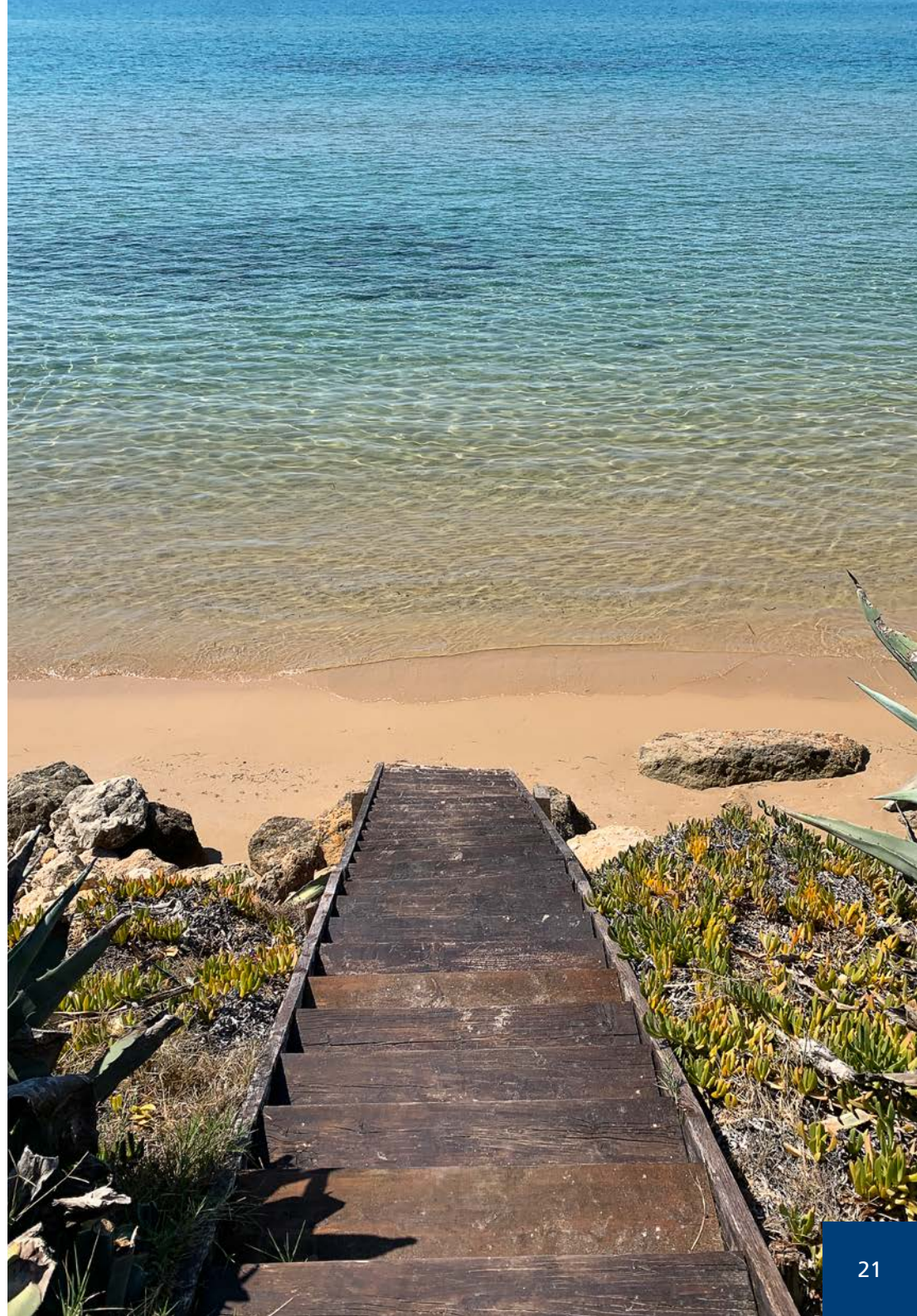
International Subsidiary Banks (ISBD)

In 2023, the International Subsidiary Banks Division (ISBD) organised specific workshops to further strengthen the awareness on ESG and climate issues among Corporate and SMEs Relationship Managers and customers.

Four sectorial workshops, addressed to Relationship Managers and focused on Agribusiness, Power Generation, Real Estate, Oil & Gas, were held to increase ESG awareness, share knowledge and improve ISBD commercial offer.

Two additional sectorial workshops and webinars focused on Agribusiness and Automotive - also addressed to customers - were successfully organized, involving more than 800 internal and external participants.

All the events provided a specific analysis of both environmental and social aspects: on the environmental side, a special focus was put on deals aimed at reducing GHG emissions, waste production and water consumption.



INTESA SANPAOLO PENSION FUND

ESG criteria are important in Intesa Sanpaolo's employee retirement schemes, and therefore Intesa Sanpaolo supplementary Pension Fund - which manages assets for over €9bn - has adopted its own ESG Policy. The Policy is implemented through many approaches, among which the positive selection of investments according to environmental, social and governance criteria. The Fund is a signatory of UN PRI and a supporter on Climate Action 100+. In this regard, during 2023, the members of the Board of Directors and some members of the Fund structure participated in in-depth meetings on the SFDR, on the IORP II⁷, as well as on the UN PRI and Climate Action 100+ initiatives.

All the sub-funds open to new subscriptions are regularly analyzed and all the ESG KPIs, where present, are calculated and monitored by an external ESG advisor who also monitors the SDGs and the carbon emissions of the portfolios. All sub-funds have an ESG and carbon emission rating which is better than or equal to that of the reference benchmark.

The sub-funds also invest in Alternative Investment Funds according to the logic of environmental sustainability and positive and measurable socio-environmental impact, therefore specialized in social initiatives or linked to the production of alternative energy.

Specifically, in 2020 Futuro Sostenibile sub fund was launched, renamed "Dinamico Futuro Responsabile" in 2023, classified pursuant to Article 8 of Reg. 2088/19 (SFDR) an ESG investment option that managed more than €155m, with over 18,000 subscribers, as at 31/12/2023.

The sub-fund invests in equity and bond funds with a specific ESG focus classified pursuant to articles 8 and 9 of Reg. 2088/19 (SFDR). The selected equity funds have a positive impact target and aim to support adaptation to climate change through the renewal and proposal of new infrastructures, the treatment of water waste, promoting agricultural resilience, aquaculture, forest protection; other objectives are the fight against climate change, the development of renewable energy or solutions to improve energy efficiency or support for sustainable agriculture. In addition, the sub-fund diversifies its assets into thematic alternative investment funds specialized in infrastructure, alternative energy production and real estate with social purposes.

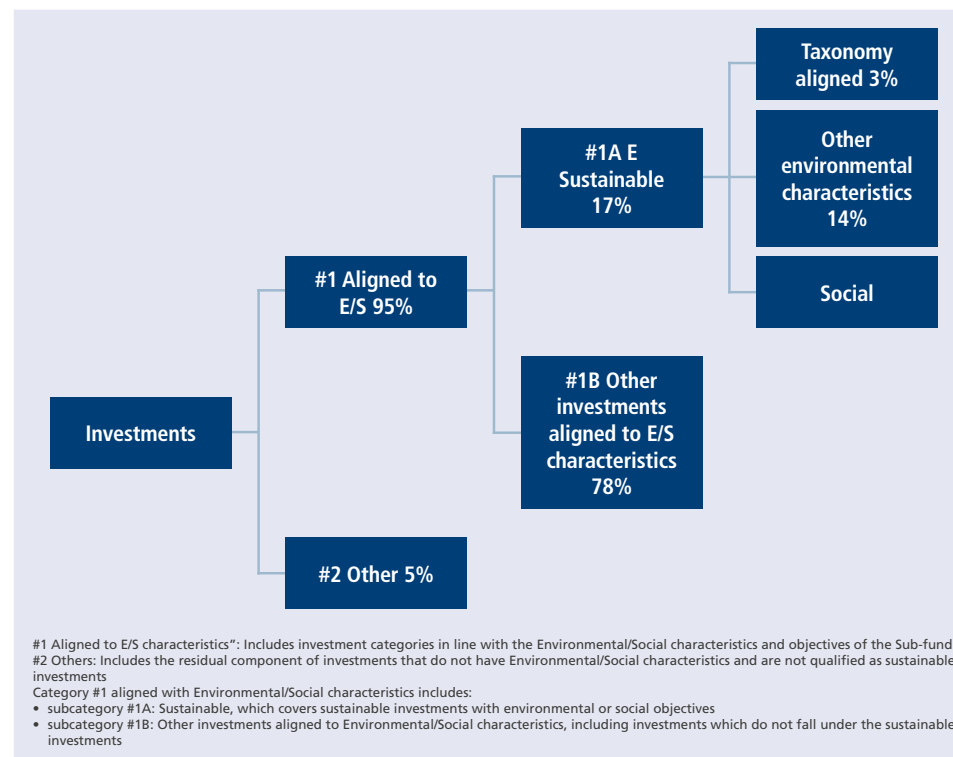
Dinamico Futuro Responsabile takes into consideration some Principal Adverse Impact (PAI) with the aim of positioning the portfolio better than the reference benchmark, identifying mitigation actions where necessary; besides 2 Social indicators the Fund has identified the following Environmental indicators:

- PAI no. 1 - Scope1 GHG emissions and Scope2 GHG emissions;
- PAI no. 4 - Exposure to companies active in the fossil fuel industry - Share of investments in companies active in the fossil fuel sector.

The Fund has also identified 7 complementary environmental and social PAI indicators to be monitored; these indicators were selected in relation to the portfolio coverage within the list of 46 indicators defined by the EU Reg. 2088/19 (SFDR). With reference to the Climate and other environment-related indicators, the Fund monitors:

- Investments in companies without carbon emission reduction initiatives;
- Investments in companies producing chemicals;
- Non-recycled waste ratio.

Dinamico Futuro Responsabile Asset Allocation



⁷ The IORP (Institutions for Occupational Retirement Provision) II Directive sets common standards to ensure the soundness of occupational pensions and better protect pension scheme members and their beneficiaries, by means, among others, of: new governance requirements, new rules on IORPs' own risk assessment, new requirements on use of depositaries and enhanced powers for supervisors



STRATEGY

THE FRAMEWORK

CODE OF ETHICS - JUNE 2023 UPDATE (ABSTRACT)

OUR GUIDING PRINCIPLES AND VALUES

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

Environmental protection

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

PRINCIPLES OF CONDUCT REGARDING THE ENVIRONMENT

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

Listening and dialogue

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

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

Transparency

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

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

Equality and inclusion

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

Responsible management of direct environmental impacts

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

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

Responsible management of indirect environmental impacts

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

To this end, the Group is committed to:

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

MAIN ESG/CLIMATE RELATED GROUP AND SUBSIDIARIES' POLICIES

- Group guidelines for the governance of Environmental, Social and Governance (ESG) risks
- Rules for lending operations in the Coal sector
- Rules for lending operations in the unconventional Oil & Gas sector
- Rules for the environmental and energy policy
- Rules on Green Banking Procurement
- Health and Safety Policy
- Organizational, management and control model

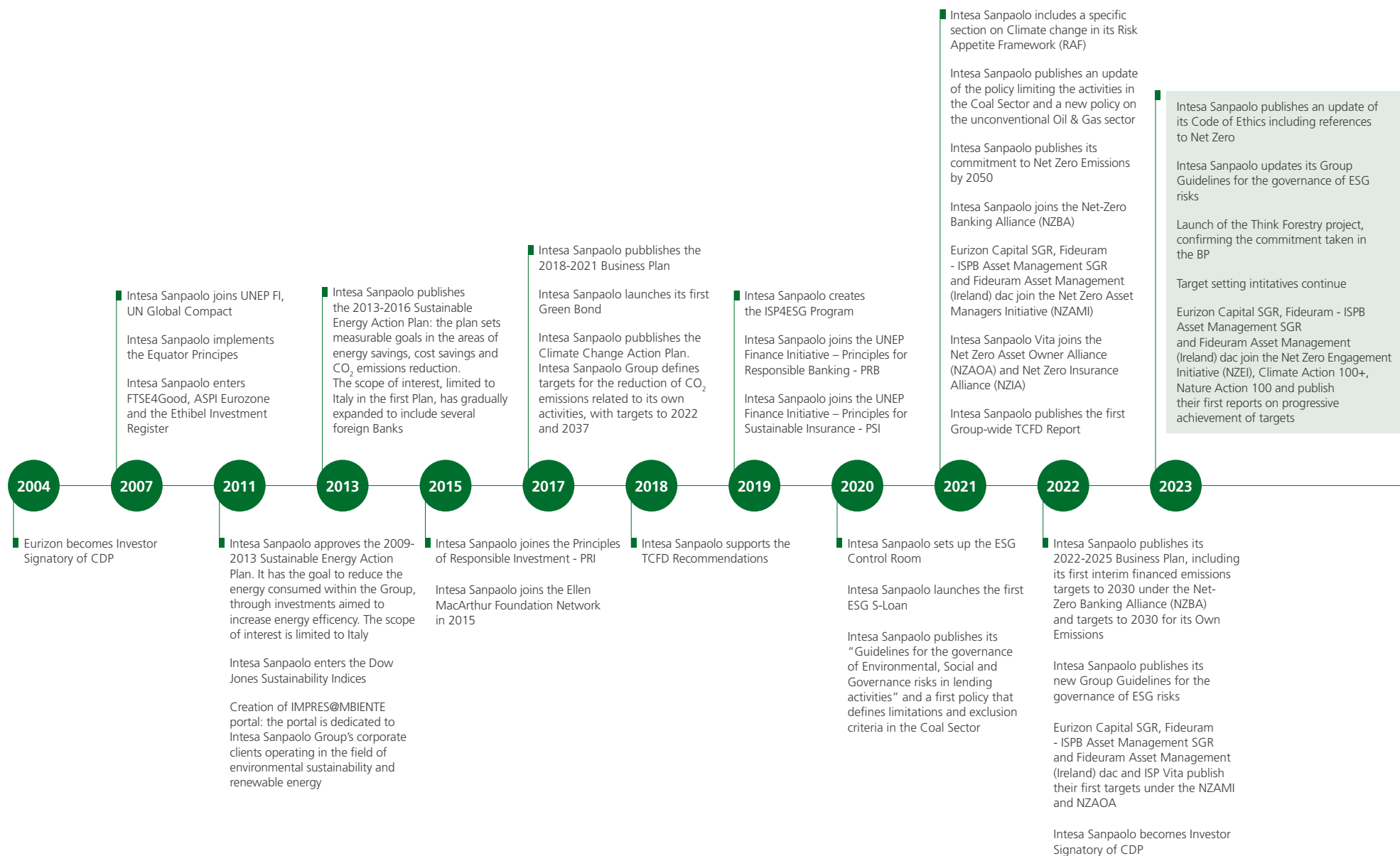
■ Subsidiaries' Policies:

- Eurizon Sustainability Policy
- Fideuram AM Ireland Sustainable and Responsible Investment Policy
- Fideuram - Intesa Sanpaolo Private Banking AM SGR¹
- Intesa Sanpaolo Vita Policy on Sustainability



¹ Available in Italian only

ON THE PATH TO NET ZERO



GROUP STRATEGY

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

The Group's commitment was confirmed in 2021 through the adherence to the main Net-Zero initiatives promoted by UNEP FI, and further reinforced in the [2022-2025 Business Plan](#).

The Group has a diversified business model – with revenues from financing, investment, asset management and insurance underwriting activities – and serves the various sectors of the economy both at the national and international level. This diversification increases the breadth of analysis and action to be taken with respect to climate related risks, but on the other hand offers a wider range of climate-related opportunities. To allow risks and opportunities to be correctly addressed, Intesa Sanpaolo considers robust sustainability governance, solid risk management, the development of a cutting-edge range of products - including loans, services, advisory, a wide range of sustainable and responsible investments - as well as the implementation and updating of processes, rules and procedures to support the transition towards a sustainable, green and circular economy, as an integral part of its strategy to combat climate change. In developing its strategy, the Group is also inspired by the “Just Transition” principles, according to which the transition to greener, more resilient and climate-neutral economies and societies must take place fairly, in a socially equitable way, leaving no one behind.

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

Intesa Sanpaolo has chosen to pursue the “Net Zero” objective by 2050 for all its main business lines, including its own emissions, the lending and investment portfolios, the asset management and insurance divisions².

With reference to financed emissions from lending activities, net zero aligned targets for 2030 were set in 2022 and again in 2023 in a number of sectors. Sectors covered by target setting accounted at end 2023 for over 66% of the financed emissions of the portfolio of non-financial corporations (NFCs) in the sectors identified by the NZBA. Targets are supported by actions identified and summarized in a sectorial transition plan which integrates and updates the

High-Level Transition Plan published in the 2022 climate disclosure. Reporting on yearly progress is available in the “[Metrics and Targets](#)” chapter of the Climate Report³ and shows a further reduction of 22.6% in absolute financed emissions from end 2022 to end 2023.

In 2022, Intesa Sanpaolo committed to obtain the validation of its emission reduction targets from the “Science Based Target initiative” (SBTi). The necessary documentation, mainly elaborated in 2023, is expected to be submitted in line with SBTi requirements, i.e. within March 2024.

The Net Zero commitment was also consolidated through the release of intermediate targets - published in October 2022 - by the Intesa Sanpaolo companies active in wealth management (asset management and insurance adhering to the NZAMI and the NZAOA). Recent results as at end 2023 show positive trends for all wealth management companies, on the path to the achievement of targets set.

As concerns own operations, the ongoing effort deployed over the years by the Group to reduce its own emissions led to the successful achievement of the main targets included in three subsequent plans with a decrease of -59.5% of CO₂ (scope1+2) from 2008 to 2023. With the current Own Emissions Plan, the Group expects to reach carbon neutrality and 100% of energy purchased from renewable sources by 2030.

The pathway to Net Zero was strengthened in 2023 with the further enhancement of management, monitoring and mitigation measures in relation specifically to physical climate risk, aimed at complementing measures already in place for transition risk. During 2023 the Group developed a new Oil & Gas policy which will be published in 2024. Also, within its commitment to continuously improve the management of ESG risks, the Group is developing a methodology for measuring its exposure to “other environmental” risks (i.e. financial risks deriving from the impact on biodiversity or from dependencies related to natural capital or ecosystem services). A pilot assessment exercise was recently carried out focusing on a defined perimeter of Intesa Sanpaolo's NFC exposures⁴.

As concerns the promotion of sustainable financial products and services to foster the transition to a low carbon economy model, within its 2022-2025 Business Plan Intesa Sanpaolo committed to provide strong support to the green and circular economy, as well as to the ecological transition, through a total of €88bn made available to finance new lending opportunities, of which over €49bn had been disbursed at end 2023.

² In the fourth quarter of 2021, in addition to joining the Net-Zero Banking Alliance (NZBA), Intesa Sanpaolo joined the Net Zero Asset Managers Initiative (NZAMI) through Eurizon Capital SGR, Fideuram ISPB Asset Management SGR and Fideuram Asset Management (Ireland), and the Net Zero Asset Owner Initiative (NZAOA) as well as the Net Zero Insurance Alliance (NZIA) through Intesa Sanpaolo Vita

³ In 2021 and 2022 the Report was denominated “TCFD Report”. The name was changed to Climate Report after the Task Force was dismantled in October 2023. The Climate Report is based on the Recommendations of the Task Force on Climate related Financial Disclosures

⁴ Please refer to the Risk Management Chapter

The availability and/or provision of eligible financing is also underpinning green and social bond issuances, which accelerated significantly in 2023. Total outstanding green and social bonds at end 2023 came to €10.3bn (over €6bn issued in 2023) of which €8.7bn relating to green bonds (over €5bn issued in 2023).

The strategy also envisages the growth of assets under management invested in products pursuant to art. 8 and 9 of the SFDR 2019/2088. Specifically, both Eurizon and Fideuram have increased the weight of these products to over 70% of total fund assets.

As indicated in its Business Plan, Intesa Sanpaolo is aware of the need to safeguard, protect and promote Natural Capital. The Bank followed the activities carried out by the TNFD (Taskforce on Nature-related Financial Disclosures), which resulted in the new TNFD Framework being published in September 2023.

The development of a biodiversity policy is expected within the horizon of the 2022-2025 Business Plan.

Also within the Business Plan, the commitment was taken to protect and restore natural capital, preserving and planting up to 100 million trees directly as a Group or with dedicated financing for its clients. In this regard, the Think Forestry initiative, launched in November 2023, will enable Intesa Sanpaolo customers to play a leading role in protecting and strengthening forests through a programme providing access to a network of first-rate national and international forestry initiatives, while also offering innovative tools to support companies in their efforts to reduce CO₂ emissions and manage residual emissions.

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

The 2023 first Taxonomy-aligned Green Asset Ratio was published in the [Consolidated Non-financial Statement](#) and an extensive project was launched to prepare for the new CSRD, which envisages the inclusion of extensive Environmental and Climate information.







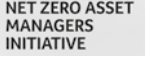






COMMITMENTS AND PARTNERSHIPS AS PART OF THE GROUP'S ENVIRONMENTAL STRATEGY

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

Commitments

NET ZERO INITIATIVES

	2023	Climate Action 100+⁵
	2023	Nature Action 100⁶
	2023	The Institutional Investors Group on Climate Change: IIGCC (Since 2021)⁶ The Net Zero Engagement Initiative (NZEI)
	May 2022	Renewable and low-carbon fuels value chain industrial alliance
	October 2021	Glasgow Financial Alliance for Net Zero (GFANZ)⁷ Net Zero Insurance Alliance (NZIA)
	December 2021	Net Zero Asset Owner Alliance (NZAOA)
	October 2021	Net-Zero Banking Alliance (NZBA)
	November 2021	Net Zero Asset Managers Initiative (NZAMI)
	May 2021	European Clean Hydrogen Alliance
	March 2021	Climate Investment Platform
	December 2019	UNEP Finance Initiative – Principles for Sustainable Insurance – PSI
	September 2019	UNEP Finance Initiative – Principles for Responsible Banking – PRB

	October 2018	Task Force on Climate-related Financial Disclosures – TCFD⁸
<i>Signatory of:</i> 	2015	Principles for Responsible Investment
	2007	Equator Principles
	2007	Global Compact
	2007	UNEP Finance Initiative
	2004	CDP

Partnerships and memberships

	2023	Member of the TNFD Forum
	February 2021	Energy Efficient Mortgage Label
	December 2019	Energy efficient Mortgages Action Plan
	2017	Alliance for Circular Economy
	December 2015	Ellen MacArthur Foundation
	2007	Forum for Sustainable Finance

⁵ Intesa Sanpaolo participates through: Eurizon Capital SGR; Fideuram - ISPB Asset Management SGR, Fideuram Asset Management (Ireland) dac and Intesa Sanpaolo Pension Funds

⁶ Intesa Sanpaolo participates through: Eurizon Capital SGR; Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac

⁷ Since Intesa Sanpaolo NZBA adherence

⁸ In 2023 the TCFD has fulfilled its remit and disbanded. The FSB's request to transfer the TCFD's monitoring responsibilities to the ISSB (International Sustainability Standards Board) from 2024

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

Intesa Sanpaolo's climate strategy is based on a clear awareness of climate change risks (both transition and physical risks⁹) and opportunities.

The range of risks and opportunities related to climate change are identified and analyzed by Intesa Sanpaolo with the aim of incorporating them into the ordinary processes of risk assessment and monitoring (which leads to climate risk management, in the form of mitigation and adaptation) and credit strategies. This is also reflected in the Group's commercial offering.

Potential impacts, the related time horizon (short, medium and long term), actions implemented and opportunities identified for each potential risk observed, which are updated annually, with reference to both indirect and direct risks, are shown in the tables below.

Indirect risks related to Climate change

INDIRECT RISKS														
Potential risks	Risk type	Timeframe			Business Area							Potential Impacts		
		ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	CIB	PB	ISB	AuM	INS	CC			
Climate change risk: misalignment of economic actors with actions aimed at reducing their CO ₂ emissions	Credit Risk	🕒	🕒	🕒	○	○	○	○				Non-financial corporation counterparties: Introduction of climate policies and technological shifts can weaken companies' competitiveness, affecting their financial statements through reduction of earnings, alteration of business costs, need for investment, impacting their creditworthiness and solvency.	Households and retail customers: Non-compliance with regulations or shifts in preferences towards low-energy housing may affect collateral value or generate stranded assets. Additionally, higher energy prices or policies promoting green mobility could impact families' costs and spending power and, in turn, their creditworthiness and solvency.	
	Market risk	🕒	🕒	🕒		○	○	○	○	○	○	Non-financial corporation issuers: Introduction of climate policies and technological shifts can weaken companies' competitiveness, affecting their financial statements through reduction of earnings, alteration of business costs, need for investment, impacting their creditworthiness, solvency and the value of their financial instruments traded on financial markets.	Sovereign issuers: Impact on real economy and financial system, coupled with social adjustments to support transition, may lead to higher costs for high-emitting nations, which, in turn could impact their creditworthiness, solvency and the value of the financial instruments traded on the financial markets.	
	Operational risk	🕒				○	○	○	○	○		Asset Management / Insurance: Consequences of climate change on companies in the portfolio with consequent possible reduction in the value of assets under management or investments.	Conduct: Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product or commitments (e.g. greenwashing).	Litigation: Litigation and liability costs associated with climate-sensitive investments and businesses.
	Liquidity risk	🕒	🕒			○	○	○	○		○	Credit exposures: Impact of transition risks on customer exposures could affect the liquidity position of the Group (e.g. undrawn committed lines/default of counterparties).	Funding: Transition risk factors may affect customers and therefore their ability to fund the Group.	Market exposures: Transition impacts on issuers and their financial instruments might reduce the ability for the Bank to trade or liquidate assets computed in the liquidity reserves.
	Reputational risk	🕒	🕒	🕒		○	○	○	○	○		Deterioration of the Group's image due to unmet expectations in climate and environmental risk management or business adaptation <ul style="list-style-type: none"> Negative perception from stakeholders and in particular from ESG investors due to nil or inadequate management of such risks Possible exclusion from sustainability (ESG) indices or a worse ESG position or lower ESG rating 		

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

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

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

INDIRECT RISKS

	Potential risks	Risk type	Timeframe			Business Area						Implemented actions	Opportunities	
			ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	CIB	PB	ISB	AuM	INS			CC
Transition Risks	Climate change risk: misalignment of economic actors with actions aimed at reducing their CO ₂ emissions	Credit Risk	🕒	🕒	🕒	○	○	○	○				<ul style="list-style-type: none"> Assessment of ESG and climate risks in the lending portfolio through Materiality assessment, scenario analysis, Business Environment Scan exercise and transactions risk assessment process Definition of targets related to the physical intensity of financed counterparties belonging to specific sectors Limits and monitoring thresholds set within the Risk Appetite Framework Identification of environmental (e.g. net zero loans and medium-to-long-term financing with SACE green guarantees), social, governance, and other sustainable products and transactions Implementation of self-regulation policies (credit portfolio) 	<ul style="list-style-type: none"> Sustainable finance: increase customer support to enforce energy transition by offering products and dedicated financial solutions (e.g. Green and Circular Economy products)
		Market risk	🕒	🕒	🕒		○	○	○	○	○	○	<ul style="list-style-type: none"> Assessment of ESG and climate risks in the investment portfolio through Materiality assessment, scenario analysis and Business Environment Scan analysis Limits and early warning setting within the Risk Appetite Framework Identification of green, social and sustainable investments Implementation of self-regulation policies (investment portfolio) Rebalancing of portfolios 	<ul style="list-style-type: none"> Increasing and expanding the range of investment products and services
	via: <ul style="list-style-type: none"> Policy and Legal Risks Technology Risks Consumer preferences Reputational risks 	Operational risk	🕒			○	○	○	○	○	○	<ul style="list-style-type: none"> Assessment of ESG and climate risks through Materiality assessment, scenario analysis, Business Environment Scan analysis, and operational losses monitoring 		
		Liquidity risk	🕒	🕒		○	○	○	○			○	<ul style="list-style-type: none"> Assessment of ESG and climate risks through Materiality assessment and scenario analysis 	<ul style="list-style-type: none"> Increase of Green and ESG bond own issuances Increase of third counterparties' Green and ESG bond in own portfolio
		Reputational risk	🕒	🕒	🕒	○	○	○	○	○	○		<ul style="list-style-type: none"> Assessment of ESG and climate risks through transactions risk assessment process Participation in international working groups on climate change issues (e.g. UNEP FI Net Zero initiatives) Stakeholder engagement initiatives Market perception and ESG rating positioning monitoring 	<ul style="list-style-type: none"> Improvement of the group's perception/image for both investors and clients
		Cross-risk actions										<ul style="list-style-type: none"> Active monitoring of ESG evolving regulations and implementation/integration of internal policies Active collaboration with policy makers to highlight the need for stable and clear environmental and ESG regulations Inclusion of climate risk in risk management systems 		

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

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

INDIRECT RISKS

	Potential risks	Risk type ¹⁰	Timeframe			Business Area						Potential Impacts	
			ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	CIB	PB	ISB	AuM	INS ¹¹		CC
Physical Risks	Climate change risk: Risks related to the physical impacts of climate change	Credit Risk											<p>Non-financial corporation counterparties: Severe weather events, both acute and chronic, may impact creditworthiness and solvency of corporate counterparties, with impacts varying based on business sector and location, potentially affecting their profitability.</p> <p>Households and retail costumers: Acute or chronic climate events can damage or destroy properties, decreasing their value and increasing credit risk.</p>
		Market risk											<p>Non-financial corporations issuers: Severe weather events, both acute and chronic, may impact creditworthiness and solvency of corporate counterparties, with impacts varying based on business sector and location, potentially affecting their profitability and the value of their financial instruments traded on the financial markets.</p> <p>Sovereign issuers: Severe weather events, both acute and chronic may impact the real economy and financial systems, coupled with social adjustments to support businesses and population in case of physical climate events. This could lead to higher costs for nations more prone to physical risks, which, in turn, could impact their creditworthiness, solvency and the value of the financial instruments traded on the financial markets.</p> <p>Asset Management / Insurance: Possible acute and chronic extreme weather events may cause losses on securities in managed portfolios.</p>
		Liquidity risk											<p>Credit exposures: The impact of physical risk on customer exposures could affect the liquidity position of the Group (e.g. undrawn committed lines/default of counterparties).</p> <p>Funding: Physical risk factors may affect customers and therefore their ability to fund the Group.</p> <p>Market exposures: Physical impacts on issuers and underlying assets of their financial instruments might reduce the ability, for the Bank, to trade or liquidate assets computed in the liquidity reserves.</p>
			Chronic	Acute									



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

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

¹⁰ In the physical risk section, no potential impacts and actions directly related to reputational risk have been considered. Furthermore, in the context of Physical Risks, the Operational Risk can be considered a "Direct Risk", see next table

¹¹ Catastrophic events may adversely affect the profitability of the insurance business with consequent increases in claims and may exceed insurance companies' estimates of expected risks and losses leading to higher insurance premiums with a consequent possible decrease in demand for insurance

INDIRECT RISKS

	Potential risks	Risk type ¹²	Timeframe			Business Area						Implemented actions	Opportunities	
			ST (0-3y)	MT (4-7y)	LT (7-30y)	BdT	CIB	PB	ISB	AuM	INS ¹³			CC
Physical Risks	Climate change risk: Risks related to the physical impacts of climate change  Chronic  Acute	Credit Risk											<ul style="list-style-type: none"> Assessment of ESG and climate risks in the lending portfolio through Materiality assessment, scenario analysis, Business Environment Scan exercise and transactions risk assessment process Limits and early warning setting within the Risk Appetite Framework 	<ul style="list-style-type: none"> Reinforced customer relations. New subsidised loans intended to restore damaged structures Financing of resilient buildings and infrastructures to adapt to climate change Insurance policies covering physical risks
		Market risk											<ul style="list-style-type: none"> Assessment of ESG and climate risks in the investment portfolio through Materiality assessment, scenario analysis and Business Environment Scan analysis 	
		Liquidity risk											<ul style="list-style-type: none"> Assessment of ESG and climate risks through Materiality assessment, scenario analysis 	



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

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

¹² In the physical risk section, no potential impacts and actions directly related to reputational risk have been considered. Furthermore, in the context of Physical Risks, the Operational Risk can be considered a "Direct Risk", see next table

¹³ Insurance: the potential impacts, defined in note 2 of the previous table, open up opportunities for the development of specific policies for extreme catastrophic events

Direct risks related to climate change

DIRECT RISKS							
	Potential risks	Risk type ¹⁴	Timeframe			Potential Impacts	Implemented actions
			ST (0-3y)	MT (4-7y)	LT (7-30y)		
Transition Risks	Changes in environmental regulations <ul style="list-style-type: none"> Introduction of new greenhouse gas emission limits or new related reporting systems Increase in cost of raw materials Changes in environmental regulations and standards that the Group voluntarily adheres to (ISO standards)	Operational & Other risks	🕒	🕒		<ul style="list-style-type: none"> Possible sanctions in the event of failure to comply with new Regulations Costs for upgrading heating and air conditioning systems and for new monitoring tools Cost related to potential taxes connected with greenhouse gas emissions Increase in costs of energy supply Costs of changing the processes of certification in the event of changes to standards 	<ul style="list-style-type: none"> Constant and precautionary monitoring of possible changes to national and European regulations Participation in dedicated training courses or workshops Own emissions plan implementation and monitoring Energy efficiency actions Increase in the use of renewable energy sources Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches and buildings Continuous and precautionary monitoring of possible changes in standards
	Physical Risks		 Acute Extreme weather events (floods, landslides, avalanche, mudslides, heavy rainfalls, hailstorms, hurricanes, snowfall, whirlwinds, cyclones, coastal storms)	Operational & Other risks	🕒	🕒	🕒
 Chronic Increase or reduction in average temperatures, sea level rise, water stress and drought		🕒	🕒		🕒	<ul style="list-style-type: none"> Increase in energy supply costs connected with greater heat or electricity consumption Power outage risk due to increased energy demand Sea level rise with consequent impact on buildings close to the sea Potential fires due to temperature increase in areas close to the Bank's buildings 	<ul style="list-style-type: none"> Energy efficiency actions Increase in the use of renewable energy sources Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches buildings Preventive assessment of the risk of sea level rise Adoption of a business continuity plan and actions to mitigate/manage possible power outage ISO 14001, ISO 50001 and ISO 45001 certifications taking into account climate change related risks Creation of a platform to identify the risk level of any Intesa Sanpaolo real estate asset

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

SUSTAINABILITY & CLIMATE MATTERS AS TRANSVERSAL DRIVERS

All the different Group structures cooperate to integrate ESG and Climate related elements and criteria into the Group's business model and strategy. The **ISP4ESG Program**, launched in 2019, played a central role in the definition of the 2022-2025 Business Plan; it ensures coordination of ESG/Climate initiatives and monitors the progress and evolution of the Action Plan on climate change.

Specifically, during 2023, the implementation phase of the ESG/Climate Credit Framework was completed with the full integration of ESG/Climate metrics into the lending and monitoring processes in relation to the Non-financial Corporate perimeter.

Within the **credit stream**, important results were achieved in 2023 connected to targets set within the 2022- 2025 Business Plan:

- **Target setting:** the activities related to the setting of sectorial net zero aligned targets and to the elaboration of the documentation to be submitted to the SBTi for validation continued in 2023;
- **EU Taxonomy Green Enhancement:** project aimed at dynamically steering the loan portfolio towards more sustainable financing, identifying new business opportunities and responding to regulatory requests (i.e. EU Taxonomy).

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

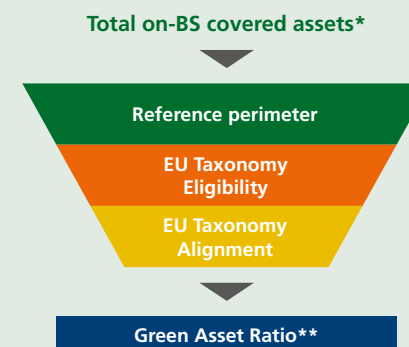
Focus:

EU Taxonomy Green Enhancement

The project, started in 2022, aims at establishing guidelines in support of the business to verify the eligibility of economic activities and assess their alignment with the EU Taxonomy Technical Screening Criteria. It also focuses on the steering of the loan portfolio, with a special focus on new loans, in addition to promoting remediation actions for existing loans also through massive data gathering, for example on energy class for residential real estate collateral.

Strategic choices were defined to assess exposures and engage external providers and tools to collect the necessary data in order to estimate the EU Taxonomy alignment for 2023, leveraging on the internal ESG data architecture. Initiatives to maximize the Green Asset Ratio (GAR) were put in place, developing business levers for the improvement of alignment indicators (aligned-by-design products) and defining a new pricing incentives framework for lending activities.

GAR calculation revolves around three main steps



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

**

		Total environmentally sustainable assets (millions of euro)	KPI (Turnover based)	KPI (CapEx based)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)***	% of assets excluded from the denominator of the GAR (Article 7(2) and Section 1.2.4 of Annex V)***
Main KPI	Green asset ratio (GAR) stock	14,952	2.65%	3.32%	70.56%	60.56%	29.44%

For further details please refer to page 318 of the [2023 Consolidated Non-financial Statement \(CNFS\)](#)

*** EU Regulation 2020/852

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

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

- **Sector**, with the definition of “ESG Sectorial Strategy - color coding”, which takes into consideration risk and opportunity aspects and defines the sectorial attractiveness within Credit Strategies;

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

ESG Sectorial Strategy (color coding)		Classification criteria
Red	Disengagement through policy	Sectors/micro-sectors/activities subject to exclusion by credit policy
Orange	Selective disengagement through credit process	Sectors/micro-sectors with high ESG risk where a transition path is considered not possible
Yellow	Transition/selective engagement	Sectors/micro-sectors with high ESG risk where it is considered possible a transition path or “focused” engagement
White	Neutral	Sectors/micro-sectors where relevant ESG-Climate risk components are not identified
Blue	Positive/ engagement	Sectors/micro-sectors with predominantly positive impact , identified based on regulations and international principles

- **Counterparty**, with the introduction of an ESG score defined at counterparty level, integrated among others within Credit Strategies and the Credit Risk Appetite (CRA). For further details please refer to the “Profile of the counterparty – ESG score” in the Focus which follows.



Focus:

Profile of the counterparty – ESG score

In 2021 Intesa Sanpaolo has developed a proprietary methodology for assessing the sustainability performance of client companies, the ESG Score. The ESG Score is a qualitative-quantitative assessment that analyzes information on the Environmental, Social and Governance profile of a client company and takes into consideration both the risks to which it is exposed and the opportunities that can develop in these areas. Starting from 2022, the ESG Score feeds into some of the main risk and governance processes within the Group's Credit Framework.

The Score analysis is carried out on more than 100 parameters (for larger companies), both precise data relating to environmental, social and governance issues, such as CO₂ emissions, and indicators of possible controversies that allow analysis of risks and points of attention related to these spheres. The data used to build the ESG Score come both from internal sources, deriving from knowledge of customers, and from external sources through a panel of leading data providers.

The ESG Score is a synthetic assessment which breaks down into three pillars (Environmental, Social and Governance):

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

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

ESG descriptors used in ESG Score

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

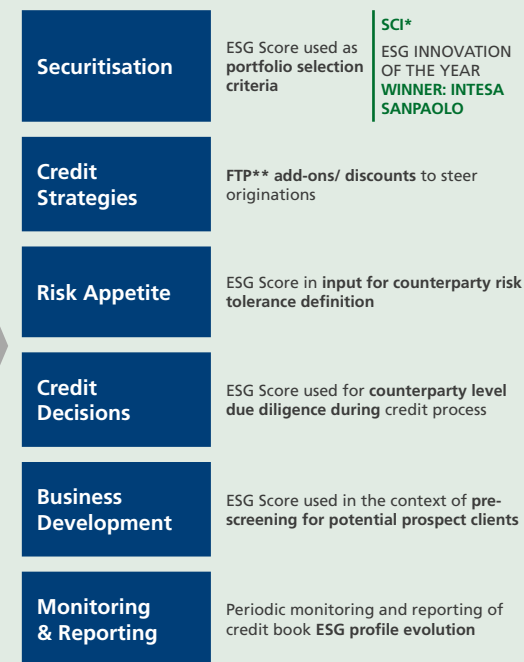
- Quantitative and fact-based approach, combining multiple input sources, and covering both corporate and SME borrowers
- Leveraging direct access to clients to enrich and integrate ESG information, further features include the use of advanced analytics, such as natural language processing (NLP).
- More than 100 parameters used (for larger companies)
- The Score covers ~232,000 counterparties and €170bn in loans

At the end of 2023, the calculation of the ESG Score is already integrated in the Bank's IT systems with a fully digitalized process and covers a perimeter of over 232,000 counterparties with approx. €170bn in loans.

During 2023, the proprietary ESG scoring model was further enriched to assess new portfolio segments and counterparty types and to improve the databases that feed the scoring model. In this regard, the scoring model has been updated to capture the specificities of Project Finance and to assess corporate clients operating in a first batch of countries of the International Subsidiary Banks Division.

