

Direct environmental impacts

COMPANY POLICIES

Intesa Sanpaolo's commitment to the environment takes the form of self-regulated environmental and energy instruments that define the strategic and operational guidelines which underpin the Group's environmental protection initiatives and its efforts to reduce its environmental footprint. The Group's Code of Ethics and the Rules for environmental and energy policy, approved by the top management, define the principles and Guidelines that regulate the environmental responsibility of the Group and the monitoring of the direct and indirect impact of its activities. With reference to the direct impacts on the environment, arising from the Bank's operations, some time ago, Intesa Sanpaolo adopted in Italy an Integrated Health and Safety, Environmental and Energy Management System, implemented in accordance with the most important reference international standards (ISO 45001, 14001 and 50001), and subject to annual certification by an independent, third-party body.

In addition, in order to translate the environmental protection commitment into concrete actions, the roles of Energy Manager and Mobility Manager were established, responsible for ensuring constant oversight in areas within their remit.

A dedicated structure – Corporate Social Responsibility (CSR) – has the task of overseeing the areas that fall under the Group's social and environmental responsibility, including the more specific issue of climate change.

The Safety and Protection Head Office Department, which reports directly to the Managing Director and CEO, is responsible for the coordination and maintenance of the Integrated Management System adopted by the Group, along with activities connected with Energy Management.

In addition, pursuant to Italian Legislative Decree 152/2006 and as amended, in 2019, the Head of the Safety and Protection Head Office Department was also appointed Environmental Officer and given broad decision-making, organisational and spending powers, including the preliminary approval of any change in the production process that may be relevant for environmental purposes.

Moreover, the Group closely manages the risks connected with climate change by promoting adaptive behaviour or conduct designed to mitigate this phenomenon, while simultaneously developing a culture focused on prevention. For a detailed analysis, reference is made to the section Management of potential risks and impacts related to climate change (see page 46).

CLIMATE CHANGE ACTION PLAN

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

In 2017, CSR, in association with the Real Estate and Logistics, Procurement and Safety and Protection Head Office Departments, the International Subsidiary Banks Division and the Chief Operating Officer and Chief IT, Digital and Innovation Officer Governance Areas, drafted 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 Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO₂ emissions associated with its activities, taking 2012 as its base year, including for the emission factors, in order to historicise the results achieved. CSR will monitor the achievement of the targets on an annual basis and the results will be analysed with the relevant competent structures. The monitoring of the Environmental Plan highlighted for 2019 a trend in line with the CO₂ emission reduction forecasts.

The goals for 2022 include a reduction of 37% in absolute emissions connected with energy consumption (direct and indirect) compared with 2012 (a 33% reduction was already recorded in the period 2012-2019).

The Plan also includes objectives related to consumption and energy production from renewable sources. In particular:

- an increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022;
- the maintenance of electricity production levels from photovoltaic energy (over 1,000 MWh in 2016), taking account of the restrictions and characteristics of the real estate assets.

Finally, in accordance with the international climate change agreements, long-term targets for 2037 have been set which will be monitored and possibly reviewed at 5-year intervals.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

Intesa Sanpaolo is the first Italian bank to have adopted an Integrated Management System in Italy that complies with international standards ISO 45001 (Occupational Health and Safety), ISO 14001 (Environment) and ISO 50001 (Energy). The certification scope, for the three schemes, has been extended over the years to include 100% of branches and buildings in Italy in 2019. The System, with particular reference to environmental and energy issues, establishes a continuous monitoring process of the targets and internal checks are carried out in order to assess the level of performance achieved compared to planned performance. In order to guarantee the continued suitability of the measures adopted over time, a system of controls has been defined on three levels, which involves conducting checks on a representative sample of branches and buildings and on the activities carried out at head office departments. The first two levels of control are performed by internal company functions, while third one is entrusted to an external body that certifies the conformity of the System and issues the certification on the scope of application. In the application of the System on such a complex scope in terms of territorial extension and heterogeneity of the sites (branch models, dimensions, plants, etc.) and with a view to continuous improvement, the collaboration between the Safety and Protection Head Office Department, responsible for the coordination of the System, with various Head Office Departments (Real Estate and Logistics, Development Policy and Learning Academy, IT) and the Banca dei Territori Division has intensified over the years. The improvement of risk monitoring and the management of the opportunities that emerged from the dialogue with the stakeholders allow the System to meet the latter's expectations, which are increasingly focused on non-financial issues, including environmental ones. The leadership exercised by the Top Management is crucial in the identification of objectives and strategies and of the necessary resources for the development and application of the System and in the definition of the internal and external communication plan - issues addressed in the annual review meeting, in which all the corporate functions involved participate.

