INTESA SANPAOLO

**Credit**

**Focus**

# Italian ESG bonds

**27 July 2021: 17:11 CET**
Date and time of production

**Italian ESG issuance has risen strongly YTD in 2021 not only compared to 2020 but also when considering the record levels recorded in 2019. Bonds linked to environmental themes were the main contributors while in term of 'label', sustainability-linked bonds registered a strong increase with the debuts of new issuers (ie, A2A, Aeroporti di Roma, Eni). We expect the focus on ESG to remain solid over the rest of the year, driven by investment needs related to the energy transition and the circular economy, and supported by initiatives and proposal recently announced by the ECB and the European Commission.**

## SLB Bonds Have Taken Centre Stage in 2021

In line with the global trend, in Italy, ESG issuance has improved strongly to date in 2021, not only compared to 2020 levels but also when considering the record levels reached in 2019. YTD (as at 26 July), total issuance amounted to c. EUR 19.1Bn (including USD 4Bn issued by Enel) vs c.EUR 8Bn over full-year 2020 and c.EUR 11.95Bn in 2019. The breakdown by 'label' showed that sustainability-linked bonds (SLB) were the main contributors during the period, at around EUR 8.6Bn, not only due to Enel's EUR and USD issuance, but also in relation to the debuts of new issuers (ie, A2A, Aeroporti di Roma, Eni). It is worth noting that Italian SLBs currently account for around 20% of global total issuance. We expect the focus on ESG to remain solid over the rest of the year, driven by investment needs related to the energy transition and the circular economy, and supported by initiatives and proposal recently announced by the ECB and the European Commission. According to recent statements by managements, new Italian names could issue bonds linked to sustainable themes in coming months (eg, Italgas).

## ECB and European Commission Will Support Environmental Bonds

On 6 July, the European Commission (EC) announced its new Sustainable Finance Strategy which included the proposal of a European Green Bond Standard ("EUGBS"), with the target to create a voluntary 'gold standard' for green bonds. The EC stated that it will also work on other bond labels, such as those for transition and sustainability-linked bonds, to facilitate additional capital flows to interim transition efforts. The EC's Strategy will also include actions to improve the reliability, comparability and transparency of ESG ratings. On 8 July, the Governing Council of the European Central Bank (ECB) announced that it had decided a comprehensive action plan to further incorporate climate change considerations into its policy framework. In this respect, it stated its strong commitment to including climate change considerations in monetary policy operations in the areas of disclosure, risk assessment, collateral framework, and corporate sector asset purchases. The ECB plans to announce a detailed plan in 2022 while first climate-related disclosures from the CSPP should be released in 2023.



**Intesa Sanpaolo Research Dept.**

**Credit Research Team**

See page **19** for full disclosure and analyst certification

**27 July 2021: 17:16 CET**
Date and time of first circulation

IMI CORPORATE & INVESTMENT BANKING

# Contents



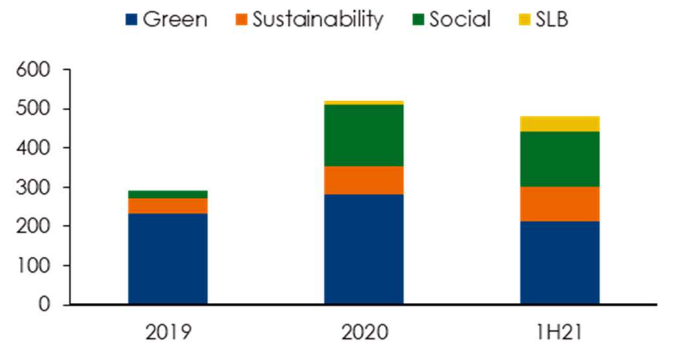


Priced on date and time as indicated inside.

## Global ESG Bond Market Performance in 1H21

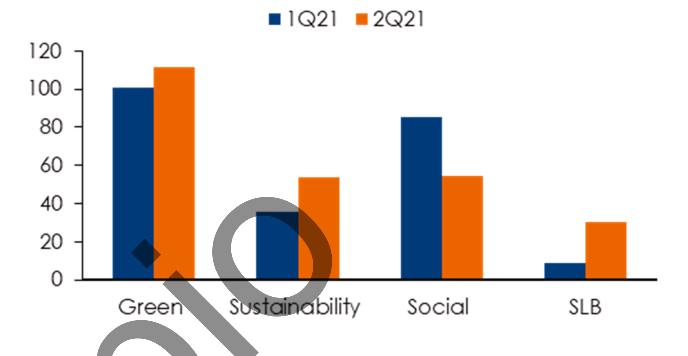
The ESG primary bond market recorded a strong performance in 1H21. At the end of June, according to data provided by Bloomberg, total global issuance of green, social and sustainability bonds, and sustainability-linked bonds amounted to around USD 480Bn vs USD 155Bn in the same period of 2020 (USD 510Bn in full year-2020).

**ESG bonds global issuance (USD Bn)**




Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**ESG bonds global issuance (USD Bn)**




Source: Intesa Sanpaolo Research elaboration on Bloomberg data

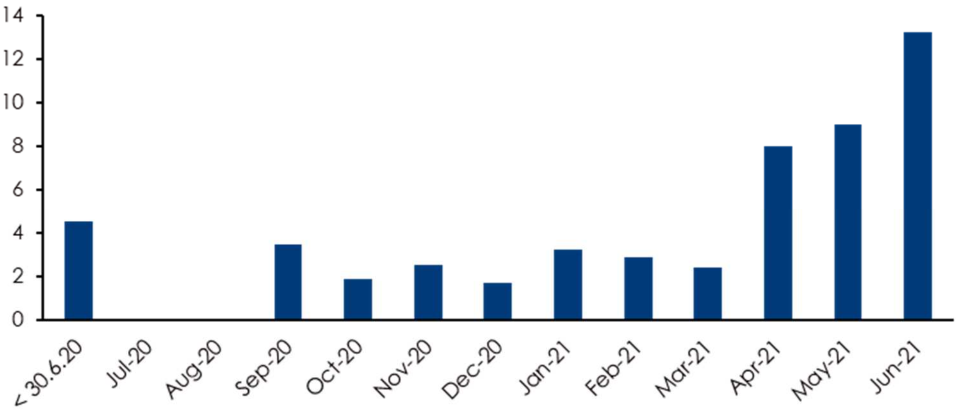
Green bonds were confirmed as the main contributor to total issuance, at around USD 210Bn in 1H21 compared to USD 280Bn in full-year 2020. Social bond amounted to USD 140Bn compared to USD 158Bn in full-year 2020 and sustainability bond already reached a higher amount compared to full-year 2020 (USD 89Bn vs USD 72Bn). The comparison between Q1 and Q2 points to a sharp increase in sustainability-linked bonds (from USD 8.5Bn to USD 30Bn) which compensated for the decrease in social bonds (from USD 85Bn to USD 54Bn). In this respect, we note that in the first quarter of the year, the European Union raised a total of EUR 32Bn in social bonds under its SURE programme (EUR 14Bn in the second quarter).

Although they are still a small part of ESG bonds (total issuance amounted to around USD 53Bn at the end of June 2021), the SLB segment posted a strong acceleration starting from last year, benefitting from the visibility provided by the ICMA's publication of its **Sustainability Linked Bond Principles (SLBP)** in June 2020, and by the **ECB** decision to include SLBs in its purchase programme.

In September 2020, the European Central Bank announced that bonds with coupon structures linked to certain sustainability performance targets had become eligible, starting from 1 January 2021, as collateral for Eurosystem credit operations and for Eurosystem outright purchases for monetary policy purposes, provided they complied with all other eligibility criteria. Previously, this category of bonds was excluded from the ECB programme due to the presence of step-up coupons.

