

Issued in June 2017

## SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the “Bond”) considered to be issued by Intesa Sanpaolo (the “Issuer”), according to Vigeo Eiris’ Environmental, Social and Governance (ESG) assessment methodology, in line with the Green Bond Principles guidelines.

The opinion is based on the review of the two following components:

- Issuer: document-based evaluation of Intesa Sanpaolo’s ESG performance, controversies and capacity to mitigate these risks.
- Issuance: analysis of the coherence of the Bond framework with Intesa Sanpaolo’s strategy and commitments, and document-based evaluation of the Bond framework, including:
  - ▶ analysis of the process for categorisation and selection of projects eligible to the use of proceeds, and the process for evaluation of their environmental and social risks and impacts
  - ▶ assessment of reporting systems dedicated to information, monitoring and control related to fund allocation, to management and impacts of financed projects.

Vigeo Eiris’ sources of information are gathered from our rating database, from Intesa Sanpaolo data, press content providers and stakeholders. Vigeo Eiris has carried out its due diligence from March, 31<sup>st</sup> to May 19<sup>th</sup> 2017, complemented by interviews with involved managers, held at the Intesa Sanpaolo’s offices in Milan (Italy).

We were able to access to all appropriate documents and to meet all solicited people. We consider that the provided information enable us to establish our opinions with a reasonable level of assurance on their completeness, precision and reliability.

## VIGEO EIRIS’ OPINION

**Vigeo Eiris confirms that the Bond intended by Intesa Sanpaolo is a “Green Bond” with positive contribution to sustainable development, aligned with the Green Bond Principles.**

**Vigeo Eiris reaches a reasonable<sup>3</sup> level of assurance on the Bond contribution to sustainability:**

- **Issuer:** Intesa Sanpaolo displays an overall robust<sup>3</sup> ESG performance (see Part I).
  - ▶ Intesa Sanpaolo ranks eighth in the “Diversified Banks” Vigeo Eiris sector which covers 31 European companies and achieves robust performance for its Environmental and Social pillars, while the Governance domain remains limited.
  - ▶ Vigeo Eiris’ assurance that ESG risk factors of Intesa Sanpaolo are adequately managed ranges from reasonable, for human capital, legal and operational risks, to moderate regarding reputational risks.
  - ▶ Intesa Sanpaolo faces frequent controversies regarding Environment, Business Behaviour, Corporate Governance, Community Involvement and Human Rights domains. The severity of these cases ranges from significant to high. The company is overall reactive: it reports transparently in all cases, including for cases with high level of severity.
  - ▶ Regarding the 9 disputable activities analysed by Vigeo Eiris<sup>4</sup>, Intesa Sanpaolo’s involvement in the armament industry is minor (due to the involvement in the financing of armament companies).

<sup>1</sup> Second Party Opinion – Green Bond Principles: This opinion is to be considered as the “Second Party Opinion” described by the Green Bond Principles (2016 edition in the ‘External Review’ section). The Green Bond Principles include the Voluntary Process Guidelines for Issuing Green Bonds and the Guidance for Borrowers of Social Bonds (see: [www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/](http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/))

<sup>2</sup> The “Green Bond” is to be considered as the potential forthcoming Bond, which issuance is subject to market conditions.

<sup>3</sup> Definition of Vigeo Eiris’ scales of assessment (as detailed on the last page of this document):

Level of Performance: Advanced, Robust, Limited, Weak.  
Level of Assurance: Reasonable, Moderate, Weak.

<sup>4</sup> The 9 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms in food & feed, Nuclear energy, Sex industry, Tobacco. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

- **Issuance:** The Issuer's Green Bond framework is coherent with Intesa Sanpaolo's main strategic priorities and is considered to be robust (see Part II):
  - ▶ The net proceeds of the Bond issuance will be used to finance and refinance Eligible Loans related to energy, which contribute to climate change mitigation, in line with three United Nations Sustainable Development Goals. Objectives and expected benefits associated with the Eligible Loans are visible, relevant, partially precise and measurable, and will be assessed and quantified by the Issuer.
  - ▶ The processes for categorisation, evaluation and selection of Eligible Loans are clearly defined, made publically available on Intesa Sanpaolo's website<sup>5</sup>, and robust in terms of transparency, bond governance and relevance of defined process and eligibility criteria.
  - ▶ The rules for the management of proceeds are clearly defined by the Issuer and would enable a documented and transparent allocation process, based on robust management of proceeds commitments.
  - ▶ The Issuer is committed to report annually, publically on the use of proceeds (until the complete fund allocation) and on environmental benefits of selected loans (outputs and impacts) at category level (until bond maturity). The reporting commitments and process are robust, reaching an overall reasonable level of assurance on its capacity to report on the Green Bond's use and impacts.

