

SECOND PARTY OPINION (SPO)

Verification of the Sustainability Quality of the Issuer and Green Asset Pool

Intesa Sanpaolo
5 March 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bond
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines
Scope of verification	<ul style="list-style-type: none">• Intesa Sanpaolo Green, Social and Sustainability Bond Framework (as of February 2021)• Intesa Sanpaolo Green Asset Portfolio (as of 31.01.2021.)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• This SPO is valid as long as no new project categories are added to the Green, Social and Sustainability Bond Framework and there are no material changes to the asset pool (e.g. addition of assets that does not follow the Eligibility Criteria as set out in the Framework from February 2021)

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SCOPE OF WORK

Intesa Sanpaolo commissioned ISS ESG to assist with its Green Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. Intesa Sanpaolo’s sustainability performance, according to the ISS ESG Corporate Rating.
2. Intesa Sanpaolo’s Green, Social and Sustainability Bond Framework – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs), Social Bond Principles (SBPs) and Sustainability Bond Guidelines (SBGs).
3. The green asset pool – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Issuer sustainability performance	<p>The issuer itself shows a good sustainability performance and has been given a rating of C which classifies it as ‘Prime’ by the methodology of the ISS ESG Corporate Rating.</p> <p>It is rated 15th out of 285 companies within its sector as of 02.03.2021. This equates to a high relative performance, with a Decile Rank² of 1.</p>	Status: PRIME Rating: C Decile Rank: 1
Part 2: Alignment with GBPs, SBPs and SBGs	<p>The issuer has defined a formal concept for the Bonds issued under the Green, Social and Sustainability Bond Framework, including its Green Bond, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs, SBPs, and SBGs.</p>	Positive
Part 3: Sustainability quality of the green asset pool	<p>The overall sustainability quality of the green asset pool in terms of sustainability benefits, risk avoidance and minimisation is good, based upon the ISS ESG assessment. The Green Bond will (re-)finance eligible asset categories which mainly include mortgages for residential green buildings.</p> <p>This use of proceed category has a positive contribution to SDG 11 ‘Sustainable cities and communities’ and SDG 13 ‘Climate Change’. The environmental and social risks associated with the assets have been well managed.</p>	Positive

¹ ISS ESG’s evaluation is based on Intesa Sanpaolo’s Green, Social and Sustainability Bond Framework, on the analysed green asset pool as received on the 31.01.2021, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 29.01.2021).

² Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

ISS ESG SPO ASSESSMENT

PART I: ASSESSMENT OF INTESA SANPAOLO'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments. The overall analysis is graded on a twelve-point scale from A+ (the company shows excellent performance) to D- (the company shows poor performance or fails to demonstrate any commitment to appropriately address the topic). "Prime" status is granted to industry leaders who fulfill demanding performance expectations. Industry leaders are considered the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

COMPANY	STATUS	RATING	DECILE RANK	TRANSPARENCY LEVEL
INTESA SANPAOLO	PRIME	C	1	VERY HIGH

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.

ESG performance

As of 02.03.2021, this Rating places Intesa Sanpaolo 15th out of 285 companies rated by ISS ESG in the Financials/Commercial Banks & Capital Markets sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



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. 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. The company has established a policy concerning governance of lending risks, but it only refers to a limited number of measures. Moreover, these lending frameworks did not avert Intesa's involvement in financing 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.

Governance opinion

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 of May 12, 2020). 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 of May 12, 2020). 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.

Breaches of international norms and ESG controversies

The company is not facing any controversy.

PART II: ALIGNMENT WITH THE GBPs, SBPs, and SBGs

1. Use of Proceeds

The proceeds of any Intesa Sanpaolo Bond issued under this 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.

This is described in the table below:

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 	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
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 	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
3 – Green Buildings	<ul style="list-style-type: none"> Finance or refinance: commercial and residential building refurbishment according to the Italian law on energy efficiency improvement; the construction, acquisition (including retail mortgages), development or renovation of new and existing buildings (including public service, commercial, residential and recreational) which meet recognized environmental standards such as: LEED – gold, BREEAM – good/ very good, HQE – very good/excellent, CASBEE – A (very good)/S(excellent) 	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

or equivalent or buildings belonging to the top 15% Low Carbon residential or commercial buildings in Italy or buildings with Energy Performance Certificate (EPC) A or B or

- Refurbished buildings which have achieved a minimum of 30% energy saving (or at least two steps of improvement in EPC label) compared to the baseline before the renovation

