

RULES

**RULES ON BIODIVERSITY AND NATURE -
ABSTRACT**

RECIPIENTS

- Intesa Sanpaolo Group

Effective from: January 2025

SUMMARY

The document introduces rules for the management of direct and indirect impacts, risks and opportunities linked to biodiversity and nature, also with reference to some aspects relating to pollution and the impact on oceans and water.

The document is drafted in line with Group's ESG risk management framework, Risk Appetite and relevant strategic guidelines developments. Specifically, the main contents of the rules are aimed at:

- not granting new financing to (with the exclusion of projects contributing positively to biodiversity and ecosystem restoration): i) projects located in protected areas for reasons of biodiversity and nature (e.g. protected national parks), ii) projects relating to activities with potential impact on biodiversity and nature, located in countries that do not ratify specific and selected conventions aimed at safeguarding terrestrial and marine biodiversity (so-called 'red countries'), iii) 'controversial' projects in the field of biodiversity and nature and iv) counterparties that engage in activities with potential impact on biodiversity and nature with registered office in the 'red countries';
- integrating within the ESG & Reputational Risk clearing process an evaluation element dedicated to projects located in countries that do not ratify specific and selected conventions on the matter (so-called 'orange countries') and relating to specific sectors of economic activity, with possible impact on the final risk level assigned to the transaction;
- facilitating and supporting new financing that aims to strengthen and/or safeguard biodiversity and nature.

SUMMARY

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1 SCOPE OF APPLICATION OF THE RULES

These Rules describe Intesa Sanpaolo's approach to biodiversity and nature issues with reference to financing activities, wealth management & protection services, direct impacts and initiatives in favour of the ecological transition path. Various criteria relating to financing activities apply starting from the adoption of these Rules to the entire Intesa Sanpaolo Group. More precisely:

- the exclusion criteria apply to both new projects¹ and counterparties;
- the reinforced risk assessment and monitoring criteria apply to new projects that respect the Equator Principles characteristics (type of financial product - e.g. project finance, bridge loans - and the total project investment costs);
- the sustainable finance support criteria apply to loans aimed at counterparties and linked to sustainable performance indicators as determined from time to time, as well as to projects with potential positive impacts on the dimensions of nature and biodiversity.

2 EXCLUSION CRITERIA

With the aim of steering exposures towards the protection and conservation of biodiversity and nature, the Group commits not to finance - starting from the adoption of these Rules - **new projects** with at least one of the following characteristics:

1. Located in geographical areas defined by:
 - [Alliance for Zero Extinctions \(AZE\)](#), which includes sites hosting the last remaining populations of 1,620 of Earth's most threatened species;
 - [Natural World Heritage sites \(UNESCO\)](#), which identifies the main natural land and marine areas characterized by a high rate of biodiversity;
 - [Wetlands according to the Ramsar Convention](#);
 - [Protected Areas \(categories I to VI\)](#), according to the International Union for Conservation of Nature (IUCN), concerning nature reserves, national parks, natural monuments, species or habitat conservation areas, terrestrial or marine protected areas.
2. Categorized as 'controversial' due to their impacts or dependencies on aspects of biodiversity and nature, which may also expose the Bank to a significant reputational risk.
3. Located in countries that have not ratified some important environmental conventions (i.e. so-called 'red countries') and related to economic activities that have a potential negative impact on biodiversity, nature, pollution and water.

The environmental conventions that categorize the so-called 'red countries' are:

- [Convention on International Trade in Endangered Species of Wild Fauna and Flora \(CITES\)](#);
- [United Nations Convention to Combat Desertification \(UNCCD\)](#);
- [Montreal Protocol on ozone depletion](#).

¹ "Project" means any infrastructure or industrial project (for example energy plants, petrochemical plants, mines, infrastructures in the field of transportation and telecommunications), which by their nature could have negative impacts on people and the environment. A project is a development in any sector in an identified location (the location does not have to be contiguous: a project can be located in one or more geographic areas). It includes the expansion or upgrade of an existing operation such as but not limited to: the construction of a power plant, a mining, oil and gas expansion project, infrastructure development, a manufacturing facility, a large-scale real estate development. The financial products in scope, in accordance with the provisions of the "Rules concerning the Equator Principles", are:

- Project Finance
- Project-Related Corporate Loans
- Bridge Loans

The Group commits not to finance **counterparties** that have their registered office in the so-called 'red countries' and that are involved in the economic activities with potential impact on biodiversity, nature, pollution and water mentioned above.