Beyond the Green Bond Principles requirements, in line with international standards, certain ESG factors have been integrated in the evaluation and selection process, covering main ESG risks related to the Eligible Loans. Regarding monitoring and reporting on ESG management, the Issuer will report at corporate level only, through its annual Sustainability Report. We have suggested reinforcing disclosure at project level and reporting related to loans ESG management.

## EXTERNAL REVIEW

Intesa Sanpaolo's Green Bond issuance is supported by external reviews, provided by:

- The sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering all bond dimensions, i.e. Issuer's sustainability profile and commitments related to the issuance (use of proceeds, evaluation, selection and allocation processes and reporting).
- An annual verification, i.e. a third party ESG and/or financial audit, of the tracking of the bond proceeds, the compliance of the selected loans with the eligibility process and the reporting metrics, during the fund allocation process, until the maturity date of the bond.
- The review of the Second Party Opinion, every two years, on the sustainability credentials of the bond based on post-issuance findings, and on the compliance with pre-issuance commitments of Intesa Sanpaolo and with the Green Bond Principles.

*This Opinion is valid as of the date of issuance limited to Intesa Sanpaolo's 2017 first Green Bond.*

Milan, June 12<sup>th</sup> 2017



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### Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed two audit missions for Intesa Sanpaolo between 2012 and 2013 and no consultancy activity. No established relationship (financial or other) exists between Vigeo Eiris and Intesa Sanpaolo.

This opinion aims to explain for investors why the Green Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analysed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Green Bond. Intesa Sanpaolo is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of Intesa Sanpaolo or its financial obligations.

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.

<sup>5</sup> <https://www.group.intesasnpaolo.com/>

## DETAILED RESULTS

### Part I. ISSUER

#### Level of Intesa Sanpaolo's ESG performance

As of December 2016, Intesa Sanpaolo's overall approach to manage ESG related issues is robust.

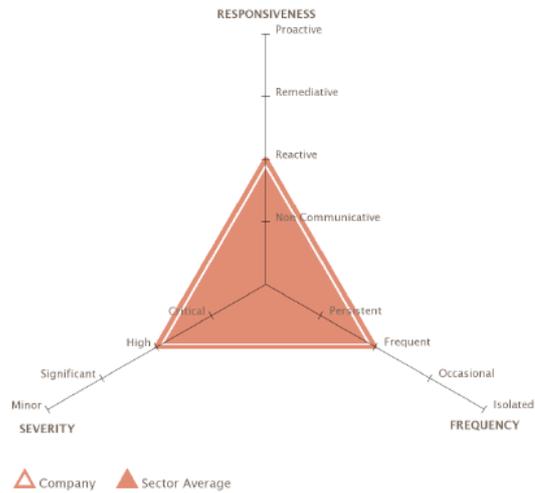
Domain	Comments	Opinion
Environment	<p>In the Environment pillar, Intesa Sanpaolo's performance is robust.</p> <p>The bank reveals a strong commitment and management systems addressing direct impacts, as well as indirect impacts. In this regard, Intesa Sanpaolo shows relevant efforts to take into account environmental and climate change risks, mainly in project finance and investment activities.</p> <p>The Equator Principles application is overseen by the Chief Lending Officer. As part of the Sustainable Energy and Leasenergy programme, Mediocredito Italiano (MCI), provides "tailor-made" financial solutions and specialist advisory services dedicated to businesses that invest in plants for the generation of energy from renewable sources or in energy efficiency processes. The MCI MLT loans for renewable energies are always supported by an evaluation of the project which constitutes consultancy for the customer and support for the bank's credit assessment at the same time.</p> <p>In 2016, 3.1% of Intesa Sanpaolo's total loans to business referred to environmental protection sectors, such as renewable energy, energy efficiency, environmental services, sustainable agriculture, amounting to about 1.7 billion euro.</p>	Advanced
		Robust
		Limited
		Weak
Social	<p>Intesa Sanpaolo's performance in the Social pillar is robust.</p> <p>As of Community Involvement, the bank discloses a strong commitment to promote social and economic development as well as efficient measures in terms of support to SMEs and start-ups. The company trades in food commodities but it reports not to have a speculative approach.</p> <p>Regarding Human Rights, several measures are in place to assess and mitigate human rights risks in both lending and investment activities. As to labour practices, a joint company-trade union body has been set with trade unions representatives and company representatives. Diversity-related indicators show 5-year improving trend.</p> <p>In terms of customer relations, the bank set up comprehensive measures to ensuring transparent and fair relations. In addition, it has established procedures to ensure swift response to and follow-up of complaints.</p> <p>Considering Human Resources, the bank is engaged in the promotion of labour relations. In its 2014-2017 Business Plan, the company affirms to have as an objective the reallocation of 4,500 human resources in order to achieve the strategic plans, without cutting jobs. The company clearly addresses career management, training and health and safety issues.</p>	Advanced
		Robust
		Limited
		Weak
Governance	<p>Intesa Sanpaolo achieves a limited performance in the Governance pillar.</p> <p>The Board is composed by a majority of independent directors and the Corporate Social Responsibility reports through the Chief Governance Officer to the Managing Director and CEO and Board of Directors. Intesa Sanpaolo's internal controls system maps and manages also ESG risks, while in terms of shareholders' rights, minor restrictions have been identified. Transparency on executives' remuneration can be improved.</p> <p>In terms of business behaviour, the commitment to preventing corruption and money laundering is comprehensive and is supported by training programs. There is a confidential reporting system and adequate internal controls are described to ensure compliance and fraud prevention and to support an ethical business. Regarding responsible lobbying, the Company has adopted a generic commitment, subscribing a professional Code, however no formal policy is visible.</p>	Advanced
		Robust
		Limited
		Weak