Overall, we would consider that SLB bonds, with coupons linked to a performance target referring to one or more of the environmental objectives, to have been the first bonds purchased by the central bank specifically related to their environmental features.

**SLB global issuance (USD Bn)**




Source: Intesa Sanpaolo Research elaboration on Bloomberg data

## Increasing Standardisation and Visibility for ESG Bonds

Standardisation and visibility for ESG bonds received a strong boost in the first part of 2021, thanks to initiatives and proposals implemented by the ECB, European Commission, and by the International Capital Market Association (ICMA).

**EC's new Sustainable Finance Strategy**

On 6 July, the **European Commission** announced its new Sustainable Finance Strategy which included the proposal of a **European Green Bond Standard** ("EUGBS") with the target of creating a voluntary 'gold standard' for green bonds. The proposal envisages that the standard will use the detailed definitions of green economic activities in the EU Taxonomy to define what is considered a green investment. The EC stated that it will also work on other bond labels, such as those for transition and sustainability-linked bonds, to facilitate additional capital flows to interim transition efforts.

**ESG ratings: need for more clarity and standardisation**

The increasing focus on ESG themes (by companies, consumers, investors and stakeholders in general) has driven an increase in the need for '**ESG ratings**' in order to benchmark different players as well as with regard to selecting and screening investments and portfolio choices. The large spectrum of environmental, social and governance themes, and the difficulty in fairly measuring some of these, can be considered a potential issue. In its new Sustainable Finance Strategy, the EC also included actions to improve the reliability, comparability and transparency of ESG ratings.

On 8 July, the Governing Council of the **European Central Bank** announced that it had decided on a comprehensive action plan to further incorporate climate change considerations into its policy framework. In this respect, the central bank stated its strong commitment to including climate change considerations in monetary policy operations in the areas of disclosure, risk assessment, collateral framework, and corporate sector asset purchases.

**The ICMA updated its Green Bond Principles**

In June, the **ICMA** published an update of its the Green Bond Principles to ensure that the frameworks remain in step with market developments as issuance grows. The 2021 editions of the Social Bond Principles and Sustainability Bond Guidelines have been similarly revised. The ICMA also provided some examples for the selection of Key Performance Indicators (KPIs) for sustainability-linked bond issuers, underwriters and investors.



### European Commission's New Sustainable Finance Strategy

On 6 July, the European Commission introduced a new Sustainable Finance Strategy to guide the European Union's climate transition. In this context, the EC proposed a regulation to create a "European Green Bond Standard", or "EUGBS".

**EU ready to issue green bonds**

The EC highlighted the role of the European green bond in the context of the recent EU recovery package. In this respect, the European Union is expected to start issuing next NextGenerationEU (NGEU) green bonds as early as possible this year. According to the EC, "To maintain our credibility as a leading issuer, the Commission will prepare a robust and credible framework for the NextGenerationEU green bond issuance. It will be based on well-known and established market standards, while catering for the specific structure of the programme where, for example, spending authorities are separate from the issuing institution It will provide the necessary guarantees to investors that the proceeds have been used for green investments". According to the EC, the framework will be aligned, to the greatest extent possible, with the future EUGBS (source:

*"Questions and Answers: European Green Bonds Regulation",* 6 July 2021, European Commission website).

According to the EC, "The increasing demand for sustainable investments also puts the focus on the need for unbiased and reliable ESG research, based on transparent and comparable methodologies". In its new Sustainable Finance Strategy, the EC included actions to improve the reliability, comparability and transparency of ESG ratings.

**European Commission will implement actions to improve the reliability, comparability and transparency of ESG ratings**

In this respect, by Q4 of 2021 at the latest, the Commission expects to organise a targeted public consultation on the functioning of the market for ESG ratings. Subject to an impact assessment, the Commission will then take action to strengthen the reliability and comparability of ESG ratings by Q1 2023 (source: *Strategy for Financing the Transition to a Sustainable Economy,* 6 July 2021, European Commission website).

## European Green Bond Standard

According to the EC, the EUGBS is intended to be a voluntary 'gold standard' for green bonds. The standard will use the detailed definitions of green economic activities in the EU Taxonomy to define what is considered a green investment: the standard requires that issuers must allocate 100% of the funds raised by their bond to economic activities that meet the EU Taxonomy requirements by the time the bond matures. The proposal envisages that European green bonds will be checked by an **external reviewer** to ensure that they are compliant with EUGBS regulations – in particular, the **Taxonomy-alignment** of the funded projects. External reviewers will be registered with the European Securities and Markets Authority (ESMA) and will need to meet the conditions for registration on an ongoing basis.

In terms of timing, the standard process envisages that the proposal has to pass through the co-decision process in the European Parliament and Council, which will be followed by an implementation period prior to entry into force.

The EC also published a Q&A section on EUGBS. We present some highlights below:

*i) What are the key features of the European Green Bond Standard?*

<u>Inclusive</u>: "It will be open to all EU and non-EU issuers, including corporates, sovereigns, financial institutions, and issuers of covered bonds and asset-backed securities. Specific, limited, flexibility will be provided for sovereign issuers".
*<u>Voluntary:</u>* "It will be a voluntary standard setting out uniform requirements for any bond issuers that wish to call their bond a "European green bond" or "EUGBS"".
*<u>Aligned with the EU Taxonomy</u>:* "The standard requires that issuers must allocate 100% of the funds (proceeds) raised by their bond to economic activities that meet the EU Taxonomy requirements, by the time the bond matures".
*<u>Supporting issuers in transition</u>:* "European green bonds can be used to fund long-term projects (duration up to 10 years) that make an economic activity aligned with the EU Taxonomy".
*<u>External review</u>*: "European green bonds will be checked by an external reviewer to ensure that the bonds are compliant with EUGBS regulations – in particular, the Taxonomy-alignment of the funded projects. External reviewers will be registered with the European Securities and Markets Authority (ESMA) and will need to meet the conditions for registration on an ongoing basis".
*<u>Grandfathering</u>*: "In the event of a change in the EU Taxonomy Technical Screening Criteria (TSCs) after bond issuance, issuers can make use of pre-existing criteria for five more years".

*ii) How will investors know the bonds are really green?*

"The proposed regulations will define requirements for companies acting as external reviewers for green bonds using the new standard. External reviewers play a crucial role in maintaining the integrity of the green bond market by assessing the 'greenness' of each bond and the activities it funds. To ensure that investors can rely on external reviewers, the European Green Bond Regulation will set out requirements for transparency, professional qualifications and avoiding conflicts of interest. The role of supervising compliance with these requirements would be given to the European Securities and Markets Authority (ESMA)".

*iii) Who can issue European green bonds?*

"Issuers both inside and outside the EU can issue European green bonds. Furthermore, all types of bond issuers can issue European green bonds, including non-financial companies, financial companies, governments and other public bodies".

*iv) How does the standard for European green bonds relate to other green bond standards (eg, ICMA's Green Bond Principles, Climate Bonds Initiative's Climate Bonds Standard)?*

"European green bonds are based on market best practice and the standard is designed to be compatible with existing market standards for green bonds. However, it also goes further than market-based standards in certain key aspects, including by requiring full alignment of funded projects with the EU Taxonomy and by establishing a regime for the registration and supervision of external reviewers".

*v) Will this Regulation cater to transition bonds and sustainability-linked bonds?*

"The 2018 European Commission Action Plan on Financing Sustainable Growth proposed the creation of an EU standard for green bonds. At the same time, sustainability-linked bonds and transition bonds are becoming more popular. In its 2021 Strategy for Financing the Transition to a Sustainable Economy, the Commission has announced that it will now work on transition and sustainability-linked bond standards".

