



Climate change



Climate change

RELEVANT ISSUES

Strategy for combating climate change	page 197
Own emissions reduction plans	page 199
Responsible management of resources	page 202

WHY THESE ISSUES ARE RELEVANT

Climate change is an extremely important phenomenon. As well as its consequences and repercussions on the planet's ecosystem, the constant increase in global temperatures due to the growing concentration of greenhouse gases in the atmosphere is also impacting on the economic and social dynamics of present and future generations.

The United Nations Climate Change Conference (COP 26), held in Glasgow in November 2021, recognised the importance of a rapid and substantial reduction in greenhouse gas emissions in order to limit global warming to 1.5°C compared to pre-industrial levels, regarded by the experts as the maximum safety threshold to avoid otherwise irreversible consequences. The relevance of the issue was confirmed by the sixth report of the Intergovernmental Panel on Climate Change (IPCC) which provides new forecasts on the possibility of exceeding this threshold, emphasising how limiting global warming to close to 1.5°C will be impossible unless broad-reaching plans for the reduction of greenhouse gas emissions are launched immediately.

The European Union has made clear commitments to combating climate change with the aim of reducing emissions by at least 55% by 2030 and making Europe the first climate-neutral continent by 2050. To accelerate this transition, in 2019 the European Commission presented the European Green Deal, a roadmap for making the EU economy sustainable; later, at the start of January 2020, the Green Deal investment plan was presented, which aims to mobilise at least 1 trillion in sustainable investments over the subsequent decade. The EU's commitment to guaranteeing the transition to a low-carbon economy is also confirmed by the Recovery and Resilience Facility, a tool which represents 90% of the 750 billion euro EU Next Generation plan (which will help European states address the economic and social impact caused by the COVID-19 pandemic). The Recovery and Resilience Facility provides subsidies and loans subordinate to the presentation of national recovery and resilience plans (NRRP), in which 37% of resources must be allocated to the climate.

Effectively tackling the causes of climate change and adapting to its impacts therefore requires a collective effort at both global and national level as well as a systemic view of the problem. With the consequences of the COVID-19 pandemic, 2020 and 2021 helped us to focus more closely on the importance of improving the resilience of our social, environmental and economic systems to internal and external stress, including climate change.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Project/Indicator	2021 Actions/Results ⁽¹⁾	2021 objectives
Climate change	Atmospheric emissions ⁽²⁾	<ul style="list-style-type: none"> ■ Scope1 + 2 Market-based⁽³⁾: 80,531 tCO₂ eq; -3.7% vs 2020; 0.019 tCO₂ eq/m²; +0.8% vs 2020; 0.802 tCO₂ eq/employee; +4.8% vs 2020 	<ul style="list-style-type: none"> ■ Containment of CO₂ emissions

⁽¹⁾ The 2020 figures were redetermined to include the UBI Banca Group for the entire year.

⁽²⁾ Emission factors for the calculation of CO₂ established by Intesa Sanpaolo, in accordance with the ABI Guidelines on environmental matters issued by ABI Energia and on the basis of the main 2021 publications (UNFCCC, IEA, IPCC, AIB, etc.).

⁽³⁾ Market-based: the Scope2 data for purchased electricity considers the contribution, agreed contractually, of the guaranteed renewable source certificates, which therefore have zero emissions.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Project/Indicator	2021 Actions/Results ⁽¹⁾	2021 objectives
Climate change	Energy consumption	<ul style="list-style-type: none"> ▪ Electricity: 440,124 MWh: -9.1% vs 2020; ▪ Thermal energy: 234,801 MWh: -8.2% vs 2020 	<ul style="list-style-type: none"> ▪ Containment of energy consumption
		<ul style="list-style-type: none"> ▪ Renewable electricity purchased versus total purchases: ~88% ▪ Electricity produced from renewable sources: 1,361 MWh ▪ Business travel: 80 million km 	<ul style="list-style-type: none"> ▪ Increase in the use of renewable energy sources ▪ Maintenance of electricity production levels from photovoltaic energy
	Responsible management of resources	<ul style="list-style-type: none"> ▪ Paper purchased: 5,684 t: -11.7% vs 2020 ▪ Environmentally-friendly paper purchased (including recycled paper) vs total: 80.0% ▪ Paper saved: ~3,200 t ▪ Toners used: 114 t ▪ Remanufactured toners used vs total: 53% ▪ Waste: 5,380 t ▪ ISO 14001 and 50001 certified scope: 100% of Intesa Sanpaolo branches and buildings in Italy ▪ New Headquarters: Green Building Council LEED certification in the sustainable building management category 	<ul style="list-style-type: none"> ▪ Responsible use of resources

COMPANY POLICIES

Environmental protection is one of the key aspects of Intesa Sanpaolo's commitment to sustainability/ ESG and takes the form of self-regulated environmental and energy instruments and policies that define the strategic and operational guidelines which underpin the Group's environmental protection initiatives and its efforts to reduce its environmental footprint.