Intesa Sanpaolo is included in the following Vigeo Eiris Indices (as the date of publication):

- Euronext Vigeo Eiris Europe 120
- Euronext Vigeo Eiris Eurozone 120

Stakeholder-related ESG controversies and Involvement in controversial activities

- **Frequency:** As of June 12<sup>th</sup> 2017, Intesa Sanpaolo faces frequent allegations: the company is involved in 8 stakeholder-related ESG controversies, on several domains:
  - Environment especially on green products and SRI and climate change
  - Business Behaviour especially on information to customers, responsible customer relations and corruption and money laundering
  - Corporate Governance especially on internal controls & risk management
  - Community Involvement especially on social and economic development
  - Human Rights especially on fundamental human rights
- **Severity:** The level of severity ranges from significant to high based on the analysis of their impact on the company and its stakeholders: the company faces 4 cases of significant severity and 4 cases of high severity (related to social and economic development, responsible customer relations, corruption and money laundering and internal controls & risk management).
- **Responsiveness:** Intesa Sanpaolo is overall reactive: the company implements remedial actions in one case and reports transparently in all cases (including high severity).

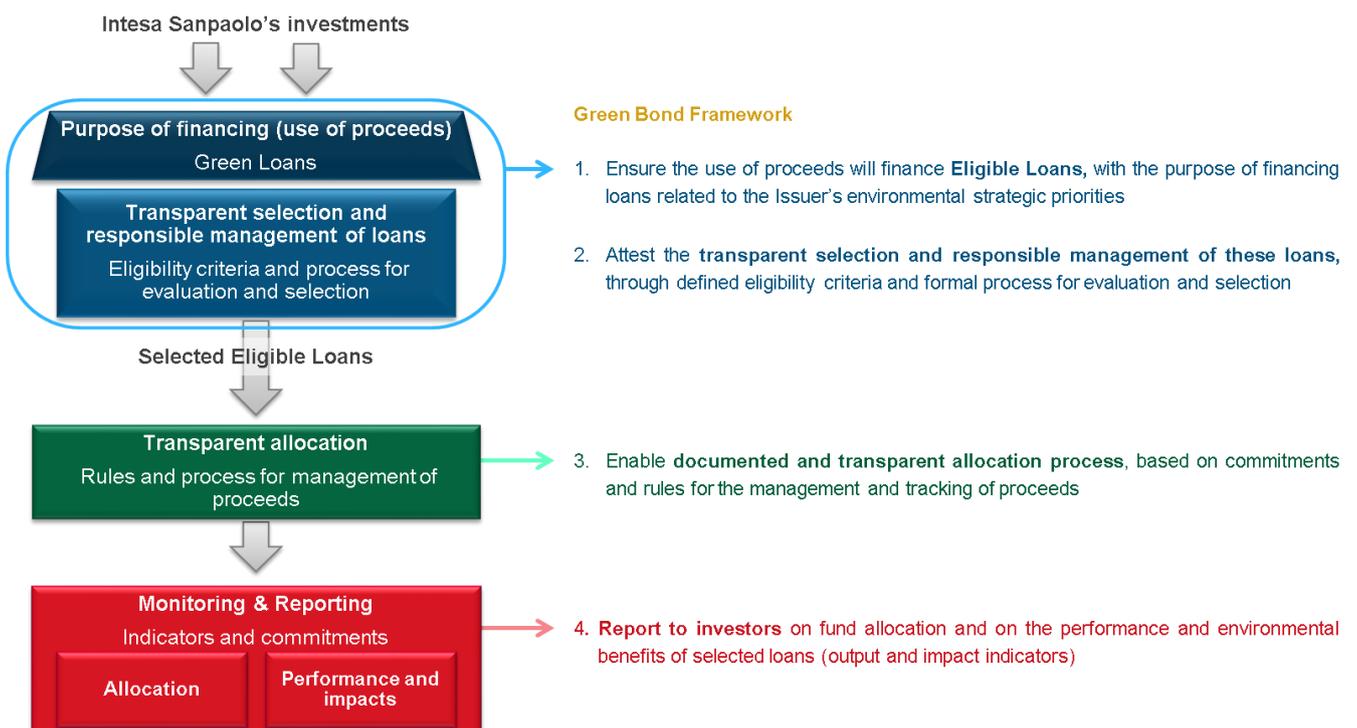


Regarding the 9 controversial activities analysed by Vigeo Eiris, and based on an estimation of the level and type of company involvement, Intesa Sanpaolo's involvement in the armament industry is minor:

- The company is involved in the financing of controversial weapons but no information was found on the precise level of revenues generated by this activity. Vigeo Eiris has reasonably assumed the level of revenues to be in the 0-1% range. Intesa Sanpaolo has provided loans or bonds to the following companies involved in the production and/or development of controversial weapons for an estimated participation of USD 1,417 million since January 2012: Airbus Group, Boeing, Leonardo, Fluor, Honeywell International, Northrop Grumman, Raytheon, Thales.

Intesa Sanpaolo is not involved in any of the 8 other controversial activities analysed by Vigeo Eiris.