## ESG Ratings: Increasing Need for More Clarity and Standardisation

The increasing focus on ESG themes (by companies, consumers, investors and stakeholders in general) has driven a rising need for 'ESG ratings' in order to benchmark different players as well as to select and screen investments and portfolio choices. At the same time, the large spectrum of environmental, social and governance themes, and the difficulty with regard to fairly measuring some of them, can be considered potential issue when it comes to properly comparing different companies, even if belonging to the same industrial sector.

In January 2021, the **European Securities and Markets Authority** (ESMA) wrote a letter to the European Commission highlighting the need for a legislative action in order to "address the unregulated and unsupervised nature of the market for 'ESG' ratings and ESG assessment tools and the need to match the growth in demand for these products with appropriate regulatory requirements to ensure their quality and reliability" (*ESMA, letter to EC on ESG ratings*, 29 January 2021, ESMA website).

Among the key points identified by ESMA, we highlight the following:

"The market for ESG ratings and other assessment tools is currently unregulated and unsupervised. When combined with increasing regulatory demands for consideration of ESG information, there are increased risks of greenwashing, capital misallocation and products mis-selling"; and

"There should be a common definition of ESG ratings that covers the broad spectrum of possible ESG assessments currently on offer. This will help future-proof any regulatory framework and mitigate against possible obsolescence".

The pluralism of providers for ESG data and ratings with limited standardisation sometimes results in limited consistency between the different data and research.

In this respect, a report from MIT Sloan ("*Aggregate Confusion: The Divergence of ESG Ratings*", 2019) highlighted that compared with credit ratings, ESG ratings usually show very low levels of correlation across providers. According to the research, the correlation among the agencies' ESG ratings was on average 0.61; by comparison, credit ratings from Moody's and Standard & Poor's are correlated at 0.99. That means "the information the decision-makers receive from [ESG] ratings agencies is relatively noisy," the paper stated.

The MIT paper identifies three distinct sources of divergence:

Scope divergence "refers to the situation where ratings are based on different sets of attributes. Attributes such as carbon emissions, labor practices, and lobbying activities may, for instance, be included in the scope of a rating. One rating agency may include lobbying activities, while another might not, causing the two ratings to diverge";
Weight divergence, "emerges when rating agencies take different views on the relative importance of attributes. For example, the labor practices indicator may enter the final rating with greater weight than the lobbying indicator "; and
Measurement divergence, "refers to a situation where rating agencies measure the same attribute using different indicators. For example, a firm's labor practices could be evaluated on the basis of workforce turnover, or by the number of labor-related court cases taken against the firm. Both capture aspects of the attribute labor practices, but they are likely to lead to different assessments".

## ECB Will Include Climate Change Considerations in Its Monetary Policy Strategy

On 8 July, the Governing Council of the European Central Bank announced that it had decided on an action plan to incorporate climate change considerations into its policy framework.

In this respect, the central bank stated its strong commitment to:

i) expand its analytical capacity in macroeconomic modelling, statistics and monetary policy with regard to climate change;
ii) include climate change considerations in monetary policy operations in the areas of disclosure, risk assessment, collateral framework and corporate sector asset purchases;
iii) implement the action plan in line with progress on the EU policies and initiatives in the field of environmental sustainability disclosure and reporting.

The central bank should announce a detailed plan in 2022 while a first climate-related disclosure of the CSPP should be released in 2023.

**Abstract from ECB roadmap of climate change-related actions**

| | | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| 8. | Climate change risks in the collateral framework | Review collateral valuation and risk control framework to ensure that climate change risks are reflected. Assess financial innovation related to environmental sustainability. | Monitor the adequacy of the collateral valuation and risk control framework to ensure that climate change risks are properly reflected. Design and implement changes, if warranted. | | |
| 9. | Climate change risks in the CSPP | Conduct enhanced due diligence to incorporate climate change risks. | | | |
| | | Prepare climate-related disclosures of the CSPP. | | | |
| | | Develop proposals to adapt the CSPP framework to include climate change considerations. | Adapt CSPP framework. | | |

Source: ECB website, Annex: Detailed roadmap of climate change-related actions

## ICMA Updated Green Bond Principles

In June, the ICMA (International Capital Market Association) published an update of its Green Bond Principles to ensure that the frameworks continue to be in step with market developments as issuance grows.

The Green Bond Principles 2021 edition features:

- Two key recommendations on the Bond Framework and External Reviews designed to increase transparency alongside the four core components (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting);
- A recommendation of heightened transparency for issuer-level sustainability strategies and commitments;
- Encouragement to supply information, if relevant, on the degree of alignment of projects with official or market-based taxonomies;
- Promotion of transparency on issuer processes to identify and manage perceived and known social and/or environmental risks.

**Illustrative overview of the ICMA Principles**


Source: ICMA website

# Focus on Italy

## ESG Primary Market in 2021

Italian ESG issuance has improved strongly so far in 2021, not only compared to the 2020 level, but also when considering the record levels reached in 2019. YTD (as at 26 July), total issuance amounted to EUR 19.1Bn (including USD 4Bn of bonds issued by Enel) from c.EUR 8Bn in full-year 2020 and EUR 11.95Bn in 2019.

**Green** issuance amounted to EUR 6.25Bn (EUR 3.8Bn in all of 2020). Nine new green bonds have been issued during the period, with the debut of five new 'green issuers' (Acea, Credit Agricole Italia, Unicredit, Banca Pop Sondrio, Leasys) and three names that have already issued one green bond or more (Ferrovie dello Stato, Intesa Sanpaolo, Terna). The total outstanding amount of green bonds is currently EUR 22.5Bn.

In the **social bond and sustainability** segment, total issuance to date in 2021 has amounted to EUR 3Bn (EUR 2.5Bn in full-year 2020), with EUR 1Bn relating to a sustainability bond issued by Telecom Italia. The total outstanding amount for social and sustainability bonds is currently EUR 7.55Bn.

In the **sustainability-linked bond (SLB)** segment, the EUR total issuance amounted to EUR 5.25Bn including: i) an Aeroporti di Roma bond for EUR 500M with a 10Y maturity; ii) Eni bond for EUR 1,000M with a 7Y maturity; iii) an Enel multi-tranche bond for a total of EUR 3.25Bn; and iv) an A2A EUR 500M bond with a 10Y maturity. On top of this, in July, Enel issued a multi-tranche bond for a total of USD 4Bn. Currently, the total SLB issued by Italian companies amount to c. EUR 13.15Bn (EUR 7.85Bn excluding GBP and USD).

Finally, so far in 2021, Snam has issued a total of EUR 1,25Bn in **transition bonds**.