Further developments are underway to assess the sustainability performance of institutional customers and to cover other countries in Central and Eastern Europe. Concurrently, a programme of data collection on IMI Corporate & Investment Banking and Banca dei Territori's corporate clients through a specific

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



SCI*
ESG INNOVATION OF THE YEAR
WINNER: INTESA SANPAOLO

ESG questionnaire has been launched, aimed at supplementing the database already available to the Group by minimizing the workload for clients and the sales network and offering in response to the completion of the questionnaire a positioning benchmark for all participating companies. This benchmark allows companies to objectively assess their sustainability performance according to key quantitative metrics (e.g., CO₂ emissions intensity or water consumption) compared both with the average of their sector and with the average of Intesa Sanpaolo's corporate customers.

The ESG scoring project is award winning; in addition to the SCI award, it again won, in the ESG Category, one of the 11 awards assigned to Intesa Sanpaolo by AIFin Financial Innovation Italian Awards in March 2024.

* SCI Structured Credit Investor ** Funds Transfer Pricing

- **Transaction**, with the definition of the framework of sustainable products/transactions, included in the Rules for the Classification of Sustainable Credit Products and Lending Transactions.

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

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

In terms of Underwriting, the process was implemented in 2023 to strengthen the approach towards ESG/Climate risks for the large transactions (above a certain RWA level) envisaging specific steps (i.e. Transition plan assessment by 1LoD, Clearing by 2LoD¹⁵) for high ESG/Climate risk transactions, identified through ESG Score, sectorial color coding and sustainable product/transactions framework.

As concerns the assessment of transition plans, the relevant methodology was defined in cooperation with an external vendor, for the key set of high emitting sectors (Oil & Gas, Power Generation and Automotive) and will be progressively applied/extended.

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



¹⁵ 1LoD: first line of defence; 2LoD: second line of defence

THE TRANSITION TO A GREEN AND CIRCULAR ECONOMY

Intesa Sanpaolo's strategy has continued to be focused on actively supporting its clients in the transition towards a low carbon economy, promoting sustainability across all dimensions, supporting generation and demand of renewable energy, promoting energy efficiency and the distinctive circular economy model, and encouraging clients to reduce their environmental footprint through the offer of climate-related loan products and services also within innovative financial solutions.

The objective is to promote an offer that can be applied across multiple sectors, so as to support the transition of all clients. Therefore Intesa Sanpaolo's transition finance offering is comprehensive and includes, in addition to the different and targeted lending solutions, capital market products and advisory services, to better reflect the holistic nature of the relationship with clients and to ensure that support can meet all their needs. Targeted products are offered to Large Corporates, Corporates and Small Businesses, and include features specific to the customer segment, as well as to Retail customers.

THE GROUP LENDING OFFER

The Intesa Sanpaolo 2022-2025 Business Plan confirmed the strong focus on climate with the commitment to providing €88bn of new lending in order to support the green and circular economy and the green transition, of which €76bn linked to the 2021-2026 National Recovery and Resilience Plan (NRRP) climate targets and €12bn dedicated to individuals, mostly in relation to green mortgages. The commitment to the Circular Economy was confirmed with a dedicated plafond amounting to €8bn over the Business Plan horizon.

In the period 2021-2023, new lending in support of the green economy, circular economy and ecological transition (Mission 2 NRRP) amounted to ~€45bn, while new green lending to individuals amounted to €4.3bn.

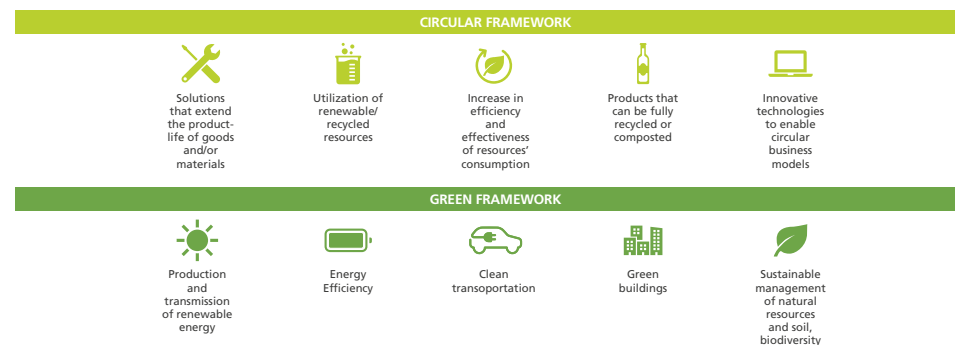
New dedicated lending to support the Circular Economy

The Intesa Sanpaolo Group has confirmed its commitment to the Circular Economy by fostering the dissemination of the circular economy paradigm, also drawing on the support of the Ellen MacArthur Foundation, the main promoter of this global transition. The collaboration with the Foundation, of which Intesa Sanpaolo is a Strategic Partner, continues through a renewed agreement for the 2022-2024 period.

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

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

Eligibility criteria to access the Circular Economy Plafond



During 2023, through the specialized support of the Intesa Sanpaolo Innovation Center, 366 green and circular projects amounting to €11.7bn were validated. Of these, €7.3bn were then granted by the Group in 242 transactions (of which €4.8bn related to Green criteria) and €5.6bn were disbursed (of which €4.7bn related to Green criteria).

Overall, since 2022 the Group's disbursements to the Circular economy amounted to €8.7bn (of which €6.9bn related to green criteria).

As concerns amounts granted, the Industrials & Manufacturing sector represents 33.5% of total allocation; the Energy, Water, and Utilities sector more than 32% and the Construction & Furniture sector over 21%. In general, numerous company projects were supported for initiatives such as the replacement of critical materials from fossil sources with others from recycled or biological sources, the reuse of urban organic waste for the production of biomethane and compost and recovery of CO₂, the revamping of renewable energy plants with extension of useful life and increase in production capacity, recovery of industrial production waste for reuse in new product lines.

Large corporate offer

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

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

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

Sustainability-linked solutions and solutions with dedicated use of proceeds linked to capital expenditures allow, in specific cases, access to the Bank's dedicated Circular Economy Plafond.

In terms of sustainability and climate solutions, in 2023 the Group supported its clients with loans, bonds, guarantees, securitizations, and hedging.

Dedicated use of proceeds solutions include:

- **Green loans:** special solutions that only finance or refinance, fully or partially, new and/or existing eligible Green projects. These solutions allow companies to finance projects that have a significant environmental and social impact, including Research and Development activities;
- **Green, Social and Sustainability bonds:** bonds whose proceeds will be exclusively applied to finance or refinance new and/or existing eligible green and/or social projects, according to the ICMA (International Capital Market Association) Green Bond Principles, ICMA Social Bond Principles and ICMA Sustainability Bond Guidelines.

Other solutions available to customers are **Green Convertible bonds** as well as **Project Finance facilities** dedicated to renewable energy sector (i.e. wind, photovoltaic and hydro).

In terms of solutions where the use of proceeds is not a determinant, the offer includes:

- **Sustainability-linked loans:** credit lines, guarantee lines, or letters of credit which, thanks to a discount/bonus mechanism, act as an incentive for companies to set and achieve their sustainability goals. Sustainability-linked loans can be used for general purposes, with no specific use of proceeds.
- **Sustainability-linked bonds:** environmentally friendly instruments not linked to a specific use of proceeds, but to predetermined Key Performance Indicators and Sustainability performance targets to be met. These bonds are issued according to the ICMA Sustainability-Linked Bond Principles.

In 2023, IMI Corporate & Investment Banking played an active role in several ESG-related transactions promoted by Sovereign Wealth Funds and Public Pension Funds, among which: Initial Coordinating Lead Arranger, Joint Bookrunner and Co-Green Loan Structuring Agent in the \$8.8bn financing of SunZia¹⁶, the largest clean energy infrastructure project in U.S. history; Mandated Lead Arranger (MLA) in the \$1.75bn sustainability-linked loan towards Olam Food Ingredients, a global leader in the food and agri-business sector; and Bookrunner and MLA in the \$600m corporate sustainable financing towards Bruc Energy¹⁷ for the construction and operation of a 8.5 GW renewables portfolio in Spain.

In relation to fixed income market activity, in 2023 the IMI Corporate & Investment Banking Division participated as Bookrunner in the placement of 34 Green bonds (for a total issued amount close to €25.6bn), 11 Sustainability-Linked bonds (for a total issued amount exceeding €8.7bn), 3 Social bonds (for a total issued amount of €2.5bn) and 1 Sustainability bond (€1bn) in the Eurobond market.

¹⁶ For further information please refer to [Sectoral Transition Plan section](#)

¹⁷ For further information please refer to [Sectoral Transition Plan section](#)

In addition, IMI Corporate & Investment Banking served as ESG structuring advisor in ESG Secured bonds and other securities: bonds collateralized by one or more specific sustainable projects, including, but not limited to, covered bonds, asset-backed securities (ABS), mortgage-backed securities (MBS).

The division also offers hedging products and strategies, which include ESG features, aiming at supporting corporates and financial institutions to manage financial risks through a wide range of solutions. Intesa Sanpaolo is further enhancing its offering in this area to support a more sustainable economy. The goal is not just to be a financial partner in providing funding, but also to assist clients in managing market risks associated with the clients' businesses. Leveraging Intesa Sanpaolo's expertise in risk management, clients can explore a range of bespoke hedging solutions underlying several asset classes, and aligning with ESG goals:

- **Bespoke hedging products:** Intesa Sanpaolo was among the first financial partners in Europe to offer ESG-asymmetric derivatives for interest rate risk management, consisting of a rewarding mechanism lowering the cost for the client in case some pre-agreed sustainability performance targets are achieved by the client at certain checkpoints;
- **Securitization (e.g., ESG-linked securitization programmes):** Climate-oriented securitizations incorporate pricing mechanisms tied to specific climate targets, with adjustments to spreads based on performance. This approach aligns working capital financing with indicators reflecting the sustainable development goals of the originating company. By linking financial sources to environmental metrics, these solutions incentivize and financially reward businesses for achieving their climate-related objectives, fostering a direct connection between sustainable practices and the cost of financing. In 2023, IMI Corporate & Investment Banking closed three ESG-linked transactions linked to climate-change targets (i.e. renewable energy generation and CO₂ Scope 1 & 2 emission).

In terms of innovative solutions, during 2023 IMI Corporate & Investment Banking finalized a Sustainability Linked guarantee transaction for its client Carrefour. The pricing of the guarantees issued is linked to the achievement of specific ESG targets: reducing the amount of packaging used in Carrefour-branded products by more than 1,000 tonnes by 2025 and decreasing greenhouse gas emissions by more than 40% by 2025 compared to 2019¹⁸.

Solutions for Corporate and Small Medium Enterprises (SMEs)

In 2023, Intesa Sanpaolo Banca dei Territori Division's offer in the ESG and Climate domain continued. Banca dei Territori provides customers with a set of solutions¹⁹ to meet their needs along the entire path of sustainable development.

The new ESG Platform and ESG Questionnaire

In 2023, Intesa Sanpaolo customer ESG proposition was enriched thanks to the ESG Platform, a new modular and transversal solution aimed at addressing specific ESG topics and available to SMEs and Agribusiness enterprises in their internet banking or through their Relationship Manager. The platform is a tool with several features where the customer may:

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

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

For the Bank the ESG Platform represents an opportunity to:

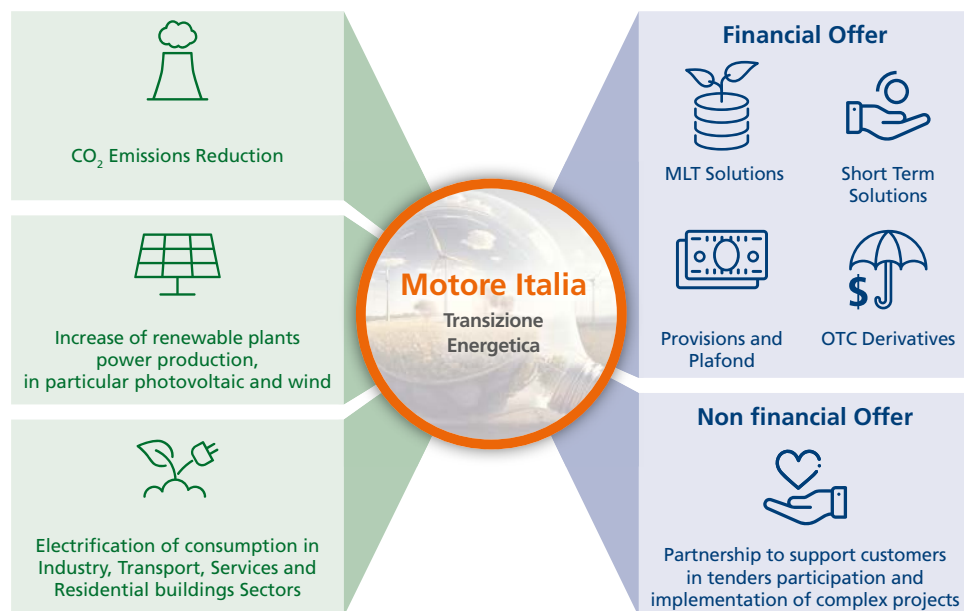
- collect ESG information directly from the customer and improve the calculation of Intesa Sanpaolo's "ESG score";
- understand the specific needs of the customer and support the company along the transition path through a dedicated set of financial and non-financial products and services.




¹⁸ For further information please refer to: <https://group.intesasanpaolo.com/en/newsroom/news/all-news/2023/carrefour-sustainable-growth-55mln>

¹⁹ Banca dei Territori loans are consistent with Intesa Sanpaolo Rules for the classification of sustainable credit products and lending transaction

Motore Italia Transizione Energetica Programme

Intesa Sanpaolo launched the Motore Italia Transizione Energetica Programme, which focuses on facilitating businesses' transition. It covers a range of areas, including renewable energy, energy efficiency, and the Circular Economy. The offer includes financing to reduce energy dependence, mechanisms to address high raw material costs, specialized consultancy services, and the implementation of complex projects.



<p>Solutions to support investments to reduce energy dependency</p> 	<p>Support in the management and mitigation of raw materials costs increase</p> 	<p>Tools to seize the opportunities offered by calls for proposals for the realization of complex projects</p> 
<p>Circular Economy Plafond S-Loan S-Loan Progetti Green Energia Impresa MLT Sace Green EIB provisions ISP Rent Foryou</p>	<p>Working Capital OTC Derivatives</p>	<p>Desk Energy & Utilities Incent Now Tender participation Advisory services CER Offer</p>

S-Loan offer

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

The customer defines annual objectives on 2 ESG KPIs chosen among a selection proposed by the Bank. If the objectives are achieved, the customer is granted a subsidized interest rate for the following year. The KPIs performance is monitored by the Bank on an annual basis and certified by the company in the notes to the financial statements. In addition, once the S-Loan financing mechanism is activated, this includes a donation from Intesa Sanpaolo to support charitable projects in which the financed company can also participate. To respond to different clients' needs and to cover the multiple aspects of sustainability across ESG dimensions, Intesa Sanpaolo designed six S-Loan lines: S-Loan ESG; S-Loan Climate Change; S-Loan Agribusiness; S-Loan Diversity; S-Loan Turismo²⁰; S-Loan CER. The latter is a new facility, launched in 2023, that Intesa Sanpaolo makes available to companies that decide to invest in renewable energy and share the energy produced and not self-consumed in the RECs²¹ (Renewable Energy Community).

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

²⁰ For a detailed description of the four Climate/environmental S-Loan lines please refer to page 36 of the 2022 TCFD Report: <https://group.intesasanpaolo.com/content/dam/portalgroupportal/repository-documenti/sostenibilit%C3%A0/tcf/tcf-report-2022/TCFD%20Report%202022.pdf>

²¹ RECs are Renewable Energy Communities, legal entities formed by private citizens, organizations, and businesses that consume self-produced energy from renewable sources. Their main purpose is to provide environmental, economic, or social benefits to their members and the areas in which they operate

Focus:

Financing for Renewable Energy Communities

To secure financing for a photovoltaic system joining a Renewable Energy Community, a comprehensive credit investigation is required, accompanied by a feasibility study conducted by qualified technical partners. The study, conducted by qualified technical partners, assesses economic sustainability and financial flows. Prudent assumptions are made about energy prices and costs. Creditworthiness of the member producer is crucial, with a focus on direct energy self-consumption for cost savings. Selling energy directly into the grid through agreements is emphasized.

In 2024, the S-Loan offering has been redesigned from six to three lines: S-Loan ESG, S-Loan CER and S-Loan Diversity.

2024 S-loans range

	S-Loan ESG 6 KPIs	S-Loan CER 2 KPIs	S-Loan Diversity 4 KPIs
	Initiatives on the 3 ESG areas to improve the sustainability profile	Goals focused on Renewable Energy Community	Enhancement and promotion of gender equality and the role of women in the socioeconomic context.
E	<ul style="list-style-type: none"> ■ Provision of electricity sourced entirely from renewable or bioenergy sources ■ Introducing a procurement policy that integrates environmental concerns on purchasing, transportation, and energy practices 	<ul style="list-style-type: none"> ■ Investments in one or more energy self-sufficiency renewable plant ■ Allocation of energy produced and not self-consumed to the Renewable Energy Community 	
S	<ul style="list-style-type: none"> ■ Share of turnover dedicated to community support activities ■ Share of customers and/or suppliers engaged in sustainability issues 		<ul style="list-style-type: none"> ■ Introduction of initiatives to promote the role of women in society ■ Share of new hires dedicated to female employees
G	<ul style="list-style-type: none"> ■ Hours of training per individual worker on environmental/ social sustainability issues ■ Development of employee welfare programmes 		<ul style="list-style-type: none"> ■ Introduction of policies to promote gender equality ■ Development of welfare programmes for female employees

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

In addition to the three S-Loan lines, a new facility was launched in February 2024, S-Loan Progetti Green²². S-Loan Progetti Green is a MLT loan designed to support all types of business investments that can generate a positive environmental impact on processes, infrastructures, technologies, services, products. This facility can be applied to the following Sustainable Environmental Projects:

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

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

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

■ “Energia Impresa” loan is a medium-long term financing for professionals and businesses interested in the implementation of investment programmes in the energy sector, especially in the Renewable Energy sector, biomethane and energy efficiency interventions. The product is a flexible solution both in terms of customization of financing and adaptability to different lines of intervention:

- Renewable Energy plants (photovoltaic, wind, hydroelectric, residual gas from sewage processes);
- Biogas plants, for the production of electricity;
- Biomethane plants, for the production of biomethane for transport;
- Energy Efficiency interventions, for investments aimed at improving the energy efficiency of buildings, plants, processes.

In 2023, 1,097 loans for a total of over €1.7bn were granted.

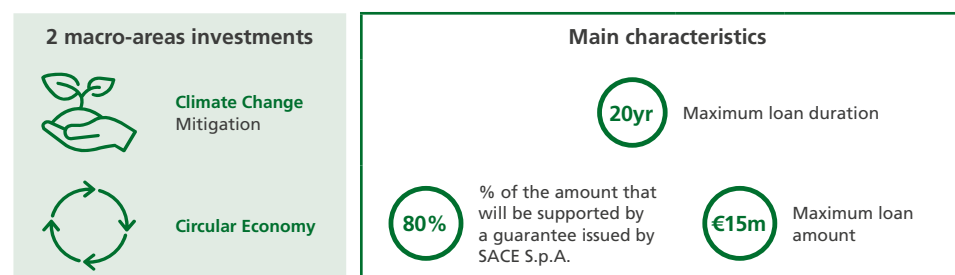
■ MLT Loan with SACE Green Guarantee

Within Intesa Sanpaolo products and services offering, the MLT Loan with SACE Green Guarantee is a medium/long term financing facility designed to support the achievement of environmental goals. The facility can finance initiatives aimed at: facilitating the transition to a clean and circular economy; integrating production cycles with low-emission technologies for the production of sustainable goods and services; accelerating the transition to sustainable and intelligent mobility. The guarantee to be issued by SACE covers up to 80% of the amount, with a maximum limit of €15m over a maximum of 20 years for projects such as: mitigation and prevention of climate change, reduction of polluting activities, protection of water and marine resources, protection and restoration of biodiversity and ecosystems and Circular Economy, REC. The guarantee is intended for companies with turnover up to €500m.

In 2023, 48 medium long-term loans were disbursed (assisted by the SACE Green Guarantee) amounting to about €163m.

MLT Loan with SACE Green Guarantee

MLT Loan with SACE Green Guarantee is a medium/long term financing facility designed to support the achievement of environmental goals



MLT Loan with SACE Green Guarantee is a medium/long term financing facility designed to support the achievement of environmental goals



■ Nova+

At the end of 2023, in line with technological trends at a European level, an update was made to the thematic lines of NOVA+, a medium/long-term financing product aimed at supporting companies that invest in Research and Innovation (R&I). The product concept involves a technical-industrial evaluation of the research project conducted by Intesa Sanpaolo through a team of engineers specialized by sector. Among the new lines, Nova+ Green, Nova+ Mobility and Nova+ Agritech provide a specific focus on climate and sustainability.

■ EIB provision

Thanks to the collaboration with the European Investment Bank (EIB), Intesa Sanpaolo can access favourable conditions for allocated funds, including investments in specific projects. These projects may involve energy production through renewable sources or initiatives aimed at energy efficiency, environmental impact reduction, and circular economy practices. The EIB provisions are associated with Medium to Long-Term (MLT) financing with Sace Green Guarantee and the Energia Impresa products. The cooperation with EIB continued in 2023 and, in the second half of 2023, a new funding agreement was signed with the EIB for €300m dedicated to investment projects targeting Midcaps, with a specific emphasis on innovation and projects/counterparties with innovative features. At the end of the year, another EIB Funding agreement of €100m was secured, dedicated to the Agriculture and Bioeconomy Sector. The funding is directed towards investment projects fostering environmental sustainability and climate action. The placement of these loans will also characterize the year 2024.

Filiera Sostenibili (Sustainable Supply Chains Development Programme)

The programme was launched in 2023 to promote sustainable transition at the supply chain level. The programme begins with the commitment of the 'lead company' (capofiliera), which decides to involve its strategic suppliers in this initiative. This allows suppliers to access financial support for ESG investments on favourable terms, and to be engaged in awareness initiatives within the supply chain on ESG issues in collaboration with the Bank (e.g., ESG webinars).

Filiera Sostenibili includes three key elements

Awareness Initiatives on ESG Topics for the supply chain

Through dedicated events and webinars

Awareness of ESG positioning

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



Investment support to improve the ESG profile

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

Intesa Sanpaolo Rent ForYou

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

Solutions for retail customers

Green Mortgages

The Bank supports retail customers' green projects through the provision of mortgages and loans with environmental purposes. Financing solutions are available not only for buying or building a high energy efficiency property, but also to support the improvement of energy performances for existing buildings through, for example, the replacement of window frames and high-yield boilers, and the installation of solar and photovoltaic panels or thermal insulation.

The Bank offering includes "Green Mutuo Domus": a mortgage loan with favorable terms (reduced interest rate and free energy performance certification for renovation purposes) that allows, among others, the financing of the purchase or construction of a property for residential use in the Italian territory characterized by a high level of energy efficiency (equal to or higher than B) or renovation of a property for residential use in the Italian territory with improvement of at least one energy class.

In this regard, Intesa Sanpaolo has participated in the EeMAP (Energy efficient Mortgages Action Plan) project, an initiative that aims to create standardized energy efficiency mortgages at the European level designed to incentivize the upgrading of buildings and the purchase of highly efficient properties through favorable financial conditions. Within Eemap, Intesa Sanpaolo also has joined Energy Efficient Mortgage Label (EEML)²³, a project with the aim of:

- facilitating the definition of a clear and transparent process - for investors and consumers – for identifying "Energy Efficient Mortgages - EEMLs" in banks' portfolios;
- supporting the gradual implementation of the "EU Regulation on Taxonomy" and contributing to the "European Green Deal" objectives and, in particular, the "Renovation Wave Strategy";
- stimulating the collection of specific data on "green loans" by contributing to the creation of a specific quantitative database;
- supporting funding policies by structuring securitization or covered bond green operations.

Objectives of the EEML is to maximise portfolio regulatory alignment with the main legal and policy developments such as the EU Taxonomy, Mortgage Credit Directive (MCD), Capital Requirements Regulation (CRR) or equivalents at international level.

As a part of EEML project, starting from 2021, [Intesa Sanpaolo reports quarterly](#) aggregated data on the green portfolio and the standard portfolio.

Finally, in relation to Green Mortgages, the Bank supports Forestami an urban forestation project that aims to plant 3 million new trees by 2030 in the territory of the Metropolitan City of Milan, by earmarking a donation to the project for each Green Mortgage subscribed by the bank's customers: €172,000 were donated to the project in 2023.

Energy efficiency products and services

A number of other dedicated services enriches the Bank's green offering, some of which are offered by partner companies. These are ancillary and optional services aimed at assessing the possible savings from energy upgrades. These include the Real Estate Valuation service, which, through a special tool, allows branch managers to support customers intentioned to invest in their houses through energy upgrading and building renovation, identifying, free of charge for the customer, possible solutions for saving on energy consumption and, if possible, benefiting from current tax reliefs. It is also possible to obtain, under certain conditions, the energy check of the house, which consists in a personalized consulting service carried out through an inspection in which the individual components of the building and the energy characteristics of the property are examined in detail, in order to discover the house's savings potential.

²³ <https://www.energy-efficient-mortgage-label.org/>

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

Think Forestry

In 2023 the Group launched the Think Forestry programme to accompany client companies on the path of environmental transition, with the dual objectives of safeguarding and enhancing natural capital, namely forests, and accelerating on the path of climate change mitigation by working on the management and reduction of CO₂ emissions from client businesses. The programme is in line with the commitment to plant and preserve 100 million trees globally as outlined in the 2022-2025 Business Plan.

It is a step-by-step process, which has seen the release of initial project contents with the Bank playing a leading role in planting the first forests in Turin and later in Rome and Naples, with more planned for 2024. Corporate clients will have the crucial role of working with the Bank on this journey, with their direct intervention both in protecting and enhancing natural capital and in virtuously managing their own emissions.

The ability to engage the customer base makes it possible to greatly amplify the impact of the actions envisaged in the Think Forestry project. The programme starts with businesses and also embraces households, which from 2024 will be able to join the programme thanks to a special initiative of For Funding, Intesa Sanpaolo's crowdfunding platform, aimed at supporting social and environmental initiatives with the greatest impact through both contributions from individuals and resources from the Group.

The Group is working to enrich Think Forestry with additional partnerships to allow client companies to address all stages of the management and reduction of their emissions, from measuring their environmental impact through dedicated advisory services to climate change mitigation tools measuring carbon footprint and target setting and a library of CO₂ reduction interventions.

Focus:

Biodiversity in Intesa Sanpaolo

The loss of biodiversity and the collapse of ecosystems represent one of the leading environmental risks the world will face in the coming years²⁴. These risks could lead to a contraction of global Gross Domestic Product (GDP) by up to USD 2.7 trillion by 2030²⁵. This ecological crisis has profound economic implications that requires an urgent commitment from all sectors of society. In Italy, based on a monitoring carried out between 2013 and 2018²⁶, 16.3% of species are considered to be in a poor state of conservation, compared to the European average of 20.6%, while concerning habitats, only 9.8% are considered to be in good conservation status. The European average is much higher: 14.7%.

Investments in biodiversity conservation and restoration projects could bring significant economic benefits amounting to over €69bn by 2050, according to the European Commission²⁷. Benefits arise in particular from ecosystem services such as carbon storage and sequestration, water quality regulation, pollination and production of renewable raw materials.

In terms of legislative measures, in 2023 the European parliament approved the European Commission's proposal for a **2030 EU Biodiversity Strategy**, which calls for binding targets to restore degraded ecosystems, in particular those with the most potential to capture and store carbon and to prevent and reduce the impact of natural disasters. Consistently with the 2030 EU Biodiversity Strategy, in August 2023, the Italian Government has adopted the **National Biodiversity Strategy 2030**. The document defines guidelines for the conservation, protection, and promotion of the country's biodiversity and ecosystems, which are home to a wealth of animal and plant species.

The Intesa Sanpaolo Banking Group aware of the importance of nature and ecosystem protection, is integrating biodiversity in the bank's governance documents, starting from the recently updated Code of Ethics where biodiversity and protection of nature are taken into account both in terms of direct and indirect environmental impacts resulting from the Bank's activities. Intesa Sanpaolo is also part of the Observer Group of the TNFD (Taskforce for Nature Related Financial Disclosure) Forum. The forum is a global multi-disciplinary consultative group of institutions aligned with the TNFD mission and principles; a platform where organisations can keep up-to-date on the TNFD work, contributing

²⁴ World Economic Forum's 2024 [Global Risks Report](#)

²⁵ Source World Bank

²⁶ European Environment Agency [State of nature in the EU Report](#)

²⁷ European Commission's [Impact Assessment Study](#)

to the further development of additional guidance, and also signaling their support for the ongoing work of the Taskforce. The TNFD, launched and coordinated by Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI), and the World Wide Fund for Nature (WWF), has developed a framework for companies and financial institutions to assess and manage their impacts on the environment, helping in the assessment of the risk related to sustainability, with the aim of gradually redirecting global financial flows towards more sustainable actions for the environment.

Biodiversity topics have also been integrated in Intesa Sanpaolo's strategy, whereas the 2022–2025 Business Plan includes - among its target - the adoption of a specific policy on biodiversity and the commitment to restoring and increasing natural capital with over 100 million trees planted, directly and with loans dedicated to customers by 2025. The Group has also started to assess the risks and opportunities arising from biodiversity and in particular in its lending and asset management activities.

In terms of risks analysis of counterparties, Intesa Sanpaolo ESG score - the proprietary methodology of Intesa Sanpaolo developed in 2021 for assessing the sustainability performance of client companies - already investigates, among the descriptors analyzed in the Environmental pillar, the Natural Resources and Biodiversity, Water consumptions and Waste and Pollution thematic areas.

The Group has also set “General principles of exclusion of financing activities” within its [Guidelines for the Governance of ESG risks](#), in order to avoid the financing of activities and/or projects with particularly significant environmental and social impacts also related to Biodiversity ecosystems. Specifically, the Group undertakes not to finance companies and projects that are characterized by their negative impacts on:

- Wetlands under the Ramsar Convention - wetlands included in the Ramsar Convention list;
- IUCN protected areas I to VI - areas designed for the long-term conservation of nature, i.e. those areas classified by the IUCN (“International Union for Conservation of Nature”) as protected areas in categories I to VI.

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

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

In terms of biodiversity and opportunities for customers, the offer for Banca dei Territori clients, and in particular SMEs, includes the newly launched S-Loan Progetti Green, that applies, among others, to Biodiversity and Water efficiency Sustainable Environmental Projects. In addition, the MLT Loan with SACE Green Guarantee, the medium/long term financing facility, can be used to finance initiatives and projects related to the reduction of polluting activities, the protection of water and marine resources, and the protection and restoration of biodiversity and ecosystems. Finally in 2023, the Group launched the Think Forestry programme to accompany client companies on the path of environmental transition, with the dual objectives of safeguarding and enhancing natural capital, namely forests, and accelerating on the path of climate change mitigation by working on the management and reduction of CO₂ emissions from client businesses.

In relation to the Group asset management companies, Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management Ireland have joined the Nature Action 100 initiative which focus on engagement activities in relation to natural capital conservation and biodiversity. In particular, Eurizon has included, among the four macro-themes identified for 2023 in relation to its stewardship activities, biodiversity loss mitigation and the fight against deforestation.

Finally, starting from July 2023, Intesa Sanpaolo and Intesa Sanpaolo Innovation Center joined the task force on the “Nexus between circular economy, climate and nature”, organized by UNEP FI, to work on interlinkages between circular economy, climate mitigation and biodiversity, and the impact such interlinkages have on target setting for banks. The nexus of these is crucial to foster systematic changes in society and the collective efforts to address global warming, supporting the impact of the transition by demonstrating how a circular economy model helps to decouple economic growth from resource use, biodiversity loss and rising GHG emissions and helps to build social, economic and natural capital, contributing to shareholder and stakeholder value. Also in 2023, the Intesa Sanpaolo Innovation Center collaborated with the Italian Alliance for the Circular Economy for the realization of the “[Biodiversity and Circular Economy Report](#)” with specific content and examples of operational activities.

CLIENT ENGAGEMENT AND TRAINING

Intesa Sanpaolo customer engagement activities involve different customer segments and topics within the broader ESG area. In order to contribute to worldwide efforts in climate change mitigation and align with Intesa's Net Zero target, Intesa Sanpaolo implemented various initiatives in 2023. These were designed to foster ESG awareness among corporations and advance, among others, the goals of energy transition, circular economy, education, sustainable living spaces.

Large Corporate Dialogue

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

- Meetings dedicated to ESG issues: Sustainability-linked events and forums are an important component of IMI Corporate & Investment Banking engagement process with its client base on climate-related topics. The Division organizes and actively participates in a number of events throughout the year as sponsor or contributor. In 2023, among others, this included several ESG-focused conferences, as well as webinars linked to the use of Italy's NRRP resources for sustainability-linked initiatives, such as: the "NRRP roadmap for transition" webinar; IREFI Forum France-Italie de l'infrastructure des Transports et de l'Energie; "Green bond standard regulation: key features and implications" webinar; "The sustainability footprint of the Sovereign Wealth Funds" conference; "ESG per l'impresa e per il tesoriere" webinar in cooperation with AITI; "2023 ISMO – Looking at sustainability from the mid corporate angle" conference.
- Borsa Italiana Sustainable Finance Partnership: from January 2021, Intesa Sanpaolo through its IMI Corporate & Investment Banking Division, has joined Borsa Italiana Sustainable Finance Partnership. The Partnership mission is to create a culture and an integrated ecosystem for the development of innovative corporate sustainable finance solutions for the Italian capital market. As a Partner of the programme, IMI Corporate & Investment Banking brings its expertise and experience on sustainability

topics, which include a wide range of financial and non-financial solutions to support the development of a more sustainable economy. Thanks to this collaboration, the Division has participated in several workshops and initiatives organized by Borsa Italiana, including the flagship event "Sustainability Week".

Circular Economy Lab

Intesa Sanpaolo also offers dedicated consulting services aimed at generating new economic and relational value for the Group and increasing the competitiveness of companies. For example, Intesa Sanpaolo Innovation Center, in synergy and coordination with the divisions Banca dei Territori and IMI Corporate & Investment Banking, develops advisory and non-financial services, proposing transformative paths in terms of innovation/circular economy to clients.

The transition to a Circular Economy is pursued thanks to the contribution of the Intesa Sanpaolo Innovation Center, which, among others, established the [Circular Economy Lab \(CE Lab\)](#) in partnership with Cariplo Factory²⁸. The aim is to support and accompany the transformation of the Italian economic system, disseminating new models of value creation in the collective interest by accelerating the transition to the Circular Economy. The CE Lab strategy involves open innovation operating methodologies aimed at identifying innovative solutions and technologies in the area of the circular economy. Activities are based on three pillars:

- Circular Connection: initiatives aimed at creating an open dialogue on the Circular Economy, involving a vast national and international network of companies, institutions, universities, research centers and other partners;
- Circular Innovation: innovative consultancy services which can be customized, aimed at accelerating the transformation process of companies (SMEs and Corporates) towards Circular Economy models;
- Circular Education: training courses for companies, aimed at spreading knowledge of the Circular Economy and related opportunities, especially in terms of business, competitiveness and resilience.

During 2023, the CE Lab guided and facilitated the identification of the circular innovation needs of various companies through the activation of two Circular Open Innovation programmes for the Mobility and Healthcare sector and one Circular Workshop project for the Fashion sector. A Strategic Master Agreement has also been finalized between Intesa Sanpaolo, Intesa Sanpaolo Innovation Center and the Ministry of Economy of the United Arab Emirates for the analysis of the local Circular Environment and the creation of an Emirates Circular Economy Lab.

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

Focus:**The advisory services of the Circular Economy Lab**

The Circular Economy Lab offers tailored advisory services and products to align with company needs along the phases of a circular transformation path. Among others, key services offered include:

- **circular assessment:** the Lab helps the company evaluate and measure the state of the art of circularity of the company in order to highlight potential improvement actions to be introduced
- **circular open innovation:** identification of strategic areas of circular development and search for innovative solutions and technologies on the market with the aim of facilitating collaborations with startups and SMEs.
- **circular project building:** development, testing and implementation of new products, services or circular business models with the aim of encouraging the launch of new ideas on the market
- **supply chain engagement:** involvement and engagement of the company's stakeholders and planning of a circular supply chain transformation path with the possibility of developing a supply chain agreement on a specific product/service
- **circularity plan:** guided construction of a long-term circular transformation plan, communicated externally, which includes concrete improvement actions, objectives and monitoring KPIs with the aim of consolidating reputational benefits

An example of a circular open innovation service is represented by a path developed in collaboration with a leading company in the packaging sector, which allowed the identification of innovative and circular materials aimed at replacing plastic packaging and containers used in the food sector, as well as to initiate the exploration of a 'proof of concept' product to demonstrate the industrial applicability of the technologies identified.

ESG Laboratories for SMEs

Initiatives linked to the ESG Laboratories (ESG Lab) continued in 2023. The Lab is a meeting point, physical and virtual, to accompany Italian SMEs in the sustainable transition, a development path aimed at generating new competitive advantages and supporting long-term growth with positive impacts on the environment and people.

Following the inauguration of the first ESG Lab in October 2021 in Brescia, up to December 2023, 13 laboratories have been progressively launched, exceeding the 2022-2025 Business Plan target of 12 ESG Labs, which provided for at least one ESG Lab in each regional area. In fact, ESG Labs were organized in Padua, Venice, Bari and Taranto (ESG Lab Puglia), Bergamo, Rome, Cuneo, Naples, Palermo, Milan, Turin, Florence (ESG Lab Tuscany) and Macerata (ESG Lab Marche). New openings are planned for 2024 to cover the entire national territory, to further increase the social and economic impacts of the Labs and foster sustainability on a larger scale.

The format, which in 2023 saw the realization of over 60 events on the territory, aims to spread the culture on ESG and circularity issues and to facilitate the transition of customer companies with a structured schedule of ESG issues that ranges, also through the support of qualified partners, from risk/opportunity and regulatory scenario analysis to understanding the degree of circularity of a process or product, to the construction or conversion of a sustainable supply chain, actions to address short-term challenges (e.g. increased costs of energy, raw materials and sea freight) and /or long term eco-sustainable transformation.

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

Imprese Vincenti

For the enhancement of Italian entrepreneurial excellences, the Group completed in 2023 the fourth edition of "Imprese Vincenti". The programme highlights the growth paths of digital and sustainable transformation and the related business models developed by enterprises, engine of the country's economy. The goal is to provide to companies selected, among a number of candidates, visibility, development support programmes, advisory on strategic issues, training, and workshops in collaboration with key partners. The fourth edition recorded excellent results: over 4,000 candidate companies, 140 companies selected and celebrated as Winning Companies during a dedicated Tour throughout the national territory, as well as two special events dedicated to Agrifood and the Third Sector. Among the 4,000 candidate companies, about 35% said they had invested and/or started significant initiatives in the area of sustainability and green initiatives. The fifth edition of the programme began in November 2023, focused on projects for the growth and sustainable impact of SMEs on communities and territories.

Energy Transition Consulting Services for SMEs

During 2023, the Energy & Utilities desk carried out project analysis and the formulation of a technical, economic and financial sustainability opinion on 49 operations for a total amount of about €410m.

The Energy & Utilities Desk supports entrepreneurs which have planned investments in renewable energies or intend to diversify their energy sources. This process envisages evaluating projects from the technical-industrial profile to the financial sustainability of the investment. A complete service that ranges from the risk assessment and structuring of the most appropriate financial solutions, to advice on new market opportunities, on incentive support measures (including those of the RRNP) and on technological directions as enabling factors of the energy transition.

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

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

In 2023, Intesa Sanpaolo Innovation Center analyzed more than 630 startups of which 56 were accelerated. Among the various growth and acceleration programmes, with reference to climate and biodiversity topics, it is worth emphasizing:

- ["Techstars Transformative World Torino"](#) (focus "trend-setting and advanced technologies"): the Intesa Sanpaolo Innovation Center renewed the partnership with Fondazione Compagnia di San Paolo, Fondazione Sviluppo e Crescita - CRT and Techstars to continue to support the growth of the innovation ecosystem and strengthen Turin's strategic positioning as an attractive international hub, by signing a new two-year Memorandum of Understanding. Thanks to this partnership, "Techstars Transformative World Torino" was launched, a new acceleration programme on trend-setting advanced technologies (mobility, decarbonization, energy efficiency, Educational Technology, social responsibility and individual well-being), which follows the previous programmes on smart mobility and smart cities. Since launch in 2019, 57 startups were accelerated (16 Italian teams), >70 proofs of concept and other contractual collaborations were signed, >€85m capital was raised and ~550 new resources hired;
- ["Terra Next"](#) (focus "Bioeconomy"): in January 2024 the call for the 3rd class of the three-year acceleration programme on Bioeconomy "Terra Next" was launched, in cooperation with Cassa Depositi e Prestiti, Cariplo Factory, local corporate and scientific partners and the patronage of the Ministry of Environment and Energy Security. Since launch in 2022, 15 startups were accelerated, >110 proofs of concept and other contractual collaborations were signed, ~€0.8m in capital raised;
- [Up2Stars](#): in progress the 2nd edition of the initiative developed by the Banca dei Territori Division with the support of Intesa Sanpaolo Innovation Center, aimed at 40 startups on four vertical pillars (Watertech; Renewable energy and energy efficiency; Artificial intelligence for business transformation; IoT, infrastructure and mobility). In 2023 the acceleration of 10 startups of the 1st pillar "Watertech" was completed; at the end of 2023 the acceleration of the 10 startups selected for the 2nd pillar "Renewable energy and energy efficiency" was in progress and the call related to the 3rd pillar "AI for business transformation" was closed. The calls for the three pillars launched in 2023 collected ~200 candidates. The 1st edition has collected ~500 candidates, with 40 accelerated startups;

- **“In Action ESG Climate”**: completed the 2nd edition of the initiative developed by the Insurance Division with the support of Intesa Sanpaolo Innovation Center, for the development of new solutions to combat climate change and support the green transition through technological innovation and development of new business models. In July 2023, 4 startups (~140 candidates) were awarded with a total amount of ~€600k. In the two editions, 7 startups overall were awarded a total amount of €1.1m.