4 – Environmentally sustainable management of living natural resources and land-use, biodiversity

- 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

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. Increase of the agricultural productivity and incomes of food producers, family farmers, pastoralists and fishers

5 – Circular Economy

As specified below in “Circular Economy Eligible Criteria”

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ELIGIBLE LOAN CATEGORIES	FURTHER DETAILS	BENEFITS
CIRCULAR ECONOMY ELIGIBLE CRITERIA		
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 • Servitisation (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 fueled by and/or products made of renewable or	<ul style="list-style-type: none"> • Products that substitute critical materials with biological or bio-based materials • Processes fueled by energy from solar, wind or conversion of biomass to energy. 	Production processes fueled by and/or products made of renewable or recycled resources allow to decouple production processes from fossil fuels and fossil-based raw materials

recycled resources		
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
4 - Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use	<ul style="list-style-type: none"> • Compostable products • Recyclable products 	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
5 - Innovative technologies to enable circular business models	<ul style="list-style-type: none"> • Internet of Things 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) 	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

ELIGIBLE LOAN CATEGORIES	FURTHER DETAILS	BENEFITS AND TARGET POPULATIONS
SOCIAL ELIGIBLE CATEGORIES		
<p>1 – Social infrastructure</p>	<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 • Investments for Construction, renovation or upgrade of social housing in Italy as to provide decent housing • 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 • Financing the construction, development, maintenance or renovation of activities that strengthen the capacity of all countries, developing countries, for provisions of free or subsidized healthcare, and early warning, risk reduction and management of health crises and emergencies 	<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>Projects that increase the access to social housing aiming to support people living in social and economic difficulties and person living without adequate housing</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</p> <p>Improve the capacity for provisions of healthcare services in all countries through, amongst the other, the financing of construction, development, maintenance or renovation of healthcare facilities, medical equipment and technologies for the improvement and protection of public health with particular focus to the underserved areas or vulnerable populations</p>
<p>2 – Natural disaster, health emergencies and support to real economy</p>	<ul style="list-style-type: none"> • Finance or re-finance, in whole or in part, new and/or existing loans/projects to companies facing natural disaster (such as earthquakes, floods, etc.) 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 companies affected by natural disasters / health 	<p>Improve the Italian socio-economic conditions and economic growth through the support of areas and populations affected by natural disasters (health emergencies or economically underperforming Italian areas</p> <p>Support Italian employment</p> <p>Support the SMEs to promote their growth and international</p>

	<p>emergencies (such as COVID-19 pandemic, etc.) and the related social and economic downturn</p> <ul style="list-style-type: none"> • 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>expansion to support employment, facilitate access to the labour market, and thwart job insecurity</p>
<p>3 – Non-profit and Third Sector</p>	<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 project 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>
<p>4 – Individuals and Microfinance</p>	<ul style="list-style-type: none"> • Finance or re-finance, in whole or in part, new and/or existing loans/projects to the following target populations: People living below poverty line; Excluded and/or marginalized populations and/or communities; People with disabilities; Migrants and/or displaced persons; Undereducated; Underserved, owing to a lack of quality access to essential goods and services; Unemployed; Women and/or sexual and gender minorities; Youth and aging populations; Other vulnerable groups, including as a result of natural disasters / health emergencies (such as COVID-19 pandemic, etc.) • Finance or re-finance, in whole or in part, new and/or existing loans/projects to fund micro enterprises or microfinance initiatives 	<p>Ensure access, through loans or projects, to low or moderate-income individuals or families to adequate, safe and affordable housing and basic services</p> <p>Ensure access to financial products and services, supporting economic development, reducing inequality and all sorts of discrimination to underserved target of population (including as a result of natural disasters / health emergencies)</p> <p>Support individuals and owners of micro enterprises belonging to the target population (e.g. women-owned enterprise), for the prime purpose of promoting the creation and preservation of viable jobs and reduce inequality and discrimination</p>
<p>5 – Benefit corporations and Certified B Corporations</p>	<ul style="list-style-type: none"> • 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. 	<p>Reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of higher quality jobs with dignity and purpose</p>

Exclusion Criteria

- Any kind of investment connected to: Fossil Fuels, Nuclear energy, Armament, Alcohol³, Gambling, Sex industry and Tobacco sector will be excluded.
- Any kind of investment to companies or projects connected to: Intensive agro-industrial activities with intensive use of agrochemicals or which entail deforestation, Animal maltreatment, Hazardous chemicals, 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.