**Italian ESG bonds issuance and outstanding (EUR M) (1)**


(1) includes EUR, USD and GBP, rounded figures; *as at 26 July. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Italy: ESG primary market in 2021***

| Category | Date | Company | Bond Type | M.ty | Coupon | (EUR M) | Final Book (EUR M) | IPT (bps) | Spread at issuance (bps) |
|---|---|---|---|---|---|---|---|---|---|
| Social | Mar-21 | BPER BANCA | SR Preferred | 31/03/2027 | 1.38% | 500 | > 1,250 | ms+200 | ms+175 |
| Social | Jun-21 | Cassa Depositi e Prestiti SpA | SR | 30/06/2029 | 0.75% | 500 | ~ 2,500 | BTP+12 | BTP+30 |
| Social | Jul-21 | Banco BPM | SR Preferred | 15/07/2026 | 0.88% | 500 | > 610 | ms+140-145 | ms+130 |
| Sustainability | Jan-21 | Telecom Italia | SR | 18/01/2029 | 1.75% | 1,000 | > 4,000 | 2.25% area | 1.75% |
| Sustainability | Jun-21 | Assicurazioni Generali | T2 | 30/06/2032 | 1.713% | 500 | > 2,200 | ms+180 | ms+155 |
| Green | Jan-21 | Acea | SR | 28/09/2025 | 0.0% | 300 | 2,000 | ms+75-80 | ms+40 |
| Green | Jan-21 | Acea | SR | 28/07/2030 | 0.25% | 600 | 3,900 | ms+105 | ms+65 |
| Green | Mar-21 | Ferrovie dello Stato | SR | 25/03/2028 | 0.375% | 1,000 | > 1,750 | ms+70 | ms+60 |
| Green | Mar-21 | Intesa Sanpaolo | SR Preferred | 16/03/2028 | 0.75% | 1,250 | > 3,500 | ms+120 | ms+93 |
| Green | Mar-21 | Credit Agricole Italia | Secured | 15/03/2033 | 0.125% | 500 | > 750 | ms+10 | ms+9 |
| Green | Jun-21 | Terna | SR | 23/06/2029 | 0.375% | 600 | > 2,100 | ms+75 | ms+45 |
| Green | Jul-21 | Unicredit | SR Preferred | 05/07/2029 | 0.80% | 1,000 | > 3,250 | ms+120 | ms+90 |
| Green | Jul-21 | Banca Popolare di Sondrio | SR Preferred | 13/07/2027 | 1.25% | 500 | > 700 | ms+180 | ms+160 |
| Green | Jul-21 | Leasys | SR | 22/07/2024 | 0.0% | 500 | > 2,200 | ms+75 | ms+47 |
| SLB | Apr-21 | Aeroporti di Roma | SR | 30/07/2031 | 1.75% | 500 | ~ 2,500 | ms+210 | ms+180 |
| SLB | Jun-21 | Eni | SR | 14/06/2028 | 0.375% | 1,000 | > 3,100 | ms+75 | ms+50 |
| SLB | Jun-21 | Enel | SR | 17/06/2027 | 0.0% | 1,000 | (1) | ms+65 | ms+38 |
| SLB | Jun-21 | Enel | SR | 17/06/2030 | 0.50% | 1,250 | (1) | ms+80 | ms+60 |
| SLB | Jun-21 | Enel | SR | 17/06/2036 | 0.875% | 1,000 | (1) | ms+100 | ms+65 |
| SLB | Jul-21 | A2A | SR | 15/07/2031 | 0.625% | 500 | 1,200 | ms+85-90 | ms+65 |
| Transition | Feb-21 | Snam | SR | 17/06/2030 | 0.75% | 250 | > 550 | ms+70 | ms+50 |
| Transition | Feb-21 | Snam | SR | 15/08/2025 | 0.0% | 500 | > 1,700 | ms+60 | ms+37 |
| Transition | Jun-21 | Snam | SR | 30/06/2031 | 0.625% | 500 | ~ 1,250 | ms+85 | ms+65 |
| **USD** | | | | | | | | | |
| SLB | Jul-21 | Enel | SR | 12/07/2026 | 1.375% | 1,250 | (2) | +90 area | +70 |
| SLB | Jul-21 | Enel | SR | 12/07/2028 | 1.875% | 1,000 | (2) | +105 area | +85 |
| SLB | Jul-21 | Enel | SR | 12/07/2031 | 2.25% | 1,000 | (2) | +120 area | +100 |
| SLB | Jul-21 | Enel | SR | 12/07/2041 | 2.875% | 750 | (2) | +135 area | +110 |

*Data as at 26 July; (1) EUR 11.3Bn combined; (2) c. USD 12Bn combined; SLB=sustainability-linked. Source: Intesa Sanpaolo Research elaboration on companies' and Bloomberg data

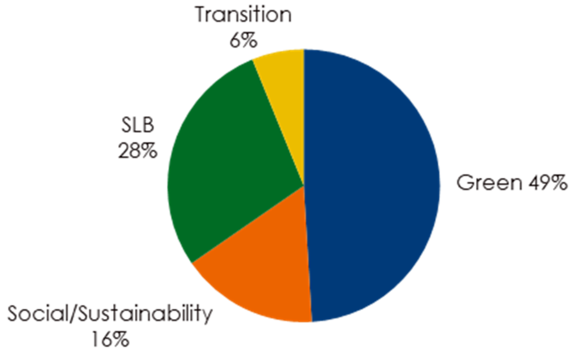
Demand for ESG issuance remained strong in the primary market (around 2.5-3x the offer, on average). The high request resulted in tighter spread at issuance compared to IPT, in an average of around 20-25bps. In terms of premiums at issuance, data showed a reduction of so-called greeniums, when present, likely due to the already very compressed spreads.

**Energy transition and circular economy will further support ESG issuance**

We expect focus from issuers on ESG to remain solid in the rest of 2021, mainly driven by investment needs related the energy transition and circular economy. According to recent statements from managements, new Italian names could issue bonds linked to sustainable themes in the coming months (eg, Italgas).

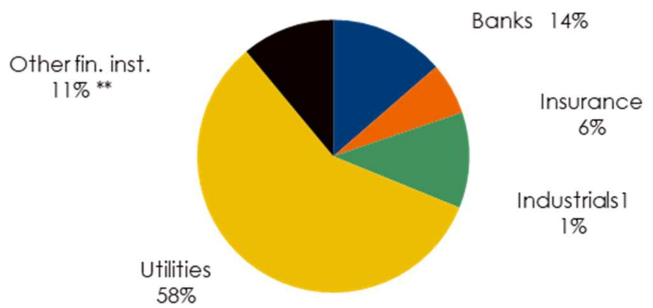
In Italy, the total amount of outstanding sustainable finance issuance aligned to the ICMA's principles and guidelines is currently EUR 46Bn (including EUR, USD and GBP denominated bonds). Following the publication in December 2020 of the ICMA's *Climate Transition Finance Handbook,* we also include Snam's Climate action bond and Transition bonds (total amount of EUR 2.85Bn). The breakdown by 'label' shows that green bonds remain the main contributors to total issuance, followed by SLB bonds (49% and 28%, respectively). Utilities remain the main issuers at around 58% of the total.

**Italian ESG bonds: total issuance* breakdown**




*include EUR, USD and GBP; as at 26 July Source: Intesa Sanpaolo Research elaboration on companies' and Bloomberg data

**Italian ESG bonds: total issuance* breakdown by issuers**




*include EUR, USD and GBP; as at 26 July; ** include CDP bonds. Source: Intesa Sanpaolo Research elaboration on companies' and Bloomberg data

## SLBs Centre Stage

In line with the trend seen at the global level, the issuance of SLB labelled bonds from Italian companies increased strongly in 2021. SLBs account for around 45% of YTD ESG bond issuance, mainly driven by Enel's activity (with both EUR and USD notes).

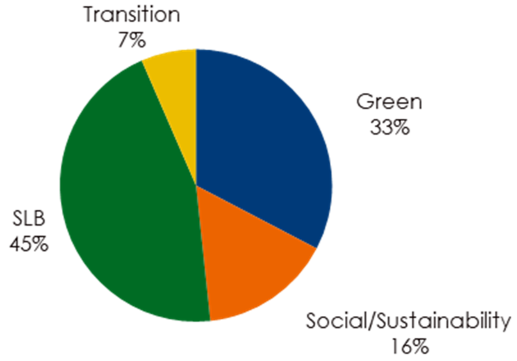
We recall that in September 2019, Enel issued the first ever "general purpose" SDG-linked bond in the corporate space for a total of USD 1.5Bn. In October of the same year, Enel launched a multi-tranche SDG-linked bond for a total amount of EUR 2.5Bn. At the end of 2020, sustainable finance sources represented 32% of Enel's total gross debt, including green and SDG-linked bonds, loans and other forms of subsidised financing. In upcoming years, Enel aims to progressively refinance maturities with new sustainable funding sources. As a result, the share of sustainability financing sources in total gross debt is forecast to increase to 48% in 2023 and to above 70% in 2030. In this respect, we highlight that for some years already, Enel has pointed out that to bonds linked to company sustainability goals are becoming its new standard instead of green bonds.