In 2019 the certification process in compliance with the ISO 14001 standard was also extended to Intesa Sanpaolo Vita, a Group company specialised in the insurance segment. The activity involved the Milan office in 2019 and the extension to two other buildings of the Insurance Division is scheduled by 2020 in Turin and Rome.

CIB Bank (Hungary) has also maintained its premises and services certification in compliance with the ISO 50001 standard. In December 2019, the Bank passed the audit process focused on employee training, compliance with regulations, internal processes and energy management within the branches, thus obtaining the renewal of the certification.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

The mitigation and containment of CO₂ emissions play an important role in the policies of the Group which, with the Climate Change Action Plan, has identified specific medium-term actions for reducing its environmental footprint and, as a result, its emissions. This is done with a view to continually improving its environmental performance, which has already seen major reductions in electricity and thermal energy consumption, and in the resulting emissions for over a decade (-53.6% reduction in Scope1 + Scope2 Market-based emissions compared to 2008).

In 2019 the Intesa Sanpaolo Group confirmed its commitment to reducing its environmental footprint. After an increase in 2018 also due to the extension of the reporting scope, in 2019 the consumption of electricity and thermal energy decreased by 6.9% and 18.2% respectively.

Consequently, Scope1 + Scope2 Market-based greenhouse gas emissions also decreased by 21.4%, a reduction equal to 11.8% in the case of Scope1 + Scope2 calculated with the Location-based method.

In general, the Intesa Sanpaolo Group's greenhouse gas emissions are reported in CO₂ equivalent in accordance with the international GHG Protocol (Greenhouse Gas Protocol), in the form of:

- Scope1 direct emissions, relating to the use of fuel for heating and the fleet;
- Scope2 indirect emissions for centralized HVAC systems and electricity;
- Scope3 indirect emissions produced as a result of activities connected with the company but not directly controlled by it (paper, waste, office equipment, etc.).

EFFICIENCY AND OPTIMISATION OF ENERGY CONSUMPTION

In accordance with what has been outlined above, the reduction in energy consumption in 2019 was due in part to the downsizing of some properties but above all to the continuous energy efficiency actions implemented within the Intesa Sanpaolo Group both in Italy and abroad.

Below are some of the initiatives that led to savings in 2019:

Project	Description	Forecast annual savings
Replacement of lighting systems (Italy, Egypt and Ukraine) Investment: 105,000 euro	Traditional or low energy lamps were replaced with new LED technologies in various branches and central offices	Energy saving: 312,000 kWh Economic saving: 23,000 euro Reduction in potential CO ₂ emissions: 138 t
Replacement of HVAC systems (Italy, Albania, Slovakia, Egypt) Investment: 7,480,000 euro	The replacement of heating and air conditioning systems continued. Furthermore, in line with the regulatory obligations, in Italy 37 systems containing R22 were replaced with refrigeration units containing R410A gas	Energy saving: 1,018,000 kWh Economic saving: 191,000 euro Reduction in potential CO ₂ emissions: 279 t
Other optimisation and energy efficiency measures (Italy and Croatia) Investment: 1,281,000 euro	Renovation work was carried out on sites with the replacement of fixtures and the improvement of the exterior insulation system, alongside energy optimisation measures	Energy saving: 1,223,000 kWh Economic saving: 261,000 euro Reduction in potential CO ₂ emissions: 389 t

In line with the Rules of environmental sustainability for the development of sustainable branches, the site renovations or the development of new branches are carried out in accordance with criteria for the improvement of energy and management efficiency: since 2008, over 1,000 Group buildings have undergone energy certification processes.

Thanks to the measures implemented in recent years, in Italy the Group was able to claim tax deductions of around 7.7 million euro in 2014-2019, around 700,000 euro in 2019.

It should also be noted that, as evidence of sustainable building management, the Intesa Sanpaolo Skyscraper in Turin, in addition to having received the LEED Platinum certification in 2015 for the construction of the building, was awarded the Platinum level in 2019 also in the sustainable building management category. In the former case, the Green Building Council, the most authoritative international body for the eco-assessment of buildings, had rewarded the design features and technological solutions adopted during the construction of the skyscraper. This new certification (LEED Existing Buildings Operations & Maintenance - EB O&M) confirms, on the other hand, the performance achieved in the building management, in particular for those areas envisaged by the international reference standard. The energy efficiency actions, the sustainable consumption of water, the management of materials and resources, employee commuting habits and the indoor environmental conditions, allowed to reach a score well above the threshold needed to access the most prestigious level.

