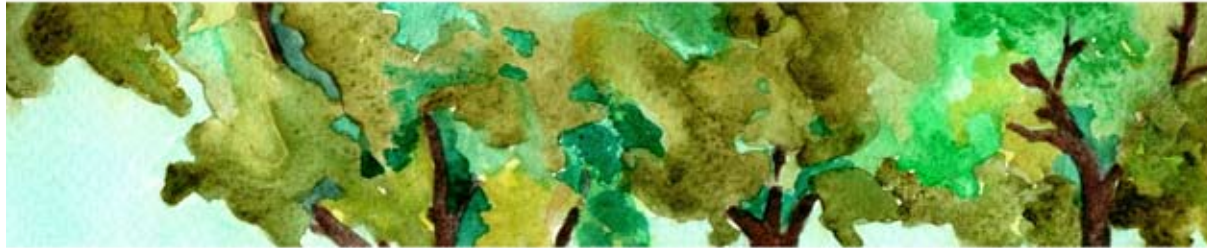


INTESA  SANPAOLO
Environment Paper



NOVEMBER 2012 EDITION





LEGENDA

Link Web Site



On the cover: Collection of "XX-vel-XXI" for Intesa Sanpaolo, Francesco Civelli processed image of the painting by Maya Di Giulio, inspired by the painting "via alle cascine", Giuseppe Camparini, 1964.

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BANK AND ENVIRONMENT

INTESA SANPAOLO'S COMMITMENT TO THE ENVIRONMENT

The implications of climate change are posing increasingly more complex and urgent challenges, with the result that the protection of our precious ecosystem has become a strategic issue of crucial importance even in the world of banking and finance.

The Intesa Sanpaolo Group adheres to the UNEP Statement of Commitment by Financial Institutions and the UN Global Compact, and has obtained prestigious acknowledgements both in Italy and abroad as a tangible result of its commitment to environmental protection.

Following the guidelines of the Environment and Energy Policy approved by top management, the Bank has adopted a long-term strategic approach focused both on mitigation and on careful management of direct and indirect impacts.

In the area of direct impact – that is, impact generated by banking activities – Intesa Sanpaolo is committed to a detailed multiyear plan that pursues the reduction of its ecological footprint. This plan aims to improve the energy and environment aspects that are significant for the Group's business: energy consumption, waste, green purchasing, maintenance of real estate and plant etc.

As regards the indirect impact – which is instead generated by the activities of the bank's customers and suppliers – Intesa Sanpaolo can exert a positive influence by stimulating eco-friendly choices. This can take the form of offering customers products and services that enhance energy efficiency and the diversification of energy sources, or of including social and environmental criteria in the risk assessment models for loans to enterprise and in project financing activities with the adherence to the Equator Principles and their concrete implementation, as well as in the gradual integration of social and environmental criteria into the selection of suppliers.

The Group is a partner in the Carbon Disclosure Project, through which it publishes the data related to its greenhouse gas emissions, identifying the risks and advantages of the strategies implemented to manage climate. It has recently been included in the Carbon Performance Leadership Index (CPLI) among the top performing companies at world level that have demonstrated an efficacious strategy on climate change and emission reduction.

Finally, the collaboration agreement with the Ministry of the Environment has been renewed to ensure an increasingly tangible cooperation on energy saving and in boosting renewable energy in Italy.

CLIMATE CHANGE



The climate is continuing to change structurally, and the leading figures in the international economic and political arena cannot ignore it. Many of the key players on the current political scene have made statements on the issue:

“The assumption of full international responsibility on the question of climate change can no longer be avoided.”

Giorgio Napolitano

“Not only is climate change real, it’s here, and its effects are giving rise to a frighteningly new global phenomenon: the man-made natural disaster.”

Barack Obama

“Global warming will accelerate at a dramatic rate unless world leaders reach a deal on limiting greenhouse gas emissions as soon as possible.”

Angela Merkel

“It’s time to show leadership on climate change and energy.”

David Cameron

However, the politicians’ concern is not expressed only in high-sounding phrases that immediately make the headlines. The mayors of big cities such as New York are appraising concrete solutions for mitigating the unpredictable effects of the rise in sea level. Over the last century the sea level around the island of Manhattan, and along the coasts of Brooklyn, Queens and the Bronx, rose by 3 centimetres every ten years, but now the rise is accelerating: by 2050 the level will have gone up by 60 cm (effect studied in the UN by the Intergovernmental Panel on Climate Change - IPCC). We won’t need a hurricane like Sandy, just normal storms will be sufficient to flood and paralyse whole districts of New York. And when the level of the ocean has risen by 120 centimetres (by 2080) over a third of the metropolis will be subject to constant flooding.

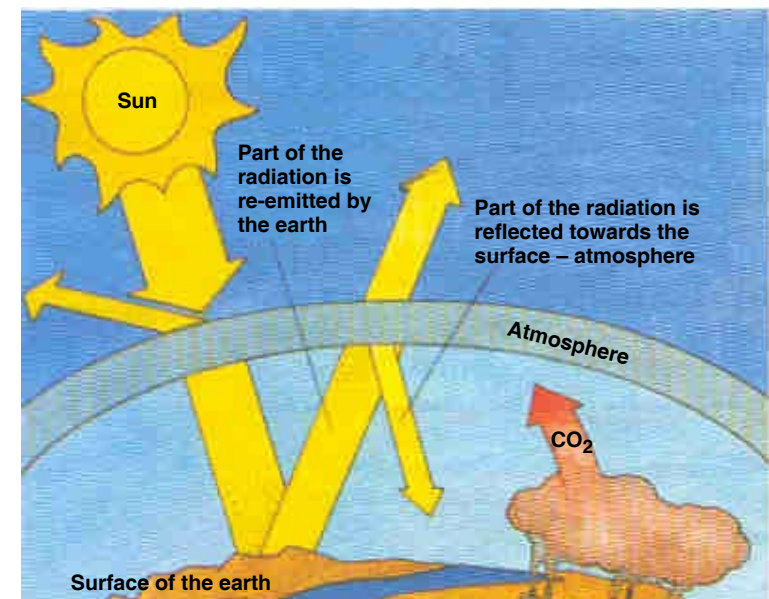
Every time bad weather hits densely populated coastal areas with extensive production activities, the local authorities start to panic. Not unreasonably, local government tends to demand more incisive political responses from central government, since even the temporary rise in sea level can easily bring surface transport to a standstill, damage underground systems and paralyse production for long periods, with consequent reduction of the GDP and long-term negative repercussions for manufacturing enterprises and commercial relations.

The most devastating case of recent years, the Fukushima disaster (although caused by an earthquake) illustrates how coastal human activities are at constant risk. Then if we consider that most of the global population lives in coastal areas, the rise in sea level by effect of global warming shoots right to the top of the climate concerns agenda.

The striking feature of climate change is its undeniable globality; it goes without saying that every place on the planet is subject to the effects of serious changes in the climate. As we mentioned

THE GREENHOUSE EFFECT

Life as we know it would not be possible without the phenomenon known as the ‘greenhouse effect’. This process consists of a warming of the planet caused by the so-called greenhouse gases, which are compounds present in the air in relatively low concentrations (carbon dioxide, water vapour, methane etc.) The greenhouse gases enable solar radiation to pass through the atmosphere while obstructing the passage towards space of part of the infrared radiation originating from the earth and the lower atmosphere (re-emitted heat). In practical terms, these gases behave like the glass of a greenhouse and help to regulate and maintain the temperatures on the earth at their present levels. This process has always taken place naturally, ensuring that the temperature of the earth remains about 33°C warmer than it would be in the absence of these gases.



THE COAL SECTOR

One of the principal causes of climate change is the emissions produced by the use of coal and its by-products to fuel power stations and central heating plants; in addition to this, they also cause irreparable damage to the environment. The mining and combustion of coal and the disposal of the production waste have devastating effects on the environment, on human health and on the life of the communities that live close to the mines, the coal plants and the slag heaps. These considerations are constantly present in the strategic financing decisions of Intesa Sanpaolo. With a view to exploring this issue and to identifying the best practices and the international standards that make it possible to operate in this sector with awareness and responsibility, the Bank has commissioned an in-depth, exhaustive sector study from a specialist consultant. The paper has been presented to a broad panel of internal structures to boost its circulation, and will provide a basis for the definition of in-house guidelines that will enable us to ensure that our business is increasingly attentive to the environment.



above, islands and coastal areas are affected by the rise in sea level. Large plains can suffer drought and fires, or even flooding from uninterrupted torrential rain (for example, Russia and Pakistan in 2010). Mountainous areas are affected by the rapid melting of the glaciers and by a reduced supply of water during the summer seasons, which in turn generates a radical change in the habitat both for man and for many animal species.

In every part of the world the effects could be disastrous for health and for the economy. Consequently the risks connected with global warming are real, tangible and can be calculated. The big reinsurance companies are well aware of this, since it's their business to assign the correct weight to risks and their causes, as shown by phrases appearing on the websites of two of the biggest reinsurance companies in the world: "climate change affects us all" Munich-re; "protection of climate and resources" Hannover Re.

The economic fabric of many countries will be forced to change radically. At the same time, opponents of the global warming theory stress the historically cyclical nature of climate change, referring to geological evidence showing that it is normal for mankind to have to address major mass migrations generated by structural and epoch-making changes in climate.

There is, however, an element that's always absent from the series of historic examples dredged up for this purpose: the proven causal link between the level of carbon dioxide in the atmosphere and the greenhouse effect. The concentrations of CO₂ in the atmosphere over the course of the geological eras is amply documented through the study of samples of ice collected using the core drilling technique. What it shows is a steep and extremely marked leap in the level of greenhouse gas (mostly CO₂) over the last 150 years; it's no accident that this period coincides fairly neatly with the arrival of the industrial revolution, and hence with the use of chemical products and oil.

Consequently, we can draw two broad conclusions: 1) the current rise in temperature depends on the high concentration of greenhouse gas, in other words, on human action; 2) whatever the cause of global warming may be, the current density of the global population in risk areas calls for actions to mitigate the phenomenon and to adapt to it.

In this framework, economics helps to clarify social engagement, since the increasingly frequent natural catastrophes force the authorities to come to terms with the losses and the resources required to restore normal living and economic conditions in the affected area.

The world of finance is beginning to equip itself to address these new demands. As we mentioned above, the reinsurance companies are of necessity focused on this issue, but the banks too are beginning to perform an additional activity aimed at discerning risks in the internal management policies for their own assets. Major asset management companies, which frequently deal with funds (such as pension funds) have been cognisant of environmental issues and risks and active in this sphere for over a decade.

Is all this enough? As the business world seeks to visualise the contents of a viable strategy to apply, the thermometer goes on rising and the costs multiply.

Gianluca Manca
Eurizon Capital

GLOBAL COMPACT



INTERVIEW WITH MARCO FREY, CHAIRPERSON, GLOBAL COMPACT NETWORK ITALY

The Global Compact Network Italy took an active part in the Rio+20 Summit, where it emerged clearly that the multilateral negotiations between States increasingly demand enhanced integration with civil society and with businesses. What role do you think financial institutions could play?

I would certainly confirm that the result of Rio+20, and in particular that of the Corporate Sustainability Forum of the Global Compact, which was attended by almost 3,000 representatives of businesses, NGOs and institutions, significantly underscored the role of business actors in the pursuit of sustainability, and the deriving need for the United Nations of the ongoing engagement of the private sector as a key partner.

Over 200 “commitments to action” were submitted by businesses and networks at the Corporate Sustainability Forum, highlighting the major progress made over the last twenty years since Rio 1992 in terms of the commitment of businesses to sustainability. New multi-stakeholder initiatives were also launched, including the Green Industry Platform, the Water Action Hub, the Natural Capital Declaration, etc., demonstrating how networking is crucial to reach the critical mass necessary to address the major global challenges in the sustainability sector.

The role of the financial institutions is fundamental, both because they are pivotal to the economic system and in view of the direct and indirect impacts that can be generated at environmental and social level, and also as partners in the development of a greener economy. For example, at Rio no less than 5 stock exchanges undertook commitments to foster sustainability among investors, listed companies and regulators, while at the same time underlining the importance of the Principles for Responsible Investment (PRI), subscribed by more than 1,000 financial institutions controlling assets for over 30 trillion dollars.

Numerous international studies maintain that businesses which develop sustainability practices will be more competitive on the markets in the near future. Do you think this is true of banks too?

Definitely. The correlation between sustainability and competitiveness has indeed been analysed and demonstrated by many studies, even though not all the results are convergent. But that's only to be expected, if you consider the fact that we're going through a significant transition phase. There's no doubt that the sectors more marked by greening dynamics have succeeded in reversing the trends of the economic crisis.

Thus, strong positioning in the sustainability-oriented market is frequently paying off, and banks looking to a long-term strategic perspective need to bear that in mind. The twenty billion Euro of loans disbursed in the renewable energy sector could become just the tip of the iceberg, if you consider the much broader spectrum of potential investments not only by the system of enterprise, but also by private citizens (think of energy efficiency in the use of resources), in the shift towards a more sustainable economy.

