

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Intesa Sanpaolo is the banking group which was formed by the merger of Banca Intesa and Sanpaolo IMI. The merger brought together two major Italian banks with shared values so as to increase their opportunities for growth, enhance service for retail customers, significantly support the development of businesses and make an important contribution to the country's growth. Intesa Sanpaolo is among the top banking groups in the euro zone, with a market capitalisation of 32.1 billion euro (as at 31 May 2019). The Group offers its services in Italy to 11.8 million customers through a network of approximately 4,100 branches well distributed throughout the country. Intesa Sanpaolo has a selected presence in Central Eastern Europe and Middle Eastern and North African areas with approximately 1,100 branches and 7.3 million customers belonging to the Group's subsidiaries operating in commercial banking in 12 countries. Moreover, an international network of specialists in support of corporate customers spreads across 25 countries, in particular in the Middle East and North Africa and in those areas where Italian companies are most active (as at 31 March 2019).

Within Intesa Sanpaolo's commitment towards sustainability, a specific focus is dedicated to climate change issues with the awareness that innovation, the development of new products and services and corporate responsibility may contribute to tackle environmental changes and the related social impacts. This understanding has led over the years to adhere to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. In 2018 Intesa Sanpaolo has decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Intesa Sanpaolo is also taking part of the Unep FI Pilot project (phase 2) on implementing the TCFD recommendations for Banks. Furthermore, ISP's Risk Appetite Framework integrates climate risk, by stating that the Group is committed to enhance climate risk awareness and to guarantee sound risk management practices on climate related issues in order to reduce the potential impact of climate change implications and to protect its reputation, its business and its investors.

Intesa Sanpaolo has always considered environmental management as a fundamental part of a wider management model which embeds CSR across the entire Group. Numerous initiatives are focused on the mitigation and careful management of direct and indirect impacts on the environment. The Group continues its commitment to reduce its environmental footprint through, for example, the development of projects aimed at promoting the efficient use of natural resources and the support of research and innovation in the area of energy efficiency. In 2017 Intesa Sanpaolo launched a new multi-year plan – the Climate Change Action Plan – with new long-term targets in terms of CO₂ emissions reduction. Besides actions of GHG emissions reduction (i.e. mitigation), the Bank's strategy includes a set of actions to adapt to climate change (i.e. adaptation). With regards to indirect impacts, Intesa Sanpaolo credit process considers, among others, environmental and social risks and to this extent the Group is working continuously on its internal processes in order to apply more stringent assessment criteria and more effective operating procedures. Since 2007 Intesa Sanpaolo assesses environmental and social risks in project finance through the Equator Principles guidelines. A total of 346 loans has been subject to screening according to the Equator Principles since 2007. In addition, Intesa Sanpaolo actively supports individuals and businesses committed to reducing their environmental footprints, through the promotion of green products and services. With regards to environmental financing, in 2018, the Group disbursed 1,922 million euro of new loans to finance the green economy, corresponding to 3.2% of the Group total amount disbursements in 2018. Aggregate green disbursements between 2010 and 2018 amounted to over 18 billion euro. In addition, in June 2017 Intesa Sanpaolo became the first Italian bank to issue a Green Bond of 500 million euro. In 2018 in order to provide concrete support to companies involved in the transition process, the Intesa Sanpaolo Group, within the time-frame of the 2018-2021 Business Plan, has decided to provide a plafond of up to 5 billion euro, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit.

Intesa Sanpaolo's commitment is recognised with the inclusion in a number of sustainability indices, including the Dow Jones Sustainability Indices and the index of the 100 most sustainable corporations in the world, compiled by Corporate Knights.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Albania
Bosnia and Herzegovina
Brazil
Croatia
Egypt
Hungary
Ireland
Italy
Luxembourg
Romania
Russian Federation
Serbia
Slovakia
Slovenia
Ukraine

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Financial control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	As ISP considers the risks and opportunities arising from climate change within its overall strategy, this matter is supervised by the Board of Directors through a Committee internal to the Board, the Risks Committee, made up of 5 Board members. The Risks Committee assures the best supervision of risks and guidance on the internal control system in this area. It pays special attention to activities that enable the Board to come to a fair and efficient determination of the Risk Appetite Framework (RAF) – which includes a statement on climate risk - and the risk governance policies. It assists the Board in the approval of the Code of Ethics and in the review of CSR matters. It reviews the draft of the Consolidated Non-Financial Statement (CNFS) in view of its presentation to the Board and it reviewed the Climate Change Action Plan (which sets CO2 emission reduction targets). The Board approves the Code of Ethics and its updates, CSR policies and the CNFS with climate targets.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The Risks Committee periodically reviews the approach and the progress of processes and activities related to sustainability and non-financial reporting. The CSR Sub-Department, supports the Risks Committee with the objective of monitoring the Group's areas of social and environmental responsibility, including those relating to climate change. The CSR Sub Department in 2018 took part in four meetings with the Risks Committee (with the Management Control Committee also invited) to review the 2017 Consolidated Non-Financial Statement (CNGS) and on the Guidelines for its preparation, defined at Group level to regulate the process, activities, roles and responsibilities of the Group structures and bodies involved in the preparation, approval and publishing of the Statement in compliance with the provisions of the Decree. Climate related disclosure is included in the CNFS. In addition, it presented the annual report on the implementation and governance of the Code of Ethics to the Management Control Committee together with the Surveillance Body pursuant to Italian Legislative Decree 231/2001. In 2017, the Climate Change Action Plan with targets for 2022 and 2037, was presented to the Risks Committee. The CCAP was developed by the CSR Sub-Department, in association with the Real Estate and Logistics, Procurement, Human Resources, Information Systems, Safety and Protection Head Office Departments and the International Subsidiary Banks Division. This Plan was then approved by the CEO. Targets were included in the Consolidated Non-financial statement, reviewed by the Risks Committee. Intesa Sanpaolo considers the risks and opportunities arising from climate change within its overall strategy and integrates ESG assessment into its activities. Climate risk has been integrated, as a qualitative statement, in the Risk Appetite Framework, which is presented on a quarterly basis by the Chief Risk Officer to the Risks Committee internal to the Board. Through the monitoring of the Code of Ethics, stakeholder engagement activities and sustainability reporting, the Group identifies and analyses the range of risks associated with climate change and sets objectives and guidelines aimed at implementing actions designed to manage and mitigate these risks. Since 2016, the materiality matrix has been shared with the Chief Risk Officer Area with the aim of starting a process of integration with the reputational risk assessment carried out annually. In Sept 2018, an induction on climate change has been made to the Board of Directors through a presentation/training session prepared both internally and by an external academic expert in climate change and environmental sustainability.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Financial Officer (CFO)	Both assessing and managing climate-related risks and opportunities	Quarterly
Environmental, Health, and Safety manager	Both assessing and managing climate-related risks and opportunities	Annually
Chief Risks Officer (CRO)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

i. Where in the organizational structure this position(s) and/or committee(s) lie:

The Chief Financial Officer (CFO) and the Chief Risks Officer (CRO) both report directly to the Managing Director and CEO and to the Board and meet regularly with the Risks Committee internal to the Board. The Corporate Social Responsibility (CSR) Sub-Department, with the Sustainability Manager (the Head of CSR Sub-Department), is allocated in the Chief Financial Officer Area. The Environmental, Health and Safety Manager also reports directly to the Managing Director and CEO.

ii. A rationale of why this/these position(s) or committee(s):

Intesa Sanpaolo's organizational model has established that Environmental and Climate Change issues are supervised by the CSR Sub-Department. Within the Sub-Department a specific team is focused on climate change issues. Responsibilities for climate-related issues, are assigned to the Chief Financial Officer to best integrate sustainability in the finance sector and to improve transparency and efficacy in disclosure and market communication. In addition, climate change risk considerations are integrated in the Group's Risk Appetite Framework (RAF), which is supervised by the Chief Risks Officer.

The Environmental, Health, and Safety manager (the Head of the department) is in charge of the Safety and Protection Head Office Department, that among the various tasks has that of Ensuring Group-level supervision of compliance risk with reference to the area of Environmental Protection (pursuant to Legislative Decree 152/2006). Furthermore, the Group's Energy Manager, that is within the Safety and Protection Department, is in charge of monitoring the most significant impacts related to the Group's energy consumption.

iii. Specific responsibilities of every position and/or committee with regard to assessment and management of climate-related issues:

The CFO assessment and management of climate-related issues is supported by the Corporate Social Responsibility (CSR) Sub-Department. The CSR Sub-department, through the CFO, provides support to the Top Management in defining sustainability strategies and policies designed to generate value for stakeholders.

A specific responsibility on climate risks was also assigned to the Chief Risks Officer (CRO), with the commitment to fully integrate climate change risk considerations in ISP's risk management framework - with particular reference to credit risk and reputational risk - and to monitor the exposure of the part of credit portfolio more sensitive to climate change risk, in line with the Group's Risk Appetite Framework (RAF).

The CSR Sub-Department, under the CFO area, has the task of overseeing the Group corporate social and environmental responsibility through the planning, management and monitoring of sustainability-related policies and instruments. It also develops initiatives and defines environmental sustainability policies and guidelines in line with corporate strategies and objectives, preparing - along with relevant structures - multi-annual action plans and monitoring their implementation. It also develops projects, operations and procedures to promote actions to mitigate Climate Change.

In these activities, CSR is supported by the CSR Delegates appointed in the main structures and in each International Subsidiary Bank.

Following the decision to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change, a working group has been created to coordinate the works on climate change scenario analysis, risk management, monitoring and disclosure – mainly involving CSR and the Chief Risk Officer Area with the support of the Chief Lending Officer Area and the business structures.

In order to strengthen the governance of Corporate Social Responsibility, in 2018 CSR involved all executives reporting directly to the CEO in 18 meetings with a view to increasing engagement and knowledge of CSR themes, and to analysing material issues, also in relation to the priorities of the 2018-2021 Business Plan.

The Safety and Protection Head Office Department is responsible for governing the Environmental and Energy Management System adopted by the Group and promoting improvement objectives, guaranteeing the maintenance of international ISO certification in collaboration with the competent structures. The assessment of risks to workers' health and safety also includes the assessment of the hydrogeological risk and hydraulic risk due to flooding and landslides. Through the Energy manager, Safety and Protection Department monitors the most significant impacts related to the Group's energy consumption.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

Activity incentivized: Energy reduction project; Emissions reduction project; Energy reduction target; Efficiency project; Other: Behaviour change related indicator The energy manager is in charge of monitoring the most significant impacts of energy consumption; preparation of energy balance; guidelines to identify improvements in line with the best practices; identification of optimisation activities, in particular in terms of purchases and management, to ensure the reduction of energy consumption, other resources and goods and waste; proposal of new technologies, solutions and products with lower environmental impact, based on cost-benefit analysis, to increase eco-efficiency. Her reward is directly based on reducing the ISP's carbon footprint. Annual incentives consider overall performance including qualitative aspects (behavioural skills, competencies level and annual results, compared with objectives).

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

Activity incentivized: Energy reduction project; Emissions reduction project; Emissions reduction target; Efficiency project Teams responsible for facility management are incentivized and assessed to successfully implement activities and initiatives that support energy efficiency and the reduction of CO2 emissions. Annual incentives consider overall performance included qualitative aspects (behavioural skills, competences level and annual results, compared with objectives).

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Monetary reward

Activity incentivized

Behavior change related indicator

Comment

Sustainable mobility. To facilitate employees commuting to reach the Bank's premises in areas not served by public transport in Turin/Moncalieri, Milan/Assago, Naples, Padua/Sarmeola di Rubano and Venice/Mestre, ISP offers free shuttles, thereby reducing commuting costs paid by employees and reducing CO2 emissions. At the Bank of Alexandria (Egypt), a shuttle service to Cairo and Alexandria is available. Moreover, in the cities of Florence, Turin, Milan, Naples, Venice, Bologna, Rome and Padua employees can request annual season tickets to public transport directly from their workstation, avoiding trips and queues at the counters and taking advantage of discounts. Contributions to promote the use of public transport have been implemented at CIB Bank (Hungary) and Privredna Banka Zagreb (Croatia). Development of car and bike sharing services are made available through partnerships in Bologna, Florence, Milan, Padua, Rome, Turin, Carrara, Como, Cremona, Cuneo, La Spezia, Modena, Monza, Perugia and Treviso and in some of the Group's International Subsidiary Banks. Car-pooling initiative have been organized and made available to all employees working within the municipality of Milan and Assago, Turin New Headquarters, Moncalieri Data Centre and Florence-Novoli sites. The aim is to share the car for commutes in order to improve the quality of transfers, make savings on transport expenses, and reduce traffic, pollution and road accidents.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	2	0 = current
Medium-term	2	5	
Long-term	5		Climate change action plan foresees long term targets on GHG emissions reduction up to 2037.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	Through the monitoring of the Code of Ethics, stakeholder engagement and sustainability reporting, the Group identifies and analyses climate risks and sets objectives and mitigation actions. The risks and opportunities and related impacts are analysed annually in the materiality matrix, both in terms of direct impacts of Group operations and in terms of indirect impacts (customers' and suppliers' activities). A mapping is conducted yearly of the risks and opportunities related to climate change, where impacts, possible financial implications, risk management methods and associated costs are examined, taking into account the specific climatic characteristics of the different geographical areas where the Group operates. With regards to the EEMS according to the ISO 14001 standard, the Background Analysis is updated yearly. The Risk Appetite Framework, which includes a statement on climate risk, is presented on a quarterly basis by the Chief Risk Officer to the Risks Committee internal to the Board.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

ISP considers risks and opportunities arising from climate change within its overall strategy. Through the monitoring of the Code of Ethics, stakeholder engagement activities and sustainability reporting, the Group identifies and analyses the range of risks associated with climate change and sets objectives and adopts mitigations actions. The potential risks and impacts on stakeholders, the environment and ISP's activities are analysed in the materiality matrix, is shared with the CRO Area with a view to an integration with the annual reputational risk assessment.

ISP, for Climate Change issues, considers substantive financial impacts, those that can affect, due to their severity, a number of business units, business operation continuity, stakeholders concern, asset impairment, reduction in profits and therefore a financial impact on profit and loss account and balance sheet. The event can have a significant financial impact because of one of each aspect or for the combination of more than one.

With regards to the EEMS certified annually according to the ISO 14001 standard, the upgrade of the Background Analysis was performed based on the results of the stakeholder engagement and confirmed that all the risks – split into 6 categories (commercial, economic, operational, technological, implementational and reputational) – are managed by the Group through a monitored program of actions. A low level of risk is considered acceptable, while for medium level risks, actions are foreseen within 6 months, and for high level risks, within a month.

With regards to impacts at asset level an assessment is performed on hydrogeological and hydraulic risk due to flooding and landslides. For flooding, the benchmark is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded (from P3 to P1). For landslides, the benchmark is based on the level of danger (from P1 to P4) associated with an area subject to landslides and depends on the relationship between the probability of occurrence of the event and its magnitude. These assessments are set out in the Risk Assessment Document pursuant to Legislative Decree 81/08 and enable ISP to implement actions that take into account the effects of critical events linked to natural phenomena linked to climate change, allowing the management of different potential risk scenarios, through the implementation of specific Emergency Plans, to mitigate and reduce possible damages. ISP has also adopted an Organisational Model for Crisis Management which defines the organisational structure for managing critical events and identifies the roles and responsibilities for managing emergencies and crises, including those deriving from large-scale destructive events.

