

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability Bond Asset Pool

Intesa Sanpaolo S.p.A.
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Overall Evaluation of the Sustainability Bond

Intesa Sanpaolo S.p.A. (Intesa Sanpaolo) commissioned ISS ESG to assist with its Sustainability Bond focused on Circular Economy by assessing three core elements to determine the sustainability quality of the Bond:

1. Intesa Sanpaolo's Sustainability Bond framework – benchmarked against the International Capital Market Association's (ICMA) Sustainability Bond Guidelines (SBGs).
2. The asset pool – whether the projects aligned with ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 2).
3. Intesa Sanpaolo's sustainability performance, according to the ISS ESG Corporate Rating.

ISS ESG ASSESSMENT SUMMARY

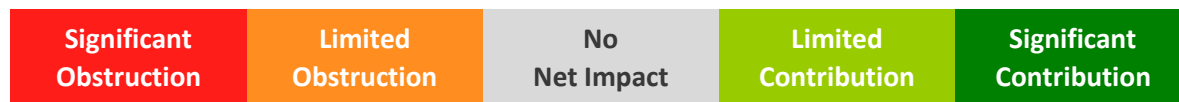
SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Performance against the SBGs	The issuer has defined a formal concept for its Sustainability Bond focused on Circular Economy regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA SBGs.	Positive
Part 2: Sustainability quality of the asset pool	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Sustainability Bond KPIs. The Sustainability Bond KPIs contain a clear description of eligible circular economy assets which include Solutions extending product-life cycle or cycle of use of goods and/or materials; Production processes fueled by or made of renewable recycled solutions; Goods significantly increasing effectiveness and efficiency of resource consumption; Design and/or manufacture of fully recyclable or compostable products & Innovative technologies to enable circular business models.</p> <p>All assets of the asset pool are located in Italy and the United Kingdom, highly regulated and developed countries. Legislative frameworks in those countries set minimum standards, which reduce environmental and social risks.</p>	Positive
Part 3: Issuer sustainability performance	<p>The issuer itself shows a good sustainability performance and has been classified as 'Prime' within the methodology of the ISS ESG Corporate Rating.</p> <p>Since 2014, the issuer launched a circular economy project aiming to seize strategic opportunities to become an innovative and exclusive financial leader for circular economy, redefining traditional financial tools to support transition to a sustainable model for economic development.</p> <p>It is rated 19th out of 267 companies within its sector as of 18.11.2019.</p>	<p>Status: <i>Prime</i></p> <p>Rating: C</p> <p>Prime threshold: C</p>

¹ The ISS ESG's present evaluation will remain valid until any modification of the Sustainability Bond Framework or addition of new assets into the asset pool by the issuer and as long as the issuer's Corporate Rating does not change (last modification on the 05.08.2019). The controversy check of the underlying assets has been conducted on the 29.10.2019.

Contribution of the Sustainability Bond to the UN SDGs

Based on the assessment of the sustainability quality of the sustainability bond asset pool and using a proprietary methodology, ISS ESG assessed the contribution of the Intesa Sanpaolo’s Sustainability Bond focused on Circular Economy to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):



Each of the sustainability bond’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS CATEGORY	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Circular economy	<div style="background-color: #2e8b57; color: white; padding: 10px; text-align: center; margin-bottom: 5px;">Significant Contribution</div> <div style="background-color: #90ee90; padding: 10px; text-align: center;">Limited Contribution</div>	

The contemplated bond issuance’s proceeds will be fully allocated to finance/refinance credits granted through the Circular Economy (CE) Plafond launched by Intesa Sanpaolo in September 2018. CE Plafond is a credit facility aimed to support the transition towards a more Circular Economy. The CE Plafond, consisting of € 5 billion within the 2018-2021 Business Plan, is dedicated to the most innovative companies or projects in the Circular Economy field. Access to CE Plafond is regulated by both ordinary credit procedures and compliance with a set of eligibility criteria. Such criteria of “circularity” were developed in partnership by Intesa Sanpaolo Innovation Center and the Ellen MacArthur Foundation.