PARTICIPATION OF INTESA SANPAOLO IN THE GLOBAL COMPACT NETWORK ITALIA

The Global Compact is a voluntary initiative that was launched in July 2000 by the former General Secretary of the United Nations Kofi Annan. The idea behind the initiative was to seal a pact between the private sector, governments and civil society so that the processes of economic growth are underpinned by criteria of environmental and social sustainability.

The pact is based on ten universally accepted principles in the areas of human rights, labour policies, environmental practices and anti-corruption activities.

More than 8,500 enterprises have signed the undertaking to develop projects and initiatives and to report on their efficacy so that these core values may increasingly inform corporate business strategies. This broad participation by businesses operating in more than 135 countries makes the Global Compact the world's largest corporate sustainability initiative.

In the environmental sphere, the principles derive from the Rio Declaration on Environment and Development and lay down a precautionary approach for the mitigation of risks connected with climate change, the development of initiatives to promote greater environmental responsibility and the diffusion of environmentally friendly technologies.

Every year the Social Report describes the progress made in the various sectors, and in particular the Letter to the Stakeholders, signed by the top management of Intesa Sanpaolo, confirms the constant commitment that is expressed in the operations and the strategies of the bank.

Starting from last year, we have taken up yet another challenge to transparency in the form of adherence to the “Differentiation Program”. This places businesses in three different categories on the basis of their implementation of the principles and their accounting: Intesa Sanpaolo is classified as “GC Advanced Level”.

THE TEN PRINCIPLES OF THE GLOBAL COMPACT

HUMAN RIGHTS

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- make sure that they are not directly or indirectly complicit in human rights abuses.

LABOUR

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Businesses should work against corruption in all its forms, including extortion and bribery.

What support can Global Compact offer the financial institutions in this respect?

The Global Compact is primarily an international initiative that allows you to be part of a big partnership project aimed at developing a more inclusive and sustainable global economy. Consequently, the main contribution is linked to opportunities for international liaison, even from a business angle, and benchmarking among the organisations particularly oriented towards innovation. As far as the Italian Global Compact network is concerned, we are currently chairing the General Assembly Working Group on Green Economy dedicated to finance.

Within this framework recommendations that will allow the financial system to make a more active and organic contribution to the development of a more sustainable and greener economy are being drafted. These recommendations will then be put forward for a broad multi-stakeholder debate, after which they will be submitted to the Ministry of the Environment and the Government.



INTERVIEW WITH ANDREA POGGIO, CHAIRMAN OF THE FONDAZIONE LEGAMBIENTE PER L'INNOVAZIONE (LEGAMBIENTE INNOVATION FOUNDATION)

Legambiente has always battled to keep the environmental emergencies of our country in the headlines. What actions do you feel can be launched in the near future to achieve the 20/20/20 goals set by the European Union, as regards the role of banks and financial institutions in particular?

There's a line in a wonderful song by Battiato of some years back that says "How hard it is to glimpse the dawn in the dusk." It is indeed very difficult to look into the distance, to grasp what the future has in store for us and prepare for it as best we can. It's hard enough for our politicians, but it's even harder for ordinary people who find it impossible to make life projects in the midst of a crisis that's cutting jobs, eating away savings and slashing public services. But the dawn has already begun, even if the pincers of the crisis will continue to be felt for a long time. And this dawn lights up on the horizon houses renovated or even rebuilt to become saving and solar, cities with public services organised on a totally new basis, transport increasingly less dependent on fossil fuels, raw materials conceived as precious and recycled, a type of farming more conscious of protecting life and the land, and of increasingly renewable energy used in a more efficient manner. That's the way it is, and we know it. Those who govern us ought to be the first to confirm that the plan for the future can no longer be postponed. And we citizens ought to plan our decisions in this sense without delay. And the banks have to help us. Once upon a time it was plain sailing asking the bank for a mortgage or a loan to pay the instalments on a car. What we ask now is that it should be just as simple to get a loan to study for a degree, for putting solar panels on your roof, for earthquake protection for your home or your workshop, or for a green business start-up. Because we can't do it on our own. And so that this crisis brings out a local and national community of more shared intentions, brought together by the aspiration to a more sustainable development.

The presence of asbestos in Italy is unfortunately still a very topical issue. For some time, through the "Eternit free" campaign, you have been committed to removing roofs with asbestos and installing photovoltaic panels in their place. What more do you feel could be done to speed up the complete elimination of asbestos in Italy?

With the help of Intesa Sanpaolo we are finalising the first phase of the "Eternit free" campaign. Several dozen photovoltaic systems, some of considerable size, have been installed to replace dilapidated roofing in asbestos-cement. You can see photos of these reclaimed roofs on the website of our company AzeroCO₂. There are still a few buying associations open, for small private installations, but soon we'll be forced to suspend activities as a result of the cuts and the



APERIGREEN

In 2011 Intesa Sanpaolo and Legambiente signed a collaboration agreement aimed at launching specific joint initiatives related to environmental sustainability and energy saving.

The principal action was the support of Intesa Sanpaolo for the “Provincia Eternit Free” promoted by Legambiente and Azzerò CO₂ and aimed at the removal of Eternit asbestos-cement and its replacement with photovoltaic systems.

With a view to drawing the attention of young people, and even not-so-young, to the job opportunities offered by the Green Economy even in these hard times, in the course of the “M’illumino di Meno” Day 2012 a series of “Aperigreen” events were organised in the Superflash Stores (branches of the Group specially designed for the under-35s) in Milan, Turin, Florence, Bologna and Naples. Matteo Plevano, in charge of the Green jobs website was in attendance at the Milan event, in Turin Fabrizio Bo, administrative manager of Legambiente Piemonte and Valle d’Aosta, and then in Florence Marco Benedetti, managing director of W.I.P.

In Naples and Bologna the results of the study on Green Jobs promoted by Unioncamere and Fondazione Symbola were presented respectively by Domenico Mauriello, in charge of the Unioncamere Studies Service, and by Ugo Girardi, Director of the Regional Union of Unioncamere. The experts illustrated the economic prospects linked to energy-saving activities and the installation of systems for the production of renewable energy, but above all they underscored the fact that the green jobs sector represents an authentic source of work opportunities for today’s young people. Towards the end of the event the lights were turned down for a strictly zero-miles aperitivo with minimum energy consumption, as a symbolic reference to the underlying philosophy.

uncertainties about the fifth Conto energia (energy account).

Hopefully we’ll be able to relaunch the campaign in the future. Either because the government changes its mind again, or because photovoltaic becomes even cheaper than it is now. We won’t let up. Also because the presence of asbestos is so widespread that it puts the lives and health of thousands of people at risk. These are the figures of the documented victims, both workers and citizens, of the enduring presence of asbestos on roofs and in buildings in Italy.

And then, every year Legambiente organises the famous award “Innovazione Amica dell’ambiente” (Environment friendly Innovation). What is the logic behind this competition? And how much popularity has the initiative aroused to date?

Our “Innovazione Amica dell’ambiente” award is now in its twelfth year, and is still the leader in Italy in terms of number of participants and prestige. The title of this year’s competition, with closing date for entries in October, is “intelligent innovations”. This means all the experiences that manage to combine competitiveness with sustainable development in every type of local context, agricultural and industrial, rural and urban (for example the “smart cities”). It also means all the initiatives that succeed in grasping the potential for change sparked by the Green Economy, especially those that address the international dimension and exports. Actions undertaken by businesses and public bodies that respond to the challenge of climate change with intelligent adaptation measures that help to protect both the environment and citizens; companies that succeed in producing goods while consuming fewer resources and converting production as far as possible into the supply of services, for a lower global and local environmental impact. I recall that, in the first edition of the award in 2000 we asked ourselves whether it would be possible to keep it up on an annual basis, thinking it would be hard to come up with new green ideas, products and constructions every year. With hindsight, that’s a challenge that’s definitely been won: with an average of 150 entrants and around ten awards every year! And the dimensions of the Green Economy are further proof of it: thousands of companies, hundreds of thousands of jobs – growth in the teeth of the crisis!

DIRECT IMPACTS

Governments and international bodies have had the energetic and environmental future of our planet at the top of their agendas for some time now. Careful management of resources and an increasingly significant development of renewable energy are imposed by international legislation to offset the reduction in the supply of energy from primary non-renewable sources in the not too distant future. Through the 20-20-20 package the European Union aims to tangibly reduce CO₂ emissions, both by increasing the use of renewable sources and by eliminating waste and enhancing energy efficiency. It's important therefore not to overlook an aspect of the energy question that might appear obvious, but without which no energy policy can have any impact: energy saving.

Perhaps not everyone knows that, on average, a bank employee consumes seven times the electricity used by an average citizen at home, and that the electricity consumption of the Intesa Sanpaolo Group corresponds to that of a city with a population of around 500,000. Our approach is based on the assumption that each one of us has an impact on the ecosystem and can do something to protect the environment while at the same time supporting the economy. For a bank with limited possibilities for installing renewable energy plants in its premises, the Intesa Sanpaolo Group has for some time been pursuing energy consumption reduction as a priority action, consistently with its own Environmental and Energy Policy. Moreover, since the bank itself is capable of producing little energy, to meet its electrical requirements in Italy Intesa Sanpaolo uses energy from renewable sources.



BANCO DI NAPOLI: NEW CERTIFIED BRANCHES

193 sites: this is the current field of application of the Intesa Sanpaolo Environmental and Energy Management System (SGAE).

The latest enlargement of the System involved 19 branches of the Banco di Napoli located in Puglia. We asked our colleagues Tommaso Carofiglio e Paolo Braccio about their experience of this event.

“It was interesting and engaging; compliance with the regulations and the guidelines relating to both energy and environmental aspects were integrated with the management activities of the Facility. We were impressed by the team work among all the people involved (including the maintenance firms), by the method adopted and the traceability of the System processes and the actions for management optimisation. Taking part in this project also contributed to the professional growth of the technical personnel, especially in terms of an enhanced interdisciplinary vision.”

What was the attitude of the maintenance firms involved?

“That was the most surprising thing of all: the firms collaborated on every single phase of the works, at both daily and long-term level and they showed a really profound interest in the regulatory aspects. They realised that the System is aimed at an integrated and sustainable management, which goes beyond audit-type inspections: it guides us all (from the branch manager down to the cleaning staff) towards quality control of performance, with positive spillover effects even on the internal management of the firms themselves.”

What advice do you have to give to colleagues of other Technical Departments that may be involved in enlargements of the SGAE in the future?

“It’s an opportunity to be grasped. It does call for a systematic commitment but it also expands and consolidates knowledge in all the activities of the Facility. With the rise in the level of knowledge in the environmental and energy, it becomes essential and also natural to maintain an organisational structure aligned with the System.”

THE ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM (SGAE)



In the first six months of 2012 Intesa Sanpaolo achieved two important goals: the adaptation of its Energy Management System to the international standard ISO 50001:2011 and its extension (integrated with the Environmental Management System) to a sample of branches in Puglia. The withdrawal of the previous standard – UNI CEI EN 16001:2009 with which the bank had aligned its system since 2010 – made necessary the passage to ISO 50001, and once again Intesa Sanpaolo was the first Italian bank to obtain the certification. The new standard contains many of the specific aspects of the previous one, while supplementing them with new and at times more stringent criteria that establish a more virtuous management of energy performance, partly through the definition of specific improvement targets. The elements responsible for significant energy consumption in the sites (lighting, air-conditioning, office machines), and hence liable to a potential improvement in energy performance, had to be updated. In addition to an adaptation of the system documentation, the transition also entailed review of the “management of energy use” procedure. Performance indicators for each form of energy use are defined, based on the ratio between the individual energy use and the variable influencing the respective consumption (e.g. kWh/m²). Comparison of the performance indicators and the reference targets makes it possible to highlight any consumption anomalies that need to be acted on to bring the consumption back within a pre-established range and to regularly monitor its efficacy. Considering the high number of certified sites, priority for action is given to sites demonstrating poor efficiency and/or high consumption, pursuing continual improvement of energy performance. Among the new elements introduced by the standard is the definition of an “energy baseline” that represents a quantitative benchmark (previous year’s consumption) which, through comparison with current energy performance, enables assessment of improvement and the achievement of the pre-set goals/targets.

The standard also requires the establishment of an Inter-functional energy team (co-ordinated by the Energy Manager) which has access to all the information functional to the energy management and environmental impact of the bank and the task of defining and proposing actions for improving environmental and energy performance. In this framework, particular attention is paid to design decisions connected with the opening, relocation, enlargement and renovation of sites with a view to favouring technical and plant solutions that even if initially more expensive, can permit a better economic, environmental and energy return in the long term. There is also consolidated focus on aspects related to the correct management of natural resources, in other words: the supply and consumption of water, energy and fuel as well as the purchase of goods (products and devices that consume energy or of high environmental impact) and services (e.g. plant maintenance contracts) that can impact environmental and energy performance.

