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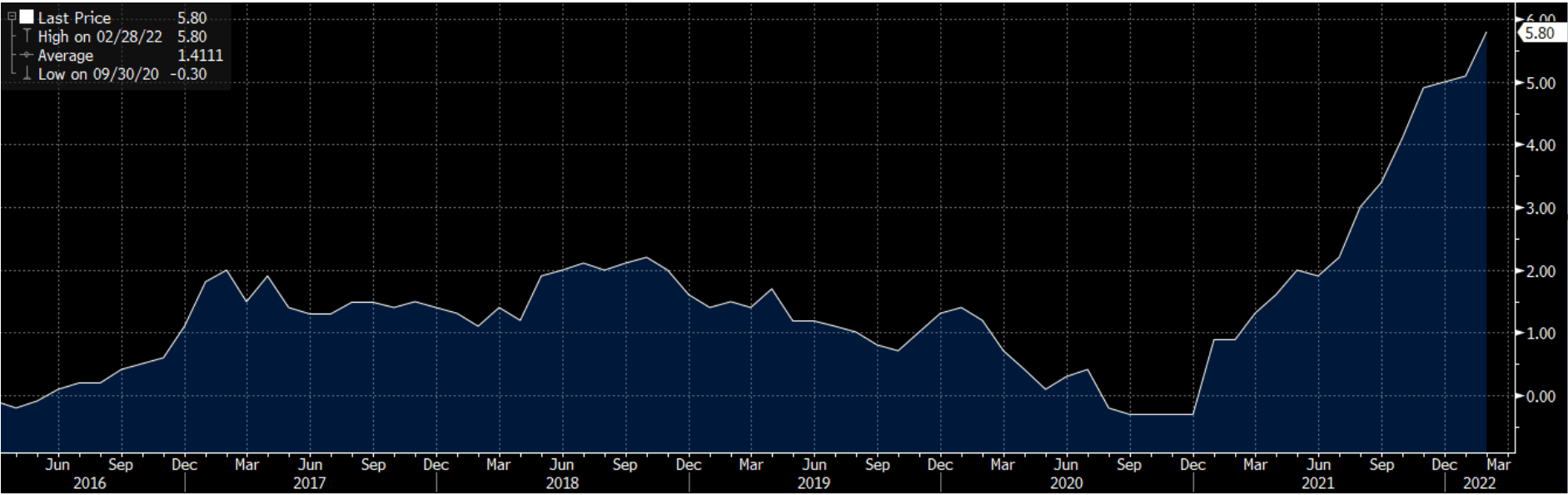
A new phase of Sustainable Finance: ESG 2.0

Gian Marco Salcioli

Head of Strategic Marketing & ESG of IMI-CIB , Intesa Sanpaolo

ESG Inflation?

The increase of Energy Transition Prices.



Joint European action for more affordable, secure and sustainable energy

URGENT ACTION ON PRICES

- Keeping retail **energy prices** in check
- Guidance on temporary **tax** measures on windfall profits
- **State Aid** measures
- Market actions assessing options to **improve** the electricity market design

REFILLING GAS STORAGE FOR NEXT WINTER

- A legislative proposal by April on minimum gas storage so Europe better controls its supply, establishing a **90% filling target by 1 October**
- Support to **coordinated gas refilling** operations
- Continued **investigation** into behaviour by operators

REPOWEREU TO CUT DEPENDENCE ON RUSSIAN GAS

- More rooftop solar panels, heat pumps and energy savings to **reduce dependence on fossil fuels**
- **Speeding up renewables** permitting to minimize the time for roll-out of renewable projects
- **Decarbonising** Industry
- **Doubling** the EU ambition for **biomethane** to produce 35 bcm per year by 2030
- **Diversifying gas supplies**
- A **Hydrogen** Accelerator

Client assessment based on ISP Proprietary ESG Scoring

Significant ESG commitment, with a world-class position in Social Impact and strong focus on climate

Proprietary ESG Scoring Methodology



Assessment across
**140 quantitative
KPIs** using **20+
descriptions**

Synthetic **ESG
score** at
counterparty level

- **Quantitative/fact-based approach combining multiple input sources** (internal and external)
- Coverage of both **Corporates** and **SMEs**
- Structured use of **advanced Analytics** (e.g. news/web scraping)
- Leverage **direct client access** to integrate/enrich ESG information

... integrated in ISP credit risk appetite framework

- Proprietary **ESG scoring** fully embedded in the ISP **credit risk appetite frameworks**:
 - Key component for **sustainable lending assessment** together with considerations at **sector level** (ESG/climate sectorial heatmap)
 - Also included in the **credit assessment** of the entire ISP client base, in line with expected **regulatory** evolution
- Inclusion of **ESG scoring** within the **credit strategies framework**

Strong focus on climate and environmental initiatives

Significant ESG commitment, with a world-class position in Social Impact and strong focus on climate

Participating in all lending, investments and insurance Net-Zero Alliances...

- Oct 2021: ISP part of the **Net-Zero Banking Alliance** (NZBA)
- Nov 2021: Eurizon and Fideuram members of the **Net-Zero Asset Managers Initiative** (NZAMI)
- Dec 2021: ISP Vita member of the **Net- Zero Asset Owner Alliance** (NZAOA) and Net-Zero Insurance Alliance (NZIA)

Net-Zero emissions in 2050

... while bringing ISP's own emissions to zero by 2030...

- Net-Zero own emissions target already in 2030, with **~60% reduction** already achieved in **2020 vs 2008**
- **100% renewable energy**¹ at Group level in 2030 (level already achieved in Italy² in 2021)

...and protecting and restoring natural capital

- Committed to **planting 100m trees**, directly and through **dedicated financing** to our clients
- Adoption of a specific policy on **biodiversity**

With ambitious 2030 financed emissions reduction targets already set for priority⁵ high-emitting sectors, starting from a contained emissions baseline

Net-Zero aligned targets for 2030 in high-emitting sectors¹

... Disclosed ahead of peers and covering a large part of the high-emitting portfolio

High-emitting sectors¹

Score and Scope	Metrics	Baseline 2019 ³	Target 2030 ⁴
Oil & Gas² (scope 1,2,3)	gCO ₂ e/MJ	64	52-58
Power Generation (scope 1,2)	KgCO ₂ e/MWh	214	110
Automotive (scope 3)	gCO ₂ e/km	162	95
Coal mining (exclusion policy)	€ bn exposure	0.2	0 By 2025

- Starting point on **emissions intensity lower than European peers⁵** in high-emitting sectors
- 2030 targets disclosed **more than a year ahead** of the Net-Zero Banking Alliance deadline
- Over 60%** of the Non-Financial Corporates portfolio financed emissions⁶ covered **by 2030** reduction targets

1. Sectors consistent with Net-zero Banking Alliance. Reference scenario: IEA Net-Zero 2050
 2. The Group already has a policy in place to phase out unconventional Oil & Gas by 2030
 3. Portfolio composition as of 30.6.21, latest available emissions data as of FY19
 4. Only banks that have disclosed emission intensity
 5. In sectors identified by Net-Zero Banking alliance

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