To this end, by joining all of the net-zero alliances promoted by the UNEP Finance Initiative² on credit, investments and insurance in 2021, Intesa Sanpaolo has set itself the goal of achieving net-zero emissions by 2050 in terms of own emissions and in terms of loan and investments portfolios, asset management and insurance business. It aims to make its own emissions net-zero by 2030.

In addition, with regard to climate change, in 2021 Intesa Sanpaolo published its first TCFD (Task Force on Climate-related Financial Disclosures) report.

The Group's Code of Ethics and the Rules for environmental and energy policy, approved by the top management, define the principles and guidelines that regulate the environmental responsibility of the Group and the monitoring of the impact of its activities.

Direct impacts are also monitored by an Environmental Management System extended to all Intesa Sanpaolo branches and buildings in Italy. An Energy Management System and a Worker Health and Safety Management System are also applied in Italy. It is therefore possible to talk about an Integrated Management System which meets all the requirements of the most recent reference standard in this area (ISO 14001, 50001, 45001) and, as such, is subject to annual auditing and certification by an international and independent third-party which certifies its compliance.

Additional protection is provided by a team of internal structures which proposes, defines, implements and constantly monitors activities to support the reduction of the Group's direct Scope 1, 2 and 3

⁽¹⁾ The 2020 figures were redetermined to include the UBI Banca Group for the entire year.

⁽²⁾ The UN Environmental Programme that promotes dialogue among financial institutions on economic performance, environmental protection and sustainable development.

emissions. A structure within the Safety and Protection Head Office Department, which reports directly to the Managing Director and CEO and also includes the Energy Manager, coordinates all of the Group's actions as regards the reduction of its direct emissions. In addition, as Environmental Officer, the manager of the Safety and Protection Head Office Department has been given broad decision-making, organisational and spending powers, including the preliminary approval of any change in the production process that may be relevant for environmental purposes. The role of Mobility Manager has also been introduced in the Labour Affairs and Policies Head Office Department to cover applicable issues.

With regard to the activities that the Group has been pursuing for years to reduce its emissions, these relate to various areas including, for example, the acquisition of energy from renewable sources, energy efficiency and optimisation actions, and the development of mobility management initiatives to reduce emissions connected with travel. In view of this, aiming to increasingly strengthen its commitment to reducing its environmental impact, in June 2021 the Intesa Sanpaolo Group updated its Green Banking Procurement rules defining, further to the previous criteria already applied, additional minimum sustainability requirements for purchases of paper, stationery, toner, electricity and office equipment, as well as for the redevelopment of real estate assets, the results of which are described in the following paragraphs.

STRATEGY FOR COMBATING CLIMATE CHANGE

Intesa Sanpaolo generates significant environmental impact both through its direct activities and its business; as a financial operator it therefore plays a frontline role in channelling capital towards an economy that is sustainable in both the short and long term. In fact, as well as managing its environmental footprint, Intesa Sanpaolo can also exert strong influence on activities and behaviour that it cannot directly control, particularly that of its customers and suppliers, and facilitate the transition towards a low-carbon economy.

The Group focuses particular attention on climate change, as underlined by the materiality matrix in which this issue figures among the most relevant factors for stakeholders and has a significant impact on strategy (see page 68).

In line with the principles of its Code of Ethics, Intesa Sanpaolo regards sound sustainability governance, strong risk management, the development of an adequate product range to support the transition towards a sustainable, green and circular economy, and the dissemination of knowledge and training on climate and ESG issues within the Group and among its customers, also supported through structured engagement processes (for more details see the paragraphs Sustainability Governance, Monitoring of ESG and Reputational Risks, Transition to a sustainable, green and circular economy), as integral to its strategy for combating climate change.

In 2021 Intesa Sanpaolo underlined the strategic importance of climate change by setting itself the target of achieving net-zero emissions by 2050 in terms of own emissions and in terms of loan and investments portfolios, asset management and insurance, and joining the related initiatives launched by UNEP FI. More specifically, in October 2021 Intesa Sanpaolo joined the Net-Zero Banking Alliance (NZBA); in November 2021 Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management Ireland joined the Net-Zero Asset Managers Initiative (NZAMI); and in December 2021 Intesa Sanpaolo Vita joined the Net-Zero Asset Owner Alliance (NZAOA) and the Net-Zero Insurance Alliance (NZIA).