RENEWABLE ENERGY



PRODUCTION OF ENERGY FROM RENEWABLE SOURCES

Most of the operational sites of Intesa Sanpaolo are not independent buildings, and hence the roofs and courtyards do not belong to the Bank. Similarly sites in rented premises cannot be taken into consideration because the duration of the lease contract is shorter than the timeframe of the current incentive system. These aspects curb the Group's potential for investing in direct initiatives for the use of renewable sources.

Despite this, the bank has nevertheless come up with a three-pronged approach to stimulate the use of energy from renewable sources:

- installation of medium/large photovoltaic systems in buildings owned by the bank with high energy consumption, including some data processing centres;
- installation in owned sites of small photovoltaic systems of an innovative type, partly with a view to helping the manufacturing firms to consolidate these new technologies;
- extensive use of heat pumps of the air-water and/or air-air type, flanked in some sites by systems with geothermal heat pumps.

ENERGY PRODUCTION FROM PHOTOVOLTAIC SYSTEMS

Considering the points made above, Intesa Sanpaolo has focused its attention on just a few important sites.

In line with the forecasts of the SEAP (see following paragraph) by June 2012 the following large-scale systems located in the centre-north of the country were completed and connected to the network (expected unitary production more than 900 kWh/kWp):

- Moncalieri (with Data Processing Centre): power of 439 kWp, forecast production 400 MWh/year;
- Settimo Torinese (with Data Processing Centre): power of around 180 kWp, forecast production 170 MWh/year;
- Rubano: power of around 140 kWp, forecast production 121 MWh/year.

Medium-sized systems located in the centre-south of the country were also completed (expected unitary production more than 1100 kWh/kWp):

- Forlì: power of around 19 kWp, forecast production 21.9 MWh/year;
- Cosenza: power of around 30 kWp, forecast production 42.3 MWh/year.

Finally, in 2011 two small systems of an innovative type were also installed:

- Turin branch - Via Onorato Vigliani, solar tracker photovoltaic system, power of around 12 kWp, forecast production 17.2 MWh/year, approximately 30% higher than traditional systems;
- Venice Marghera branch, featuring cylindrical CIGS photovoltaic modules specifically designed for installation on flat, light-coloured roofs for elevated yield also in the conversion of diffuse solar radiation, with a power of around 9 kWp, forecast production 8.5 MWh/year.

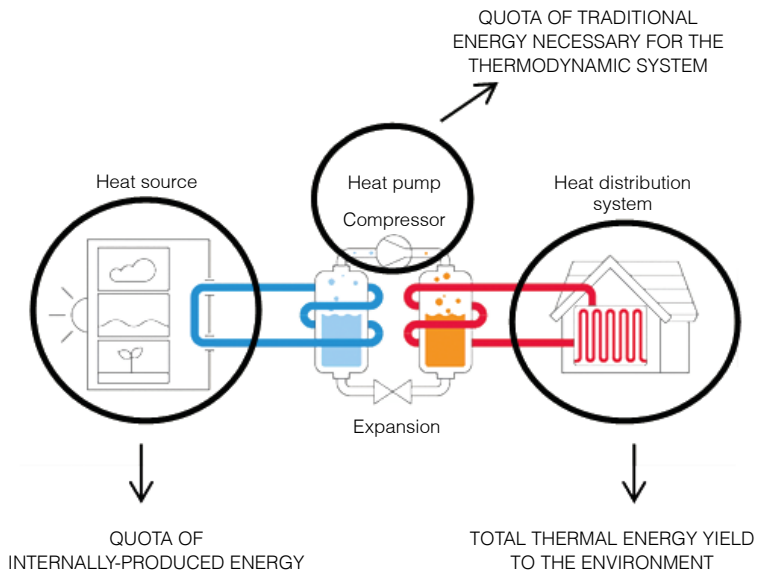
A monitoring system has been activated for each of the above systems.



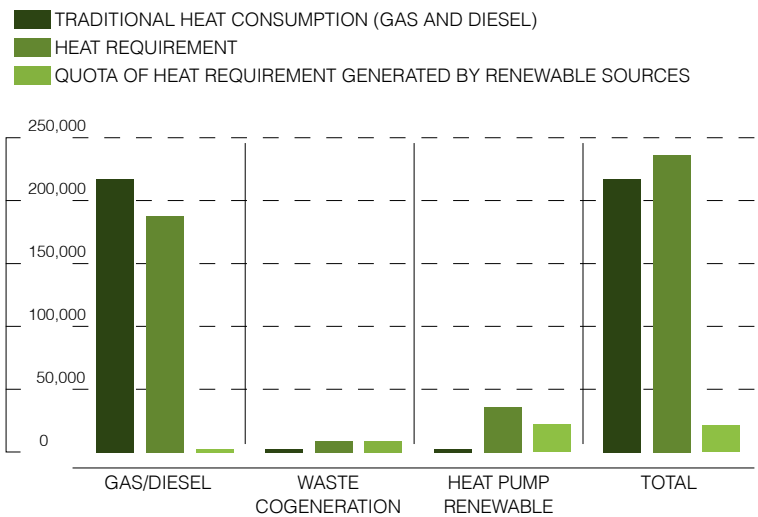
Photovoltaic System at the Data Processing Centre of Moncalieri



Photovoltaic System in Via Onorato Vigliani, Turin



HEAT CONSUMPTION AND HEAT REQUIREMENTS WITH QUOTA FROM RENEWABLE SOURCES



In recent years, in view of the growing interest in renewable energy sources and the reduction of atmospheric emissions, an interesting debate has developed in Europe regarding the possibility of considering heat pumps as sources of renewable energy. Heat pumps are in fact devices capable of extracting heat from a renewable source (from a body, such as the earth, or a low-temperature ambient such as the air) and transferring it to a cooler environment, or vice-versa. They can be used both to heat and to cool indoor spaces, and for this reason are extensively used in the services sector that needs both types of air conditioning. Intesa Sanpaolo has been using this type of technology for some time, especially in the branches in central and southern Italy, since it permits considerable savings in view of the lower demand for primary energy compared to traditional systems (boilers and/or refrigeration units) for the same winter heating and summer cooling requirements. But how can heat pumps be considered renewable? Indeed, although on the one hand the source from which they draw energy can be considered renewable, on the other hand to operate the pump energy from traditional sources such as electricity or gas is needed. The EC Directive 2009/28/EC, enacted in Italy in Legislative Decree no. 28 of 3 March 2011, defined for the first time the methods of accounting for two renewable energy sources: "aerothermal energy" and "hydrothermal energy" (energy stored in the form of heat in the air and surface water respectively). This means that heat pumps too are comprised among renewable sources since they reduce primary energy consumption and the respective emissions. However, in order to be considered renewable, during the heating season they have to comply with a minimum Seasonal Performance Factor: for Italy, on the basis of the yield from the national electricity grid, this figure has to be equal to 2.5 or more for electrically-driven heat pumps.

The procedure for recognising a heat pump as renewable is laid down in the legislation, and consists of deducting the heating energy produced by the heat pump from the primary traditional energy used in the thermodynamic cycle. In other words, if the energy requirement of a building is known, that is the heat supplied by the system during the winter season and applying to it the coefficient 0.6 (function of minimum SPF, that is deducting 40% of electricity used for the thermodynamic cycle) the amount of energy originating from renewable sources can be quantified. In Intesa Sanpaolo an analytic calculation was also performed, based on the average external temperatures and the yield of the heat pumps supplied by the manufacturers (COP) in different locations in Italy, and the results proved to be in alignment with the method proposed by the European legislation. Applying the above method to the Intesa Sanpaolo branches in possession of heat pumps what emerged was that to the total heat requirement of gas and diesel oil of 217 GWh/year we have to add a heat requirement of 40 GWh deriving from the heat pumps, including 20 GWh/year from renewable sources, with consequent prevented emissions of over 2,600 tons of CO₂/year. It should be noted that the legislation specifies that up to 2013 every renovation performed must factor in at least 20% of heat requirements supplied from renewable sources: as a result of the heat pumps, Intesa Sanpaolo complies with this provision.

THE “SUSTAINABLE ENERGY ACTION PLAN”



The achievement of the ambitious goals that Intesa Sanpaolo has set itself in the field of environmental sustainability calls for a multiyear integrated plan; this is the Sustainable Energy Action Plan (SEAP). Inspired by the European cities’ initiative, the “Covenant of Mayors” the baseline of the SEAP is 2008, and it is broken down into two timeframes:

- 2009/2010 – Initial analysis and first actions of management optimisation;
- 2011/2013 – Further optimisation initiatives and actions for enhancing energy efficiency.

In line with the Environmental and Energy Policy, the SEAP envisions actions aimed at the following corporate areas: managerial optimisation of consumption, enhancement of energy efficiency, innovation, green purchasing, training and Foreign Bank initiatives. A twice-yearly monitoring is performed, aimed both at supporting the structures involved and at updating the targets in the case of new needs and opportunities. The projects launched include:

1. Alignment of the Quality Certification of the Environmental and Energy Management System with the most recent international standards and its progressive extension to new branches;
2. Periodical updating of the unitary benchmark targets for assessment of appropriate energy performance for the different types of corporate site (Buildings, Branches etc.);
3. Systematic and computerised monthly accounting of electricity consumption;
4. Energy saving plans for the main operational facilities of the Bank that envisage the progressive reduction of electricity consumption, applied to 84% of Italy. More specifically, by the end of 2012 a reduction of 10% on the electricity consumption recorded in 2008 is forecast (3% for the years 2009-2010-2011 and 1% in 2012). To achieve this result it was decided to act on the management optimisation of the technological systems;
5. Specifications of greater energy efficiency for branch decor and furnishing;
6. Progressive replacement of refrigeration units containing R22;
7. Installation of photovoltaic systems;
8. Purchase of increasingly high-performance office machinery and ecological/recycled paper, as laid down in the specific in-house policies;
9. Environmental sustainability training initiatives.

THE ECONOMIC RESULTS OF THE THREE-YEAR PERIOD 2009-2011 [MILLIONS OF EURO]

	ANNUAL ECONOMIC SAVINGS AT END OF 2011	ECONOMIC SAVINGS 2011 VS 2010	ACCUMULATED ECONOMIC SAVINGS 2009 – 2011
Management optimisation of energy consumption	7.48	1.94	12.75
Improved energy efficiency	4.32	4.32	11.22
Innovation	0.01	0.01	0.01
Green purchasing	3.47	1.89	6.02
Training	-	-	-
Total	15.28	8.16	30.00

THE FIRST “ALMOST ZERO ENERGY” BRANCH

Intesa Sanpaolo has decided to experiment what was laid down in the European Directive 2010/31/EU regarding buildings by creating the first “almost zero energy branch”. In the awareness that using renewable energies is definitely important but not sufficient Intesa Sanpaolo has given priority to implementing a series of actions for reducing the energy consumption of the building: insulation of the building shell with a polyurethane thermal cladding and elimination of thermal bridges; thermal insulation of the horizontal roofing; replacement of the doors and windows with new low/transmission, low/emission glass fixtures; fittings with high-yield fluorescent bulbs controlled by presence sensors/outdoor lighting and LED bulbs in certain offices.

A photovoltaic plant with a peak power of 9 kW capable of producing approximately 8,550 kWh/year was installed to produce clean energy. Moreover, for heating a geothermal heat pump was installed, with 6 vertical probes of a depth of 120 m with circulation of water without glycols, and an air heat pump for the production of hot water and simultaneously for the cooling of the utility rooms. The result of these innovative solutions is a reduction of primary energy of 80% for heating and 60% for cooling. Two multifunction office machines were also installed, replacing numerous old printers, faxes, scanners and photocopiers together with new decor elements constructed using FSC-certified eco panels with low formaldehyde emissions (class E1).

The result of all these actions is that the branch will reduce its energy consumption (kWh/year) by 65%, obtaining certification in energy class A.

THE RENOVATION OF THE BANK'S LARGE BUILDINGS



Almost all the research carried out in Italy shows that over half the buildings are in need of renovation operations aimed at improving their energy performance and reducing emissions and consumption. In order to improve the energy performance of its own buildings, the Intesa Sanpaolo Group has decided to take progressive action on its larger properties of greater energy impact.

The first major renovation project involved the Moncalieri technology centre. This property extends over a total surface area of approximately 47,000 m², in addition to an area of around 24,500 m² used as a car park. It consists of several buildings appointed to different purposes (offices, canteen, company nursery, data processing centre and plant rooms). The renovation, which also comprised the removal of asbestos in the plant rooms and an enlargement of capacity amounting to around 500 work stations, was aimed at improving the energy efficiency of the facility through:

- the replacement of all the windows in the buildings used as offices with new low-thermal-transmission glass fixtures;
- the installation of thermal solar plants of 100.86 kWh, designed to ensure the production of hot water;
- the installation of a photovoltaic plant with a peak power of 439 kWp;
- the creation of lighting systems comprising fluorescent bulbs equipped with electronic reactors with regulation based on outdoor light conditions. For the outdoor lighting LED bulbs controlled by photocells were used;
- the development of a building management system to manage and monitor the refrigeration units and ambient temperatures.