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

- Regarding solutions that extend the product-life or cycles of use of goods and/or materials: virgin plastic-based products are excluded.
- Regarding products that substitute critical materials with biological or bio-based materials: biological or biobased materials with strong sustainability risks and / or result in deforestation/competition with food production are excluded.
- Regarding processes fuelled by energy from conversion of biomass: biomass originating from non-sustainable sources and/or recyclable and hazardous waste is excluded.

Opinion: ISS ESG considers the Use of Proceeds description provided by Intesa Sanpaolo Sustainability Bond Framework as aligned with the ICMA 2018 GBPs, the ICMA 2020 SBPs and SBGs 2018, 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. Moreover, clear exclusion criteria have also been defined by the issuer.

A detailed analysis of the mortgages for residential green buildings to be included in the Green Bond asset pool is available at Part 2.

³ In accordance with the IFC Exclusion List, production or trade in alcoholic beverages (except for beer and wine) is excluded.
Link to IFC Exclusion List: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

2. Process for Project Evaluation and Selection

Business teams will propose loans to be included in the Green, Social and Sustainability Bond Portfolios (the “Portfolios”) as defined under the Framework. An internal team of qualified individuals, the “Green, Social and Sustainability Bond Working Group (the “Working Group”) made up from the Treasury Department, CSR and the Circular Economy Desk or 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 “Use of Proceeds”. Loans determined as eligible will be marked accordingly and added into the Portfolios described in section “Management of Proceeds” below.

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

- Business teams will propose loans to be included in the Portfolios.
- The internal 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 Green, Social and Sustainability Bond Register (the “Register”), further described in section “Management of Proceeds”.
- The Working Group is responsible to maintain and update the Register.

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 business teams 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 finds that the Process for Evaluation and Project Selection description provided by Intesa Sanpaolo aligns with the ICMA 2018 GBPs, the ICMA 2020 SBPs and SBGs 2018. Various departments are involved in the project evaluation and selection process thanks to the creation of a Working Group. The tasks of the Working Group and internal responsibilities are well displayed. The selection process of Eligible Loans is structured, published on Intesa Sanpaolo’s website, and fully integrated in Intesa Sanpaolo’s existing investment process.*

3. Management of Proceeds

Intesa Intesa Sanpaolo will maintain a Register of Eligible Projects/Loans, which will include a sub-register of Green Eligible Projects and a sub-register of Social Eligible Projects. The Register will be dynamic as Eligible Projects/ Loans mature and new Eligible Projects/Loans are included on the Register. The proceeds from the Bonds issued under this Framework will be managed on a portfolio basis.

Intesa Sanpaolo will establish the Register for all Bond(s) issued under the Framework and the Eligible Projects/ Loans (i.e. Green, Social and Sustainability Bond Portfolio).

The Register will include the following information:

- Bond details: ISIN, pricing date, maturity date, etc.
- Green, Social and Sustainability Bond Portfolios:
 - - Eligible Category utilized (from this Framework)
 - - Aggregated amount of Eligible Loans outstanding per Eligible Category
 - - Country, nature and maturity of the Eligible Loans contained in the Portfolio
 - - Expected social and/or environmental benefits

Intesa Sanpaolo will strive, over time, to maintain an aggregate amount of loans in the Register that matches or exceeds the balance of net proceeds of all outstanding Intesa Sanpaolo bonds issued under the Framework. The proceeds of any Intesa Sanpaolo bond under the 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 Framework will be made into green or social projects either directly or indirectly. This will be disclosed in the annual Green, Social and Sustainability Bond Report (the "Report"), further described in the section "Reporting" below.

Any balance of issuance proceeds not allocated to fund Eligible Loans in the Register 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 sector/activity (Animal maltreatment, Alcohol⁴, Armament, Hazardous chemicals, Gambling, Intensive agro-industrial activities with intensive use of agrochemicals or which entail deforestation, 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 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 the section "External Review" below.

Opinion: ISS ESG finds that the Management of Proceeds description provided by Intesa Sanpaolo aligns with the ICMA 2018 GBPs, the ICMA 2020 SBPs and SBGs 2018. Tracking of proceeds is ensured through the creation of a "Register" and a granular explanation of the functioning of this register is given. Moreover, unallocated proceeds will be held in accordance with Intesa Sanpaolo's normal liquidity management or other form of available short term and medium / long term funding sources which also apply exclusion criteria, as defined above. This aligns with best market practices.