With regards to climate risks linked to business activities, ISP applies different processes:

1. Investment decisions and the credit policy, according to the Code of Ethics, must integrate the socio-environmental risks associated with the activities of corporate customers. This commitment is also contained in the Rules for the environmental and energy policy;
2. The Group, as a signatory member of the Equator Principles, takes specific account of the impacts from climate change requiring customers to demonstrate that, if the CO₂eq emissions of a project are expected to exceed 100,000 tonnes, they have considered solutions with lower emissions, through alternative analysis. The Principles also require the publication, on an annual basis of CO₂ emission levels for these projects;
3. The assessment of creditworthiness, which include the socio-environmental aspects, is conducted for all corporate customers, in accordance with the Rules of the Internal Rating System. With reference to the sectors that may potentially be more exposed to environmental risks, a Questionnaire on Environmental Risks is integrated in the lending process.
4. Compliance with the regulatory requirements of the Organisational, management and control model pursuant to Legislative Decree 231/2001 on the administrative liability of entities encompasses assessment of environmental risks;
5. Compliance with Group's Risk Appetite Framework (RAF) that include a statement on climate risk and one on reputational risk. With the inclusion of climate risk in the RAF, ISP commits itself to integrate climate change risk considerations in its risk management framework - with particular reference to credit risk and reputational risk - and to monitor the exposure of the part of credit portfolio more sensitive to climate change risk. With the inclusion of reputational risk in the RAF, an assessment of potential reputational risks / ESG risks connected with the most significant business transactions is carried on.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Climate related risks deriving from current regulation are considered relevant by Intesa Sanpaolo because in the event of non-compliance with Italian and European regulation, ISP can be affected in different ways, e.g. possible fines, that can have financial and reputational impacts, procedural adjustment costs relating to certification processes, negative impacts on the possibility of implementing new products and services. For this reason, ISP constantly and precautionary monitors possible changes to Italian and European regulations and ISP's compliance. Chief Institutional Affairs and External Communication Officer Area is in charge of following the regulatory (including environmental) evolution and its impact on ISP. For example, in 2017 Intesa Sanpaolo aligned its sustainability reporting to European Directive regarding Non-financial Statement and art. 4 of Italian Legislative Decree 254/2016. The decree also requires climate related disclosure including on climate governance, analysis and management of climate related risks and opportunities, potential impacts of the company's activities on climate change, potential impact of climate change on the company. The potential financial impact of non-compliance with the decree involves the cost of administrative sanctions as well as a reputational cost. When the non-financial statement is drafted not in compliance with the provisions of the articles 3 and 4 of Italian Legislative Decree 254/2016 (including disclosure of management, policies, risks, actions and KPIs associated with environmental issues) a financial administrative sanction is applied to the board members.
Emerging regulation	Relevant, always included	Climate related risks deriving from emerging regulation are considered relevant by ISP because in the event of non-compliance ISP can be affected in different ways: possible fines that can have financial and reputational impacts, procedural adjustment costs, negative impact on the implementation of new products and services. Thus,ISP constantly monitors emerging Italian and European regulations through the Chief Institutional Affairs and External Communication Officer Area, in charge of following the regulatory evolution and its impact on ISP. This is made by participating in national and international working groups. For instance, ISP Group made an important contribution to the international debate on the topic of environmental sustainability in 2018. In the area of green finance ISP collaborates continuously with ABI (Italian Banking Association) in working groups, particularly in relation to issues linked to the European Action Plan on Sustainable Finance and the related taxonomy. In particular, Intesa Sanpaolo has contributed to the drafting of the main (legislative and non-legislative) position papers of the financial sector published during 2018, such as, for example, the proposal for a regulation concerning the introduction of a framework to promote sustainable investments and the proposal on reporting sustainable investments and sustainability risks, as well as the document of the European Banking Federation - Financing the Europe of tomorrow. Intesa Sanpaolo also participated in the discussion at the European level on Green Lending Principles and the green supporting factor. Moreover, ISP has considered in its sustainability report the Task Force on Climate-related Financial Disclosures recommendations (TCFD). Lastly,ISP is participating actively in the European Lab Project Task Force on Climate-related Reporting created within the EFRAG (European Financial Reporting Advisory Group) which assesses the current state of play of climate-related reporting by European companies and the current and potential use of climate-related information by investors and other users. The primary focus of the Task Force is on the TCFD recommendations with consideration of other reporting frameworks as appropriate and taking account of the EC's non-binding guidelines on non-financial reporting, which are being updated in 2019 with regard to climate-related disclosures.
Technology	Relevant, sometimes included	Technology climate related risks, risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system, are considered relevant by Intesa Sanpaolo because in the event of delays in scaling-up to new technological improvements ISP can be affected in different ways both directly and indirectly (customers, suppliers), with possible financial impacts. Intesa Sanpaolo is a financial institution that considers actions to advise clients on managing the transition towards a low-carbon economy. This is made also through the analysis of technological shifts - for example through the development of study and research projects in the environmental field, supporting businesses and customers in developing innovative ways of rethinking goods and services and through the "Industry 4.0 program" within the framework of the Industria 4.0 National Plan, in Italy. ISP also continues to pursue its Circular Economy project thanks to which numerous initiatives and actions were carried out in 2018 to promote the awareness and adoption of this model in various domestic and international locations. For the 2018-2021 period (Business Plan), ISP has established a plafond of 5 billion euro available to companies which adopt the circular model with innovative procedures, granting the best conditions for access to credit. As part of the credit process, ISP provides a technical assessment on the level of circularity of the initiatives proposed. During 2018, the 'circular' assessment of businesses along their value chain continued (around 15 businesses reviewed) through the Circular Economy Standard, an instrument used to measure the level of circularity.
Legal	Relevant, always included	Legal climate related risks are considered relevant by Intesa Sanpaolo because in the event of litigation claims, ISP can be affected in different ways that can have reputational and financial impacts. Intesa Sanpaolo in order to guarantee complete and extensive compliance with legislative provisions regarding the environment in Italy and in the countries where the Group operates, constantly and precautionary monitors possible changes to Italian and European regulations in order to counteract negative legal implications from its activities. i.e. In Italy the Safety and Protection Head Office Department and the Energy manager ensure compliance with environmental and energy rules which, if not addressed, can lead to litigation claims.
Market	Relevant, sometimes included	Market climate related risks are considered relevant by Intesa Sanpaolo because in the event of shifts in supply and demand for certain commodities, products, and services, ISP can be affected in different ways that can have both reputational and financial impacts. Market risks are integrated in the risks assessment mainly for evaluating the potential direct impacts on its premises in Italy and in the countries where ISP operates (for instance through the exposition to unexpected shifts in energy cost), and/or for indirect impacts, for example through the exposition to changing customer behaviour that ISP aims to intercept through the development of green economy products and services. In addition to what is stated above, ISP credit risk evaluation takes into account market risk related to Business sectors particularly exposed to climate change impacts. To this extent ISP is working to issue a policy regarding the coal sector. On the supply side, to mitigate risks from unexpected shifts in energy costs, Intesa Sanpaolo implements the following actions: - signing contracts with electricity providers on a biennial basis instead of annual with so-called structured price contract. The contract provides for a purchase method in which the price is fixed in advance in relation to the prices of the raw material present on the reference market (European Energy Exchange - EEX) - direct actions and initiatives to reduce electricity consumption. On the demand side to mitigate the risk of a reduced customers' demand for green goods and/or services due to shift in consumer preferences, Intesa Sanpaolo advises clients about benefits deriving from investments in renewable energy. For example, through the Energy desk of Mediocredito Italiano, several projects on energy efficiency were funded in 2018. Moreover, ISP has defined credit guidelines also with the aim of promoting investments in the sector of energy efficiency and energy saving, that can be made directly by businesses or through ESCOs (Energy Service Companies).

	Relevance & inclusion	Please explain
Reputation	Relevant, always included	Reputation risks deriving from climate (all risks tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy) are considered relevant by Intesa Sanpaolo because in the event ISP is affected by a reputational issue, financial impacts can occur. Intesa Sanpaolo's reputational risk governance model assigns to the Corporate Bodies the function of strategic supervision and to the Enterprise Risk Management Head Office Department general responsibility for governing reputational risk processes. Each company function of ISP is involved in the process of safeguarding the corporate image by identifying the reputational risks associated with the activities under its responsibility. Some of the Group's company functions (including Compliance, CSR, Investor Relations, Institutional Affairs and External Communication, Internal Communication) are also assigned specific tasks in relation to reputation protection. The ISP Group attaches great importance to non-financial risks and, as part of the main risk-taking strategies set out in the Risk Appetite Framework (RAF), it has been defined a qualitative statement dedicated to the protection of its reputation. Within the Reputational Risk process the Intesa Sanpaolo Group tries to capture risks also associated with climate change that may result in additional costs for the Bank or its customers. i.e. integration of ESG and Equator principles assessment within the lending evaluation. For example, ISP's financing to its corporate customers operating in a climate sensitive sector, such as coal or oil&gas, are subject to a reputational, environmental and social risk evaluation, by the Chief Risk Officer Area, which analyses the various risk factors and possible impacts and assigns a class of risk to the client.
Acute physical	Relevant, sometimes included	Acute physical risks (risks that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods) are considered relevant by Intesa Sanpaolo because in the event ISP is affected by severe weather atmospheric events there can be financial impacts on the Group properties or indirectly (customer activities). In particular because there can be financial implications related to the increase of customers' probability of default for businesses seriously damaged by extreme atmospheric events and/or increased costs deriving from possible damages to the Bank's infrastructure i.e. adoption of a business continuity plan and measures to prevent physical damage to the Bank's premises. Acute Physical weather and atmospheric events are part of Intesa Sanpaolo risk assessment. Intesa Sanpaolo makes a prior assessment of the hydrogeological risks and hydraulic risks of its buildings in relation to the territorial risk and the vulnerability of buildings. This assessment allows for preventative actions in high risk locations. With regards to customer activities Intesa Sanpaolo Group supports with a concrete and tangible commitment families and businesses affected by environmental disasters. Among these initiatives, it is worth noting that, in November 2018, Intesa Sanpaolo set up a plafond of 1 billion euro for households and businesses to tackle the emergency caused by extraordinary atmospheric events which have affected in October the whole of Italy. In order to support the wood sector in north-eastern Italy, which was severely affected by the extreme weather events at the end of October, an agreement was signed with FederlegnoArredo aimed at supporting the development of companies in the sector with specific products and benefits which also include support to forest holdings and individuals involved in reforestation projects. Furthermore we expect, after completion of the pilot project with Unep FI on climate scenario analysis for Banks, to implement climate related scenarios in order to adapt our business to acute physical climate changes. The Bank is evaluating which scenario better covers a reasonable variety of future outcomes. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans in 2019 and a most robust analysis in 2020.
Chronic physical	Relevant, sometimes included	ISP is starting to consider "Chronic physical risks" such as changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures or rising sea levels. In particular Intesa Sanpaolo is aware that there can be financial indirect implications related to the increase of the probability of default of businesses suffering increased costs of production or reduced demand related to the climate change events. Therefore, on the medium-long term Chronic physical risks can be considered relevant. For instance, rising mean temperature could have a significant impact on power and thermal consumption. The potential financial implications of these risks are strictly related to the increase of electric energy consumption and associated costs. To mitigate the risk of heat consumption not suited to indoor and outdoor temperature Intesa Sanpaolo has identified targets and has installed temperature sensors (in about 4,000 premises) that can provide the real time temperatures inside Bank's locations, which has allowed considerable savings. Moreover, Intesa Sanpaolo pays attention to energy efficiency of its branches. The actions and measures to reduce electricity and thermal energy consumption continued in 2018 both in Italy and in the International Subsidiary Banks. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Rising sea levels could have a financial impact on ISP, i.e. in Italy, where there are thousands of kilometres of coastal areas, the risk of sea level rise can be considerable in the long term. Furthermore, we expect, after completion of the pilot project with Unep FI on climate scenario analysis for Banks, to implement climate related scenarios in order to adapt our business to chronic physical climate changes. The Bank is evaluating which scenario better covers a reasonable variety of future outcomes. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans in 2019 and a most robust analysis in 2020.
Upstream	Relevant, sometimes included	Intesa Sanpaolo considers upstream risks in its value chain relevant because climate change can have impacts on its suppliers and therefore financial impacts on ISP activities. Through the monitoring of the Code of Ethics, stakeholder engagement activities and sustainability reporting, Intesa Sanpaolo identifies and analyses the range of risks associated with climate change and sets objectives and guidelines aimed at implementing actions designed to manage and mitigate these risks. In this context the new ISP "Group Procurement Guidelines" and the Rules relating to purchases, integrate social and environmental responsibility criteria in a transversal and well-structured manner and define the principles relating to purchases that must be respected by all the departments involved in the process. In particular compliance with the criteria concerning social and environmental sustainability help to ensure all along the supply chain the respect for the environment, human rights, working conditions, health and safety and business ethics, also through the adoption of measures and tools designed to minimize negative impacts and to promote awareness of risks and opportunities in the social and environmental field. The selection of suppliers already takes place during the process of registration to the ISP "suppliers gate" by means of an assessment that takes into account not only the economic and financial but also organisational and technical characteristics of each supplier, and this also includes analysis of their business ethics, respect for human rights, labour rights and the environment. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and they can be invited to the procurement events. At the end of 2018, about 3,161 suppliers had completed or were in the process of registration to the new portal. Intesa Sanpaolo has also introduced in its purchasing practices environmental criteria and, since 2011, has developed specific internal policies: Rules for the purchase and use of paper and derivative materials, Rules for the purchase of office machines, Rules governing the sustainability in the organisation of communications events and training courses and Rules for the setting up of sustainable branches.

	Relevance & inclusion	Please explain
Downstream	Relevant, sometimes included	Intesa Sanpaolo considers downstream risks in its value chain relevant because climate change can have an impact on its customers and therefore financial impacts on ISP activities. Intesa Sanpaolo attention to Climate Change risks considers its downstream operations as well, as climate change poses challenges to customers and in particular corporate customers, especially in certain business sectors. With reference to the sectors that may potentially be more exposed to environmental risks, a Questionnaire on Environmental Risks, included in the Operating Guidelines on lending activities, allows environmental risk to be taken into consideration when assessing creditworthiness. Moreover, as environmental risks play a fundamental role in the project finance lending activities, for large industrial and infrastructural projects Intesa Sanpaolo applies the Equator Principles (EP). For transaction which are not included in the scope of application of the Equator Principles, an environmental, social and reputational risk clearing of corporate customers operating in sensitive sectors is conducted. These opinions - provided by the Reputational Risk Office of the Chief Risk Officer Area with the contribution of Corporate Social Responsibility - include the allocation of a risk class (from low to very high). In 2018 a total of 67 of these opinions were issued. Finally, in accordance with the Rules of the Internal Rating System, a credit rating assessment that includes socio-environmental aspects is conducted for all the corporate customers.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The Corporate Social Responsibility Sub-Department has the task of monitoring the Group's areas of social and environmental responsibility, including those relating to climate change. To this extent CSR collaborates with the other Group's functions to ensure that social and environmental aspects and climate change are duly considered in the development of the business. The CSR governance system is also based on strong involvement of the Risks Committee, which has been established within Board of Directors, to provide within other issues, specific support to the Board in relation to all sustainability matters including climate change. The Risks Committee assesses and examines climate change issues, to help ensure the best control of risks in this area. The Board of Directors, with the support of the Risks Committee, approves the annual Consolidated Non-Financial Statement that includes a section on "CLIMATE CHANGE: MANAGEMENT OF POTENTIAL ENVIRONMENTAL RISKS AND IMPACTS". The Board of Directors establishes Intesa Sanpaolo strategy and therefore the prioritization of climate-related risks and opportunities.

Four examples of the output of the process described above are:

- 1) With regards to a climate related transition risk, Intesa Sanpaolo's strategy has developed a specific Climate Change Action Plan approved by the CEO in 2017 to implement actions to reduce greenhouse gas emissions (mitigation) in order to reduce risks of increased operating costs due to potential GHG increasing prices.
- 2) A process for adapting to climate change physical risks is already in place, such as the emergency plan for managing hydrogeological risk and hydraulic risk due to flooding and landslide. The plan evaluates the management of different potential risk scenarios, through the implementation of the specific Emergency Plans, in order to mitigate and reduce possible damages, particularly with regard to workers and third parties.
- 3) With regards to transition opportunity that arise from climate change Intesa Sanpaolo is active in the development of new products and services, an example of the process is the launch in 2018 of a 5 billion euro plafond for loans to companies adopting a circular economy business model, which will help to mitigate climate change effects, in particular through financing companies operating with lower CO2 emissions. Another example is the issuance in 2017 of a 500-million-euro Green Bond connected with environmental sustainability projects.
- 4) With regards to physical opportunity that arise from climate change Intesa Sanpaolo supports businesses and families affected by exceptional atmospheric events with many different dedicated plafond, among these initiatives, in November 2018, Intesa Sanpaolo set up a plafond for households and businesses of one billion euro to tackle the emergency caused by extraordinary atmospheric events which have affected the whole of Italy.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Intesa Sanpaolo, as a financial services company active in asset management, retail and corporate banking, investment banking and bank assurance, can be affected directly and indirectly by changes in voluntary standard related to climate change it has adopted. For examples, in case of changes in the certification schemes (ISO 14001, ISO 50001) Intesa Sanpaolo will need to upgrade processes and to pay for specific advisory services and training.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

233500

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Potential financial impacts of changes voluntary standards are related to the need to adapt to new rules with consequent costs. We can assume that every time ISP has to implement a new certification scheme there is an estimated cost of about 233,500 euro. This cost includes cost of the consultancy firm, cost of developing training courses (this is done through an external provider) and cost of personnel dedicated to the activity of developing the new procedures.

Management method

Intesa Sanpaolo carries out a careful analysis of current standards and possible changes that may allow us to modify the risk for our Bank of being caught unprepared. ISP constantly monitors development in the relevant ISO standards and participates in specific training courses to become aware of state of the art and developments in this regard. For instance the Intesa Sanpaolo Environmental Management System in 2017 was adapted to the changes occurred in the UNI EN ISO 14001: 2015 standard, one year in advance of the permissible terms; the change consisted in the requirement to provide for, among other things, the conduct of an "Analysis of Context" in order to fully understand the reference scenario, define needs and expectations of stakeholders and better assess risks and opportunities. This analysis has been integrated in the wider process of ISP materiality analysis. This action leaves the likelihood unchanged but reduces the magnitude should the event occur. ISP estimates about 163,500 euro of annual management cost, corresponding to the cost of 3 FTEs dedicated to the constant monitoring of the ISO standards and the updating of procedures.

Cost of management

Comment**Identifier**

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact

Write-offs, asset impairment, and early retirement of existing assets due to policy changes

Company- specific description

Intesa Sanpaolo complies with regulatory requirements related to environmental issues. The European Union keeps developing legislation on air pollutants, as air pollution can cause both short term and long-term effects on health. For instance, new regulation could involve the need for ISP to renovate the company fleet or the cooling or heating equipment where not compliant. In order to comply with regulatory requirements, Intesa Sanpaolo has been replacing, throughout many years, refrigeration units containing R22 with gases that are less dangerous for the environment. R22 gas is an HCFC, or hydrochlorofluorocarbon, commonly used in air conditioning, process cooling and industrial refrigeration. Due to their impact on the environment, R22 is being phased out globally.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

800000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2018 ISP kept replacing refrigerator units containing R22 with gasses less environmentally harmful. The potential cost for being compliant with new regulation, if enforced, can be estimated in 800,000 euro (this is the estimated cost of replacing all ISP refrigerator units containing all remaining R22 gas plants). This amount can also represent an estimate of the financial impact of any other legislation in the area of air pollution.