Confirming its strong commitment to this objective, as part of its 2022-2025 Business Plan and more than one year ahead of the NZBA deadline, Intesa Sanpaolo presented its net-zero aligned emissions reduction targets for 2030 in the oil&gas, power generation, automotive and coal mining sectors⁵, which represent over 60% of the non-financial corporates portfolio financed emissions in the sectors identified by the NZBA. With regard to coal mining in particular, the exposure target is zero by 2025, in line with the phase-out present in the "Rules for lending operations in the coal sector", updated in July 2021. The table below provides details on the metrics applied, the baseline and the 2030 goal for each target sector.

⁵ Sectors consistent with Net-Zero Banking Alliance. Reference scenario: IEA Net-Zero 2050.

Sector and Scope	Metrics	Baseline (2019)*	Target 2030**
Oil & gas*** (Scope 1, 2, 3)	gCO ₂ e/MJ	64	52-58
Power generation (Scope 1,2)	kgCO ₂ e/MWh	214	110
Automotive (Scope 3)	gCO ₂ e/km	162	95
Coal mining (exclusion policy)	€ bn exposure	0.2	zero by 2025

* Portfolio composition as of 30/06/2021; latest available emissions data as of FY19.

** Targets may be updated over time following the evolution of the emission calculation methodology, the regular updates required by NZBA, "Science Based Target initiative" (SBTi, described below) and any issuance of new external guidelines.

*** The Group already has a policy in place to phase out unconventional oil&gas by 2030.

Intesa Sanpaolo is also committed to requesting certification of its emissions reduction targets from the "Science Based Target initiative" (SBTi), partnership between CDP, United Nations Global Compact (UNGC), World Resources Institute (WRI) and WWF. SBTi certifies targets as "science based" if they are in line with the latest scientific evidence for achieving the goals of the Paris Agreement, i.e. limiting global warming to well below 2°C compared to pre-industrial levels, while at the same making every effort to limit the increase to 1.5°C.

With regard to its own emissions, in addition to having already reduced them by 60% in 2020 compared to 2008 levels, as part of its 2022-2025 Business Plan, Intesa Sanpaolo has set itself the target of achieving net-zero emissions in 2030 with 100% of electricity at Group level acquired from renewable sources (a target already achieved in Italian branches and buildings in 2021).

The importance of climate change to the Group can also be seen in its efforts to protect and restore "natural capital". To this end, the 2022-2025 Business Plan envisages Intesa Sanpaolo committed to adopting a specific policy on biodiversity and planting 100 million trees directly as a Group and through dedicated financing to clients.

In 2021 Intesa Sanpaolo was also involved in the activities connected with the "Guide on climate-related and environmental risks" published by the European Central Bank in November 2020, which contained thirteen expectations associated with four macro areas: business models & strategy, governance & risk appetite, risk management and disclosure. Dedicated workshops were organised for each expectation and attended by the Group's competent structures. A self-assessment related to the thirteen expectations was then drafted together with an Action Plan that includes the Group's ongoing and planned activities/projects. These documents were submitted to the European Central Bank following their examination by the competent Corporate Bodies.

Since 2018 Intesa Sanpaolo has also supported the "Task Force on Climate-related Financial Disclosures" (TCFD), providing its climate change disclosure as part of the Consolidated Non-Financial Statement. In 2021, the Group also published its first TCFD Report [i] which may be referred to for a detailed representation of governance, strategy, risk management, metrics and targets with regard to climate change.

PARTICIPATION IN WORKING GROUPS ON CLIMATE CHANGE ISSUES

In 2021 Intesa Sanpaolo participated, together with 48 other financial institutions, in phase three of the TCFD Banking Pilot project coordinated by UNEP FI; the Group had already been involved in phase 2 of the pilot project which began in 2019. The programme was divided into two parts: i) TCFD roadmap, more informative, useful for understanding and examining the issues connected with climate change and related "disclosures"; ii) various "target modules" focused on specific topics, such as "Climate Stress Testing" and "Sectoral Climate Risks". In this context, Intesa Sanpaolo produced a case study connected with the "Landscape Review" module, the publication of which is scheduled for the first quarter of 2022. The aim of the study is to investigate the effects deriving from the risk of flooding on a small sample of the Intesa Sanpaolo mortgages portfolio in Italy (1,200 positions, located in 85 Italian provinces). The most impactful scenarios of the Intergovernmental Panel on Climate Change (IPCC) for physical risk were used, in particular the Representative Concentration Pathways (RCP) 6.0, stabilisation scenario, and RCP 8.5, Business as usual scenario.