3 REINFORCED RISK ASSESSMENT AND MONITORING

In line with the Group's strategic guidelines and the ESG risk governance framework, Intesa Sanpaolo pays particular attention to new projects involving activities relating to sectors and/or geographical areas most exposed to ESG risks with a focus on biodiversity and nature. Specific safeguards have been identified for the assessment of these risks through the ESG & Reputational Risk Clearing process if the following criteria apply simultaneously to the project:

- subject to the regulation dedicated to the application of the Equator Principles (EP);
- relating to a sector of economic activity with potential impact on biodiversity, nature, pollution and water (defined in section "Exclusion Criteria")
- located in countries that have not ratified at least one of the following conventions and/or agreements ('orange countries'):
 - [Convention on Biological Diversity](#) (i.e. CBD) which came into force in 1993 and the related [Cartagena Protocol on Biosafety](#);
 - [Convention on Migratory Species](#) (CMS), which came into force in 1983 with the aim of protecting terrestrial, marine and avian migratory species in all their movements;
 - [International Plant Protection Convention](#) (IPPC), adopted in 1952, aimed at protecting flora (and agricultural products) from plant parasites, through International Standards for Phytosanitary Measures (ISPM);
 - [Rotterdam Convention](#), which entered into force in 2004, regulates the exports and imports of certain dangerous chemicals and pesticides;
 - [Basel Convention](#), which came into force in 1992, with the aim of protecting human health and the environment from the harmful effects of hazardous wastes and other wastes requiring special attention;
 - [Stockholm Convention](#), which entered into force in 2004, with the aim of protecting human health and the environment from persistent organic contaminants.

The ESG & Reputational Risk Clearing process provides a comprehensive evaluation of the ESG and reputational risks associated with credit transactions and, for projects that fall within the criteria defined above, it involves an analysis of the main environmental aspects. High risk levels resulting from this assessment, not being in principle consistent with the Bank's risk appetite, trigger reinforced assessment processes, which require, among other, the authorization of the Steering Committee.

Furthermore, Intesa Sanpaolo has adopted a proprietary ESG Scoring model, used to evaluate the ESG profile of client companies also considering components relating to biodiversity and natural resources. In this context, for the evaluation of client companies covered by the Corporate model, ESG performance information from different sources is considered, including external infoprovers, which detect, for example, the presence of environmental certifications, measures for the responsible protection and use of water resources and the presence of initiatives for the restoration of ecosystems.

4 SUSTAINABLE FINANCE

The Group is committed to supporting companies in their ecological transition path by promoting the granting of loans aimed at improving the sustainability profile of customers with KPIs also linked to aspects of nature and biodiversity and in favour of projects with a positive impact on these areas. In this regard, the Bank offers medium-long term loans such as the "S-Loan Green Projects" or loans dedicated to support the Circular Economy or covered by specific green guarantees such as the

financing with SACE Green guarantee, that can be used to finance projects and initiatives also regarding the protection of marine resources, biodiversity and ecosystems.

The Group also establishes criteria to support companies that are concretely committed or intend to commit to a path of ecological transition, including on issues related to biodiversity.

In this perspective, 'dedicated' financing aligned with the European Taxonomy or sustainable - "environmental" financing is always permitted, in line with internal classification rules, with specific reference to the objectives of protecting and restoring biodiversity and ecosystems.

Furthermore, the ESG score (which integrates information on the positioning on the issues of biodiversity and nature), as well as the alignment with the European Taxonomy, is used within the credit framework to favour and support financing towards virtuous counterparties also for issues related to biodiversity and nature.

However, financial resources alone are not sufficient to completely enable the sustainable transformation of society. The involvement of all stakeholders is also necessary to foster the development of a culture oriented towards reducing pollution and safeguarding nature and biodiversity.

To this end, Intesa Sanpaolo - with the collaboration of the Intesa Sanpaolo Innovation Center – participates to the project, promoted by UNEP-FI on the theme “Circular Economy (CE) as an enabler to operationalize the nexus between climate, nature, pollution and healthy & inclusive economies”, which aims to guide the Principles for Responsible Banking (PRB) towards the circular economy, recognizing how the latter can represent a strategic lever for the financial sector to achieve objectives of decarbonisation, restoration of biodiversity, reduction of pollution and support for local economies. The Group's commitment in these areas is also strengthened through the strategic partnership with the Ellen MacArthur Foundation.

Intesa Sanpaolo supports sustainable development also through partnerships, training activities and applied research projects. For example, the following may be mentioned: the applied research projects carried out with Intesa Sanpaolo Innovation Center aimed at studying environmental attitudes and their behavioral correlates, according to a neuroscientific approach, with the aim of identifying effective ways to increase citizens' awareness and consequent actions on aspects related to climate change and biodiversity, as well as the design of a new applied research aimed at measuring the level of biodiversity in urban environments through a robotic system equipped with various sensors and a camera.