Neva SGR

The [Venture Capital firm](#) part of the Intesa Sanpaolo Group that also invests in climate tech and energy transition, recently participated in an equity investment in Energy Dome, an Italian excellence that developed a new large-scale, high-efficiency, high-durability battery (LDES - Long Duration Energy Storage) based on a thermodynamic process that uses carbon dioxide (CO₂) and that can optimize the storage and use of energy from renewable sources.

Furthermore, through its Sviluppo Ecosistemi dell'Innovazione Fund, it has invested in Tech4planet, the national technology transfer hub for environmental sustainability. Tech4Planet focuses on exploiting the results of research in the field of environmental sustainability by involving the most important Italian Research Centres specialised in the subject.

Training offer for customers

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

During 2023, the offer of Joint Training programmes (Intesa Sanpaolo-Digit'Ed) began, with a particular focus on ESG issues:

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

Digit'Ed offer includes the Skills4ESG platform, aimed at promoting awareness on ESG issues through a portal for customers, a single access point to ESG training topics with a dedicated content offer, news and success stories on ESG and sustainability, presentation of the initiatives that the Group dedicates to sustainable issues with social, environmental and governance impact and further training services (e.g. Higher Education courses, One-to-One training, multi-company workshops).



RESEARCH, REPORTS AND INNOVATION IN INTESA SANPAOLO

In 2023 Intesa Sanpaolo studies and research projects on climate change and related impacts and issues, involved contribution by different departments and entities of the Group, both to foster client awareness and engagement, and to gain an in-depth knowledge of relevant topics.

Among the most relevant publications issued in 2023 by the **Intesa Sanpaolo Research Department** (also in cooperation with specialized external organizations):

- the 9th edition of the [Bioeconomy in Europe Report](#), with a focus on alternative fuels and one on Textile-Clothing.
- The [Italian Hydrogen Industry and its growth potential](#), survey on companies of the sector and representative of the entire value chain of hydrogen, from production to final uses
- [Green Bond Brief](#), an analysis of the Green Bond Market in Europe with a focus on the EU Green Bond Standard and Taxonomy.

In addition, SRM a Research Center for Economic Studies related to Intesa Sanpaolo Banking Group, published a number of reports specialized in the analysis of, among others, port-shipping-logistics and energy sectors. In particular, the Fifth "[MED & Italian Energy Report. Geopolitics of energy in the Mediterranean area between international crises and new energy commodities](#)" was published in 2023. The report assesses and discusses the current energy situation and future prospects in the Mediterranean region, with this year's special focus on to the interactions between geopolitics and energy with reference to emerging energy technologies.

In addition to Intesa Sanpaolo Research Department and SRM, Intesa Sanpaolo Innovation Center, analyzes cross-industry innovation trends, produces innovation reports for the benefit of businesses and the Group and publishes innovation-themed materials. Intesa Sanpaolo Innovation Center, in collaboration with external research centers and universities, conducts research projects aimed to foster multidisciplinary and generate new expertise by utilizing and enhancing Artificial Intelligence, neuroscience and robotics skills, also connected to climate change and biodiversity topics.

Notable, it is worth pointing out the realization of the "[Decarbonization Report](#)", which analyzes the industry situation of cement plants or steel mills that have a high carbon footprint in their production processes. Among other reports, Intesa Sanpaolo Innovation Center released the Bioplastics X-plore Report and the Industry Trends Reports on –" Watertech", Sustainable Cities, Sustainable Mobility and Regenerative Agriculture.

Focus:

"Integrating sustainability into corporate strategy and business" an analysis of Milano and Monza SMEs

ESG strategies are central in the agenda of SMEs located in the provinces of Milan and Monza Brianza - two territories that account for more than 11% of the Italian GDP - based on the periodic survey carried out by Intesa Sanpaolo Research Department on the network of Relationship managers of the Banca dei Territori Division. Investments in renewable energy and circular business models are among SME's priorities.

In addition, the analysis of the balance sheets of 8,565 manufacturing companies, located in the provinces of Milan and Monza Brianza, shows that those that invest in sustainability report higher returns in terms of growth and profitability. For example, between 2019 and 2022, companies with environmental certificates recorded an increase of 20.6% while the other enterprises stopped at +18.4%. In terms of renewables in recent years there has been a strong acceleration of the installed power of photovoltaic systems by Italian companies. Finally, the research shows that Lombardy, the first region in terms of installed power from RES (renewable energy sources) also thanks to SMEs investments, for the first time in 2022 overcame Puglia also in power produced by photovoltaic sources; Milan contributed to this overtaking and ranked 5th for installed power (3% of total).

During 2023, one project has been carried out aimed at studying, according to a neuroscientific approach, environmental attitudes and their behavioral correlates, at assessing their impact and the most suitable methods to direct them towards a greater attention to biodiversity through a change of mindset. The results of the research aim to acquire knowledge on models of assessment of consumer awareness on aspects related to Climate Change and biodiversity. In 2023, the Group, through Intesa Sanpaolo Innovation Center, also contributed to the drafting and presentation of the White Paper of the Valore Acqua Community, providing its own specialist contribution as part of the focus group dedicated to the Circular Water theme.

In addition, throughout 2023, three analysis and evaluation reports on the European Sustainability Reporting Standards for Climate Change and Circular Economy were produced - in cooperation between Bocconi University and Intesa Sanpaolo Innovation Center - with the aim to identify connections between circularity disclosure and climate disclosure, understanding potential synergies and differences in interpretation by the European regulator.

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

In 2023, Intesa Sanpaolo Innovation Center organized, among others, the following events:

- presentation of the results of the research (“Osservatorio idrogeno - Il profilo della filiera italiana e le sue potenzialità di crescita”) realized by Intesa Sanpaolo Research Department with the collaboration of H2it (Italian Hydrogen and Fuel Cell Association);
- CE Talks - a series of 4 hybrid meetings in collaboration with Intesa Sanpaolo Hong Kong Hub, the Ellen MacArthur Foundation and the Italian Chamber of Commerce in Hong Kong and Macau on Circular Economy issues in the Greater Bay area;
- “Next steps toward implementing the strategy” - Event organized with the Scientific Technical Committee of Ecomondo as part of “Digital Green Week|Circular Economy and Energy Transition: the road to decarbonisation”;
- “Innovation Coffees” focused on “Sharing energy: solidarity energy communities as system actions with high social impact”; on the experiences of Ogyre the startup that cleans the sea from waste with a circular approach, and of Mariscadoras, the startup that aims at reducing the environmental impact through the promotion of alien species in the kitchen as human food; on sustainable packaging held during the European Week for Waste Reduction.



ADDRESSING CUSTOMER INVESTMENT NEEDS

The strategic commitment in tackling climate change is also embodied in the strengthening of the asset management offering, in all the asset classes that include a focus on environmental or social issues, with a planned growth of assets under management classified under art. 8 and 9 of the SFDR 2088/2019 to €156bn in 2025 from €110bn in 2021²⁹.

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

ASSET MANAGEMENT OFFER

Eurizon offers a range of 306 products, diversified across all asset classes, which promote environmental and/or social characteristics or have sustainable investment objectives, in accordance with articles 8 and 9 of the SFDR with approximately €149bn of assets, representing 73.3% (54% in 2022) of the total funds' assets. Specifically, to promote the Net Zero goals, Eurizon launched 6 editions of the Eurizon fund "Step 50 Obiettivo Net Zero", which invests in global companies committed to achieving Net Zero by 2050. The fund, qualified as SFDR article 8, invests in companies that have at least publicly committed to reach Net Zero by 2050.

In addition, the offer includes Eurizon Fund Absolute Green Bonds and Eurizon Fund Green Euro Credit. The funds use investment selection methodologies aimed at generating a positive social or environmental impact, as well as a measurable financial return and that contribute to financing projects benefiting the environment. As of December 2023 the funds' assets amounted to over €2bn. For detailed information please refer to the "[Metrics and Targets](#)" chapter.

PRIVATE BANKING OFFER

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

At 31 December 2023, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) dac had 236 products under art. 8 and 9 of the SFDR Regulation, for a total of €57.6bn in assets under management: €33.3bn in investment funds, €21.2bn in asset management and the remaining part in insurance products.

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

For further information please refer to the "[Metrics and Targets](#)" chapter.

²⁹ Eurizon perimeter

INSURANCE OFFER

During 2023, the Intesa Sanpaolo Vita Insurance Group continued to develop and evolve the products and services offer for all its business lines to meet customer needs on sustainability issues.

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

Life Business

In 2023 the Life companies within the Intesa Sanpaolo Vita Group have continued their effort to enrich their offer with new ESG investment options and to evolve their investment strategies to better consider ESG factors. In terms of investment options, at December 2023, around 80% of the options provided by the marketed products were classified article 8 and 9 ex SFDR (72% at 2022 year end).

All unit-link and hybrid products launched in 2023 were art.8 ex SFDR.

The effort on developing new art. 8 ex SFDR investment solutions was supported by the evolution of the investment strategies and monitoring processes.

In particular, in order to integrate ESG factors into its investment strategies, the Group further strengthened its negative and positive screening criteria with new non-SRI lists and good governance screening. New, stricter limits for investments were also defined with reference to thermal coal.

In addition, the Insurance Group enhanced the Due Diligence approach on third-party Fund Houses selection improving the screening and interview process. Also the engagement process with high emitters was further consolidated.

Furthermore, a new strategy and monitoring process was introduced to take into account Principal Adverse Impacts (PAI) not only at company level, but also for art. 8 and art. 9 investment options.

At December 2023 the assets under management relative to art. 8 and art. 9 investment options were €60,6bn (34% of the total assets under management), increasing compared to €41.7bn at 31/12/2022.

Non-Life Business

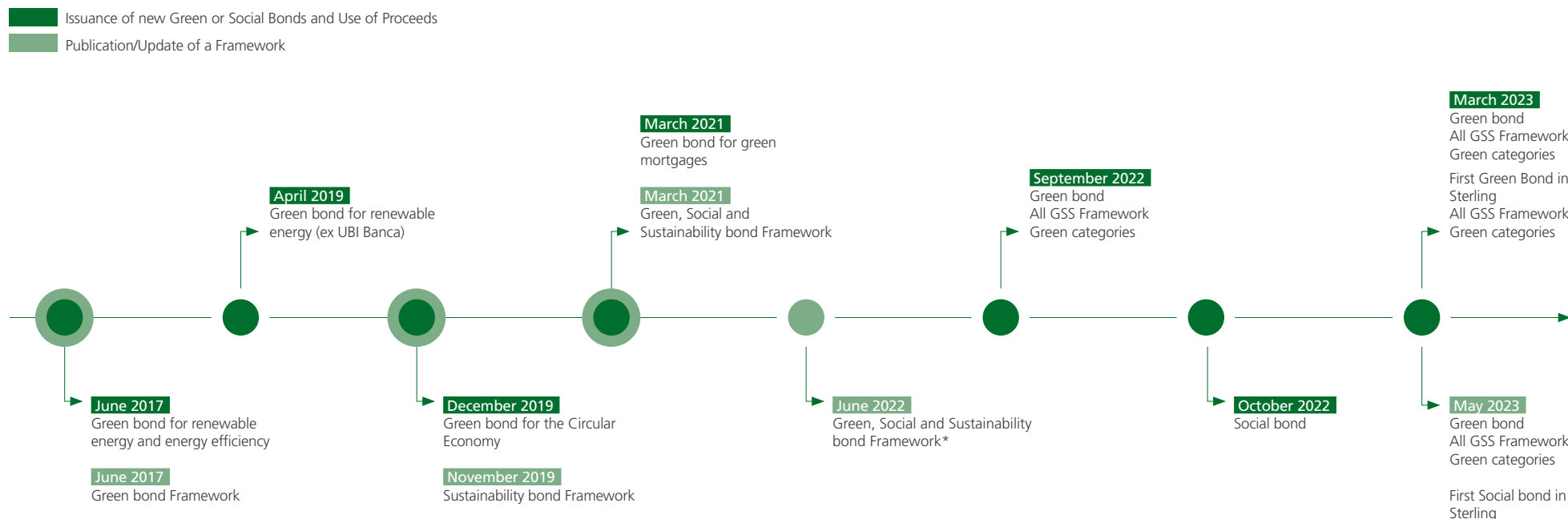
The Non-Life companies within the Insurance Group have a strong commitment to contribute with their insurance solutions to the mitigation and adaptation of climate change and foster social inclusion. With this aim, the companies have integrated new insurance coverages towards natural catastrophes in retail and corporate products, enlarged their offering for senior citizens, and invested in increasing awareness in responsible mobility. In particular:

- "ViaggiaConMe" product presents a mileage consumption solution that raises customer awareness of responsible vehicle use, saving on the insurance premium downstream of lower car use (monitored through a technological device installed in the car). In addition, ViaggiaConMe provides vehicle protection in the event of natural disasters such as tornadoes, hurricanes, floods, storm surges, landslides, falling hail or snow, and earthquakes. The Crystal guarantee during 2023 was enriched by extending its coverage to include damage from natural events. In addition, the assistance cover has been enriched with specific services dedicated to electric vehicles, such as on-site recharging or replacement electric cars.
- "XME Protezione" product is a policy with a range of insurance coverage in the areas of Health, Home and Family. In addition to the traditional coverage dedicated to the home (among which there are covers against atmospheric phenomena), XME Protezione integrates the possibility of protecting the home in case of natural disasters such as earthquake and flood, providing compensation of up to 80% of the reconstruction value, higher than the market average.

In the area of business protection, an Environmental Liability product was developed aimed at preserving the company's assets in the event of damage to the environment caused during the course of business activities. Those who take out such a policy commit themselves to basic technical requirements that represent best practices in managing the risks of damage to the 'environment. This incentivizes companies to improve their risk management practices.

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







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



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

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

Green Eligible Categories

Renewable Energy	Energy Efficiency	Clean Transportation	Green Buildings	Environmentally Sustainable Management of Living Natural Resources and Land-use, Biodiversity	Circular Economy
<p>Renewable energy production facilities, supporting infrastructure, technologies and solutions, including from the following renewable sources:</p> <ul style="list-style-type: none"> ■ Solar Energy; ■ Wind power; ■ Hydropower. 	<p>Infrastructure, associated assets, technology and services that contribute towards reduced energy usage and or increased energy efficiency.</p>	<p>Transport by electric vehicles, Infrastructure enabling low carbon road and public transport, Urban and suburban road passenger transport, Freight transport services by road.</p>	<p>Low carbon buildings and refurbished buildings with a minimum 30% energy saving improvement (or at least a two step improvement in EPC label)</p>	<p>Sustainable agricultural practices, conservation, preservation and/or restoration of nature and biodiversity, as well as natural habitats and ecosystems.</p> <ul style="list-style-type: none"> ■ Sustainable Agriculture ■ Forestry ■ Carbon farming 	<p>Various technologies, solutions, products and services aimed at increasing resource efficiency and enabling circular economy business models.</p>
					

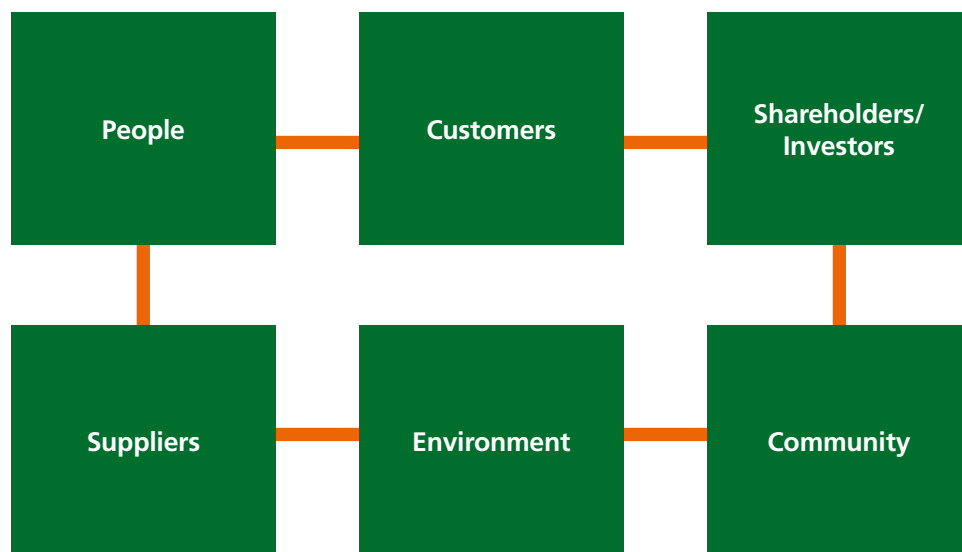
As at March 2024, Intesa Sanpaolo's outstanding Green Bonds amount to around €8.7bn. The Green Bond Ratio, the percentage of green bonds outstanding at the end of the fiscal year 2023 out of the total amount of outstanding public bonds of Senior Preferred, Senior non-preferred, and Covered Bonds intended for institutional investors (five-year moving average), is equal to around 19% (vs 8.9% in 2022). Please also refer to the chapter "Metrics & Targets" for further information regarding "Use of proceeds" of Intesa Sanpaolo Green Bonds.

EXTERNAL ENGAGEMENT

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

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

Stakeholders Dialogue in Intesa Sanpaolo



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

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

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

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

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

INVESTORS AND FINANCIAL COMMUNITY

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

In 2023 Intesa Sanpaolo has continued its interaction with ESG Investors, both through one-on-one meetings, ESG Conferences (both investor meetings and participation in panels) and dedicated road shows, and through the acknowledgement of requests of formal engagement on ESG/Climate issues by large asset managers.

In 2023, the ESG & Sustainability Team held 40 meetings with 67 ESG investor companies, including portfolio managers and buy side analysts focusing on sustainability, involving when requested other specialized structures (e.g. Investor relations and Treasury).

Climate issues from investors have increased and cover a central role in structured questionnaires and surveys, ante and post meetings. Among the relevant topics discussed, the path to Net Zero and transition finance.

Dialogue with the financial community also involves ESG Data providers and Rating agencies. In 2023 Intesa Sanpaolo participated in 22 assessments, including S&P Global, CDP, Moody's, Sustainalytics, MSCI, ISS, etc.) which confirmed Intesa Sanpaolo's positioning among ESG leading companies. Specifically, in 2023 ISP was confirmed as the only Italian bank included in the Dow Jones Sustainability Indices (Europe and World), in CDP's Leadership level, and for the first time was included by Sustainalytics in the 2024 ESG Industry and Regional Top-Rated Companies List.

DIALOGUE WITH CIVIL SOCIETY ORGANIZATIONS

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

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

Civil society topics of interest include human rights and democracy, environmental and social issues, economic inclusion and gender equality, transparency, good governance practices and business development issues related to the Group's activities and countries of operations.

AUTHORITIES & TRADE ASSOCIATIONS

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

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

At European level Intesa Sanpaolo is interacting with regulators, authorities, major European trade associations and other stakeholders to provide the Group's contributions to various sustainability initiatives. Intesa Sanpaolo, through The European Regulatory & Public Affairs (ERPA) function, based in Brussels, has been providing inputs to European institutions, both directly and through European trade associations, participating in selected European consultations, trade associations' working groups and events on various issues related to sustainability, climate change and other environmental topics³⁰.

In addition to its external activities, ERPA is committed to raising awareness and providing training for business units impacted by major European legislative decisions such as: the reporting standards provided by the Corporate Sustainability Reporting Directive (CSRD), the reporting requirements and technical screening criteria provided by the EU Taxonomy Framework, the Regulation on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds, the legislative Proposal for a Regulation on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, the legislative proposal on Corporate Sustainable Due Diligence Directive (CSDDD), the role and benefits of financial actors in EU ETS, the legislative proposal reviewing the European Performance of Buildings Directive, the legislative proposal establishing a European carbon removal certification framework (and the IOSCO³¹ consultations on Voluntary Carbon Markets, a non-legislative initiative), the Commission's REpowerEU Plan, the Green Deal Industrial Plan (in particular the proposals on Critical

³⁰ Within the EU office in Brussel, a total of 3 full-time equivalents (FTE) are dedicated to these activities. All the related information, including the estimated annual costs attributable to activities covered by the Register and the amount of EU grants, are publicly reported by Intesa Sanpaolo through the [EU Transparency Register](#).

³¹ International Organization of Securities Commissions

Raw Material Act and Net-Zero Industry Act).

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

On the topic of sustainable finance, Intesa Sanpaolo's collaboration with the Italian Banking Association (ABI) within specific working groups, such as BACC (Banche, ambiente e cambiamenti climatici - Banks, environment and climate change) and Investimenti sostenibili (Sustainable Investments), continued. In 2023, in the survey on data sources for non-financial and Third Pillar reporting of banks on sustainable finance, Intesa Sanpaolo worked with ABI to define key points to discuss with Bank of Italy about the usage level of available ESG data source types and related criticalities. Finally in 2023, Intesa Sanpaolo also contributed to the update of the guidelines on the application of GRI standards (Global Reporting Initiative) in environmental matters published by ABI Lab.

INTERNATIONAL ACTIVITIES

Besides ad-hoc forums, Intesa Sanpaolo participates in a number of climate related initiatives and partnerships demonstrating the Group's adherence to the sector's collective effort to achieve Net-Zero and other environmental goals. The initiatives span a broad range of industries and topics including, as concerns climate related issues, among others, UNEP FI, NZBA, European Clean Hydrogen Alliance, Climate Investment Platform, Principle for Responsible Investment, CDP and Renewable and Low-Carbon Fuels Value Chain Industrial Alliance. For a comprehensive list of Intesa Sanpaolo's initiatives and partnerships, please refer to the Strategy chapter.

Within the UNEP FI activities Intesa Sanpaolo participates in:

- NZBA Implementation Work Track, that in 2023 continued its work to support the target setting and implementation efforts of NZBA members. On Finance Day at COP28, the UN-convened Net-Zero Banking Alliance published the second [Progress Update](#) which includes the link to Intesa Sanpaolo Net Zero targets. In 2022, the Alliance also established five sector sub-tracks: Commercial and Residential Real Estate; Oil & Gas; Iron & Steel; Power Generation and Automotive & Trucking. Through the IMI Corporate & Investment Banking Division specialists, the Bank also participates to the Power Generation sub-track and contributed to the Power Generation white paper;
- [UNEP FI's Climate Risk and TCFD programme](#), followed by the ESG & Sustainability and Risk Divisions, that aims at developing good practices to identify, measure, disclose, and manage climate risk in the financial sector.

Intesa Sanpaolo also participates in BAFT (Bankers Association for Finance and Trade) global working group on sustainability with the following objectives: support the development of standards for sustainable transaction banking, define principles on how to apply 'Net Zero' to transaction banking, provide the industry with guidance on sustainability reporting, and provide market education on sustainable transaction banking. Given the role that transaction banking plays, the working group is going beyond climate-centric measures, focusing on the full spectrum of ESG. Since 2023 Intesa Sanpaolo is one of the coordinating banks of the mentioned working group, which consists of banks from developed and emerging markets around the world. The group is addressing several challenges including defining a consistent industry interpretation of what Net Zero means from a Transaction Banking perspective, identifying common criteria to measure (without duplication), and setting up reporting standards. Given the complexity of the ambitious targets the working group has had initial discussions with NZBA and aims to jointly promote guidance on Net Zero to the Transaction Banking Industry.

The European Clean Hydrogen Alliance was set up in July 2020 to support the large-scale deployment of clean hydrogen technologies by 2030. It brings together renewable and low carbon hydrogen production, demand in industry, mobility and other sectors, and hydrogen transmission and distribution³².

Intesa has marked a significant milestone by becoming the first Italian bank to join the Climate Investment Platform (CIP), which brings together both public and private financial institutions with the shared goal of supporting the global implementation of renewable energy projects. CIP is a demand-driven platform that facilitates the development and scale up of renewable

³² European Clean Hydrogen Alliance: https://single-market-economy.ec.europa.eu/industry/strategy/industrial-alliances/european-clean-hydrogen-alliance_en

energy technologies through tailored technical assistance to Member countries. Project proponents, registered in the platform, are considered for technical assistance and project facilitation support to reach commercial feasibility readiness for financing matchmaking with registered financial institutions³³.

In December 2023 in Dubai, during COP28, Intesa Sanpaolo organized in partnership with Fondazione Politecnico di Milano and Assolombarda, the event “Circular Economy and Climate Change: the role of financial operators and the private sector to accelerate the transition to a regenerative economy”, which also saw the participation of the IMI Corporate & Investment Banking Division and Intesa Sanpaolo Innovation Center. The transition to circular economy, sustainable finance, technologies, and their impact on Climate Change were the main topics of the event.



33 IRENA, International Renewable Energy Agency: <https://www.irena.org/Energy-Transition/Partnerships/CIP>

ESG CRITERIA IN PROCUREMENT ACTIVITIES

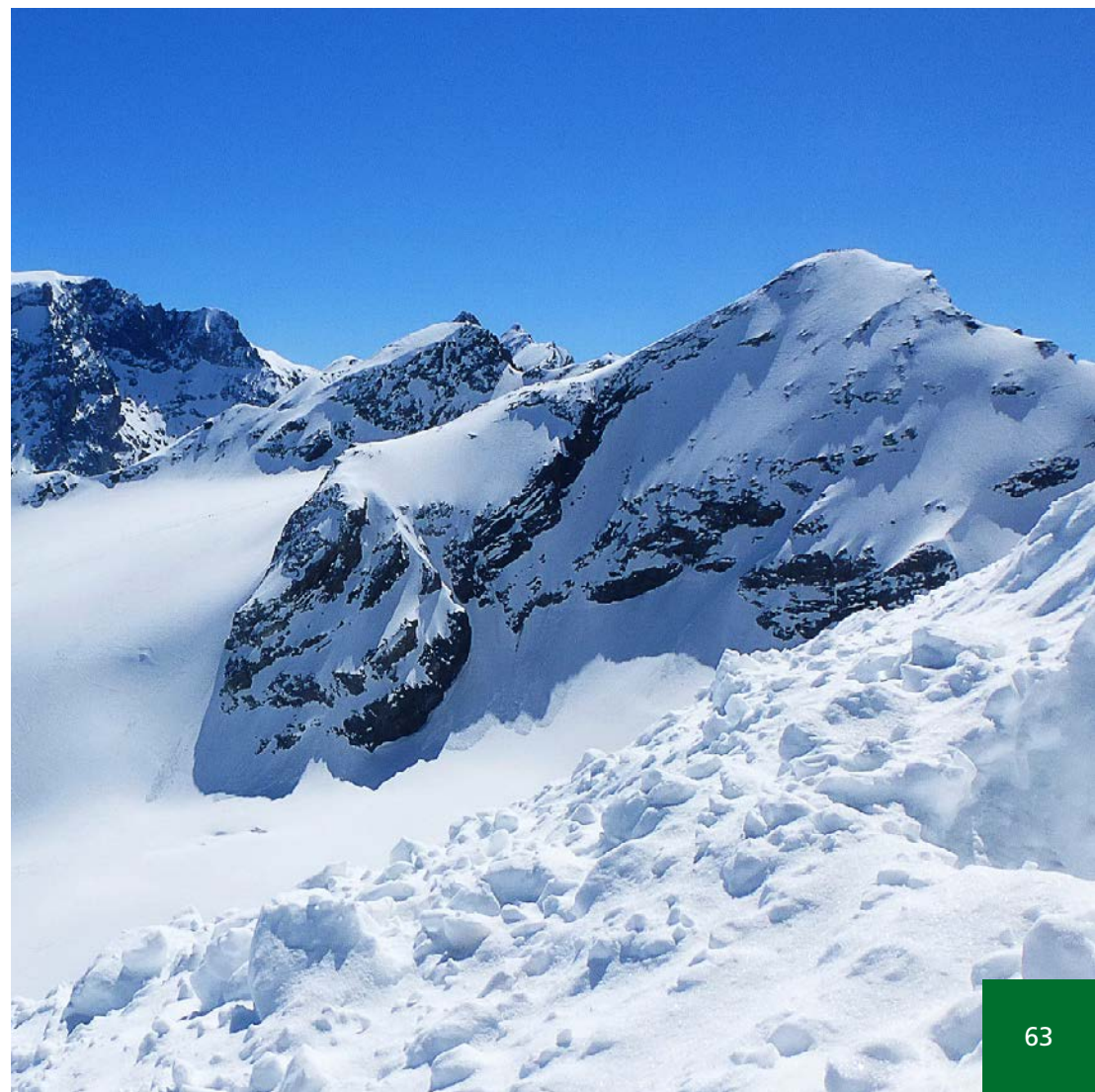
Risks and opportunities arising from climate change influence Intesa Sanpaolo's supply chain strategy: purchasing and partnership decisions aim to minimize climate risks and maximize related opportunities over time. In compliance with its Code of Ethics, Intesa Sanpaolo monitors the suppliers' management approach to sustainability issues, including environmental issues, through the Suppliers' Gate (Intesa Sanpaolo suppliers' dedicated portal), which centralizes sourcing, regulatory monitoring, supplier qualification and monitoring, and adaptation of contractual standards. The selection of suppliers takes place during the process of registration to the Suppliers' Gate by means of an assessment (updated at least once a year) including analyses of the suppliers' business ethics, respect for human and labour rights, environment and climate change. When registering with the portal, suppliers view the Intesa Sanpaolo Code of Ethics and, if a supply or service agreement is signed, they pledge to respect the main contents of the Code when performing their assigned tasks, also making this pledge on behalf of their representatives, employees, associates and subcontractors.

Periodic updates of documents (annual report, questionnaire, certifications) can be requested to the suppliers. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and can be invited to procurement events. The supplier's qualification process allows the obtainment of a supplier's rating monitored over time, and an updated screening of suppliers for the duration of the contractual relationship.

The mapping of suppliers in terms of social, environmental and governance performances continued in 2023 as part of the criteria for evaluating and choosing the best suppliers. Filling in the questionnaire is mandatory for all new suppliers, and, in order to progressively cover all previously registered suppliers, data request campaigns are launched once a year.

The suppliers' procurement ESG rating is assigned following the completion of the aforementioned ESG questionnaire and the possession of certain certifications related to ESG, in line with the Group's procurement criteria. It expresses the quality of the supplier as concerns ESG issues and can influence the choice of the best suppliers, in relation to specific purchasing needs. It follows that, in relation to specific product categories which have a higher environmental or social impact, suppliers who do not meet the minimum requirements may be excluded from procurement events. The ESG rating system is characterized by band scores that determine the quartile the supplier belongs to, within a range from 1 to 100. The top quartile belongs to band score 70-100. Within the questionnaire, 15 out of 38 questions are related to environmental topics, with an overall weight of 37%. At the end

of 2023, suppliers amounted to over 8,400. At the same date, 65% of the suppliers registered in the Suppliers' Gate, with a qualification assessment and engaged in procurement activities, were attributed an ESG rating (35% in 2022). The 2022-2025 Business Plan target provides for 100% of suppliers with a qualification assessment and engaged in procurement activities to be attributed an ESG rating within the Plan's horizon.





RISK MANAGEMENT

RISK MANAGEMENT: INTRODUCTION

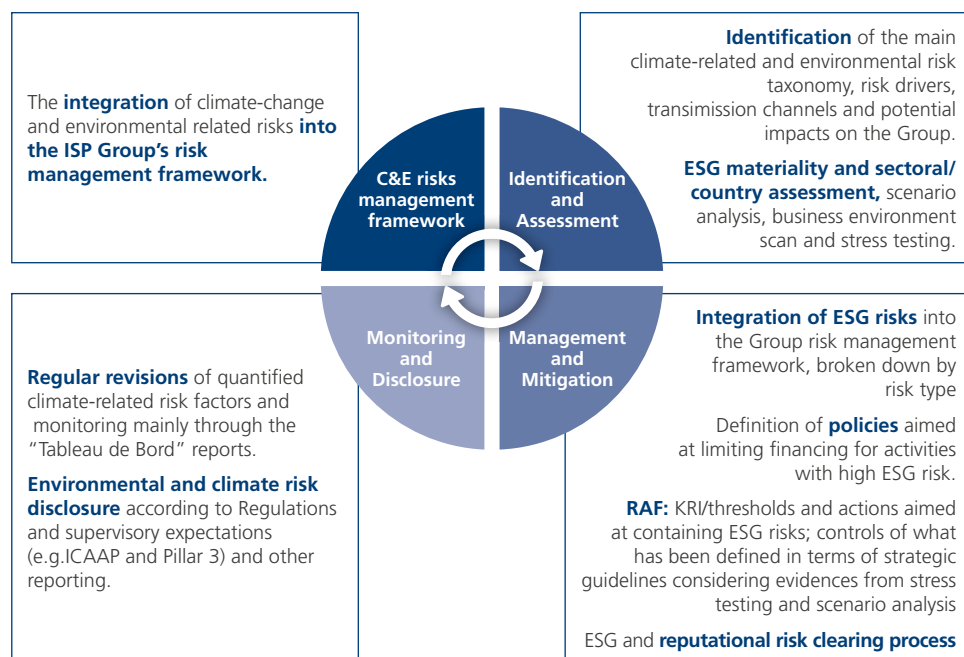
The identification of risks is carried out by the Group on an ongoing basis given the continuously changing internal and external landscape in order to ensure the safeguard of adequacy and “long-term viability”.

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

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

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

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



CLIMATE AND ENVIRONMENTAL RISKS INTEGRATION WITHIN THE RISK MANAGEMENT FRAMEWORK

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

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

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



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

	Physical		Transition
	Climate	Environmental	Climate/Environmental
	<ul style="list-style-type: none"> • Extreme weather events • Chronic weather conditions 	<ul style="list-style-type: none"> • Decline of ecosystem services (e.g. provisions, soil quality, etc.) 	<ul style="list-style-type: none"> • Economic policies and regulation • Technology • Market Confidence • Preferences and expectations of consumers and investors
Credit risks	<p>Credit risks increase if climate-related risks and environmental risks reduce borrowers' ability to repay and service debt (income effect) or banks' ability to fully recover the value of a loan in the event of default (wealth effect). The estimates of the PD (probability of default) and LGD (Loss Given Default) of exposures in sectors or geographical areas vulnerable to physical risks may be affected by the physical events to which the counterparties' assets (with consequent repercussions on financials) or collateral as a guarantee for the loans are subject.</p>		<p>Substantial adaptation costs and lower corporate profitability may lead to a higher PD as well as lower collateral values or less efficient recovery actions (LGD) For example energy efficiency standards will lead to high adaptation costs with possible tensions in profitability indicators and a consequent increase in PD; on the other hand, the properties that do not comply with energy standards will have a lower value with a consequent impact on the value of collateral.</p>
Market risks	<p>Reduction in financial asset values, including the potential to trigger large, sudden and negative price adjustments where climate-related and environmental risk is not yet incorporated into prices. Climate-related and environmental risk could also lead to a breakdown in correlations between assets or a change in market liquidity for particular assets, undermining risk management assumptions. Severe physical events could cause changes in market expectations and result in a sudden repricing of risk, higher volatility and losses on asset values in some markets.</p>		<p>Transition risk factors could even generate sudden impacts on the prices of financial instruments, homogeneous asset classes or market sectors, as well as significant increases in the volatility associated with these instruments.</p>
Liquidity risks	<p>Climate and environmental risks could have direct impacts in the determination of cash outflows (such as, for example, withdrawals of money from accounts by customers to finance damages) or indirect impacts, for example following potential tensions on financial markets. Banks' access to stable sources of funding could be reduced as market conditions change.</p>		<p>Transition risk factors could negatively affect, directly and indirectly, the expected cash flows, or could affect the available liquidity reserves, making some assets less liquid or reducing their value, negatively affecting the bank's overall liquidity position.</p>
Reputational risks	<p>Extreme weather or ecosystem integrity related events could result in interruptions to the Group's operations, with possible repercussions in terms of image. Reputational risk factors could occur if the Group does not adhere to or does not comply with the sustainability and carbon neutrality targets defined for its operations; furthermore, increasing reputational risks to financial institutions may occur based on changing market or consumer sentiment.</p>		<p>The negative perception or deterioration of the Group's image because customer, counterparty, investor or Supervisory Authorities expectations on the management of climatic and environmental risks are not met, can derive for example from:</p> <ul style="list-style-type: none"> • failure to comply with international standards/objectives to which the Group has adhered; • customer complaints relating to climate and environmental issues; • media campaigns or NGO initiatives related to the financing of controversial activities from an environmental point of view.
Non-financial risks – Operational risks	<p>The Group's operations could suffer interruptions due to material damage to properties following extreme weather or ecosystem integrity events. Increasing legal and regulatory compliance costs associated with nature-sensitive investments and businesses.</p>		<p>The evolution of consumers' awareness of climate issues may lead to legal liability risks for the Group due to issues caused by the financing of environmentally controversial activities.</p>

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

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

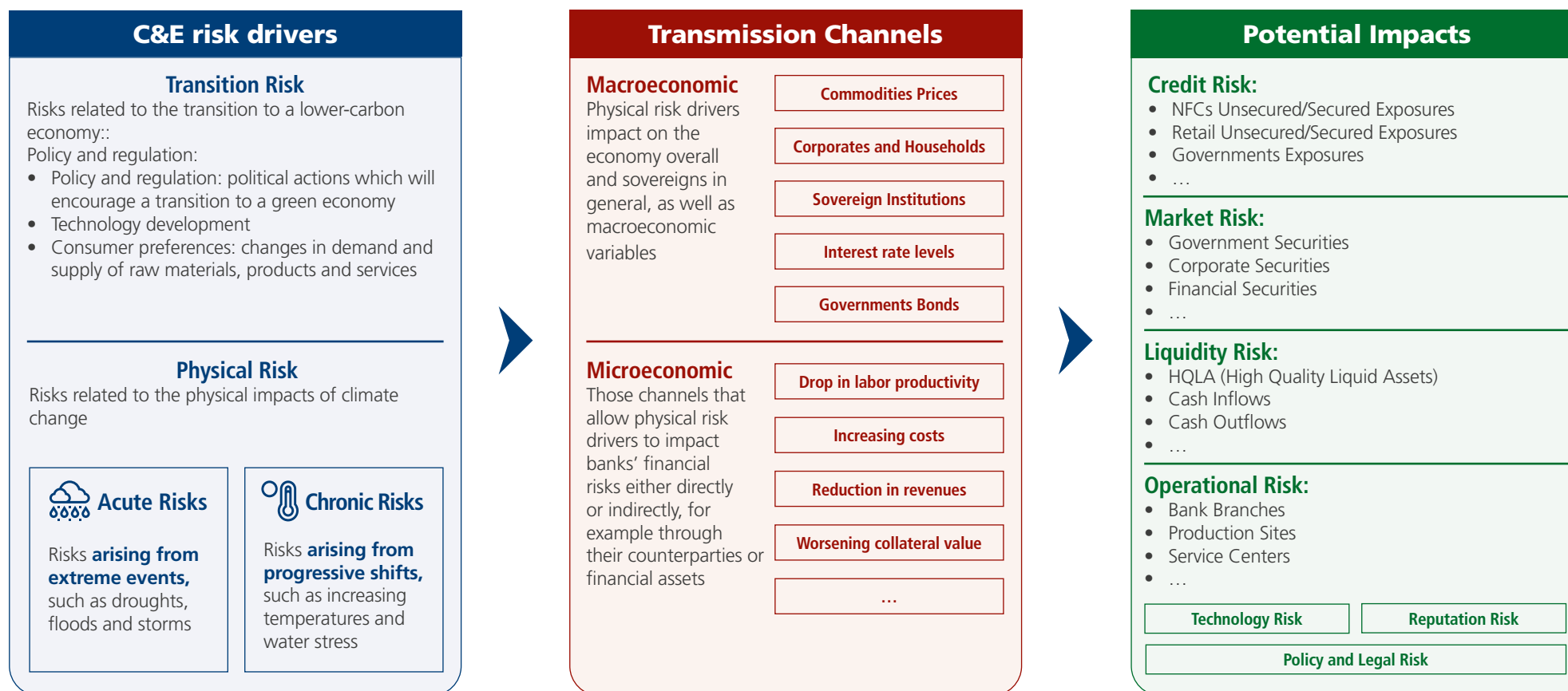


CLIMATE AND ENVIRONMENTAL RISKS: IDENTIFICATION AND ASSESSMENT

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

CLIMATE AND ENVIRONMENTAL RISK TAXONOMY

According to the internal risk taxonomy, C&E risks can be divided into the traditional physical and transition risk categories as described in the figure below. Physical and transition risk drivers impact economic activities, which in turn impact the financial system. This impact can occur directly, through for example lower corporate profitability or the devaluation of assets, or indirectly, through macro-financial changes.