**SLB flexibility attracted new categories of issuers**

On top of this, however, the first part of 2021 also saw the debut of new issuers (ie, A2A, Aeroporti di Roma, Eni) which exploited the higher flexibility, compared to green bonds, provided by the SLB "general purpose" feature. This characteristic has also allowed an oil and gas company such as Eni to issue a bond linked to environmental targets.

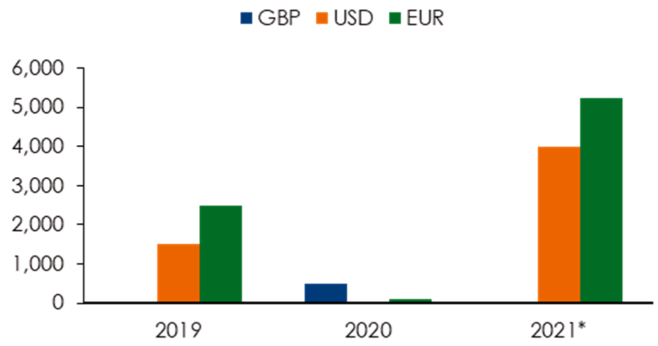
The total SLB issued by Italian companies amounts to c. EUR 13.2Bn (to EUR 7.85Bn excluding GBP and USD). According to data provided by Bloomberg, Italian issuance currently (26 July) accounts for around 20% of global outstanding SLB bonds.

**Italian ESG bonds: YTD 2021 total issuance* breakdown**




* includes EUR, USD and GBP; as at 26 July Source: Intesa Sanpaolo Research elaboration on companies' and Bloomberg data

**Italian ESG bonds: SLB issuance (M)**




* as at 26 July Source: Intesa Sanpaolo Research elaboration on companies' and Bloomberg data

**Italian ESG bonds: SLB issuance***

| Company | Issuance | Bond Type | Maturity | Coupon | (EUR M) |
|---|---|---|---|---|---|
| **EUR M** | | | | | |
| Enel | Oct-19 | SR | 17/06/2024 | 0.0 | 1,000 |
| Enel | Oct-19 | SR | 17/06/2027 | 0.375 | 1,000 |
| Enel | Oct-19 | SR | 17/10/2034 | 1.125 | 500 |
| Veritas | Dec-20 | SR | 09/12/2027 | 3.25 | 100 |
| Aeroporti di Roma | Apr-21 | SR | 30/07/2031 | 1.75 | 500 |
| Eni | Jun-21 | SR | 14/06/2028 | 0.375 | 1,000 |
| Enel | Jun-21 | SR | 17/06/2027 | 0.0 | 1,000 |
| Enel | Jun-21 | SR | 17/06/2030 | 0.50 | 1,250 |
| Enel | Jun-21 | SR | 17/06/2036 | 0.875 | 1,000 |
| A2A | Jul-21 | SR | 15/07/2031 | 0.625 | 500 |
| **GBP** | | | | | |
| Enel | Oct-20 | SR | 20/10/2027 | 1.00 | 500 |
| **USD** | | | | | |
| Enel | Sept-19 | SR | 10/09/2024 | 2.65 | 1,500 |
| Enel | Jul-21 | SR | 12/07/2026 | 1.375 | 1,250 |
| Enel | Jul-21 | SR | 12/07/2028 | 1.875 | 1,000 |
| Enel | Jul-21 | SR | 12/07/2031 | 2.25 | 1,000 |
| Enel | Jul-21 | SR | 12/07/2041 | 2.875 | 750 |

* as at 26 July; SR = senior. Source: Intesa Sanpaolo Research elaboration on companies' and Bloomberg data

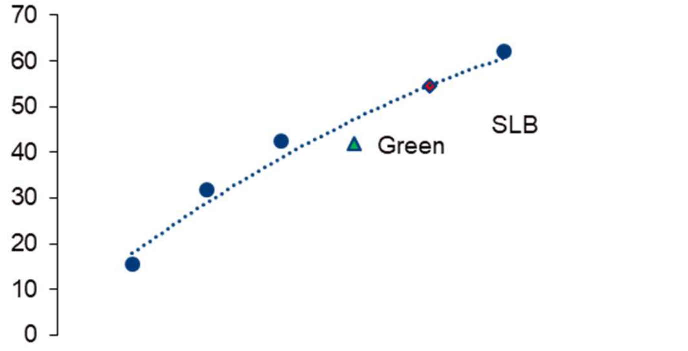


## ESG Secondary Market in 2021

In order to analyse the performance of Italian ESG bonds, we have focused on the utilities sector, as the companies within it are currently the main issuers of bonds linked to environmental themes. We recall that for that regard Italy, the ESG bonds issued so far by utilities are ranked as Senior from a credit perspective: thus, they do not offer credit enhancement compared to 'other' bonds. Furthermore, following the September 2020 decision by the ECB, all bonds are currently eligible for the central bank's purchase programmes.

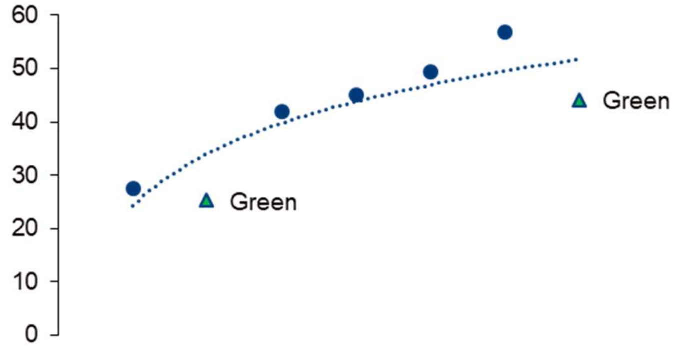
Nevertheless, an analysis of sector market data shows (see the charts below) that these categories of bonds (mainly green bonds) in general trade slightly tighter compared to 'other' bonds. In our view, this situation could likely be partially explained by a still low supply as well as the fact that buyers of these of bonds should be in general more buy and hold-oriented.

**A2A selected bonds (ASW, bps)**



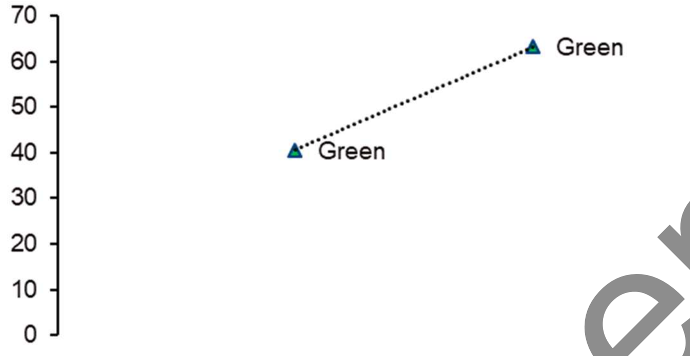

Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Acea selected bonds (ASW, bps)**