Among the various activities, Intesa Sanpaolo contributes to creating opportunities for discussion that promote the culture of change with a view to sustainability through engagement initiatives such as the signing of the "Finance Leadership Statement on Plastic Pollution" to put an end to plastic pollution, partnerships and awareness initiatives including the promotion of fundraising campaigns for projects with a positive impact on nature and biodiversity through For Funding, the Group's social crowdfunding platform aimed at non-profit organisations.

5 ASSESSMENT OF DIRECT IMPACTS

Intesa Sanpaolo, aware of the potential impact that its operations can have on the territory, and in particular on protected areas and/or areas of high naturalistic value, has defined an assessment model, applicable to all properties for functional use.

The impact assessment model, starting from the mapping of the properties included in the geographical perimeters of the World Database on Protected Areas (WDPA)², defines for each of

² The World Database on Protected Areas includes Natura 2000 areas and the main levels of protection of natural areas according to national and international regulations and conventions - <https://www.protectedplanet.net/en/thematic-areas/wdpa?tab=WDPA>

them the relative level of potential impact and the consequent possible intervention and monitoring actions, aimed at mitigating its environmental footprint on biodiversity.

The level of potential impact is defined taking into account criteria relating to the intrinsic characteristics and use of the property, as well as the "sensitivity" characteristics of the territory.

The evaluation criteria relating to the geographical areas and countries identified in the "Exclusion Criteria" section also constitute an element of attention in the feasibility study of the projects relating to the properties for functional use of the Bank.

6 CONSIDERATION OF BIODIVERSITY FOR COMPANIES ACTIVE IN WEALTH MANAGEMENT & PROTECTION

With particular reference to wealth management, the Intesa Sanpaolo Assicurazioni Insurance Group (hereinafter also ISPA Group), Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.P.A., Fideuram Asset Management (Ireland) dac and Eurizon Capital SGR take into account [the main negative effects of their investment decisions on sustainability factors \(so-called PAI\)](#) and periodically publish the results in the related statements.

Eurizon has adopted its [Engagement Policy](#) within which it has defined an internal screening methodology inspired by the principles contained in the Kunming-Montreal "Global Biodiversity Framework" (or "GBF") , called [Eurizon Naturewatch](#), also applied by the ISPA Group, aimed at identifying issuers that can generate negative impacts on biodiversity caused (i) by the location of their production sites near sensitive areas and fragile ecosystems or (ii) by their own activities. This methodology aims to provide an assessment of the possible exposure of the investee companies to issues related to the exploitation of ecosystems as well as to the potential loss of value associated with them, in order to give priority to the engagement actions towards those companies characterized by greater exposure to the aforementioned criteria.

[Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.P.A.](#) and [Fideuram Asset Management \(Ireland\) dac](#) have also published their respective engagement policies and sustainability policies. In particular, the engagement policies identify the mitigation of biodiversity loss among the four "macro-themes", transversal to all industrial sectors, on which the SGR commits to establishing a constructive dialogue with the investee companies.

In 2023 Eurizon Capital SGR, Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.P.A. and Fideuram Asset Management (Ireland) dac have also joined "Nature Action 100", an initiative that promotes the adoption by institutional investors of best practices aimed at tackling biodiversity loss and deforestation. As part of the discussion with participating issuers, it is encouraged:

- the adoption, by issuers belonging to sectors at risk, of effective strategies and policies to preserve biodiversity which envisage the involvement of the management and corporate bodies;
- the presence of due diligence processes of the company's supply chain, which include methods of collaboration with stakeholders and/or participation in relevant initiatives for the sector;
- investments in research and development aimed at conserving and mitigating the loss of biodiversity;
- transparency both on the commitments undertaken, also towards local communities, and in the presence of any controversies.

Finally, the ISPA Group's commitment to environmental issues, including the areas of biodiversity and nature, also emerges from the Intesa Sanpaolo Protection Underwriting Policy which aims to

represent the criteria for directing the underwriting activity with reference to risks connected to environmental, social and governance factors (so-called "ESG factors"), in order to identify and exclude specific risks that are significant both in terms of technical risk and reputational risk.

7 TRAINING

The Group undertakes to use the available training resources and structures so that its personnel may develop the skills required to implement the contents of this document.

8 GLOSSARY

Biodiversity	Variability among living organisms of all origins including, inter alia, terrestrial, marine and aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within the same species, between species and between ecosystems ³
Ecosystem	Communities of living organisms (plants, animals, fungus, and various microbes) together with the non-living components of their environment (such as energy, air, water, and mineral soil) all interacting as one system ⁴
Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service (IPBES)	Independent intergovernmental body to strengthen the science-policy interface for biodiversity and ecosystem services for the conservation and sustainable use of biodiversity, long-term human well-being and sustainable development
Ecosystem services	Benefits that ecosystems provide to humanity ⁵

³ Source: [Convention on Biological Diversity \(CBD\)](#)

⁴ Source: [IPBES](#)

⁵ Source: [IPBES](#)