All the actions implemented above confirm the Group's commitment to reducing its environmental footprint whilst still respecting people's safety and comfort standards and sound property management practices. To this end, it is important to point out that an analysis of the potential risks related to climate change is also applied, aimed both at preventing possible service interruptions and avoiding extraordinary property management costs (see page 46).

RENEWABLE ENERGY

In addition to the energy efficiency measures aimed at reducing its environmental impact, the Intesa Sanpaolo Group has committed, where possible, to producing electricity through the installation of photovoltaic plants and purchasing electricity from renewable sources. The total consumption of electricity from renewable sources reached approximately 83% of the total consumption.

The self-production of energy from renewable sources comes from the photovoltaic plants in Italy, 9 of which with a capacity under 20 kWp and 5 of large size, and from two plants in Slovenia. In 2019 the self-production amounted to over 1,119 MWh with an economic saving generated by the non-purchase of electricity equal to approximately 195,000 euro, and a total of CO₂ avoided equal to 535 tonnes.

In the Group companies within Italy, the purchase of energy from renewable sources is ensured by Guarantees of Origin and covers 96% of electricity purchased.

In the International Subsidiary Banks, the situation differs, also in relation to the limits imposed by certain national regulations. Once again, this year, Intesa Sanpaolo Bank (Slovenia) has eliminated its emissions by purchasing all its energy from hydroelectric sources, while Privredna Banka Zagreb (Croatia) purchases around 60% of its electricity from renewable sources. Additionally, thanks to the national energy mix part of the electricity used by Intesa Sanpaolo Bank Albania (100%), Banca Intesa Beograd (Serbia) (27%), VÚB Banka (Slovakia) (15%) and CIB Bank (Hungary) (9%) comes from renewable sources.

ENERGY AUDITS

Being a large company, Intesa Sanpaolo and its subsidiaries must carry out energy audits every four years on the premises where they exercise control of energy consumption, pursuant to Italian Legislative Decree 102/14. In 2019, multi-site companies, such as Intesa Sanpaolo, had to carry out the audits on a proportionate and sufficiently representative number of sites in order to define a true picture of the company's overall energy performance and to identify, in a reliable manner, the most significant areas for improvement. Energy audits were conducted in 37 sites in Italy: 17 branches and 20 properties between buildings and data centres distributed throughout the national territory. The first analyses highlight saving opportunities on a limited number of properties with simple management interventions. Possible improvements were highlighted against short and medium-term investments regarding the replacement of UPS, installation of inverters and photovoltaic plants, as well as the replacement of lighting fixtures (with LED lights).

With reference to international subsidiary companies operating in EU countries where the regulatory obligation is required to be met, in 2019 CIB Bank (Hungary) fulfilled local requests through the ISO 50001 certification, VÚB Banka (Slovakia) conducted 16 energy audits and finally Intesa Sanpaolo Bank Ireland conducted 1 energy audit.

MOBILITY

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

The main goals pursued by the Intesa Sanpaolo Group are: the reduction in the use of private individual transport, as requested by the so-called Ronchi Decree, the improvement of road safety, as established by the international ISO 39001:2012 standard, and the reduction of the Group's CO₂ emissions.

As regards the last objective, the most significant initiatives are:

- the spread of Flexible Work and Training, which innovatively combine the management of people's private lives with the company's organisational requirements (see page 119);
- signing a union agreement on work-life balance, which also introduced measures to help people that work far away and that have specific personal needs to move closer to their residence or home;
- the Mobility Office platform which promotes the use of public transport, enabling employees to request annual season tickets directly from their workstation and also to take advantage of discounted rates with the option of paying in instalments (the service is available in certain cities - Bologna, Florence, Milan, Padua, Rome, Turin and Venice);
- company shuttle service available in Turin/Moncalieri, Milan/Assago and Padua/Sarmeola di Rubano, which have a positive impact on the environment (an estimated 540 tonnes of CO₂ avoided) as well as on people's quality of life; at the Bank of Alexandria (Egypt), a shuttle service to Cairo and Alexandria is available;
- development of in sharing services (car, motorbike and bike). In Italy, ALI - the Intesa Sanpaolo employees' association - has entered into agreements with the main networks in a number of cities. Bicycles owned by the Bank are available at Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank (Slovenia) and CIB Bank (Hungary) and as from this year also in VÚB Banka (Slovakia). Special bicycle parking spaces are available in Intesa Sanpaolo Bank Albania and Eximbank (Moldova) as well as in Privredna Banka Zagreb (Croatia), CIB Bank (Hungary) and VÚB Banka (Slovakia) where, in addition, employees can benefit from additional services (changing rooms and showers). In particular, Privredna Banka Zagreb (Croatia), on the occasion of World Environment Day, promoted the use of the bicycle as an alternative means of transport. In addition, in 2018, CIB Bank signed a contract for the use of car sharing to replace taxis, which will only use electric cars;