ISS ESG’s verification of the contemplated bond is focused on the Environmental and Social credentials of the underlying assets. This verification includes an assessment of the contribution that the Circular Economy projects have on the UN SDGs (as displayed on the table page 4). Additionally, a further assessment against ISS ESG’s key performance indicators (KPIs) and the linkage with the UN SDGs is displayed on page 14, independently on the overall contribution mentioned above. Thus, the ISS ESG verification does not focus on the contribution to or obstruction against a more circular economy, but only on the green and social performance of the bond.

ISS ESG SPO ASSESSMENT

PART I: SUSTAINABILITY BOND GUIDELINES

1. Use of Proceeds

The proceeds of any Intesa Sanpaolo Bond issued under this Sustainability Bond Framework will be exclusively allocated to Eligible Loans as defined within the following list of Eligible Categories, aligned to the ICMA Green Bond Principles or Social Bonds Principles or the Sustainability Bond Guidelines, as the case may be.

Intesa Sanpaolo may consider future opportunities to update the Framework to expand this list of Eligible Categories and include new Eligible Categories as relevant to Intesa Sanpaolo financing strategy.

The Circular Economy Eligible Categories aim to finance companies whose projects are defined as circular according to the below mentioned 5 criteria and the related sub-criteria, through the € 5 Bln Circular Economy Plafond launched in 2018. This is the only eligible category to be allocated of the proceeds of the contemplated issuance.

ELIGIBLE LOAN CATEGORIES	FURTHER DETAILS	BENEFITS
CIRCULAR ECONOMY ELIGIBLE CATEGORIES		
1 - Solutions that extend the product-life or cycles of use of goods and/or materials	<ul style="list-style-type: none"> • Applying modular design or design for disassembly • Take-back schemes and redeploying products (reverse logistic) • Reuse, repair and/or products regeneration/refurbishment • Servitization (pay-per-use) and/or models aiming at sharing goods (sharing economy) 	Solutions that extend the product life or cycles of use of goods allow to maintain the inner value of products and components at the highest possible level
2 – Production processes fuelled by and/or products made of renewable or recycled resources	<ul style="list-style-type: none"> • Products that substitute critical materials with biological or bio-based materials • Processes fuelled by energy from solar, wind or conversion of biomass to energy. 	Production processes fuelled by and/or products made of renewable or recycled resources allow to decouple production processes from fossil fuels and fossil-based raw materials
3 - Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain	<ul style="list-style-type: none"> • Applying principles of industrial symbiosis and realizing an integrated supply chain that makes waste streams into feedstock • Closing loops and/or apply circular economy and systemic design principles 	Products and/or services that significantly increase effectiveness and efficiency of the resources consumption enable a relevant saving of critical resources. These practices are restorative and regenerative of the natural capital

ELIGIBLE LOAN CATEGORIES	FURTHER DETAILS	BENEFITS
<p>4 - Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use</p>	<ul style="list-style-type: none"> • Compostable products • Recyclable products 	<p>Design and/or manufacture products that can be fully recycled or composted allow to significantly reduce waste by re-using effectively products, components and materials</p>
<p>5 - Innovative technologies to enable circular business models</p>	<ul style="list-style-type: none"> • IoT to empower traceability services (reverse-logistic) and/or predictive maintenance • Additive manufacturing/3D printing to increase the easy-to-repair degree and the materials efficiency • Big Data analytics, Artificial Intelligence, Cloud Computing and Digital Solutions aiming at dematerialization services and/or marketplaces development for secondary raw materials or reuse practices • Blockchain technology which allows certified traceability of the supply chain, quality & quantity check purposes, and origin derivation (material passport) • Hydroponic/Aeroponic agricultural practices for urban farming, to produce food closer where it will be consumed and cultivate in areas with unfavourable conditions (e.g. soil, climate) • Other innovative technologies that enable circular economy principles (e.g. smart grids) 	<p>Innovative technologies enable new business models and services, enhancing all the positive impacts connected to the Circular Economy, including the access to assets and resources for a wider target of consumers.</p>