**Part II. ISSUANCE**



### Coherence of the issuance

Intesa Sanpaolo's materiality matrix, published in the Sustainability Report each year, considers climate change as one of the most significant issues. This supports the definition of actions and strategic choices, above all the choice to keep the Bank's ecological footprint as low as possible. Environmental protection and attention to climate change are also key dimensions of its commitment to responsibility, reiterated and clarified in the Group's Rules for the environmental and energy policy. The commitments declared refer to both direct and indirect impacts, with the aim of assessing risks and opportunities related to the environmental issues, reducing its ecological footprint and that of customers and suppliers.

Intesa Sanpaolo appears to be aware of the way in which climate change might directly impact its activities and, indirectly, its customers, to the extent of influencing many of the Bank's strategic options. Consistently with its strategy, Intesa Sanpaolo supports, through environmental loans, the renewable energies and environmental protection sectors. Intesa Sanpaolo commits to promote good practices in dealings with customers, by financing their projects in the environmental sector and in particular in the context of energy production from renewable sources and energy efficiency. For these reasons, the proceeds of any Intesa Sanpaolo Green Bond will be exclusively allocated to Eligible Loans within the list of Eligible Categories identified within the Green Bond Framework.

Intesa Sanpaolo's Green Bond Framework is coherent with organization's main strategic priorities – described qualitatively only – and contributes to achieve its commitments and objectives. Vigeo Eiris has a reasonable level of assurance on Intesa Sanpaolo's capacity to integrate relevant issues in terms of environmental responsibility.

### Use of proceeds

The net proceeds of the Green Bond will be used to finance and refinance, in whole or in part, Eligible Loans included in two categories:

- Renewable Energy
- Energy Efficiency

Eligible Loans would contribute to defined environmental objectives and met a set of eligibility criteria evaluated by Vigeo Eiris. They are located in Italy and include past and future investments or disbursements corresponding to on-going and future loans.