Having joined the Net-Zero Banking Alliance (NZBA) in October 2021, Intesa Sanpaolo participates in the Financing & Engagement and Data & Methodologies task forces, organised by UNEP FI and dedicated to the banks that form part of the Alliance, with the aim of facilitating the activities necessary

to achieve the Net-Zero target.

Still in the area of Net-Zero, since February 2022 the Group has also participated in the Financial Institution Transition Plans Workstream organised by the Glasgow Financial Alliance for Net-Zero (GFANZ) to support the development and effective implementation of ambitious and credible net-zero emissions plans by financial institutions.

OWN EMISSIONS REDUCTION PLANS

In accordance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set medium to long-term goals through the creation of specific action plans. The first Intesa Sanpaolo Environmental Plan covered the 2009-2013 period and was followed by the plan relating to 2013-2016. Both Plans set measurable goals in the areas of energy savings, economic savings and the reduction of CO₂ emissions. The scope, limited to Italy in the first plan, has expanded over time to include the International Subsidiary Banks.

In 2017 the Group drew up a new Climate Change Action Plan, with goals for 2022 and 2037, in which it outlined its targets for reducing the CO₂ emissions associated with its activities, taking 2012 as its benchmark year. The achievement of these targets is monitored on a yearly basis by ESG & Sustainability structure. The results achieved in 2021 are set out below:

- a 33% reduction was achieved against a target of 37% reduction in absolute emissions linked to energy consumption (direct and indirect) (target to be achieved in 2022 with respect to 2012 emissions). Considering that the 2020 reduction (43%) was also shaped by the long periods of lockdown due to the COVID-19 emergency, the decrease recorded in 2021 was nonetheless in line with the 2019 figure (33%). It should be mentioned however that the 2021 figures also take account of the broadening of the reporting scope due to the entrance of the UBI Banca Group and the 2012 benchmark figures do not take account of the variations in scope over the years (constant baseline);
- the target, revised in 2020, of purchasing 89% of electricity from renewable sources by the end of 2022 has almost been met (~88% of all electricity purchased comes from renewable sources);
- taking account of the constraints and characteristics of its real estate assets, the target of maintaining electricity production levels from photovoltaic energy over 1,000 MWh per year has been met: in 2021, the Intesa Sanpaolo Group produced 1,361 MWh of its own electricity.

Considering its participation, since October 2021, in the Net-Zero Banking Alliance and the increasing strategic relevance of the issue of CO₂ emissions, Intesa Sanpaolo has set itself the goal of achieving Net-Zero emissions by 2030 with 100% of the energy acquired at Group level deriving from renewable sources. Its emissions reduction target also respects the requisites of the SBTi.

In order to support the decision-making process connected with the definition of CO₂ emissions reduction targets applicable until 2030, the Safety and Protection Head Office has launched and implemented a process to engage all of the relevant internal Group functions with the goal of identifying the overall potential reduction of Scope 1 and 2 emissions. As well as the Safety and Protection Head Office, the Financial Market Coverage Department and the Strategic Support Department, the process of drafting the new Own Emissions Plan involved the Real Estate and Logistics Departments, the International Subsidiary Banks Division, the IMI CIB Division, the Chief Operating Officer and Chief IT, Digital and Innovation Officer Governance Areas, as well as the Banca dei Territori Division and the Insurance, Asset Management and Private Banking Division.

ATMOSPHERIC EMISSIONS

The Intesa Sanpaolo Group's greenhouse gas emissions, reported in CO₂ equivalent in accordance with the international GHG Protocol (Greenhouse Gas Protocol), relate to:

- Scope1 direct emissions, relating to the use of fuel for heating and the fleet;
- Scope2 indirect emissions for centralised air conditioning systems, district heating and electricity.

The Bank's commitment to containing its CO₂ emissions takes tangible form in its Own Emissions Plan which identifies specific medium to long-term actions aimed at reducing its consumption of natural gas, diesel and traditional electricity. Further to this, the Group's strategy for reducing its Scope 1 and 2 emissions, which also takes account of the use and the composition of the company fleet with the goal of continuously improving its environmental performance in terms of emissions, produced significant results in terms of reducing energy

consumption in accordance with the objectives of the plan.