As a result, the building moved from energy class E up to energy class C.

Another significant operation was carried out in Milan in the property complex of Piazza Scala 6, where on the ground floor the “Gallerie d'Italia” Museum was set up in an area of 8,300 m². The priority objective of the renovation, which was functional to separating the museum physically and in terms of systems from the remainder of the property complex, was also the reduction of energy consumption. Four refrigeration units were replaced, two of them constructed with heat pumps producing condensation water that is then used for the heating of the museum. Led spotlights are used for both the lighting of the rooms and that of the works displayed, while in other rooms high-performance fluorescent bulbs were used. All the lighting fixtures are managed by a regulation system that adjusts the light flow of each element on the basis of actual requirements. The site is constantly monitored to identify further actions to improve and enhance the management of the systems. The operation schedules an energy saving of approximately 550,000 kWh/a year of electricity and approximately 90,000 m³/year of gas in relation to heating and air-conditioning.

GREEN PURCHASING



OFFICE MACHINERY: A GREEN PURCHASING POLICY

The bank's concern for the environment is also expressed in the energy consumption deriving from the work environment. We are indeed aware that the entire range of ICT equipment, including PCs, monitors, printers, photocopiers and faxes used in our premises for the day-to-day business of the bank generates consumption on a level comparable to that of the big accounts centres. We are talking about more than 280,000 devices, consuming around 60 GWh/year.

To reduce consumption and progressively improve the quality and efficiency of our machine fleet, at the end of 2011 an internal policy for office machinery purchasing was adopted. This policy defines the minimum environmental criteria and the operational procedures for assessing the direct or indirect environmental impact during the purchasing phase. These criteria, which are inspired by those used by the Public Sector within the broader framework of European legislation, comprise: the assessment of energy efficiency and the possible impact caused by noise and by the level of electromagnetic radiation emitted by the machines; the presence of a limited quantity of hazardous and pollutant substances; the optimisation of the use of consumable materials, in particular paper (possibility of using recycled paper, using front& back etc.) and toner; the prior analysis of the entire life cycle of the machinery, favouring models that guarantee a lower overall environmental impact and the possibility of reutilisation or recycling, also as regards the packaging.

In order to evaluate the offer, a standardised algorithm was developed to assess the environmental and energy performance, with specific weights assigned to environmental performance, environmental certifications and safety. As regards the economic evaluation, the running costs are evaluated on the basis of the declared energy consumption based on the Energy Star method, bearing in mind the average life cycle of the machine (4-5 years), which are then added to the initial investment price.

As a result of the progressive replacement of around 35,000 machines with others that are more efficient in energy terms, in 2011 we recorded an electricity saving of 1% in comparison with 2010 (an accumulated electricity saving of over 3.1% compared to the baseline figure of 2008). This saving can be added to the results obtained through the procedure adopted for some time now for the distance shutdown of almost all the PCs in the branches during night hours, weekends and holidays (estimated at around 5 GWh/year, corresponding to 2,000 tons of averted CO₂ emissions).

CAN MAJOR EVENTS BE SUSTAINABLE?

The Group Rules regarding sustainability in the organisation of communication events and for training activities issued in March 2011 have laid down principles to improve the environmental sustainability of in-house and external communication events and training courses.

The criteria comprise:

- invitations and documentation in electronic format;
- any printing done on certified ecological and/or recycled paper and using front/back;
- venues that favour access via public transport or means of group transport;
- re-usable layouts, decor, supports and gadgets, or made using certified recycled or recyclable products;
- catering using washable crockery and glasses, with the choice of local, seasonal products, obtained and supplied through short-chain producers;
- use of tap water filtered and/or carbonated on the premises.

These criteria are considered in all the phases of organisation of an event: from the preparation and promotion through to the conclusion phase and the dismantling.

The first accounting reports collected at the end of 2011 made it possible to assess the actual level of application of the policy and to lay the foundations for future monitoring. The picture that emerged was of a somewhat uneven performance, illustrating the fact that certain criteria need more time to be correctly applied. In detail, given the specific nature of certain events and also the shortage of available structures, it was not always possible to select venues for meetings and for overnight stays that had the required features of eco-compatibility. The best results were achieved in rendering electronic the invitations and the supplementary materials, in the use of ecological paper for the indispensable documentation and in the application of sustainability criteria in the choice of catering and decor.

PLASTIC CAPS: A WAGER IN FAVOUR OF PEOPLE AND OF THE ENVIRONMENT

At the end of 2010 our bank launched the collection of plastic bottle caps in a number of Italian cities to support solidarity projects. In 2011 no less than 2,600 kg of bottle caps were gathered, and then collected by the various voluntary associations involved.

Containers for collection were positioned on all floors and in the main entrances of the bank's principal premises to encourage employees to get involved in the initiative.

Thanks to the commitment of the entire personnel, the collection continued in 2012, with the sphere of application being progressively expanded. The results of the first six months of 2012 are motivating to say the least:

- in the facilities of Turin and Moncalieri approximately 800 kg of caps were collected. These will be sold, and the proceeds will go to support the water supply projects that the Centro per la Mondialità e lo Sviluppo Reciproco is sponsoring in the Dodoma Region of Tanzania, and to the management of the Casa accoglienza la Madonnina di Candiolo which is a reception structure for the relatives of terminally-ill patients;
- the approximately 2,120 kg of bottle caps collected in the Milan branches will instead be used to fund the activities of the Associazione Malattie del Sangue;
- 472 kg of bottle caps collected in the Naples premises of the bank were donated to the Prohomo association with its headquarters in the parish church of Santi Francesco e Chiara, and will be destined to the Kahama community in Tanzania.

Intesa Sanpaolo has joined in the initiative promoted by the voluntary organisations with the greatest enthusiasm, since it is firmly convinced that these actions have great value in ecological and environmental protection terms in addition to their social value and the far from insignificant raising of awareness on these issues among the employees.

INNOVATION TO REDUCE PAPER CONSUMPTION

Anyone who has been in any one of the Intesa Sanpaolo branches over the last few months for ordinary transactions will have noticed that each counter is now equipped with a small electronic device (tablet) on which customers place their electronic signature. This method of signing a large proportion of the standard forms makes for quicker, streamlined procedures and dramatically reduces the use of paper at the counter, since it eliminates the need for printing receipts (including copies to be archived and others to be given to the customer). The ISPAD, project launched in October 2011 for operations of paying-in, withdrawal, cashing cheques and sale/purchase of foreign currency, has since also been extended to individual credit transfer orders, fund transfers and the purchase of tickets or season tickets for events. To date, the non-paper operations comprise around 80% of those performed at the bank counter, and when invited by employees to utilise the new service over 85% of customers agree. To underscore the potential of this initiative, we have only to recall that estimates indicate a consumption of paper in our branches amounting to 100 million forms a year.

This initiative is simply the latest in a long series already launched by Intesa Sanpaolo in the past to reduce consumption and encourage a conscientious use of paper, illustrating the groups increasing concern with environmental protection. Indeed, every year the results achieved through the online accounts service have been consolidated (at the end of 2011 a saving of over 330 tons of paper was recorded, while in the first six months of 2012 the figure is around 190 tons) and by rendering virtual several types of printed document entrusted to external services. From 2012, the operational area already involved (collection order notifications, F24 tax forms, HW23 forms and printouts) has been supplemented by the electronic notification of receipts for loans. Globally, then, the saving of over 520 tons of paper in 2011 has gone up to over 335 tons in just the first half of this year.


In order to ensure that the goals laid down in the Policy regarding sustainability in purchasing and the use of paper and derivative materials, issued in June 2011, are increasingly tangible, measurable and updated, the model for the calculation of the greenhouse gas emissions as a result of less paper use has been revised. This model takes into consideration the various types of paper that can be used (non-coated, non-deinked recycled, deinked recycled) and above all the entire life cycle of the paper: production, transport from the paper-mill to the printer, printing of the documents, delivery of the printed items to the recipients and final disposal. Each of these five phases was attributed an emission factor (expressed in CO₂eq) and a percentage impact in relation to the entire life cycle of the paper. For example, production is the phase with the greatest impact for CO₂ emissions (approximately 74% of the total). The updated model also takes into consideration the current Italian scenario as regards paper disposal (Conai and Ispra data 2011), with the consequent implications in terms of CO₂ emissions. In fact, disposal procedures have changed radically in recent years: today on average 79% of paper and cardboard is destined to recycling (in 2008 it was only 17%), as against 11% and 10% destined respectively to incineration and landfill (in 2008 respectively 12% and 71%).



The Mobility management department pursues two aims: promoting sustainable mobility initiatives and services, and identifying more efficient tools and means of transport with a view to reducing environmental impact and spreading a culture of sustainable mobility among the employees, in synergy with the Group's Training Service. Numerous activities and initiatives have been developed by Mobility management: since 2009 every year "home-work commuting plans" for the Group personnel have been drafted to report on the implementation and efficacy of the actions taken and to illustrate the activities planned for the following year. So far the Intesa Sanpaolo Group is managing the home-work commuting plans for 11 major cities via regular consultation sessions with personnel to monitor requirements and stimulate active involvement. These documents are then delivered to the Local Authorities and the Bank undertakes to translate them into practical initiatives in favour of mobility, such as, for example special concessions for public transport season tickets, shuttle services for the more inaccessible facilities, corporate bike-sharing and the integrated sharing scheme operative in Rome and Milan, which allows employees special rates on the rental of vehicles, including electrical vehicles. The schemes currently available can be consulted, and in some cases even booked directly, in the special section of the company intranet. The new business travel system, devised by Travel Management to address the business trip requirements of Group employees, fosters responsible attitudes mindful of the need to reduce both economic and environmental impacts, identifying solutions for integrated mobility. The main novelties of this system relate to managing travel from a point-to-point perspective and the proposal of less pollutant means of transport by the travel agency: the train as an alternative to the plane where possible, and greater use of collective transport fostered by detailed information about the public transport systems in the principal cities. In parallel an awareness-raising campaign has been implemented for all personnel with a view to encouraging the use of the corporate systems of distance communication as an alternative to business travel.

Consistently with the guidelines of the Code of Ethics regarding the assessment of the environmental consequences of its choices, in liaison with the Fleet manager, the Mobility department has adopted a first draft of the car policy for management of the fleet; this policy is aligned with principles and regulations for choice and use that respect the environment and pay due attention to the need to reduce the environmental impact of the car fleet.

Commitment to the environment and to the reduction of carbon dioxide emissions and greenhouse gases has also materialised in a collaboration agreement between Intesa Sanpaolo, the Turin Provincial Authority and the Municipality of Piossasco for the development of the "Parco in Banca" (Bank Park). Through this project, for every baby born to one of the bank's employees the seed of a tree can be chosen to be planted in the Nursery of the Park of Monte San Giorgio. Since 2011, approximately 3,500 trees a year are assigned for donations by public or private bodies and institutions to foster reforestation initiatives all over the country.

Mobilityamo has been created to foster awareness and spread the culture of sustainable mobility. This is a multimedia, educational section of Ambientiamo (see the "Personnel Training and Awareness" section) devoted to the subject of sustainable mobility. Regularly enriched with new elements, the platform proposes activities and contents that are the tangible implementation of the commitments declared in the Home-Work Commuting Plans relating to communication in mobility management. Available to all the Group employees, this online space offers a cross-media training area, with graphic-effect educational snippets and technical contents regarding the environmental impact of mobility. For example, employees can find out just how much their leisure-time mobility choices impact the environment by doing the test "What's the impact of your mobility?", which is aimed at encouraging a more conscientious use of means of transport with the aim to reducing CO₂ emissions. The environmental impact of corporate mobility – already illustrated in the Social Report – is instead addressed in the animated feature "Did you know?" .

Also available is a tutorial dealing on Lync, a new software that allows you to chat, make calls and videocalls directly from your PC, designed to foster an increasingly broader use of distance communication media.

Every month a new "nugget" of info about sustainable mobility is provided via the "Educards", educational postcards created with the help of a number of employees' children who took part in the initiative "Eco-bimbi si diventa" (You too can become an eco-kid).

A QUICK GLANCE AT THE LEGISLATION

The activity of the Mobility Manager and his/her role in the company are regulated by the Ronchi Decree (Ministerial Decree 27/03/1998) “Sustainable mobility in urban areas”, which establishes that companies and public bodies with more than 300 employees in a single site, or a total of more than 800 employees, situated in the Municipalities listed in paragraph 1 of article 2 of the Decree must adopt a home-work commuting plan for their personnel and appoint a Mobility Manager for the purpose. The aim of this plan is to reduce the use of private transport and to enhance the organisation of working hours to restrict traffic congestion (art. 1, paragraph 3). The Plan has to be submitted to the relevant City Council by the 31st of December of each year. Within the sixty days following, the City Council will draw up with the company or public body programme agreements for its implementation. The plan is then updated via annual reports which must contain details of the measures adopted and the results obtained (art. 2). Other relevant legislation passed after the Ronchi Decree includes the Ministerial Decree of 20 December 2000 which introduced the figure of the Area Mobility Manager and the Silvestrini Decree (Ministerial Decree of 21 December 2000). The latter envisages the possibility of funding the City Councils to foster the implementation of structural measures for the permanent reduction of the environmental impact deriving from urban traffic (e.g. collective taxis, bicycle fleets, rented electrical vehicles, and monitoring of atmospheric pollutants).