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

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

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

SCENARIO ANALYSIS AND STRESS TEST

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

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

Scenarios

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

More specifically, for 2023, the following three paths were chosen, providing different insights on the effects of both physical and transition climate events:

Orderly transition ("Net Zero 2050"): the scenario assumes that climate policies are introduced early and gradually become more stringent. The Net Zero 2050 scenario foresees a limit to global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO₂ emissions around 2050. Some jurisdictions reach net zero for all GHGs.

Disorderly transition ("Delayed Transition"): the scenario explores risks due to delayed or divergent policies across countries and sectors. Divergent Net Zero reaches net zero around 2050 but with higher costs due to divergent policies introduced across sectors leading to a quicker phase out of oil use. Delayed Transition assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited. In particular, this scenario has been used in the context of Credit Risk analysis for Business Environment Scan purposes.

Hot House World ("Current Policies"): the scenario assumes that some climate policies are being implemented in some jurisdictions, but that globally efforts are insufficient to halt significant global warming. In particular, the Current Policies scenario assumes that only currently implemented policies are preserved, leading to high physical risks.

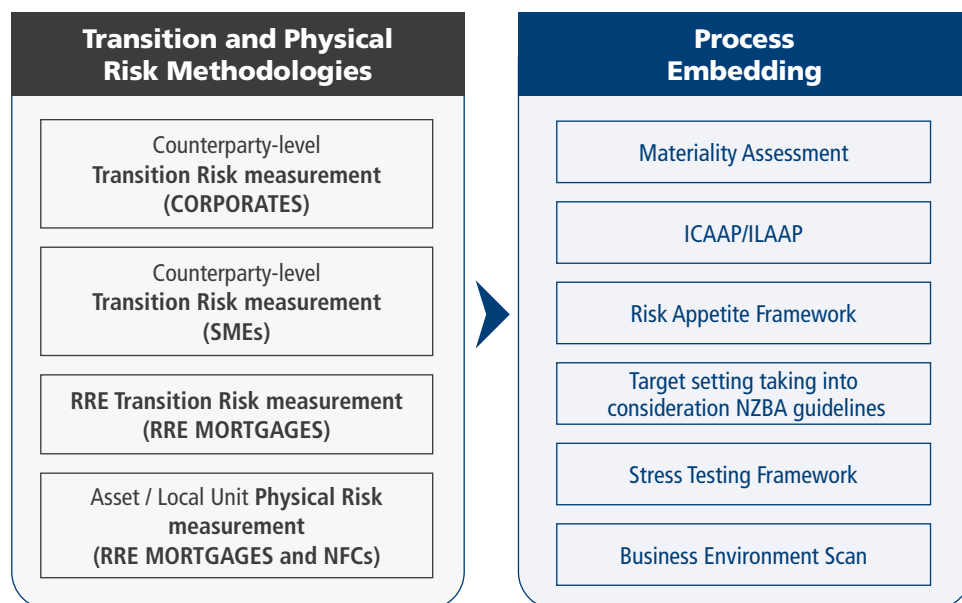
Both Orderly and Disorderly transition scenarios, as declared within the NGFS technical documentation, are within the range of the low temperature scenario (Representative Concentration Pathway RCP 2.6), whereas the Current policies scenario is close to the high temperature scenario (RCP 6.0) by the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

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

Credit Risk

Measurement framework

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



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

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

	NFCs		RRE	
Key Risk Indicator	IMPACT ON BALANCE SHEET ITEMS		IMPACT ON ASSET VALUE	
Transmission channels	Transition Risk	Physical Risk	Transition Risk	Physical Risk
	<ul style="list-style-type: none"> • Policies & Regulations • Technology • Market Sentiment & Reputation 	<ul style="list-style-type: none"> • Flood • Wildfire • Drought • Heatwave • Coldwave • Landslide • Wind gust 	<ul style="list-style-type: none"> • Policies & Regulations • Technology 	<ul style="list-style-type: none"> • Flood • Wildfire • Landslide • Wind gust
Vulnerability Threshold	<ul style="list-style-type: none"> • Balance Sheet Simulation • Rating projections 	<ul style="list-style-type: none"> • Damage functions application • Balance Sheet Simulation • Rating projections 	<ul style="list-style-type: none"> • Decarbonization Path and retrofitting costs • Market Value Calculation 	<ul style="list-style-type: none"> • Damage functions application • Market Value Calculation
Time Horizon	Short Term (2027) - Medium Term (2030) - Long Term (2050)			

Market Risk

Measurement framework

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

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

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

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

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

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

Liquidity Risk

Measurement framework

In assessing the various scenarios, including stressed ones, on incoming and outgoing cash flows and the quantitative and qualitative adequacy of liquidity reserves, particular attention is paid to analysing the impact of C&E risk factors that could compromise liquidity positions on a forward-looking basis: this analysis is incorporated in the annual report of the "Internal Liquidity Adequacy Assessment Process" (ILAAP) over a time-horizon of up to 3 years.

Operational Risk

Measurement framework

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

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

The contribution to the total estimated losses and Value-at-Risk was limited in the short term as, on the basis of evidence provided by an external law firm, operators in the banking/financial sector have so far been involved in a limited number of disputes, even if the most recent trend is growing.

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

BUSINESS ENVIRONMENT SCAN

In accordance with the guidelines provided by the European Central Bank in 2020 (“Guide on climate-related and environmental risks”), Intesa Sanpaolo has strengthened its strategic C&E risks assessments and scenario analysis in order to perform a “Business Environment Scan” (“BES”) activity between the end of 2023 and the beginning of 2024.

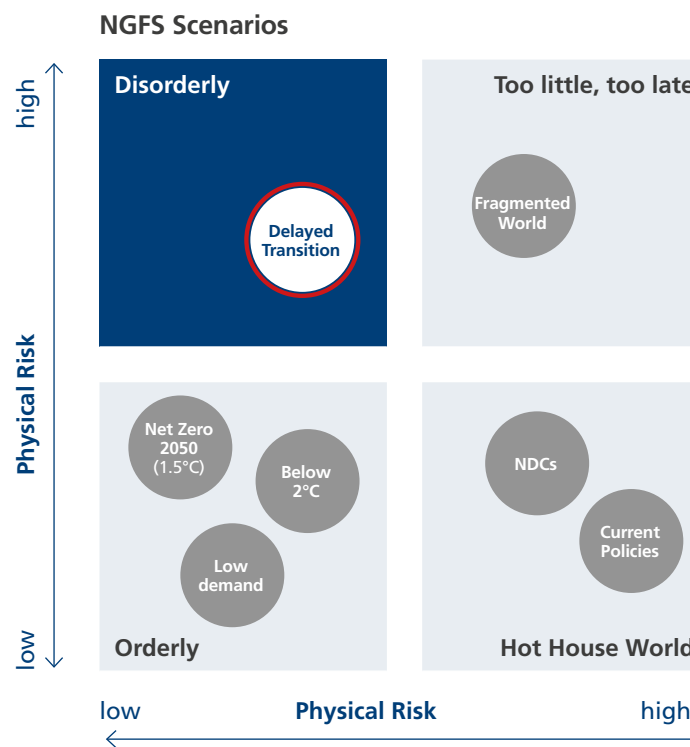
The Business Environment Scan aims at identifying and monitoring the impacts of C&E risks on Intesa Sanpaolo’s business environment, with a target granularity that covers the relevant areas in which the Group operates. Relevant areas are defined as the business units, geographies, portfolios, economic sectors and product/services that contribute significantly to the Group financial results and are relevant from a climate-related and environmental perspective.

For the evaluation of climate-related and environmental risks, Intesa Sanpaolo’s Risk Management has implemented a comprehensive framework that considers short-, medium-, and long-term time horizons. This approach aligns with regulatory guidance on Pillar 3 disclosure and demonstrates the Group’s commitment to transparency and accountability in analysing and representing the effects of C&E risk factors over different timeframes.

Nevertheless, time horizons of managerial and strategic nature have been used for the Business Environment Scan. Within this framework, the reference time horizons considered by the Group are represented in the figure below.

Time-horizons

Short-term (by 2027)	Encompasses the immediate three years (BP) and aligns with the Group’s internal adequacy processes
Medium-term (by 2030)	It considers the evolving factors that establish guidelines for the development of the next Plan
Long-term (by 2050)	Relevant considering the Group’s commitment to achieving Net Zero emissions targets by 2050.



The analysis is based on the **NGFS Disorderly scenario**: (characterized, in the long term, by high transition risks and low-medium physical risks)

Credit assessment outcome

As evidenced in the figure below, the impact assessment outcome shows that both the physical and the transition risk related to residential real estate appear to be non-material in the short-term, with the transition risk that could slightly intensify over the medium term. More specifically, the worst efficiency classes (F, G) bear the highest transition costs. Similarly, the Non-Financial Corporation portfolio has a limited exposure to physical and transition risk over the medium term. Over the long term the transition risk could slightly increase only for specific sectors (i.e., Power Generation, Oil & Gas, and Automotive), while SMEs will experience a higher exposure to physical risk compared to Large Corporates, specifically with respect to drought, wildfire and flood events.

Synthetic indicators of riskiness are identified based on the rating migration downgrade for NFCs or the impact on market value resulting in a consistent depreciation of the collaterals for RRE.

Different thresholds are consequently defined both for transition and physical risk in terms of a Low, Medium, High scale.

	Physical Risk			Transition Risk		
	Disorderly			Disorderly		
	2027	2030	2050	2027	2030	2050
Large Corporate Portfolio	Low	Low	Medium	Low	Medium	High
SME Portfolio	Low	Medium	High	Low	Low	Medium
Residential Real Estate Portfolio	Low	Low	High	Low	Medium	High

■ Low ■ Medium ■ High

Despite the fact that the impact assessment outcomes suggest a high vulnerability of SMEs and RRE portfolios over the long term, the share of exposures classified as such is not significant considering both the respective portfolio sizes and the overall credit portfolio.

Market assessment outcome

As evidenced in the figure below, the impact assessment outcome shows that both the physical and the transition risk related to the Corporate & Financial bond portfolio appear to be non-material in the short-term, with the transition risk that could slightly intensify over the medium term.

The impact assessment outcome related to the Sovereign bond portfolio, focused on transition risk, is considered to be non-material.

	Physical Risk			Transition Risk		
	Disorderly			Disorderly		
	2027	2030	2050	2027	2030	2050
Corporate & Financial Bond Portfolio	Low	Low	Low	Low	Low	Medium
Sovereign Bond Portfolio						Low

■ Low ■ Medium ■ High

Operational assessment outcome

The 2023 Self Diagnosis process showed that 3.6% of VAR is attributable to Climate Change risk.

CLIMATE AND ENVIRONMENTAL MATERIALITY ASSESSMENT

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

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

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

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

The C&E materiality assessment exercise has initially been conducted on the NFC credit portfolio given its relevance and absolute size.

Focus on credit risk

The materiality assessment of the non-financial corporate credit portfolio relies on the "ESG sectoral assessment approach". This approach provides a prudent, worst-case-scenario estimate of the NFCs susceptibility to a set of risk drivers, including, among others, physical, transition and environmental risk. This approach is mainly based on qualitative external sources analysis (qualitative top-down element) that are enriched by leveraging the granular and forward-looking results of the scenario analysis (quantitative bottom-up element).

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

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

Sector	PH	TR	E	% in total exposures
Manufacturing	Medium	Medium	Medium	15.8%
Distribution	Medium	Moderately Low	Medium	14.6%
Infrastructure and Transport	Medium	Medium	Medium	13.7%
Building, Construction and Real Estate	Medium	Medium	Medium	10.0%
Technology and Telecommunications	Medium	Moderately Low	Medium	7.7%
Agriculture and Food	Moderately High	Medium	Moderately High	5.6%
Financial and Public Services	Moderately Low	Moderately Low	Moderately Low	5.4%
Oil & Gas	Medium	Moderately High	Moderately High	4.6%
Power Generation	Medium	Medium	Moderately High	4.4%
Mining and Metals	Medium	Medium	Moderately High	2.4%
^L of which Coal Mining (under phase-out)	Moderately High	High	High	<0.01%
Automotive	Medium	Moderately High	Moderately High	1.7%
Aerospace & Defence	Moderately Low	Medium	Medium	1.1%
Other	Medium	Medium	Medium	13.0%

■ Low ■ Moderately Low ■ Medium ■ Moderately High ■ High

Focus on Market risk

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

In 2023, there have been developments regarding the materiality assessment process, in terms of perimeter of exposures (i.e. sovereign issuers have been included) and risk drivers (i.e. physical risks) considered.

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

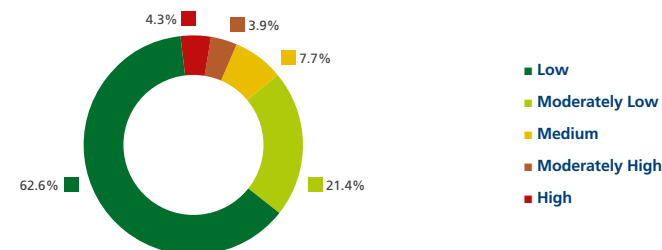
- the “ESG sectoral assessment approach” (also applied for credit materiality assessment);
- the “ESG Sovereign integration approach”, aimed at evaluating countries’ ESG performance considering KPIs drawn from multiple external sources: the approach considers factors such as the SDGs scores, GHG intensity, etc... to capture Climate & ESG risk of sovereign issuers.

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

Sector	PH	TR	E	% in total exposures
Financial and Public Services				44.4%
Infrastructure and Transport				11.1%
Oil & Gas				9.2%
Technology and Telecommunications				6.4%
Automotive				6.2%
Power Generation				5.4%
Manufacturing				5.2%
Agriculture and Food				2.2%
Building, Construction and Real Estate				1.3%
Distribution				1.1%
Mining and Metals				0.3%
Aerospace & Defence				0.1%
Other				7.1%

■ Low ■ Moderately Low ■ Medium ■ Moderately High ■ High

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



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

Focus on Liquidity risk

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

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

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

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

These analyses are finalized to measure:

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

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

PILOT ON ENVIRONMENTAL ASSESSMENT

As previously mentioned, within its commitment to continuously improve the management of ESG risks, the Group is currently developing a strengthened methodology for measuring its exposure to "other environmental" risks (i.e. financial risks deriving from the impact on biodiversity or from dependencies related to natural capital or ecosystem services, as detailed below). A preliminary assessment exercise has been therefore carried out focusing on Non Financial Corporations (NFC) exposures.

The methodology is focused on the NFC counterparties and takes into account the main risk drivers related to environmental risks, in terms of:

- impacts on nature: changes in nature caused by business activity which may involve potential impacts on social and economic functions;
- dependency on nature: aspects of ecosystem services that an organization, or other actors, relies on to function (e.g. water availability, etc.)

The methodology follows the best practice and guidelines provided by the Taskforce on Nature-related Financial Disclosures (TNFD) and the "LEAP" (Locate, Evaluate, Assess, Prepare) process indicated by the association and, in particular, assesses the credit portfolio vulnerability exposure in relation to environmental risks.



Locate

In the Locate phase, headquarters and local production units are identified, setting the stage for analyzing the interactions between industries and their surrounding nature (direct operations).

Access to external databases for mapping ecosystems provides the basis for analyzing ecosystem services and pressures on biodiversity.

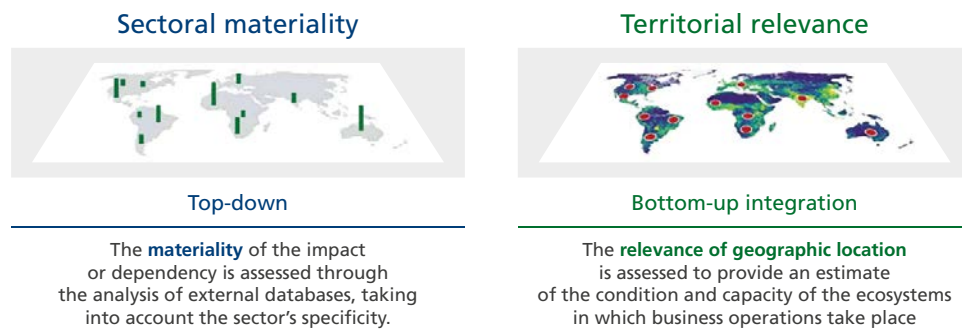
Evaluate

Industry-specific impact/dependency scores are applied using sector-level materiality (top-down approach).

Impacts and dependencies (for direct operations) are evaluated applying a bottom-up approach taking into account the relevance of the location-specific natural resource status and the materiality of the industry-specific dependency or impact.

Relevance and materiality are assessed with sectoral adjustments through input-output matrices for value chain risk assessment.

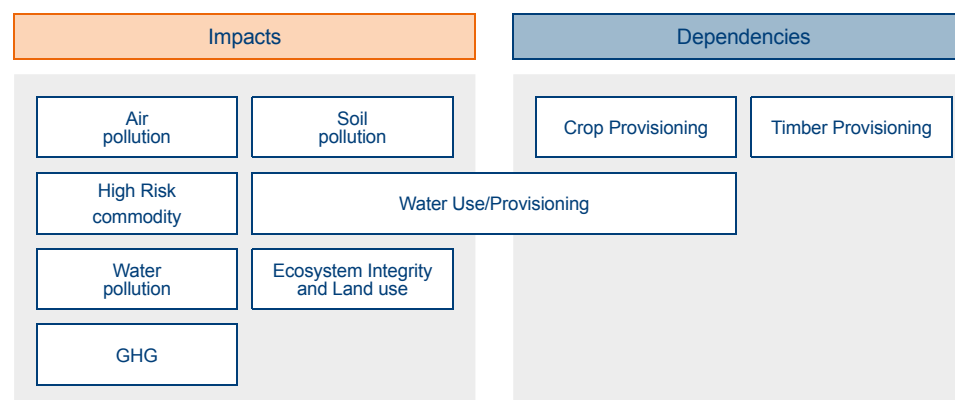
For each company (at local unit level) various sectoral and territorial scores are estimated and normalized in order to enable comparison between sectors and geographies.



Source: adapted from SBTN (Science Based Target Network)
<https://sciencebasedtargetsnetwork.org/wp-content/uploads/2023/05/Technical-Guidance-2023-Step1-Assess-v1.pdf>

The most relevant biodiversity pressure categories and dependencies have been prioritized for the analysis, which has been carried out on the most relevant 1,000 NFCs in terms of exposure, in priority sectors, mainly according to TNFD. In particular:

- **impacts:** 7 indicators considered (both sectoral and spatial level)
- **dependencies:** 3 indicators considered (provisioning services or direct physical input depending on the reference standard – TNFD, SBTN).



Several measures have been considered in order to create the single indicators, sourcing from:

- **Sectoral Materiality:** leveraging on input-output data matrices, sectoral scores for impact and dependency on nature are estimated taking into account country-specific information. Furthermore, “value chain” effects differentiated by country and by sector for each of the indicators under analysis have been considered.
- **Territorial Relevance:** for each nature-related risk indicator, maps have been identified, depicting the condition of the ecosystem or natural resource under analysis and therefore the level of territorial relevance.

Assess

The assessment of the credit portfolio exposure to environmental risks is therefore quantified by combining both sectoral and territorial vulnerability scores and considering the exposure associated each counterparty.

Overall, the pilot exercise highlighted only a small portion of the portfolio in scope as exposed to medium-high sectoral and territorial risks.

CLIMATE AND ENVIRONMENTAL RISKS: MANAGEMENT AND MITIGATION

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

To do so, Intesa Sanpaolo Group sets out, within its Risk Appetite Framework, its strategic objectives to manage climate-related risks through the inclusion of different monitoring Key Risk Indicators and limits. Furthermore, the mitigation of ESG risks is ensured through the definition of policies and processes aimed at screening counterparties and transactions for potential ESG risk drivers, as better detailed in the following paragraphs.

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

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

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

There are also specific provisions related to the Group's strategic initiatives such as, for example, the adherence to the Net-Zero objectives. The development of controls in the ESG area also takes into account the main evidence from the most relevant risk assessment processes including Stress Test, Scenario Analysis and ESG risk assessment process.

Controls and limits dedicated to C&E risks have been set considering:

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

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

- a tight limit on the exposure towards the coal mining sector, consistent with the established phase-out target by 2025;
- a specific limit on Oil & Gas sector, also applicable to investment portfolios, consistently with the Net Zero objectives declared by the Bank in its 2022-2025 Business Plan;
- a limit on sensitive sectors, as mining, gambling and tobacco, in line with the credit disincentive strategy assigned to these sectors as part of the ESG sectoral strategy and also applicable to investment portfolios;
- specific limits¹ and monitoring thresholds relating to the physical intensity of financed counterparties belonging to the Iron & Steel sector, in addition to the existing ones for the Oil & Gas, Power Generation and Automotive sectors, with the aim of meeting the commitments undertaken following adherence to the Net-Zero Banking Alliance and the Science Based Target initiative. For the same purpose of monitoring targets, relevant credit transactions within the Commercial Real Estate (CRE) will be monitored, with a particular focus on energy efficiency of the collateral;
- a monitoring of new underwriting in the Residential Real Estate (RRE) portfolio broken down by energy performance classes (EPC certifications) continues, with the aim of improving the quality of the residential properties taken as collateral and therefore reducing the transition risk relating to retail residential mortgages. Particular attention is paid to properties with low EPC classes, as well as those located in the areas most exposed to acute physical risks in order to assess the exposure of the portfolio both to transition and physical risk and to integrate the impacts of these risks into long-term strategic planning;
- a specific early warning system applicable to investment portfolios on sovereign issuer exposures, classified as high risk consistently with the "ESG Sovereign integration approach".

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

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

The main limitations and exclusions to sectors/counterparties most exposed to ESG risks are defined within the scope of the RAF and are then integrated into self-regulation policies and/or within the operational processes. All transactions with counterparties presenting elements of significant environmental/climate risk (e.g. top polluting companies) are classified as Most Significant Transactions (MST) and therefore subject to a strengthened assessment and the binding opinion of the Chief Risk Officer.

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

SELF-REGULATION POLICIES

Among the measures taken in order to manage ESG risks, the Group establishes specific criteria for the limitation and the exclusion of operations in sectors that are sensitive to these risks², as well as criteria aimed at classifying sustainable credit products and lending transactions. With reference to the financing activity.

The Group undertakes not to finance companies and projects that are characterized by their negative impact on:

- UNESCO World Heritage Sites³ or their buffer zones. Where a buffer zone is not determined and the project is close to a World Heritage Site (i.e., less than 1 km from its border), the Group will decide on a case-by-case basis whether to apply the exclusion criterion;
- Wetlands⁴ under the Ramsar Convention - wetlands included in the Ramsar Convention list;
- IUCN protected areas I to VI⁵ - areas designed for the long-term conservation of nature, i.e., those areas classified by the IUCN ("International Union for Conservation of Nature") as protected areas in categories I to VI.

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

- human rights violations;
- forced or child labor practices⁶.

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

For example, Intesa Sanpaolo is not providing support to projects aimed at the construction or expansion of new coal mines and at the construction of new coalfired power plants. The Group also undertakes to phase out by 2025 the share of financial services to counterparties in the coal mining sector. Other limits and rules were set for general financing to coal mining and coal power companies⁷.

² Please see: "[Group guidelines for the governance of Environmental, Social and Governance \(ESG\) risks](#)"

³ This is a list of sites officially recognised by the United Nations Educational, Scientific and Cultural Organization (UNESCO). The sites are selected on the basis of cultural, historical, scientific or some other form of relevance, and are legally protected by international treaties (<http://whc.unesco.org/en/list>)

⁴ This is a Convention of international importance that provides the framework for the conservation and prudent use of wetlands and their resources. Nearly 90% of the member states of the United Nations, from all geographical regions of the world, have acceded to the Convention by becoming "contracting parties". A key commitment of the Contracting Parties is to identify and place suitable wetlands on the list of wetlands of international importance, also known as the Ramsar list (<https://www.ramsar.org/our-work/wetlands-international-importance/ramsar-list>)

⁵ This is a list of protected areas (i.e. "a clearly defined, recognised, dedicated and managed geographical area, through legal instruments or other effective means, to achieve long-term nature protection with associated eco-systemic services and cultural values"), which have been identified and classified (Class I to VI) by the International Union for Conservation of Nature (IUCN), a union of members consisting solely of governmental and civil society organisations. The categories are defined as follows (<https://www.protectedplanet.net/>):

- I Strict protection (Ia) Strict nature reserve and (Ib) Wilderness
- II Conservation and protection of ecosystems (e.g. National Park)
- III Conservation of natural features (i.e. natural monument)
- IV Conservation through active management (e.g. Habitat/species management area)
- V Landscape/seascape conservation and restoration (e.g. protected landscape/seascape)
- VI Sustainable use of natural resources (e.g. protected area of managed resources)

⁶ See the Group's General Principles of Governance "Human Rights Principles"

⁷ Please see: "[Rules for lending operations in the coal sector](#)"

Limitations and restrictions are also set for unconventional resources such as Shale Oil & Gas and those resources extracted in fragile ecosystems in geographical areas such as the Arctic region and the Amazon. Namely, the policy prohibits the financing of projects aimed at the development, construction and expansion of exploration and extraction activities relating to unconventional resources and the related transport infrastructures. In addition, the Group undertakes to terminate its exposure linked to unconventional Oil & Gas resources by 2030⁸.

THE ESG RISK ASSESSMENT PROCESS (“ESG & REPUTATIONAL RISK CLEARING PROCESS”)

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

With specific reference to the credit process, credit proposals assessed are those identified as critical by a preliminary ESG issues evaluation (e.g., are classified as most carbon-intensive worldwide⁹ or that are particularly subject to negative media attention), as well as proposals that relate to counterparties operating in the coal mining sector.

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

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

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



⁸ Please see "[Rules for lending operations in the unconventional Oil&Gas sector](#)"

⁹ Defined as "top polluters" by the "Climate Accountability Institute"

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

Moreover, a deep dive is carried out for transactions subject to the Equator Principles (EP)¹⁰. The loans subject to the screening of the Equator Principles that reached financial close in 2023 amounted to 30 (for a total of 434 since 2007) for a total amount of ~€3.89bn. The EPs provide for the assignment of a risk category to projects to be financed (A high, B medium, C low) based on variables such as the socioenvironmental characteristics of the country, the industrial sector to which they belong and the specific characteristics of the project. Higher risk projects and, if appropriate, medium risk projects are assessed by an independent consultant who identifies their main social and environmental impacts.



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

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

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

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

¹⁰ Equator Principles are international guidelines Intesa Sanpaolo has adhered to since 2007 (the Group currently adopts the "EP IV", updated version of the guidelines). <https://equator-principles.com/>

MANAGING ESG RISK FACTORS FOR DIFFERENT RISK CATEGORIES

Credit Risk

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

In the qualitative component of the rating models currently validated and used by the Group, various aspects and elements related to the ESG and "Climate" areas are taken into consideration. For larger companies (Large Corporate), a specific module has been incorporated into the model: it considers quantitative ESG data provided by external providers, while in the Corporate model in addition to qualitative components which include socio-environmental risks, in order to take into account the counterparty's exposure to physical risks deriving from catastrophic events (e.g. damage to production plants or warehouses) a specific module has been statistically estimated. Starting from the historical and public evidence of catastrophic events (e.g. floods, fires, earthquakes) observed at geographical area level, it identifies potential deteriorations in the probability of default.

Market Risk

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

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

Liquidity Risk

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

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

Operational Risk

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

- identifies within operational events those related to climate and environmental risks; the taxonomies used within Loss Data collection have been enriched in order to include categories specifically dedicated to disasters that can be related to Climate Change risk (e.g., floods, heat waves) and to ESG related litigations;
- assesses, during the Self-Diagnosis process, the possible losses deriving from damage to real estate properties, from possible interruptions to its operations and from possible legal liabilities, by means of specific risk scenarios dedicated to climatic and environmental risks; (for the first time, in 2023, a scenario was run aimed at estimating the consequences for the Bank of an extreme weather event that affects a supplier, compromising its ability to carry out its function);
- to protect business continuity, assesses the impact of physical risks associated with IT centers and sites (including outsourced IT services), identifying alternative locations in case of disaster recovery.

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

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



Reputational Risk

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

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

CLIMATE AND ENVIRONMENTAL RISKS WITHIN THE ASSET MANAGEMENT AND INSURANCE ACTIVITY

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

As signatories of the Principles for Responsible Investment promoted by the United Nations, the Group's asset management companies, Eurizon Capital SGR (Eurizon), Fideuram -ISPB Asset Management SGR and Fideuram Asset Management Ireland dac (FAMI), pay particular attention to the policies implemented by the issuers in which they invest on environmental, social and governance issues.

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

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

- Negative screening, i.e. restrictions or exclusions concerning:
 - Issuers operating in sectors considered "not responsible", including thermal coal, oil sands and unconventional weapons activities;
 - Issuers deemed "critical", i.e. those companies characterized by a higher exposure to environmental, social and governance risks.
- Positive screening, in compliance with good governance practices¹¹:
 - Integration of ESG factors in the analysis, selection and construction of managed portfolios;
 - Pursuing sustainable investment goals (cd. "Sustainable Investments"), through methodologies to select investments aiming at (i) contributing to the UN Sustainable Development Goals; (ii) generating a positive social and environmental impact together with a measurable financial return;
- Stewardship: proactive interaction with issuers, through the exercise of participation and voting rights, as well as carrying out engagement activities.

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

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

¹¹ Products classified under Articles 8 and 9 of the SFDR Regulation invest in companies that follow good governance practices, as specified in the same Regulation, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance

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

- ESG Risk Score which estimates the environmental, social and governance impact of the business of individual issuers and how their choices can affect profit generation.
- ESG Opportunity Score which estimates the ability of issuers to take advantage of sustainable growth opportunities, in terms of their ability to generate future profits.

Eurizon has implemented a model to assess the impact of climate change on the evaluations of issuing companies for Transition Risk. The model considers both corporate and sovereign issuers and follows different approaches for each.

The transition risk model quantifies the impact of potential transition scenario pathways on a company's business activities, financial performance and carbon emissions. The model leverages scenario inputs as well as operational and financial data for each company and combines them through a bottom-up analysis on the company's operations, asset profiles and financials.

For corporate issuers, the transition risk model consists of three phases:

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

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

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

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

The physical risk model incorporates climate risk models and econometric models to calculate climate-adjusted revenues, costs, profits, and cash flows. These calculations are used to determine the impact on the value of the company, referred to as the Physical Climate-adjusted value.

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

1. Modelling of climate scenarios: the model identifies scientific climate models developed by the academic community to predict climate data related to temperature increase, sea level rise, and extreme weather events. Two sets of scenarios are considered: IPCC scenarios and NGFS scenarios;
2. Economic impact: the economic impacts of the identified scenarios are assessed using climate econometric models. The model evaluates multiple impacts of physical risks on macro and micro variables, such as GDP, labour productivity, production costs, energy costs, and direct physical damage;
3. Financial impact: the economic impact resulting from climate change is converted into financial impact. For corporate issuers, the impact on revenues is assessed based on the location of revenues at country level;

4. Valuation of the company: the model quantifies the impact of climate change on the company value under different climate scenarios. Climate-adjusted cash flows are determined based on the estimated impact of climate risks on financial parameters. These cash flows are used in a Discounted Cash Flows (DCF) model to calculate the Physical Climate-adjusted value and the change in company's value compared to the unadjusted base scenario. The model also calculates the Climate-adjusted Probability of Default at different time horizons.

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

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

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

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

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

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

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

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

In order to better define the Company's actions with respect to the Principal Adverse Impacts deriving from its investment decisions, FAM and FAMI have identified the fight against climate change and respect for human rights as priorities among sustainability issues, managing PAI mainly through the application of the negative screening. In addition, both Companies monitor the entire portfolio on the basis of a series of environmental, social and governance indicators, through the information collected by a specialized info-provider. The issuers or investments exhibiting particularly negative performance in terms of adverse impacts on sustainability factors are presented to the ESG/SRI Committee which may decide to initiate specific actions, starting from engagement to specific actions to reduce or dispose of investments, which can even be of a progressive nature.

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

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

Moreover, according to the action plan shared by FAM with Banca d'Italia and in line with the objectives declared joining to the "Net Zero Asset Managers Initiative", FAM Risk Management is progressively extending the more general risk management framework to take account of both physical and transition risk factors.

The integration of climate risks within the Risk Management framework will be pursued in a progressive and gradual way according to 5 macro steps:

1. Identify and describe the most impacting physical and transition risk factors according to the double materiality principle;
2. Determine qualitative and quantitative exposure to ESG risks (definition of the maximum risk appetite, identification of specific indicators, application of the ESG score within the remuneration policies and product classification structure, use of PAI indicators, integration of the available information through the use of a plurality of info-providers);
3. Monitor and review in order to analyze and verify the evolution of the exposure of ESG risks;

4. Mitigate the risks by adopting the "Macro Strategies" above mentioned and the principles established by the parent company and division (in terms of IT procedures, real estate interventions and training activities);
5. Notify and report through appropriate information flows to corporate bodies in order to analyze the level of exposure to ESG risks and the main findings and define the mitigation actions and their priorities.

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

The Insurance Group also incorporates environmental, social and governance aspects in its investment processes in financial instruments underlying the insurance products in its portfolio, with the aim of generating a positive impact while also encouraging the companies in which it invests to move along this direction. In particular, the Group's commitment is reflected in the definition of a [Policy for incorporating ESG factors and the principles of Sustainable and Responsible Investments \(SRI\) within the investment process](#). The Policy provides for, inter alia, the exclusion from the investment portfolio or restricted investment in issuers engaged in sectors that are deemed not socially responsible and in critical issuers; the gradual reduction of the carbon intensity of direct investment portfolios pertaining to segregated funds, internal funds and pension funds; and the definition of a [Principal Adverse Sustainability Impact \(PAI\) Policy](#) that presents the management methods adopted by the Group to mitigate the risk of potentially adverse sustainability impact associated with its investments. This process is done mainly with the objective of:

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

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

CLIMATE AND ENVIRONMENTAL RISKS: MONITORING AND REPORTING

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

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

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

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

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

Among voluntary disclosure activities, Intesa Sanpaolo integrates its sustainability reporting by including the Principles for Responsible Banking disclosure documents, the Green and Social Bond Report and the Ex-ante impact assessment report of funding to non-profit organizations.

DIRECT ENVIRONMENTAL RISKS

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

To this end, in line with the provisions of the Business Plan, in 2023 a specific tool was identified that allows to elaborate the level of exposure of Intesa Sanpaolo's real estate assets to the main territorial and climate change risks, such as floods, hydrogeological risks, drought, forest fires, etc. This tool geolocates, for the Italian perimeter, each individual asset and calculates the exposure index for each risk, based on data from the main national and international certified sources, such as: SwissRE, Copernicus, INGV, ISPRA, Civil Protection etc. The platform is also developed to identify areas of high biodiversity value, e.g. "Natura 2000" sites, sites of community interest (SCI), and the assets that may fall within the aforementioned areas. The activities carried out by Intesa Sanpaolo in the Group's offices do not, in general, have an impact on the state of biodiversity. Consequently, Intesa Sanpaolo will carry out screening of its offices in relation to their possible location in areas of high naturalistic value or in their proximity.

In 2024 the platform will also be made operational for foreign branches and offices and a functionality will be developed for the computerized management of emergency events.

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

With regard to hydrogeological instability, the benchmark for flooding is based on the level of hazard associated with a floodable area and depends on the probability of the area being flooded. Conventionally, the level of hazard is obtained by assuming a flood that has average return times: high between 20 and 50 years (frequent floods), medium between 100 and 200 years, low over 200 years (low probability of floods or extreme event scenarios).

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

In Italy, out of a total of over 3,000 real estate assets, the results of the assessments currently evidence: with reference to flood risk, 141 properties in areas with high flood risk; with reference to landslide risk, 16 properties in very high risk areas (P4) and 34 in high risk areas (P3). These assessments, together with the daily analysis of Arpa's weather alert bulletins and the bulletins of the Department of Civil Protection on critical national and regional issues, enable the Intesa Sanpaolo Group in Italy to implement actions that take account of the effects of critical events connected with natural phenomena deriving from climate change, making it possible to manage different potential risk scenarios, indicated in the Emergency Plans, in order to mitigate and reduce their potential damage, particularly with regard to workers and Stakeholders.

In addition, the tide bulletin is periodically consulted on the Venice branches affected by the "high tide" emergency due to the rise in tide levels, so as to allow prior notification to the competent structures for the activation of the procedures laid down in the specific Emergency Plans. Furthermore, the project to update the specific risk analysis based on the implementation of the Mose in the municipality of Venice continued.

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

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

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

Focus:

TURIN NUOVO CENTRO DIREZIONALE (NCD) and GIOIA 22 TOWER

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

- the Turin NCD that has the Leed Platinum certification both in the "new construction" category and in the "sustainable building management" category.
- the new Milan skyscraper, Gioia 22, which in addition to being the first skyscraper in Italy with almost no energy consumption - Nearly Zero Energy Building - has also obtained the Leed Platinum in the "core and shell" category.



METRICS & TARGETS

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

INTESA SANPAOLO CLIMATE & ENVIRONMENTAL HIGHLIGHTS

Main Targets

KPI	Target	Timeframe
Financing in relation to the areas of application of Mission 2 of the NRRP	€76bn	By 2026 NRRP
Circular Economy plafond	€8bn	By 2025 in line with 2022-2025 Business Plan horizon
Green financing to individuals	€12bn	
Eurizon "sustainability-conscious" products	€156bn (60% of expected funds' assets)	
ISP People ESG Training	100%	
NZBA	Net-Zero emissions in terms of loans and investments portfolios	By 2050
	Intermediate Net-Zero aligned emissions reduction targets: <ul style="list-style-type: none"> • Oil & Gas • Power Generation • Automotive • Iron & Steel 	By 2030
	Intermediate emissions reduction target: <ul style="list-style-type: none"> • Commercial Real Estate (CRE) 	By 2030
Coal mining	Exclusion policy: zero exposure	By 2025
Own Emissions	Net-Zero in terms of Own emissions	By 2050
	Carbon neutrality Purchase of 100% of electricity from renewable sources	By 2030

Main 2023 Results

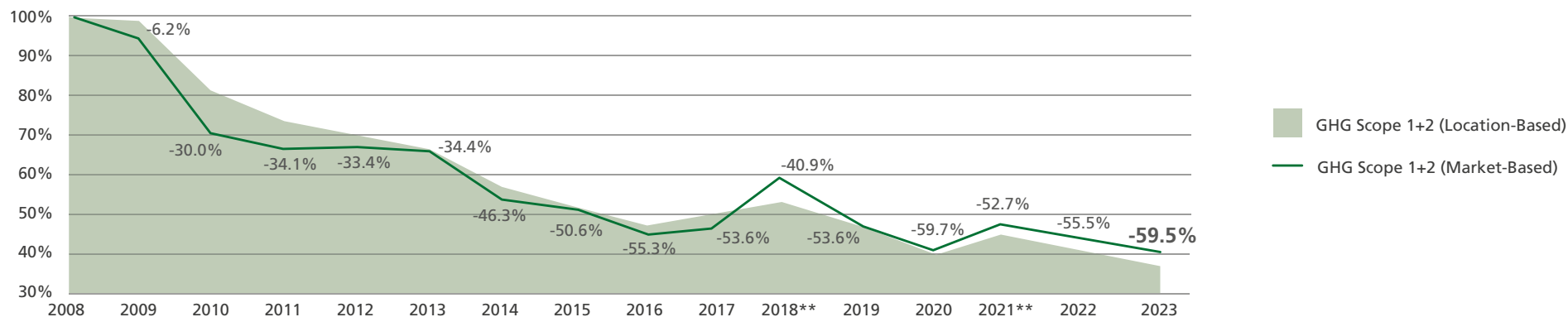
Financing in relation to the areas of application of Mission 2 ¹ of the NRRP	~€12.6bn disbursed in 2023 (€44.9bn since 2021)
Circular Economy Plafond	~€5.6bn disbursed in 2023 (€3.1bn in 2022)
Green financing to individuals	~€1.7bn of Green Mortgages in 2023 (€4.3bn in the 2022-2023 period)
Green financing to SMEs	~€1.7bn of S-Loan in 2023 (€5.2bn from launch in July 2020)
Eurizon "sustainability-conscious" products	~€149bn (73.3% of total)
Electricity purchased from renewable sources	~90% (~100% in Italy since 2021)
Absolute financed emissions	-22.6% vs 2022 (six sectors)
Own emissions	Scope 1+2 market based -9% vs 2022 (-59.5% vs 2008)

¹ NRRP Mission 2 is focused on Green Economy, Circular Economy and ecological transition

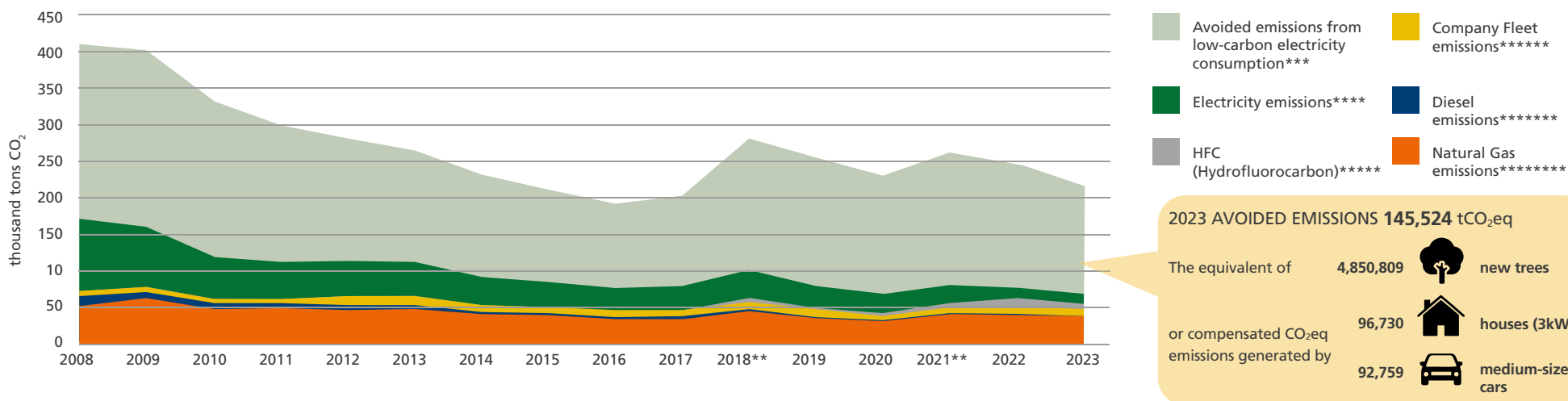
OWN OPERATIONS

As a result of the medium-long term plans implemented since 2008, major reductions in electricity and thermal energy consumption and in the resulting emissions were achieved by the Group, with a drop of -59.5% in Scope 1 + Scope 2 Market-based emissions in 2023 compared to 2008 (-9% in 2023 vs 2022).