- management of the company fleet which, thanks to its constant renewal, is now mainly made up of Euro 6 cars. Furthermore, hybrid vehicles were included in the models proposed by the policy;
- development of remote communications for both listening activities (internal communications web focus groups managed online) and work activities, with the use of Skype for Business (instant messaging, voice over IP or online meetings) instead of business travels.

COMPANY CARPOOLING

In a context where pollution figures, especially in large cities, are becoming increasingly worrying, the search for sustainable mobility solutions becomes a priority. Company carpooling is one of the concrete solutions that the Bank puts in place to this effect, namely a mode of transport based on several people with compatible routes and times sharing the same private car. The aim is to share the car for commutes in order to improve the quality of transfers, make savings on transport expenses, reduce traffic congestion, pollution and road accidents. The dedicated App allows supply to meet demand as regards travel, the sharing of the related expenses, the possible allocation of parking spaces, where available, and to create a network between users. The service, which initially started as a pilot project, has been available to all employees in Italy since October 2019.

Other forms of car sharing have been implemented in Intesa Sanpaolo Bank Albania, CIB Bank (Hungary), Banca Intesa Beograd (Serbia), Pravex Bank (Ukraine), Intesa Sanpaolo Bank Romania and, starting from 2019, also in Intesa Sanpaolo Bank Slovenia, Intesa Sanpaolo Banka Bosna i Hercegovina, Privredna Banka Zagreb (Croatia) and in VÚB Banka (Slovakia).

RESPONSIBLE MANAGEMENT OF RESOURCES

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

PAPER, TONERS AND STATIONERY

In line with the provisions laid down in the Group Rules, the reduction in the use of paper continued both in absolute terms (-9.3% compared to 2018) and on a staff member basis (-8.6% compared to 2018).

In Italy, the project for paperless contracts continued: in addition to bank contracts, investment transactions and branch transactions, in 2019, it was extended to banking products and services related to pension plans and after-sales operations on POS contracts. The introduction of paperless POS contract was also accompanied by the start of the extension of dematerialised operations to contracts for legal entities. With the adoption and exclusive use of the graphometric or remote digital signature for the signing of contractual and non-contractual documentation, instead of paper documents, in all branches, the Bank offers its customers a simple and innovative customer experience that also allows to simplify and improve managers' operations through a considerable simplification of internal paper management and archiving processes and the creation of a digital document archive that facilitates the storage and retrieval of documents and ensures better filing, according to legislation in force, eliminating back office activities.

As part of the three-year programme for the digitisation of all the Group's HR systems and services, the process of dematerialisation of the letters addressed to employees (communications of merit, awards, assignments, transfers, etc.) was also started, alongside the launch, in some workstations, of the project aimed at reviewing print management processes, which involves, first and foremost, the rationalisation of the printers. In addition, in order to better protect the confidentiality and security of information, avoiding abandoned print jobs, the printing of documents through authentication was introduced.

The policies for the use of printers were reviewed in the Eurizon group, the documentation of the Boards of Directors was converted into electronic format and important investments were made to convert customer reporting into digital format. The reduced printing of the documentation in support of meetings is also promoted and a project was launched to automate the main approval workflows, with the introduction of paperless processes based on digital signature.

Further initiatives related to the graphometric signature were also launched in Siref and in Fideuram Asset Management.

The digital transformation process also continues in the branches of the International Subsidiary Banks Division

where the use of tablets, already in place for gathering signatures during transactions in Privredna Banka Zagreb (Croatia), VÚB Banka (Slovakia), Intesa Sanpaolo Bosna i Hercegovina, CIB Bank (Hungary), Intesa Sanpaolo Bank Slovenia, was extended to sales processes as well. In addition to paperless contracts, tablets are also used to simplify and improve the customer experience of clients and managers by offering processes that are fully integrated with online platforms.

All the aforementioned actions led to a saving in 2019 of around 2,500 tonnes of paper compared to the previous year, amounting to just over 4,000 tonnes of CO₂ avoided and an economic saving of around 4.3 million euro.