Management method

Intesa Sanpaolo carries out a careful analysis of current Italian and European legislation and possible changes that may impact and modify the risk for ISP. In order to manage this risk Intesa Sanpaolo is engaging with regulators (European Commission, Italian Ministry of Environment, etc.) to be up to date on new rules and if possible anticipate them. In 2018, the replacement of heating and air conditioning systems continued, in Italy 34 systems containing R22 were replaced with refrigeration units containing R410A gas. This action leaves the likelihood of the event unchanged but reduces the magnitude of impact should the event occur. Other than direct cost of replacing the remaining systems (800,000 euro), we need to add the annual cost of the staff devoted to the verification and management of the facilities around 54,500 euro: this cost is integrated into the company budgets.

Cost of management

854500

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The international standards for reporting are becoming increasingly strict and consequently detailed environmental data and GHG related emissions are requested. Intesa Sanpaolo annually issues a Consolidated Non-financial Statement in which it reports on its emissions in a comprehensive and detailed way. For instance, in 2018 ISP Consolidated Non-Financial Statement – was drafted in accordance with art. 4 of Italian Legislative Decree 254/2016, the “Core” option of the GRI Standards defined in 2016 by the GRI (Global Reporting Initiative) and the “Financial Services Sector Supplements”. The recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017 for the voluntary dissemination of relevant communications on risks connected with climate change were also considered by ISP (ISP in October 2018 has announced to the market its support to the TCFD recommendations). The new EC’s non-binding guidelines on non-financial reporting have been issued (June 2019) and thus Intesa Sanpaolo needs to invest in new monitoring and reporting process.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

630000

Potential financial impact figure – maximum (currency)

2650000

Explanation of financial impact figure

The potential financial impact for ISP depends on the non-compliance with the law that involves the risk of administrative sanctions. In fact, if ISP non-financial statement is not drafted in compliance with the provisions of the articles 3 and 4 (including disclosure of management, policies, risks, actions and KPIs associated with environmental issues) a financial administrative sanction would be applied to the board members. The risk of sanctions for Intesa Sanpaolo with the current perimeter would go from a minimum of 630,000 to a maximum of 2,650,000 euros.

Management method

To meet new Italian and European regulation requirements ISP is continuing investing in its monitoring processes to align to the standards requested for reporting to the extent of reaching the highest level of transparency and accuracy. ISP is actively involved in many working groups of ABI (Italian Banking Association) focused on setting benchmarks for the Banking sector and implementing new guidelines for banks' sustainability reporting. Intesa Sanpaolo has provided a significant contribution to several ABI's documents, i.e. Guidelines on the Application in Banks of the GRI Environmental Indicators (ABI Energia) updated in 2018 also thanks to the contribution of ISP. ISP is participating actively in the European Lab Project Task Force on Climate-related Reporting created within the EFRAG (European Financial Reporting Advisory Group) which assesses the current state of play of climate-related reporting by European companies and the current and potential use of climate-related information by investors and other users. The primary focus of the Task Force is on the TCFD recommendations with consideration of other reporting frameworks as appropriate and taking account of the EC's non-binding guidelines on non-financial reporting, which are being updated in 2019 on climate-related disclosures. These activities are carried out by various departments of ISP, we can assume that they involve an annual overall commitment of 4 FTEs with an estimated gross cost of 54,500 euro yearly each.

Cost of management

218000

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact

Abrupt and unexpected shifts in energy costs

Company- specific description

ISP Group operates mainly in Italy, a country that is not self-sufficient from an energy standpoint. This makes it subject to the volatility of international markets and the cost of energy. Furthermore, the real cost of energy is often affected by the tax element that may vary over time: for example, the cost of the incentive for the Italian PV is charged in the bill to all end users. Intesa Sanpaolo costs related to energy can increase due to the introduction of new fuel or energy taxes. Furthermore, an indirect increase of prices of other goods (eg. paper) could occur and have a negative impact on Intesa Sanpaolo capital costs.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

7200000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Any increase in the cost of energy or related taxes has an impact on the income statement of Intesa Sanpaolo. Intesa Sanpaolo estimates that on the energy expenditure for 2019 and 2020 a possible increase of 5% would cost around 7.2 million euro (2019+2020).

Management method

In order to mitigate the risk of an increase of energy costs Intesa Sanpaolo has in place the following actions: - signing contracts with electricity providers on a biennial basis with so-called structured price contract. The contract provides for a purchase method in which the price is fixed in advance in relation to the prices of the raw material present on the reference market (European Energy Exchange - EEX) - implement actions and initiatives to reduce electricity consumption. Main actions to reduce electricity consumption, in light of the positive experience gained up until today, are described in the new ISP environmental plan "the Climate Change Action Plan" - prepared with targets set for 2022 and 2037, which included actions to be implemented both in Italy and in some International Subsidiary Banks. In accordance with this plan, the actions and measures to reduce electricity and thermal energy consumption continued in 2018. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Other than an estimated cost related to a limited number of actions and measures undertaken in 2018 to reduce electricity and thermal energy consumption (around 1.1 million euro) we need to add also an annual overall commitment of 2 FTEs (full time equivalent) with an estimated gross cost of 54,500 euro each.

Cost of management1211000

Comment

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Uncertainty in market signals

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

ISP activities are carried out mainly in Italy, that as a member of the European Union, in order to meet the objectives 20/20/20 and the new European target to 2030, since 2007 has enabled substantial incentives in favour of renewable energies, particularly photovoltaics. Uncertainty over the incentives has made difficult to plan the offer of green loans/products in the medium long term and the related expected disbursements. The risk for Intesa Sanpaolo is to significantly reduce the profits arising from the funding allocated to this area. In fact, Intesa Sanpaolo's financing for the green economy has undergone a drastic reduction in comparison to 2011 because the demand of green products from customers has been reduced also due by the reduction of incentives: green loans has gone from over 3.7 billion euros in 2011 to about 1.9 billion euros in 2018 (around 1.2 billion euro in 2017).

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

115000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Italian government incentives for renewable energy, in particular photovoltaic, and for energy efficiency has shown substantial variation over the years and that has financial impacts on ISP's revenues related to green products. For example, Intesa Sanpaolo's disbursement for the green economy in 2018 has been lower (1,922 million euro) than the average 2010-2018 (2,037 million euro) in spite of ISP strategy aimed at enhancing green economy financing - strategy which has also been included in the business plan 2018-2021. Therefore ISP, based on previous years green disbursements, estimates a potential negative financial impact in terms of lost loans of around 115 million euro of loans (average 2010-2018 disbursements minus disbursements in 2018).

Management method

In order to mitigate these risks Intesa Sanpaolo is continuing to advice customers about benefits deriving from investments in renewable energy within the framework of a legislation that is changing. For example, through the Energy desk of Mediocredito Italiano, several projects on energy efficiency were funded in 2018. Also, ISP issued internal credit guidelines that have been defined also with the aim of promoting investments in the sector of energy efficiency and energy saving, made directly by businesses or through ESCOs (Energy Service Companies). Moreover, Intesa Sanpaolo collaborates with ABI (Italian Banking Association) participating for example in the consultation stage regarding the National Energy Strategy. Finally, in terms of new green offer among others a 5 billion credit plafond has been set up in order to finance circular economy projects. These activities are carried out by various departments of ISP, we can assume that they involve an annual overall commitment of 6 FTEs with an estimated gross cost of 54,500 euro yearly each.

Cost of management

327000

Comment

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased credit risk (e.g., increased probability of default and/or loss given default)

Company- specific description

In Italy, where ISP mainly operates, floods are becoming more common, causing damages to the agriculture sector but also to houses, premises and infrastructures. The risk for Intesa Sanpaolo is related to the increase of probability of default of businesses and private customers severely damaged for examples by storms and floods. In particular ISP considers the risk of potential reduction in agricultural productivity, i.e. crop production, but also fruits and vegetables. We must also consider that Intesa Sanpaolo is a global bank and it is present in regions highly affected by floods such as the South East Asia and East Europe.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4800000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The risk for Intesa Sanpaolo is related to the possibility of default of companies and private customers severely damaged by storms and floods. To give an example: financial implications of damages to agriculture in 2017 in Italy because of extreme weather conditions, for the Italian agriculture sector, amounted for around 2 billion euro (Source "Coldiretti" - leading organization of farmers at national and European level). In ISP in 2018 suspended repayments of loans due to natural disasters correspond to 4.8 million euro of residual debt. i.e. in 2018 extraordinary weather events hit Italy especially in the Triveneto area.

Management method

The Intesa Sanpaolo Group supports with tangible commitment families and businesses affected by environmental disasters. In 2018 measures were taken both through ad hoc loans and the suspension of the instalments payable for existing loans, following the extreme weather events that have occurred especially in the Triveneto area. Intesa Sanpaolo supported businesses and families affected by these exceptional events with many different dedicated plafond. In 2018, Intesa Sanpaolo Group confirmed its commitment to support families and businesses affected by environmental disasters or other catastrophes in Italy by providing new subsidised loans intended for the restoration of damaged properties (houses, shops, offices, artisan workshops, companies), suspensions on existing loans, actions in the area of protection and preferential, simplified and expedited procedures. Costs related to these activities are integrated into the company budgets. Also based on the number of branches involved we can assume an annual overall commitment of 5 FTEs involved in the process (an estimated gross cost of 54,500 Euro yearly each). ISP is also starting to implement climate scenario analysis including physical risks in Italy especially focused on agriculture and real estate.

Cost of management

272500

Comment

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

Extreme precipitations and floods can have an adverse impact on Intesa Sanpaolo. It could cause damages to ISP premises, data centres and put at risk the possibility of commuting of employees.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

It is difficult to estimate the potential financial implications of the risk of closure of some Intesa Sanpaolo branches due to extreme atmospheric events. If an Intesa Sanpaolo branch should be destroyed, the potential rebuilding cost would be approximately of around 2 million euro.

Management method

ISP assesses the hydrogeological and hydraulic risks of its buildings. As to flooding, the risk level is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded (from P3 to P1). With regard to landslides, the benchmark is based on the level of danger (from P1 to P4) associated with an area subject to landslides. These assessments are set out in the Risk Assessment Document pursuant to Italian Law. They enable ISP to implement actions that take account of the effects of critical events linked to natural phenomena attributable to climate change, allowing for the management of different potential risk scenarios, through the implementation of specific Emergency Plans, in order to mitigate and reduce possible damage to workers and third parties. Also, to guarantee business continuity for example in case of extreme weather events in 2017 ISP bought two campers that can also be used as a temporary branch. In order to quantify the cost of management for ISP we can mention the cost of a temporary branch (container) used in an area devastated by an extreme event. In this case we can estimate that ISP current expenses due to costs of renting, installation and removal of a medium-sized container for a year could amount to around 80,000 euros. We can also estimate an annual overall commitment of 3 FTEs involved in the process (an estimated gross cost of 54,500 Euro yearly each).

Cost of management

243500

Comment**Identifier**

Risk 8

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description

Rising mean temperature could have a significant impact on ISP power and thermal consumption. Chronic rising mean temperatures could oblige ISP to run operations sites under conditions that are beyond the temperature ranges for which they were designed. This can cause the need for more cooling equipment and more energy consumption within ISP premises.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

400000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial implications of these risks for ISP are mainly related to the increase of electric energy consumption and associated costs. Energy demand increases with colder temperatures (heating) and with higher temperatures (cooling). Climate change will therefore lead to a decrease in the demand for winter heating but an increase in summer cooling (which can be described as an impact or an adaptation) in European countries. This will affect the energy use of buildings in the service sectors, with potentially important benefits and costs. We estimate for ISP, that in case of a rise of mean temperature of two degrees the additional cost for cooling and heating in Intesa Sanpaolo will amount to around 400,000 euro (2018 perimeter and energy consumption data).

Management method

Energy efficiency will play a fundamental role to reduce energy consumption costs in a context of rising cost due to rising average temperatures. ISP undertake several energy efficiency measures. To make sure that cooling and heating is rightly calibrated to temperature ISP has installed temperature sensors (in about 4,000 premises) that can provide the real time temperatures inside of ISP premises. ISP maintenance staff can consequently intervene in a timely manner in order to avoid abnormal energy consumption: this action has allowed ISP considerable savings. Moreover, Intesa Sanpaolo pays attention to energy efficiency of its branches. The actions and measures to reduce electricity and thermal energy consumption continued in 2018 in both Italy and the International Subsidiary Banks, where there is an increasing awareness of energy efficiency issues. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. These activities are carried out by various departments of Intesa Sanpaolo, but we can assume that they involve an annual overall commitment of 4 FTEs (full time equivalent) with an estimated gross annual cost of 54,500 Euro each.

Cost of management

218000

Comment

Identifier

Risk 9

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising sea levels

Type of financial impact

Write-offs and early retirement of existing assets (e.g., damage to property and assets in "high-risk" locations)

Company- specific description

In Italy, where there are thousands of kilometres of coastal areas, the risk of sea level rise can be considerable in the long term. The presence of Intesa Sanpaolo branches located in the coastal cities is risky because they could be affected by the increased level of the Mediterranean Sea with consequent inability to operate. To better assess these risks ISP is evaluating which climate related scenarios better covers a reasonable variety of future outcomes also by participating to the TCFD Unep FI pilot for the banking sector. ISP is planning the first climate-related scenario analysis on a part of the portfolio loans for 2020.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

ISP is aware of the increased risk of flooding and erosion of coastal areas due to an increased incidence of extreme weather events and rising sea level. Intesa Sanpaolo is present in all coastal areas in Italy with numerous subsidiaries that could be damaged resulting in a considerable financial impact for the Group in the long term. If an Intesa Sanpaolo branch should be destroyed the potential rebuilding cost would be approximately of around 2 million euro.

Management method

In case of extreme weather events or emergencies caused by the rising sea level, ISP can activate its business continuity plans providing for the carrying out of basic operations. In these cases it is possible, for ISP employees to operate via web in a nearby ISP branch or, in some cases, operate from home via web. Additional countermeasures are activated by ISP in order to ensure the safety of its employees. In Italy, in Liguria Region, for example, ISP branches must follow a specific procedure in case the municipality sends a weather alert. The costs for ISP are accountable to the ordinary maintenance plan, staff training and management of the back-up sites. In order to give an example we can mention the cost of a temporary branch (container) used in an area devastated by an extreme event, in this case ISP can estimate that current expense due to costs of renting, installation and removal of a medium-sized container for a year could amount to around 80,000 euros. ISP can also estimate an annual overall commitment of 3 FTEs involved in the process (an estimated gross cost of 54,500 Euro yearly each).

Cost of management

243500

Comment

Identifier

Risk 10

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Intesa Sanpaolo complies with regulatory requirements related to environmental issues. We anticipate that carbon-pricing regulations may emerge over the medium- to long-term timeframe as confirmed in all climate related scenarios, and such regulations may result in a financial impact to the ISP's operations, including an increase in operating costs as well as potential capital expenditures to reduce emissions. According to ISP's assessment such new regulation is more likely to emerge first in Europe where the Intesa Sanpaolo Group mainly operates (see European Commission Action Plan on sustainable finance). In detail we anticipate an increase in operating cost due to a taxation on ISP direct emissions.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The expected new carbon tax will have an impact on the income statement of Intesa Sanpaolo. Intesa Sanpaolo estimates that if a carbon pricing of 26.92 euro per tonnes CO2 (price of European Emission Allowances Futures dec 2022 recorded on the 15th of May 2019) is applied on the 2018 Intesa Sanpaolo's scope1 emissions (57,165 t) this would lead to an additional cost of around 1,500,000 euro. This calculation is precautionary, as it does not consider the planned reduction in Scope1 emissions defined in the ISP's Climate Change Action Plan.

Management method

To anticipate new introduction of carbon pricing ISP carries out a careful analysis of current European legislation and possible changes that may impact and modify the risk for the Bank. ISP also carries out the following actions to reduce direct emissions as described in the ISP environmental plan "the Climate Change Action Plan" prepared with targets set for 2022 and 2037, in order to minimize the impact of a possible introduction of a carbon pricing: 1) Emissions from heat produced directly by the Bank -Renewing thermal power plants with new energy efficient equipment, Italy - Reduced gas consumption (Hungary, Serbia, Italy) 2) Emissions caused by the fleet - Replacement of the car fleet, The company fleet will continue to be renovated, which will result in savings coming from the replacement of Euro 4 or 5 cars with the less polluting Euro 6 cars (Italy, Croatia, Hungary, Serbia) The cost of management has been estimated by taking into account the relevant 2018 expenses (4.8 million euro) linked to the actions to reduce direct emissions (for example new energy efficient equipment for reducing gas consumption), plus the personnel expenses we can assume an overall commitment of 2 FTEs (full time equivalent) with an estimated gross annual cost of 54,500 Euro each.

Cost of management

4900000

Comment**Identifier**

Risk 11

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact

Other, please specify (Reputation: Reduction in revenues/clients)

Company- specific description

Intesa Sanpaolo is aware of the importance of the correct and responsible allocation of credit, following social and environmental sustainability criteria. To this end, it devotes particular attention to examining the sustainability issues associated with sectors considered more sensitive, such as fossil fuel extraction sectors, arms, nuclear energy. Sensitive sectors are identified among those that have a significant socio-environmental risk profile and that are the subject of awareness-raising initiatives or pressure campaigns by specialist NGOs, civil society groups and customers. If a corporate client of the Bank is highly exposed to environmental risks (e.g. pollution, impacts on climate change), this could damage ISP's reputation. This will possibly lead to adverse campaigns by NGOs, loss of existing/potential clients, not to mention increased climate-related financial risks.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Although the financial impact of reputation damage is not easy to determine, it can lead to clients moving to other banks. Depending on the size of the reputation damage, financial implications could be anything from thousands of euros to millions of euros. For this reason we have decided to indicate as a first estimate 100,000 euros.