Trend in GHG emissions (Scope 1 + Scope 2 Market-based*) from 2008 to 2023



Trend in GHG emissions by source from 2008 to 2023



* Market based: for purchased electricity, the Scope 2 data consider the contribution, agreed contractually, of the guaranteed renewable source certificates, which therefore have zero emissions. Location-based: for purchased electricity, the Scope 2 data consider the transformation factors of national emissions. The location-based method highlights the actual emissions reduction deriving from energy efficiency without considering the positive contribution resulting from the purchasing of certified renewable energy (Market-based)

** The increase in emissions recorded in 2018 and 2021 is mainly due to a wider reporting perimeter. Banca Popolare di Vicenza and Veneto Banca figures are included from 2018 while UBI Banca Group figures are included from 2021 Emission factors for the calculation of CO₂ established by Intesa Sanpaolo, in accordance with the Italian Banking Association (ABI) Guidelines on environmental matters issued by ABI Energia and on the basis of the main 2023 publications (UNFCCC, IEA, IPCC, AIB, etc.). For further information please refer to: [Greenhouse gas emissions section in Intesa Sanpaolo website](#)

*** Low carbon electricity is the sum of electricity generated from nuclear and renewable sources. Renewable energy sources include hydropower, solar, wind, geothermal, bioenergy, wave and tidal

**** Emissions from Market-Based electricity consumption

***** HFC fugitive emissions from refrigeration and air conditioning equipments

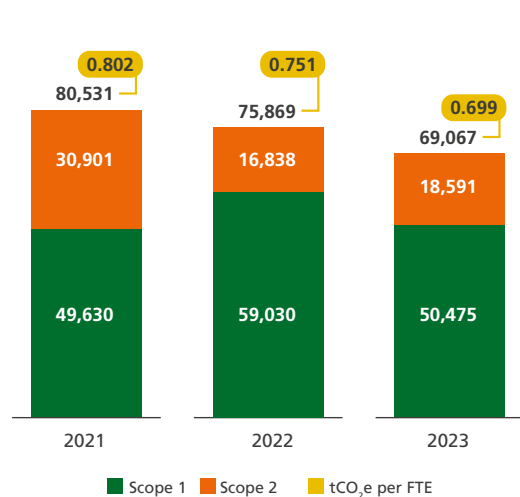
***** Vehicles emissions from fuel combustion

***** Fuel combustion emissions for heat generation

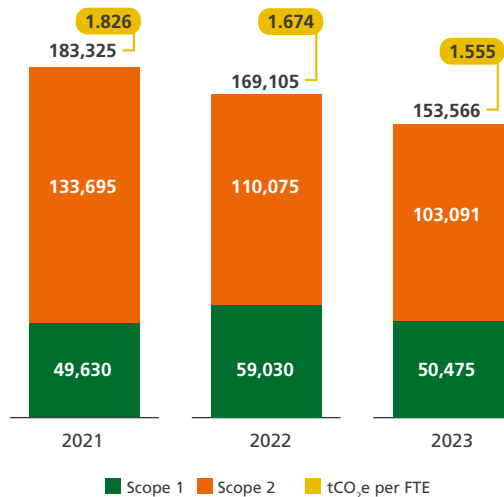
***** Fuel combustion emissions for heat generation and trigeneration (CCHP - combined cooling, heat and power)

OWN OPERATIONAL FOOTPRINT

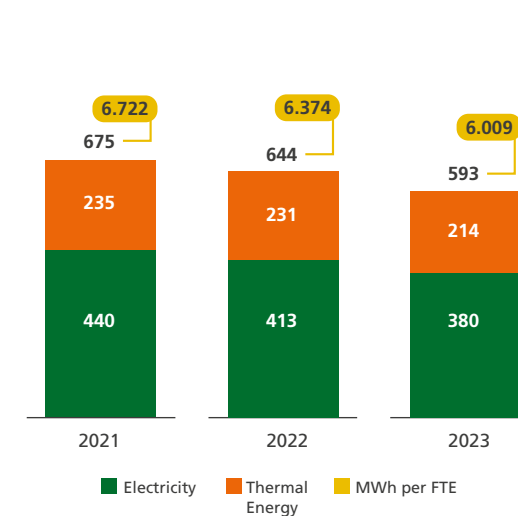
Market Based GHG Emissions (tCO₂e)



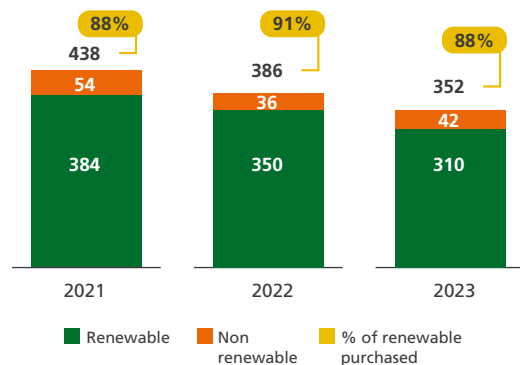
Location Based GHG Emissions (tCO₂e)



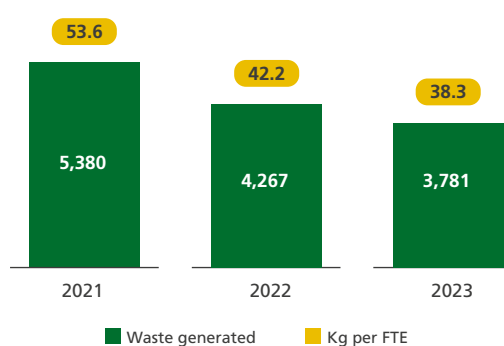
Energy consumption (GWh)



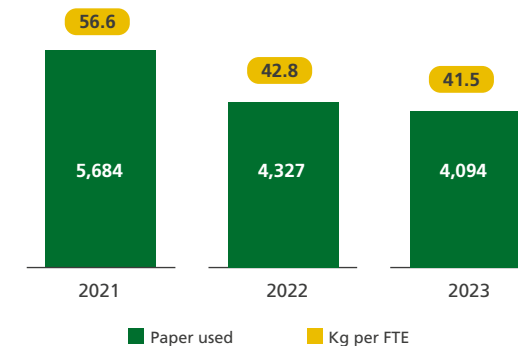
Electricity purchased (GWh)



Waste generated (t)



Paper used (t)



OWN EMISSIONS PLAN

As a demonstration of the strategic relevance of climate change, in 2021 the Bank's commitment to contain CO₂ emissions has resulted in the definition of the new Own Emissions Plan which identifies specific medium-long term actions aimed at reducing its consumption of natural gas, diesel and traditional electricity. Scope 1 and 2 reduction in the Own Emissions Plan is more than compliant with SBTi reduction requirement (4.2% annual linear reduction). This target (Scope 1 and 2) will be submitted to SBTi for validation in March 2024.

The 2030 targets of the Own Emissions Plan

Scope	Base year	% of emissions in scope	Base year emissions covered by target (tCO ₂ eq)*	Target year	% reduction target vs base year	2021 result	2022 result	2023 result
Scope 1+2 (Market based)	2019	100%	96,192	2030	-53%	-16%	-21%	-28%
Scope 3: Paper	2019	100%	6,025	2030	-40%	-35%	-52%	-38% ²

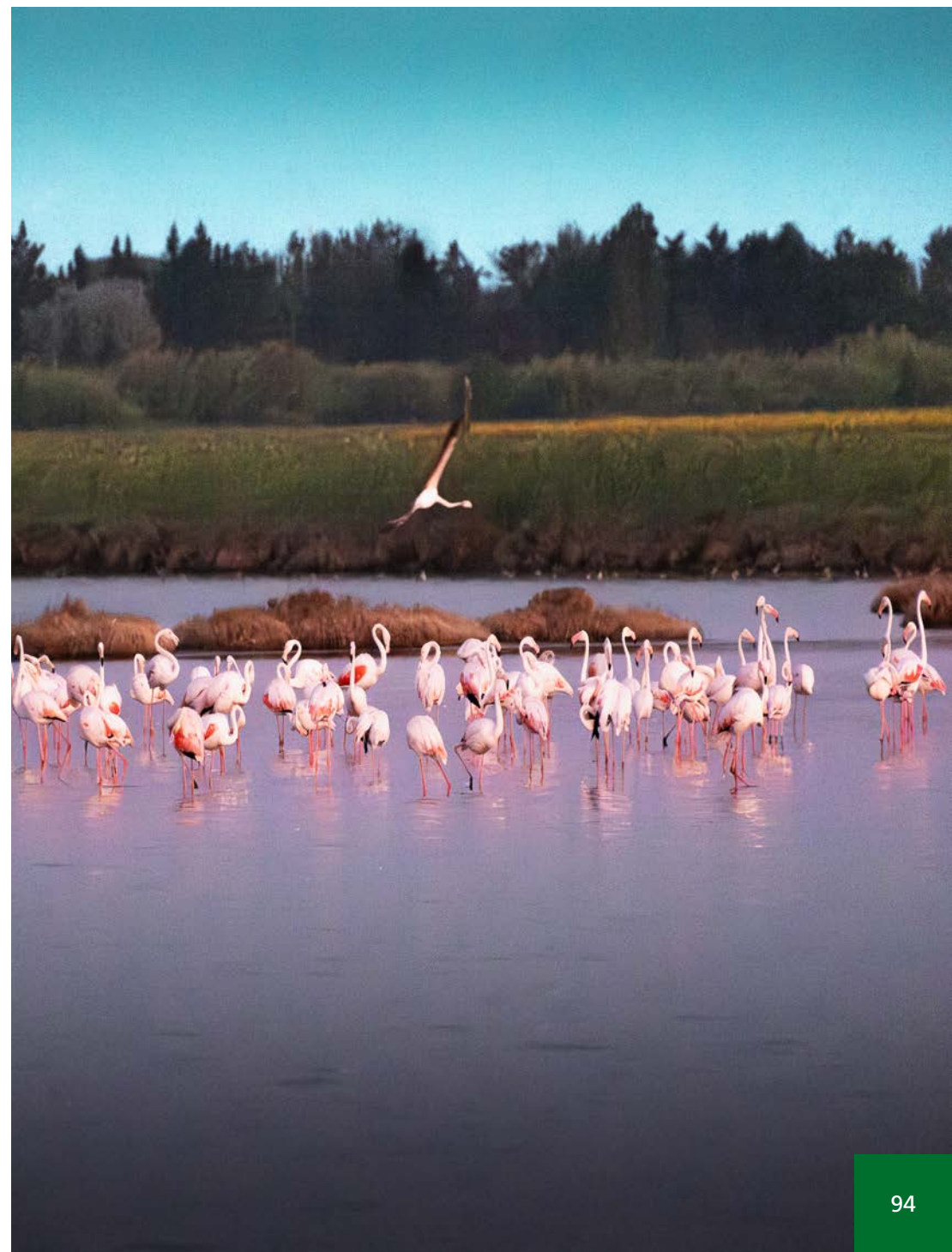
* base year emissions include UBI data

The Own Emissions Plan provides for the purchase of 100% of electricity from renewable sources at Group level by 2030 (level already reached in 2021 in branches and buildings based in Italy). It is to be noted that in 2023 approximately 88% of Group electricity purchases already come from renewable sources.

Renewable sources	Base year	Renewable electricity base year (%)	Target year	Target renewable electricity (%)	2021 result % renewable electricity	2022 result % renewable electricity	2023 result % renewable electricity
Purchasing of electricity from renewable sources	2019	87.7%	2030	100%	87.7%	90.7%	88.2% ³

² The paper emission factors' update (2023) influenced the emissions' increase. With the same emission factors, the 2023 result would be -55% compared to 2019

³ The reduction in the purchase of electricity from renewable sources was influenced by the national energy mix of some banks in the foreign perimeter, where the purchase of green energy is restricted by state monopolies, the slight increase in the production of electricity from co-generator in Italy and the numerous energy efficiency initiatives which have at the same time reduced the need for purchased electricity



OWN OPERATIONS INDICATORS

Parameters	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Operators = Staff + Consultants	no	77,208	23,198	100,406	76,048	24,986	101,034	74,619	24,120	98,739
Staff	no	74,685	21,996	96,681	73,035	21,874	94,909	71,848	21,911	93,759
Consultants	no	2,523	1,202	3,725	3,013	3,112	6,125	2,771	2,209	4,980
Total transfers	no	308,454	11,632	320,086	397,630	6,148	403,778	444,105	4,067	448,172
Total transport	thousands of km	62,372	17,224	79,596	85,332	21,996	107,328	98,010	21,149	119,159
Floor area	thousands of m ²	3,735	592	4,328	3,410	587	3,997	3,351	581	3,933

Energy - Emissions factors*	Unit**	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Electricity - National mix	kgCO ₂ eq/kWh	0.279	0.365	0.293	0.261	0.335	0.274	0.269	0.325	0.279
Electricity - Residual mix	kgCO ₂ eq/kWh	0.468	0.468	0.468	0.460	0.413	0.416	0.459	0.400	0.404
Natural gas	kgCO ₂ eq/m ³	1.988	1.920	1.981	1.997	1.920	1.991	2.018	1.923	2.009
Diesel	kgCO ₂ eq/l	2.660	2.517	2.634	2.672	2.526	2.643	2.673	2.496	2.628

* Sources: Intesa Sanpaolo calculations from 2023 publications with data referred to 2021 from ABI Lab (Guidelines on the application of GRI Standards on environmental matters in banks), ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale), Eco-passenger (developed by UCI - International Union of Railway), ICAO (International Civil Aviation Organization), IPCC (Intergovernmental Panel on Climate Change)

** CO₂eq = CO₂*GWP + CH₄*GWP + N₂O*GWP where GWP = GWP-100 years from IPCC AR6 WGI 2021.

Mobility - Emissions factors*	Unit**	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Company fleet - Gasoline	kgCO ₂ eq/km		0.260			0.188			0.164	
Company fleet - Gasoline Hybrid	kgCO ₂ eq/km		0.144			0.139			0.138	
Company fleet - Plug-in	kgCO ₂ eq/km		n.a			n.a			0.189	
Company fleet - Diesel	kgCO ₂ eq/km		0.165			0.162			0.160	
Personal cars - Gasoline	kgCO ₂ eq/km		0.177			0.174			0.173	
Personal cars - Diesel	kgCO ₂ eq/km		0.173			0.171			0.172	
Train - High speed	kgCO ₂ eq/km		0.042			0.042			0.041	
Train - Other	kgCO ₂ eq/km		0.047			0.047			0.046	
Flights - Domestic	kgCO ₂ eq/km		0.125			0.117			0.112	
Flights - Mix	kgCO ₂ eq/km		0.094			0.084			0.090	
Flights - International	kgCO ₂ eq/km		0.065			0.052			0.061	

* Sources: Intesa Sanpaolo calculations from 2023 publications with data referred to 2021 from ABI Lab (Guidelines on the application of GRI Standards on environmental matters in banks), ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale), Eco-passenger (developed by UCI - International Union of Railway), ICAO (International Civil Aviation Organization), IPCC (Intergovernmental Panel on Climate Change).

** CO₂eq = CO₂*GWP + CH₄*GWP + N₂O*GWP where GWP = GWP-100 years from IPCC AR6 WGI 2021.

Greenhouse gas emissions [CO ₂ eq]	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Direct emissions (Scope1)	tCO₂eq	43,144	6,486	49,630	44,574	14,457	59,030	41,234	9,241	50,475
Natural gas emissions for independent heating	tCO ₂ eq	31,934	2,751	34,685	21,633	1,861	23,494	17,831	2,616	20,446
Natural gas emissions for cogeneration	tCO ₂ eq	0	536	536	11,811	540	12,350	12,922	0	12,922
Diesel emissions for independent heating	tCO ₂ eq	1,039	161	1,199	969	175	1,144	364	145	508
Diesel emissions for generator sets	tCO ₂ eq	n.a	n.a	n.a	n.a	n.a	n.a	87	69	156
HFC emissions	tCO ₂ eq	3,981	318	4,298	3,568	8,902	12,470	3,958	3,579	7,537
Gasoline emissions for company fleet	tCO ₂ eq	191	589	780	945	759	1,704	1,631	997	2,628
Diesel emissions for company fleet	tCO ₂ eq	6,000	2,132	8,132	5,648	2,220	7,869	4,442	1,837	6,278
Indirect emissions (Scope2 Marketbased)	tCO₂eq	6,359	24,542	30,901	4,583	12,255	16,838	5,006	13,586	18,591
Electricity emissions (excluding cogeneration)	tCO ₂ eq	1,713	23,543	25,256	1,017	11,412	12,429	984	12,814	13,798
Natural gas emissions for building heating (including district heating)	tCO ₂ eq	4,646	942	5,588	3,566	794	4,361	3,741	753	4,494
Diesel emissions for building heating	tCO ₂ eq	0	57	57	0	49	49	281	19	300
Total direct + indirect emissions (Scope1 + 2 Market-based)	tCO₂eq	49,503	31,029	80,531	49,157	26,712	75,869	46,240	22,827	69,067
Total direct + indirect emissions per staff member	tCO ₂ eq/staff member	0.6	1.3	0.8	0.6	1.1	0.8	0.6	0.9	0.7
Total direct + indirect emissions per square meter	kgCO ₂ eq/m ²	13.3	52.4	18.6	14.4	45.5	19.0	13.8	39.3	17.6
Total direct + indirect emissions (Scope1 + 2 Location-based)	tCO₂eq	150,567	32,757	183,325	131,652	37,453	169,105	122,505	31,061	153,566
Other indirect emissions (Scope3) *	tCO₂eq	40,984	17,444	58,428	36,595	14,149	50,745	41,560	14,333	55,893
Business trips [Cat. 6]	tCO ₂ eq	2,826	206	3,032	4,113	478	4,591	5,103	392	5,495
Purchased paper [Cat. 1]	tCO ₂ eq	2,713	1,202	3,915	1,735	1,163	2,898	2,573	1,161	3,733
Waste [Cat. 5]	tCO ₂ eq	255	24	279	324	28	352	289	36	325
Office machinery [Cat. 2]**	tCO ₂ eq	12,411	3,655	16,066	8,856	2,652	11,508	3,902	1,190	5,092
Internet banking [Cat. 11]	tCO ₂ eq	n.a	n.a	n.a	101	112	213	114	111	224
Energy vectors [Cat. 3]***	tCO ₂ eq	14,171	9,277	23,448	13,143	6,609	19,752	20,514	8,028	28,542
Money transport [Cat. 4]	tCO ₂ eq	8,608	3,080	11,688	8,324	3,106	11,431	9,065	3,415	12,481

* Total data restated following changes in the reported categories.

** Scope 3 emissions relating to the production of office equipment purchased.

*** Scope 3 emissions generated: (a) in the natural gas supply chain, (b) in the production of the energy sources used in the electricity mix, and (c) in electricity distribution and transformation.

Emissions of other gas which are harmful to the ozone layer (NO _x , SO ₂)	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
NO _x emissions	t	35	30	65	29	17	46	24	21	45
SO ₂ emissions	t	1	23	24	1	10	11	1	12	13

Energy consumption broken down by source	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Direct primary energy consumption (Scope1)	GJ	646,995	96,985	743,980	675,492	84,808	760,300	610,130	87,571	697,701
Natural gas consumption for independent heating	GJ	550,762	49,063	599,826	371,453	33,173	404,626	302,965	46,635	349,600
Natural gas consumption for cogeneration	GJ	0	9,617	9,617	202,798	9,686	212,484	219,555	0	219,555
Diesel consumption for independent heating	GJ	13,980	2,277	16,257	12,975	2,474	15,450	4,868	2,060	6,928
Diesel consumption for generator sets	GJ	n.a	n.a	n.a	n.a	n.a	n.a	1,162	1,009	2,171
Gasoline consumption for the fleet	GJ	2,554	7,711	10,265	12,655	9,756	22,411	22,102	13,273	35,374
Diesel consumption for the fleet	GJ	79,699	28,317	108,016	75,610	29,720	105,330	59,479	24,594	84,073
Indirect primary energy consumption (Scope2)	GJ	1,453,545	346,461	1,800,006	1,266,582	326,833	1,593,415	1,149,102	313,468	1,462,570
Renewable electricity consumption	GJ	1,317,702	68,602	1,386,304	1,144,620	121,242	1,265,863	1,027,344	94,707	1,122,050
Non renewable electricity consumption (except cogeneration)	GJ	13,175	180,933	194,108	11,931	116,877	128,808	11,296	138,829	150,126
Natural gas consumption for building heating (including remote district heating)	GJ	122,668	96,101	218,769	110,030	88,015	198,046	106,701	79,661	186,363
Diesel consumption for building heating	GJ	0	826	826	0	698	698	3,761	270	4,031
Total direct + indirect energy (Scope1 + 2)	GJ	2,100,540	443,446	2,543,986	1,942,074	411,641	2,353,715	1,759,232	401,039	2,160,271
Total direct + indirect energy per staff member	GJ/staff member	27.2	19.1	25.3	25.5	16.5	23.3	23.6	16.6	21.9
Other indirect primary energy consumption (Scope3)*	GJ	858,811	666,658	1,525,469	756,499	496,176	1,252,674	813,499	543,152	1,356,652
Business trips [Cat. 6]	GJ	39,854	2,875	42,728	60,119	6,632	66,750	75,684	5,404	81,088
Purchased paper [Cat. 1]	GJ	104,664	58,917	163,581	61,938	56,685	118,623	78,657	56,681	135,339
Waste [Cat. 5]	GJ	3,305	296	3,601	4,038	288	4,326	3,296	312	3,608
Office machinery [Cat. 2]**	GJ	189,864	55,918	245,782	128,301	38,426	166,727	55,400	16,895	72,295
Internet banking [Cat. 11]	GJ	n.a	n.a	n.a	1,796	2,443	4,239	2,026	2,426	4,452
Energy vectors [Cat. 3]**	GJ	390,339	501,855	892,194	373,832	344,505	718,337	460,699	409,546	870,245
Money transport [Cat. 4]	GJ	130,785	46,797	177,582	126,475	47,197	173,672	137,736	51,889	189,625

* Total data restated following changes in the reported categories

** Scope 3 primary energy consumption relating to the production of office equipment purchased.

*** Scope 3 primary energy consumption generated: (a) in the natural gas supply chain, (b) in the production of the energy sources used in the electricity mix, and (c) in electricity distribution and transformation.

Total electricity focus (including cogeneration)	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total electricity consumed	GJ	1,330,877	253,568	1,584,445	1,244,856	242,171	1,487,027	1,133,735	233,536	1,367,271
Electricity per staff member	kWh/staff member	4,788	3,036	4,383	4,547	2,692	4,088	4,220	2,690	3,846
Electricity per square meter	kWh/m ²	99	119	102	101	115	103	94	112	97
Electricity purchased	GJ	1,326,163	249,348	1,575,511	1,151,893	237,939	1,389,832	1,033,821	233,362	1,267,183
of which renewable	%	99.0	27.4	87.7	99.0	50.9	90.7	98.9	40.5	88.2
Electricity self-produced	GJ	4,715	4,220	8,934	92,963	4,232	97,195	99,914	174	100,088
of which renewable	%	100.0	4.4	54.9	5.0	4.3	5.0	4.8	100.0	5.0

Transport	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Air travel	thousands of km	6,117	1,330	7,447	11,748	1,921	13,669	17,711	1,640	19,351
Train travel	thousands of km	7,789	215	8,004	19,331	556	19,887	27,804	361	28,165
Company fleet	thousands of km	37,535	15,339	52,874	41,319	17,838	59,157	38,969	17,802	56,771
Personal cars	thousands of km	10,931	340	11,271	12,933	1,680	14,614	13,526	1,347	14,873
Remote connections	thousands	29,796	244	30,039	28,111	9	28,120	24,143	9	24,153
Distance covered for business trip per employee	km/employee	202	1,481	249	215	3,578	266	221	5,200	266

Paper consumption	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Purchased paper	t	4,356	1,328	5,684	3,026	1,301	4,327	2,924	1,170	4,094
Purchased paper / employee	kg/staff member	56.4	57.2	56.6	39.8	52.1	42.8	39.2	48.5	41.5
Certified recycled paper	%	64.9	10.0	52.1	74.5	12.1	55.7	76.2	13.9	58.4
Eco-sustainable certified paper (not recycled)	%	22.5	44.3	27.6	21.1	61.9	33.4	18.0	61.2	30.3

Toner consumption	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Toner: total	kg	73,140	40,923	114,063	56,590	18,422	75,012	52,481	38,107	90,588
Toner: remanufactured cartridges	%	79.2	6.9	53.3	81.3	7.4	63.2	82.5	3.6	49.3
Toner: traditional cartridges	%	20.8	93.1	46.7	18.7	92.6	36.8	17.5	96.4	50.7

Water consumption	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total water consumed	thousands of m ³ (ML)	1,449	351	1,800	1,450	312	1,762	1,627	343	1,970
Total water consumed / staff member	m ³ /staff member	18.8	15.1	17.9	19.1	12.5	17.4	21.8	14.2	20.0

Special waste by type	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total waste	t	4,513	867	5,380	3,441	826	4,267	2,998	783	3,781
Total waste / staff member	kg/staff member	58.5	37.4	53.6	45.2	33.1	42.2	40.2	32.5	38.3
Total waste not intended for disposal*	t	4,257	813	5,070	3,161	791	3,952	2,776	749	3,524
Paper and cardboard	t	2,284	587	2,872	1,088	656	1,743	1,087	591	1,678
Cartridges, ribbons and films	t	54	2	56	38	1	39	40	11	50
Office machinery	t	1,644	27	1,671	1,812	28	1,840	1,534	55	1,589
Monitors	t	94	37	130	155	24	179	85	15	99
Other types	t	181	160	340	68	82	150	31	77	108
Total waste intended for disposal*	t	256	54	310	280	35	315	222	34	256
Paper and cardboard	t	4	1	5	9	5	14	8	4	13
Cartridges, ribbons and films	t	19	1	19	19	1	19	26	7	33
Office machinery	t	157	3	160	174	3	177	148	5	153
Monitors	t	35	14	49	58	9	67	32	6	37
Other types	t	41	36	77	20	17	38	9	12	21

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

Special waste not intended for disposal*	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total non hazardous waste	t	4,163	772	4,935	3,006	743	3,749	2,691	697	3,388
Recycling	t	2,346	593	2,939	1,151	657	1,808	1,140	593	1,733
Reuse/recovery	t	1,813	179	1,992	1,846	86	1,932	1,544	103	1,648
Preparation for reuse	t	4	0	4	4	0	5	2	0	3
Other recovery operations	t	0	0	0	4	0	5	4	0	4
Total hazardous waste	t	94	40	135	155	48	202	85	52	136
Recycling	t	0	0	0	0	0	0	0	0	0
Reuse/recovery	t	94	40	134	154	48	202	84	52	136
Preparation for reuse	t	0	0	0	0	0	0	0	0	0
Other recovery operations	t	0	0	1	1	0	1	0	0	1

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

Special waste intended for disposal*	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total non hazardous waste	t	221	40	261	222	26	248	191	29	219
Landfil	t	164	38	202	163	25	188	130	20	150
Incineration with energy recovery	t	18	1	18	18	1	19	14	4	18
Incineration without energy recovery	t	37	1	37	40	1	41	45	4	49
Other disposal operations	t	3	1	3	0	0	0	1	0	1
Total hazardous waste	t	35	14	49	58	9	67	32	6	37
Landfil	t	33	13	46	54	9	63	30	5	35
Incineration with energy recovery	t	0	0	0	0	0	0	0	0	0
Incineration without energy recovery	t	2	1	2	3	0	3	2	0	2
Other disposal operations	t	0	0	1	1	0	1	0	0	1

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

Expenditure for environmental management	Unit	2021			2022			2023		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Management of special waste	K euro	1,698	417	2,115	1,428	427	1,855	437	524	961
Training	K euro	2	213	215	39	75	114	1	23	23
System maintenance	K euro	50,485	9,631	60,116	45,165	7,772	52,936	1,467	8,402	9,869
Monitoring and certification of EEMS (Environmental and Energy Management System)	K euro	3,974	46	4,020	5,085	8	5,092	6,200	108	6,308
Total	K euro	56,159	10,307	66,466	51,716	8,282	59,997	8,104	9,057	17,161

NZBA TARGET SETTING: ANNUAL REPORTING OF ESTIMATED EMISSIONS

■ EXECUTIVE SUMMARY

■ ANALYSIS BY SECTOR

■ METHODOLOGY

EXECUTIVE SUMMARY

Intesa Sanpaolo is gradually publishing its 2030 net zero aligned targets - taking into consideration the NZBA guidelines - which have the final objective to limit global warming to 1.5°C from preindustrial levels, in line with the Paris Agreement.

Intesa Sanpaolo joined the NZBA in October 2021.

Within its 2022-2025 Business Plan, Intesa Sanpaolo published its net-zero aligned emissions reduction targets for 2030 in the Oil & Gas, Power generation, Automotive and Coal mining sectors. With regard to coal mining in particular, the exposure target is zero by 2025, in line with the phase-out present in the "Rules for lending operations in the coal sector", updated in July 2021.

In 2023 Intesa Sanpaolo worked on the setting of a new 2030 interim net-zero aligned target for the Iron & Steel sector and a target for the Commercial Real Estate sector. As part of the continuous updating process Intesa Sanpaolo has also revised, in line with design choices made for the definition of SBTi targets, the Automotive and Power Generation sectors, finetuning perimeter and targets as described in the relevant paragraphs below.

Additionally, in 2023 Intesa Sanpaolo prepared the documentation to be submitted to SBTi to obtain the validation as per the commitment taken in the 2022-2025 Business Plan. The documentation will be submitted within March 2024.

Including new and revised sectors, in 2023 targets cover over 66% of the non-financial corporates portfolio financed emissions in the high-emitting sectors identified by the NZBA.

Results for 2023 show a decrease in absolute financed emissions by 22.6% compared to 2022 data (referred to the six sectors in scope).

Progress is monitored periodically, and results are analysed in order to also activate, if necessary, the competent steering structures and evaluate potential "consequence management" actions to foster achievement of targets.

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



The table below shows, for each sector, the metrics applied, the baseline, the target for 2030 and the benchmark scenario.

Sector	Scope	Value Chain	Metrics	Baseline (baseline date)	Target (2030)	Benchmark Scenario
Oil & Gas	Scope 1,2,3	Upstream operators and integrated players	gCO ₂ e/MJ	64 (30/06/2021)	55 ⁴ (52-58)	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release) +adjustments for methane and carbon capture
Power generation	Scope 1,2	Generation and integrated players	kgCO ₂ e/MWh	214 (30/06/2021)	110	IEA Net Zero Scenario Benchmark: World Energy Outlook 2023 release
Power generation revised	Scope 1,2	Generation and integrated players	kgCO ₂ e/MWh	202 (31/12/2022)	110	IEA Net Zero Scenario Benchmark: World Energy Outlook 2023 release
The new target considers drawn amounts on medium-long term loans in line with design choices made for the definition of SBTi targets						
Automotive	Scope 3 TTW	Vehicle production	gCO ₂ e/vkm	162 (30/06/2021)	95	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release) - A conversion factor from pkm to vkm is applied
Automotive revised	Scope 3 WTW	Vehicle production	gCO ₂ e/vkm	192 (31/12/2022)	100	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release) - A conversion factor from pkm to vkm is applied
Perimeter and emissions scope refinements: from "passenger cars" to "light duty vehicles (cars and light trucks)" and from Tank-to-Wheel (TTW) to Well-to-Wheel (WTW). In line with design choices made for the definition of SBTi targets, the new target considers only medium-long term loans.						
Coal mining (exclusion policy)	Exclusion policy	Coal mining	€ bn exposure	0.2 (30/06/2021)	Zero by 2025 Zero emissions	
Iron & Steel	Scope 1,2	Companies producing crude steel that use iron ore (or scrap) as an input	tCO ₂ /tsteel	1.05 (31/12/2022)	0.81	ISP specific 1.5°C - pathway calculated through SBTi tool
Commercial Real Estate	Scope 1,2,3	In-use operational emissions of buildings in Italy	kgCO ₂ e/m ²	43.16 (31/12/2022)	27.98	CRREM 1.5°C reduction pathway for Italy adjusted on ISP's portfolio composition

For details see sections: [ANALYSIS BY SECTOR](#) and [METHODOLOGY](#)

4 Central value of the target range identified

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

Sector	Scope	Metrics	Baseline (baseline date)	31/12/2021	31/12/2022	31/12/2023
Oil & Gas	Scope 1,2,3	gCO ₂ e/MJ	64 (30/06/2021)	64	65	64
Power generation	Scope 1,2	kgCO ₂ e/MWh	214 (30/06/2021)	154	253	188
Power generation revised	Scope 1,2	kgCO ₂ e/MWh	202 (31/12/2022)	n.a	202	180
Automotive	Scope 3 TTW	gCO ₂ e/vkm	162 (30/06/2021)	162	155	141 ⁵
Automotive revised	Scope 3 WTW	gCO ₂ e/vkm	192 (31/12/2022)	n.a	192	185
Coal mining (exclusion policy)	Exclusion policy	€ bn exposure	0.2 (30/06/2021)	0.1	0.1	0.03
Iron & Steel	Scope 1,2	tCO ₂ /tsteel	1.05 (31/12/2022)	n.a	1.05	1.00
Commercial Real Estate	Scope 1,2,3	kgCO ₂ e/m ²	43.16 (31/12/2022)	n.a	43.16	44.25

For details see sections: [ANALYSIS BY SECTOR and METHODOLOGY](#)

The tables below show the details of the **absolute financed emissions** for exposures as at 30/06/2021, 31/12/2021, 31/12/2022 and 31/12/2023 for each sector both in terms of update of the targets set in 2022-2025 Business Plan and in terms of the revised and new targets set in 2023.

2022-2025 Business Plan targets

Sector	Scope	Absolute financed emissions Mt CO ₂ e			
		30/06/2021	31/12/2021	31/12/2022	31/12/2023
Oil & Gas	Scope 1,2,3	44.8	43.5	19.0	15.1
Power generation	Scope 1,2	2.7	6.2	4.1	3.0
Automotive	Scope 3 TTW	13.3	13.5	0.9	1.3 ⁶
Coal mining (exclusion policy)	Scope 1,2	0.5	0.2	0.2	0.1
Total		61.3	63.4	24.2	19.5

For details see sections: [ANALYSIS BY SECTOR and METHODOLOGY](#)

Total absolute financed emissions including revised and new targets

Sector	Scope	Absolute financed emissions Mt CO ₂ e	
		31/12/2022	31/12/2023
Oil & Gas	Scope 1,2,3	19.0	15.1
Power generation revised	Scope 1,2	2.7	2.0
Automotive revised	Scope 3 WTW	1.2	1.0
Coal mining (exclusion policy)	Scope 1,2	0.2	0.1
Iron & Steel ⁷	Scope 1,2	2.0	1.2
Commercial Real Estate	Scope 1,2,3	1.0	0.8
Total		26.1	20.2

For details see sections: [ANALYSIS BY SECTOR and METHODOLOGY](#)

The portfolio coverage (as at 31/12/2023) for each sector in scope for Target Setting methodology with respect to the total drawn amount (€429.5bn) of consolidated balance sheet of the ISP Group is: Commercial Real Estate: 2.1% (€9.0bn); Power Generation revised: 1.3% (€5.8bn); Oil & Gas: 1.0% (€4.1bn); Automotive revised: 0.3% (€1.3bn); Iron & Steel: 0.2% (€1.0bn); Coal mining: 0.01% (€0.03bn).

⁵ Production data refinement performed during 2023. Comparable data for 2022: 171 gCO₂e/vkm

⁶ Production data refinement performed during 2023. Comparable data for 2022: 1.5 Mt CO₂e

⁷ Iron & Steel considers only CO₂ ghg emissions

The tables below show the details of the **Portfolio-wide emissions intensity** for exposures as at 30/06/2021, 31/12/2021, 31/12/2022 and 31/12/2023 for each sector both in terms of update of the target set in 2022-2025 Business Plan and in terms of the revised and new targets set in 2023.

2022-2025 Business Plan targets

Portfolio-wide emissions intensity (MtCO ₂ e/ €bn lent)	30/06/2021	31/12/2021	31/12/2022	31/12/2023
1 Oil & Gas (Scope 1,2,3)	4.8	5.2	3.4	3.7
2 Power generation (Scope 1,2)	0.4	0.8	0.4	0.4
3 Automotive (Scope3 TTW)	1.6	1.6	0.4	0.5 ⁸
4 Coal mining	2.7	2.7	2.7	3.8
Total Portfolio-wide emissions intensity	2.5	2.5	1.4	1.4

Total Portfolio-wide emissions intensity including revised and new targets

Portfolio-wide emissions intensity (MtCO ₂ e/ €bn lent)	31/12/2022	31/12/2023
1 Oil & Gas (Scope 1,2,3)	3.4	3.7
2 Power generation revised (Scope 1,2)	0.4	0.3
3 Automotive revised (Scope3 WTW)	0.8	0.8
4 Coal mining	2.7	3.8
5 Iron & Steel ⁹	1.6	1.2
6 Commercial Real Estate	0.1	0.1
Total Portfolio-wide emissions intensity	1.0	1.0

Note: each value is calculated as the ratio between financed (lent) emissions in scope (numerator) and total of lent exposure (denominator) in scope (see [METHODOLOGY](#))¹⁰.

⁸ Production data refinement performed during 2023. Comparable data for 2022: 0.7 MtCO₂e/ €bn

⁹ Iron & Steel considers only CO₂ ghg emissions

¹⁰ Invested amount not material



ANALYSIS BY SECTOR

- OIL & GAS
- POWER GENERATION
- AUTOMOTIVE
- COAL MINING
- IRON & STEEL
- COMMERCIAL REAL ESTATE

OIL & GAS

Key perimeter and baselining design choices and considerations

Value chain in scope	Upstream operators and integrated players
Emissions coverage	Scope 1, 2 and 3
Asset classes	Short, medium and long term loans; bonds HTC
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	gCO ₂ e/MJ
Portfolio weighting	Financed production weighted approach
Approach	Convergence

Target setting

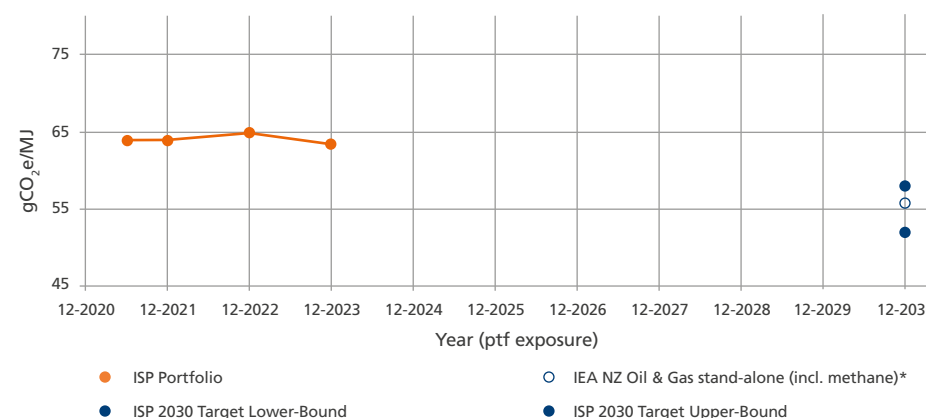
Baseline

Date	30/06/2021
In scope portfolio, on balance lending (drawn exposure)	€9.4bn
Estimated Physical intensity	64 gCO ₂ e/MJ
Estimated Absolute financed emissions	44.8 Mt CO ₂ e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release) + adjustments for methane and carbon capture
Estimated Physical intensity	55 ¹¹ (52-58) gCO ₂ e/MJ
Decrease vs baseline	-14% (-18.7% - 9.4%)
Target ambition	1.5°C aligned
2023 estimated Physical intensity	64 gCO ₂ e/MJ
2023 estimated Absolute financed emissions	15.1 Mt CO ₂ e
2023 in scope portfolio on balance lending (drawn exposure)	€4.1bn

Oil & Gas (scope 1, 2, 3) - Sector level physical intensity



* The benchmark was built on top of the IEA Net Zero Oil & Gas stand-alone benchmark without renewables (51 gCO₂e/MJ in 2030) adding the contribution of methane emissions (2 gCO₂e/MJ) and adding back the carbon captured outside of the Oil & Gas (3 gCO₂e/MJ) as it is not under direct control/influence of the Oil & Gas players, driving the benchmark to 56 gCO₂e/MJ in 2030.