ELIGIBLE LOAN CATEGORIES	FURTHER DETAILS	BENEFITS
GREEN ELIGIBLE CATEGORIES		
1 – Renewable Energy	<ul style="list-style-type: none"> Investments in production, transmission, infrastructure and associated assets, such as: Solar, Wind, Bio-energy / Biomass and Hydro energy generation 	<p>Renewable energy—wind, solar, geothermal, hydroelectric, and biomass—provides substantial benefits for climate, environment, health and economy. Increasing the supply of renewable energy would allow people to replace carbon-intensive energy sources and significantly reduce global warming emissions.</p>
2 – Energy Efficiency	<ul style="list-style-type: none"> New investments and ongoing maintenance in infrastructure, associated assets, technology and services that contribute towards reduced energy usage and or increased energy efficiency, such as: energy storage, energy efficiency in industrial facilities, high efficiency co-generation of heat and power, district heating, smart grids, LED lighting Construction of building developments Development or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognised environmental standards such as: LEED – gold, BREEAM – good/very good, HQE – very good/excellent, CASBEE – A(very good)/S(excellent) or equivalent or, Buildings which have reduced life cycle consumption of energy levels of at least 20% less than statute/city baseline 	<p>Energy efficiency means using less energy to provide the same service. Increasing efficiency of energy consumption seems to be the most straightforward and practical way to climate change mitigation. Investing in energy efficiency also has an impact on the costs that private and business companies have to bear in their energy bills.</p> <p>The construction and operation of a green building will promote a healthy environment for all involved, and it will not disrupt the land, water, resources and energy in and around the building. Green buildings are designed in such a way to reduce overall impact on environment and human health by: reducing trash, pollution and degradation of environment, efficiently using energy, water and other resources and protecting occupant health and improving productivity.</p>
3 – Environmentally sustainable management of living natural resources and land-use, biodiversity	<ul style="list-style-type: none"> Finance or refinance new and/or existing loans/projects in sustainable agriculture including the improvement and recovery of agricultural lands and local farming; Finance or refinance new and/or existing loans/projects in sustainable forestry projects such as afforestation or reforestation, conservation; Finance or refinance new and/or existing loans/projects in urban greening projects 	<p>Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p> <p>Increase of the agricultural productivity and incomes of food producers, family farmers, pastoralists and fishers.</p>

ELIGIBLE LOAN CATEGORIES	FURTHER DETAILS	BENEFITS AND TARGET POPULATIONS
SOCIAL ELIGIBLE CATEGORIES		
1 – Social infrastructure	<ul style="list-style-type: none"> • Investments for the construction, refurbishment or maintenance of residential and commercial buildings in line with the highest social and environmental standards. • Financing of recreational facilities such as parks, green and public spaces, trails and similar. • Finance or re-finance, in whole or in part, new and/or existing loans/projects to encourage access to education and culture, by providing access to educational facilities, as well as allowing for a successful integration of disadvantaged groups in the education system. Construction of new schools, campus, student housing, including school sports facilities, providing accessible and affordable services to the population 	<p>Development of quality and sustainable infrastructures for all that contributes to the improvement of living conditions in urban agglomerations and underserved areas supporting economic development and human well-being, focusing on affordable and equitable access for all.</p> <p>Activities that improve educational infrastructure and ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Improve the capacity for provisions of healthcare services.</p>
2 – Natural disasters and SMEs related financing	<ul style="list-style-type: none"> • Finance or re-finance, in whole or in part, new and/or existing loans/projects for the construction, development, maintenance or renovation of buildings, including public service, recreational facilities, commercial and residential buildings • Finance or re-finance, in whole or in part, new and/or existing loans/projects to fund loans to the SMEs (companies employing fewer than 250 persons) 	<p>Improve the Italian socio-economic conditions and economic growth through the support of areas and populations affected by natural disasters or economically underperforming Italian areas</p> <p>Support Italian employment</p> <p>Support the SMEs to promote their growth and international expansion to support employment, facilitate access to the labour market, and thwart job insecurity.</p>
3 – Non-profit and Third Sector	<p>To be eligible for funding Organizations' investments and day-to-day operations must be in sectors of general interest such as:</p> <ul style="list-style-type: none"> • healthcare, • education, • social, recreational and sports activities, • welfare and solidarity, • art and culture, including restoration of artistic heritage and conservation of the environment, • public utility infrastructures and services. 	<p>Organizations and projects works for the accomplishment of general interest initiatives, which strive for civic, solidarity and social utility purposes and aims at reducing exclusions and inequalities; The target populations of these financings are the people benefitting from positive socio-economic outcomes</p>

4 – Benefit corporations and Certified B Corporations

- B Companies are a new kind of business that balances purpose and profit. They are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment.

Reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high-quality jobs with dignity and purpose

Excluded Categories and limitations

Circular Economy

Use of toxic materials and waste to energy practices from unsorted waste (not organic products) are excluded from the Circular Economy perimeter, since they are harmful to humans & environment and leads to loss of value & materials.

Green assets

- Any kind of investment connected to Fossil Fuels, Nuclear energy and Armament sector will be excluded.
- Hydro projects up to 25 MW in installed capacity are eligible. If larger than 25 MW, one of the following international sustainability best practices has to be satisfied:
 - Hydropower Sustainability Protocol – Published assessment report, score of 3 or above (i.e., in line with “Good Practices”) on all relevant pillars or
 - International Finance Corporation (IFC) Standards – Publicly stated commitment to meet the requirements outlined by all eight IFC performance standards
- Regarding energy production from biomass, the use of vegetable oil is not allowed. Moreover, project sponsors must provide directly at least 70% of plant raw material
- Genetically Modified Organisms (GMO) in food & feed are not allowed
- Intensive agro-industrial activities with intensive use of agrochemicals or which entail deforestation are not allowed

Social assets

Proceeds from the Social Bond will not be made available to financing companies nor projects connected with the following sectors: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms (GMO) in food & feed, Nuclear energy, Fossil Fuel, Sex industry, Tobacco.

Opinion: ISS ESG considers the Use of Proceeds description provided by Intesa Sanpaolo Sustainability Bond Framework as aligned with the SBGs and with market best practices. Expected environmental and social benefits are clearly displayed in a granular way and the eligible categories are aligned with the broader strategy of the issuer toward sustainability. Furthermore, potentially harmful categories of projects are excluded from eligible assets.

2. Process for Project Evaluation and Selection

Business teams will propose loans as Use of Proceeds of each Intesa Sanpaolo Bond issued under this Sustainability Bond Framework.

An internal team of qualified individuals (the “Sustainability Bond Working Group”), made up from the Treasury Department, CSR, Circular Economy Desk and the dedicated desks of sustainable lending, will review and approve, as appropriate, proposed loans based on the defined Eligible Categories and Criteria listed in section 1 “Use of Proceeds”.

Loans determined as eligible will be marked accordingly and added into the Sustainability Bond Register described in section 3. “Management of Proceeds”.

The Sustainability Bond Working Group is in charge of the oversight of the process:

- Business teams will propose loans as Use of Proceeds of each Intesa Sanpaolo Sustainability Bond.
- The internal Sustainability Bond working group will review and approve, as appropriate, proposed loans based on the defined Eligible Categories listed by the Use of Proceeds.
- Loans determined as eligible will be marked accordingly and added into a Sustainability Bond Register.
- The Sustainability Bond Working Group is responsible to maintain and update the Sustainability Bond Register further described in section 3. “Management of Proceeds”.

The selection process of Eligible Loans is structured, published on Intesa Sanpaolo’s website, and fully integrated in Intesa Sanpaolo’s existing investment process. Internal roles and responsibilities are defined as follows:

- The analysis of loans eligibility is managed by the dedicated desks of the Group.
- The Credit Evaluation function of each dedicated lending desk evaluates client’s reputation and creditworthiness.
- Then dedicated lending desk approves the disbursements to be made.

Opinion: ISS ESG considers the Project Evaluation and Selection processes as aligned with the SBGs. The eligibility criteria are clearly defined and publicly disclosed and the process for project selection is structured. Relevant internal stakeholders are involved in this process.