Management method

As an Equator Principles Financial Institution (EPFI) we do not provide project finance or project-related corporate loans to clients that are unable or choose not to comply with the principles. From an organisational perspective, the analysis and assessment of the socio-environmental risk of financing operations subject to the Equator Principles is the responsibility of the Chief Lending Officer Area. As regards other loans the Risk Management function conducts Reputational Risk Clearings with the objective of ex-ante identification and assessment of potential reputational risks (including those arising from social-environmental risks) connected with the most significant business transactions and the main strategic projects. By providing an advisory opinion, the clearing seeks to identify the potential risks associated with a specific transaction and/or counterparty, enabling informed risk taking. In 2018, approximately 140 initiatives/ transactions were assessed. The assessment of creditworthiness, which includes the socio-environmental aspects, is conducted for all corporate customers, in accordance with the Rules of the Internal Rating System. The cost of management is calculated considering personnel expenses in the Chief Risk Officer Area and in the CSR function: overall 8 FTEs engaged in the activity, with an estimated gross cost of 54,500 euro each.

Cost of management

436000

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Type of financial impact

Increased diversification of financial assets (e.g., green bonds and infrastructure)

Company-specific description

The Intesa Sanpaolo Group considers the opportunities arising from climate change within its overall strategy and provides a whole range of environmental and energy efficiency products that contribute to contrasting Climate-change effects. To this extent in June 2017 Intesa Sanpaolo became the first Italian bank to issue a Green Bond of 500 million euro connected with environmental sustainability projects. The projects financed by the bond must belong to the following three categories: - infrastructures for the generation and transmission of energy from renewable sources (solar, photovoltaic, wind, biomass and hydroelectric); - investments in infrastructure or processes for reducing the use of energy and fostering greater energy efficiency; - construction of new buildings or the redevelopment of existing buildings according to the best environmental standards. ISP Green bond is the first issued by an Italian bank. The proceeds, in case of early repayment, asset divestment or if a project no longer meets the eligibility criteria, will be used to finance other eligible loans which are compliant with the eligibility criteria of the Green Bond Framework within the 2022 bond's maturity. In the future ISP is evaluating new Green/Social/Circular Bond issuance.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The 500 million euro is the amount of the Green Bond issued in June 2017 to finance eligible green projects and expand ISP environmental products and services.

Strategy to realize opportunity

Over the years ISP has adhered to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. Also, Intesa Sanpaolo's commits to tackle climate change issues with innovative products and services. One of these products is the Green Bond issued in 2017. Intesa Sanpaolo has successfully issued the 500 million green bond receiving orders worth around 2 billion euro. It was the first Italian bank to make its debut as a "green" issuer, demonstrating its strong commitment to the growth of sustainable finance in Italy. The net proceeds from the issue of the green bond have been used to finance eligible projects in the following loan categories: a. Renewable Energy b. Energy Efficiency ISP through the net proceeds of the Green Bond has financed 75 projects (35 photovoltaic, 11 eolic, 14 bioenergy, 12 hydroelectric and 3 energy efficiency) one example is the wind farm built in Italy in the Municipality of Pescina and Collarmele (AQ) has a total capacity of 16 MWh and consists of 8 wind turbines of 2 MWh each. Costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimates accessory costs between 100,000 and 300,000 euro for elaborating the framework and to cover the activities related to the issue of the bond (i.e. legal, auditors, listing, etc.) and annual reporting.

Cost to realize opportunity

200000

Comment**Identifier**

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Intesa Sanpaolo is already very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. As widely demonstrated by international studies and research, climate change can also be regarded as a business opportunity and an economic development lever. Intesa Sanpaolo has the opportunity to expand the market in the field of renewable energy, energy efficiency and could lead to greater demand for environmental loans with positive financial impacts in terms of revenues. In 2018 the Group allocated 1,922 million euro to the green economy, corresponding to 3.2% of all Group loans. The offer involves all customer segments: retail customers (3.5%), businesses and Third sector (20.1%), leasing (0.2%), corporate & public finance (25.4%) and project finance (50.8%). The development of green products and services is an opportunity that as a potential for expansion in the coming years as anticipated in Intesa Sanpaolo 2018 - 2021 Business Plan which envisages environment as a business growth opportunity.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1600000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

ISP prudentially estimates that the annual green loans' disbursements will be equal to 1,6 billion euro (the average disbursements of the last three years).

Strategy to realize opportunity

ISP carries out a careful analysis of current Italian and European legislation and possible changes (see EU green taxonomy proposal). To manage this opportunity ISP is engaging with regulators (European Commission, Italian Ministry of Environment, etc.) to be up to date on new rules and if possible anticipate them. ISP is very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. This takes place through the bank branches of the Banca dei Territori Division and Banca Prossima, the Mediocredito Italiano Energy Desk for business loans, the support of the Innovation Center for the Circular Economy and innovation and the Corporate banking division. In particular green products and services will benefit from the new Circular Economy plafond (5 billion euro) . For instance, at the end of 2018, Mediocredito Italiano's portfolio in the green sector came to approximately 1.5 billion euro, equal to around 10% of all medium and long-term credit. All of the financed projects were carried out in Italy and concerned: photovoltaic plants (80.4%), wind energy plants (6.5%), hydroelectric plants (5.9%), biomass or biogas plants (5.2%) and energy efficiency measures (2.0%). Annual costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimate a cost of 10 FTEs (54,500 euro

each).

Cost to realize opportunity

545000

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

International studies and research show that climate change may also be a business opportunity and a lever for economic growth, considering the fact that, in order to achieve the European Union's climate and energy targets for 2030, the European Commission's Action Plan on sustainable finance estimates supplementary investments of 180 billion euro per year. To this end, Intesa Sanpaolo is active in promoting renewable energy, energy efficiency and the circular business model by supporting their development and assisting customers, committed to reducing their environmental impact, with the promotion of green products and services offered by the sales network both in Italy and abroad, resulting in increased revenues. ISP is the only Financial Services global partner of the Ellen MacArthur Foundation – the main promoter of the global transition towards the circular economy. Through its "Circular Economy" project, the Intesa Sanpaolo Group is seizing strategic opportunities to become an innovative and exclusive financial leader for the circular economy, redefining traditional financial tools to support transition to a new model for economic development, which is sustainable over time.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In order to provide concrete support to companies involved in the transition process, the Intesa Sanpaolo Group, within the time-frame of the 2018-2021 Business Plan, has decided to provide a plafond of up to 5 billion euro, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit.

Strategy to realize opportunity

Intesa Sanpaolo is committed to promoting the Circular Economy (CE) model, drawing on the support of the Ellen MacArthur Foundation, the main promoter of the global transition towards the CE. The cooperation agreement with the Foundation has been renewed for the 2019-2021 period. The Intesa Sanpaolo Innovation Center oversees the CE activities. In 2018 the Circular Economy Lab was launched, with the goal of supporting and assisting the transformation of the Italian economic system and disseminating new models of value creation in the collective interest, by accelerating the transition to the CE. For the 2018-2021 period (Business Plan), ISP has established a plafond of 5 billion euro available to companies which adopt the circular model. In particular, as part of the credit process, ISP, based on criteria defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed. The Bank has allocated the first circular

loan for investing in a plant for the recycling of plastic. In November 2018, the Position Paper of the Alleanza Italiana per l'Economia Circolare (Italian Alliance for the Circular Economy) was submitted, promoted by Intesa Sanpaolo in conjunction with Enel. Annual costs related to the management of the plant and the related assessments is estimated in 4 FTEs (54,500 euro each)-Circular Economy Desk.

Cost to realize opportunity

218000

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Type of financial impact

Increased market valuation through resilience planning (e.g., infrastructure, land, buildings)

Company-specific description

The development of adaptive capacity to respond to climate change, in particular through renewable energy programs and the adoption of energy-efficiency measures, can lead to improving resilience and cost savings. ISP since 2009 has set itself mid- to long-term goals through the creation of specific Environmental Action Plans. Given the positive experience of these Plans, due to the achievement of relevant GHG reductions, energy efficiency gains and cost savings, in 2017 ISP issued a new Environmental Plan - the Climate Change Action Plan - with targets for 2022 and 2037. This Plan was reviewed by the Risks Committee and approved by the CEO. In the new Plan, the Intesa Sanpaolo Group sets targets to reduce CO2 emissions connected with its activities and 2012 is taken as the year of reference. The CCAP represents an opportunity as it allows to improve its resilience, reach cost savings and improve its reputation.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6900000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial impact is calculated based on the planned savings calculated by comparing the 2016 data with those related to the 2022 targets as stated in the Climate Change Action Plan and deriving from the sum of savings linked to several initiatives, considering Scope 1,2,and 3, that will contribute to reaching medium to long-term targets of the CCAP 2022 in the 2017-2022 period.

Strategy to realize opportunity

In accordance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set itself mid- to long-term goals through the creation of specific Action Plans, moreover in accordance with the international climate change agreements, long-term targets for 2037 have been set which will be monitored and eventually reviewed at 5-year intervals. In drafting the CCAP 2022, the CSR Sub-Department engaged various group functions, collecting in particular the contributions of the following Departments: Real Estate and Logistics, Procurement, Human Resources (Mobility), ICT, and Safety and Protection and International Subsidiary Banks Division. This Plan was reviewed by the Risks Committee and approved by the CEO in

December 2017. Activities linked to the plan will be carried on until 2022 and 2037. Costs related to these activities are integrated into the Intesa Sanpaolo budgets. The annual cost of management has been estimated by taking into account the relevant 2018 expenses for efficiency and optimisation initiatives (i.e. Replacement of lighting systems, HVAC systems, measurement of electricity consumption) equals to 8.752 million euro, plus an overall commitment of 3 FTEs (full time equivalent) with an estimated gross annual cost of 54,500 Euro each.

Cost to realize opportunity

8915000

Comment

Identifier

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

Thanks to the introduction of efficiency regulations, standards for improving efficiency in the technologies, and energy efficiency incentives, Intesa Sanpaolo will have, in the long term, cost savings as well as consistent emissions reduction. Thanks to public incentives available in Italy, Intesa Sanpaolo has implemented energy efficiency actions in Italy and abroad, including a greater distribution of web-based metering systems, the replacement of boilers with condensation systems, high-performance heat pumps and refrigerating units, the modernisation of electrical systems and introduction of LED lighting that are bringing financial benefits to the Group.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

ISP estimates 1,000,000 euro yearly potential financial impact thanks to tax deduction due to the energy efficiency initiatives. This impact has been estimated starting from the economic savings resulted from the tax deduction experienced in past years. In Italy the Group was able to claim tax deductions of around 7 million euro in 2014-2018, around 1 million euro in 2018. Moreover, around 500,000 euros is the economic saving due to the implementation of energy efficiency actions and to the auto-production of photovoltaic energy (thereby avoiding the purchase of electricity).

Strategy to realize opportunity

Intesa Sanpaolo has implemented energy efficiency actions in Italy, also taking advantage of public incentives, and abroad in the International Subsidiary Banks. These initiatives include a greater distribution of web-based metering systems, the replacement of boilers with condensation systems, high-performance heat pumps and refrigerating units, the modernisation of electrical systems and the use of LED lighting, interventions to optimize the management of technological systems and the switch-off for PCs at the branches during the night and holidays. ISP has also adopted a policy to gradually replace all office equipment with more energy-efficient models. For instance, in line with the Rules on sustainability for the purchase of office machines, ISP assesses the

environmental impact connected with the purchase and responsible use of equipment like photocopiers, printers, computer, monitors, ATMs/MTAs. Lastly, in line with the internal policy on sustainable branches, site renovation or the construction of new branches is based on energy efficiency and improved management criteria. In accordance with the Climate-Change multi-year plan, actions and measures to reduce electricity and thermal energy will continue taking advantage of tax deductions. These activities involve several ISP's Departments (Real Estate and Logistics, Procurement, Mobility, ICT, and H&S). We can assume that they involve an annual overall commitment of 3 FTEs (54,500 euro each).

Cost to realize opportunity

163500

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	ISP considers the risks and opportunities arising from climate change within its overall strategy. The Group offers a range of green products and services to all of its customer segments, thereby reducing their environmental footprints. In 2018, the Group disbursed 1,922 million euro to the green economy (over 18 billion between 2010 and 2018). This takes place through the bank branches of the Banca dei Territori Division and Banca Prossima, the Mediocredito Italiano Energy Desk and the Corporate and Investment Banking Division, the support of the Innovation Center for the Circular Economy and innovation, Equiter for direct investment in green businesses and Eurizon for asset management ESG products. ISP takes into account climate change risks and physical risks as well as opportunities that can affect the demand for products and services. Thus ISP's offer of products and services keeps evolving in line with new regulations and customers' preferences. For the 2018-2021 period, the Intesa Sanpaolo Group has made a plafond of 5 billion euro available to companies which adopt the circular model with innovative procedures, granting the best conditions for access to credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed. During 2018, the Corporate and Investment Banking Division participated, as a bookrunner, in five Green Bond issues onto the Euro market. Within ISP Asset Management division, in April 2018, Eurizon expanded its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds. ISP's ESG funds (Eurizon and Fideuram AM) amounted to 5.6 billion euro at the end of 2018. The magnitude, potentially involves all ISP's business areas therefore can be considered medium to high. On the risk side, for loans to corporates operating in sensitive sectors, including those sectors that have a higher impact on climate change and that are more impacted by it (for example, the coal industry or oil&gas), environmental and social risk is assessed (in the context of a "reputational risk clearing") and a risk categorization is given from low to very high risk which informs the credit decision
Supply chain and/or value chain	Impacted	ISP considers the risks and opportunities arising from climate change within its overall strategy. Supply chain, because of transition risks (policy and legal, market, etc.) and physical risks (acute and chronic) may be affected by climate change issues. ISP in order to minimize the risks described above and maximise the opportunities, is aware of the role that a large banking Group may play in stimulating environmentally responsible behaviour and its effect on climate change through its purchasing and partnership decisions. In compliance with the principles of listening, transparency, equal opportunities and fairness enshrined in the Code of Ethics, it has adopted Group Procurement Guidelines and Purchasing Rules which define the social and environmental criteria and the principles which all the business functions involved in the process must comply with. The qualification process for suppliers requires, when they register, to fill in a compulsory questionnaire in the Supplier Gate which include issues regarding the company's social and environmental responsibility and to agree to upload the documentation required to certify the fulfilment of the declared commitments, that must be updated at least once a year. This procedure allows for the entire supply chain to be monitored in order to obtain a rating for each supplier. Furthermore, to ensure an assessment of the entire supply chain, a decision was taken to ensure the functions involved in purchasing the right to carry out direct checks and inspections, also through specific reporting procedures, in order to plan appropriate courses of action, in the event of unsatisfactory ratings. ISP is adopting energy-efficient systems, responsible consumption of paper through a digitalization process and various paperless initiatives, widespread use of ecological paper, the attention to the proper collection and disposal of waste products, the attention to the impact on water resources, all the afore mentioned actions are linked to a constant reduction in natural resources consumption In 2018, for instance, around 45 tonnes of environmentally-friendly stationery was purchased in Italy. ISP spends around 2.7 billion euro in supplies therefore this has a medium magnitude of impact.
Adaptation and mitigation activities	Impacted	ISP is working on several actions to mitigate and adapt to climate change, thus reducing the potential impacts of climate change on its business activities. In addition ISP takes also into account the opportunities that can arise. One example, linked to a chronic physical risk, is that "rising in mean temperatures" could have a significant impact on power and thermal consumption. The estimate is that the increase of the average temperature, can increase ISP energy consumption especially for cooling its premises. One example of opportunity linked to adaptation and mitigation activities is the Environmental Action Plan. In 2017 ISP issued a new Environmental Plan - the Climate Change Action Plan (CCAP) - with targets for 2022 and 2037. This plan will have a positive financial impact based on the planned savings that derive from several initiatives, considering Scope 1,2, and 3, that will contribute to reaching medium to long-term emission reduction targets established in the CCAP. To mitigate the risk of heat consumption not calibrated to indoor and outdoor temperature ISP has identified targets and also has installed temperature sensors. In addition, considering that acute physical risks as extreme precipitations and floods can have an adverse impact on Intesa Sanpaolo operations, they could cause damages to the premises, to the data centres and undermine the possibility of commuting of employees, ISP makes a prior assessment of the hydrogeological risks and hydraulic risks of its buildings in relation to the territorial risk. This analysis is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded. Adaption and mitigation activities can be considered to have a medium low impact.