Although electricity consumption in 2020 and 2021 was anomalous because of the COVID-19 emergency, considering the UBI Banca Group figures for the whole of 2020, 2021 nonetheless, owing to a careful management of consumption, saw a continued reduction in electricity consumption, which fell by 9% compared to the previous year.

In terms of thermal energy, average temperatures in 2021 were lower than in 2020 and this resulted in higher levels of gas and diesel consumption at certain times of year. Nevertheless, overall thermal energy consumption fell by 8%.

The emissions connected with the company fleet showed, by contrast, a different trend (+9%), which increased due to the upturn in local activities compared to 2020, a year marked by various protracted periods of lockdown. At an overall level, Scope1 + Scope2 Market-based greenhouse gas emissions fell by 4%¹: this result was achieved through continuous improvement in terms of energy efficiency and, in part, also through the commercial reorganisation that took place during the year (sale of former UBI Group branches and closures due to mergers).

Despite the reductions in the number of employees (-8%) and surface area (-5%), the relative Scope 1+Scope 2 parameters are slightly higher as the decreases in the number of employees and surface area were concentrated in the second half-year, influencing the overall report on annual emissions.

Furthermore, in addition to its Scope 1 and 2 emissions, the Intesa Sanpaolo Group is also committed to reporting its indirect Scope 3 emissions which are connected with its activities but not directly controlled by the company (paper, waste, office equipment, etc.).

EFFICIENCY AND OPTIMISATION OF ENERGY CONSUMPTION

Despite the operational constraints imposed by the pandemic, which notably reduced the energy efficiency actions normally carried out by the Group, like every year it implemented a series of measures to reduce energy consumption. More specifically, in Italy a number of energy efficiency and plant modernisation projects were completed with estimated annual energy savings of 1.985 million KWh and a potential annual reduction in CO₂ emissions of 470 t. The Group reduces its emissions mainly through careful management of consumption and a reduction in energy demand thanks to the implementation of energy efficiency and optimisation actions. In 2021 the internal "Green Banking Procurement" rules were issued which dedicate a specific chapter to the acquisition of electricity from renewable sources and redevelopment of properties based on environmental criteria. In fact, the Rules identify the minimum environmental criteria to respect in redevelopment of properties, at the same time taking account of local rules and the technology available in the country concerned. In general, products with low environmental impact certification (such as Ecolabel, EPD, NF Environnement, SEI, EMAS) should be used wherever possible.

In addition, for a number of years the management and governance of the energy consumption of the buildings in Italy has been overseen by a centralised platform, Sigi Energia, connected to sensors installed in the buildings (dataloggers and temperature probes). In 2021 the centralised management process was extended to take in the approximately 600 UBI properties fitted with electricity consumption monitoring systems. This important integration of the former UBI monitoring systems made it possible to expand the algorithms already trialled in recent years and create an alert system that promptly identifies areas of optimisation and sends automatic notification to maintenance staff, requesting timely action to prevent any deviations in consumption.

With regard to large buildings, which produce lots of complex data, 2021 saw the ongoing implementation of the consumption monitoring platform developed with Microsoft in six major sites, including three Data Processing Centres.

IMPACT OF COVID-19

The prevention rules introduced to combat the spread of COVID-19 continued to apply to the workplaces of the Intesa Sanpaolo Group in 2021. The branches of the Intesa Sanpaolo Group remained operative at all times, with some restrictions in terms of opening hours particularly in the first half of 2021. The Group's buildings remained operational albeit with significantly reduced numbers of onsite staff on average due to the use of smart working as a COVID-19 risk prevention strategy.

The objective of guaranteeing the maximum safety of employees in company spaces and combating the risk of contracting COVID-19 also involved a closer and more attentive focus on the air conditioning and ventilation systems. With this in mind, in both its branches and buildings in Italy, Intesa Sanpaolo adopted standards above and beyond those established by the technical regulations in the sector, overestimating its requirements in order to ensure a wide margin of protection for both employees and customers.

¹ The Scope 1 and 2 Market-Based emissions of the Intesa Sanpaolo Group with the UBI Banca Group for all of 2020 came to 83,665 tCO₂eq (49,951 Scope1 + 33,714 Scope2 Market-based).

CONSUMPTION AND PRODUCTION OF RENEWABLE ENERGY

In addition to the energy efficiency measures aimed at reducing its environmental impact, the Intesa Sanpaolo Group has committed, where possible, to producing electricity through the installation of photovoltaic plants and to purchasing electricity from renewable sources. The total consumption of electricity from renewable sources amounted to approximately 87% of total consumption of electricity.