With a view to the progressive improvement of reporting in 2019, the quantities of toners used in the Group were collected and reported, distinguishing between remanufactured toners, i.e. cartridges that were refilled with toner powder from specialised centres, and traditional toners. The figure shows that 114 tonnes of toners were used in 2019 of which 60.7% were reconditioned.

Finally, with reference to eco-sustainable stationery, an awareness raising process was launched for all Group companies in the purchase of materials with low environmental impact: in 2019, approximately 41 tonnes of environmentally-friendly stationery products were purchased.

OTHER GREEN INITIATIVES

In line with the Rules on sustainability for the purchase of office machines, the Intesa Sanpaolo Group assesses the environmental impact connected with the purchase and responsible use of the following equipment: photocopiers, printers, desktop computers, monitors, notebooks and ATMs/MTAs. In the promotion of sustainability aspects due consideration is given both to legislation and relevant compliance requirements in force, as well as to specific environmental evaluation criteria.

Furthermore, Intesa Sanpaolo introduced the Internal Carbon Pricing as an additional element to support the purchase process of office machines, thanks to a tool that evaluates GHG emissions generated by energy consumption throughout the life cycle of the equipment.

An important initiative to reduce the environmental footprint was launched in 2019 by the Insurance Division: the Plastic-free project was implemented in the Milan, Turin and Rome offices, with the aim of reducing plastic consumption. Stainless steel bottles were distributed to all employees, to be used to refill from the new water dispensers installed and plastic bottles were eliminated, replacing them with glass bottles. In addition, a gradual replacement of plastic stationery with eco-sustainable materials was started.

WATER

The Intesa Sanpaolo Group's consumption of drinking water from aqueducts is predominantly related to sanitary purposes and, to a lesser extent, the generation of cold air for air conditioning.

In 2019, the Group's water consumption per person was around 17.9 cubic meters per staff member according to the analysis of the expenditure incurred.

The New Headquarters is an excellent example of efficient water management: also in 2019, drinking water consumption was again well below the Group average at around 6 cubic metres per staff member, partly due to the installation of low-consumption and timer taps, double-flush toilets, and the dual network for toilets using a rainwater collection system combined with (if necessary) groundwater. With a view to sustainable and efficient management of resources, the HVAC systems of the New Headquarters also use a heat exchange system with groundwater that is taken and put back into the aquifer without affecting the water quality.

ENVIRONMENTAL MONITORING AND HAZARDOUS WASTE MANAGEMENT

The Intesa Sanpaolo Group focuses particular attention on the monitoring and management of hazardous waste for the environment, including radon and asbestos.

Radon is a gas normally present in the subsoil which can however penetrate into closed environments due, for example to the presence of cracks or the permeability of the foundations of buildings; in such cases it can accumulate and reach concentrations that are damaging to health. In line with current legislation, which for underground work spaces sets action thresholds depending on the concentration level, the Safety and Protection Head Office Department carries out campaigns for the measurement of the average annual concentration in order to protect the health of employees. Should the warning threshold be exceeded, a notification concerning the matter is issued so employees and their representatives are properly informed about the issue in question. In addition, a Qualified Radiation Protection Expert is appointed, an external consultant who assesses employees' exposure to radon through the calculation of Effective Doses and the identification of any risk mitigation measures, mandatory in the event of the exceeding of the Effective Dose threshold of 3 mSv/year. No significant risk situations were highlighted in 2019. In Italy two regions set a lower concentration limit than the national average for non-residential buildings open to the public: Puglia and Campania. In the former, the monitoring of the sites started in previous years was concluded and specific interventions were prepared by a Qualified Radiation Protection Expert for the 10 sites where the regional limit was exceeded, while in the latter, an annual monitoring campaign was launched in 2019 at all operating sites

within the regional territory.

In the same way, although the activities carried out by Intesa Sanpaolo employees do not in any way expose employees to dust and materials containing asbestos, in 2019 the Safety and Protection Head Office Department once again carried out a specific risk assessment for all workspaces. The periodic checks according to the timeframes established by law, carried out by a Qualified Expert in the Management and Control of materials containing asbestos, confirmed that there is no contamination: all of the values measured are lower than the threshold established by the laws in force and similar to those present in the external environment.

WASTE MANAGEMENT

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

Similarly, in other countries, waste collection and management takes place in compliance with the reference national legislation.

In 2019, the special waste produced by the Group totalled 4,290 tonnes (45.1 kg per staff member), a slight increase compared with 2018. The increase is mainly attributable to the disposal of properties and consequently of IT equipment and archives outside Italy.

Only 6.8% of waste is disposed of in landfills, 0.5% is incinerated with energy recovery, and the remaining 92.7% is recycled or reused/recovered.