	Impact	Description
Investment in R&D	Impacted	The ISP Group considers the risks and opportunities arising from climate change within its overall strategy and therefore is very active in supporting customers, both individuals and businesses, committed to reducing their environmental footprints, through the promotion of innovative green products, services that reduce exposure to climate change risks and supporting innovative businesses. ISP also continued to pursue its Circular Economy project thanks to which numerous initiatives and actions were carried out in 2018 to promote the awareness and adoption of this model in various domestic and international locations. During the year around 15 businesses were reviewed under the Circular Economy Standard, created to verify and analyse the level of circularity of businesses along their value chain, i.e. the innovation of their business model according to the principles of the circular economy. In addition, the Italian Manifesto for the Circular Economy was signed which involved major Italian businesses also at international level. In 2018 The Circular Economy Lab was launched in Milan, thanks to ISP and Fondazione Cariplo, with the goal of supporting and assisting the transformation of the Italian economic system. The Group is committed to the development of research projects in the environmental field. In 2018 some of the most important: fourth Report on the Bio-economy; "The Innovative, Productive South. The value of the production chains in the new competitive and innovative context, from Industry 4.0 to the Circular Economy"; two reports on sustainable shipping, one on Liquefied Natural Gas and the development of shipping corridors, the other on alternative fuels for large vessels. ISP is global financial partner of the Ellen MacArthur Foundation to enter the Circular Economy acceleration sharing platform. In its role as a global partner, Intesa Sanpaolo intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system. At present the impact on business can be considered medium given the dedicated 5 billion euro plafond that will be allocated by ISP, within the time-frame of the 2018-2021 Business Plan, to finance companies which adopt the circular model.
Operations	Impacted	Intesa Sanpaolo is working on several actions to minimize the potential impacts of climate change in business operations. Because of climate change there can be possible damages to the Bank's infrastructure, increased costs related to the change in average outside temperature and possible interruptions in banking activities. Intesa Sanpaolo has also a business continuity plan and measures to manage/diminish physical damages to the Bank's Structures. For example, in 2018 extraordinary weather events hit north-eastern Italy. Those events could reduce both the activities of the branches involved, but, more importantly they could have financial implications related to the default risk of businesses seriously damaged by extreme atmospheric events. The impact on operations depends on the severity of the damages reported by the branch but we can assume a medium to low impact on operations thanks to the continuity plan implemented.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Climate change can affect the demand for products and services or Intesa Sanpaolo business activities and, in the end, its revenues. Possible opportunities for ISP: loans (in 2018, the Group disbursed 1,922 million euro to the green economy over 18 billion between 2010 and 2018) and advisory services for the green economy, loans to the circular economy, green investments (ESG funds by Eurizon and Fideuram, 5.6 billion euro at the end of 2018 - in April 2018 the Absolute Green Bonds Fund was launched, at the end of 2018, the fund's assets amounted to 152 million euro). Revenues in ISP can be affected by natural disasters: to mitigate their effect, ISP takes measures such as dedicated loans and the suspension of the instalments payable for existing loans (i.e. in 2018 following floods in north eastern Italy). The risks and opportunities arising from climate change are considered within ISP overall strategy and the Group integrates environmental assessment into its business activities. To minimise the effects of climate change on its revenues ISP is adopting several initiatives: i.e. business continuity plan and measures to manage and prevent physical damages, due to extreme weather events, to the Bank's Structures and therefore reduce its effects on revenues caused by operations suspension. In 2018 extraordinary weather events occurred in North Eastern Italy. Those events could reduce both the activities of the branches involved, but, more importantly they could have financial implications related to the default risk of businesses (suspension of repayments of loans and allocation of specific funding at special conditions in favour of damaged customers). Revenues can be also supported through the promotion of innovative green products that reduce customers exposure to climate change risks and the support to innovative businesses. ISP in its financial planning process allocates dedicated plafonds for services and products that can have also an impact to counteract climate change. For the 2018-2021 period (Business Plan), ISP has established a plafond of 5 billion euro available to companies which adopt the circular model. Based on what stated above at present the impact on revenues can be considered medium.

	Relevance	Description
Operating costs	Impacted	In terms of operating costs and climate change Intesa Sanpaolo takes into account transition risks (policy and legal, market, etc.) and physical risks (chronic and acute), but also the related opportunities, that can affect the supply of products and services and its business activities. Therefore it carefully considers, within its financial planning process, the financial implication and management methods that takes into account the specific climatic characteristics of the different geographical areas where the Group operates. For instance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set itself mid- to long-term goals through the creation of specific Action Plans. The previous plans set themselves measurable goals in the areas of energy savings, economic savings and the reduction of CO2 emissions. This in the context of the continuous improvement of its environmental performance which has already seen major reductions in the electricity and thermal energy consumption. In accordance with the multi-year plan, the actions and measures to reduce electricity and thermal energy consumption continued in 2018 both in Italy and in the International Subsidiary Banks, where there is an increasing awareness of energy efficiency issues. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Moreover, in terms of opportunity, in 2017 a new environmental plan - the Climate Change Action Plan - has been prepared with targets set for 2022 and 2037. This involves a number of Group structures and the financial planning has taken into account the planned savings deriving from several initiatives, considering Scope 1, 2 and 3, that will contribute to reaching medium to long-term targets of the CCAP 2022 in the 2017-2022 period, with a positive financial impact. In terms of risks, operating costs are affected as well by the changes in the certification schemes (ISO 14001, ISO 50001) that may need to upgrade their processes. Financial implications of changing regulations and certifications are embedded within company's business planning processes. Considered all the aspects mentioned above, the magnitude of impact on financial planning can be considered medium low.
Capital expenditures / capital allocation	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy. Intesa Sanpaolo analyses in its materiality matrix the potential risks, opportunities and possible impacts on stakeholders and on the Group's activities, both in terms of direct impacts of Group operations and in terms of indirect impacts (customers and suppliers' impacts). This process leads to a capital allocation, for instance within the Climate Change Action Plan, that has identified specific short, medium -and long -term actions for reducing its direct environmental footprint and, as a result, its emissions. This in the context of the continuous improvement of its environmental performance which has already seen major reductions in the electricity and thermal energy consumption, and the subsequent emissions. In line with the Rules of environmental sustainability for the development of sustainable branches, the site renovations or the development of new branches are also carried out in accordance with criteria for the improvement of energy and management efficiency. Since 2008 around 1,000 Group buildings have undergone energy certification processes. Regarding indirect impacts, for instance in the 2018-2021 period (Business Plan) ISP has established a plafond of 5 billion euro available to companies which adopt the circular model. The magnitude on capital expenditures and allocation can be assumed to be medium low.
Acquisitions and divestments	Impacted	Intesa Sanpaolo provides support to companies active to mitigate climate change also through direct investments. For instance Equiter (in which Intesa Sanpaolo holds a 32.88% stake, the other shareholders being Compagnia di San Paolo, Fondazione Cassa di Risparmio di Torino and Fondazione Cassa di Risparmio di Cuneo) invests its venture capital in the sectors of the environment, infrastructure and energy with the aim of promoting socio-economic development of the territory and also provides advisory on third-party funds. More specifically, with assets of around 190 million euro, Equiter is the leading operator in Italy in terms of funds managed as part of the JESSICA programme (Joint European Support for sustainable Investment in City Areas). In 2018 it monitored the progress of the financed works. Equiter is also an advisor, as well as a direct investor with a 26.8% stake, in the first closed-end fund in Italy completely dedicated to Public-Private Partnership infrastructure. With a size of 120 million euro, the PPP Italian Fund has invested in the development of 10 projects in the green sector for the annual production of around 130 GWh of electricity from renewable sources, which have made it possible to avoid 42,000 tonnes of CO2 emissions. Finally, as regards direct investments, Equiter is the sole shareholder of Equiter Energia, an investment vehicle with a portfolio of plants in the photovoltaic and wind energy sectors with an overall capacity of 13 MWh and an annual production level for 2018 of approximately 26 GWh. Considered all the aspects mentioned above, the magnitude can be considered medium low.
Access to capital	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy. In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on correct and timely communication. Intesa Sanpaolo is present in several sustainability indices and rankings developed by specialist ratings agencies that chose the companies not only for their financial performance but also for their results in the Environment, Social and Governance dimensions. For instance a special attention is paid to SRI (Socially Responsible Investment) investors and analysts with dedicated events and road-shows. In 2018 Intesa Sanpaolo through its CSR department responded to 20 assessment requests from investors and analysts on ESG (Environment, Social, Governance) and climate change issues and held meetings with socially responsible investors and analysts (SRI), in collaboration with Investor Relations. In addition Intesa Sanpaolo through the issue, in June 2017, of a five-year Green Bond offered to international institutional investors, raised 500 million euro five-year, and is considering to issue other green loans in the near future. To strengthen the relation with the financial planning process and market relationship the CSR department has moved under the CFO Area. Considered all the aspects mentioned above, the magnitude can be considered medium.
Assets	Impacted	Intesa Sanpaolo considers the risks and opportunities arising from climate change within its overall strategy. The potential risks, opportunities and impacts on stakeholders and on ISP's activities have been analysed in the materiality matrix. ISP's strategy includes actions to reduce GHG emissions and measures for adapting to climate change. In recent years we have witnessed extreme atmospheric events that have had considerable impact on the Bank's premises and on the activities of our corporate and retail customers. ISP considers, amongst the risks identified, risks on its own real estate assets. The assessment of risks to workers' H&S includes hydrogeological risk and hydraulic risk due to flooding and landslides. As to flooding, the risk level is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded. As to landslides, the risk is based on the level of danger associated with an area subject to landslide events and depends on the relationship between the probability of occurrence of the event and its extent. These assessments are set out in the Risk Assessment Document pursuant to Legislative Decree 81/08 and enable ISP to implement actions that take account of the effects deriving from critical events linked to natural phenomena caused by climate change, allowing the management of different potential risk scenarios, through the implementation of Emergency Plans. Several actions are planned on ISP assets: i.e. in accordance with the multi-year plan, the actions and measures envisaged to reduce electricity and thermal energy consumption continued in 2018 both in Italy and in the International Subsidiary Banks. The actions undertaken confirm that the ISP Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. ISP is also starting to implement climate scenario analysis including physical risks in Italy especially focused on the sectors of agriculture and real estate (financed by ISP 's divisions). The magnitude of impact on assets due to climate change can be considered medium.

	Relevance	Description
Liabilities	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy. In terms of liabilities and climate change Intesa Sanpaolo takes into account transition risks and physical risks that can affect its business activities and in particular liabilities (mainly customer deposits). In recent years we have witnessed extreme atmospheric events at global level, that have had also an impact on the activities of our corporate and retail customers. Extreme atmospheric events that affects customers activities and properties may reduce their savings and/or request those back in advance, therefore this can create a reduction on Intesa Sanpaolo liabilities. To mitigate the financial implications on households and businesses seriously damaged by extreme atmospheric events Intesa Sanpaolo provides suspension of repayments of loans and allocation of specific funding at special conditions in favour of damaged customers. Liabilities can affect Intesa Sanpaolo also in terms of compliance with legislative provisions regarding the environment in Italy and in the countries where the Group operates. To this extent Intesa Sanpaolo in order to guarantee complete and extensive compliance with legislative provisions, constantly and precautionary monitors possible changes to Italian and European regulations in order to counteract negative legal implications from its activities. This activity brings with it the opportunity to avoid claims and subsequent costs. At present the magnitude of impact on liabilities can be considered medium low.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i) How business objectives and strategy have been influenced: Responsibility for climate change is part of the Group's Strategy as showed by ISP Code of Ethics, Environmental and Energy Policy, the Group's participation in relevant international initiatives and the results of the materiality matrix which depends on the relevance to stakeholders and the impact on strategies of each material issue: in 2018, climate change maintained a high score among stakeholders; the importance of this aspect on the strategies axis has grown compared with last year thanks to the inclusion of specific commitments in the Business Plan to support the Circular Economy, and following the bank's decision to support the recommendations of the Task Force on Climate-related Financial Disclosures.

ii) Business strategy and emissions reductions target: the Group pursues qualitative and quantitative improvement objectives to help combat the effects of climate change, both at social and environmental level and at business level. One example is the setting of mid-to long-term goals (2022 and 2037) through the creation of a specific Climate Change Action Plan. Intesa Sanpaolo Group outlines its goals of CO2 emissions reduction connected with its activities, taking 2012 as its reference year, also for the emission factors, to put its results in their historical context. This Plan was reviewed by the Risks Committee and approved by the CEO.

iii) Most substantial business decisions: Climate change can affect the demand for products and services or Intesa Sanpaolo business activities and, in the end, its revenues. In 2018 ISP launched a 5 billion euro plafond (within the time-frame of the 2018-2021 Business Plan) aimed at companies which adopt the circular model with innovative procedures. Also, with the inclusion of climate risk in the RAF, ISP commits itself to integrate climate change risk considerations in its risk management framework and to monitor the exposure of the part of credit portfolio more sensitive to climate change risk.

iv) What aspects of climate change have influenced the strategy: ISP is aware of the most significant impacts of climate change directly on its activities and indirectly on its clients and suppliers, influencing many Bank's strategic choices. Many climate change aspects have influenced the strategy: changes in regulation led to the implementation of an Energy and Environmental Management

System and the adoption of internal policies for reducing the ecological footprint, changes in physical climate parameters led to the implementation of energy efficiency and mitigation actions, climatic catastrophes led ISP to adopt a proactive approach by investing in prevention, in order to avoid damages which would have a greater financial impact, and in an appropriate offering of products and services to support customers, interest of customers in climate-friendly products has led to the development of ESG Funds by Eurizon/Fideuram (included Absolute Green Bond Fund launched in April 2018), etc.

v) Short term strategy (0-2 years): many of the initiatives aimed at reducing direct and indirect emissions have become on-going activities (for example reducing paper consumption, utilizing recycled and certified paper, helping our clients improve their environmental performance, by offering specialized advice and funding for energy efficiency and renewable energy). Other key short-term activities: employees training on climate change, encouraging them to promote sustainable behaviour both at work (through initiatives to promote a sustainable commuting) and at home.

In 2017 ISP issued a 500 m euro Green Bond connected with environmental sustainability projects and in 2018 it launched a 5bn euro credit plafond for the green economy; engagement on the green economy with meetings and road shows being held and the company continuing its focus on environmental studies and research. ISP Group is a signatory of Principles for Responsible Investment and Carbon Disclosure Project through Eurizon.

vi) Long term strategy (over 5 year): The long term Bank's strategy to mitigate emissions includes: keep up to date and extend the perimeter of the certifications ISO 14001 and ISO 50001; increase the use of energy from renewable sources; improve energy efficiency; develop mobility management initiatives that reduce emissions from commuting and business meetings; monitor and report updated emissions data in an even more accurate way. These activities are defined in the Climate Change Action Plan with 2022 and 2037 CO2 targets. Important is also the integration of climate change risks in all our lending activities. Since 2007 climate change risks evaluation is integrated in the assessment of the financing of large projects in all the sectors and countries through the Equator Principles and in the qualitative risk management models for businesses and corporates. Finally, through its "Circular Economy" project, the ISP Group is seizing strategic opportunities to become an innovative and exclusive financial leader for the circular economy.

vii) Strategic advantage over competitors: thanks to the strategic choices in the recent years ISP has achieved several competitive advantages. Intesa Sanpaolo was in 2017 the first Italian bank to issue a 500 m euro Green Bond connected with environmental sustainability projects. In addition, during 2018, the Corporate and Investment Banking Division participated, as a bookrunner, in five Green Bond issues onto the Euro market, confirming its position as Italy's market leader. In 2018, the Group disbursed 1,922 million euro to the green economy (over 18 billion between 2010 and 2018), equal to 3.2% of all Group loans disbursed in 2018 covering a substantial part of the Italian market. ISP is the only Financial Services global partner of the Ellen MacArthur Foundation – the main promoter of the global transition towards the circular economy.

Intesa Sanpaolo has also a strategic advantage in the Italian market due to the integration of climate risk in the risk management framework and it is the only Italian bank participating in the climate scenario analysis pilot project with UNEP FI. Finally, the Non-financial Statement considered the recommendations of TCFD not only in 2018 but also for the previous year.

viii) Paris Agreement: The climate change conference outlined a vision for the next decades. Besides reducing greenhouse gas emissions, the ISP strategy includes actions to adapt to climate change underway or that has already taken place. Even the Bank organization has been influenced by this vision by creating, within the CSR Sub-Department, a Climate Change Office and by a systematic and periodic involvement of Top management and Risks Committee on these issues.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

I. Why climate-related scenario analysis is not used to inform your business strategy:

A climate related scenario analysis has not been performed so far because a clear methodology was not available. Now thanks to the workflows of Unep FI on TCFD and the scenario analysis focused on financial sector, ISP considers possible to start performing it.

Since October 2018, Intesa Sanpaolo has decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change. An inter-functional working group has been set up for this purpose, whose goal is to implement the TCFD's recommendations and outline the monitoring methods for climate change risk within the scope of the risk governance framework, particularly with respect to the impacts on lending activities. Intesa Sanpaolo considered in the 2018 Non-financial Statement the recommendations issued by the TCFD. To this extent, a TCFD gap analysis has been carried out, which highlighted the steps that need to be implemented to enforce the alignment path with TCFD recommendations including scenario analysis.

Intesa Sanpaolo is participating in the pilot project on climate-related scenario analysis (phase 2) for Banks coordinated by UNEP FI, which focused on some sectors that are being financed by the banks (real estate, agriculture, metals & mining, utilities, oil & gas) and considers both transition risk and physical risk.

II. Whether you expect it to be in the future: ISP plans to implement wider scenario analysis in 2020 building on the insights gained and methodology developed in the context of the pilot project with UNEP FI.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

89

Targeted % reduction from base year

28

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

249171

Target year

2022

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

50

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as ID: Abs1. The target for Scope 1+2 refers to the potential emissions related to electricity consumption and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter.