⁴ In accordance with the IFC Exclusion List, production or trade in alcoholic beverages (except for beer and wine) is excluded.
Link to IFC Exclusion List: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

4. Reporting

In accordance with the recommendation of the ICMA Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Guidelines 2018, Intesa Sanpaolo will report annually on the allocation of the proceeds of the bonds issued under this Framework and the relative impact of the projects at category level, in accordance with the portfolio approach and sub-register level.

Allocation Reporting

Intesa Sanpaolo will report annually, until full allocation, on the use of proceeds via a Green, Social or Sustainability Bond Report (the “Report”), as the case may be, which will be published via www.group.intesasanpaolo.com. The Report will be verified by an annual external assurance process. The allocation report will include:

- The total amount of Intesa Sanpaolo Green, Social and Sustainability bonds outstanding
- The total amount of the Portfolios broken down per Eligible Category
- Aggregate amounts of net proceeds allocated to each Eligible Category of the Portfolios
- The balance of unallocated proceeds at the time of reporting
- The amount or the percentage of new financing and refinancing

Impact Reporting

Intesa Sanpaolo also intends to report annually on the environmental and social benefits resulting from the Portfolios disbursed from the Green, Social and Sustainability Bonds issued, until full allocation:

The impact report may provide:

- a description of some Eligible Projects;
- the breakdown of Green, Social and Sustainability projects by nature of what is being financed (financial assets);
- Environmental and Social Metrics, such as the ones described below⁵.

⁵ Intesa Sanpaolo’s reporting metrics for the other Eligible categories can be found in the Framework. ISS-ESG has carefully reviewed both the output and the impact reporting indicators commitment per Eligible Category and finds them in line with the ICMA requirements and market practice

ELIGIBLE GREEN CATEGORY	ENVIRONMENTAL BENEFITS	OUTPUT REPORTING INDICATORS	IMPACT REPORTING INDICATORS	METHODOLOGY AND ASSUMPTIONS
Green buildings	Climate change mitigation	Environmental Certifications/EPC labels obtained (for buildings, #)	CO ₂ emissions avoided (tons)	GHG Protocol

Output: annual estimates and/or assessment of major outputs disclosed per Eligible Category of the Portfolios level.

Impacts: annual estimates of ex-ante and/or ex-post impacts (where feasible) based on specific indicators developed by Intesa Sanpaolo, disclosed per Eligible Category at the Portfolios level.

On a best effort basis Intesa Sanpaolo will align the impact reporting with the portfolio approach described in the “Harmonized Framework for Impact Reporting” dated December 2020⁶.

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 finds that the Reporting description of Intesa Sanpaolo is aligned with the ICMA 2018 GBPs, the ICMA 2020 SBPs and SBGs 2018. The reporting is provided on both allocation and impact, and the frequency is in line with best market practices. The issuer also provides a list of impact indicators that provides qualitative information about the project. The issuer aims to align its reporting with the portfolio approach described in the Harmonized Framework for Impact Reporting, which is seen positively.

External review

Second Party Opinion

Intesa Sanpaolo has engaged a leading second opinion Provider to perform a Second Party Opinion on the Framework’s validity and its general alignment with the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines. For transparency reasons, Intesa Sanpaolo may decide to obtain dedicated Second Party Opinions for specific bonds issued under this Framework, depending on the complexity of the Eligible Categories.

Post issuance external verification of the reporting

Starting one year after issuance, a verification or assurance of the reporting may 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.

⁶ <https://www.icmagroup.org/green-social-and-sustainability-bonds/impact-reporting/>

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs

Using a proprietary methodology, ISS ESG assessed the contribution of ISSUER’s Sustainable Bond Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs). This assessment is an ISS ESG proprietary methodology while taking into account the sustainability quality of the Green, Social and Sustainability Bond Framework and the issuer’s specific sectorial context.

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



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

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Mortgages for residential green buildings	Significant contribution ⁷	13 CLIMATE ACTION
	Limited contribution	11 SUSTAINABLE CITIES AND COMMUNITIES

⁷ This assessment differs from the ISS ESG SDG Assessment proprietary methodology. For the projects to be financed under the Use of Proceeds category “Mortgages for residential private buildings” that comply with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE GREEN BOND ASSET POOL

Mortgages for residential green buildings

As a Use of Proceeds category, mortgages for residential green buildings have a limited contribution to the SDG 11 “Sustainable cities and communities” and significant contribution to SDG 13 ‘Climate Action’⁸. The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

The proceeds of the bond will be used to finance mortgages loans for residential green buildings in Italy.