3. Management of Proceeds

Intesa Sanpaolo will establish a Sustainability Bond Register for each Bond issued under this Sustainability Bond Framework. The Register will contain, for each Bond issued, information including:

- Bond details: ISIN, pricing date, maturity date, etc,
- Eligible Loans list:
 - Eligible category utilised (from this Framework)
 - Summary detail on project / Use of proceeds
 - Amount of loan outstanding
 - Disbursement date
 - Loan maturity

- Expected social and environmental benefits

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

As such, the allocation from any Intesa Sanpaolo Bond issued under this Sustainability Bond Framework will be made into circular, green or social projects either directly or indirectly. This will be disclosed in the annual Sustainability Bond Report, further described in section 4. "Reporting".

Any balance of issuance proceeds not allocated to fund Eligible Loans will be held in accordance with Intesa Sanpaolo's normal liquidity management, including treasury liquidity portfolio, Cash, Time Deposit with Banks or Other form of available short term and medium / long term funding sources (e.g. Commercial Paper Programme, Bank Credit Line), that do not include GHG intensive activities (i.e. related to fossil fuels exploitation and to carbon intensive assets such as infrastructure dependent on fossil fuels; fossil fuel-fired power plants; high-carbon assets) nor any disputable activity (Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms (GMO) in food & feed, Nuclear energy, Sex industry, Tobacco).

In case of asset divestment, early loan reimbursement or if a project no longer meets the eligibility criteria, Intesa Sanpaolo will use the net proceeds to finance other Eligible Loans which are compliant with the eligibility criteria of the Sustainability Bond Framework.

The Issuer will monitor the investments of the proceeds allocated to Eligible Loans, through the review of the external auditor. This monitoring of the funds is integrated into the annual financial reporting and further described in section "External review" below.

Opinion: ISS ESG considers the management of proceeds is aligned with the SBGs. Appropriate tracking of the proceeds is in place and intended types of temporary investment instruments for unallocated proceeds are disclosed, as well as the procedure in case of divestment or postponement.

4. Reporting

Allocation reporting

Intesa Sanpaolo will report annually, until full allocation, on the use of proceeds via a Sustainability Bond Report ("The Report") which will be published via www.group.intesasanpaolo.com. The report will be verified by annual external assurance process.

The allocation report will include:

- The total amount of proceeds allocated to eligible loans,
- The number of eligible loans,
- The balance of unallocated proceeds, and
- The amount or the percentage of new financing and refinancing.

Impact reporting

Intesa Sanpaolo will also report annually on the environmental and social benefits resulting from the loans disbursed from the Sustainability Bond, until full allocation:

The impact report may provide:

- A description of some Eligible Projects
- The breakdown of Sustainability projects by nature of what is being financed (financial assets)
- Environmental and Social Metrics, such as the ones described below
 - Output: annual estimates and/or assessment of major outputs disclosed at category level, annually and up to the complete allocation of bond proceeds;
 - Impacts: annual estimates of ex-ante and/or ex-post impacts (where feasible) based on specific indicators developed by Intesa Sanpaolo, disclosed at category level.

When reporting on the identified outcomes, Intesa Sanpaolo may select alternative quantitative or qualitative indicators, to remain relevant to the selected Eligible Loans. For all Eligible Loans, Intesa Sanpaolo may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on loans management.

Opinion: *ISS ESG considers the reporting is aligned with the SBGs. The level, frequency, scope and duration of reporting is disclosed both for allocation and impact reporting, as well as details on which information will be reported.*

External review

Intesa Sanpaolo's Sustainable Bond issuance is supported by external reviews.

Second party opinion

Before each issuance, a leading second opinion Provider will perform a Second Party Opinion on the bond's sustainability credentials and its alignment with the Green Bond Principles or Social Bond Principles or the Sustainability bond guidelines, as the case may be.

Post issuance external verification of the reporting

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

PART II: SUSTAINABILITY QUALITY OF THE SUSTAINABILITY BOND ASSET POOL







Evaluation of the assets

Circular economy

As a Use of Proceeds category circular economy has a significant contribution to SDGs 6, 7, 12 and 13 and a limited contribution to SDG 3.