The self-production of energy from renewable sources comes from the photovoltaic plants in Italy, 9 of which with a capacity under 20 kWp and 10 of large size, and from two plants in Slovenia. In 2021 the Intesa Sanpaolo Group self-produced 1,361 MWh of energy, saving around 243,000 euro on the purchase of electricity and avoiding 642 tonnes of CO₂ emissions.

In the Group companies in Italy, including overseas offices of Intesa Sanpaolo and some Italian Companies, about 99% of energy purchased comes from renewable sources. Considering only the branches and properties located in Italy, this percentage reaches 100%.

Despite limitations imposed by some national legislation, the use of renewable energy outside of Italy continues to grow. Intesa Sanpaolo Bank (Slovenia) once again eliminated its emissions this year by purchasing all its energy from hydroelectric sources, while Privredna Banka Zagreb (Croatia) purchases around 60% of its electricity from renewable sources and Intesa Sanpaolo Bank Luxembourg 23%.

The following international banks use electricity from renewable sources thanks to their national energy mix: Intesa Sanpaolo Bank Albania in Albania (100%), Banca Intesa Beograd in Serbia (29%), VÚB Banka in Slovakia (20%) and CIB Bank in Hungary (11%).

MOBILITY

The Mobility Management function, part of the Labour Affairs and Policies Head Office Department, is dedicated to supporting employee commuting, to improve their quality but also to promote sustainable means of transport. The goal is to translate the feedback from employees into concrete actions in order to provide a structured range of options for daily commutes and implement the actions of the Home-Work Commuting Plans.

2021 was a year full of legislative changes that led Intesa Sanpaolo to increase the number of cities analysed, namely from 12 to 27 areas.

As well as the legal obligation to appoint a Mobility Manager, the organisation of the Group involves the set-up of a coordination team and the appointment of a Local Mobility Manager for every city in order to ensure widespread monitoring of the issues.

With regard to the reduction in CO₂ emissions and the use of private individual transport, the main goals pursued by the Group in response to the legislation are:

- the spread of Flexible Work and Training, which innovatively combine the management of people's private lives with the company's organisational requirements;
- the execution of a trade union agreement on mobility;
- the Mobility Office platform which promotes the use of public transport in some cities, enabling employees to request annual season tickets directly from their workstation, with the option of paying in monthly instalments and taking advantage of discounted fares where envisaged;
- the company shuttle service to support mobility at some sites not served by local public transport (forecast savings of over 1,000 tonnes of CO₂ in Italy);
- the company carpooling service, a mode of transport based on the concept of several people with similar routes and working hours sharing the same private car. The aim is to share the car for commutes in order to improve the quality of transfers, make savings on transport expenses, reduce traffic congestion, pollution and road accidents.
- the development of shared services (cars, mopeds, scooters, and bicycles). In Italy, ALI - the Intesa Sanpaolo employees' association - has entered into agreements with the main networks in several cities;
- the constant commitment to managing and upgrading the company fleet according to selection criteria that promote respect for the environment. For example, the models offered by mixed-use policies have been supplemented with additional plug-in hybrid vehicles; the renewal of the pooled fleet saw the introduction of a significant number of fully hybrid vehicles and provision of some electric cars;
- the incentivisation of micromobility through various initiatives, such as the possibility of parking foldable bicycles and/or scooters in company spaces, a plan to install racks for the parking of traditional and electrically assisted pedal bicycles, and dedicated contributions by the Employees' Association (ALI);
- the development of remote communications for both listening and work activities, with the widespread use of Skype for Business and Teams in place of commuting and business trips.

In line with the social distancing measures connected with the pandemic, in the International Subsidiary Banks the company shuttle services at the Bank of Alexandria (Egypt) have continued, as have the car-pooling solutions and the sharing of company and/or private cars at Intesa Sanpaolo Bank (Albania), CIB Bank (Hungary), Banca Intesa Beograd (Serbia), Pravex Bank (Ukraine), Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank (Slovenia), Intesa Sanpaolo Banka Bosna i Hercegovina and VÚB Banka (Slovakia). In addition, in 2018 CIB Bank signed a contract for the use of car sharing using only electric cars.

RESPONSIBLE MANAGEMENT OF RESOURCES

According to the Code of Ethics, the Rules for the environmental and energy policy and the Green Banking Procurement rules, the Group's responsibilities include the close evaluation of the consequences of its activities on ecosystems and the reduction of its environmental footprint. For this reason, the responsible management of resources is a priority issue for the Intesa Sanpaolo Group in its attempts to mitigate its impact on the environment.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

Intesa Sanpaolo has implemented an Integrated Management System (Health and Safety, Environment and Energy) which is certified every year by an international third-party body according to the ISO 14001, 50001 and 45001 standards. Applied in all branches and buildings across Italy, the System ensures the continuous monitoring of objectives and is also subject to internal audits to assess if its performance levels meet expectations.