Trends

The Oil & Gas portfolio exposure decreased compared to 2022 mainly due to the reduction of working capital needs and the implementation of the Bank's Oil & Gas policy.

POWER GENERATION REVISED

Key perimeter and baselining design choices and considerations

Value chain in scope	Generation and integrated players ¹²
Emissions coverage	Scope 1 and 2
Asset classes	Medium and long term loans
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	KgCO ₂ e/MWh
Portfolio weighting	Financed production weighted approach
Approach	Convergence

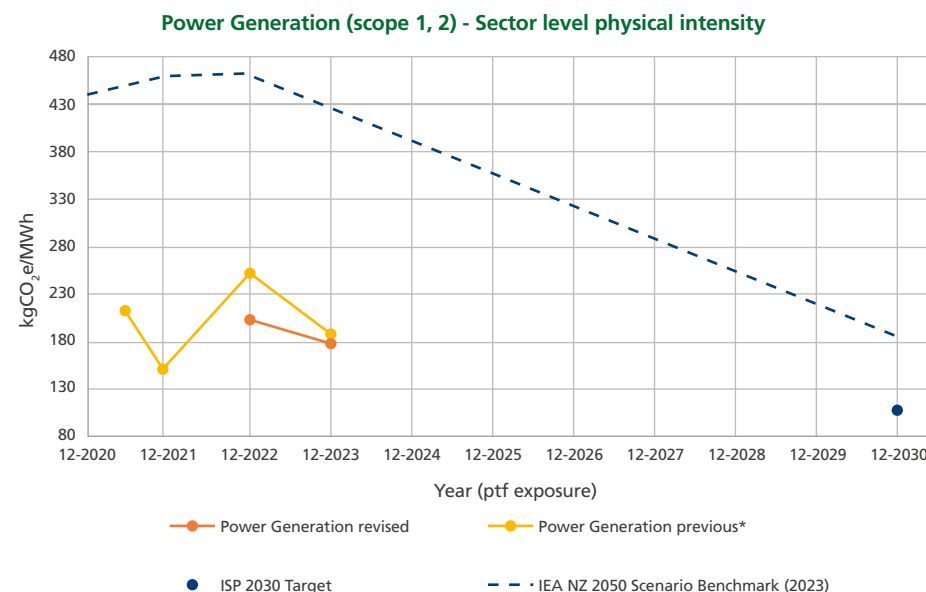
Target setting

Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€7.0bn
Estimated Physical intensity	202 KgCO ₂ e/MWh
Estimated Absolute financed emissions	2.7 Mt CO ₂ e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: World Energy Outlook 2023 release
Estimated Physical intensity	110 KgCO ₂ e/MWh
Decrease vs baseline	-45.5%
Target ambition	1.5°C aligned
2023 estimated Physical intensity	180 kgCO ₂ e/MWh
2023 estimated Absolute financed emissions	2.0 Mt CO ₂ e
2023 in scope portfolio on balance lending (drawn exposure)	€5.8bn



* 2022 was an extraordinary year for price dynamics (the price of European gas in 2022 saw an increase of about three times compared to 2021) and investment volumes, attributable to the growth in capital and financial needs from power generation companies, drawing also on existing lines. During 2023 lower tensions on the energy markets followed by a normalization of energy prices led the Utilities to a reduction of their financial needs, with a consequent decrease of Banking system exposure towards them.

Trends

ISP portfolio emission intensity, which is being reduced gradually thanks to the investments in renewables, continues to be below the sector average. Green exposures as a proportion of the total power generation revised portfolio increased at the end of 2023 vs 2022 (53% vs 49%) as a result of the important commercial effort in pursuing Intesa Sanpaolo support to the energy transition and the focus on renewable project finance operations.

¹² Power generation from Coal included

AUTOMOTIVE REVISED

Key perimeter and baselining design choices and considerations

Value chain in scope	Production of light duty vehicles (cars and light trucks)
Emissions coverage	Scope 3 Well To Wheel
Asset classes	Medium and long term loans
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	gCO ₂ e/vkm
Portfolio weighting	Financed production weighted approach
Approach	Reduction

Target setting

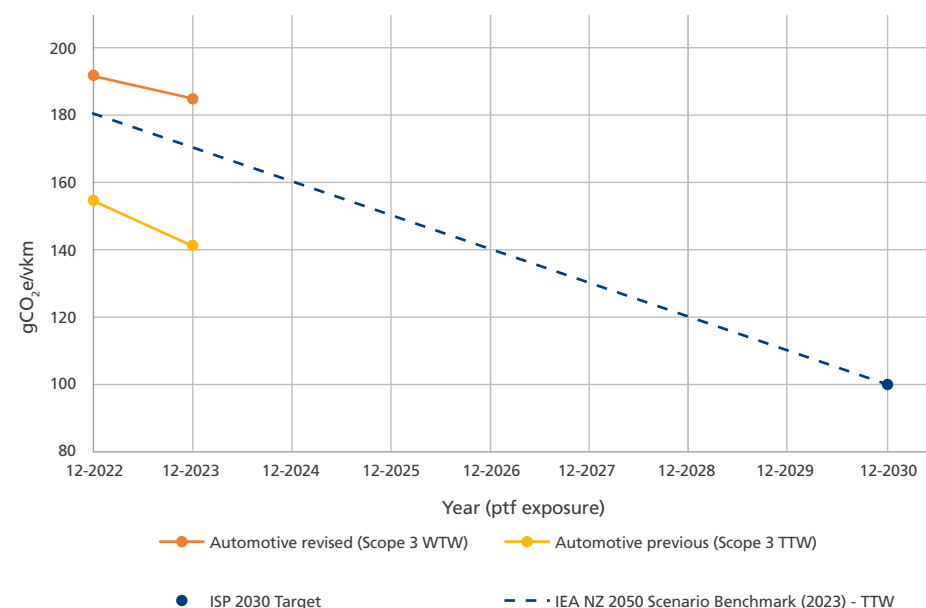
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€1.5bn
Estimated Physical intensity	192 gCO ₂ e/vkm
Estimated Absolute financed emissions	1.2 Mt CO ₂ e

Target and results

Target date	2030
Benchmark Scenario	IEA Net Zero Scenario Benchmark: IEA Dataset (2023 release)- A conversion factor from pkm to vkm is applied
Estimated Physical intensity	100 gCO ₂ e/vkm
Decrease vs baseline	-48%
Target ambition	1.5°C aligned
2023 estimated Physical intensity	185 gCO ₂ e/vkm
2023 estimated Absolute financed emissions	1.0 Mt CO ₂ e
2023 in scope portfolio on balance lending (drawn exposure)	€1.3bn

Automotive (scope 3) - Sector level physical intensity



Note: The IEA Scenario refers to the Tank-To-Wheel component and is not comparable with the revised Automotive target which also includes the Well-To-Tank component

Trends

In 2023 Intesa Sanpaolo revised the perimeter and the scope of the Automotive sector, adding light trucks (previously only passenger cars), excluding short term loans, extending the scope of emissions to Well To Wheel (previously Tank To Wheel) and setting a new Net Zero interim target¹³. No IEA Net Zero benchmark curve is available for Scope 3 WTW.

Intesa Sanpaolo's Automotive Sector physical intensity trends following the revision, which therefore include the fuel production phases (Well To Tank) in addition to the use of fuel (Tank To Wheel), confirm a decrease in physical intensity compared to 2022.

As concerns Intesa Sanpaolo's Automotive sector trends before the revision, the performance for 2023 confirms Intesa Sanpaolo's positioning well below the reference scenario (IEA Net Zero 2050 scenario benchmark 2023 – TTW) and a further decrease compared to 2022.

¹³ The target of 100 gCO₂e/vkm to 2030 was calculated with the reduction approach and meets the expected reduction of the net-zero aligned IEA curves for the two components: IEA NZ 2050 Automotive pathway (TTW) and IEA NZ 2050 Power pathway (WTT)

COAL MINING

Key perimeter and baselining design choices and considerations

Value chain in scope	Coal mining
Emissions coverage	Scope 1 and 2
Asset classes	Short-medium-long term loans
Target type	Exposure Phase-out 2025 policy
Metric	Euro
Perimeter	The perimeter has been selected at counterparty level based on the "Coal Mining" sector available in the Bank's IT systems and without any exclusion of SME counterparties.

Target setting

Baseline

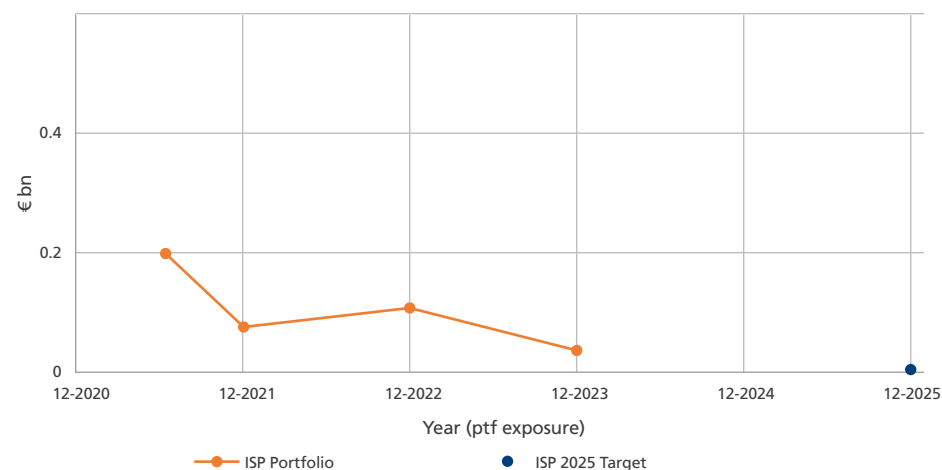
Date	30/06/2021
In scope portfolio, on balance lending (drawn exposure)	€0.2bn
Estimated Absolute financed emissions*	0.5 Mt CO ₂ e

* Until 2022, for the financed emissions reported, a conversion factor (average of fossil fuel emission in Europe) on the Coal Mining exposure has been applied. As from 2023 the methodology for the determination of financed emissions changed and is aligned to that applied to the other sectors, based on the definition of financed emissions at counterparty level, calculated as attribution factor per emissions for each counterpart.

Target and results

Target date	2025
Estimated exposure	0 Euro, 0 emissions
Decrease vs baseline	-100%
Target ambition	1.5°C aligned
2023 estimated Absolute financed emissions	0.1 Mt CO ₂ e
2023 in scope portfolio on balance lending (drawn exposure)	€0.03bn

Coal Mining - ISP Portfolio



IRON & STEEL

Key perimeter and baselining design choices and considerations

Value chain in scope	Companies producing crude steel that use iron ore (or scrap) as an input
Emissions coverage	Scope 1 and 2 ¹⁴
Asset classes	Medium and long term loans
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	tCO ₂ /tSteel
Portfolio weighting	Financed production weighted approach
Approach	SBTi target setting tool

Target setting

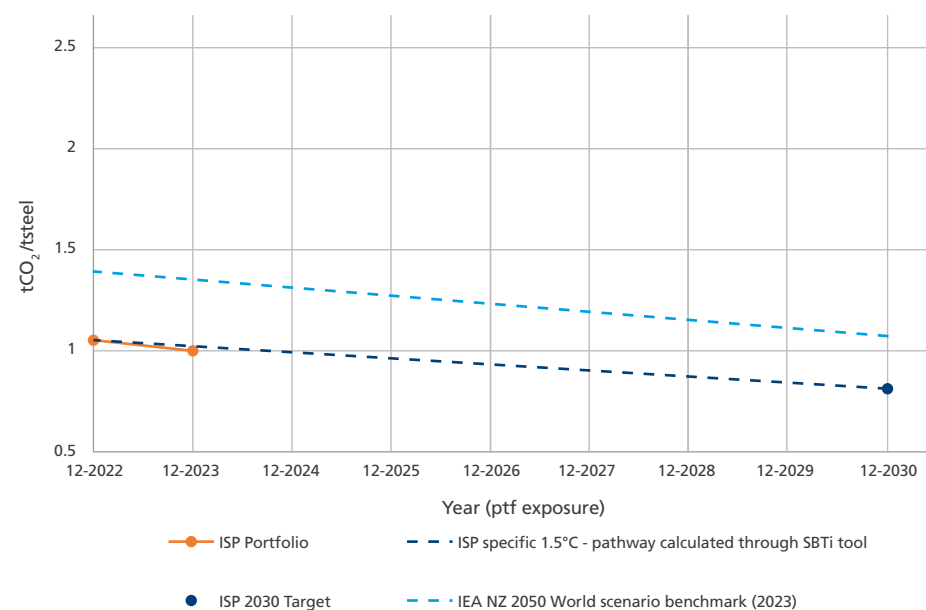
Baseline

Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€1.2bn
Estimated Physical intensity	1.05 tCO ₂ /tSteel
Estimated Absolute financed emissions	2.0 Mt CO ₂

Target and results

Target date	2030
Benchmark Scenario	ISP specific 1.5°C - pathway calculated through SBTi tool
Estimated Physical intensity	0.81 tCO ₂ /tSteel
Decrease vs baseline	-23%
Target ambition	1.5°C aligned
2023 estimated Physical intensity	1.00 tCO ₂ /tSteel
2023 estimated Absolute financed emissions	1.2 Mt CO ₂
2023 in scope portfolio on balance lending (drawn exposure)	€1.0bn

Iron & Steel (scope 1, 2) - Sector level physical intensity



Note: Please note that the IEA NZ 2050 World scenario only covers direct emissions from steelmaking and not emissions from purchased or self-generated electricity/heat and is not directly comparable with the SBTi target-setting tool pathway and ISP target

¹⁴ Reported scope 1 and 2 emissions sourced from company reports applied for top material financed producers. For remaining counterparties or where reported data are not available, emission factors covering scope 1 and 2 emissions from pig iron, Direct Reduced Iron and steel production through BF-BOF (Blast Furnace-Basic Oxygen Furnace) and EAF (Electric Arc Furnace) methods are applied

COMMERCIAL REAL ESTATE (CRE)

Key perimeter and baselining design choices and considerations

Value chain in scope	In-use operational emissions of buildings in Italy
Emissions coverage	Scope 1, 2, 3 ¹⁵
Asset classes	Medium-long term loans, including SMEs ¹⁶
Target type	Intensity Sector Decarbonization Approach (SDA)
Metric	kgCO ₂ e/m ²
Portfolio weighting	Financed floor area weighted approach
Approach	Reduction

Target setting

Baseline

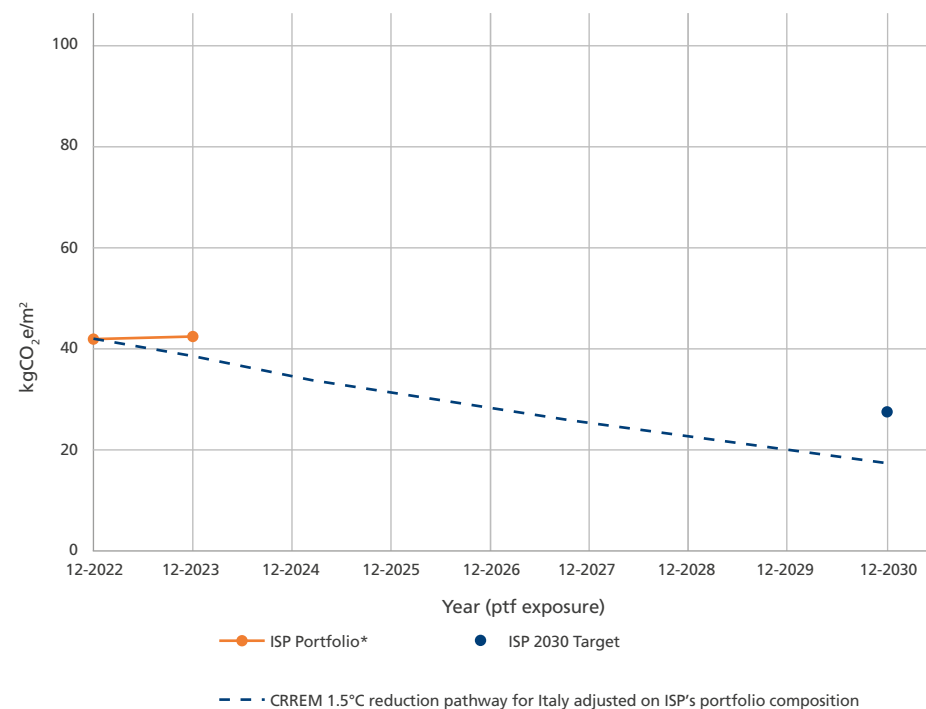
Date	31/12/2022
In scope portfolio, on balance lending (drawn exposure)	€10.8bn
Estimated Physical intensity	43.16 kgCO ₂ e/m ²
Estimated Absolute financed emissions	1.0 Mt CO ₂

Target and results

Target date	2030
Benchmark Scenario	CRREM 1.5°C reduction pathway for Italy adjusted on ISP's portfolio composition
Estimated Physical intensity	27.98 kgCO ₂ e/m ²
Decrease vs baseline	-35%
2023 estimated Physical intensity	44.25 kgCO ₂ e/m ²
2023 estimated Absolute financed emissions	0.8 Mt CO ₂
2023 in scope portfolio on balance lending (drawn exposure)	€9.0bn

¹⁵ Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee)
¹⁶ Includes SME corporates but not SME retail clients

Commercial Real Estate (scope 1, 2, 3) - Sector level physical intensity



*The difference between 2022 and 2023 physical intensity is mainly due to a greater weight of service buildings also following data quality refinements

Trends

During 2023 Intesa Sanpaolo elaborated a target for Commercial Real Estate based on challenging assumptions:

- the turnover ambition aims at achieving new flows in line with the actual EPC label distribution from the past three years, which includes a much higher percentage of A and B labels compared to the much lower estimated current EPC label distribution of the stock;
- engaging with customers to provide the necessary financial services to support the transition;
- change in carbon factor for energy consumption in line with the CRREM 1.5°C scenario for Italy.

Moreover, Intesa Sanpaolo will continue to analyse the sector and to improve data availability and quality, also trying to define ways to further decrease emissions towards NZ. However, it is to be noted that the benchmark CRREM 1.5°C scenario for Italy is extremely challenging. It indicates required actions to reach 1.5°C alignment, with ambitious assumptions referencing sources including Italy's building renovation plan and EU 'Fit for 55' scenario implying strong policy action:

- grid emissions factor expected to decrease by 59% between 2022 and 2030¹⁷;
- buildings energy mix expected to significantly increase electricity share, requiring massive retrofiting;
- extensive renovation measures also needed to improve building energy efficiency (e.g. thermal insulation).

The alignment to the CRREM scenario would therefore imply the achievement of the mentioned assumptions, mainly dependent on government/external policies.

METHODOLOGY

Interim targets are approved by the Board of Directors.

The methodology adopted by Intesa Sanpaolo, regarding baseline, metrics and target setting and progress against those targets, has been prepared taking into account the "Guidelines for Climate Target Setting for Banks" issued by UNEP-FI in its April 2021 version and also the "Financial Sector Science-Based Targets Guidance – version 1.1" issued by SBTi (August 2022). Therefore, climate targets set by the Group aim at aligning with the temperature goals of the Paris Agreement and support the transition towards a net-zero economy by 2050.

The design choices, regarding the value chain, the perimeter of the emissions considered and any proxies, are in line with PCAF (Partnership for Carbon Accounting Financials) methodologies and preliminary to SBTi validation. The Bank applies the reference science-based scenarios such as IEA Net-Zero 2050 whose curves are aligned with the temperature goals of the Paris Agreement.

1. SELECTION OF THE PERIMETER IN SCOPE

The Intesa Sanpaolo net-zero emissions reduction targets are related to the accounting of the significant majority of the bank's portfolio emissions among the carbon-intensive sectors identified by NZBA¹⁸. The Bank analyzed its non-financial corporates portfolio in order to prioritize the sectors that account for the largest share of absolute financed emissions. This assessment led to identify, in the first round of target setting, four sectors, namely the Oil & Gas, Power generation, Automotive and Coal mining sectors. In 2023 Intesa Sanpaolo worked on the setting of new 2030 interim net-zero aligned target for the Iron & Steel sector and a target for the Commercial Real Estate sector. As part of the continuous updating process Intesa Sanpaolo has also revised, in line with design choices made for the definition of SBTi targets, the Automotive and Power Generation sectors, finetuning perimeter and targets.

1.1 Exposure in scope

Exposure in scope for the target setting exercise includes the Bank's lending and investment activities (Scope 3 Financed Emission – Category 15 emissions as defined in the "The Global GHG Accounting and Reporting. Standard Part A: Financed Emissions. Second Edition, Chapter 4") and, in detail the following asset classes¹⁹:

¹⁷ Please note that this figure is computed from CRREM 1.5°C scenario 2022 and 2030 figures for Italy grid emissions factor

¹⁸ Agriculture; Aluminium; Cement; Coal; Commercial and Residential Real Estate; Iron and Steel; Oil & Gas; Power generation and Transport

¹⁹ For revised and new sectors the exposure perimeter does not include HTC, Equity Banking Book and short term loans, in line with the choices made for the definition of SBTi targets

- Drawn amount²⁰ on short-term and medium-long term loans
- Hold-to-collect (HTC) bonds
- Equity banking book²¹

1.2 Exclusion of SMEs

For the scope of the exercise small or medium-sized enterprises (SMEs) defined as specified by Article 501(2)(b) CRR which refers to Commission Recommendation 2003/361/EC and identified through the "Regulatory segment" (flag in Bank's IT systems) are excluded only if they are a non-subsidiary, individual company. Rationale for potential exclusion of SMEs depends on the limited data availability on smaller, non-listed counterparties, that implies an extensive leverage on sectorial proxies to estimate their emissions and production data and might lead to a strong convergence of the portfolio average target to sectorial average²².

1.3 Value chain coverage

In line with industry standards, to avoid double counting only selected segments of the value chain of each sector are considered for the scope of the Target Setting exercise. Sectors and related segments considered are defined according to internal classification based on NACE codes (Italian classification ATECO – ATtività ECONomiche) at counterparty Group level. For each sector, a definition of the value chain is performed in accordance with the main portfolio alignment methodologies and with the following principles: 1) incentivizing positive climate impact, 2) pragmatic and actionable, 3) transparent, 4) simple to implement, 5) easy to communicate, 6) minimize double counting.

The subset of activities covered and the rationales for each sector are set out in the following bullets:

- **Oil & Gas:** focus on upstream operators and integrated players to encourage operational efficiency in extraction and foster companies' transition from high emitting fossil fuels to lower emitting fuels (e.g., natural gas) and renewables. Exclusion of refineries, pipelines and downstream to avoid double counting;
- **Power Generation:** focus on generation and integrated players to encourage generation of electricity from low emission energy sources. Exclusion of transportation and distribution to avoid double counting;

- **Automotive:** focus on passenger cars production to encourage the manufacturing of vehicles with low emission technologies. Exclusion of manufacturing components (e.g., tires, brakes) because these products are independent of final vehicle emissions. Exclusion of automotive distribution to avoid double counting;
- **Automotive revised:** focus on production of light duty vehicles (light trucks in addition to passenger cars) in line with the design choices made for the definition of SBTi targets;
- **Iron & Steel:** focus on companies producing crude steel that use iron ore (or scrap) as an input. Mining of raw materials and steel finishing and downstream use are excluded given reduced emission materiality and low data availability;
- **Commercial Real Estate:** focus on the in-use operational emissions of buildings in Italy.

2. DEFINITION OF THE METHODS AND METRICS

2.1 Scope of emissions covered

For each sector, the scope of emissions was selected to maximize the share of emissions captured.

- Oil & Gas: Scope 1, 2 and 3
- Power Generation: Scope 1 and 2
- Automotive: Scope 3 TTW
- Automotive Revised: Scope 3 WTW
- Iron & Steel: Scope 1 and 2²³
- Commercial Real Estate: Scope 1, 2 and 3²⁴

Scope selections are aligned with market practices, cover the bulk of industry's emissions and are the data typically disclosed by industry players.

²⁰ Financial and commercial guarantees excluded

²¹ In scope if material

²² The only exception concerns the CRE perimeter, where SME corporates are included in line with the SBTi guidelines (SME retail clients are excluded)

²³ Reported scope 1 and 2 emissions sourced from company reports applied for top material financed producers. For remaining counterparties or where reported data are not available, emission factors covering scope 1 and 2 emissions from pig iron, Direct Reduced Iron and steel production through BF-BOF (Blast Furnace-Basic Oxygen Furnace) and EAF (Electric Arc Furnace) methods are applied

²⁴ Scope 3 emissions for CRE captured for building owner's (lessor) reporting emissions from the energy use of a tenant (lessee)

2.2 Metrics

For Oil & Gas, Power Generation and Automotive, Iron & Steel and Commercial Real Estate, the Bank has decided to use a sectoral decarbonization approach (SDA) aimed at measuring and reducing a physical intensity metric defined as the ratio between financed emissions and financed production for each sector. Specifically, the unit measures used for the metric of each sector are the following (sector-specific emissions intensity metrics):

- Oil & Gas: gCO₂e/MJ
- Power Generation: kgCO₂e/MWh
- Automotive: gCO₂e/vkm
- Iron & Steel: tCO₂/tSteel
- Commercial Real Estate: kgCO₂e/m²

Note, that for Coal Mining Intesa Sanpaolo did not define a target based on emission intensity but adopted a policy to completely phase-out within 2025.

Counterparties' emissions data are collected in accordance with PCAF²⁵ guidelines:

- reported emissions, verified or unverified emissions collected directly from the borrower or investee company (e.g., company sustainability report) or indirectly via verified third-party data providers;
- physical activity-based emissions, for the "core" scope (Scope 3 for Oil & Gas, Scope 1 for Power Generation, Scope 3 -TTW for Automotive, Scope 3 -WTW for Automotive revised, Scope 1 and 2 for Iron & Steel, Scope 1 and 2 for Commercial Real Estate), estimated based on production data collected from data provider (e.g., bottom-up approach);
- economic activity-based emissions, for the "other-no core" scope, estimated based on region and sector specific average emission factors computed by the specific climate analytics platform and expressed per revenue (peers' group).

Intesa Sanpaolo's approach to estimate future portfolio emissions considers companies' commitments first. If not available, a reference scenario reduction rate is applied.

Aggregation at portfolio level

For Oil & Gas, Power Generation, Automotive, Iron & Steel and Commercial Real Estate sectors, to aggregate emission intensity of each counterparty at portfolio level, a production weighted approach is applied. This means that the relative weight of each counterparty in the portfolio emission intensity is directly proportional to the Intesa Sanpaolo's financed production (financed floor area for Commercial Real Estate). Financed production calculation is based on an attribution factor computed as: $\text{Exposure}/(\text{Total equity} + \text{debt})^{26}$. This approach is aligned to PCAF recommendations.

Counterparties fully dedicated to renewable activities and project finance dedicated to "green" activities receive an emission intensity equal to zero in the computation of the overall portfolio emission curves.

Data lag²⁷

Due to greater availability of data from various data providers and relevant company reports to calculate physical intensity, the lag observed between the bank's exposure data and emissions/production data has been reduced.

Regarding the reference period of data used, for all sector exposures at end 2023, emission data updated to 2022 are considered, with a lag reduced to 1 year.

For the Iron & Steel sector, the baseline exposure at December 2022 considers 2021 emissions; for Automotive revised (WTW) the baseline exposure at December 2022 considers 2022 emissions; for Power Generation revised the baseline exposure at December 2022 considers 2020 emissions.

For the Commercial Real Estate sector, physical intensity at December 2022 and December 2023 is calculated using a 2020 carbon factor for emissions intensity of final energy consumption; 2023 and 2024 primary energy intensities for property EPC labels have been converted to final energy intensity based on 2020 conversion factors and December 2022 and December 2023 exposures respectively.

Disclaimer: Metrics and data may be updated over time following evolution of the emission calculation methodology, the updates to the NZBA and SBTi Guidelines, updated data sources and accepted market practices.

Metrics and data are based on projections and estimates which rely on underlying sectoral assumptions and strategic plans of underlying entities. Such assumptions may be largely dependent on external factors that are not under Intesa Sanpaolo's control, such as, but not only, technological improvements and/or government-led policies. In addition, metrics calculation relies on data inputs, with quality and availability subject to change and may be enhanced overtime.

Please note that progress towards targets may be non-linear in the short term in view of the fact that financing of the transition to a low carbon economy is required or in view of external factors.

²⁵ Partnership for Carbon Accounting Financials

²⁶ Please note that "Exposure / (property market value)" is the attribution factor formula for the case of Commercial Real Estate

²⁷ For data lag concerning previous data please refer to the Metrics and Targets section of the 2022 TCFD Report

SECTORAL TRANSITION PLAN

In 2022, Intesa Sanpaolo drafted its first High Level Transition Plan which set out the broader architecture on which the plan is based²⁸ and is being progressively evolved. In 2023, the High Level Transition Plan was further developed, setting for each sector high level actions to be implemented towards the achievement of defined targets ("Sectoral Transition Plan").

The Plan is included in the Climate Report. The Climate Report, which is approved by the Board of Directors, provides full information on wider Climate-related Governance, Strategy, Risk Management and Metrics and Targets, and represents the framework within which the Transition Plan is embedded and to which reference should be made.

As concerns further Transition Plan disclosures, these are also included in the in-depth analysis required by CDP's annual assessment, compiled since 2007 by the Group, which can be viewed on the [Group's web site](#).

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1 OIL & GAS

1.1 CONTEXT

Oil & Gas operations account for nearly 15% of energy related GHG emissions globally²⁹, with emissions coming from a variety of sources along Oil & Gas supply chains.

The industry has the ability and resources to cut emissions quickly and cost effectively³⁰. Tackling methane emissions is the single most important measure that would contribute to the overall fall in emissions, globally, followed by eliminating flaring and electrification of upstream facilities. Scaling up Carbon Capture, Utilization and Storage (CCUS) and expanding the use of low-emissions hydrogen play complementary roles and have significant potential for positive spill-over into other aspects of energy transitions, by accelerating deployment and technology learning for these technologies.

Significant investments must be deployed to achieve emission reduction targets in the Oil & Gas sector. \$600bn of cumulative spending would be required to halve the emissions intensity of Oil & Gas operations globally by 2030³¹.

1.2 CHALLENGES AND ENABLERS

The Oil & Gas sector faces a crucial moment in navigating decarbonization challenges and opportunities. Balancing growing energy demand with a move to sustainable sources involves tackling geopolitical pressures, technological hurdles, and the necessity for significant changes in investment approaches. Initiatives like the EU's REPowerEU Plan and global commitments to reduce GHG emissions, jointly with increasing pressure from consumers and investors, support the industry's transition in this pivotal moment. At the same time, there are new business models and revenue opportunities that are opening up for the sector.

²⁸ Please refer to the "Transition Plan" in the 2022 TCFD Report to which reference should be made. <https://group.intesasanpaolo.com/content/dam/portalgroupp/repository-documenti/sostenibilit%C3%A0/tcfd/tcfd-report-2022/TCFD%20Report%202022.pdf>

²⁹ IEA. Emissions from Oil & Gas Operations in Net Zero Transitions: <https://iea.blob.core.windows.net/assets/2f65984e-73ee-40ba-a4d5-bb2e2c94cecb/EmissionsfromOilandGasOperationinNetZeroTransitions.pdf>

³⁰ IEA. News - New IEA report highlights the need and means for the oil and gas industry to drastically cut emissions from its operations <https://www.iea.org/news/new-iea-report-highlights-the-need-and-means-for-the-oil-and-gas-industry-to-drastically-cut-emissions-from-its-operations>

³¹ IEA . The Oil and Gas Industry in Net Zero Transitions: <https://iea.blob.core.windows.net/assets/41800202-d427-44fa-8544-12e3d6e023b4/TheOilandGasIndustryinNetZeroTransitions.pdf>

Key challenges

- **Global trends and geopolitics.** Several global trends play a pivotal role in the achievement of decarbonization by the Oil & Gas sector. Firstly, the sector must navigate the challenge of meeting a growing demand for energy. In 2023, the demand for oil increased compared to 2022, with significant growth driven by China and India. Although IEA predictions see global oil demand lose momentum over the 2022-28 forecast period as the energy transition gathers pace, geopolitical factors could prove to be crucial. In fact, the global oil markets are gradually readjusting after three tumultuous years, initially disrupted by the Covid-19 pandemic and later by the Russian invasion of Ukraine, where the post covid rebound and the conflict-driven energy crisis accelerate the transition away from oil.
- **Technological challenges.** Despite the availability of various technological innovations and decarbonization strategies to reduce upstream emissions, the main hurdle lies in the readiness, accessibility, and cost-effectiveness of these technologies. Technologies such as carbon capture, utilization, and storage, renewable energy integration, and hydrogen production require further development, substantial investments, and concerted efforts before they can be fully operational.
- **Investment challenges.** The Oil & Gas industry faces significant investment challenges, with evidence suggesting a limited shift in investment from players, potentially due to a lack of attractive opportunities in new energy markets and required capabilities. According to IEA research, the Oil & Gas sector – which provides more than half of global energy supply and employs nearly 12 million workers worldwide – has been a marginal force at best in transitioning to a clean energy system. Oil & Gas companies currently account for just 1% of clean energy investment globally – and 60% of that comes from just four companies³². A more significant reallocation of capital is needed to hasten the transition to cleaner energy sources.

Key enablers

- **The European Union launched the REPowerEU Plan** with the ambition to diversify its energy supplies, save energy and produce clean energy. In 2022, the European Union implemented several measures both to decrease its dependence on Russian gas due to geopolitical tensions and to put pressure on energy companies and their decarbonization plans. One of the main factors in achieving these goals is accelerating investment in renewable energy development. The European Commission is proposing to increase the EU's 2030 targets for renewable energy sources in the energy mix from 40%, as set out in the "Fit for 55" package, to 42.5% (and possibly aim at a higher ambition of 45%), as detailed in the Repower EU plan. Compared to current levels of about 22%, the Plan represents a major acceleration of the pathway³³.
- **New commitments globally.** New commitments were recently made by governments, policymakers, and oil and gas companies to reduce GHG emissions, particularly methane, and accelerate the transition to renewable energy sources; commitments were also taken aimed at supporting developing countries to reduce GHG emissions.
- **Together with policies and corporates' commitments, also consumers and investor are raising pressure.** The sector faces increasing pressure from customers, employees, and investors to decarbonize. Many Oil & Gas companies have publicly declared their intention to become carbon neutral by 2050, reflecting the growing demand for decarbonization.

1.3 INTESA SANPAOLO STRATEGIC APPROACH TO OIL & GAS DECARBONIZATION

Intesa Sanpaolo's strategy for reducing GHG emissions in the Oil & Gas sector is guided by the following key strategic dimensions:

- **Support the transition with a sustainable product offer.** A primary focus for ISP involves actively participating in the acceleration of the Net Zero transition path and aligning with EU Taxonomy for the Oil & Gas sector. Intesa Sanpaolo aims to support decarbonization plans by providing financing and advisory services (e.g., sustainability-linked, green and transition loans, green bond issues and "acquisition/project transition financing").
- **Group policies and rules.** Policies and rules introduce specific limits and exclusions regarding lending activities and provide for the progressive reduction of financial services to counterparties within the Oil & Gas and the coal mining sectors (also see [Box 1](#) and [Risk Management chapter](#)).

³² IEA. News - Oil and gas industry faces moment of truth – and opportunity to adapt – as clean energy transitions advance: <https://www.iea.org/news/oil-and-gas-industry-faces-moment-of-truth-and-opportunity-to-adapt-as-clean-energy-transitions-advance>

³³ EUR-Lex. https://eur-lex.europa.eu/legal-content/EN/TEXT/PDF/?uri=OJ:L_202302413

Box 1: The Group policies on coal, and unconventional Oil & Gas

In July 2021 Intesa Sanpaolo announced an update to the rules for the Group's lending operations in the coal sector, declaring the end of new financing and phase out by 2025. With the adoption of the updated "[Rules for lending operations in the coal sector](#)" in 2021, the Group introduced stricter criteria and limitation to new coal fired plants and mines. Intesa Sanpaolo will in fact not provide financial products and services to projects aimed at the construction or expansion of new coal mines or the purchase of companies operating in the coal mining sector and at the construction of new coalfired power plants, the purchase or expansion of those that are already in operation. With the adoption of the updated rules, the Group also commits to the phase out of the share of financial services to counterparties in the coal mining sector by 2025.

Furthermore, the Group policy on unconventional Oil & Gas dictates immediate end of new lending and phase out by 2030. The "[Rules for lending operations in the unconventional Oil & Gas sector](#)" introduced limits and exclusions in relation to "shale Oil & Gas", "tar sands" and "tight Oil & Gas" resources, which are obtained using unconventional techniques and whose extraction generates higher GHG emissions than resources extracted with conventional techniques, resulting in greater environmental impact. The policy also excludes exploration and extraction in geographical areas characterized by fragile ecosystems, such as the Arctic or the Amazon Sacred Headwaters. Most importantly, the Group committed to phase out exposure linked to unconventional resources by 2030.

1.4 EMISSION TARGETS

Within the 2022-2025 Business Plan Intesa Sanpaolo presented interim 2030 emission reduction targets, aligned to Net zero, in the Oil & Gas sector. The target is to reduce emissions physical intensity from 64 gCO₂e/MJ as at 30/06/2021 to 52-58 gCO₂e/MJ in 2030.

1.5 CASE STUDY

Intesa Sanpaolo supports customer transition, including along the sector value-chain.

Supporting an Oil & Gas player Sustainability-linked bonds issue³⁴



In January 2023, Eni, the Oil & Gas major, issued the first ever retail sustainability-linked bond addressed to Italian retail investors.

The ESG features of the bond mark a strong link between Eni's financial strategy and its sustainability path, aimed at reducing its net GHG emissions (Scope 1 and Scope 2) associated with Upstream business activities and to increase its renewable installed capacity.

Intesa Sanpaolo IMI Corporate & Investment Banking oversaw Eni's €2bn sustainability-linked bond, acting as Joint Lead Manager and Guarantor.

³⁴ Eni: New Offer of Sustainability-Linked Bond in Italy for Italian public starting on January 16, 2023: <https://www.eni.com/en-IT/media/press-release/2023/01/new-offer-sustainability-linked-bond-italy.html>
Extraordinary success for Eni's first sustainability-linked bond dedicated to public in Italy: euro 2 billion of total amount: <https://www.eni.com/en-IT/media/press-release/2023/01/extraordinary-success-for-eni-first-sustainability-linked-bond-dedicated-italy-euro-2-billion-total-amount.html>

2 POWER GENERATION

2.1 CONTEXT

Power generation is the leading sector in the transition towards net zero emissions through the rapid ramping up of renewables, such as solar and wind.

The power sector has a key role in modern societies and will become even more so with the increasing electrification of transport and heating. Together with nuclear energy, renewables are expected to dominate the growth of global electricity supply in the period 2023-2025, meeting the vast majority of the additional demand over the period, with substantial growth expected in China and the EU³⁵. Additionally, the current global energy crisis has placed electricity security and affordability high on the political agenda in many countries.

To achieve significant decarbonization targets globally, electricity share must grow rapidly, fossil fuels be reduced, and low- and zero-emission sources accelerated significantly.

Achieving a net-zero energy system relies on a fully decarbonized electricity sector, and to meet net-zero targets, electricity's share in final energy consumption should go from the current 20% to 50% by 2050. Fossil fuels, constituting over 60% of global electricity generation, must be swiftly reduced to below 30% by 2030, and to accomplish this, the deployment of low- and zero-emission sources must accelerate significantly³⁶.

2.2 CHALLENGES AND ENABLERS

Investments in infrastructure will be required. According to the IEA "Electricity Market Report Update - Outlook for 2023 and 2024 – July 2023", declines in fossil-fired electricity generation are becoming structural; renewables are expected to meet all electricity demand growth in 2023 and 2024³⁷.

The substantial growth of renewables will need to be accompanied by accelerated investments in grids, including smart grids, and flexibility, including Battery Energy Storage Solutions (BESS), for their successful integration into the system. The European Union launched the REPowerEU

Plan with the ambition to diversify its energy supplies, save energy and produce clean energy³⁸. The Renewable Energy Directive of October 2023 set the target to achieve 42.5% (and possibly aim at a higher ambition of 45%) of renewable energy sources in the overall energy mix by 2030, further increasing the 40% target previously proposed by the Fit for 55 packages. This energy transformation entails significant CAPEX investments which represent a considerable opportunity for the financial sector to support.