ASSESSMENT AGAINST ISS ESG KPI

Energy Efficiency prerequisites

- ✓ 100% of the assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency.

Construction standards

- ✓ 100% of the assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions) as provided by legislation and internal company policies.

Responsible treatment of customers with debt repayment problems

- ✓ For 100% of projects, pre-emptive actions to prevent client debt repayment problems are in place (e.g. covenants limiting indebtedness, conservative loan-to-value ratios, long-term fixed interest rates).
- ✓ For 100% of projects, sustainable solutions for customers with debt repayment problems are in place (e.g. debt counselling, foreclosure as a last resort).
- ✓ For 100% of projects, the creditor excludes the selling of contractually serviced loans (e.g. required customer consent in case of sale).

Controversy assessment

Due to a low controversy risk, ISS ESG does not carry out a controversy assessment for private mortgage loans.

⁸ Please refer to previous paragraph “CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs” for additional information.

DISCLAIMER

1. Validity of the SPO: This SPO is valid as long as no new project categories are added to the Green, Social and Sustainability Bond Framework and there are no material changes to the asset pool (e.g. addition of assets that does not follow the Eligibility Criteria as set out in the Framework from February 2021)
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.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from Intesa Sanpaolo's 2021 ISS ESG Corporate Rating.

Intesa Sanpaolo S.p.A.

Corporate ESG Performance
Prime
 RATED BY
ISS ESG

Company Information

Country
Italy

ISIN
IT0000072618

Industry
Financials/Commercial Banks & Capital Markets

Key Results

Rating
C

Decile Rank
1

Transparency Level
Very High

Status
Prime

Performance score
55.2

Prime Threshold
C

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.

Transparency Level



Decile Rank



Industry Leaders

Company name (in alphabetical order)	Country	Grade
ABN AMRO Bank N.V.	NL	C+
BNP Paribas S.A.	FR	C+
Coöperatieve Rabobank U.A.	NL	C+

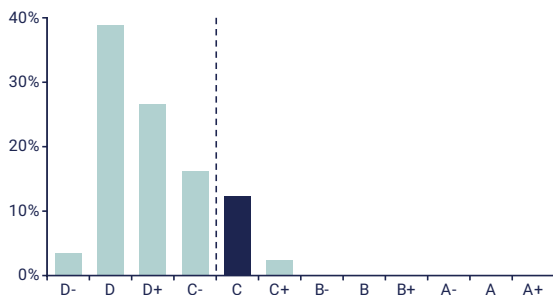
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

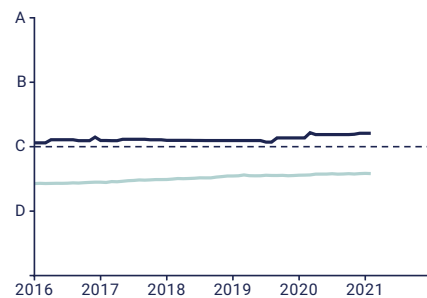


Distribution of Ratings

285 companies in the industry



Rating History



Intesa Sanpaolo S.p.A.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly 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.

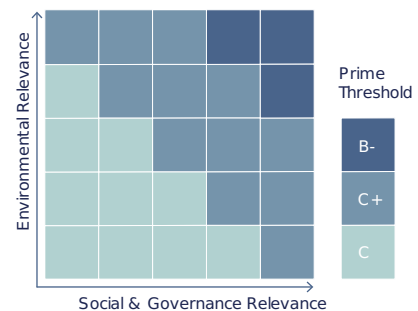
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile 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.

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.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

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).

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).

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.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Methodology

ISS ESG Green KPIs

The ISS ESG Green 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 Green 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. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) 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 Green 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 Green 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 Green Bond contributes to related SDGs.

ANNEX 3: Quality management processes

SCOPE

Intesa Sanpaolo commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green, Social and Sustainability Bond Framework aligns with the ICMA GBPs, SBPs, and SBGs and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBPs, SBPs, and SBGs
- ISS ESG KPI set: - Mortgages for residential green buildings

ISSUER'S RESPONSIBILITY

Intesa Sanpaolo's responsibility was to provide information and documentation on:

- Framework
- Asset pool
- Documentation of ESG risks management at the asset level

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by Intesa Sanpaolo based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Intesa Sanpaolo took place in February 2021.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

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 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/>

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