The following corporate functions are involved and take part in applying the System, each one in relation to its own area of competence: the Safety and Protection Head Office Department as the structure responsible for coordination, the Real Estate and Logistics Head Office Department as the department that centralises real estate activities, the Development Policy and Learning Academy Head Office Department for training requirements, the ICT Head Office Department for the management and streamlining of ICT infrastructure and the Banca dei Territori Division for network activities.

During the annual Review meeting, the Top Management evaluates the suitability and efficacy of the Management System on the basis of the reference regulations and current legislation, also in light of the commitments undertaken by the Governance. The Review also assesses the degree to which goals and milestones have been achieved, the results of internal audits and the audits performed by the third-party body to maintain the certification, the analysis of staff skills, the effectiveness of the training provided, measures to improve the System and any changes in internal and external factors that may generate risks and opportunities for the Bank.

With regard to the international banks, thanks to the energy measures it has taken, CIB Bank - committed to responsible sourcing and use of goods and services that comply with regulations on protection and preservation of the environment - maintained its ISO 50001 certification, which applied to all of its properties in Hungary also in 2021.

PAPER, TONERS AND STATIONERY

The extraordinary events of 2020 and 2021 have resulted in major changes in working habits and methods, for example through the spread of remote working. People's awareness around reducing paper consumption has also improved. Comparing the data for 2021 and 2020 in the same area (Intesa Sanpaolo Group including UBI Group), there has been an ongoing decrease in both the overall figure (-12% compared to 2020) and the per-employee figure (-4% compared to 2020).

Considering the various dematerialisation actions concluded in the last five years, in 2021 around 3,271 tonnes of paper were saved, corresponding to 4,457 tonnes of CO₂ avoided and a theoretical cost saving of around 5.7 million euro. The reduction of acquisitions also applied to toner (-6% compared to 2020 in overall terms and on a like-for-like basis).

These savings were made possible by actions taken both internally and regarding customers.

In Italy, the paperless contracts project continued and, in addition to bank contracts, investment transactions and branch transactions, banking products and services related to pension plans and after-sales operations on POS contracts, in 2021 was extended to additional products and services dedicated to legal entities. These developments point to the gradual extension of dematerialisation among legal entities, which will be further expanded in 2022. The new simple and innovative customer experience, involving the use of the graphometric or remote digital signature for execution of contractual documents in all Bank branches, makes it possible to eliminate paper documents and improve the efficiency of managers through the notable simplification

of internal paper management and filing processes. The creation of a digital document archive facilitates the filing process and the search for documents while also guaranteeing improved storage, in line with the legislation in force, eliminating back office processing time. Digitisation was also further promoted in both the Business-Bank relationship, with the introduction of new digital signature functionalities for contracts on the Inbiz Corporate Banking portal, and in the transactions of the Intesa Sanpaolo Group company SIREF Fiduciaria (Società Italiana di Revisione e Fiduciaria) with its customers. Some of the Group's international branches, such as those in London, Hong Kong, Shanghai and Warsaw, launched actions to dematerialise the accounting documents of their customers.

The digital transformation of the branches of the International Subsidiary Banks also continued in 2021. The "Digital ABC" project made it possible to adopt a single branch application in 6 banks - Privredna Banka Zagreb (Croatia), VÚB Banka (Slovakia), Intesa Sanpaolo Bosna i Hercegovina, CIB Bank (Hungary), Intesa Sanpaolo Bank (Slovenia), Intesa Sanpaolo Bank Albania - which optimised the activities of managers and made sales processes completely paperless, with informational and commercial content shared via tablets (Danube) and digital signatures used to create a multichannel experience in which customers are more engaged. Paper savings increased thanks to new projects launched at CIB Bank and Intesa Sanpaolo Bank Albania in 2021. Pravex Bank (Ukraine) also launched actions to make its customer contracts paperless.

In line with the 3-year programme for the digitalisation of all Group HR systems and services (completed in 2020), 2021 saw the ongoing dematerialisation of employee communications (Smart HR project), including letters on events connected with the UBI Group merger.

Furthermore, in the Eurizon Group the policies for the use of printers were reviewed and important investments were made to convert customer reports into digital format.