Target reference number

Abs 2

Scope

Scope 1 +2 (market-based)

% emissions in Scope

73

Targeted % reduction from base year

42

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

82675

Target year

2022

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

55

Target status

Underway

Please explain

Target also disclosed in CDP 2018 ad ID: Abs2. The target for Scope 1+2 refers to the emissions related to electricity purchased not from renewable sources and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

Target reference number

Abs 3

Scope

Scope 3: Purchased goods & services

% emissions in Scope

100

Targeted % reduction from base year

26

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

16608

Target year

2022

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

97

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as ID Abs3. The target for Scope 3 (Purchased goods and services) refers to the emissions related to paper consumption of the Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2018, the Group continued to reduce the use of paper per staff member, which fell by 1.3% compared with 2017. Additionally, there was an increase in the use of recycled paper of 3.4% which, together with certified sustainable paper, now represents 89.6% of the total. In Italy, these results were also achieved through the implementation of various paperless initiatives. Among these measures, particularly worthy of note are the paperless contracts and accounts project, extended during the year to other banking products and services, the consultation of information sheets on screens, online statement and the Zero Carta ("Zero Paper") project in training initiatives. Thanks to these initiatives, it was possible to avoid the use of over 3,265 tonnes of paper, corresponding to a reduction in CO2 emissions of around 6,330 tonnes, with cost savings of over 4.7 million euro. In the International Subsidiary Banks, the development of dematerialisation processes/paperless branches, being a component of the DigiCal model, has been implemented at Privredna Banka Zagreb (Croatia), CIB Bank (Hungary), Intesa Sanpaolo Banka Bosna i Hercegovina and VÚB Banka (Slovakia), enabling an overall saving of around 159 tonnes of paper in 2018.

Target reference number

Abs 4

Scope

Scope 1

% emissions in Scope

21

Targeted % reduction from base year

27

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

12431

Target year

2022

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

63

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as ID: Abs4. This target refers to the emissions related to the fleet of the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (gas, diesel) and cogeneration (gas). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for reducing the CO2 emissions of our fleet and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter.

Target reference number

Abs 5

Scope

Scope 3: Business travel

% emissions in Scope

67

Targeted % reduction from base year

34

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

9920

Target year

2022

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

71

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as ID Abs5. The target for Scope 3 (Business travel) refers to the emissions related to train and air-flight employees travels of the Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. This target doesn't cover emissions from cars. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set.

Target reference number

Abs 6

Scope

Scope 1+2 (location-based)

% emissions in Scope

Targeted % reduction from base year

41

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

249171

Target year

2037

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

34

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as Abs6. The target for Scope 1+2 refers to the potential emissions related to electricity consumption and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter.

Target reference number

Abs 7

Scope

Scope 1 +2 (market-based)

% emissions in Scope

73

Targeted % reduction from base year

50

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

82675

Target year

2037

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

46

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as Abs7. The target for Scope 1+2 refers to the emissions related to electricity purchased not from renewable sources and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

Target reference number

Abs 8

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

Targeted % reduction from base year

37

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

113533

Target year

2022

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

44

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as Abs8. This target refers to 100% Scope1+2 emissions related to Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

Target reference number

Abs 9

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

Targeted % reduction from base year

43

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

113533

Target year

2037

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

38

Target status

Underway

Please explain

Target also disclosed in CDP 2018 as Abs9. This target refers to 100% Scope1+2 emissions related to Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. In 2018 Scope1 + Scope2 greenhouse gas emissions increased mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

C4.2**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.****Target**

Renewable electricity consumption

KPI – Metric numerator

Renewable electric energy consumption in megawatt hour (MWh)

KPI – Metric denominator (intensity targets only)

per total electric energy consumption in megawatt hour (MWh)

Base year

2012

Start year

2016

Target year

2022

KPI in baseline year

76.11

KPI in target year

81.31

% achieved in reporting year

85

Target Status

Underway

Please explain

Target also disclosed in CDP 2018 as RE1. KPI in 2018: 80.51 The target applies to 100% of Intesa Sanpaolo Group perimeter. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. The Plan also sets renewable energy consumption and production targets. In particular, the percentage of energy use from renewable energy sources over the total energy use will increase from 76% in 2012 (base year) to 81% in 2022.

Part of emissions target

Abs1 Abs2 Abs6 Abs7 Abs8 Abs9

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Renewable electricity production

KPI – Metric numerator

Renewable photovoltaic electric production in megawatt hour (MWh)

KPI – Metric denominator (intensity targets only)

per total electric energy consumption in megawatt hour (MWh)

Base year

2012

Start year

2016

Target year

2022

KPI in baseline year

0.07

KPI in target year

0.3

% achieved in reporting year

62

Target Status

Underway

Please explain

Target also disclosed in CDP 2018 as RE2. KPI in 2018 = 0.21 The target applies to 100% of Intesa Sanpaolo Group perimeter. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. The Plan also sets renewable energy consumption and production targets. In particular the self-production of electricity from a renewable source - photovoltaic - rose from about 400 MWh in 2012 to over 1000 MWh in 2018, and similar production levels are forecast to be maintained over the years to come.

Part of emissions target

Abs1 Abs2 Abs6 Abs7 Abs8 Abs9

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	24	1350
Implementation commenced*	22	2468
Implemented*	190	64313
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Low-carbon energy purchase

Description of initiative

Other, please specify (Renewable energy certificates (GO))

Estimated annual CO2e savings (metric tonnes CO2e)

55985

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Initiative type

Energy efficiency: Building services

Description of initiative

Building controls

Estimated annual CO2e savings (metric tonnes CO2e)

110

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

43064

Investment required (unit currency – as specified in C0.4)

91000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (R22 refrigerant gas plants replacement)

Estimated annual CO2e savings (metric tonnes CO2e)

47

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Mandatory

Annual monetary savings (unit currency – as specified in C0.4)

19908

Investment required (unit currency – as specified in C0.4)

1012450

Payback period

>25 years

Estimated lifetime of the initiative

16-20 years

Comment

Initiative type

Energy efficiency: Building services

Description of initiative

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

799

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

295986

Investment required (unit currency – as specified in C0.4)

6637769

Payback period

21-25 years

Estimated lifetime of the initiative

11-15 years

Comment

both scope 1 and scope 2

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

131

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

24884

Investment required (unit currency – as specified in C0.4)

175770

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Initiative type

Energy efficiency: Building fabric

Description of initiative

Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

63

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

25548

Investment required (unit currency – as specified in C0.4)

562466

Payback period

21-25 years

Estimated lifetime of the initiative

21-30 years

Comment

both scope 1 and scope 2

Initiative type

Energy efficiency: Building fabric

Description of initiative

Maintenance program

Estimated annual CO2e savings (metric tonnes CO2e)

2

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

274704

Payback period

No payback

Estimated lifetime of the initiative

11-15 years

Comment

Initiative type

Other, please specify (Transportation: shuttles for employees)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

508

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Besides preparing the "Home Work Commute Plan" on staff commuting, activities continued to monitor the shuttle service run in Italy, in Turin/Moncalieri, Milan/Assago, Naples, Padua/Sarmeola di Rubano and Venice/Mestre: in 2018, an estimated 508 tonnes of CO2 were avoided, thanks to use of the shuttles.

Initiative type

Other, please specify (Digitalisation initiatives)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

6668

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4950000

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

In 2018, the Group focused on various digitalisation initiatives, including fewer print-outs, information leaflets displayed on screen, online reporting and the Zero Paper project for training events, as well as the digitalisation of contracts. Thanks to this strategy, the reduction in paper amounted to above 3,424 tonnes in 2018, corresponding to 6,668 tonnes less of CO2 emissions and savings of around 5 million euro.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	The Intesa Sanpaolo Group establishes its objectives of reducing energy consumption in line with whit its targets (see Climate Change Action Plan). Moreover Intesa Sanpaolo is certified in compliance with voluntary standards ISO 14001 and ISO 50001.
Dedicated budget for energy efficiency	A dedicated budget for the initiatives of energy efficiency included on the Climate Change Action Plan 2017-2022 has been established. Moreover, Mediocredito Italiano, ISP's company dedicated to medium term financing to companies, has a specialist Energy Desk that provides advisory and customized loans to companies wishing to invest in energy efficiency and renewable energies.
Dedicated budget for low-carbon product R&D	Mediocredito Italiano, ISP's company dedicated to medium term financing to companies, has a specialist Energy Desk that provides advisory and customized loans to companies wishing to invest in renewable energies. Mediocredito also provides specialist advisory to companies wishing to grow through investment in innovation. Moreover, Intesa Sanpaolo became global financial partner of the Ellen MacArthur Foundation to enter the Circular Economy acceleration sharing platform. In its role as a global partner, Intesa Sanpaolo intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system. For the 2018-2021 period, the Intesa Sanpaolo Group has made a plafond of 5 billion euro available to companies which adopt the circular model with innovative procedures, granting the best conditions for access to credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed.
Employee engagement	In 2018 the Ambientiamo multimedia platform was available for all employees in Italy, it provided in-depth training on climate change, renewable energies and correct waste management. In addition, for those that work in operating units covered by the Environmental and Energy Management System (EEMS) certification or in central offices involved in the activities of EEMS, a specific course on the issue was also provided, as established also by the international reference standards: in 2018, around 140 employees were able to access the online course, joining the 2,000 employees previously trained. In the same way, subsidiary CIB Bank (Hungary) trained around 1,780 employees on the obligations relating to the ISO 50001 standard via the online platform. Employees are also engaged through news and articles in the intranet and in the corporate magazine about environmental and climate change issues.
Lower return on investment (ROI) specification	In "Sustainability rules for the purchase of office machinery" Intesa Sanpaolo is committed to assessing the environmental impact of products covered by these rules in the process of choosing and buying them, taking into account not only all the legal requirements and applicable compliance requirements in the field, but using specific environmental criteria to enable an accurate and measurable assessment.
Other	We utilize government incentives for energy efficiency actions in our premises. For example we have used the Italian tax deductions in favour of saving energy to restructure many of our branches and we have installed photovoltaic systems using the facilities provided by law.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

In 2018, 3.2% of Intesa Sanpaolo's total loans disbursed to business and private customers referred to environmental protection sectors, such as renewable energy, energy efficiency, environmental services, amounting to more than 1.9 billion euro. The avoided emissions in 2018 related to a product named "Leasenergy" (Mediocredito Italiano) and loans relative to the agreement with Federesco (Banca Prossima) are reported in the ISP Consolidated Non-financial Statement. These two products represent a small part of the total green loans disbursed in 2018. Mediocredito Italiano, the ISP Group bank that brings together medium-long term financing, leasing and factoring, provides "tailor-made" financial solutions and specialist advisory services dedicated to businesses that invest in plants for the generation of energy from renewable sources or in energy efficiency processes. In the lease area, four new Leasenergy product contracts of a value of approximately 4.6 million euro were signed in 2018. The new lease contracts will result in annual emission savings of around 22,485 tonnes of CO₂. There are around 1,540 existing lease contracts, which have contributed to the construction of plants for the production of over 1.8 GW of energy from renewable sources. Banca Prossima, the Group's company dedicated to financing non-profit organisations, provides credit support for energy efficiency projects with an agreement with Federesco (National Federation of Energy Saving Companies): at the end of 2018 total loans related to this agreement came to 1.9 million euro. These initiatives generated savings of around 593 tonnes of oil equivalent in 2018, corresponding to around 1,270 tonnes of avoided CO₂. GREEN BOND In June 2017 Intesa Sanpaolo issued a 500 million euro Green Bond connected with environmental sustainability projects. In June 2019, ISP published its second Green Bond Report, reporting around 354,000 tonnes of CO₂ emissions avoided annually. In addition, in April 2018, Eurizon (within ISP Asset Management division) expanded its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds. In November 2018, the first Global Impact Report was drafted; the investments made in the first nine months helped achieve key environmental results: a reduction in annual emissions of harmful gases of over 19,000 tonnes of CO₂ and 166 tonnes of saved CO₂ for every million euro invested.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (GHG Protocol & ISPRA Italian ENVR Agency, AIB (Association of Issuing Bodies), ICMA)

% revenue from low carbon product(s) in the reporting year

3.2

Comment

The 3.2% reported in column "% revenue from low-carbon product(s) in the reporting year" refers to the percentage of Loans for environmental purposes out of all loans disbursed in 2018. In June 2017 Intesa Sanpaolo issued a 500 million euro Green Bond connected with environmental sustainability projects. In June 2019, following its annual reporting commitment, ISP published its second Green Bond Report on the use of Green Bond proceeds and its associated environmental benefits including the certification of the auditing company, the Second Party Opinion on the bond issue (Robust ESG performance) and the Moody's assessment, which obtained the highest score (GB1 Excellent). In total, 75 projects were financed with around 354,000 tonnes of CO₂ emissions avoided annually. 64% of the proceeds were allocated to photovoltaic power, 12.6% to wind power, 9.3% to hydroelectric power, 12.5% to bioenergy and 1.6% to energy efficiency. Within ISP Asset Management division, Ethical and ESG Funds by Intesa Sanpaolo Group (Eurizon and Fideuram AM) amounted to over 5.6 billion euro (8.2% of Italian funds) at the end of 2018. In April 2018, Eurizon expanded its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds, the first instrument managed by an Italian asset manager specialised in international bond markets which allows to fund projects tied to the environment. At the end of 2018, the fund's assets amounted to 152 million euro. The first Global Impact Report on Eurizon Fund Absolute Green Bonds was drafted in November 2018; its investments helped achieve key environmental and social impact results, such as: a reduction in annual emissions of harmful gases of over 19,000 tonnes of CO₂ and for every million euro invested, 166 tonnes of CO₂ saved. In the 2018 the Intesa Sanpaolo Group, within the time-frame of the 2018-2021 Business Plan, decided to provide a plafond of up to 5 billion euro, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

58993.85

Comment

Scope 2 (location-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

221035.45

Comment

Scope 2 (market-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

54539.09

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

ABI Energia Linee Guida

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify (UNFCCC, IEA)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

National Inventory Report – UNFCCC

Common Reporting Format – UNFCCC

International Environment Agency (IEA)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

57165.42

Start date

January 1 2018

End date

December 31 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

158744.1

Scope 2, market-based (if applicable)

43460.9

Start date

January 1 2018

End date

December 31 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5861.26

Emissions calculation methodology

Purchased goods and services reported by Intesa Sanpaolo relate to graphic paper used in office and branch activities. The system boundaries cover cradle-to-grave phases and related transportation and energy wares, including pulp production, paper making and printing processes. Moreover, emissions generated by end-of-life treatment of paper reports delivered to the clients are estimated. Based on the annual purchased shares, both virgin woodfree uncoated paper and recycled paper are considered in the calculations. Transportation distances have been estimated as 500 km from the suppliers' places to Intesa Sanpaolo, 100 km for reports posting and 100 km for transportation to end-of-life treatment after use. The end-of-life scenario reflects the Italian statistics 2015 on paper waste disposal (CONAI and ISPRA), i.e. 80% recycling, 11% landfill and 9% incineration. According to the GHG Protocol Scope 3 Emission Standard (WBCSD/WRI), emissions from waste recycling processes as well as avoided emissions from substituted materials are not accounted. For all processes into the system boundaries, GHG emission factors have been sourced from Ecoinvent 3.3 (www.ecoinvent.ch). Emissions from virgin and recycled paper production represent a European average industry scenario. The released IPCC 2013 equivalence factors have been applied. In 2017 the data was 5,659.21 metric tonnes CO2e (2018 vs 2017 +3.6%)

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8748.14

Emissions calculation methodology

Accounted capital goods include the most relevant IT equipment and electronics purchased by Intesa Sanpaolo over the reporting year: desktop computers, laptops, LCD screens, printers, copying machines, scanners, mobile telephones, tablets and automated teller machines (ATM). In 2018 a new category "robots" has been added. The system boundaries include cradle-to-gate operations, i.e. the entire products supply chain until they are delivered to Intesa Sanpaolo. According to the GHG Protocol Scope 3 Emission Standard (WBCSD/WRI), emissions generated from capital goods manufacturing are totally accounted in the purchasing year, irrespective of the product service life. Emission factors have been sourced wherever possible from publicly available primary data, such as LCA reports, Environmental Product Declaration (EPDs) or sustainability reports from manufacturing corporates. This was for instance the case of Lenovo computers and monitors or Apple and Nokia mobile telephones and tablets. For the remaining products, emission factors from Ecoinvent 3.3 (www.ecoinvent.ch) datasets with a satisfactory representativeness have been applied. Transportation distances from the manufacturing countries - mostly China and other Eastern Asia countries have been taken into account. ATM machines and robots have been modelled based on their average Bill-of-Materials and the use of corresponding Ecoinvent datasets. The IPCC 2013 equivalence factors have been applied. In 2017 the data was 19,331.7 metric tonnes CO2e (2018 vs 2017 -54.7%).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

52221.87

Emissions calculation methodology

In 2017, Intesa Sanpaolo extended Scope 3 accounting to the company energy system. In accordance with the GHG protocol, Scope 3 emissions related to energy supply include fuel supply chain, infrastructure construction and operation, distribution and transmission losses. Energy consumption, divided by source (e.g. fossil, renewable) and type (electricity, heat), was collected for Italy and foreign banks. Where possible, regionalized data have been used to characterize the impacts of energy carriers (e.g. natural gas). Otherwise, average European/world scenarios have been applied. If available, Country-specific residual electricity mixes were used as reference for electricity consumption, otherwise average national electricity mixes have been used. Emission factors from Ecoinvent 3.3 (www.ecoinvent.ch) have been used. The IPCC 2013 equivalence factors have been applied. In 2017 the data was 44,793.65 metric tonnes CO2e (2018 vs 2017 +16.6%)

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream transportation and distribution