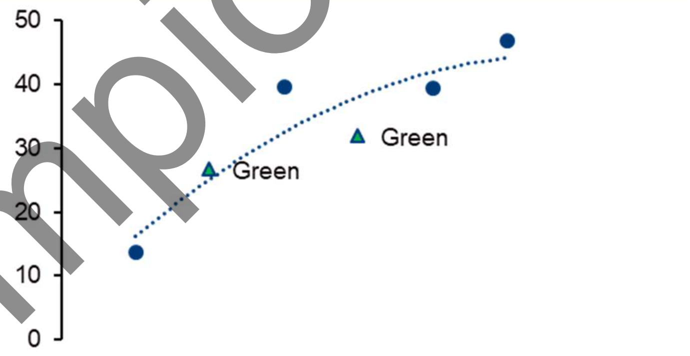

Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**ERG bonds (ASW, bps)**



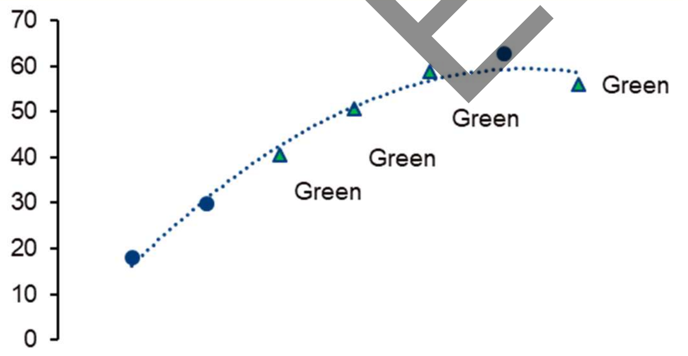

Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Hera bonds (ASW, bps)**



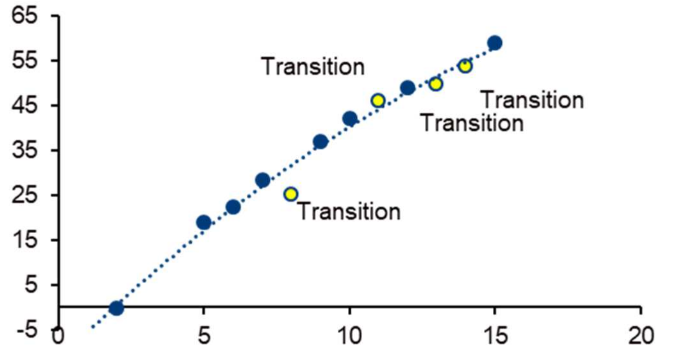

Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Iren bonds (ASW, bps)**



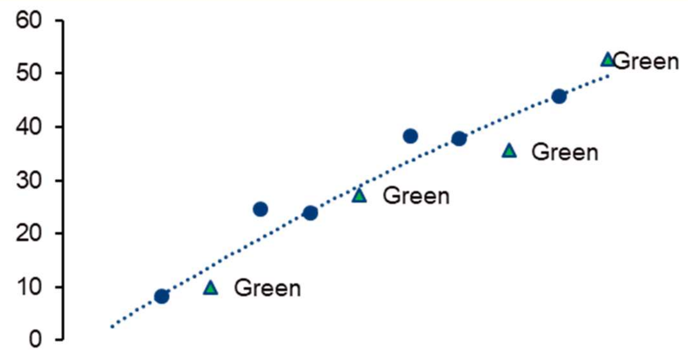

Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Snam selected bonds (ASW, bps)**



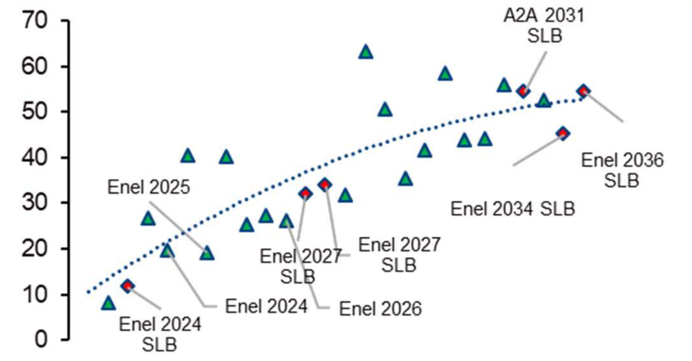

Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Terna bonds (ASW, bps)**




Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Italian utilities* EUR green and SLB bonds (ASW, bps)**



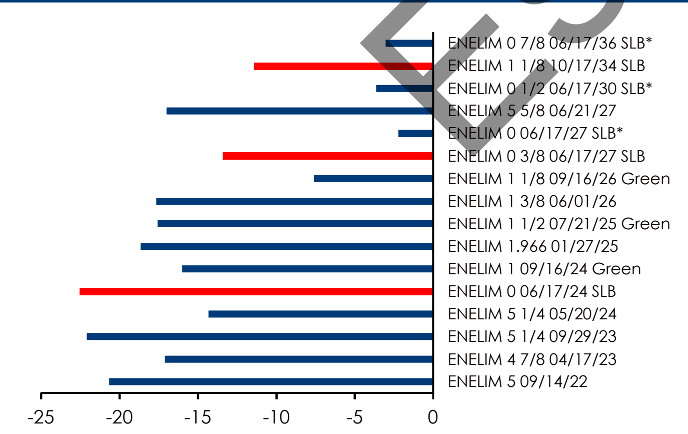

*includes A2A, Acea, Enel, ERG, Hera, Iren, Snam and Terna. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

Among Italian ESG bond issuers, Enel currently offers one the most liquid curves, including two different categories of bonds: green and SLB.

Market data for Enel's bonds highlight a better YTD 2021 performance of SLB likely in light of the ECB decision to add them to its purchase programmes starting from January 2021. According to data provided by the ECB, the following Enel EUR SLB bonds were added to its CSPP and PEPP in the week ended 12 March: ENELIM 0 06/17/24 (XS2066706818), ENELIM 0 3/8 06/17/27 (XS2066706909) and ENELIM 1 1/8 10/17/34 (XS2066706735).