The definition of each Eligible Loans' category, related objectives and expected environmental benefits have been evaluated in the table below:

Eligible Loans categories	Definition	Objectives	Environmental benefits	Vigeo Eiris' analysis
Renewable Energy	Investments in production, transmission, infrastructure and associated assets, specifically for: Solar, Wind, Bio-energy / Biomass and Hydro energy generation.	Increase renewable electricity generation	<p><b>Climate change mitigation</b></p> <p>---</p> <p>GHG emissions reduction (renewable electricity generation)</p>	<p>The definition is clear and the content is relevant, aligned to Intesa's strategy.</p> <ul style="list-style-type: none"> <li>• Eligible renewable energies are defined with additional criteria for biomass-related generation (responsible sourcing) and hydro power generation (projects up to 25 MW in installed capacity or, if larger, satisfying one of the following best practices: Hydropower Sustainability Protocol – Published assessment report, score of 3 or above on all relevant pillars ORIFC Standards – Publicly stated commitment to meet the requirements outlined by all eight IFC performance standards).</li> </ul> <p>The objectives are visible, relevant and measurable but partially precise due to the lack of quantitative targets.</p>
Energy Efficiency	<p>New investment 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.</p> <p>Construction of new building developments 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>	<p>Improve energy efficiency of grids, infrastructure and buildings</p> <p>Reduce energy usage</p>	<p><b>Climate change mitigation</b></p> <p>---</p> <p>Energy savings and GHG emissions reduction (more efficient networks, infrastructures and buildings)</p>	<p>The definition is clear and the content is relevant, aligned to Intesa's strategy.</p> <ul style="list-style-type: none"> <li>• Relevant international standards and certification schemes are used to define eligibility criteria for green buildings</li> </ul> <p>The objectives are visible, relevant, measurable but partially precise due to the lack of quantitative targets.</p>

In addition, Vigeo Eiris considers that the Eligible Loans align with the following United Nations Sustainable Development Goals (UN SDGs):

Eligible Loans	UN SDGs
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>- UN SGD 7. Affordable and clean energy</li> <li>- UN SDG 13. Climate action</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>- UN SGD 7. Affordable and clean energy</li> <li>- UN SDG 12. Responsible consumption and production</li> <li>- UN SDG 13. Climate action</li> </ul>

#### Contribution to achieving the UN SGD 7. Affordable and clean energy



The UN SDG 7 consists in ensuring universal access to affordable, reliable, sustainable and modern energy, with targets by 2030 on the share of renewable energy in the global energy mix, doubling the global rate of improvement in energy efficiency, the promotion of investment in energy infrastructure and clean energy technology. By using the Green Bond proceeds to (re)finance defined Renewable Energy and Energy Efficiency Loans, the Issuer is contributing to the UN SDG 7, with regards to the above-mentioned targets.

#### Contribution to achieving the UN SDG 12. Responsible consumption and production



The UN SDG 12 consists in ensuring sustainable consumption and production patterns, with targets by 2030 on the sustainable management and efficient use of natural resources; the environmentally sound management of all wastes throughout their life cycle with reduced release and minimized adverse impacts on human health and the environment; and the substantial reduction of waste generation through prevention, reduction, recycling and reuse. By using the Green Bond proceeds to (re)finance defined Energy Efficiency Loans, the Issuer is contributing to the UN SDG 12, with regards to the above-mentioned targets.

#### Contribution to achieving the UN SDG 13. Climate action



The UN SDG 13 consists in building resilience and adaptive capacity to its adverse effects, developing sustainable low-carbon pathways to the future, and accelerating the reduction of global greenhouse gas emissions, with targets by 2030 for businesses on improving their energy efficiency, reducing the carbon footprint of their products, services and processes, setting GHG emissions reductions targets. By using the Green Bond proceeds to (re)finance defined Renewable Energy and Energy Efficiency Loans, the Issuer is contributing to the UN SDG 13, with regards to the above-mentioned targets.

#### Process for project evaluation and selection

The Issuer is committed to attest the transparency and efficiency of selection process and the responsible management of the proceeds and financed projects, through eligibility criteria as defined within the existing Green Bond framework, which have been evaluated by Vigeo Eiris.