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

11.38

Emissions calculation methodology

In 2018, Intesa Sanpaolo extended Scope 3 accounting to upstream transportation activities. This activity addresses the emissions generated by transportation of money for the recharge of ATMs. In accordance with the GHG Protocol, Scope 3 emissions related to upstream transportation are calculated for third party transportation services purchased by the reporting company in the reporting year, using a distance-based approach. Available activity data were the number of recharges of ATMs for all Intesa Sanpaolo's banks placed in Italy and for most of the banks located abroad. Road transportation by van has been assumed to model the system. Distances have been calculated with online maps (Google Maps) based on the position of ATMs (addresses). Emission factors for road transport (van) include all the relevant life-cycle stages: fuel supply chain, combustion emissions and vehicle manufacturing. Emission factors from Ecoinvent 3.3 (www.ecoinvent.ch) have been used. The IPCC 2013 equivalence factors have been applied.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

272.4

Emissions calculation methodology

The system boundaries include the end-of-life treatment of special waste generated throughout Intesa Sanpaolo's operations in the reporting year, from corporate headquarters as well as Italian and foreign branches. The most important waste categories, according to the EWC classification are packaging waste, electronic waste, exhausted toners and waste from demolition and construction activities. Household waste generated by employees in office activities have been excluded from the analysis. The phases under assessment include waste transportation to the treatment facilities and end-of-life treatment. Information on the actual end-of-life treatment have been sourced from the official waste registers that are filled according to the Italian waste regulations. According to the GHG Protocol Scope 3 Emission Standard (WBCSD/WRI), emissions from waste recycling processes as well as avoided emissions from substituted materials are set to zero, hence for waste flows sent to recycling, which are the major share of waste produced by Intesa Sanpaolo, only transportation emissions have been accounted. For the remaining waste flows sent to landfill, incineration or other treatment processes, representative emission factors from Ecoinvent 3.3 (www.ecoinvent.ch) have been used. The IPCC 2013 equivalence factors have been applied. In 2017 the data was 169.6 metric tonnes CO₂e (2018 vs 2017 +60.6%)

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

10871.13

Emissions calculation methodology

Intesa Sanpaolo reports the business travel emissions arising from train, airplanes and personal cars. The model of data reporting adopted is designed in accordance with the GRI reporting standards and guidelines of ABIenergia for the application of the GRI environmental indicators in the banking sector. The model allows for an analysis of mobility useful for the definition of actions and policies that, with regard also to the profiles of economic sustainability, may reduce CO2 emissions. Taking into account the specificity of Mobility Management in Intesa Sanpaolo a set of indicators related to corporate mobility has been defined, that allows to address new GRI-G4 requests with regard to issues of mobility and adequately monitors them over time. Also, the emission factor applied and the GWP values used to calculate emissions are included in these guidelines. The model is based on data related to the vectors used, transfers and video conferencing and data obtained through the application of appropriate coefficients. In 2017 the data was 10234.98 metric tonnes CO2e (2018 vs 2017 +6.2%)

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

49008.63

Emissions calculation methodology

In 2013 we started to calculate emission from employees commuting. For 2018 ISP has calculated emissions from employee commuting with the data derived from the questionnaire submitted to its employees, (about 13,000 employees in 16 cities in Italy). Starting from the primary data we have applied the emission factor used for the 2018 Consolidated Nonfinancial Statement and properly integrated with the necessary data from other resources. Public transportation and shuttles, motorcycles, personal cars and train have been considered. In 2017 the data was 45,760.36 metric tonnes CO2e (2018 vs 2017 +7.1%)

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Intesa Sanpaolo includes the emissions from leased assets in Scope 1 and Scope 2.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The Intesa Sanpaolo Group doesn't produce goods that need downstream transportation and distribution.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The Intesa Sanpaolo Group core business is to produce services for our customers. We don't use intermediate products by third parties.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

175.98

Emissions calculation methodology

In 2014 Intesa Sanpaolo started calculating emissions from internet banking operations in Italy. The most relevant operations were collected and classified with a twofold approach: type of operation (payment, transfer) and platform (mobile, PC). The following information was also needed to perform the evaluation: time for each operation, average electricity consumption for PC and mobile devices and emission factors for electricity consumption. Operation time was estimated through expert judgment. Average electricity consumption for mobile and PC was retrieved from publicly available studies. In 2016, the study was extended to most of the foreign banks, adopting the same approach and boundary definition. In 2018 the study has been further expanded to include a larger share of foreign banks (Egypt, Romania). If available, country-specific residual electricity mixes were used as reference for electricity consumption, otherwise average national electricity mixes have been used. Emission factors were sourced from Ecoinvent 3.3 (www.ecoinvent.ch). These emissions cover a scope 3 according to the GHG Protocol, including all the relevant life cycle stages from fuel supply chain to transmission losses. In 2018 the data was 236.35 metric tonnes CO2e (2018 vs 2017 - 25.5%)

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The Intesa Sanpaolo Group doesn't produce goods that need an end of life treatment.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Intesa Sanpaolo leases a very small number of buildings to services companies. We estimate that the emissions from these buildings are very few and therefore not relevant for the Scope 3.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The Intesa Sanpaolo Group doesn't have franchises.

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

In October 2018, Intesa Sanpaolo has decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change. Intesa Sanpaolo plan to further align its disclosure to the TCFD recommendations and is willing to include scope 3 investments data for investment and lending portfolios, but at the moment guidance for scope 3 calculation is still in development. In the next months it will be of considerable importance to collaborate within the industry to close gaps. We are observing different working groups on the issue especially the Science Based Targets initiative for Financial Institutions by CDP, WRI, WWF and the Global Compact. Once the standard will be finalized, it will be possible to start working on assessing scope 3 data, so far, the complexities of calculating the emissions remain a challenge. Intesa Sanpaolo, within its Asset Management division, is going to evaluate emissions from its investments.

Other (upstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Other (downstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000005629

Metric numerator (Gross global combined Scope 1 and 2 emissions)

100626.32

Metric denominator

unit total revenue

Metric denominator: Unit total

17875000000

Scope 2 figure used

Market-based

% change from previous year

22

Direction of change

Increased

Reason for change

The intensity figure per unit total revenue (total operating income) in 2017 was 0.000004598. The increase of the intensity figure is due to an increase of CO2 emissions mainly due to the extension of the reporting perimeter, as well as the introduction of the new calculation method (residual mix), which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards). Degree to which different factors have influenced the figures: • 87% Gross global combined Scope 1 and 2 emissions • 13% total operating income accounts. The Intesa Sanpaolo Group continued to purchase renewable energy. In 2018, as much as 2,691.92 tCO2e (without considering the residual mix) were avoided thanks to the additional renewable energy purchased. In addition, Intesa Sanpaolo Group in 2018 continued to implement proactive emissions reduction initiatives, through management optimisation actions and energy efficiency measures. Scope 1 data in 2017: 40,749.36 In 2017 metric tonnes CO2e (2018 vs 2017 +40.3%), Scope 2 market-based data in 2017: 38,235.4 metric tonnes CO2e (2018 vs 2017 +13.7%), Scope 2 location-based data in 2017: 161,063.16 metric tonnes CO2e (2018 vs 2017 -1.4%).

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	50945.27	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	55.72	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	285.07	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	5879.36	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Italy	51581.07
Albania	31.07
Serbia	326.91
Egypt	107.07
Slovenia	179.83
Hungary	410.88
Russian Federation	62.58
Luxembourg	139.94
Croatia	975.61
Romania	519.94
Bosnia and Herzegovina	137.69
Slovakia	2415.24
Ireland	1.31
Ukraine	274.91
Brazil	1.36

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
The Banca dei Territori division and Head office departments. The Banca dei Territori division focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano and in instant banking through Banca 5.	38233.61
The Corporate and Investment Banking division: a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions, both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI. The division operates in the public finance sector as a global partner for public administration.	708.68
The International Subsidiary Banks division: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia and Pravex Bank in Ukraine.	5379.15
The Private Banking division: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment.	2882.1
The Asset Management division: asset management solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele.	402.63
The Insurance division: insurance and pension products tailored for the Group's clients.	256.17
Others: Intesa Sanpaolo Group Services S.c.p.a., was set up in 2009 with the aim of centralizing the structures providing IT, operational services, property management, organizational and other auxiliary support services into a single instrumental company to the Group's business. Intesa Sanpaolo Innovation Center founded with the goal of supporting the development of the national economy, exploring new business models through the creation of applied research laboratories.	9303.07

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Italy	125813.89	8134.57	396725.16	368151.59
Albania	0	0	1987.9	1987.9
Serbia	8976.61	8886.84	16483.94	122.46
Egypt	8612.96	8612.96	18723.83	0
Slovenia	1074.36	1222.94	4398.09	1283.82
Hungary	3363.2	4384.7	14124.38	457.25
Russian Federation	1079.02	1079.02	5401.59	0
Luxembourg	211.07	552.33	1005.29	0
Croatia	5828.5	6634.55	23955.34	7060.22
Romania	0	0	19.07	0
Bosnia and Herzegovina	822.61	936.37	3367.47	982.98
Slovakia	1863.65	1912.88	16384.75	1758.16
Ireland	7.77	13.27	21.51	0
Ukraine	1072.72	1072.72	3861.46	0
Brazil	17.74	17.74	147.86	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
The Banca dei Territori division and Head office departments. The Banca dei Territori division focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano and in instant banking through Banca 5.	91926.52	6061.86
The Corporate and Investment Banking division: a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions, both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI. The division operates in the public finance sector as a global partner for public administration.	2843.72	1905.91
The International Subsidiary Banks division: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia and Pravex Bank in Ukraine.	31614.61	33663.97
The Private Banking division: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment.	6537.58	1078.12
The Asset Management division: asset management solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele.	888.88	144.08
The Insurance division: insurance and pension products tailored for the Group's clients.	1015.67	316.67
Others: Intesa Sanpaolo Group Services S.c.p.a., was set up in 2009 with the aim of centralizing the structures providing IT, operational services, property management, organizational and other auxiliary support services into a single instrumental company to the Group's business. Intesa Sanpaolo Innovation Center founded with the goal of supporting the development of the national economy, exploring new business models through the creation of applied research laboratories.	23917.13	290.29

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	2691.92	Decreased	3.4	The Intesa Sanpaolo Group in 2018 continued to purchase renewable energy. The data stated in column "change emissions" derives from the additional purchases in the reporting year. In 2018, 2,691.92 tCO2e (55,985.30 tCO2e with 2018 emissions factors) were avoided by the additional renewable energy purchases, and ISP's total Scope 1 and 2 emissions in the previous year were 78,985 tCO2e. That led to a 3.4% decrease: $(2,692/78,985) * 100 = 3.4\%$.
Other emissions reduction activities	1065.12	Decreased	1.3	The Intesa Sanpaolo Group in 2018 continued to implement proactive emissions reduction initiatives, through energy consumption optimisation actions and energy efficiency measures. The data stated in column "change emissions" derive from the initiatives reported in section c4.3b (scope1 and scope 2) net of the changes in emission factors. In 2018, 1,065.12 tCO2e (1,1150 tCO2e with 2018 emissions factors) were avoided thanks to emissions reduction projects; Total Scope 1 and 2 emissions in the previous year were 78,985 tCO2e. Therefore, a 1.3% decrease was achieved: $(1,065/78,985)*100 = 1.4\%$.
Divestment		<Not Applicable >		
Acquisitions	6011.84	Increased	7.6	This increase is due to the inclusion of the aggregate set of the former Banca Popolare di Vicenza and the former Veneto Banca in the 2018 reporting boundary – following their acquisition by Intesa Sanpaolo Group. In 2018 ISP's CO2e emissions increased by 6,011.84 due to these acquisitions; total Scope 1 and 2 emissions in the previous year was 78,985 tCO2e. That results in a 7.6 % increase: $(6,012/78,985)*100 = 7.6\%$.
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology	5829.58	Increased	7.4	This increase is due to the introduction of the new calculation method "residual mix", which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards). In 2018 an increase of 5,829.58 tCO2e emissions was recorded due to the change in emissions factors; total Scope 1 and 2 emissions in the previous year were 78,985 tCO2e. That results in a 7.4 % increase: $(5,830/78,985) * 100 = 7.4\%$.
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other	13557.19	Increased	17.2	This increase is mainly due to: a greater use of self-produced energy from cogeneration at the Parma site and the inclusion of HFCs greenhouse gas emissions because of their relevance in 2018. In 2018, ISP had an increase of 13,557.19 tCO2e; total Scope 1 and 2 emissions amounted to 78,985 tCO2e in the previous year. That results in a 17.2% increase: $(13,557/78,985)*100 = 17.2\%$.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	232157.49	232157.49
Consumption of purchased or acquired electricity	<Not Applicable>	381804.39	79172.87	460977.25
Consumption of purchased or acquired heat	<Not Applicable>	0	45630.39	45630.39
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1010.16	<Not Applicable>	1010.16
Total energy consumption	<Not Applicable>	382814.55	356960.74	739775.29

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

189510.16

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

154756.73

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

34753.42

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

5475.56

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

5475.56

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

2112.86

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Other, please specify (Motor Diesel)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

35058.91

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

2.66

Unit

kg CO2e per liter

Emission factor source

National Inventory Report UNFCCC, International Environment Agency (IEA), IPCC and ISPRA – (Institute for Environmental Protection and Research) for national emission factors, - Relevant country: Italy

Comment

Motor Gasoline

Emission factor

2.43

Unit

kg CO2e per liter

Emission factor source

ISPRA – (Institute for Environmental Protection and Research) for national emission factors, - Relevant country: Italy

Comment

Natural Gas

Emission factor

1.99

Unit

kg CO2e per m3

Emission factor source

National Inventory Report UNFCCC, International Environment Agency (IEA), IPCC and ISPRA – (Institute for Environmental Protection and Research) for national emission factors, - Relevant country: Italy

Comment

Other

Emission factor

2.754

Unit

kg CO2e per liter

Emission factor source

ISPRA – (Institute for Environmental Protection and Research) for national emission factors, - Relevant country: Italy

Comment

Motor Diesel

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	14503.38	14503.38	1010.16	1010.16
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	9604.57	9604.57	9604.57	9604.57

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower
Tidal

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

368151.59

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

In Italy in 2018 ISP bought electricity certified with GO (Guarantee of Origin) certifications. The new GO Certificate correspond to 1 MWh of renewable energy. This certificate is issued for the electricity that is fed into the grid by qualified plants IGO (ex ICO-FER), and therefore this Certificate can be transferred from the energy producer directly to the buyers. The Italian GSE - (Electricity Services Operator) verified and ascertained the correspondence between the renewable energy produced and that one placed on the market.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

1283.82

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

In Slovenia, through our subsidiary, we carried out a purchase procedure that specifies that the offers received must only relate to electricity from renewable sources. The company that won the bid is obliged by the contract to supply only electricity from renewable sources in 2018 coming from hydroelectric sources.

Basis for applying a low-carbon emission factor

Grid mix of renewable electricity

Low-carbon technology type

Solar PV
Wind
Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

12368.98

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

In some ISP International subsidiaries part of the electricity used comes from renewable sources thanks to the national energy mix.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Paper)

Metric value

70.9

Metric numerator

kilograms of paper

Metric denominator (intensity metric only)

Staff member

% change from previous year

1.3

Direction of change

Decreased

Please explain

In 2018, the Group continued to reduce the use of paper per staff member, which fell by 1.3% compared with 2017. Additionally, there was an increase in the use of recycled paper of 3.4% which, together with certified sustainable paper, now represents 89.6% of the total. In Italy, these results were also achieved through the implementation of various paperless initiatives. Among these measures, particularly worthy of note are the paperless contracts and accounts project, extended during the year to other banking products and services, the consultation of information sheets on screens, online statement and the "Zero Paper" project in training initiatives. Thanks to these initiatives, it was possible to avoid the use of over 3,265 tonnes of paper, corresponding to a reduction in CO2 emissions of around 6,330 tonnes, with cost savings of over 4.7 million euro. Managers' activities have been simplified within the internal paper management and archiving processes and through the creation of a digital document archive which ensures, in accordance with the legislation in force, better storage and a reduction of back office activities to zero. Eurizon in order to promote sustainable conduct, launched the sustainability contest for employees of Eurizon Capital SGR and Epsilon SGR. 37 teams were selected and took part in a competition to reduce paper consumption: during the two-month period between May and June 2018, around 106,000 pages were saved (-25%) compared with October-November 2017. A significant contribution to the reduction of paper consumption is made by the multichannel projects in Italy and the DigiCal project for the Group's International Subsidiary Banks. In the International Subsidiary Banks, the development of dematerialisation processes/paperless branches, being a component of the DigiCal model, has been implemented at Privredna Banka Zagreb (Croatia), CIB Bank (Hungary), Intesa Sanpaolo Banka Bosna i Hercegovina and VÚB Banka (Slovakia), enabling an overall saving of around 159 tonnes of paper in 2018, while also simplifying archiving activities. The DigiCal environment of the paperless branches has been enhanced with a series of cutting-edge technologies, such as tablets enabling customer interaction, as well as an IT platform that allows managers to optimise the time spent on their activities.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CDP letter.pdf

Page/ section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2018 Consolidated Non-Financial Statement pages 139/141/195 (scope 1, 2 and 3 data) and 217-220

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CDP letter.pdf

Page/ section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2018 Consolidated Non-Financial Statement pages 139/141/195 (scope 1, 2 and 3 data) and 217-220

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CDP letter.pdf

Page/ section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2018 Consolidated Non-Financial Statement pages 195 (scope 1, 2 and 3 data) and 217-220

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

CDP letter.pdf

Page/section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2018 Consolidated Non-Financial Statement pages 195 (scope 1, 2 and 3 data) and 217-220

Relevant standard

ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	Limited assurance - ISAE 3000	These data are included in the 2018 ISP consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 139/141/195 (scope 1, 2 and 3 data) and 217-220 DNF_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 2)	Limited assurance - ISAE 3000	These data are included in the ISP 2018 Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 139/141/195 (scope 1, 2 and 3 data) and 217-220 DNF_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 1)	Limited assurance - ISAE 3000	These data are included in the ISP 2018 Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 139/141/195 (scope 1, 2 and 3 data) and 217-220 DNF_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 3)	Limited assurance - ISAE 3000	These data are included in the ISP 2018 Consolidated Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 139/195 (scope 1, 2 and 3 data) and 217-220 DNF_ENG.pdf
C4. Targets and performance	Emissions reduction activities	Limited assurance - ISAE 3000	Most of these data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement page 141-142, 137-150 and 217-220 DNF_ENG.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Change internal behavior
Drive energy efficiency

GHG Scope

Scope 3

Application

Business decision-making process that the internal carbon pricing mechanism applies to: procurement of IT equipment (e.g. computers, multifunctional printing devices, etc.). Degree of influence it has on business decisions: The evaluation is expected to support Intesa Sanpaolo in the selection of the most environmental-friendly supply.