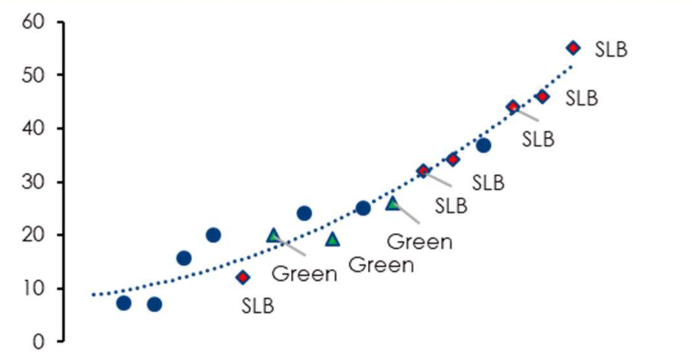


**Enel selected EUR senior bonds: YTD 2021 performance (ASW, bps)**




*issued in June 2021. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

**Enel selected EUR senior bonds (ASW, bps)**




Source: Intesa Sanpaolo Research elaboration on Bloomberg data

# Appendix 1 – Italian ESG Bonds

**GREEN BONDS**

| | Issuer | Amount Outstanding (EUR M) |
|---|---|---|
| **Corporates** | | |
| ACEIM 0 09/28/25 | Acea Spa | 300 |
| ACEIM 0 ¼ 07/28/30 | Acea Spa | 600 |
| ARNIM 3 ⅛ 12/19/25 | Alerion Industries | 200 |
| AEMSPA 1 07/16/29 | A2A SpA | 400 |
| ADRIT 1 ⅝ 02/02/29 | Aeroporti di Roma Spa | 300 |
| ENELIM 1 09/16/24 | Enel Finance International NV | 1,250 |
| ENELIM 1 1/2 07/21/25 | Enel Finance International NV | 1,000 |
| ENELIM 1 1/8 09/16/26 | Enel Finance International NV | 1,250 |
| ERGIM 1 7/8 04/11/25 | ERG SpA | 500 |
| ERGIM 0 ½ 09/11/27 | ERG SpA | 600 |
| FERROV 0 7/8 12/07/23 | Ferrovie dello Stato Italiane SpA | 600 |
| FERROV 1 1/8 07/09/26 | Ferrovie dello Stato Italiane SpA | 700 |
| FERROV 0 ⅜ 03/25/28 | Ferrovie dello Stato Italiane SpA | 1,000 |
| HERIM 2 3/8 07/04/24 | Hera SpA | 329 |
| HERIM 0 7/8 07/05/27 | Hera SpA | 500 |
| IREIM 1.95 09/19/25 | Iren SpA | 500 |
| IREIM 1 1/2 10/24/27 | Iren SpA | 500 |
| IREIM 0 7/8 10/14/29 | Iren SpA | 500 |
| IREIM 0 ¼ 01/17/31 | Iren SpA | 300 |
| TRNIM 1 07/23/23 | Terna Rete Elettrica Nazionale SpA | 1,000 |
| TRNIM 1 04/10/26 | Terna Rete Elettrica Nazionale SpA | 500 |
| TRNIM 0 ¾ 07/24/32 | Terna Rete Elettrica Nazionale SpA | 500 |
| TRNIM 0 ⅜ 06/23/29 | Terna Rete Elettrica Nazionale SpA | 600 |
| ALPERI 1.41 06/30/23 | Alperia SpA | 100 |
| ALPERI 1.68 06/28/24 | Alperia SpA | 125 |
| **Banks** | | |
| ISPIM 0 7/8 06/27/22 | Intesa Sanpaolo SpA | 500 |
| ISPIM 0 7/8 12/04/24 | Intesa Sanpaolo SpA | 750 |
| ISPIM 0 ¾ 03/16/28 | Intesa Sanpaolo SpA | 1,250 |
| ISPIM 1 ½ 04/10/24 | Intesa Sanpaolo SpA | 500 |
| BACRED 1 09/08/27 | Mediobanca S.p.A. | 500 |
| CARPP 0 ⅛ 03/15/33 | Credit Agricole Italia | 500 |
| UCGIM 0.8 07/05/29 | Unicredit Spa | 1,000 |
| BPSOIM 1 ¼ 07/13/27 | Banca Popolare di Sondrio | 500 |
| **Insurances** | | |
| ASSGEN 2.124 10/01/30 | Assicurazioni Generali SpA | 750 |
| ASSGEN 2.429 7/14/31 | Assicurazioni Generali SpA | 600 |
| UNIIM 3 ¼ 09/23/30 | Unipol Gruppo Spa | 1,000 |
| **Other** | | |
| LEASYS 0 07/22/24 | Leasys | 500 |
| **TOTAL** | | **22,504** |

Source: Companies' and Bloomberg data

**SOCIAL/SUSTAINABILITY BONDS**

| | Label | Issuer | Amount Out. (EUR M) |
|---|---|---|---|
| BNCMCC 1 1/2 10/24/24 | Social | Banca del Mezz. – Medio Credito Centrale | 300 |
| CDEP 0 3/4 11/21/22 | Social | Cassa Depositi e Prestiti | 500 |
| CDEP 2 1/8 09/27/23 | Sustainability | Cassa Depositi e Prestiti | 500 |
| CDEP 2 1/8 03/21/26 | Social | Cassa Depositi e Prestiti | 750 |
| CDEP 1 02/11/30 | Social | Cassa Depositi e Prestiti | 750 |
| CDEP 1 ½ 04/20/23 | Social | Cassa Depositi e Prestiti | 500 |
| CDEP 1 09/21/28 | Social | Cassa Depositi e Prestiti | 750 |
| CDEP 2 04/20/27 | Social | Cassa Depositi e Prestiti | 500 |
| CDEP 0 ¾ 06/30/29 | Social | Cassa Depositi e Prestiti | 500 |
| TITIM 1 ⅝ 01/18/29 | Sustainability | Telecom Italia | 1,000 |
| BPEIM 1 ⅜ 03/31/27 | Social | BPER Banca | 500 |
| ASSGEN 1.713 06/30/32 | Sustainability | Assicurazioni Generali | 500 |
| BAMIIM 0 ⅞ 07/15/26 | Social | Banco BPM | 500 |
| **TOTAL** | | | **7,550** |

Source: Companies' and Bloomberg data

**SUSTAINABILITY-LINKED BONDS (SLB)**

| | Issuer | Amount Out. (M) |
|---|---|---|
| **EUR** | | |
| AEMSPA 0 ⅝ 07/15/31 | A2A | 500 |
| ADRIT 1 ¾ 07/30/31 | Aeroporti di Roma | 500 |
| ENELIM 0 06/17/24 | Enel Finance Internat. NV | 1,000 |
| ENELIM 0 ⅜ 06/17/27 | Enel Finance Internat. NV | 1,000 |
| ENELIM 1 ⅛ 10/17/34 | Enel Finance Internat. NV | 500 |
| ENELIM 0 06/17/27 | Enel Finance Internat. NV | 1,000 |
| ENELIM 0 ½ 06/17/30 | Enel Finance Internat. NV | 1,250 |
| ENELIM 0 ⅞ 06/17/36 | Enel Finance Internat. NV | 1,000 |
| ENIIM 0 ⅜ 06/14/28 | Eni | 1,000 |
| VRITAS 3 ¼ 12/09/27* | Veritas | 100 |
| **GBP** | | |
| ENELIM 1 10/20/27 | Enel Finance Internat. NV | 500 |
| **USD** | | |
| ENELIM 2.65 09/10/24 | Enel Finance Internat. NV | 1,500 |
| ENELIM 1 ⅜ 07/12/26 | Enel Finance Internat. NV | 1,250 |
| ENELIM 1 ⅞ 07/12/28 | Enel Finance Internat. NV | 1,000 |
| ENELIM 2 ¼ 07/12/31 | Enel Finance Internat. NV | 1,000 |
| ENELIM 2 ⅞ 07/12/41 | Enel Finance Internat. NV | 750 |

Source: Companies' and Bloomberg data

**TRANSITION BONDS**

| | Issuer | Amount Out. (M) |
|---|---|---|
| SRGIM 1 ¼ 08/28/25* | Snam Spa | 500 |
| SRGIM 0 08/15/25 | Snam Spa | 500 |
| SRGIM 0 12/07/28 | Snam Spa | 600 |
| SRGIM 0 ¾ 06/17/30 | Snam Spa | 750 |
| SRGIM 0 ⅝ 06/30/31 | Snam Spa | 500 |
| **TOTAL** | | **2,850** |

Source: Companies' and Bloomberg data

## Disclaimer

### Analyst certification

The financial analysts who prepared this report, and whose names and roles appear within the document, certify that:

1. The views expressed on the companies mentioned herein accurately reflect independent, fair and balanced personal views; 2. No direct or indirect compensation has been or will be received in exchange for any views expressed.

### Specific disclosures

- Neither the analysts nor any persons closely associated with the analysts have a financial interest in the securities of the Companies.
- Neither the analysts nor any persons closely associated with the analysts serve as an officer, director or advisory board member of the Companies.
- Two of the analysts named in the document are members of AIAF.
- The analysts named in this document are not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Intesa Sanpaolo IMI Securities Corp. Accordingly, the analysts may not be subject to FINRA Rule 2241 and NYSE Rule 472 with respect to communications with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of of Intesa Sanpaolo IMI Securities Corp at 212-326-1133
- The analysts of this report do not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
- The research department supervisors do not have a financial interest in the securities of the Companies.