Finally, with regard to sustainable stationery, the introduction of the new rules led to the launch of a virtuous process for the purchase of low environmental impact materials throughout the Group. A total of around 38 tonnes of eco stationery was purchased in 2021, 31 tonnes of which containing paper (notepads, post-its, files, etc.) and the remainder consisting of ballpoint pens, highlighters and stamps in recycled material and office supplies made of sustainable wood.

WATER

The Intesa Sanpaolo Group's consumption of drinking water from the network is predominantly connected with sanitation purposes and, to a much lesser extent, the generation of cold air for air conditioning.

In 2021 the Group's per capita water consumption was 18 cubic metres per employee, largely consistent with the previous year.

ENVIRONMENTAL MONITORING AND HAZARDOUS WASTE MANAGEMENT

The Intesa Sanpaolo Group focuses particular attention on environmental monitoring and the management of hazardous waste for the environment. In 2021, the monitoring of radon and asbestos continued in Italy and was joined by environmental monitoring connected with the COVID-19 emergency.

With regard to radon, in line with the new legislation introduced in 2020 which established stricter action thresholds for workplaces compared to the previous ones, the Safety and Protection Head Office Department carries out campaigns for the measurement of the average annual concentration level of the gas in order to guarantee the healthiest possible environment for employees and customers. If concentration levels exceed the thresholds, an external consultant is brought in to identify risk mitigation measures. Where necessary, the Radiation Protection Expert performs an Effective Dose Assessment to verify compliance with the maximum reference limit. No instances of this maximum limit being exceeded were recorded in 2021.

In the same way, although the activities carried out by Intesa Sanpaolo employees do not in any way expose them to dust and materials containing asbestos, in 2021 the Safety and Protection Head Office Department once again carried out a specific risk assessment for all workplaces. The checks performed, according to the timeframes established by law, by a Qualified Expert in the Management and Control of materials containing asbestos, confirmed that there is no contamination: all of the values measured are lower than the threshold established by law and similar to those present in the external environment.

In addition, monitoring activities also continued in Italy in 2021 to assess the quality of the air inside workspace following systems management activities, as per a company procedure developed in response to the COVID-19 emergency. The results of the surveys were satisfactory also in 2021: the level of internal microbial contamination was comparable to that of the external environment, confirming that the ventilation systems guarantee an adequate supply of air from the outside.

WASTE MANAGEMENT

For the purposes of managing the waste produced at the Group's sites, the Italian territory was divided into a number of lots where companies specialised in waste collection, sorting and disposal activities operate. These companies are subject to an evaluation process during which the authorisations required to operate as transporters (by means of vehicles entered on the relevant register) and recipients are also acquired. The various types of special waste are managed on the basis of their specific characteristics, while for separately collected waste such as paper, plastic and glass, compliance with the provisions issued locally applies.

Similarly, in other countries, waste collection and management take place in compliance with the reference national legislation. Particular attention is focused on the disposal of office equipment in Italy: before becoming waste, this equipment is subject to a careful recycling analysis.

During the COVID-19 emergency, at Group branches and buildings due attention was also focused on the disposal of personal protective equipment (masks, gloves, etc.) according to the laws in force.

In 2021 the merger of the Intesa Sanpaolo Group and the UBI Group resulted in the unification of numerous branches and some buildings and the consequent disposal of a large number of paper archives and other materials. The amount of special waste produced by the Group therefore rose and totalled 5,380 tonnes.

The management of Intesa Sanpaolo Group waste, including collection, transportation, recovery and disposal at external sites, is overseen by third parties in accordance with all the relevant legislation in force. Only 5.8% of the waste produced is disposed of (4.6% disposed of in landfills) with over 94% prepared for reuse, recovery or recycling.

GREEN PROCUREMENT OF OFFICE EQUIPMENT

On the basis of the "Green Banking Procurement Rules" issued in June 2021, the Structures responsible for purchasing office equipment (photocopiers, printers, PCs, computer and standalone monitors, notebooks and ATMs/ MTAs) undertake to apply responsible purchasing and usage criteria. These were the main categories of office equipment centrally purchased in 2021 with the relative percentages of those subject to Green Banking Procurement criteria evaluations: notebooks 100%, mini-desktops 100%, desktops 100%, cash in cash out 100%, ATM/MTA 100%, monitors 29%, printers 84%.

In the promotion of sustainability, due consideration is given both to legislation and relevant compliance requirements in force, as well as to specific environmental evaluation criteria.

Internal Carbon Pricing is also used as an additional support tool in the purchasing process, assessing energy efficiency in terms of the GHG emissions generated by energy consumption throughout the life cycle of the equipment.