THE MOBILITY MANAGER



In the human resources area the Mobility Manager operates at Group level to define and coordinate strategies and guidelines in this field. Her role involves activating initiatives of sustainable mobility that are consistent with the policies of social and environmental responsibility, and in particular identifying the transport solutions that are most effective in terms of reducing environmental impact. The Mobility Manager adopts an innovative, all-round approach to “corporate mobility”, entailing the implementation of targeted, concrete and measurable actions for the transport needs of the personnel and for the company’s requirements by analysing demand and also organising focus meetings with the union representatives. Through the home-work commuting plans, the Mobility Manager identifies strategies and actions aimed at ensuring the best possible transport for people in the most efficient manner. Quite aside from their mandatory nature, these home-work commuting plans are an extremely useful management tool for systemising all the initiatives activated and then monitoring them over time.

The Mobility Manager liaises with the locally-appointed mobility agents who play a key role in strengthening and enhancing the activities of mobility management and in the creation of a local network that can interpret the mobility demand and manage the initiatives at local level.

To get a clearer picture of the tasks performed by the Mobility Manager we talked to Elena Cessari, Mobility Manager of the Group.

“For a large banking group like ours, being committed to fostering actions in the area of mobility management and continuing to invest in the direction of environmental sustainability means adopting a multidisciplinary and integrated approach. This is the only way to ensure the development of services and initiatives that can boost the wellbeing of the individual employees and the corporate community as a whole. At the same time it allows us to come up with solutions that can be replicated all over the country, or alternatively activated to cater to local specificity, even through forms of collaborative liaison with local institutions and qualified stakeholder partners.

Ours is an integrated vision of mobility management, also understood as corporate mobility. We are conscious of the impact of our choices and hence we are committed to finding solutions for the mobility of our personnel that combine environmental sustainability with the wellbeing of the individuals and with the economic sustainability targets of the Group. In this respect our constant focus on the sustainability of our project has taught us that the benefits of careful attention to the real demands of our personnel and an effort of creativity – even in collaboration with the Mobility Managers of other companies – can genuinely foster the discovery of organisational solutions that are extremely beneficial for personnel and company alike, without entailing major infrastructural actions or huge financial resources. This is why our initiatives are often triggered by taking as reference the suggestions emerging from the processes of stakeholder engagement developed by the Corporate Social Responsibility department, while we also pay great attention to the development of “soft” measures, such as information, communication, the organisation of new services, the search for possible incentives or disincentives, and naturally to recording the efficacy and efficiency of our services.”

APPLICATION IN THE BANK OF THE GRI ENVIRONMENT INDICATORS



Considering that sustainability and environmental impact are issues with increasing relevance for our daily actions, many banks, including Intesa Sanpaolo, have for some time been putting in place a process of accounting for how their actions can affect society, and the environment in particular. This is done by drafting the Social Report. The benchmark for sustainability reporting is the international organisation “Global reporting initiative” (GRI), which has defined the principles and the performance indicators through which organisations can measure and efficaciously communicate their economic, social and environmental performance. It is the framework for sustainability reporting most widely used in the world.

In order to create a shared basis for reporting between all the Banks, ABI Energia and the Competence Center ABI Lab sull’Energia e l’Ambiente, through its Energy Efficiency Monitoring Centre, have drawn up guidelines relating to reporting on eight out of the thirty GRI indicators most widely used by the banks in their Social Reports. This document is aimed, on the one hand at harmonising the reporting methods so as to facilitate comparison of information between the various banks and create potential benchmarking, while at the same time also fostering further dissemination of sustainability reporting in the banks that have not yet adopted it. The following criteria have been used in the drafting of the Guidelines: reference to international standards such as those of the GRI, transparency in the construction of the indicators so that the calculation can be replicated by any bank; comparability of data and identification of the main criticalities hampering correct reporting.

With a view to identifying common metrics, during the works the participating banks shared their experiences and reporting methods. The Intesa Sanpaolo Group was able to make an important contribution to this, since it has been using these indicators as benchmarks to enhance its accountability through quality reporting for some time. In detail, our methods for recording and monitoring the data, and the coefficients utilised for the calculation of the transformation factors were illustrated. The final version of the Guidelines, aligned with the Intesa Sanpaolo standards, emerged as an extremely concrete document, very useful for all the Italian banks. The choice of the coefficients and the transformation factors was primarily inspired by the national coefficients (institute for environmental protection and research, ISPRA) and only where these did not exist were European and international coefficients utilised. Moreover, each figure or coefficient proposed was supported by the document from which it was derived, complete with details of the internet site where the document can be consulted, so as to allow the Banks to update the coefficients over time. In general, for each indicator an introduction was provided, referring to the recommendations of the GRI, and the coefficients to be used for conversion; furthermore several estimate methods are suggested for cases where the precise numerical figure is not available.

INDICATORS ANALYSED

The indicators considered in the analysis performed by the ABI (Italian Bank Association) in 2011 are the following:

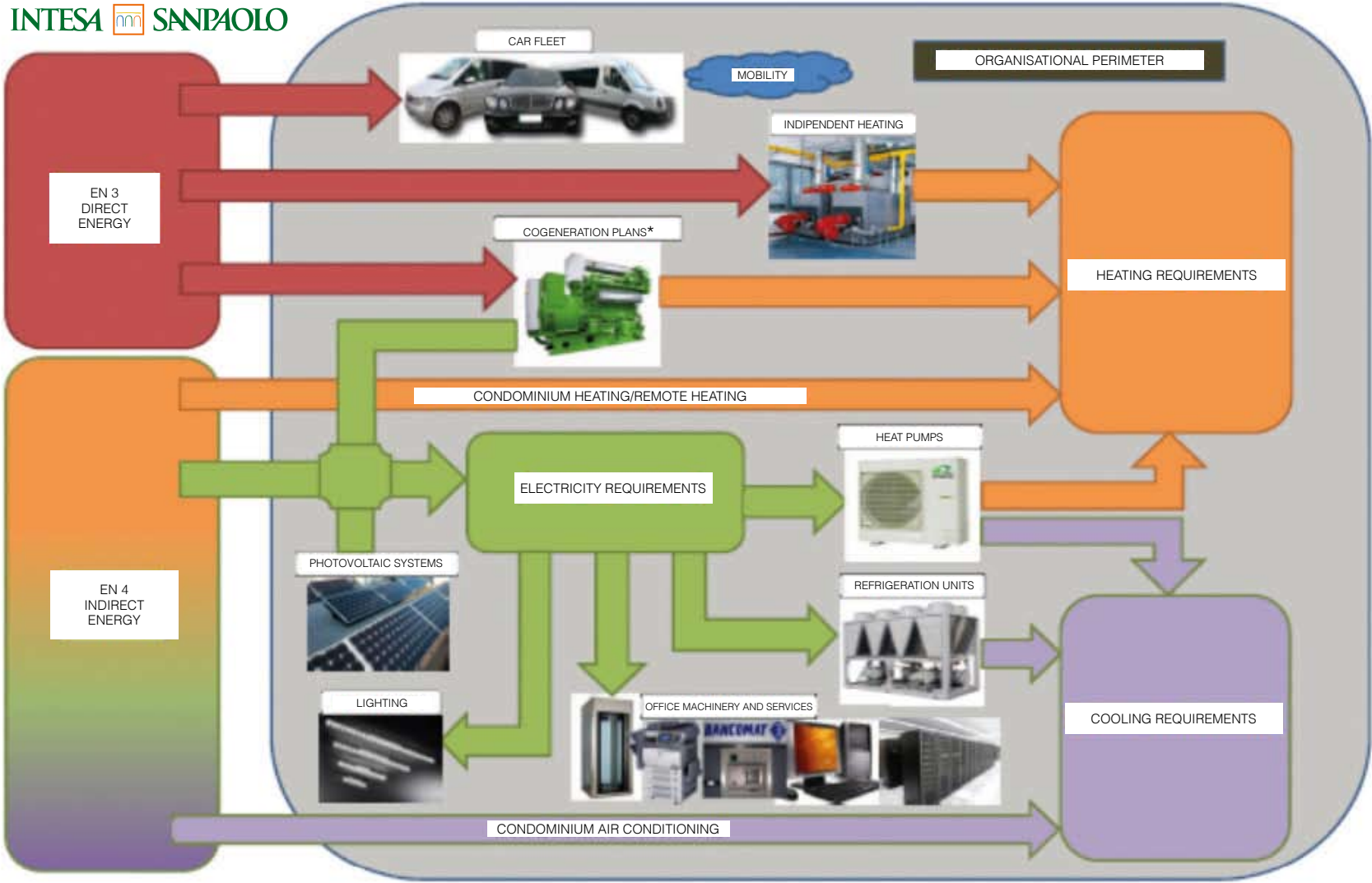
- EN3: direct energy consumption by primary energy source;
- EN4: indirect energy consumption by primary energy source;
- EN16: total direct and indirect greenhouse gas emissions by weight;
- EN1: raw materials used by weight and by volume
- EN2; percentage of materials used that are recycled input materials;
- EN8: total water withdrawal by source ;
- EN22: total weight of waste by type and disposal method;
- EN28: monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

Considering that the indicators examined do not fully cover the global accounting of the environmental impact of the bank in 2012, other indicators are currently being analysed with a view to GRI reporting purposes.



SUMMARY BREAKDOWN OF ENERGY REQUIREMENTS
REFERENCE DIAGRAM

INTESA  SANPAOLO



*The electricity produced by cogeneration is considered to be without emissions since these are already calculated in the combustion of direct energy

REDUCTION OF ATMOSPHERIC EMISSIONS



Every time technological advances connected with modernisation of the plant succeed in creating more energy-efficient systems there is a corresponding reduction in the emission into the atmosphere of greenhouse gases deriving from the by-products of combustion. As well as having launched actions of energy efficiency, 94% of the electricity consumed by the Intesa Sanpaolo Group in Italy originates from renewable sources (for example hydroelectric power from the “Eaux de la Vallée” consortium in Val D’Aosta), allowing us to prevent the emission into the atmosphere of the equivalent CO₂ produced by a non-renewable source (in 2011 equivalent to 184,878 tCO₂), in addition to the emissions prevented by the use of heat pumps. To give a clearer idea of the emissions produced, we can illustrate this through everyday examples such as trees, houses and cars. For example:

- every tree planted absorbs around 30 kg of CO₂/year;
- an average size house produces around 1,650 kg di CO₂/year;
- a car with a medium-sized engine travelling approximately 10,000 km/year produces around 1,500 kg CO₂/year.

In line with its firm intention to make public and account for its emissions in the best possible manner, in addition to the monthly publications on its website, every year Intesa Sanpaolo also responds to the questionnaire circulated by the Carbon Disclosure Project (CDP). The CDP is an independent international organisation that analyses the greenhouse gas emissions and identifies the related risks and opportunities for the listed companies that respond voluntarily to its questionnaire. The CDP applies a specific protocol for greenhouse gas emission reporting, in which the different sources are broken down by “Scope”. The emissions generated directly by the company (SCOPE 1), which include gas and diesel from independent central heating systems and the fuel used by the corporate vehicle fleet, amounted for the Intesa Sanpaolo Group to around 55,058 tons of CO₂ equivalents in 2011. Included in the reporting of the indirect emissions (SCOPE 2), in other words the emissions not made directly by the company but for which it nevertheless accepts responsibility since it has the ultimate decision about “flipping the switch” to reduce consumption, are gas and diesel for condominium heating and electricity. If Intesa Sanpaolo were to purchase energy only from traditional sources, such emissions would amount to 242,700 tons CO₂ eq., but since the Group instead purchases most of its energy from renewable sources, the Scope 2 emissions actually amount to only 57,257 tons of CO₂ eq. Finally the CDP has a third category for “other emissions” denominated SCOPE 3. At present the Intesa Sanpaolo Group reports the emissions deriving from the fuel used for business travel in this category: in 2011 Scope 3 amounted to 12,378 tons of CO₂ eq. for Italy alone.