The process for project evaluation and selection is robust, regarding the transparency, governance and relevance of the defined internal process, in line with the Green Bond Principles guidelines.

- The process is clearly defined, formalised and publically available, relying on partially exhaustive selection criteria, including:
  - Use of proceeds criteria, based on the definition of each Eligible Loans' category.
  - Environmental objectives and expected benefits described for each category. We suggest defining quantitative targets, when relevant and feasible.
  - Additional selection criteria, defined to exclude projects related to nuclear power generation and to the weapons sector and to describe the limitations for hydro and biomass projects. We suggest defining a procedure to dealing with the onset of ESG controversies.
- The evaluation and selection process is reasonably structured: it relies on existing internal loan process and relevant internal and external expertise; internal roles and responsibilities are well-defined:
  - Business teams will propose loans as Use of Proceeds of each Intesa Sanpaolo Green Bond.
  - The analysis of loans eligibility is managed by Mediocredito Italiano.
  - Legal and technical due diligences are performed before supplying credit, verifying the economical sustainability of the business plan, the respect of laws and regulations in the building phase of the

project financed and the environmental impacts generated. External experts can be involved on specific projects depending on workload and are expected to comply with MCI guidelines.

- ▶ The Credit Evaluation function evaluates client's reputation and creditworthiness.
- ▶ Then MCI approves the disbursements to be made.
- ▶ A dedicated Green Bond Working Group is in charge of the oversight of the process. The Green Bond Working Group, made up from the Treasury Department (Head of MLT Funding), CSR (Head of CSR) and the Energy Desk of Mediocredito Italiano (Coordinator of Energy Desk), will review and approve, as appropriate, each proposed loan based on the defined Eligible Loans Categories listed by the Use of Proceeds.
- The verification and traceability of the project evaluation and selection is ensured internally.
  - ▶ Each selected loan is documented: loans determined as eligible will be marked accordingly and added into a Green Bond Register.
  - ▶ The list of past Eligible Loans have been established, considering the portfolio of investments at 31/12/2016, and future disbursements will be selected, based on the internal procedure for credit supply.
  - ▶ Post issuance, compliance of selected loans with the Green Bond framework will be reviewed annually and will be audited by an external audit firm.

Beyond the Green Bond Principles requirements, in line with international standards, some ESG factors have been integrated in the evaluation and selection process, covering some ESG risks related to most of the Eligible Loans.

- Some criteria and partial commitments are considered to assess ESG eligibility regarding:
  - ▶ Environmental domain, including environmental management of the project, climate change mitigation, but partially protection of biodiversity and natural resources.
  - ▶ Social and community involvement domain, including stakeholders dialogue but partially respect of labour rights, health and safety.
  - ▶ Governance domain, including business ethics.
- The commitments and processes for evaluation, management and control and environmental and social risk in project financing are defined in the Green Bond framework, based on the Equator Principles.
- Aside from the performed analysis, we encourage continuing underway efforts for continuous improvement in terms of integration of ESG factors (especially regarding social impacts), monitoring the onset of ESG controversies in loans management and to consider fossil fuel consumption in the realisation and management of projects.

#### Management of proceeds:

Vigeo Eiris considers that the Issuer's rules for management of proceeds are clearly defined and would enable a transparent allocation process.

- The net proceeds of the bond will be managed within Intesa Sanpaolo's treasury liquidity portfolio, in cash or other short and medium/long term and liquid instruments that do not include GHG intensive activities or disputable activities.
- The proceeds of the Inaugural Bond will be dedicated to green projects financed by Mediocredito, which will be funded via intercompany loans. As such, the allocation from the Intesa Sanpaolo Inaugural Green Bond will be made into green projects indirectly. This will be disclosed in the annual Green Bond Report.
- Intesa Sanpaolo will track the investments of the proceeds allocated to Eligible Loans through the dedicated Green Bond Register.
- The Issuer intends to allocate the Green Bond proceeds towards Eligible Loans in a two-year period from the issue date of Green Bond issuance, financing new projects and refinancing disbursements corresponding to on-going loans.
- The overall share of refinancing will be disclosed for each reporting.
- All the management of proceeds will be reviewed annually by external auditor.
- In case of loan postponement or divestment, Intesa Sanpaolo commits to use the net proceeds to finance other Eligible Loans which are compliant with the Green Bond framework, corresponding to one of the Eligible Loans category without distinction.