2.3 INTESA SANPAOLO STRATEGIC APPROACH TO POWER GENERATION DECARBONIZATION

Power Generation was one of the first sectors where Intesa Sanpaolo set decarbonization targets. The bank provides services and financial support to companies willing to engage in the clean energy transition. Intesa Sanpaolo focuses on two strategic dimensions:

- **Active financial support.** Intesa Sanpaolo is supporting the decarbonization plans of Power Generation companies, both through financing (i.e., sustainability-linked loans and green loans) and through advisory services (e.g., green bond issues, support for the acquisition of pure renewable players). The Group has historically provided financing for renewable assets and projects, such as solar photovoltaic (PV), concentrating solar power (CSP), onshore wind, offshore wind and, more recently, it has also assessed the financing of other types of assets, such as green hydrogen and battery energy storage. Intesa Sanpaolo is committed to taking an active role in the acceleration of Net zero transition path and EU Taxonomy Alignment for the Power Generation sector, supporting continuous investment aimed at facilitating the transition towards a low carbon economy.
- **Multistakeholder engagement and partnerships.** Intesa Sanpaolo recognizes the crucial role of engaging with various stakeholders and forming partnerships, thus fostering collaborative efforts towards sustainable energy solutions and facilitate the transition for both industry participants and societies.

³⁵ IEA. Electricity Market Report 2023. <https://www.iea.org/reports/electricity-market-report-2023>

³⁶ IEA. Electricity - Retrieved in February 2024. <https://www.iea.org/energy-system/electricity>

³⁷ IEA. Electricity Market Report - Update 2023. <https://www.iea.org/reports/electricity-market-report-update-2023/executive-summary>

³⁸ European Commission - REPowerEU. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowerEU-affordable-secure-and-sustainable-energy-europe_en

Key initiatives and programs on power generation

In addition to the products and services offered to all clients to promote ESG performance, Intesa Sanpaolo also engaged with relevant initiatives specific to the power generation sector³⁹.

Other non-business initiatives and partnerships

Intesa Sanpaolo demonstrates its commitment to supporting renewable energy initiatives both globally and locally e.g. Intesa Sanpaolo joined the Climate Investment Platform and the European Clean Hydrogen Alliance, established a collaboration with Enel X and Regalgrid in the context of Renewable Energy Communities (RECs).

2.4 EMISSION TARGETS

Within the 2022-2025 Business Plan, Intesa Sanpaolo presented interim 2030 emission reduction targets aligned to net zero in the Power Generation sector. The perimeter was reviewed in 2023; the target is to reduce emissions physical intensity by 45.5%, passing from 202 kgCO₂e/MWh in December 2022 to 110 kgCO₂e/MWh in 2030.

2.5 CASE STUDIES

Transitioning towards renewable energy is crucial to address climate change and secure sustainable energy.

Renewable energy sources like solar and wind power play a pivotal role in accelerating this global shift, and Europe, particularly the North Sea, holds significant offshore wind power potential. However, challenges like high capital costs, complex permitting processes, and environmental concerns pose obstacles.

Financing

Green credit facility for SunZia, the US largest-ever green energy infrastructure



In December 2023, Intesa Sanpaolo structured and partially underwrote a green credit facility of up to \$8.8bn for SunZia, the United States largest-ever green energy infrastructure, entailing:

- the Western Hemisphere's largest wind farm, with a capacity of 3.5 GW, in New Mexico
- a 550-mile (885 km) high-voltage power line between New Mexico and Arizona, capable of transporting 3 GW of clean, safe and affordable electricity to billions of Americans in the Western United States.

Intesa Sanpaolo's IMI Corporate & Investment Banking Division also acted as Initial Coordinating Lead Arranger, Joint Book Runner and Co-Green Loan Structuring Agent, as well as providing hedging solutions.

The SunZia project is being developed by Pattern Energy, one of the world's largest developers and private operators of wind, solar, transmission and energy storage projects. Pattern Energy has an operating capacity of nearly 6 GW across North America and 25 GW in development.

³⁹ For a full description of products mentioned please refer to the [Strategy chapter](#).

Financing of a Solar power plant in Albania



Albania heavily relies on hydropower, constituting 95% of its energy sources. To address the need for a more balanced and diversified power supply, the Karavasta solar power station is currently under construction in Albania itself, with a total capacity of 140 MWp and an estimated annual production of 265 GWh, with the aim of enhancing Albania's energy sector independence.

The Karavasta solar plant will become the region's largest photovoltaic system, meeting the annual electricity needs of ~8% of the national population and significantly reducing GHG emissions. The solar plant is expected to fulfill the annual electricity needs of 220,000 inhabitants and contribute to a 9.5% reduction in carbon dioxide emissions compared to the industrial sectors in Albania.

In collaboration with other institutions, ISP supported in March 2023 the financing ~€143m for the construction of the Karavasta solar power station. ISP joined a Special Purpose Vehicle (SPV) financing, together with the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), and the Finance in Motion asset manager (FIM). In May 2020, Voltalia, the project's sponsor, secured a 30-year concession from the Albanian government to construct and operate the solar power plant. ISP's notable €29m contribution to the financing aligns with the bank's commitment to environmentally sustainable practices.

Bruc: corporate financing of €600m for the construction of its 8,500 MW portfolio in Spain⁴⁰



In September 2023 Bruc, one of the largest and most dynamic renewable energy groups in Spain, signed a financing agreement with seven entities for an amount of €600m. This amount guarantees a substantial part of the contributions necessary for the investment in the construction and entry into operation of a portfolio of solar photovoltaic and wind generation plants in Spain totalling 8,500 megawatts (MW). Intesa Sanpaolo acted as Bookrunner and MLA in the transaction.

40 <https://brucmanagementprojects.com/en/bruc-the-green-energy-group-agrees-a-corporate-financing-of-e-600-million-for-the-construction-of-its-8500-mw-portfolio-in-spain/>

Advisory Services

In July 2023, Intesa Sanpaolo facilitated a significant collaboration between Iberdrola and Masdar Clean Energy



Two global energy leaders with a shared commitment to sustainability and innovation. Iberdrola, headquartered in Spain, has a long-standing reputation for pioneering renewable energy solutions and holds the largest renewable generation capacity in Europe. Masdar, the UAE's flagship renewable energy company, has become one of the world's largest renewable energy investors and drivers of the energy transition⁴¹.

Masdar has signed a strategic agreement with Iberdrola, to co-invest in the 476-MW Baltic Eagle offshore wind farm in the German Baltic Sea. The deal values the Baltic Eagle wind farm at approximately €1.6bn. Baltic Eagle, which will be operational at the end of 2024, will consist of 50 wind turbines built on monopile foundations, each with a unit capacity of 9.53 MW. Anticipated annual production is 1.9 TWh, enough clean energy to meet the electricity demands of 475,000 homes, saving 800,000 tons of CO₂ being released into the atmosphere every year⁴².

Intesa Sanpaolo's expertise and global reach were instrumental in successfully advising Masdar on a complex cross-border transaction, solidifying its position as a premier international financial advisor. Intesa Sanpaolo IMI Corporate & Investment Banking acted as financial advisor to Masdar, playing a crucial role in the origination of this international transaction and advised Masdar in all the phases of the deal. The successful execution of the deal reflects the synergistic collaboration among various Intesa Sanpaolo IMI Corporate & Investment Banking Division desks and geographic locations. A cross-border dedicated team was set up, involving professionals both in M&A and in coverage, also leveraging Intesa Sanpaolo branches in Madrid, Dubai and Abu Dhabi.

3 AUTOMOTIVE

3.1 CONTEXT

The automotive sector stands among the most important contributors to GHG emissions. In 2022 Cars and Vans (light commercial vehicles) accounted for around 10% of global energy-related CO₂ emissions⁴³. Passenger Cars and Vans produce about 15% of the EU's total CO₂ emissions⁴⁴ Recognized as a linchpin of the European economy, the automotive sector plays a pivotal role, employing approximately 13 million individuals, roughly the 7% of the entire European workforce⁴⁵. Also in terms of economic impact, the automotive sector is a powerhouse, contributing a substantial 7% to the European GDP. Moreover, it emerges as a focal point for research and development (R&D) investments, commanding 31% of the total R&D spending in the EU, amounting to approximately €59bn⁴⁶.

The automotive sector is undergoing significant changes driven by emerging ESG trends, reshaping its industrial landscape. This transformation is closely tied to the sector's inherent impact on the global environment. In Europe, the EU emission regulations outlined in "Fit for 55," target a 55% reduction in CO₂ emissions by 2030 and zero-emission goals for new vehicles by 2035. Regulation does in fact require Original Equipment Manufacturers (OEMs) and their suppliers to invest in electrification technologies, and major OEMs are proactively crafting innovative strategies to adapt their traditional business models to anticipate a substantial growth trajectory for Electric Vehicles (EVs) driven by stringent government regulations.

3.2 CHALLENGES AND ENABLERS

Key challenges

- **The automotive industry is undergoing transformative shifts**, impacted by the surging EV market and stringent government regulations. European OEMs are therefore facing the 'sustainability' challenge, coupled with a growing threat to their leadership position, particularly from rising competitors in China. The European market is also losing competitiveness for local development and production, intensifying the challenge for industry players. Successful navigation of this landscape will require significant

⁴¹ <https://masdar.ae/>

⁴² Masdar and Iberdrola to co-invest in a wind farm in the Baltic Sea: https://imi.intesasnpaolo.com/en/news/2023/20230728_masdar-and-iberdrola-co-invest-in-a-wind-farm-in-the-baltic-sea/

⁴³ IEA. Energy system / Transport / Cars and Vans. Retrieved from: <https://www.iea.org/energy-system/transport/cars-and-vans>

⁴⁴ European Parliament. Reducing car emissions: new CO₂ targets for cars and vans explained. Retrieved from <https://www.europarl.europa.eu/news/en/headlines/society/20180920STO14027/reducing-car-emissions-new-co2-targets-for-cars-and-vans-explained>

⁴⁵ ACEA. The EU auto industry accounts for 7% of all jobs. Retrieved from: <https://www.acea.auto/figure/employment-in-eu-automotive-sector/>

⁴⁶ ACEA. Facts about the automobile industry. Retrieved from: <https://www.acea.auto/fact/facts-about-the-automobile-industry/>

capital investment from players in the industry, but also innovative approaches to maintain a leading edge in global automotive competition⁴⁷.

- **Increasing need for EV infrastructure:** The expansion of EV adoption relies heavily on the availability of a comprehensive and well-distributed charging network. Addressing issues related to the quantity, accessibility, and standardization of charging stations is crucial to promote EV use and overcome the so called 'range anxiety' (the concern experienced by EV owners about the adequacy of their vehicle's battery charge to complete a journey, or the availability of charging stations along the way).
- **Supply disruption risk for battery materials:** The automotive industry's shift towards electric mobility relies on battery technology yet securing a reliable and sustainable supply for crucial battery materials (e.g., lithium, cobalt, nickel) may prove challenging. Issues causing supply chain disruption include geographical concentration (e.g., ~86 % of the mined lithium ores come from Australia, Chile, and China), geopolitical tensions (e.g., increasing prices of aluminium due to Russia's invasion of Ukraine), and environmental, social, and ethical complexities (e.g., protests over water shortages in Chile). These factors pose a significant risk to the secure and rapid road transport decarbonization as recent events showed, such as the 2021 chip crisis, which caused global production loss of ten million vehicles^{48,49}.

Key enablers

On the other hand, a strong regulatory push, technological advancements and changing consumer preferences may enable the transition.

- **Strong regulatory push for EVs.** As mentioned above, EU emission rules ("Fit for 55") seek a 55% CO₂ reduction by 2030 vs. 1990 and zero emission target by 2035 (for new vehicles registered). OEMs' ability to successfully launch and sell a wide range of new Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles will allow them to meet their CO₂ targets.
- **Shortages ease and new initiatives in the EU.** As semiconductor and raw materials shortages ease, the industry must strategically focus on robust supply chains around batteries, semiconductors, and green materials to prevent further supply disruption. Key enablers include localizing

battery manufacturing, establishing semiconductor fabs, implementing dual sourcing, enhancing circularity, and adopting digital traceability⁵⁰. As of March 2023, announcements on battery manufacturing capacity delivered by 2030 are more than sufficient to meet the demand implied by government pledges and would even be able to cover the demand for electric vehicles in the IEA Net Zero Emissions by 2050 Scenario⁵¹. Meanwhile mineral shortages are easing, with lithium prices dropping 80% at the end of 2023 as sufficient supply comes onto the market⁵².

Box 2: The European Chips Act and the Chips Joint undertaking: how the EU plans to boost Europe competitiveness and resilience

In September 2023, the EU implemented the European Chips Act to reinforce Europe's technological leadership, and by promoting the industrialisation of innovative technologies by European businesses. The Initiative will be supported by €3.3bn of EU funds and matched by funds from Member States.

In November 2023, The European Commission also launched the Chips Joint Undertaking (Chips JU), a key executor of the Chips for Europe Initiative, with expected total budget €15.8bn until 2030. The Chips JU aims at reinforcing the European semiconductor ecosystem and Europe's technological leadership by bridge the gap between research, innovation and production thereby facilitating the commercialisation of innovative ideas.

Source: *The European Chips Act* <https://www.european-chips-act.com/>

- **Changing customers' attitudes on sustainable mobility.** Data shows an increasing adoption of electric vehicles: Considerable progress in the uptake of electric cars and vans in the EU was made in 2022, with 21.6% of new car registrations being electric vehicles⁵³.

47 McKinsey & Company. A roadmap for Europe's automotive industry: <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/a-road-map-for-europes-automotive-industry>

48 Sustainability challenges throughout the electric vehicle battery value chain. *Renewable & Sustainable Energy Reviews*, 191, 114176. <https://doi.org/10.1016/j.rser.2023.114176>

49 CLEPA: European Association of Automotive Suppliers. Retrieved at: <https://clepa.eu/mediaroom/global-production-shortfall-of-nearly-10-million-vehicles-in-2021-highlights-urgent-need-for-eu-chips-act/>

50 McKinsey & Co. A road map for Europe's automotive industry. Available at: <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/a-road-map-for-europes-automotive-industry>

51 IEA. Global EV Outlook 2023. Retrieved at: <https://www.iea.org/reports/global-ev-outlook-2023/executive-summary>

52 Retrieved at: <https://www.forbes.com/sites/arielcohen/2023/12/27/lithium-price-collapse-secures-green-transition-causes-headaches/>

53 European Environment Agency. New registrations of electric vehicles in Europe: <https://www.eea.europa.eu/en/analysis/indicators/new-registrations-of-electric-vehicles>

3.3 INTESA SANPAOLO STRATEGIC APPROACH TO AUTOMOTIVE DECARBONIZATION

Intesa Sanpaolo aims at actively supporting companies in the transition. Company projects may involve investing in technologies that enable low carbon mobility solutions; investing in the shift from traditional production to a more sustainable one through the conversion of company plants; establishing and integrating battery supply chains (i.e., gigafactories) which represent one of the main drivers to accelerate the energy transition to a more sustainable mobility. Also, opportunities may be present in companies involved in the automotive supply chain, which actively invest in the energy transition (i.e., carbon neutrality, hydrogen).

- **Foster relationships with clients.** As a bank, ISP strategically aims at strengthening and consolidating relationships with industry players, with a focus on OEMs leading in the EV transition.
- **Support clients across the value chain.** ISP remains committed to supporting companies in the automotive sector, including both OEMs and OESs. This support extends to companies with ambitious sustainability goals as well as those in the early stages of their transition journey, requiring specific support to walk the transition path.
- **Support clients on transition capex.** Moreover, to facilitate this transition Intesa is actively involved in supporting both OEMs and OESs in their capital investments, given the substantial capital requirements in this sector. For instance, ISP is building expertise in assisting clients during development of Gigafactories and BEV platforms.

Client engagement and other initiatives

In addition to the products and services offered to all clients to promote ESG performance, Intesa Sanpaolo also engaged with relevant initiatives specific to the Automotive sector, including:

- **New publications on “Sustainable Urban Mobility”.** Intesa Sanpaolo’s Innovation Centre continued the publication of specialized literature and reports, available on the website, concerning among others, industry trend reports. Following 2022’s “Automotive, Transportation & Logistics, Future of Mobility. Decarbonization and NRRP impacts”, a new report was published in 2023 on “Sustainable Urban Mobility”. The document explores city generated GHG emissions, particularly from transportation, which accounts for about a third of global emissions, and emphasizes the need to tackle urban pollution by managing traffic congestion and promoting public transport over private vehicles.

Additionally, it discusses the expanding smart mobility systems market, utilizing technologies like wireless and data analytics to enhance urban transport planning and management⁵⁴.

- **Events: “Networking Talks – ISBD and the future of Automotive: challenges and opportunities”.** In November 2023, ISP hosted the online event “Evolution or disruption? Changing patterns in the automotive industry” as part of the “Networking Talks” series, live streaming events organized by CIAECO - Institutional Affairs ISB, focusing on institutional and business topics to promote development opportunities, industry culture, and qualified professional information. The event, targeting colleagues involved in the automotive industry in Italy and the Corporate & SMEs commercial network of banks within the ISBD Division, was also open to business clients in the automotive sector in Italy and the 12 Subsidiaries’ geographies. The event covered various topics related to the automotive industry and ESG themes, including how industry-related factors like electrification and new mobility, along with global trends such as reshoring and rethinking Industrial Value Chains, are reshaping the sector. There was a focus on how the supply chain ecosystem can support the automotive sector, particularly in terms of ESG financing opportunities. The strategic benefits of the value chain for this industry, with a particular focus on ESG financing, were highlighted. The event also addressed automotive trends in some specific countries where Intesa Sanpaolo’s Subsidiaries operate, featuring interviews with Hungarian and Slovakian clients and the participation of local colleagues and industry experts in the roundtable discussion. The event saw the participation of various stakeholders, such as representatives from Bain & Company Automotive practice Italy, University professors from Guglielmo Marconi University, and the Director of the Automotive & Mobility Observatory at Luiss Business School in Rome.
- **Event at “Reinova”, an industrial reality aiming at becoming an excellence hub for electric mobility, exploring the challenges and opportunities of the Italian automotive industry.** In July 2023, Intesa Sanpaolo held the meeting at Reinova, during which the challenges and opportunities of the automotive industry in Italy and specifically in Emilia-Romagna, highlighting its regional economic impact and technological innovation. Intesa Sanpaolo presented the results of a survey on the sector, emphasizing the importance of innovation and its support to businesses through financing and consultancy⁵⁵.

⁵⁴ Intesa Sanpaolo Innovation Center. Automotive, Transportation & Logistics - Aviation and Advanced Mobility. Available at: <https://www.intesaspaoloinnovationcenter.com/en/trend-analysis/analysis-of-industrial-technologies/automotive-transportation-logistics-aviation-and-advanced-mobility/>
⁵⁵ Intesa Sanpaolo. L'Automotive Emiliano tra transizione green e innovazione tecnologica. Retrieved from: <https://group.intesaspaolo.com/it/sala-stampa/comunicati-stampa/2023/07/1/automotive-dell-emilia-romagna-tra-transizione-green-e-innovaz>

3.4 EMISSION TARGETS

Within the 2022-2025 Business Plan, Intesa Sanpaolo presented interim 2030 emission reduction targets aligned to net zero in the Automotive sector. The perimeter was reviewed in 2023, moving from TTW a WTW and including passenger cars and light duty vehicles. The revised target is to reduce emissions physical intensity by 48%, passing from 192 gCO₂e/vkm in December 2022 to 100 in 2030.

3.5 CASE STUDY

Volkswagen green bond⁵⁶



In September 2023, Intesa Sanpaolo acted as Joint Bookrunner in Volkswagen Leasing GmbH issuance of its €2.0bn three tranches inaugural Green Bond transaction. Volkswagen Leasing GmbH is fully controlled by Volkswagen Financial Services AG. The proceeds are intended to be used to finance and / or refinance Eligible Financings relating to vehicles with zero-tailpipe emissions as defined by Volkswagen Financial Services AG Group's Green Finance Framework.

4 IRON & STEEL

4.1 CONTEXT

The iron and steel industry contributes ~25% of global industrial CO₂ emissions and is a critical sector for climate change mitigation⁵⁷. Total CO₂ emissions from the iron and steel sector have risen over the past decade, largely owing to increases in steel demand. The iron and steel industry in Italy is a major contributor to the country's economy, accounting for around 3.5% of industrial output⁵⁸, and is also responsible for 4.5% of Italian GHG emissions⁵⁹.

The sustainability trend gained significant momentum in 2022 and the steel industry is making notable progress to limit steel-making emissions, with stricter government regulations and ESG investments becoming mainstream. The decarbonization of the mining and metal sector remains a priority, calling for investments. The use of Electric Arc Furnaces, use of renewables, scrap recycling, CCUS, and in the future the rise of green hydrogen, etc. will support decarbonization.

To meet global energy and climate goals achieving net zero targets, emissions intensity should fall by about a quarter by 2030 and continue to decline thereafter⁶⁰.

4.2 CHALLENGES AND ENABLERS

The push in sustainability in the Iron and Steel sector faces some challenges, such as global dynamics, technological issues and future uncertainty. However, the Italian steel sector is already starting from a strong position, as over 80% of production is already using electric arc furnaces, which are much lower emission intensity than blast furnaces using coke, which are used for 60% of European steel⁶¹.

⁵⁶ <https://www.ifre.com/story/4127573/volkswagen-leasing-debuts-in-green-8jitt15ztyu>

⁵⁷ Lei, T., Wang, D., Yu, X. et al. Global iron and steel plant CO₂ emissions and carbon-neutrality pathways. Nature 622, 514–520 (2023). <https://doi.org/10.1038/s41586-023-06486-7>

⁵⁸ Fondazione Promozione Acciaio. <https://www.promozioneacciaio.it/aree-tematiche/performance-economica/>

⁵⁹ Federacciai. Retrieved at: <https://federacciai.it/emissioni-di-co2-e-prevenzione-dei-cambiamenti-climatici/>

⁶⁰ IEA. Energy system / Industry / Steel. <https://www.iea.org/energy-system/industry/steel>

⁶¹ Retrieved on 12/02/2024 at: <https://www.agenzianova.com/en/news/litalia-guida-la-decarbonizzazione-dellacciaio-in-europa-oltre-180-per-cento-viene-da-fonte-elettrica/>

Key challenges

Global trends and competition:

- **Global demand for steel** is projected to increase by more than a third through to 2050⁶². Steel has been increasingly in the spotlight in discussions on decarbonising industry, but efforts in the iron and steel sector need to accelerate significantly to get on track with the Net Zero Emissions by 2050 Scenario. The emissions reduction potential of conventional process routes and scrap is limited, and so innovation this decade will be crucial to commercialise new near zero-emission steel production processes, which account for 8% of primary production in 2030 in the NZE Scenario.
- **High energy intensity and heat demand.** Steelmaking is a very energy-intensive process, and it is currently the largest industrial consumer of coal, which provides around 75% of its energy demand⁶³. Replacing coal and coke with cleaner alternatives, such as hydrogen or electricity, is challenging as it will require a significant increase in the availability of these fuels.
- **Capital costs, uncertainty of future technologies and energy prices.** Technologies to reduce GHG emission reductions in the iron and steel sector currently have high capital costs, and are at different stages of development, increasing uncertainty inherent to the innovation process and on their future costs.

Key enablers

To ensure the sector decarbonization, policy makers must provide the industry with a strong and supportive policy framework and a level playing field, for proactive stakeholders to get ahead of the game by developing low-emitting steel production technologies and securing long term benefits in a new competitive landscape. Among others, enablers are:

- **EU policy:** In the EU, the Emission Trading Scheme as well as the EU CBAM (Carbon Border Adjustment Mechanism) policy will play a substantial role. The CBAM is a climate measure, a policy that would place a carbon price on EU imports of certain carbon intensive products, including steel. The gradual introduction⁶⁴ of the CBAM is set to promote cleaner industrial production in non-EU countries, and to align with the phase-out of the allocation of free allowances under the EU Emissions Trading System (ETS) to support the decarbonisation of EU industry. The introduction of CBAM should prevent the risk of carbon leakage⁶⁵ and support the EU's increased ambition on climate mitigation, while ensuring WTO compatibility. CBAM is expected to help level the playing field between EU steel producers and those in other countries that do not have carbon pricing systems. By ensuring that imports bear the same carbon price as domestic production, CBAM can protect EU producers from higher-carbon and lower-cost competition⁶⁶.
- **Corporate commitments along the iron value chain:** The five biggest steelmakers in the world, as well as all the biggest EU steelmakers, have announced decarbonisation targets. In parallel, there is evidence of an emerging market that is willing to pay a green steel premium, as automotive companies are announcing they will use low-CO₂ steel in their vehicle manufacturing. These commitments may signal a paradigm shift, and a growing market for green steel⁶⁷.
- **Technology:** The steel industry is making notable progress to limit steel making emissions, via the use of electric arc furnaces, renewables, recycling and the rise of green hydrogen. In addition, there are many breakthrough technologies that help to increase scrap use and energy efficiency, fuel switching to fossil-free electricity, introducing top gas recycling, or replacing injected coal in blast furnaces with sustainably sourced biofuels.

⁶² IEA. Iron and Steel Technology Roadmap. Towards more sustainable steelmaking. <https://www.iea.org/reports/iron-and-steel-technology-roadmap>

⁶³ IEA. Iron and Steel Technology Roadmap. Towards more sustainable steelmaking. <https://www.iea.org/reports/iron-and-steel-technology-roadmap>

⁶⁴ CBAM entered into application in its transitional phase on October 2023, with the first reporting period for importers ending 31 January 2024. European Commission: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en#:text=On%201%20October%202023%2C%20the%20as%20for%20public%20authorities

⁶⁵ which is the phenomenon of companies moving their production to countries with less stringent environmental regulations

⁶⁶ European Commission. Carbon Border Adjustment Mechanism. Retrieved at: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

⁶⁷ European Commission. EU climate targets: how to decarbonise the steel industry. Retrieved at: https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/eu-climate-targets-how-decarbonise-steel-industry-2022-06-15_en

4.3 INTESA SANPAOLO STRATEGIC APPROACH TO IRON & STEEL DECARBONIZATION

The Iron & Steel industry must accelerate its transition towards a lower carbon future and developing new technologies will be necessary to meet Net zero sectoral targets. Intesa Sanpaolo is committed to fostering the Iron & steel Net zero transition, in line with the strategic ambition of the Bank to achieve Net zero in 2050.

To help the Iron & Steel sector transition, Intesa Sanpaolo will:

- focus on ambitious counterparties as concerns their emission reduction targets;
- actively support decarbonization projects with dedicated financing;
- promote client engagement on themes such as setting Net Zero Targets, implementation of their decarbonization strategy, offering financing of transition solutions.

4.4 EMISSION TARGETS

In 2023, Intesa Sanpaolo elaborated interim 2030 emission reduction targets, aligned to Net zero, in the Iron and Steel Sector. The target is to reduce emissions physical intensity by 23% from 1.05 tCO₂/t steel as at 31/12/2022 to 0.81 tCO₂/t steel in 2030. It is to be noted that Intesa Sanpaolo starts from a lower baseline compared to market average.

4.5 CASE STUDY

ISP commits to participate in the financing of the phase 1 of the H2green steel project: Hydrogen for steel production⁶⁸



Being the Iron & Steel industry one of the world's largest emitters of CO₂, decarbonizing the steel industry will play a key role in achieving global CO₂ emission reduction targets.

H2 Green Steel's innovative Boden facility⁶⁹, financed by ISP as Senior Mandated Lead Arranger in its first phase, plans to revolutionize steel using cutting-edge technologies and the world's largest green hydrogen electrolysis plant. H2 Green Steel is a Swedish company developing a revolutionary steel production method that utilizes hydrogen instead of fossil fuels. Their planned steel mill in Boden, in northern Sweden, is set to be the world's first fossil-free steel mill, producing millions of tons of high-quality steel with close to zero emissions. Before 2030, they aim to achieve a production capacity of five million tons of high-quality steel. By using green hydrogen instead of coal, CO₂ emissions can be reduced from the reduction process by around 95% (compared to traditional steelmaking). This ground-breaking initiative marks a significant step towards a more sustainable future for the steel industry and the planet, and ISP has committed to participate in the financing of the phase 1 of the project.

The H2-plant will reduce emissions across value chains.

This pioneering initiative will not only revolutionize steel production and decarbonize the steelmaking process but also play a pivotal role in mitigating climate change by reducing emissions across the value chains of various industries that rely on steel, given that green steel can be integrated into sectors like automotive, commercial vehicles, white goods, furniture, and industrial equipment, paving the way for a fossil-free future for these industries.

⁶⁸ IMI Corporate & Investment Banking. Senior Mandated Lead Arranger in the financing to H2 Green Steel: https://imi.intesasanpaolo.com/en/news/2024/20240205_senior-mandated-lead-arranger-in-the-financing-to-h2-green-steel/

⁶⁹ H2GreenSteel. On course for large-scale production from 2025: <https://www.h2greensteel.com/articles/on-course-for-large-scale-production-from-2025>

5 COMMERCIAL REAL ESTATE – ITALIAN PORTFOLIO

5.1 CONTEXT

The real estate industry is different to other industries. It requires an asset-based approach to portfolio alignment rather than an all-in-one corporate approach encompassing all assets because of the significant differences between individual assets. These differences are due to multiple factors: location, function, modernity and technology and overlap across industries⁷⁰.

The operations of buildings account for 30% of global final energy consumption and 26% of global energy-related emissions (8% being direct emissions in buildings and 18% indirect emissions from the production of electricity and heat used in buildings)⁷¹.

The buildings sector accounts for 36% of the EU's carbon emissions and represents 40% of its energy use⁷². **The EU building stock remains off track to achieve climate neutrality by 2050.** The decarbonisation gap is not reducing to the degree necessary to bring the sector on track towards climate neutrality⁷³.

Emissions from energy use in service sector buildings decreased constantly between 2017 and 2020 but are still far from the path to climate neutrality. In 2020, at EU level, emissions⁷⁴ from energy use in service sector⁷⁵ buildings reached 121 Mt CO₂, 13.2% higher than the value required to meet the goals of the Paris Agreement and other international and regional commitments towards 2050. Additionally in the EU, in 2021 the downward trend in CO₂ emissions from service sector buildings was interrupted. Instead, emissions increased by 6.4%, reaching 128.5 MtCO₂, which is 25.7% higher than the target value⁷⁶. The rebound in emissions is significant. This change in the trends can be related to multiple external factors, notably the reactivation of the service sector after the lifting of some COVID-19 restrictions in 2021.

Yet the commercial real estate sector in the EU and Italy is witnessing a surge in sustainability initiatives⁷⁷, spurred by heightened environmental awareness and a commitment to reducing energy consumption and carbon emissions. This trend is manifested in several key areas, including

the growing adoption of green building certifications (such as LEED and BREEAM) by developers and investors, the increasing demand for sustainable office space among tenants, investments in renewable energy sources (e.g., solar panels,) by commercial real estate developers, and the development of smart buildings that incorporate technology to optimize energy consumption, reduce waste and enhance occupant comfort.

5.2 CHALLENGES AND ENABLERS

The **main challenges** for the sector to reach Net Zero targets are:

- **High capital costs.** The high initial capital costs of both new technologies and retrofits can be a barrier for many building owners.
- **Need for upstream infrastructure.** To reduce GHG emissions in buildings, not only the installation of new technologies is required, but also the developing and deploying of upstream infrastructures, such as renewable energy sources, smart grids, and energy storage systems. These upstream investments are crucial for supporting the deployment of new technologies and ensuring buildings have access to clean and reliable energy.
- **Ownership and financing.** Commercial buildings often have diverse ownership structures, including corporations, real estate investment trusts, and individual investors. This diversity can complicate the coordination of energy-efficiency upgrades, as each owner may have different priorities. Moreover, commercial buildings financed with debt may face limitations in investing in energy-efficiency upgrades.
- Commercial banks do not operate in isolation and the extent to which they can support decarbonisation of the sector depends on **action from other stakeholders: data and scenario providers, real estate companies, and governments⁷⁸.**

70 NZBA. Climate Target Setting for Real Estate Sector Financing. Emerging Practice Paper: https://www.unepfi.org/wordpress/wp-content/uploads/2024/01/Climate-Target-Setting-for-Real-Estate-Financing_NZBA.pdf

71 IEA. Energy system / Buildings: <https://www.iea.org/energy-system/buildings>

72 BPIE. READY FOR CARBON NEUTRAL BY 2050? ASSESSING AMBITION LEVELS IN NEW BUILDING STANDARDS ACROSS THE EU: https://www.bpie.eu/wp-content/uploads/2021/12/BPIE_Assessing-NZEB-ambition-levels-across-the-EU_HD.pdf

73 BPIE. EU Buildings Climate Tracker: A call for faster and bolder action: <https://www.bpie.eu/publication/eu-buildings-climate-tracker-a-call-for-faster-and-bolder-action/>

74 CO₂ emissions from the direct use of fossil fuel energy in buildings and indirectly from the production of electricity and heat used in buildings

75 Service sector buildings include institutional buildings and exclude the energy sector itself

76 BPIE. EU buildings climate tracker 2nd edition - A call for faster and bolder action: https://www.bpie.eu/wp-content/uploads/2023/11/EU-Buildings-Climate-Tracker_2nd-edition.pdf

77 The European Green Deal, the Renovation Wave Initiative, and the EU's recovery plan place a strong emphasis on reductions in GHG emissions and energy use from buildings. The REPowerEU plan published by the European Commission in May 2022, which aims to end the EU's dependence on Russian fossil fuels while tackling the climate crisis, calls for additional savings and energy efficiency gains in buildings, particularly through the Energy Performance of Buildings Directive (currently under negotiation). It also introduces the European Solar Rooftop Initiative with a proposal for a legally binding EU solar rooftop obligation for certain categories of buildings. European Environmental Agency. Greenhouse gas emissions from energy use in buildings in Europe: <https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-energy?activeAccordion=546a7c35-9188-4d23-94ee-005d97c26f2b>

78 NZBA. Climate Target Setting for Real Estate Sector Financing. Emerging Practice Paper: https://www.unepfi.org/wordpress/wp-content/uploads/2024/01/Climate-Target-Setting-for-Real-Estate-Financing_NZBA.pdf

Key enablers

The European real estate market has begun an era of asset renovation. Regulatory, societal and market pressure on commercial real estate (CRE) owners and occupiers is bringing energy efficiency and decarbonisation to the fore in asset renovation and investment strategies, as the rate of renovation must accelerate rapidly to meet national and EU-wide net zero energy targets by 2050. Europe's plans to decarbonise are becoming ever more ambitious in order to meet Paris-compliant targets.

- The credit market has already started to **move in favour of sustainable-rated assets** - many low EPC rated assets simply cannot acquire debt.
- Despite acknowledging that the Renovation Wave will incur significant upfront investments, the expectation is that the **associated energy savings over time offset the cost of initial outlays. Upfront investments can yield better long-term rent and capital-value accumulation.**
- **Regulatory initiatives** can help improve energy efficiency. For example, Italy's commitment to improving energy efficiency has helped it to achieve a decline in energy demand in the buildings sector. In fact, interventions on buildings have contributed to an improvement in the national building stock, as the result of various policy measures to improve energy efficiency and reduce emissions. In particular, the super bonus scheme that offered tax reductions for expenses incurred improving the energy efficiency of buildings had good success involving more than ~470,000 buildings as at January 2024⁷⁹.

5.3 INTESA SANPAOLO STRATEGIC APPROACH TO COMMERCIAL REAL ESTATE DECARBONIZATION

Intesa Sanpaolo aims at actively supporting companies in the transition. The "Motore Italia Transizione Energetica" programme offers clients customized financial and non-financial solutions. Various lines of intervention are available, as extensively set out in the Strategy chapter. Support will involve both the existing stock and new clients⁸⁰.

To enable the achievement of decarbonization targets, Intesa Sanpaolo has identified the following main initiatives:

- **Lending to support transition**, providing financial solutions both for new energy efficient buildings and for retrofitting
- **Strategic advisory services** to advise clients on sustainability improvements also taking advantage of available government subsidies.
- Intesa Sanpaolo is also working on the **improvement of data availability and quality**, a specific and systematic process to obtain property-specific data (including for Commercial Properties) is required. It is to be noted that in Italy a national registry of EPC labels on the total stock of real estate is not available.

5.4 EMISSION TARGETS

In 2023, Intesa Sanpaolo elaborated interim 2030 emission reduction targets, in the Commercial Real Estate Sector – Italian perimeter. The target is to reduce emissions physical intensity by 35% from 43.16 kgCO₂e/m² as at 31/12/2022 to 27.98 kgCO₂e/m² in 2030.

⁷⁹ ENEA. Report dati mensili al 31/01/2024: <https://www.ufficienzaenergetica.enea.it/component/downloads/?task=download.send&id=644&catid=40&Itemid=644>

⁸⁰ In addition, it should also be noted that Intesa Sanpaolo has facilitated, among others, the use of tax bonuses on the energy requalification of buildings provided for by the so-called Decreto Rilancio (Legislative Decree 34/2020 which included measures for the re-launch of the construction sector and the requalification of buildings), by purchasing tax credits from customers. At the end of 2023, tax credits of 20.1 billion were recorded in the balance sheet

5.5 CASE STUDIES

Intesa Sanpaolo is supporting the real estate sector through a number of transactions, e.g.:

Intesa Sanpaolo: agreement with Consiglio Nazionale dei Centri Commerciali (CNCC)⁸¹



In March 2024 Intesa Sanpaolo signed an agreement with CNCC, the National Council of Shopping Centers, with the aim of directing companies belonging to the CNCC towards 'green' and renewable energy investments, encouraging moreover the development of Renewable Energy Communities, an important objective included in Intesa Sanpaolo's Motore Italia Energy Transition programme, dedicated to investments in renewable energy and in interventions to support the energy transition.

The agreement is particularly significant seen the potential impact of photovoltaic investments on the surfaces of the 1,274 shopping centres, capable of 19.9 million total GLA (Gross Leasable Area).

New Turin university hub in Grugliasco⁸²



Work began in 2021, with an expected total duration of 3 years. The new facility, whose construction cost is €160m, is entirely financed by Intesa Sanpaolo. The new hub, which will extend over an area of 121,660 m², involves the construction of a complex of sustainable buildings integrated into the surrounding environment with particular attention to the morphological characteristics of the area, surrounded by greenery and built with the best solutions aimed at minimizing energy consumption and save water.

Photovoltaic system for self-consumption at an industrial complex



The investment involved the construction of a photovoltaic system of approximately 5 MW built on the roofs of the buildings within the industrial complex owned by BIOMAN Spa, a company engaged in producing clean energy through the recovery of waste, in the Municipality of Maniago (PN). The energy produced by the photovoltaic system, equal to approximately 5,500,000 KWh/year, is entirely self-consumed by the Company. Intesa Sanpaolo provided 90% of the Capex.



⁸¹ <https://group.intesasnpaolo.com/en/newsroom/news/all-news/2024/energy-transition-shopping-centres>

⁸² <https://group.intesasnpaolo.com/it/sala-stampa/news/il-mondo-di-intesa-sanpaolo/2020/citta-scienze-unite-grugliasco>

FINANCING THE TRANSITION TO A SUSTAINABLE, GREEN AND CIRCULAR ECONOMY

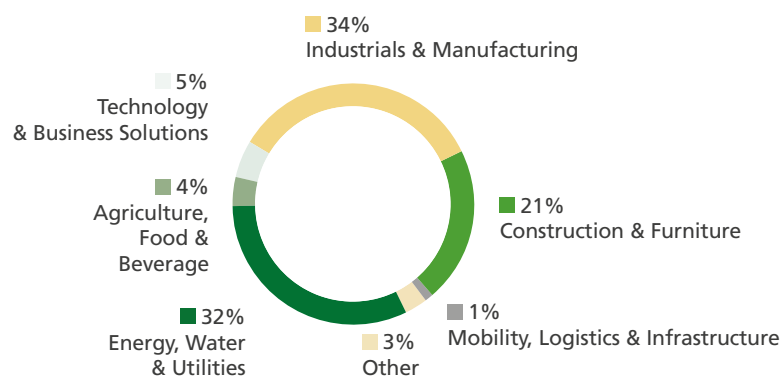
In 2023, around €12.6bn and €44.5bn since 2021 in relation to the areas of application of Mission 2 of the NRRP, focused on Green Economy, Circular Economy and ecological transition, were disbursed.

Focus on the Circular Economy Plafond

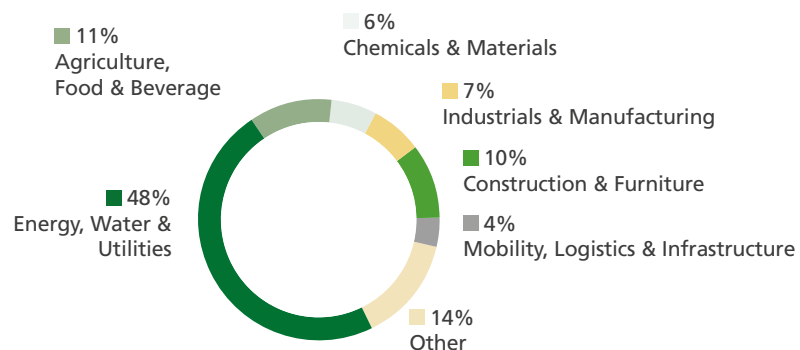
The Group's commitment to the Circular and Green Economy, was confirmed in the 2022-2025 Business Plan with the dedicated plafond of €8bn. Disbursements in 2023 totaled €5.6bn (of which €4.7bn related to green finance).