CO₂ EMISSIONS PER CAPITA IN ITALY

Italy [kg CO ₂ /inhabitant]	Intesa Sanpaolo [kg CO ₂ per capita]
[9.500 (istat 2005)]	741 (2011)
	811 (2010)
	985 (2009)

EMISSIONS OF THE INTESA SANPAOLO GROUP BROKEN DOWN BY SCOPE IN ITALY [tCO₂]

		SCOPE 1 ▼	SCOPE 2 ▼	SCOPE 3 ▼
2011	Italy	48349	9926	12378
	Abroad	6709	47331	/
2010	Italy	49813	15047	18390
	Abroad	5630	48748	/

AWARDS RECEIVED

Over the last few years the Intesa Sanpaolo Group has obtained a series of important awards in the environment area that endorse the quality of the actions implemented. During the fifth edition of the Green Globe Banking conference on the topic “The role of the banking system in supporting increasingly greener consumption”, Intesa Sanpaolo was awarded the Green Globe Banking Award for the following initiatives: “Innovative green finance” concerning new “sustainable finance”; support to ESCOs (Energy service companies); training of personnel via the multimedia platform “Ambientiamo”. Moreover, at the fifth edition of Premio Banca e Territorio, established by Aifin (Italian association for financial innovation), Intesa Sanpaolo was ranked 2nd in the Initiatives to protect and support the environment, for the project “The Intesa Sanpaolo Group for the environment” which comprises all the initiatives adopted by the Group for the reduction of environmental impact.

The Group obtained important awards in 2012 also: according to the Bloomberg “World’s Greenest Banks” ranking, drawn up in March 2012, Intesa Sanpaolo is the third greenest bank in the world, and is in first place among the Italian banks. Then, for the third year running our Bank is listed among the 100 most sustainable enterprises in the world, according to the listing of Corporate Knights (a Canadian magazine dealing with sustainable capitalism), which was presented at the World Economic Forum 2012 in Davos.

Finally, at the beginning of 2012 the Cassa di Risparmio del Veneto received the “ForGreen Award” for its intense activity of financial support for renewable energy development projects.

PERSONNEL TRAINING AND AWARENESS



2012 opened on the note of experimentation for “Ambientiamo”, the multimedia platform devoted to environmental awareness and training. An array of new topics, new languages, new collaborations and new challenges. Having addressed the issue of energy saving and talked about waste recycling and disposal, the Intesa Sanpaolo environment platform now boasts four modules devoted to renewable energy. The world of clean energy is illustrated in the videos of “the Four Elements”, as usual exploiting cross-media approaches that turn the user into the protagonist. However, compared to the past the structural logic of each module is more complex, linking up different semantic levels under the masterful direction of Marco Chiarini.

The first is metaphorical: Air, Water, Earth and Fire are the names of both the module and the “source” element of the renewable energy. The second is the “narrative” dimension: each element is personified and linked to a specific sentiment : the sun becomes a young man and represents brotherly love; water is a young woman, symbol of friendship; wind and earth come to life respectively in the form of an elderly man and an elderly woman, symbols of filial love and the love of parents for their children. The third and last levels are of a technical character, and describe how the main technologies for the production of renewable energies work. Each module consists of an introduction, a short film and a variable number of tutorial videos. Why this approach to the subject of renewable energy? Modern didactic theory maintains that reading a story, listening to a song or watching a video can stimulate our brains and arouse our curiosity and imagination. However, it wasn’t easy to introduce technical information too, since this frequently runs the risk of producing highly specialised contents. That’s why in Ambientiamo we have sought to use a visual language that is simple, but also complete and effective, to weave a dynamic and diversified storyline around a subject in continual evolution.

The personnel and other stakeholders also have at their disposal intranet and internet sites devoted to the issue of CSR and Environmental Sustainability in particular, which are conceived to provide updated info on all the actions implemented by the Bank on the subject of environment and sustainable mobility.

Moreover, in the course of the “M’illumino di Meno” event and of the World Environment Day, the Intesa Sanpaolo Group launched a series of activities in Italy aimed at raising awareness on environmental topics among all the employees, also offering them the chance to buy energy-saving products at reduced costs. Among similar initiatives organised in the International Subsidiary Banks we should mention the involvement of CIB and ZAO at the Earth Day and of Intesa Sanpaolo Romania at the “Let’s do it Romania” day, where staff were engaged in various environmental activities organised by the government. Finally, Intesa Sanpaolo also took part in the campaign of communication and awareness-raising on CSR topics called “Io aderisco” (Count Me In) sponsored by the Piedmont Region and Unioncamere Piedmont.

INDIRECT IMPACTS

Intesa Sanpaolo is fully aware that responsibility towards the environment doesn't stop at directly generated impacts, but also extends to impacts potentially generated through its intermediation activities with customers and its choice of suppliers.

Indeed the indirect impacts are a fundamental aspect, and through their management the Group has the chance to contribute to the spread of processes and behaviour that is virtuous in environmental terms.

The environmental impacts generated by our customers are also bound up with our business as a company offering credit facilities. This is why we are committed to take environmental risk into consideration in the assessment of credit worthiness. We also make conscious efforts to promote tools and products that foster the spread of renewable energies and the improvement of energy efficiency, to contribute to the struggle against climate change and to use our skills and expertise to support customers in terms of information, advice, products and services.

In detail, the Group places at the disposal of its private customers, enterprises and public bodies specific financing products in the sphere of energy efficiency and renewable energy, while through targeted funding and project finance it also plays an active role in the construction of systems for the production of renewable energy. In parallel it takes the greatest care in appraising the environmental impacts of the major infrastructural and industrial projects that it is engaged in, and is committed to strategic investments for leading Italian players in the renewable energy arena.

Investments in research and in technological innovation are also of great strategic importance, since they are indispensable for reducing the costs of realisation of the plants and to ensure the best possible standards for sustainable development.



THE TREND OF THE GREEN ECONOMY SECTOR SUSTAINED BY THE ITALIAN BANKING SYSTEM

The sector that made the biggest investments in Italy during the crisis was that of the green economy. Between 2007 and 2011 the banking system funded projects to the tune of around 20 billion Euro, broken down into various types of action: project financing of 4.6 billion Euro for plant assets portfolio and 2.8 billion Euro for individual systems; 7 billion Euro in leasing; 6.4 in traditional loans.

The choice of the financial sectors illustrates that in Italy at present the photovoltaic and wind power segments are a very strong presence and a driver for the renewable energy sector. Indeed in the entire range of financing solutions, wind power and photovoltaic always receive the lion's share (project finance devoted 48% to wind power; 68% of leasing funds went to the photovoltaic sector, while 85% of traditional loans went to photovoltaic energy systems).

These are the results recorded by the Renewable Monitoring Centre of the ABI (Italian Bank Association) which were presented at the Green Energy Forum of Rome, attended by banks, businesses and institutional bodies.

The contribution of the Intesa Sanpaolo Group to this financing was around 7.5 billion Euro, including 3.1 billion of traditional lending, 3.3 billion of leasing and around 1.1 billion devoted to project finance.

FINANCING FOR THE ENVIRONMENT AND ENERGY EFFICIENCY



The sphere of responsibility of a major financial institution such as Intesa Sanpaolo also comprises the environmental impacts deriving from activities that it neither manages nor controls directly, above all those generated by the activities of its customers.

Through the management of these impacts we have the chance to contribute to the spread of virtuous environmental processes and behaviour. For this reason, on the one hand we offer a range of products and services for private customers and businesses interested in investing in renewable energy and energy efficiency, while on the other hand we have also factored the environment into the appraisal of creditworthiness, especially with regard to the more sensitive sectors.

Over the years we have designed a wide range of financing solutions to assist private customers, professionals, businesses and public bodies to carry out projects in the areas of renewable sources and energy efficiency, comprising *Prestito Ecologico*, *Energia Business*, *Sostenibilità Business*, *Finanziamento Ambiente e Sicurezza*, *Finanziamento Fotovoltaico* and *Energia Imprese*. In addition to these types of funding we also offer leasing solutions and the *Aedifica Bioedilizia* loans for bio-sustainable buildings. In the same field we ought to mention the support offered to the third sector through *Banca Prossima*, and to agri-energy through the specialised company *Agriventure*. For new businesses approaching the world of clean tech Intesa Sanpaolo has devised the *Start-up Initiative*, which in 2011 made its mark in Italy as one of the most influential projects in the promotion of innovative start-ups, fostering the encounter between the innovators and the financiers. Last but not least are the services offered by the Intesa Sanpaolo Eurodesk in the environment sphere to customers of the Group intending to take part in Community projects.

In 2012 the green finance sector was further enhanced, through the launch of:

- The *Renewable Energy* funding dedicated to enterprises and ESCOs in the small business segment, aimed at the construction of new systems for the production of forms of renewable energy other than photovoltaic. More specifically, this financing is addressed to the forms of renewable energy eligible for the All-inclusive feed-in tariff as recognised by the GSE, such as biomass of agricultural/forestry origin up to a maximum of 1 MW and mini-wind power up to a maximum of 200kW.
- *Leasenergy 20-200*, a standardised package designed for small photovoltaic systems, based on liaison agreements between Leasint and technical partners. It comprises the photovoltaic plant itself, maintenance, special insurance agreement and obviously the leasing finance.

The Foreign Banks of the Group in Slovenia, the Slovak Republic, Hungary, Romania, Croatia and the Ukraine are also active in this sector, with a constantly evolving range of products.

THE GREEN TABLE



SRM INSIGHTS

Since 2010 the “Tavolo Verde” or Green Table, a focus for meeting and exchange between the structures of the Intesa Sanpaolo Group that develop and manage products and services in favour of the environment, has fostered the emergence of new initiatives and projects. One of the aims of the Table is to facilitate the exchange of information and knowledge among those dealing with environmental issues and to trigger synergies and new ideas.

The meetings of the Green Table have given rise to sub-groups focusing on specific topics, such as the “CO₂ Table” for the carbon market and the “Green Training Table” to address new approaches to in-house training on the subject.

With a view to making the activities of the Green Table increasingly more concrete and efficacious, before starting in the 2012 works a questionnaire was distributed to all the participants so that they could report on the activities performed and propose new actions for the current year.

The answers showed that a range of different initiatives were carried out in 2011 resulting in the design of new products and giving a strong input to the in-depth development of environmental topics from a commercial angle. Nevertheless, there are still criticalities, and these were addressed in the first Green Table of 2012 in which the participants shared the results of the questionnaire and devised the strategy for the current year: investments in communication and information. The first initiative was the creation of an intranet page dealing with the Green Table, accessible to all personnel and acting as a container for all the information and documents related to the meetings and the projects. Moreover, from March 2012 the page also features the “Green news” magazine, addressing all the initiatives, projects and novelties, produced through the contributions of all the personnel involved with environmental aspects.

Another tool for information and training decided by the Green Table, bearing in mind the personnel dealing with the environment, is the organisation of workshops on specific topics run by internal and external experts. In addition to developing know-how and skills, these also offer excellent opportunities for the generation of ideas about new products and services and also to forge new synergies between the participants and the external experts.

The first workshop of 2102 devoted to “The market of carbon and the agri-forestry biomasses” was held at Agriventre in Florence and was attended by Antonio Lumicisi from the Ministry of the Environment. “The voluntary market of carbon offset credits” was the argument of the March workshop organised by Puraction, a company specialised in the field. In June SRM submitted its study on “Solar Energy: economic and territorial scenarios in the photovoltaic sector” to the Table, while in September the question of the fifth Conto Energia scheme was clarified and the report produced by ERM (Environmental Research Management) on the carbon sector was submitted.

In the course of the June Green Table SRM – Studi e Ricerche per il Mezzogiorno – the Intesa Sanpaolo study centre that performs applied research on economic topics, presented a special report on photovoltaic energy as one of the Occasional Papers in the series devoted to renewable sources.

The researchers expounded the principal results of the study, offering a detailed analysis of the features of the sector in Italy, with comparisons at international level and consultation of local stakeholders carried out by means of interviews with businesses, trade associations, the world of finance and the institutions. The data presented by SRM furnished an overview of the features of this sector and the dynamism that has characterised it in recent years. Despite the elevated costs and the long investment realisation times, the photovoltaic market continues to attract a growing swathe of interest. Over time, an increasingly broader range of actors have been involved in the various industrial and commercial phases linked to the development of this sector, stimulating the growth of inter-country exchange and thus boosting both dimensions and competition within the market. The increase in investments and exchange at international level has consolidated the growth of a sector delivering consistently broader benefits for the local economy, triggering internal demand and generating significantly positive spillover effects on production and employment. The growth of the photovoltaic market in Italy has been stimulated by incentive programmes; today the cost of a photovoltaic kWh is still higher than that produced from traditional sources, even though there is widespread talk of a by now imminent “grid parity”, that is the moment at which the energy produced from alternative sources will cost the same as that from traditional sources. In its presentation the SRM highlighted the features of the current incentive system – the Conto Energia scheme – and the results achieved in terms of number of incentive-related plants installed and energy produced, after which various points regarding the specifics of the fifth Conto Energia were addressed.