Additionally, when considering the deeper ESG management, circular economy can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
Site selection	
<ul style="list-style-type: none"> ○ One asset, accounting for 35% of the overall asset pool, is not located in key biodiversity areas (Ramsar sites, ICUN protected areas I-IV, UNESCO Natural World Heritage). For the remaining assets, no information is available. 	
<ul style="list-style-type: none"> ✓ 100% of the relevant assets underwent an environmental impact assessment at the planning stage. 	
Community dialogue	
<ul style="list-style-type: none"> ✓ 100% of the assets feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes). 	 
Environmental aspects of construction and operation of plants and infrastructures (for relevant assets)	
<ul style="list-style-type: none"> ✓ 100% of the relevant assets fulfil high environmental standards and requirements at construction phase (e.g. noise mitigation, minimization of environmental impact). 	
<ul style="list-style-type: none"> ✓ 100% of the relevant assets fulfil high environmental standards and requirements at operation phase (e.g. flora and fauna protection, consideration of waterways ecosystems, strict control of air emissions). 	

Production standards *(for relevant assets)*

- ✓ More than 50% of the relevant assets provide for comprehensive Environmental Management System at manufacturing sites.
- No information is available on relevant assets that provide for high standards regarding energy efficiency in the production processes and machineries.



Product life cycle and environmental aspects *(for relevant aspects)*

- No information is available on relevant assets that underwent a comprehensive life-cycle assessment.
- One asset, accounting for 35% of the overall asset pool, features take back and recycling at end-of-life. For the remaining assets, no information is available.
- One asset, accounting for 35% of the overall asset pool, fulfils the thresholds defined by the European Directive on the Restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive). For the remaining assets, no information is available.



Safety and security aspects *(for relevant assets)*

- ✓ For 100% of the relevant assets, operational safety is ensured (e.g. control center, monitoring, emergency plans).



Working conditions during construction and operation

- ✓ 100% of the assets provide for high labour and health and safety standards for construction and operation work provided by national legislations (e.g. ILO core conventions).



Controversy assessment

A controversy assessment revealed one severe controversial environmental practice. A company granted with a loan for its wastewater treatment program to be refinanced through this bond failed to prevent water pollution in the United Kingdom in 2017 and was charged a maximum possible £8.5 million fine for failing to meet its targets to cut water leakage from its pipes across England. This company also faces other moderate and minor severity controversies, including discharging untreated sewage into the Thames River in 2017. Since then, the company acknowledged its role in those controversial events and implemented measures to prevent similar controversies from happening again. The controversy assessment carried on by ISS ESG did not reveal any further controversy related to the assets included in the asset pool.

The methodology for the asset evaluation can be found in Annex 2.

PART III: ASSESSMENT OF INTESA SANPAOLO'S ESG PERFORMANCE

The ISS ESG Corporate Rating comprises a rating scale from A+ (excellent) to D- (poor).

COMPANY	RATING	STATUS
INTESA SANPAOLO S.p.A.	C	PRIME

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS ESG. In ISS ESG's view, the securities issued by the company therefore all meet the basic requirements for sustainable investments.

As of 18.11.2019, this rating places Intesa Sanpaolo 19th out of 267 companies rated by ISS ESG in the Commercial Banks & Capital Markets sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Customer and product responsibility
- Sustainable investment criteria
- Labour standards and working conditions
- Business ethics

In all of the key issues, Intesa Sanpaolo rates equal or above the average for the sector. A very significant outperformance was achieved in "Customer and product responsibility", "Sustainable investment criteria" and "Labour standards and working conditions".

The company has a significant controversy level, which is in line with its sector controversy risk. The company is currently involved in two severe controversies related to business malpractices:

- In 2016, the bank faced a USD 235 million fine for anti-money laundering violations in the United States.
- In 2017, Intesa Sanpaolo was charged of a USD 35 million settlement for inadequate handling of American Depositary Receipts in the United States.

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS ESG
London/Munich/Rockville/Zurich

DISCLAIMER

1. Validity of the SPO: For Intesa Sanpaolo's first sustainability issuance following the SPO release date.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: ISS ESG Corporate Rating

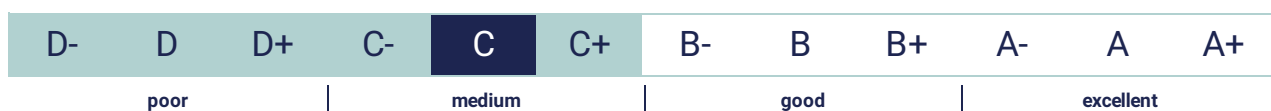
The following pages contain extracts from Intesa Sanpaolo's 2019 ISS ESG Corporate Rating.

ESG Corporate Rating

Intesa Sanpaolo S.p.A.

Industry	Financials/Commercial Banks & Capital Markets	Status	Prime
Country	Italy	Rating	C
ISIN	IT0000072618	Prime Threshold	C
		Decile Rank	1

Absolute Rating



The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively

Decile Rank



Low relative performance

High relative performance

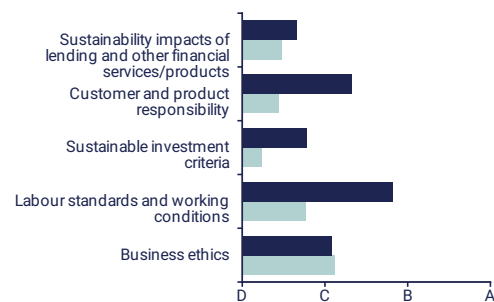
Indicates decile rank relative to industry group. A decile rank of 1 indicates a high relative ESG performance, while a 10 indicates a lower relative ESG performance.

Industry Leaders

Company name (in alphabetical order)	Country	Grade
ABN AMRO Bank N.V.	NL	C+
NIBC Bank N.V.	NL	C+
Raiffeisen Bank International AG	AT	C+

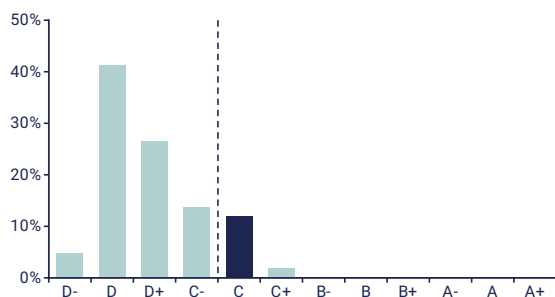
Legend: ■ Industry ■ Company - - - Prime

Key Issue Performance

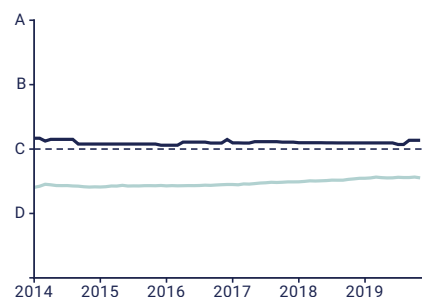


Distribution of Ratings

276 companies in the industry



Rating History



Intesa Sanpaolo S.p.A.

Analyst Opinion

Dietrich Wild
Sector specialist



Sustainability Opportunities

For financial companies, the main opportunities are the provision of financial services with social and environmental benefits as well as the provision of equal access to financial services. Intesa Sanpaolo's products and services include current and saving accounts, loans, mortgages, financing, insurance products, payment, leasing and factoring services, as well as corporate, investment and private banking services. The company provides loans for social utility initiatives (e.g. micro-credit and products for vulnerable social groups), offers basic banking accounts and credits to social enterprises and non-profit organisations. Banca Prossima, the company's subsidiary exclusively dedicated to the non-profit segment, also offers specific products with beneficial conditions for NGOs and other charitable organizations. As for environmentally beneficial products and services, a broad range of loans to support projects associated with energy efficiency works and renewable sources are offered to corporates, small businesses and retail customers. In the asset management segment, Intesa Sanpaolo offers ethical funds for private and institutional customers. Although Intesa offers several financial services with a high social and environmental benefit, these do not constitute the main business of the company.