Focus on Circular Economy plafond projects (% amounts disbursed by sector)

2023



2022



Focus on S-Loans



Focus on Green Mortgages



GREEN BONDS AND USE OF PROCEEDS⁸³

In 2017, Intesa Sanpaolo was the first Italian bank to issue a €500m Green Bond connected with environmental sustainability projects. Since 2017 Intesa Sanpaolo issued more than €9bn in Green Bonds (€8.7bn outstanding as at 31/12/2023). Under the Green, Social and Sustainability (GSS) Bond Framework, in 2023 Intesa Sanpaolo issued a £600m callable Green Bond, and two dual tranche €2.25bn Green Bonds.

Issuance under the Framework continued in 1Q2024 with a Green Bond multi tranche issue in JPY dedicated to the Japanese market to finance/refinance all the green eligible categories.

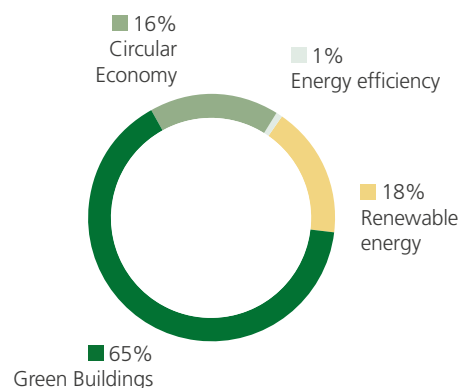
Green Bonds Issuance

	Green Bond for renewable energy and energy efficiency	Green Bond for renewable energy (ex UBI Banca)	Green Bond for the Circular Economy	Green Bond for Green Mortgages	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories	Green Bond All GSS Framework Green categories
Amount	€500m	€500m	€750m	€1.25bn	€1bn	Dual Tranche €1.5bn – 5y €0.75bn – 10y	£600m	Dual Tranche €1bn – 3y €1.25bn – 7y
Underwriting	N/A	~68% from ESG funds	>70% from ESG investors	>50% from ESG investors	75% from ESG investors (54% Dark Green & 21% Light Green)	80% from ESG investors	88% from ESG investors	83% from ESG investors
Value date	June 2017	April 2019	December 2019	March 2021	September 2022	March 2023	March 2023	May 2023
Maturity date	June 2022	April 2024	December 2024	March 2028	September 2027	March 2028/2033	March 2029	May 2026/2033
ICMA Principles alignment	2017	2018	2018	2018 GBPs, 2020 SBPs and SBGs 2018	2021	2021	2021	2021
Second Party Opinion	Moody's	ISS-oekom	ISS ESG	ISS ESG	ISS ESG	ISS ESG	ISS ESG	ISS ESG

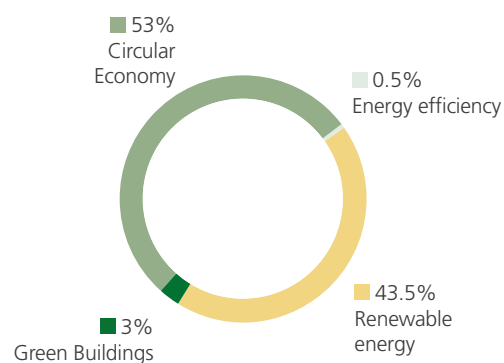
⁸³ Use of proceeds as at 31/12/2023

The new [2023 Green and Social Bond Report](#) covering the Green Bonds outstanding as at 31/12/2023 will be published in 2024. The report is based on the "Portfolio approach" which, rather than reporting on the allocation of the proceeds and the environmental benefits of each loan, through to the coverage of the complete amount of the bond, estimates the impacts and benefits obtained for the entire portfolio of eligible loans for each of the green categories. In addition, by looking at the estimated average impact per million euro financed, it is possible to calculate the tons of CO₂ avoided directly attributable to the bond purchased. As shared in the report, the proceeds of any Intesa Sanpaolo Green Bond issued under the framework have been allocated exclusively to Eligible Loans.

**€13.2bn eligible (€8.7bn allocated)
Green Loan Portfolio***



6.5m avoided GHG emissions (tCO₂e)



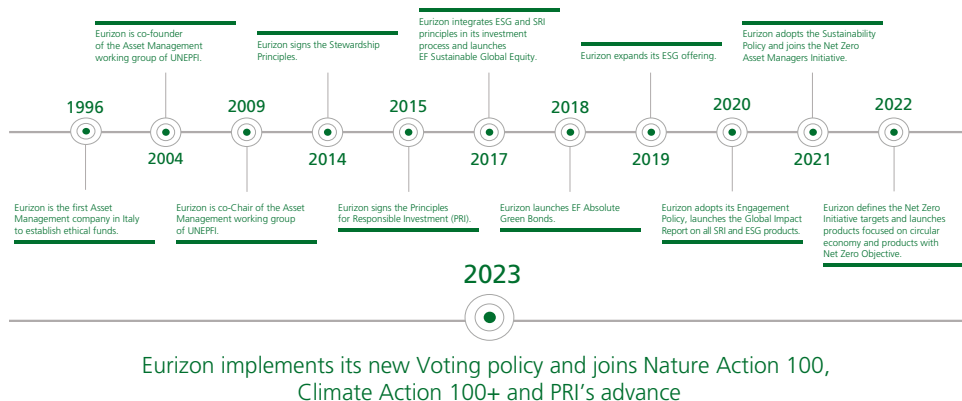
* Amount of assets fully aligned with the EU Taxonomy €8,542m. Parent Company perimeter

When considering the use of proceeds and their effects on GHG emission reduction, 65% of the proceeds have been allocated to loans for Green Buildings, 17% for Renewable Energy and Circular economy projects respectively, 1% for Energy efficiency measures. In total €8,691m, out of the €13,218m eligible portfolio, have been allocated and they were responsible for avoided GHG emissions equal to 6,477,600 (tCO₂e). Estimated Impact per €1m invested is equal to 490 tCO₂e of avoided GHG emissions. The avoided emissions have been calculated, adopting a conservative approach, in compliance with the Global GHG Accounting and Reporting Standard for the Financial Industry and the Life Cycle Assessment approach and they have been proportionally allocated according to an Attribution Factor.



EURIZON ESG & CLIMATE COMMITMENT AND ESG REPORTS

In light of its fiduciary duty to clients, investors and stakeholders, Eurizon attributes great importance to sustainability, including climate related issues.



In 2023 the Company joined new collective engagement initiatives, Nature Action 100, Climate Action 100+ and the Net Zero Engagement Initiative (NZEI). These activities build on the commitments stemming from becoming a signatory of NZAMI in November 2021, and follow the participation to the Institutional Investors Group on Climate Change (IIGCC). Of note, the Company published its Net Zero targets, approved by the Board of Directors, in November 2022.

EURIZON NET ZERO TARGETS

The commitments of the NZAMI signatories are articulated in four areas of action (Asset Level Alignment Target, Portfolio Level Reference Target, Stewardship Target and Investment in Climate Solutions Target). The methodology that Eurizon has followed to define its targets is the "Net Zero Investment Framework 1.5°C" ("NZIF"); these targets were set taking into account Scope 1 and Scope 2 emissions only, as Scope 3 emissions will be included when data availability is improved.

Hereinafter the 2023 updates related to NZAMI targets. For further and more detailed information please refer to Eurizon [Net Zero Progress Report 2023](#).



Targets



Asset Level Alignment

- "Portfolio in Scope", consisting of investments in Listed Equity and Corporate Fixed Income, amounted to **€67.5bn**, equivalent to **15.39%** of its AUM at **31 December 2021**
- **50% of AUM** in "Portfolio in Scope" to be at least "Aligning towards a Net Zero pathway" by 2030
- and **100% of AUM** in "Portfolio in Scope" to be "Aligned to a Net Zero pathway" or "Achieving Net Zero" by 2040.

Annual Reporting on Target progress

Target	Baseline	Last
2030	2019	Dec 2023
50%	14.53%	31.25%
LT Target		
2040		
100%		

Insights

TARGET 1: ASSET LEVEL ALIGNMENT

- The main objective of the Asset Level Alignment Target is the **progressive alignment of the companies included within the Portfolio in scope** with the Net Zero emissions scenario (Level "Achieving Net Zero"). The companies' assessment follows 6 criteria: Ambition, Targets, Emissions' performance, Transparency, Decarbonization strategy, Capital allocation



Portfolio Level Reference

- calculated as the **Weighted Average Carbon Intensity (WACI)** of investee companies expressed as **tCO₂e/mln\$ Revenue**
- Aim is to reduce the **WACI of Portfolio in Scope by 50%** by 2030 vs Baseline year
- Achievement of **Net Zero carbon emissions** (Scope 1 and 2) for the Portfolio in Scope by 2050

Target	Baseline	Last
2030	2019	Dec 2023
-50%	166.47 tCO ₂ e/mln \$	125.86 tCO ₂ e/mln \$ (-24.39%)
LT Target		
2050		
Net Zero		

TARGET 2: PORTFOLIO LEVEL REFERENCE

- Eurizon announced its goal of halving financed emissions - expressed in terms of intensity - by 2030 compared to the baseline year (2019), as required by the IPCC (Intergovernmental Panel on Climate Change), through actions that include stewardship & engagement activities and investments in climate solutions



Stewardship & Engagement

- # of **Net Zero-focused engagements** (i.e. number of companies to be engaged covering **70% and 90%** of financed emissions by 2025 and 2030 respectively of the Portfolio in Scope)
- Eurizon has the objective to dialogue with **155 companies by 2030** to encourage them to achieve progressively a better degree of alignment to Net Zero Scenario

Target	Baseline	Last
2030	2019	Dec 2023
90%	0%	47.21%
155	0	46

TARGET 3: STEWARDSHIP TARGET

- Eurizon has defined an **analysis framework** for assessing the credibility of issuers transition plans.



Climate Solutions

- % of AUM in scope invested in **Green Bonds**

Target	Baseline	Last
2025	2019	Dec 2023
4%	1.53%	2.83%

TARGET 4: CLIMATE SOLUTIONS

- As of December 2023 the figure considers the amounts invested both in **Green Bonds and Sustainability Bonds**

EURIZON STEWARDSHIP PRIORITY ISSUES

Eurizon periodically identifies priority issues on which it intends to focus its stewardship activities. During 2023 the environmental topics identified by the Company were:

- Climate change mitigation and adaptation (in particular the credibility of Companies' Transition Plans): as a NZAMI signatory, Eurizon is committed to monitoring and analyzing the degree of alignment of a company strategy with the "Net Zero" scenario by using the NZIF methodology promoted by IIGCC⁸⁴. In particular, Eurizon is committed to voting "Say on Climate" proposals presented by the management to submit a company climate transition strategy to shareholders' vote at Annual General Meetings.
- Eurizon monitors impacts that investee companies may have on the territory in which they operate, in terms of biodiversity loss and deforestation. In such context, the Company has defined, within its Engagement Policy, the guidelines supporting the dialogue with issuers on these topics and is committed to raise awareness and encourages issuers to take measures to tackle biodiversity loss and deforestation by promoting: (i) transparency in the procurement and use of raw materials, (ii) the adoption of circular economy and material recycling practices, (iii) an ongoing commitment to more sustainable standards, also at a supply chain level.

Focus:

PRIORITISATION OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON ENVIRONMENTAL FACTORS [\(EXTRACT\)](#)

With regard to the managed products, Eurizon has adopted a framework that provides for the use of specific environmental indicators to assess the main negative impacts on sustainability factors identified according to the characteristics and objectives of each financial product.

Eurizon pays attention to issuers' commitment to promote mitigation of and adaptation to climate change and halting the loss of biodiversity and combating deforestation. In this context, Eurizon foresees:

- Exclusions or Restrictions to Issuers with (i) a clear direct involvement in (a) the extraction or generation of electricity from thermal coal and (b) extraction of oil sands and (ii) a "critical" profile as expressed by infoprovider's 'CCC' rating.
- Products that (i) promote sustainable investment objectives (Sustainable Investments) through investment selection methodologies aimed at (a) selecting investments based on sustainable investment criteria in accordance with the SFDR Regulation (so called "SDG Investing"); (b) generate a positive social or environmental impact together with a measurable return (so called "Impact Investing"); (ii) integrate (a) the measurement of the carbon footprint of issuers with the aim of constructing portfolios with a lower ecological footprint than that of their investment universe (so called "Carbon Footprint"), (b) investment selection processes based on sustainable investment criteria under the SFDR Regulation (so called "Sustainable Integration").
- Dialogue with participated issuers in order to encourage companies to assess their (i) energy transition potential and the degree of alignment to the so called "net zero" pathway and (ii) impact on biodiversity and ecosystems, including through value chains.

⁸⁴ The "Net Zero Investment Framework" (NZIF) methodology promoted by IIGCC, takes into account six criteria:

- "Ambition": the presence of public declarations of intent to reach the target of net zero direct and indirect emissions no later than 2050;
- "Targets": the publication of short- and medium-term targets to reduce own emissions;
- "Emission Performance": the publication of direct and indirect emission reduction levels in relation to established targets;
- "Transparency": the publication of own emission levels;
- "Decarbonisation strategy": the adoption of a decarbonisation strategy;
- "Capital Allocation": the consistency of capital expenditure with the target of reaching a "Net Zero" scenario.

During 2023 Eurizon conducted 592 engagement, ~40% of which concerning ESG matters; 42 related to climate issues, of which 39 regarding the investee company Net Zero Strategy.

Eurizon expressed its vote on 18 "Say on Climate" resolutions⁸⁵, and supported 51 resolutions asking companies to provide adequate disclosure that would allow for the evaluations of the actual management of risks related to climate change.

EURIZON ENGAGEMENT ACTIVITIES REGARDING NET ZERO

In addition to the above mentioned initiatives carried out by Eurizon, the Company is involved in the following international Working Groups with the aim of further innovating and contributing to the development of methodologies and tools that could help to achieve Net Zero:

- IIGCC Bondholder Stewardship Working Group aimed at developing guidelines for Fixed Income investor engagement;
- IIGCC Proxy Advisor Engagement Working Group aimed at involving Proxy Advisors in the definition of guidelines dedicated to the evaluation of climate governance best practices;
- IGCC Sovereign Bond and Country pathways aimed at defining guidelines for the evaluation of paths and progresses of Countries in reaching Net Zero by 2050;
- IIGCC Index Investing Working Group, to develop a supplementary guidance to the Net Zero Investment Framework for Passive Investing, to globally promote and develop passive capital towards the Net Zero transition;
- PRI Listed Equity Working Group aimed at identifying best valuation methodologies for equity investments in listed companies;
- PRI Circular Economy Reference Group, with the aim of sensitizing investors on the risks and opportunities associated with the transition to a circular economy.

During 2023 Eurizon also joined the "The Net Zero Engagement Initiative" (NZEI) promoted by IIGCC as Co-Signer. The initiative aims to provide a platform to accelerate and support the engagement processes and enable investors to achieve the engagement goals, set as part of their net zero commitment.

Furthermore, in 2023 Eurizon has signed the following collective campaigns:

- "CDP Non-Disclosure Campaign" (climate, water, forest), as Co-Signer;
- "CDP Science Based Target Campaign", aimed at encouraging companies to adopt decarbonization targets based on science pathways.

Among others, in September Eurizon, together with Fideuram - ISPB Asset Management SGR, hosted the Italian leg of the European roadshow "From Climate Ambition to Action" organized by IIGCC. Topics covered during the event included climate change, net zero targets and implementation strategies to which Eurizon contributed with its experience as a signatory of NZAMI.

In 2023, Eurizon published a [case study](#) focusing on companies decarbonization in the cement sector. While recognizing that such companies need time to adapt, Eurizon is committed to encouraging them to accelerate their decarbonization processes.

⁸⁵ In 2023 Say on Climate resolutions were 18 and Eurizon cast its vote on 17

EURIZON SUSTAINABLE REPORTS

Global ESG Report

According to the most recent [Global ESG Report](#)⁸⁶ and specifically as concerns environmental impacts, the investments made by a selection of Eurizon's products aware to sustainability (classified as art. 8 and 9 according to SFDR) that have helped achieve the following results:

	POLLUTION REDUCTION
	2,070,551 Tonnes of carbon dioxide emissions saved
	27,814,056 Carbon dioxide saved expressed in numbers of car trips from Milan to Rome
	WATER SAVINGS
	166,398,870,166 Litres of water saved
	66,560 Water saved as measured in Olympic size swimming pools
	WASTE MANAGEMENT
	98% Percentage of companies that implement major programmes for the management and reduction of waste; +5% compared to the Mainstreet Partners composite index

Green Bonds Impact Report

In 2018 Eurizon was the first Italian asset management company to establish a Green Bond fund (Eurizon Fund – Absolute Green Bonds) through Eurizon Capital SA. Assets managed by the Fund amounted to over €1.34bn as at 31/12/2023.

In February 2021 Eurizon launched Eurizon Fund - Green Euro Credit. Assets managed by the Fund amounted to over €0.75bn as at 31/12/2023.

In May 2023, the Asset Manager updated the [Green Bonds Impact Report](#)⁸⁷ of the Eurizon Fund Absolute Green Bonds and Eurizon Fund Green Euro Credit sub-funds where the results of the quantitative impact analysis and the contribution to the United Nations SDGs are reported. The investments made by Eurizon Fund Absolute Green Bonds and Eurizon Fund Green Euro Credit have contributed to important environmental and social impacts.

Eurizon Fund - Absolute Green Bonds Environmental Impacts

From 1 January 2022 to 31 December 2022 Eurizon Fund - Absolute Green Bonds has invested in 457 Green and thematic bonds. The investments made by Eurizon Fund - Absolute Green Bonds contributed to the achievement of the following environmental and social impact results:

The plants financed for the production of renewable energy have a generation capacity of	The energy production deriving from these plants is equal to	Investment in sustainable infrastructure (real estate and transport) have contributed to energy saving of
763 Megawatt	1,941,577 Megawatt/hour	151,277 Megawatt/hour
Equal to 2,384,375 solar panels installed on homes	Equal to the energy consumed by 539,327 European citizens in a year	Enough to make 1,626,634 trips between Milan and Rome with an electric car
Overall annual emissions were reduced by	Investments in production plants and production processes have allowed	Funding for waste management projects has led to the recycling of
1,736,120 tons of CO₂	3,431,431,092 litres of water	21,421 tons of waste
Equivalent to the amount absorbed by 8,276 square kilometres of forest in a year	Equal to 1371 olympic swimming pools	Equal to 4,284,200 recycled garbage cans

For each million invested, the following results were obtained:

837 Megawatt/hour produced	1,478,928 litres of water saved or purified	749 tons of reduced CO₂
Equivalent to the energy consumed by 232 European citizens in a year	Equal to 1 olympic swimming pool	Equivalent to the CO ₂ absorbed by 4km² of forest in a year

⁸⁶ Global ESG Report (published in May 2023 – based on 2022 data). Impact metrics analyzed on €44bn; SDG alignment analyzed on ~ €50bn AUM. For further details please refer to the methodological notes in the Global ESG Report

⁸⁷ Green Bonds Impact Report (published in May 2023 – based on 2022 data). Impact results are calculated based on the amount invested in each thematic bond in relation to the nominal amount issued together with the holding period of the investment. Impact results are expressed according to the following metrics: greenhouse gas emissions avoided, renewable energy capacity installed, renewable energy generated, energy efficiency savings, water savings, waste avoided

Eurizon Fund - Green Euro Credit Impacts

From 1 January 2022 to 31 December 2022 Eurizon Fund - Green Euro Credit has invested in 347 Green and thematic bonds. The investments made by Eurizon Fund - Green Euro Credit contributed to the achievement of the following environmental impact results:

The plants financed for the production of renewable energy have a generation capacity of

242 Megawatt



Equal to **756,250 solar panels** installed on homes

The energy production deriving from these plants is equal to

550,984 Megawatt/hour



Equal to the energy consumed by **153,051 European citizens** in a year

Investment in sustainable infrastructure (real estate and transport) have contributed to energy saving of

30,439 Megawatt/hour



Enough to make **327,304 trips** between Milan and Rome with an electric car

Overall annual emissions were reduced by

374,108 tons of CO₂



Equivalent to the amount absorbed by **1,783 square kilometres of forest** in a year

Investments in production plants and production processes have allowed

834,952,672 litres of water



Equal to **334 olympic swimming pools**

Funding for waste management projects has led to the recycling of

4,930 tons of waste



Equal to **986,000 recycled garbage cans**

For each million invested, the following results were obtained:

1,056 Megawatt/hour produced



Equivalent to the energy consumed by **293 European citizens** in a year

1,600,737 litres of water saved or purified

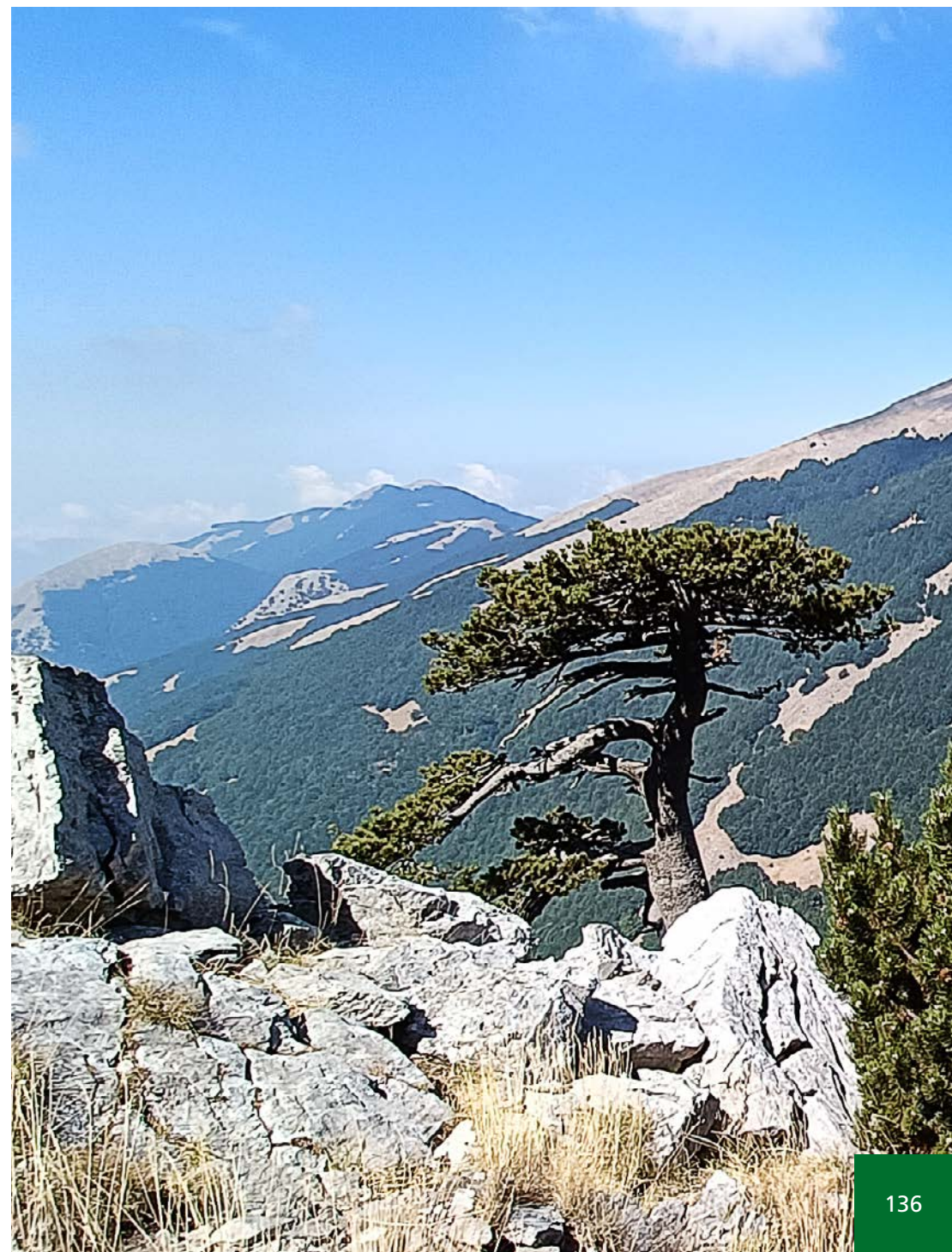


Equal to **1 olympic swimming pool**

717 tons of reduced CO₂

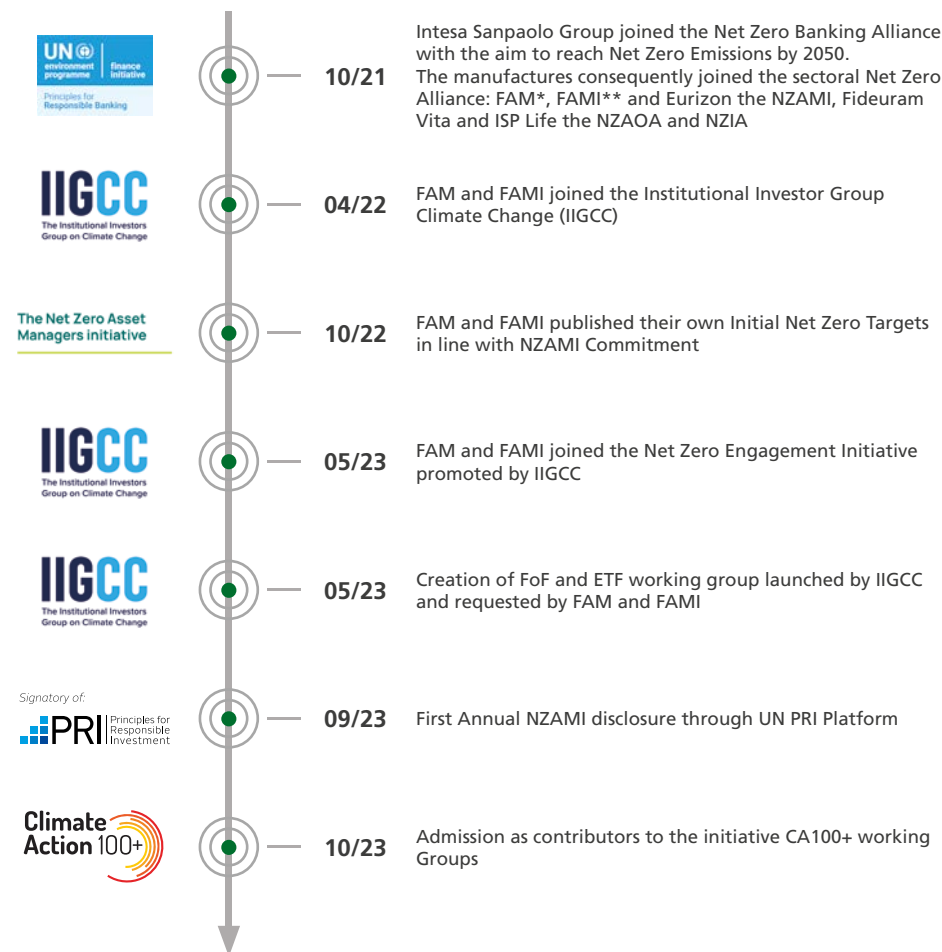


Equivalent to the CO₂ absorbed by **3.4km² of forest** in a year



FIDEURAM ESG & CLIMATE COMMITMENT

NET ZERO JOURNEY



* Fideuram - ISPB Asset Management SGR
 ** Fideuram Asset Management (Ireland) dac

FIDEURAM INVESTMENT PRODUCTS

Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac have 240 products⁸⁸ classified as art. 8 and 9 of the SFDR Regulation, for a total of €60.5bn of which: € 33.3bn of investment funds, € 21.2bn of individual portfolio mandates and the remaining part are insurance and pension products.

The two companies manage 191 investment funds, of which 92 classified pursuant to art. 8 and 5 to art. 9 of the SFDR Regulation, representing about 71% of the total assets of the funds managed at 31 December 2023 (vs 61% in 2022).

To complement Fideuram Division product offering, based on the Guided Open Architecture Approach, customers can also find in the offering catalogue third-party ESG products in collaboration with leading international investment houses. As of 31 December 2023, 70% of Fideuram Division customer assets are classified ex art. 8 and 9 of the SFDR Regulation.

FIDEURAM NET ZERO TARGETS

Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac have reported on their net zero commitments in four areas of action (Portfolio Coverage, Portfolio Decarbonization, Stewardship & Engagement and Climate Solutions). The methodology that Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac have followed to define their targets was the "Net Zero Investment Framework 1.5°C" ("NZIF"); as suggested by the Net Zero Investment framework, the first three targets were set considering Scope 1 and Scope 2 emissions only, as Scope 3 emissions will be included only when data availability is improved.

88 Data refer to 31/12/2023

Annual Reporting on Target progress

Targets

ASSET LEVEL ALIGNMENT



AuM Commitment

- % of AUM in scope (also "portfolio in scope") defined considering a subset of managed financial products and, in terms of asset classes, corporate bonds and listed equities



Portfolio Coverage

- % of AUM in scope invested in assets in material sectors and higher impact companies that are Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning Towards a Net Zero Pathway
- 100% of AUM in scope in material sectors and higher impact companies is expected to Achieving Net Zero, Aligned to a Net Zero Pathway by 2040
- The companies set interim medium-term target of 48% of AUM (material sectors and higher impact companies) classified in the buckets Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning Towards a Net Zero Pathway by 2030.



Portfolio Level Reference

- Calculation of emissions 'Intensity Based' for material sectors and high impact companies of the portfolio in scope, using the most updated GHG data (tCO₂/mln€ EVIC)



Stewardship & Engagement

- % of Coverage in terms of financed emissions in material sectors or higher impact companies (issuers classified in the buckets Achieving Net Zero, Aligned to a Net Zero Pathway or under stewardship and engagement activities)



Climate Solutions

- % of AUM in scope invested in Green Bonds



Target	Baseline	Last
2050	2019	Dec 2023
100%	13.86%	15.97%
AuM €bn	€7.9bn	€9.65bn

Target	Baseline	Last
2040	2019	Dec 2023
100%	9.6%	16.15%

Target	Baseline	Last
2030	2019	Dec 2023
-50%	100.7	67.40
	tCO ₂ e/mln €	tCO ₂ e/mln €

Target	Baseline	Last
2025	2019	Dec 2023
70%	2.41%	36.65%
LT Target		
2030		
90%		

Target	Baseline	Last
2025	2019	Dec 2023
3x	0.3%	0.58%



Target	Baseline	Last
2050	2019	Dec 2023
100%	29.79%	31.28%
AuM €bn	€13.1bn	€13.23bn

Target	Baseline	Last
2040	2019	Dec 2023
100%	8.7%	13.72%

Target	Baseline	Last
2030	2019	Dec 2023
-50%	83.10	69.58
	tCO ₂ e/mln €	tCO ₂ e/mln €

Target	Baseline	Last
2025	2021	Dec 2023
70%	2.37%	29.07%
LT Target		
2030		
90%		

Target	Baseline	Last
2025	2019	Dec 2023
3x	1.26%	1.62%

Insights

TARGET 1: ASSET LEVEL ALIGNMENT

AuM Commitment

- The AUM committed to the initiative for Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac are €9.65bn (15.97 %) and €13.23bn (31.28%) at the end of 2023.

Portfolio Coverage

- At the end of 2023 the percentages of issuers classified into the buckets Achieving Net Zero, Aligned to a Net Zero Pathway or Aligning Towards a Net Zero Pathway are respectively 16.15% (€1.50bn of AUM) and 13.72% (€1.76bn of AUM) for Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac

TARGET 2: PORTFOLIO LEVEL REFERENCE

- The values reported are calculated on the holdings with measurable financed emissions.
- During 2023, the carbon footprint metrics (emissions scope 1 and scope 2) of the portfolio in scope for the companies are 67.40 tCO₂e/€ million invested and 69.58 tCO₂e/€ million invested, with a reduction of 33.09% and 16.26% respectively against the baseline.

TARGET 3: STEWARDSHIP & ENGAGEMENT

- During 2023, Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac achieved financed emissions coverage values of 36.65% and 29.07% respectively.
- The companies broadened the coverage of financed emissions by joining collective initiatives, (e.g. Climate Action 100+ and Net Zero Engagement Initiative) and also through bilateral activities on the main contributors to portfolios financed emissions.

TARGET 4: CLIMATE SOLUTIONS

- The proportions of investments in climate solutions are respectively 0.58% and 1.62% for Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac.

FIDEURAM ENGAGEMENT ACTIVITIES REGARDING NET ZERO

In terms of general engagement activities, in 2023, Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac conducted 106 and 94 engagements respectively, of which 78 and 82 concerned ESG matters (69.64% and 83.67%).

Regarding Net Zero, in 2023 Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac have started dedicated engagement and stewardship activities that allowed to achieve 36.65% and 29.07% in terms of financed emissions coverage respectively⁸⁹. The two Companies have planned to intensify engagement and stewardship activities in order to reach 70% by the end of 2025 and 90% by 2030 in terms of financed emissions coverage goals.

The potential target companies have been prioritized considering several factors, as the current level of carbon emissions, the estimated future level of carbon emissions, the geographical presence, and the progress to date with respect to their decarbonization targets. Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac conducted individual and collective engagement activities, joining collective initiatives such as Climate Action 100+ and the Net Zero Engagement Initiative set up by IIGCC⁹⁰.

Finally, in regard to indirect investments, Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac promoted and joined a "third parties working group" within IIGCC, with the aim of developing a framework to assess net zero alignment for investments in third parties funds based on consistent, solid and accepted criteria.

A dedicated structure, namely "ESG & Strategic Activism", which reports directly to the company's CEO/General Manager ensures proper management of ESG issues in the Division investment center. Specifically, in terms of voting activities, the structure pays great attention to the exercise of administrative and voting rights, in particular on proposals regarding sustainability to be approved during shareholders meetings. Voting instructions are based on the analysis of public documents, the results of interaction with the issuing company ("engagement") and Proxy Advisor indications. Fideuram, in exercising the rights of intervention and vote at the Shareholders' Meetings, places particular attention to the strategies to combat change climate (say on climate), proposed by issuers.

INTESA SANPAOLO VITA NET ZERO COMMITMENT

In terms of investment options, for Intesa Sanpaolo Vita, at December 2023, around 80% of the options provided by the marketed products were classified article 8 and 9 SFDR (72% at 2022 year end).

At December 2023 the assets under management related to art. 8 and art. 9 investment options were equal to €60.6bn (34% of the total assets under management), compared to €41.7bn euro as at 31/12/2022.

By adhering to the NZAOA, since December 2021, the Insurance Division has committed to bringing to zero GHG emissions from the investment portfolio of insurance group companies by 2050 through the definition of specific intermediate targets on the investment portfolio (i.e. carbon intensity), engagement activities with key counterparties to develop and promote transition pathways and incentives for climate transition financing and new green technologies.

NZAOA TARGETS

In October 2022, the Division published its first Intermediate Climate Targets for the investment portfolio, which were set up taking into account the Net-Zero Asset Owner Alliance Target Setting Protocol on the following UN Convened NZAOA areas of action:

Quantitative sub-portfolio targets	Cutting the emissions of "Direct Investments" - for the Listed Equity and Publicly Traded Corporate Bond asset classes - equal to 50% of the Carbon Intensity by EVIC by 2030, considering 2021 as the baseline year. At 31 December 2021, AUM of €19.6bn are subject to the target.
Engagement targets	Bilateral discussions with the top 20 issuers, which account for about 70% of the emissions in the Insurance Group's In-Scope Portfolio – with the end aim of evaluating, discussing and enabling their respective decarbonization pathways and strategies. The Group will also cooperate with the NZAOA by sharing input for collaborative position papers on related topics.
Financing the transition	Commitment to report annually to the NZAOA on the amount of investments supporting the green transition (Climate Solution Reporting). Additionally, the Group will contribute to one of the Financing the Transition working groups to promote the development and awareness of new green investment solutions, reporting standards and possible new methodologies for similar issues.

⁸⁹ The values refer to stewardship and engagement activities on companies realized through individual activities or by collective initiatives

⁹⁰ Fideuram - ISPB Asset Management SGR and Fideuram Asset Management (Ireland) dac are currently part of 2 working groups established by CA100+ and 6 working groups of the Net Zero Engagement Initiative

During 2023 the company has monitored quarterly and activated new engagement strategies in order to progress towards its 2030 goals. The prospect below shows a positive progress.

Target Type	Base year (2021)	Current Year (2023)	Target (2030)
Sub-portfolio targets	82.1 (tCO ₂ e/Mln \$)	68.5 (tCO ₂ e/Mln \$)	41 (tCO ₂ e/Mln \$)
Engagement targets	n.s	13	20

NZAOA WORKING GROUPS

The Insurance Group played a pivotal role in co-leading the NZAOA “Emission Attribution” working group, which aimed to develop and disseminate innovative methodologies for emissions attribution analysis in net-zero investment portfolios. The group’s efforts culminated in the publication of the position paper “Understanding the Drivers of Investment Portfolios” in December 2023.

Additionally, the Insurance Group actively participated in the “Sovereign Debt” working group, which is utilizing the recently released ASCOR database to develop a scorecard for monitoring countries’ progress towards decarbonization.

“Assessing Sovereign Climate-related Opportunities and Risks” (ASCOR) is an investor-led project to create a free, publicly available, independent database that evaluates countries’ climate change performance.





AUDITORS' REPORT



Intesa Sanpaolo S.p.A.

Independent Auditors' report on the disclosure "NZBA target setting: annual reporting of estimated emissions" reported in the section "Metrics and Targets" of the Climate Report of the Intesa Sanpaolo Group for the year ended 31 December 2023



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Independent Auditors' report on the disclosure "NZBA target setting: annual reporting of estimated emissions" reported in the section "Metrics and Targets" of the Climate Report of the Intesa Sanpaolo Group for the year ended 31 December 2023

To the Board of Directors of Intesa Sanpaolo S.p.A.

We were engaged to perform a limited assurance engagement on the disclosure "NZBA target setting: annual reporting of estimated emissions" (the "Subject Matter") reported in the section "Metrics and Targets" of the Climate Report of the Intesa Sanpaolo Group for the year ended 31 December 2023 (the "2023 Climate Report"), approved by the Board of Directors of Intesa Sanpaolo S.p.A. (the "Bank") on 14 March 2024.

The Subject Matter has been prepared to disclose Net Zero Banking Alliance ("NZBA") annual reporting of emissions against targets. The Subject Matter has been prepared in accordance with the criteria defined in the section "Methodology" of the 2023 Climate Report, prepared taking into account the "Guidelines for Climate Target Setting for Banks" issued by the United Nations Environment Programme Finance Initiative ("UNEP FI") and the "Financial Sector Science-Based Targets Guidance – version 1.1" issued by Science Based Target initiative ("SBTi") in August 2022 (the "Suitable Criteria").

Management's responsibility

Management is responsible for the preparation of the 2023 Climate Report in accordance with the criteria described in the Task Force on Climate-related Financial Disclosures issued by the Financial Stability Board. The Subject Matter has been prepared by Directors of the Bank in compliance with the Suitable Criteria.

Management is also responsible for the internal controls as management determines is necessary to enable the preparation of the 2023 Climate Report, that is free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' responsibility

Our responsibility is to express a conclusion on the Subject Matter based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the provisions of the standard "International Standard on Assurance Engagements 3000 – Assurance Engagements

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other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain limited assurance whether the Subject Matter is free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, primarily of persons responsible for the preparation of the Subject Matter, inspection of documents, recalculation, agreeing or reconciling with underlying records and other evidence-gathering procedures that are appropriate in the circumstances.

Our limited assurance engagement also included:

- ▶ understanding of the internal rules underlying the preparation of the Subject Matter through acquisition and analysis of the relevant internal documentation (policies, procedures, process guides and methodologies);
- ▶ interviews and discussions with Bank's management to gather information on the reporting and technology systems used in preparing the Subject Matter and on the processes and internal control procedures used to gather, combine, process and transfer data and information for the preparation of the Subject Matter;
- ▶ sample-based analyses of documentation supporting the preparation of the Subject Matter to obtain evidence of the application of the processes put in place to prepare the data and information presented therein;
- ▶ analysis of the consistency of the information reported in the Subject Matter with the relevant disclosures reported in the 2023 Principle for Responsible Banking Report ("PRB Report") and in the 2023 Consolidated Non-Financial Statement approved by the Board of Directors of the Bank on 14 March 2024;
- ▶ obtaining a representation letter from management on the compliance of the Subject Matter with the Suitable Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE 3000 revised and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

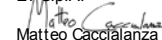
Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Suitable Criteria.

Others matters

This report has been prepared solely for the purposes described in the first paragraph and, accordingly, it may not be suitable for other purposes.

Milan, 19 March 2024

EY S.p.A.


Matteo Caccialanza
(Auditor)



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