PRODUCTS AND SERVICES OFFERED BY THE INTESA SANPAOLO GROUP



INTESA  SANPAOLO

 **MEDIOCREDITO ITALIANO**

 **AGRIVENTURE**

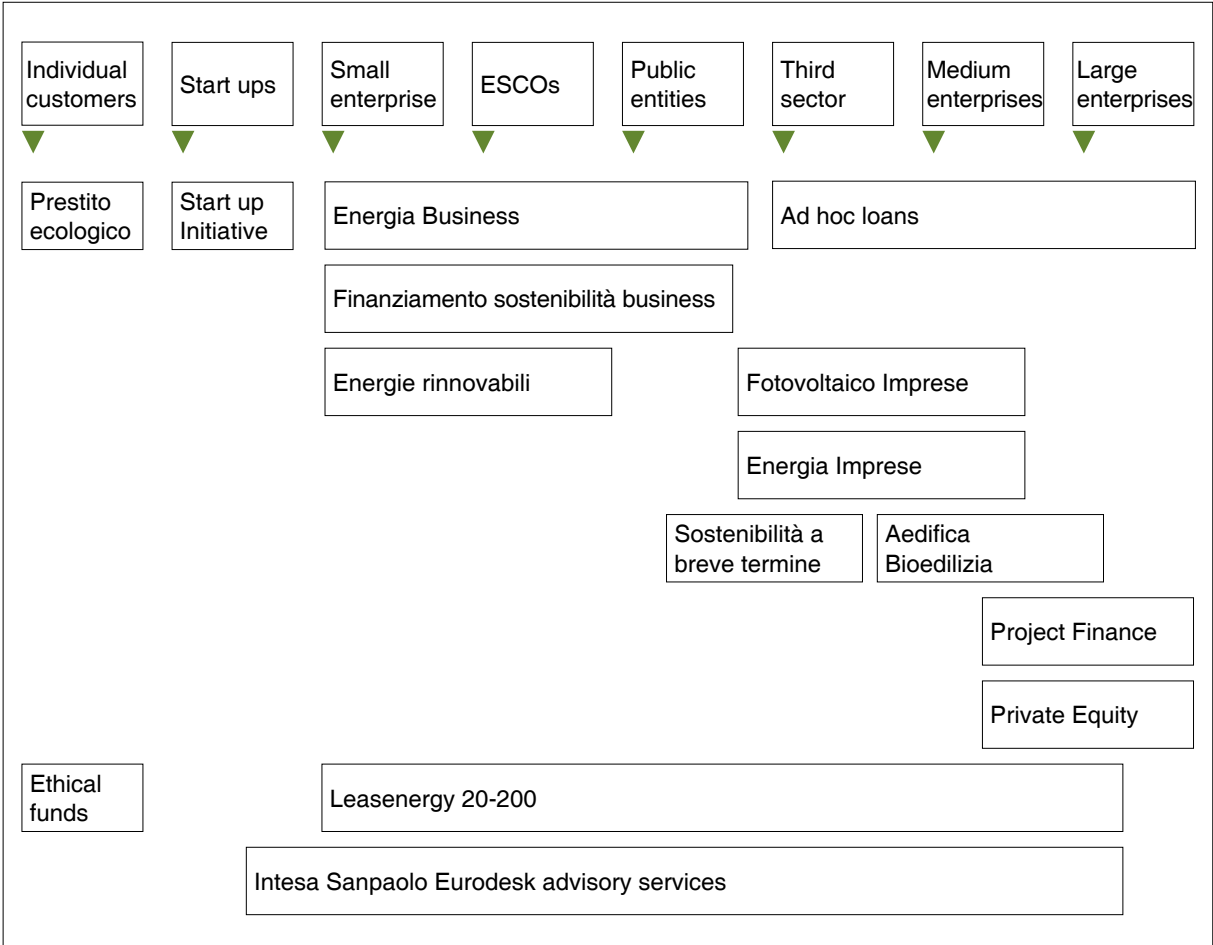
 **BANCA IMI**

 **EQUITER**

 **LEASINT**

 **INTESA SANPAOLO EURODESK**

 **BANCA PROSSIMA**
PER LE IMPRESE SOCIALI E LE COMUNITA'



THE IMPRES@MBIENTE PORTAL



In the banking panorama IMPRES@MBIENTE is the very first portal entirely devoted to small and medium businesses that intend to orient their businesses towards “green” choices, dialoguing directly with managers, entrepreneurs and professionals for whom the green revolution is not just a slogan but an authentic mission. The portal is broken down into four areas:

- sustainable enterprises: a showcase where people already active in the environmental field can tell their stories, interacting directly with stakeholders both internal and external to the portal to incentivise and fuel the convenience of sustainability;
- sustainability: a container for all the info from the various green ambits, rounded off by a constantly updated section dealing with studies and research;
- news and events: in collaboration with ANSA, offering an overview of sustainability news from Italy and the rest of the world, with details of the main events connected with the Green Economy in Italy and worldwide;
- financing and products available to customers of the Intesa Sanpaolo Group.

To get a better idea of the philosophy behind this green portal, we hand you over to our colleague Roberto Bassino, from Business Marketing Department:

“The portal was launched at the end of 2011, and was then enriched with extra functions in the following months. The whole adventure actually came to life many months earlier, with the activities that then led to the technical and graphic development of the site, the drafting of the contracts and forms, right down to the involvement of the branch personnel and the customers. Generally, the bank offers products and services to support investments or cash requirements. In this case the idea was to propose a tool that would enable our customers to give visibility to the products and services that they offer to their potential customers through a showcase on the website of a banking group of national standing. We have also made available to all the enterprises, customers and not, information and sector studies on important issues, news updated on a daily basis, partly through liaison with ANSA, and an exhaustive overview of the products and services offered by the Bank and by the companies of the Group. To date over 200 customers have decided to take part in the initiative. In little more than six months the website, which is addressed to enterprises operating in the sector or that are interested in green investments, has notched up 8,000 visitors and a total of 35,000 pages consulted. This can definitely be considered an interesting outcome, especially in view of the “specialised” nature of the potential user pool.

The goals of IMPRES@MBIENTE continue to be those for which it was created: namely, to offer enterprises information and contacts that may be useful to them in their business. If the interest in the website continues to be high, we will be able to expand the number of companies on display in the showcase section and to develop some new functions that have already been designed. Naturally all this will have to be done compatibly with the economic outlay that the bank is willing to make to offer a completely free service to its customers.”

AGRIVENTURE AND THE RICE CHAIN

The future of the rice chain is important and the protection of rice-growing in total respect for the environment must be a priority. This is why the conference on “The future of the rice chain and renewable energies” was organised in Vercelli in June 2012. Under the patronage of the Vercelli Provincial Authority and the Vercelli City Council, the conference was sponsored by Intesa Sanpaolo and Agriventure in collaboration with the Chamber of Commerce of Vercelli, the Un.i.ver. consortium and Enernmy, an important innovation centre in the Vercelli district engaged in the development of projects related to energy saving, biomass energy and mini-hydroelectric energy in the irrigation channels of the paddy fields.

In a full awareness of the fact that research and innovation represent the future of the food farming and agro-energy chains, the meeting provided the opportunity for exploring in greater depth the new potential opportunities for the rice chain sparked by enhanced awareness of environmental sustainability and the correct use of resources for the production of renewable energy.

The rice district of Vercelli and Novara actually produces about half the rice in Italy and 25% at European level. Protecting its cultivation while protecting the environment, so as to favour a multifunctional and sustainable agriculture, is therefore a combination of strategic importance for the development of the sector. Through a chain approach and a mapping of the opportunities available, the Agriventure study centre aimed to stress the potential enhancement of the rice-growing sector in not only economic but also social and environmental terms. Agriventure also made specific efforts to grasp the needs of those working in the sector in order to transform them into tangible opportunities for support and development.

FINANCING ENERGY EFFICIENCY

Mediocredito Italiano is the bank of the Intesa Sanpaolo Group specialised in medium-long term loans to SMEs, in particular in the renewable energies sector. In the identification of new trends and opportunity openings, it has increasingly concentrated its attention on the issue of energy efficiency. In this sphere it has taken part in working tables for exchange with the competent institutional bodies, also structuring partnership initiatives with leading Italian operators on proposals of dedicated financing.

The types of investment range from the installation of inverters, electric engines, heat pumps, condensation boilers and high-efficiency lighting systems through to the adoption of ICT systems for optimised management of energy, intervention on buildings and the installation of cogeneration systems fuelled by renewable or fossil sources, without being in any way limited to these examples.

An internal structure devoted to this sector, the Energy Desk, can analyse the environmental and economic impacts of the individual operations, even the more complex ones, evaluating them within the framework of the loan assessment procedure. The Desk specialists liaise with their bank colleagues and the customer to examine the technological feasibility, the regulatory aspects and the estimate of the financial flows of the initiatives, all elements that are crucial for a correct set-up of the operations.

DESERTEC INDUSTRIAL INITIATIVE



Since February 2011 the Intesa Sanpaolo Group has officially become part of an association called the Desertec industrial initiative (Dii) which proposes an ambitious project: to create the preconditions for developing renewable energy plants in the deserts of the Middle East and North Africa (MENA), transferring part of the energy produced in Europe.

The main activities of the Dii are the drafting of technical and economic feasibility studies, the promotion of the project and the necessary regulation, supporting the international relations crucial to the scheme and drawing up a long-term development plan (2050).

Intesa Sanpaolo decided to join in this important initiative, which represents an opportunity in terms of institutional, business and social contribution logics.

The principal goals of the association are:

- the development of a favourable economic context for investments in the project;
- the launch of several pilot projects in the deserts of North Africa;
- the drafting of a rollout plan up to 2050.

As regards the pilot projects, the Dii acts purely as a facilitator rather than in development or investment, creating the premises and the reports required for the implementation of the projects. After a launching phase devoted to gathering support, which was prolonged as a result of the “Arab Spring”, the association succeeded in developing an important network of institutional and industrial relations in the MENA areas as well as in Europe.

The rollout plan, which lays down the guidelines for the plan up to 2050, was drafted in a general level version called “Desertec power perspective 2050”: a complex context analysis that illustrates how it is technically and economically possible to arrive at a scenario in which up to 90% of the energy produced and consumed in Europe, the Middle East and North Africa could be produced by a combination of renewable sources alone.

Alongside the commitment to study and research, the Dii has also promoted its activities with the governments and institutions of the area, establishing specific partnerships that have enabled the launch of the first project developments in Morocco, Tunisia and recently also in Algeria.

All the Dii partners receive regular updates on the progress of activities and are invited to contribute their own skills and resources to the individual phases, making available their own networks of relations.



COMMITMENT IN EUROPE



The Europe 2020 strategic plan, promoted by the European Union to stimulate smart, sustainable and inclusive growth in the Member States, includes among the five objectives to be reached in the next ten years ambitious targets related to energy saving/efficiency and climate change. For the achievement of these targets the EU has presented a series of flagship initiatives designed to identify concrete measures to be implemented in the medium term. Among these is the 'Resource-efficient Europe' initiative, which schedules the development of concrete actions to foster the shift towards a resource-efficient, low-carbon economy. The planned actions include: the 'de-carbonisation' of the transport sector; the implementation of strategic projects for cities, ports and logistic platforms; the completion of the internal energy market and the implementation of the European strategic plan for energy technologies (SET); the strengthening of the trans-European energy networks; the promotion of a programme for the efficient use of resources, and activities of technological research and innovation related to renewable energy. The grants made available by the European Commission include:

- The 7th framework programme which has a budget of over 50 billion euro distributed over seven years (2007-2013) to fund projects of pre-competitive research promoted by international consortia of businesses, universities and public and private research centres, including approximately 2.3 billion euro devoted to energy.
- The competitiveness and innovation framework programme (CIP), with a budget of around 4 billion euro distributed between 2007 - 2013 to support actions for introducing into the market innovative technologies of demonstrated efficacy, in addition to training, awareness-raising and legislative harmonisation. More specifically, within the context of the CIP programme, the Intelligent Energy Europe Programme (IEE) focuses on renewable energy, energy saving and clean transport.

The 2014-2020 programming will instead be characterised by a single programme of integrated European funding devoted to research and innovation, Horizon 2020, which will act as a container for all the activities currently funded under other programmes. In addition to this, particular emphasis will be placed on the European Innovation Partnerships (EIPs), public-private partnerships that bring academic and industrial stakeholders together to address the major social challenges that the EU will have to tackle in the medium-long term. Through the Intesa Sanpaolo Eurodesk S.p.a., a company specialised in providing enterprises with technical and institutional consultancy for access to European funding programmes, the Intesa Sanpaolo Group plays an active part in the research and technological innovation projects co-funded by the European Commission. Intesa Sanpaolo Eurodesk is currently a partner in five European projects in the energy and environment sector.

NEED4B (NEW ENERGY EFFICIENT DEMONSTRATION FOR BUILDINGS)

The idea behind the NEED4B project is to develop an open and easily replicated method for the design, construction and maintenance of new low-energy-consumption buildings with a significant commercial potential.

The method developed within the framework of NEED4B will be validated and refined through a solid programme of demonstration. This entails the construction of 27,000 m² of new buildings, distributed over five sites situated in different climatic areas, and to be used for varied purposes. This will guarantee the repeatability of the project results and the impact on the construction sector.