Sustainability Risks

In the financial sector, the main sustainability challenges are in the lending and investment banking, as well as asset management businesses. Intesa does not support operations that relate to the production and trade of weapons in countries that do not belong to the EU and/or NATO and prohibits all financing activities related to the production of and trade in controversial weapons and/or weapons banned by international treaties. Furthermore, Intesa Sanpaolo is a signatory to the Equator Principles and has developed operational guidelines to observe compliance with the principles' social and environmental standards. The Equator Principles, however, only cover project-related financing so their applicability in the company's overall lending and investment banking activities remains limited. Moreover, these lending frameworks did not avert Intesa's involvement in financing the Dakota Access Pipeline, which faces strong opposition from Native Americans due to land conflicts. In addition, in 2015, the company participated in a USD 4.4 billion syndicated loan financing the controversial Oyu Tolgoi mine in Mongolia, and, in 2018, it was among the financiers of the Trans Adriatic Pipeline (TAP) project which is facing allegations by local communities of failing to adequately conduct stakeholder consultation in Italy. Besides, the company has not yet established comprehensive environmental and social guidelines for its mainstream asset management services and structured investment products.

In the area of customer and product responsibility, Intesa is committed to offering simplified financial products and using plain language and transparent information regarding costs, risks and customers' rights in its marketing materials. In addition, the company implements various measures to monitor responsible sales practices and provides some options for clients with debt repayment problems that are not detrimental to clients. Referring to tax compliance, Intesa is committed to prohibit support for clients in tax avoidance. With regard to employees, relevant aspects such as mental health and work-life balance are adequately addressed by the company.

Intesa has a comprehensive code of business conduct covering all important issues such as corruption, antitrust violations, insider dealings, conflicts of interests and money laundering. Compliance with these rules of conduct is supported by regular training measures, risk assessments and audits among others. However, despite these guidelines and measures, the company was involved in a major controversy related to violations of anti-money laundering regulations in the United States resulting in a USD 235 million settlement in December 2016.

Governance Opinion

Intesa Sanpaolo's ownership structure is dispersed (as at July 25, 2019). Regarding the governance structure, Mr. Gian Maria Gros-Pietro serves as a non-independent chair of the board. The vast majority of the overall board is independent with majority independent audit, compensation, and nomination committees (as at May 27, 2019). The company discloses its remuneration policy for executives, including long-term incentive components.

Regarding the company's sustainability governance, a sustainability committee has been set up, which consists of a majority of independent members (as at May 27, 2019). In addition, sustainability aspects are integrated to some extent into the variable components of the executive compensation.

Intesa Sanpaolo has a comprehensive code of business conduct covering all important issues such as corruption, antitrust violations, insider dealings, conflicts of interests and money laundering. Compliance with these rules of conduct is supported by regular training measures, risk assessments and audits among others. However, despite these guidelines and measures, the company was involved in a major controversy related to violations of anti-money laundering regulations in the United States resulting in a USD 235 million settlement in December 2016.

Intesa Sanpaolo S.p.A.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by oekom research and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
 - Degree of verification of allegations and claims
 - Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

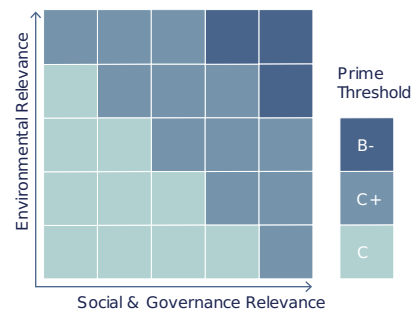
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Intesa Sanpaolo S.p.A.

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Major Shareholders & Ownership Summary - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

ANNEX 2: Methodology

ISS ESG Sustainability Bond KPIs

The ISS ESG Sustainability Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Intesa Sanpaolo’s Sustainability Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details on next page) who will send them directly to you.

Asset evaluation methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Sustainability Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Sustainability Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Intesa Sanpaolo (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Intesa Sanpaolo’s Sustainability Bond contributes to related SDGs and has a positive association with their respective sub-targets.

The contribution assessment is split into two Levels:

1. **Level 1:** Contribution and/or obstruction of the Use of Proceeds categories to be financed through the bond to the UN SDGs
2. **Level 2:** Association of the assets’ ESG performance with further SDGs

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social / Sustainability Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, and this Sustainability Bond focused on Circular Economy, contact:

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