### Monitoring & Reporting

The processes for monitoring, data collection, consolidation and reporting have been clearly defined, including relevant people from across the company.

- The dedicated Green Bond Working Group will lead the process, monitoring output and impact indicators.
- MCI Energy Desk experts are in charge of collecting the identified information and consolidating data at category level.
- Then the Treasury will aggregate the indicators and draft the Green Bond report, with the support of CSR.

The Issuer has identified reporting indicators and calculation methodologies will be defined and made publicly available on the Issuer website for each reporting. The selected reporting indicators related to the fund allocation and the environmental benefits are relevant for the defined Eligible Loans categories.

Reporting on allocations will be verified by annual external audits.

The Issuer commits to transparently report on the Green Bond on:

- Use of proceeds, until the complete fund allocation

Reporting indicators at category level	Reporting indicators at Bond level
<ul style="list-style-type: none"> <li>- Number of loans</li> <li>- Amounts invested (in EUR)</li> <li>- Loan maturity</li> <li>- Direct or Indirect funding</li> </ul>	<ul style="list-style-type: none"> <li>- Number of loans</li> <li>- Amounts invested (in EUR)</li> <li>- Loan maturity</li> <li>- Total allocated amount vs total amount of proceeds (in %)</li> <li>- Balance of unallocated proceeds (in EUR and %)</li> <li>- Description of the unallocated proceeds management</li> <li>- Overall refunding vs new funding (in % of allocated amount and in % of total amount)</li> </ul>

- Environmental benefits, until the maturity date of the bond

Eligible Loans	Outputs reporting indicators	Impacts reporting indicators
Renewable Energy	<ul style="list-style-type: none"> <li>- Installed capacity (MW)</li> <li>- Estimated renewable energy production (MWh, future projects)</li> <li>- Renewable energy produced (MWh, past and future projects, where feasible)</li> </ul>	<ul style="list-style-type: none"> <li>- CO<sub>2</sub>e emissions avoided (tons)</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>- Energy savings in MWh (future projects: ex-ante estimation, past projects: ex-post annual measurement, where feasible)</li> <li>- Environmental labels obtained (for buildings, #)</li> </ul>	<ul style="list-style-type: none"> <li>- CO<sub>2</sub>e emissions reduced (tons)</li> </ul>

Regarding monitoring and reporting on ESG management (i.e. additional ESG indicators) of each loan, the Issuer will report at corporate level only.

- We have suggested reinforcing disclosure at project level and reporting related to projects ESG management.

In order to report on the loans' benefits, the Issuer may select alternative quantitative or qualitative indicators, to remain relevant to the selected Eligible Loans. For all Eligible Loans, the Issuer may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on project management.

The reporting will be performed on an annual basis through an annual dedicated report available on the Issuer's website, according to the Green Bonds Principles guidelines, including calculation methodologies.

The reporting commitments comply with the Green Bond Principles requirements, covering both proceeds allocation and environmental benefits of financed projects.

## METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the objectives, management and reporting of the projects to be (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the Diversified Banks assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (Intesa Sanpaolo Green Bond Framework, MCI Credits Portfolio, MCI Credit Policies (biomass, hydro, PV, wind), Quaderno Ambiente 2015, Stakeholder Engagement 2015 and Improvement Objectives 2016), related to the Bond evaluation and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

### Part I. ISSUER

*NB: The Issuer performance, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating.*

#### Level of the Issuer's ESG performance

Intesa Sanpaolo has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 21 relevant ESG drivers organized in the 6 sustainability domains. Intesa Sanpaolo's performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.
  - Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.

#### Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is a piece of information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non Communicative).
- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

In addition, 9 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

## Part II. ISSUANCE

The Green Bond framework has been evaluated by Vigeo Eiris according to the Green Bond Principles and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

### Use of proceeds

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Loans and are traceable within the issuing organisation. Each Project endorsed shall comply with at least one of the Eligible Loans category definition in order to be considered as an Eligible Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond related Eligible Loans has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Loans. The contribution of Eligible Loans to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

### Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

### Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

### Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Loans financed by the Green Bond proceeds, collected at project level and potentially aggregated at Bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Robust, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

## VIGEO EIRIS'S ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



vigeo eiris  
Rating

vigeo eiris  
Enterprise

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved CBI (Climate Bond Initiative) verifier. Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: [www.vigeo-eiris.com](http://www.vigeo-eiris.com)