All the new buildings constructed within the context of the project have the shared goal of achieving an energy consumption of less than 60 kWh/m² a year (in terms of primary energy), which represents a reduction of 65% on the thresholds currently imposed by legislation and practice. The achievement of this objective will be possible thanks to the selection and use of the most efficient technological solutions available in terms of structure and claddings, heating and air-conditioning, integration of renewable sources, water and waste management and systems of distance control.

The NEED4B project is coordinated by the Spanish research centre CIRCE (Centro de Investigación de Recursos y Consumos Energéticos) and involves 16 partners, including the Intesa Sanpaolo Eurodesk, from the areas of both research and industry in five different European countries. The project is financed as part of the 7th framework programme.



THE EQUATOR PRINCIPLES IN INTESA SANPAOLO

The Equator Principles (EPs) were adopted by our bank as far back as 2006, even before Banca Intesa and Sanpaolo Imi merged into Intesa Sanpaolo. This participation was then confirmed by the new Group in 2007.

In 2010 the operational guidelines for the implementation of the EPs were issued; these are internal rules integrated into Group regulations. The preparatory work was based on analysis of the existing procedures and on the identification of additional activities that would not duplicate those already in place, while making it possible to provide a correct response to the requirements of the EPs.

The guidelines were also made available in the London, New York and Hong Kong offices, and all those that perform project finance operations, as well as being published in the special section of the intranet.

Structured training and awareness activities to foster understanding and use of the guidelines were also planned in the form of an operational course dedicated to all the project financing specialists and organised in all the Italian and foreign branches.

The course was made up of an introductory section dealing with the value and significance that the adoption of the Principles adds to the framework of responsibility within which the bank operates. The second section clarified the theoretical aspects of the EPs, while the final part addressed the application of the operational guidelines through study and the simulation of real case studies, tailored on each occasion to the specific markets and sectors in which our offices operate.

The decision to organise the course in the classroom fostered a better knowledge of the application of the procedure, while also enhancing sensitivity towards CSR aspects even in contexts other than those strictly involved in the application of the EPs.

PROJECT FINANCE AND THE EQUATOR PRINCIPLES



The Equator Principles (EPs) are international guidelines that financial institutions voluntarily opt to apply to project finance operations, a type of funding mainly dedicated to large installations of a generally complex and expensive nature. Examples of these are energy or petrochemical plants, mines and transport or telecommunications infrastructures.

The banks which adopt these principles (Equator Principles Financial Institutions – or EPFI) and implement them in their procedures are required to equip themselves with structures and tools capable of identifying, evaluating and managing the social and environmental risk associated with the projects to be financed.

Based on the performance standards (PS) of the World Bank International Finance Corporation (IFC), the EPs have already been adopted by 77 institutions all over the world and are recognised as the gold standard for the financial sector, delivering the best possible response to the need to protect the environment and society as a whole. The initiatives and the numerous international meetings connected with the application of the principles, both between members and with other stakeholders, have made a major contribution and continue to enhance the spread of good practices, even in financial areas other than project finance, as well as the stimulation of dialogue regarding the responsibility of finance in a broader sense.

The EPs apply to all new project finance operations in any industrial sector entailing total investments of 10 million USD or more; they also apply to project finance for the improvement or expansion of existing infrastructures, but not in a retroactive sense. Even advisory activities come within the scope of the EPs, as long as they are connected with a specific project.

One of the crucial aspects of the entire project evaluation process is the classification. This involves an across-the-board consideration of the various factors involved, such as the location country, the relevant sector, the history of the proponent customer and, even more importantly and prior to the performance of the social and environmental impact study, the presence of any criticalities linked to one or more aspects laid down in the Performance Standards. This early screening makes it possible to assign the projects to an overall risk category broken down into three levels: A (high), B (medium) and C (low), paving the way for an appropriate assessment procedure.

First released in 2003 and revised for the first time in 2006, the Principles are currently undergoing the second strategic review process launched in July 2011, which is expected to result in the official release of the EPIII version in the early months of 2013.

PROJECTS EVALUATED IN 2011 (AS PER SOCIAL REPORT 2011)

COUNTRIES	REGION	SECTOR	CATEGORY	NO. OF PROJECTS	
OECD high income	Oceania	Infrastructure	C	2	
		Total Oceania		2	
	Europe	Wind power	C	4	
			B	4	
			n.d.*	1	
		Photovoltaic power	C	5	
			B	7	
			n.d.*	1	
		Biomass	B	1	
		Infrastructure	C	1	
		B	3		
	Total Europe		27		
	North America	Petrochemical	B	1	
			Photovoltaic power	A	1
			Energy	B	4
Infrastructure			B	1	
Total North America				7	
Non OECD	Africa	Manufacture	B	1	
		Energy	B	1	
		Total Africa		2	
Asia	Petrochemical	B	1		
	Total Asia		1		
Eastern Europe	Wind power	B	1		
	Total Eastern Europe		1		
Latin America	Oil & Gas	B	3		
	Total Latin America		3		
TOTAL **				43	

In parallel with the training activities aimed at the Parent Company, a process for involving the International Subsidiary Banks of the Group was also set in motion. The first of these to be involved was the Slovak VUB Banka, and a workshop was held in the Bratislava office for an audience composed of representatives from different structures variously involved in project finance. The session comprised an overview of what is laid down in the EPs and a summary of what has been achieved so far by the Parent Company in this area along with similar actual experiences in Eastern Europe, even from the point of view of a development bank, such as the European Bank For Reconstruction and Development (EBRD), which was present among the speakers along with the CSR Unit and an external partner.

At the end of August a specific internal regulation was issued addressed to the International Subsidiary Banks active in the area of project financing. This defines the key points to be followed in correctly implementing their policies in relation to the EPs. Through the adoption of the Principles, the financial institutions also undertake to take part in the international debate fostered by the EP Association. This consists of attending working groups on specific topics and organising conference calls with the other participant banks. It also involves exchange with our stakeholders, most importantly the IFC, non-governmental organisations and the business associations operating in the sector. One of the core events is that held every year at the World Bank in Washington, in which Intesa Sanpaolo has been actively involved since its adoption of the Principles.

World Bank classification

* Projects rejected in the preliminary phase and hence not yet classified

** Including 27 completed, 5 approved by the lending unit, 1 in the screening phase and 10 rejected

THE DEVELOPMENT OF RENEWABLE ENERGY AND THE EMISSION MARKET

The significant development in renewable energy triggered by the Kyoto Protocol of 2005 and the instruments of incentive and stimulus that it brought in its wake have offered Equiter an important opportunity for investment which, after several years' incubation, is now coming to maturity.

To date two of the most important participations of Equiter, the Enerpoint Energy JV and the PPP Italia Fund are completing the series of investments where they played a prominent role in the renewable energies field, involving the construction or acquisition of some of the largest plants in Italy, totalling an installed power of over 120MWp. Since 2008 Equiter has been both shareholder and investor in the asset management company of the Ambienta Fund, one of the leading European investors in the environment sector with a subscribed capital of 218 million Euro. In the coming year the Ambienta Fund is set to complete a series of investments that already include nine acquisitions of medium-size enterprises in Italy, Europe and the USA operating in sectors ranging from renewable energy, through to waste and water treatment and energy efficiency.

Also approaching the conclusion of operations, with the maturing of the last assets in the portfolio, is the Gica JV, which was established by Equiter in partnership with several leading industrialists to originate and trade carbon assets (CERs) in line with the Clean Development Mechanism (CDM). Nevertheless, in view of the uncertainty of the future of these incentive mechanisms, which were scheduled in the Kyoto Protocol but have not been renewed since, Equiter is not currently in a position to forecast any new investment in this area.

THE ACTIVITIES OF EQUITER



Equiter is the company of the Intesa Sanpaolo Group that deals with investments in public-private partnership initiatives, utilities and infrastructures. It has succeeded in perfectly timing a focusing of its investment portfolio on projects for renewable energy production, the clean energy industry and the emission rights market, while at the same time endorsing the areas of environmental sustainability and social responsibility that the Group was defining for its activity.

Moreover, the environmental and energy sustainability areas also offer new opportunities for growth which are being grasped, for example, by the new subsidiary Enerpoint. Having achieved a leading position in Italy in the distribution, sale and installation of photovoltaic panels and inverters, Enerpoint is now pursuing a process of expansion abroad, which has materialised in the opening of branches and takeovers in Germany and Israel.

While Equiter undoubtedly occupies a consolidated position as an investor in the Italian environment sector, it is important that future operational and investment strategies factor in the new challenges posed by what is by now a generalised write-down of policies supporting renewable energy in Italy and Europe. It also needs to consider the saturation of certain markets such as photovoltaic that have experienced the most phenomenal growth over recent years. Opportunities for diversification could be thrown up by foreign markets or by specific environmental incentive programmes.

Two new 2012 initiatives fit into this very spectrum.

The first concerns the possible involvement in projects for using the 'renewable' energy potential of MENA countries (North Africa), sponsored by the Desertec Industrial Initiative (Dii) that the Group has been part of since 2010 and which has already scheduled a first operation in Morocco with the support of local government.

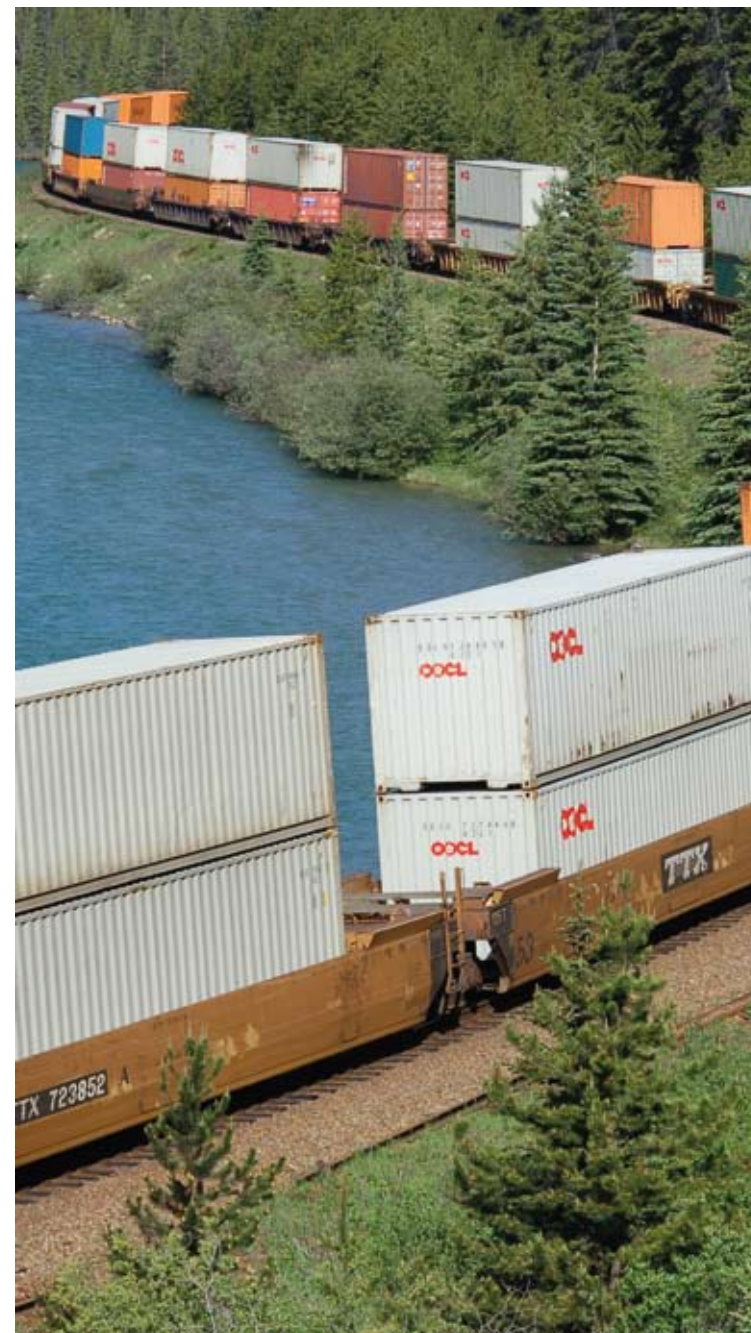
The second was participation in the 'Jessica' tender for Sardinia, an initiative developed by the European Commission in liaison with the European Investment Bank (EIB) to create an SPV to finance projects for energy efficiency and the use of renewable energy within the territory using the structural funds made available by the EU. The tender was awarded to Equiter, which means that it will perform advisory activities for the EIB to develop the SPV and identify a valid project portfolio.

CREDITS

PHOTO CONTEST ENVIROMENTAL SUSTAINABILITY

The pictures used in this Environment Paper are details taken from a series of photos selected in a photography competition on the Environment organised for employees of the Intesa Sanpaolo Group.

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