

*Dr. Carlo Messina
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Re: Intesa Sanpaolo's high exposure to the fossil fuel industry

As investors, we are writing to express our concern regarding the financial exposure of Intesa Sanpaolo to the fossil fuel industry, calling the Group to raise its climate ambition. Despite updated commitments on coal financing and new exclusion criteria on unconventional oil and gas, Intesa Sanpaolo's financial exposure to fossil fuels continues to be significant and, overall, not aligned with the objective of limiting global warming to 1.5°C.. The Group's climate strategy allows it to continue financing high-carbon activities and companies. In particular, our concerns refer to:

1. Coal sector

Intesa Sanpaolo updated its coal policy in July 2021, with mixed outcomes. Although the Group now commits to immediately stop financing coal power plant developers and to phase out coal mining by 2025, some aspects of this policy remain problematic.

First, there is no exclusion regarding coal mine developers.

Second, this updated policy allows Intesa Sanpaolo to service more coal companies in Europe and the OECD for a longer period of time. Indeed, immediate exclusion thresholds (30% in OECD countries and 50% worldwide) are replaced by a unique threshold (35%) that will apply only from 2030 onwards.

Third, the 2025 phase-out deadline does not apply to coal power, only to coal mining. As a result, Intesa Sanpaolo lags significantly behind the 51 financial institutions that have now committed to fully phase out all financial services to the coal industry by 2030 in Europe/OECD and 2040 everywhere else.

Finally, Intesa Sanpaolo's coal policy suffers from a restricted scope. It does not cover investment activities, despite the Group's high investments in coal (close to 1 billion euros). It is also unclear whether the policy applies to underwriting.

2. Non-conventional oil and gas

We commend Intesa Sanpaolo's first steps to restrict financial support to unconventional oil and gas, with project level exclusions and a phase-out strategy by 2030 covering tar sands, shale/tight oil & gas and/or operations in sensitive regions like the Arctic and the Amazon Region. However, this policy also suffers from several limitations.

First, its scope remains limited. In the Arctic, financing restrictions for gas only apply to offshore projects, allowing Intesa Sanpaolo to finance onshore gas projects, as confirmed by the

Group's involvement in Arctic LNG-2, one of the world's largest LNG projects currently under construction in the Gydan peninsula in Russia. Moreover, financing restrictions only apply to three unconventional subsectors, allowing Intesa Sanpaolo to keep financing ultra-deep water projects.

Second, the policy mainly applies to project financing. The lack of explicit details and quantified exclusion criteria for general purpose financial products allows Intesa Sanpaolo to continue supporting companies developing new oil and gas projects.

As the first Italian banking group in terms of market capitalization, and one of the largest banks in Europe and globally, Intesa Sanpaolo has an important responsibility and role to play to finance the transition towards a low-carbon and resilient economy. We also believe it is in Intesa Sanpaolo and its shareholders' interest to raise the Group's climate ambition to the level of its peers.

Indeed, Intesa Sanpaolo's current fossil policies appear to lag behind comparable financial institutions. As an example, UniCredit, the second Italian banking group, has committed to eliminate its exposure to coal by 2028, to no longer finance fossil fuel projects in the Arctic, and to stop providing project finance for new oil exploration and production projects.

As investors committed to contribute effectively to a just low-carbon transition, we hereby request that Intesa Sanpaolo:

- Complete its coal policy in order to: i) cover all financial services, including investment, ii) exclude coal mine developers, iii) adopt immediate stringent exclusion thresholds at the corporate level on coal power, and iv) detail a comprehensive strategy to fully exit coal at the latest by 2030 in Europe/OECD countries, and 2040 worldwide;
- Expand its policy on unconventional oil & gas to: i) cover all financial services, ii) apply to all unconventional subsectors, including ultra-deep water and onshore gas in the Arctic; iii) introduce corporate-level exclusion criteria, by excluding companies with oil and gas expansion plans, in accordance with the IEA's Net Zero Emissions Scenario.

We hope you could consider our concerns and we look forward to your response.

Yours sincerely,

ACTIAM

Greta Fearman
Senior Responsible Investment Officer

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Tommy Piemonte
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