This research has been prepared by Intesa Sanpaolo SpA, and is distributed by Intesa Sanpaolo SpA, Intesa Sanpaolo-London Branch (a member of the London Stock Exchange) and Intesa Sanpaolo IMI Securities Corp. (a member of the NYSE and FINRA). Intesa Sanpaolo SpA accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Intesa Sanpaolo SpA, is authorised by the Banca d'Italia and is regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo SpA entity accepts any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of Intesa Sanpaolo SpA.

Intesa Sanpaolo SpA has in place the Conflicts of Interest Management Rules for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of these Rules are available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, C.so Matteotti n° 1, 20121 Milan (MI) Italy. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Rules for Research"). The Rules for Research is clearly explained in the relevant section of Intesa Sanpaolo's web site (www.intesasanpaolo.com).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or persons closely associated with them, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

Intesa Sanpaolo SpA issues and circulates research to Major Institutional Investors in the USA only through Intesa Sanpaolo IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1150.

This document has been prepared and issued for, and thereof is intended for use by, MiFID II eligible counterparties/professional clients (other than elective professional clients) or otherwise by market professionals or institutional investors only, who are financially sophisticated and capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies.

**Person and residents in the UK**: This document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the Financial Conduct Authority.

**US persons**: This document is intended for distribution in the United States only to Major US Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Intesa Sanpaolo IMI Securities Corp. in the US (see contact details above).

### Distribution Method

This document is for the exclusive use of the person to whom it is delivered by Intesa Sanpaolo and may not be reproduced, redistributed, directly or indirectly, to third parties or published, in whole or in part, for any reason, without prior consent expressed by Intesa Sanpaolo. The copyright and all other intellectual property rights on the data, information, opinions and assessments referred to in this information document are the exclusive domain of the Intesa Sanpaolo banking group, unless otherwise indicated. Such data, information, opinions and assessments cannot be the subject of further distribution or reproduction in any form and using any technique, even partially, except with express written consent by Intesa Sanpaolo.

Persons who receive this document are obliged to comply with the above indications.

### Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of company profile/strategy, risks and recommendation methodology. Research qualified as a minor non-monetary benefit pursuant to provisions of Delegated Directive (EUR) 2017/593 is freely available on the IMI Corporate & Investment Banking Division website (www.imi.intesasanpaolo.com); all other research is available by contacting your sales representative.

### Credit Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0

### Valuation methodology

Intesa Sanpaolo's credit views are based on the expected trend of the company's fundamentals. The view reflects the sector trend and the competitive scenario, the company's financial strength, as well as its profitability outlook and competitive positioning. In our credit quality valuation, we consider management's intention and ability to meet debt obligations, the company's dividend policy and, in general, its attention to bondholders' interests. Among key financial ratios, for those sectors where relevant, we assess the company's ability to generate operating cash flow, its capacity to repay maturing debt through cash flow, its net interest coverage ratio and capital ratios.

In the case of significant events, which could determine a change in our credit view, we may place our recommendation under review. This review does not necessarily imply a change in the credit view.

### Corporate credit view key

#### Credit rating key

| Credit view | Definition |
|---|---|
| POSITIVE | We expect an improvement in fundamentals over the next six months |
| NEUTRAL | We expect substantially stable fundamentals over the next six months |
| NEGATIVE | We expect a deterioration in fundamentals or visibility on fundamentals over the next six months |
| SUSPENDED | The credit view and investment recommendation for this company have been suspended as there is not a sufficient fundamen<br>The previous credit view, if any, is no longer in effect for this company |
| NOT ASSIGNED | The company is or may be covered by the Research Department but no credit view and investment recommendation are c<br>applicable regulations and/or firm policies in certain circumstances. |

### Credit View allocations

**Intesa Sanpaolo Research Credit View distribution at July 2021**

| Number of Companies subject to credit views: 29* | Positive | Neutral | Negative |
|---|---|---|---|
| Total Credit Research coverage - last credit view** (%) | 6.9 | 86.2 | 6.9 |
| of which Intesa Sanpaolo's clients*** (%) | 100 | 80 | 50 |

* Total number of companies covered is 33; **Last credit view refers to credit view as at end of the previous quarter; ***Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category.

### Investment recommendations

Intesa Sanpaolo's recommendations on the issuer(s) bonds or relative CDS are based on the following rating system:

#### Investment recommendation

| Recommendation | Definition |
|---|---|
| BUY | We expect the bond or CDS subject to the recommendation to outperform the reference index, sector or benchmark in a period up to six months |
| HOLD | We expect the bond or CDS subject to the recommendation to perform in line with the reference index, sector or benchmark in a period up to six months |
| SELL | We expect the bond or CDS subject to the recommendation to underperform the reference index, sector or benchmark in a period up to six months |

### Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (hereafter the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Organisational, Management and Control Model" pursuant to Legislative Decree 8 June 2001 no. 231 (available at the Intesa Sanpaolo website, https://group.intesasanpaolo.com/en/governance/leg-decree-231-2001) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group, which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the FCA Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research " and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A..

At the Intesa Sanpaolo website, webpage https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, in accordance with the aforesaid regulations, the disclosures of the Intesa Sanpaolo Banking Group's conflicts of interest are available through the above-mentioned webpage. The conflicts of interest published on the internet site are updated to at least the day before the publishing date of this report.

We highlight that disclosures are also available to the recipient of this report upon making a written request to Intesa Sanpaolo – Equity & Credit Research, Via Manzoni, 4 - 20121 Milan - Italy.

**Index Intellectual Property: IHS Markit:** The index in the above report is the intellectual property of Markit Indices GmbH and/or its affiliates ("**IHS Markit**") and used under license from IHS Markit. This document and information herein is not sponsored, promoted or endorsed by IHS Markit. IHS Markit does not make any warranties or representations on the accuracy, fitness for purpose or results to be obtained by using the index. IHS Markit shall not in any way be liable to any recipient for any inaccuracies, errors or omissions in the Markit data, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. The index provided by IHS Markit is subject to disclaimer currently available here (and as updated by IHS Markit from time to time): https://ihsmarkit.com/Legal/disclaimers.html

**Index Intellectual Property: STOXX:** STOXX Limited ('STOXX) is the source of Euro Stoxx 50/Stoxx Small 600 and the data comprised therein. STOXX has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the Euro Stoxx 50/Stoxx Small 600 or its data. Any dissemination or further distribution of any such information pertaining to STOXX is prohibited.

**Intesa Sanpaolo**
Largo Mattioli, 3 20121 Italy

**Intesa Sanpaolo London Branch**
90 Queen Street – EC4N 1SA UK

**Intesa Sanpaolo IMI Securities Corp.**
1 William St. – 10004 New York (NY) USA

## Intesa Sanpaolo Research Dept.

| | | | |
|---|---|---|---|
| **Gregorio De Felice - Head of Research** | | +39 02 8796 2012 | gregorio.defelice@intesasanpaolo.com |
| **Equity&Credit Research** | | | |
| **Giampaolo Trasi** | | +39 02 8794 9803 | giampaolo.trasi@intesasanpaolo.com |
| **Credit Research** | | | |
| **Maria Grazia Antola** | Banking | +39 02 8794 1114 | maria.antola @intesasanpaolo.com |
| Alessandro Chiodini | Utilities | +39 02 8794 1115 | alessandro.chiodini @intesasanpaolo.com |
| Dario Fasani | Analyst | +39 02 8794 2838 | dario.fasani@intesasanpaolo.com |
| Melanie Gavin | Telecoms, Industrials | +39 02 8794 1118 | melanie.gavin@intesasanpaolo.com |
| Maria Gabriella Tronconi | Industrials | +39 02 8794 1117 | maria.tronconi@intesasanpaolo.com |
| Barbara Pizzarelli | Research Assistant | +39 02 8794 1116 | barbara.pizzarelli@intesasanpaolo.com |