Actual price(s) used (Currency /metric ton)

57

Variance of price(s) used

The shadow price used can be considered a static price (constant over time and geography), applied to a specific decision process (IT procurement) over the selection of IT equipment.

Type of internal carbon price

Shadow price

Impact & implication

The environmental impacts generated by office equipment in a large service company such as Intesa Sanpaolo is relevant. Following the SUSTAINABILITY RULES FOR THE PURCHASE OF OFFICE MACHINES, among the main environmental impacts are to be considered energy consumption and consequent emissions of carbon dioxide in the atmosphere, the use of hazardous substances and pollutants, waste generation, consumption of auxiliary materials (paper and toner). Intesa Sanpaolo is introducing the use of an internal price on carbon, applied to procurement of IT equipment (e.g. computers, multifunctional printing devices, etc.). The internal price on carbon is applied to the GHG emissions generated by the electricity consumed by the IT equipment, based on product certifications (e.g. Energy Star) and/or declarations from suppliers. The evaluation supports Intesa Sanpaolo in the selection of the most advantageous supply considering a life cycle perspective. This application is expected to have a positive effect on the energy efficiency of the organization in a medium-long term.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify (Collect environment and climate change information during the process of selection of suppliers)

% of suppliers by number

12

% total procurement spend (direct and indirect)

81

% Scope 3 emissions as reported in C6.5

39

Rationale for the coverage of your engagement

Intesa Sanpaolo CSR approach is based on continuous improvement to foster socially and environmentally oriented behaviours. For this reason, ISP constantly monitors the suppliers' management approach on CSR issues, including environmental issues, through the Suppliers Gate. The selection of suppliers already takes place during the process of registration to the gate by means of an assessment (this assessment must be updated at least once a year) that considers not only the economic and financial data, the organisational and technical characteristics of each supplier, but also includes analyses of their business ethics, respect for human rights, labour rights, environment and climate change. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and can be invited to the procurement events. The supplier's qualification process makes it possible to obtain a more precise supplier's rating which can be monitored over time and to have an updated screening of the suppliers, for all the duration of the contractual relationship. In 2018 the perimeter of the Intesa Sanpaolo Group's companies adopting the application solution "Supplier Gate" (and consequently asking their suppliers to answer the environmental questions) has been extended. In 2018 the number of suppliers on the Supplier Gate whose registration is ongoing or that has been completed amounted to 3,161 (1,966 in 2017). Even though the number of suppliers (involved in the engagement and present on the Supplier Gate) represents 12.5% of total suppliers (25,372 in 2017), they represent in 2018 81.5% of the total procurement spent (71% in 2017) and this percentage is going to increase thanks to the "Group Purchasing Rationalization" project included in the 2018-2021 ISP's Business Plan which will increase the number of suppliers registered in the Gate.

Impact of engagement, including measures of success

The Suppliers Gate has been bringing a substantial communication improvement with suppliers and an increase in the degree of transparency in the relationship. To measure the success of the engagement ISP compares the answers provided by the suppliers one year with the previous year. For each question ISP checked the answers, keeping track of the changes. From this elaboration it emerged that there are several cases of success: compared to the previous year, 246 suppliers (15.6% of total suppliers) improved their CSR environment scoring, 37 additional suppliers indicated to have the 14001 or EMAS certification, 18 additional suppliers the ISO 50001 standard, 25 additional suppliers now assess that they respond to the CDP questionnaire and 29 additional suppliers state that they have implemented environmental policies. Analysis of some latest available replies reported in the New Supplier Portal directly linked to climate change shows the following breakdown: 53% declared they measure their energy consumption; 24% measure their CO2 emissions and 6% respond to the CDP (Carbon Disclosure Project) questionnaire. Furthermore, ISP is evaluating specific actions that will be carried out towards those suppliers with particularly low scores linked to environment and climate. Thanks to the questionnaire ISP can engage suppliers in order to plan appropriate improvement actions when they do not satisfy the requirements set by ISP.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

ISP is committed to reduce its carbon footprint. Paper plays an important role in the activities of a large bank as Intesa Sanpaolo. For this reason, we have addressed through a specific policy the issue regarding both the quantities of paper consumption and the kind of paper used. In 2011 the Rules for the purchase and use of paper and derivative materials were released. The percentage in the column "size of engagement" (100%) refers to the total Intesa Sanpaolo Group customers. ISP Group has launched some awareness campaigns for its customers aimed at protecting the environment and reducing CO2 emissions. Over the years, several paperless initiatives were implemented, among them particularly worthy of note is the paperless contracts and accounts project, extended during the years to many banking products and services. The paperless contracts project, involving the exclusive use of graphometric or remote digital signature for signing documents instead of paper, available in all Retail and Personal branches, enables a simple and innovative interaction with customers. A significant contribution to the reduction of paper consumption is also due to the multichannel projects in Italy and to the DigiCal project for the Group's International Subsidiary Banks. One of the main goals of the 2018-2021 Business Plan is transforming the Group into a digital company with 2.8 billion euro of investments included in 2018–2021 ISP Business Plan. In addition another campaign concerned the adherence to online customer reporting that started in 2010 and is still ongoing. The documents and statements received in electronic format have the same value as paper, with the advantage of arriving in advance and being easily stored on PC, where the customer can consult them whenever he wants.

Impact of engagement, including measures of success

ISP, in the area of multichannel and digital banking activities, has already achieved notable results in terms of customer engagement and the volume of services offered. In 2018, with regard to Italy (excluding Fideuram Intesa Sanpaolo Private banking and Banca 5) there were: 8.3 million multichannel customers (7.3 million in 2017), representing 70% of the total customer base of around 12 million customers; 3.2 million customers using the new App at least once in 2018, 56 million monthly accesses via the App; 85% of the retail customer product range available via multichannel platforms; 15.7 million paperless transactions in 2018; 47,800 products sold via the Online Branches in 2018, accounting for almost 5% of total sales (2% in 2017). The result of the engagement is substantial: most customers have given their preference to receive a digital copy of the contract, statements and accounts abandoning the printed copy. Other examples of positive outcomes achieved: To measure the success in this field ISP monitors the consumption of paper and the saving of paper due to several paperless initiatives. ISP collects the data concerning the number of digital contracts, the tons of saved sheets and envelopes and the related avoided CO2 emissions. The calculation of the avoided emissions is carried out taking into account the life cycle assessment of the paper. In Italy, in 2018, ISP through the implementation of various paperless initiatives, avoided over 3,265 tonnes of paper (1,825t in 2015), corresponding to a reduction in CO2 emissions of around 6,330 tonnes (3,331 in 2015). In the International Subsidiary Banks, the development of dematerialisation processes/paperless branches, has been implemented at Privredna Banka Zagreb (Croatia), CIB Bank (Hungary), Intesa Sanpaolo Banka Bosna i Hercegovina and VÚB Banka (Slovakia), enabling an overall saving of around 159 tonnes of paper in 2018 (51 in 2017).

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	In 2018 we engaged directly both the European Commission and the European Parliament on the sustainable finance legislative package presented by the European Commission in May 2018. We worked on: - The proposal establishing a framework to facilitate sustainable investment (taxonomy); - The proposal for a regulation for disclosure relating to sustainable investments and sustainability risks for financial market participants and amending the IORP Directive; - The proposal to amend the Benchmarks Regulation on low carbon benchmarks and positive carbon impact benchmarks. We suggested some amendments to the proposals. Furthermore we replied directly to the European Commission public consultation on "Institutional investors and asset managers' duties regarding sustainability".	ISP supported the introduction of a "green supporting factor" to foster investment in green assets (a reference to possible green supporting factor has been included in the European Commission's sustainable finance action plan and in the CRR II it has been added a mandate to the EBA in order to investigate on it). ISP proposed: to include circular economy among the taxonomy criteria; to add references in the taxonomy proposal to the on-going work on the Support to Circular Economy Financing carried out by a different expert group of the European Commission; to add clear references to the EBRD Performance Requirements and to the Equator Principles. Furthermore, concerning the benchmark regulation's proposal, ISP: supported the proposal of the European Parliament to rename the 2 new sustainable benchmarks proposed as "EU Climate Transition Benchmark" and "Paris-aligned benchmark"; advocated for a flexible approach in developing low carbon and positive carbon impact benchmarks.
Other, please specify (Circular Economy)	Support	Intesa Sanpaolo has been confirmed as member of the European Commission expert group on "Support to circular economy financing", in order to provide official recommendations to promote the circular economy financing under different points of view.	Intesa Sanpaolo continued his work on this subject. ISP is member of 4 working groups: • Section 0: Horizontal/Background; • Section I: Recommendations oriented to regulators; • Section II: Recommendations oriented to financial institutions; • Section III: Recommendations oriented to project promoters. For the second phase of the engagement activity, Intesa Sanpaolo is available to provide support in all the 3 new taskforces, such as Capacity Building, Incentives and Taxonomy.
Climate finance	Support	Mediocredito has worked in 2018 with EIB (European Investment Bank) on the definition of the new "Energy Efficiency Italy Fund" which provides the possibility of financing energy efficiency and renewable energy projects with special low interest rates.	Mediocredito has worked to define, together with EIB, financial aspects and eligibility criteria for the investments, with particular reference to biomethane production projects for transport use.
Climate finance	Support	Mediocredito Italiano, in agreement with CIB (Italian Biogas / Biomethane Consortium), has collaborated with the GSE - Gestore Servizi Energetici (created by the Italian Ministry of Economy and Finance to promote sustainable development by granting economic support for electricity generation from renewable energy sources and by organising communication campaigns to raise awareness of environmentally-sustainable energy use). The collaboration regarded the drafting of the standard Contract that regulates the recognition and payment of incentives to produce biomethane pursuant to Italian Ministerial Decree DM 2/3/2018.	In December 2018, the GSE published the standard contract to make the sector's legislation on biomethane operational.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Associazione Bancaria Italiana (ABI) - Italian Banking Association)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

ABI has continued in 2018 the working group with ENEA and the Ministry of Economic Development to define precise rules for the application of European Directive 27/2012 (on energy audits) implemented by Italian Law 102/2014.

How have you influenced, or are you attempting to influence their position?

Intesa Sanpaolo has participated actively in the working group by providing suggestions for identifying the rules and the models that will be useful to draft the energy audits provided for by law in 2019.

Trade association

European Banking Federation (EBF) and ABI (Italian Banking Association)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

EBF during 2018 has continued to work on sustainable finance through its dedicated working group on sustainable finance which replied to public consultations, produced position papers, proposed amendments and organised meetings. Furthermore the working group has been increased thanks to the launch of 4 sub-working groups, also actively participated by ISP. Within this framework ISP has contributed to the drafting of: - EBF Answers to the survey by the rapporteur on the Draft Report on the Taxonomy Proposal; - Letter to Paul Tang on the exclusion of lending activities from the scope of the Proposal for a regulation on disclosures relating to sustainable investments and sustainability risks; - EBF proposal for amendments on European Parliament Draft Report for the proposal of a Regulation on disclosures relating to sustainable investments and sustainability risks; - EBF position paper on the European Commission proposal for a Regulation on the establishment of a framework to facilitate sustainable investment; - EBF Answer - UNEP FI Consultation on Rethinking Impact to Finance the SDGs.

How have you influenced, or are you attempting to influence their position?

Intesa Sanpaolo has participated actively in the working group and in the sub-working groups by providing suggestions and amendments to all the work carried out. In particular ISP is chairing the sub-working group dedicated to indices and metrics.

Trade association

Associazione Bancaria Italiana (ABI) - Italian Banking Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

In order to create a shared basis for reporting between all the Italian Banks, ABI Energia and the Competence Center ABI Lab on Energy and Environment, has drawn up the new guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" released in 2018. This document is aimed, on the one hand at harmonising the reporting methods so as to facilitate comparison of information among 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 new guidelines have adopted the "residual mix" method, a new calculation method for scope 2 emissions (market-based).

How have you influenced, or are you attempting to influence their position?

Intesa Sanpaolo has participated actively in the working group by providing suggestions for identifying the rules and the models that were useful to draft the new ABI Energia Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" released in 2018. Intesa Sanpaolo has provided a significant contribution to this activity, since its environmental reporting is a benchmark in the Italian banking system. In detail, our methods for recording and monitoring the data, and the coefficients utilised for the calculation of the transformation factors influenced the final version of the Guidelines.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

i) Method of engagement: Intesa Sanpaolo is actively engaging with the Italian Government, the European Commission and through its participation in the Unep FI initiative and the FFS (Forum for Sustainable Finance). Intesa Sanpaolo is sure that a more proactive role of financial institutions in the climate change field comes from an active cooperation with the governments, public institutions, other policy makers and the academia. Intesa Sanpaolo participates in these initiatives through discussion groups, workshops, roadshows, survey research and web-based consultations.

ii) Topic of engagement: Intesa Sanpaolo is strongly committed to encourage climate change mitigation and adaptation. We deem that a fundamental contribution from the governments is to provide stable regulations in each country and common rules at international level.

iii) Nature of the engagement: Important contribution of the Group to the tables on sustainable finance. First Intesa Sanpaolo has actively participated in the working groups of the "National Observatory on Sustainable Finance" sponsored by the Ministry of Environment, Land and Sea and UNEP - Finance Initiative, in collaboration with the Bank of Italy and the Economy Ministry and Finance. We are also represented in the Board of the Forum for Sustainable Finance (FFS) which is the Italian SIF (Sustainable Investment and Finance Association). FFS aims to support the Italian finance sector's participation in sustainable development through innovative financial services. The association represents an influential voice for the sustainable and responsible finance industry in Italy with a positive influence on governments, NGOs, regulators, companies, professional advisors.

On the issue of circular economy, the Bank has been involved in many institutional working groups with companies, public and private institutions, multilateral agencies and universities. For instance, the Group participated in the consultation of the Italian Ministry of the Environment and the Protection of Land and Sea (MATTM) on indicators for the measurement of the Circular Economy, and in the work of the National Observatory on Sustainable Finance promoted by the MATTM. It also contributed to the activities of the Circular Economy working group promoted by the Fondazione COTEC (Fondazione per l'innovazione - Foundation for Innovation). In addition, the Group took part in the work of 'FinanCE', a working group formed within the Ellen MacArthur Foundation network, with the aim of rethinking the finance sector to accelerate the transition to the Circular Economy, by identifying concrete measures which the public and private sectors should undertake, coordinating the sub-working group of Financial Services.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Through its Chief Institutional Affairs and External Communication Officer, Intesa Sanpaolo regularly monitors the numerous and profound changes in the regulatory framework defined at international, European and national level, in order to be aware of possible changes and anticipate the future directives. In 2018 the Intesa Sanpaolo Group expressed its position responding to public consultations, drafting papers and proposing amendments both directly and through the relevant trade associations. The bank participates in the activities coordinated by the ABI (Italian Banking Association) for the definition of guidelines in the environmental field, bringing its experience and promoting best practices, for example in 2018 the new release of ABI Energia Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale". All these activities are reported internally and evaluated in order to verify the consistency with ISP strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Consolidated Non Financial Statement 2018.pdf

Page/Section reference

The attached document is the 2018 Intesa Sanpaolo Consolidated Non-financial statement. Many parts of the document are directly connected to climate change and GHG, among them: Environment and climate change chapter pages 137-150 (emissions figures, emissions targets and other metrics, strategy, opportunities, green products) Indicators pages 195-198 (emission figures, other metrics) Governance pages 37-64 Management of the main social and environmental risks pages 46-54

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

The Intesa Sanpaolo Consolidated Non-financial statement responds to the EU Directive regarding Non-financial Statement, Article 4 of Italian Legislative Decree 254/2016, the Core option of the GRI Standards defined in 2016 by the GRI (Global Reporting Initiative) and the "Financial Services Sector Supplements". Consideration was also given to the recommendations issued in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), adopted by Intesa Sanpaolo in October 2018, for the voluntary dissemination of transparent reporting on the risks and opportunities linked to climate change. The Intesa Sanpaolo Non-Financial Statement was reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised).

Publication

In voluntary communications

Status

Complete

Attach the document

ISP Group internet web site.pdf

Page/Section reference

In the attached file are available the web pages of the Intesa Sanpaolo Group web site - Sustainability section, related to climate change, GHG and environment.

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer, who reports directly to the Managing Director and CEO	Chief Financial Officer (CFO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms