

Natural capital



This chapter includes all processes and environmental resources, both renewable and non-renewable, that enable the Bank to carry out its activities and that contributed, and still contribute, to its past, present and future success as a financial intermediary.

SHARED VALUE GENERATED BY INTESA SANPAOLO

- Combating climate change
- Reducing environmental costs
- Employment development in the green economy

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CLIMATE CHANGE

MANAGEMENT OF POTENTIAL ENVIRONMENTAL RISKS AND IMPACTS

Climate change poses direct and indirect risks to the Bank's business activities. In recent years we have witnessed extreme atmospheric events at global level that have had considerable impact on the Bank's structures and on the activities and daily lives of our corporate and retail customers. Knowing how to assess and manage these risks is therefore increasingly important.

One example is the Intesa Sanpaolo Group's commitment to the environmental emergencies that occurred in Italy during the year: from Veneto to Basilicata, Piedmont, Lombardy, Liguria, Tuscany, the Marche and Lazio, there were many episodes of rivers bursting, torrential rain, blizzards and floods right across the country. The Intesa Sanpaolo Group, through the Banks of the Banca dei Territori Division, reacted quickly to support the businesses and families affected by these exceptional events by granting numerous dedicated credit lines (for a total of 180 million euro) and subsidised loans, and suspending repayments on mortgages and loans. In addition, together with the Province of Treviso, Cassa di Risparmio del Veneto opened a solidarity current account, directly participating with its own contribution, to support the people of the Treviso area affected by the heavy rain that saw the Lierza torrent burst its banks.

Potential risks	Potential impacts	Actions
Introduction of new environmental regulations	<ul style="list-style-type: none"> procedural adjustment costs relating to certification processes in the event of changes to international standards and regulations possible fines in the event of non-compliance with new regulations 	<ul style="list-style-type: none"> constant and precautionary monitoring of possible changes to regulations; participation in training courses and specific workshops
Uncertainty surrounding environmental regulations	<ul style="list-style-type: none"> negative impact on the possibility of implementing new products and services 	<ul style="list-style-type: none"> active collaboration with policy makers to highlight the need for a stable and clear regulation and to be kept up-to-date on ongoing changes (page 122)
Obligation to report emissions	<ul style="list-style-type: none"> voluntary reporting is based on shared standards that may not, however, be considered by legal obligations reporting adjustment costs 	<ul style="list-style-type: none"> investment in the transparency and accuracy of data participation in GRI (Global Reporting Initiative) working groups to contribute to defining guidelines and Italian Banking Association working groups to define sector benchmarks
Management of extreme atmospheric events	<ul style="list-style-type: none"> damage to our infrastructure increase in costs related to the change of the average external temperature interruption of banking activities financial implications related to the default risk of businesses seriously damaged by extreme atmospheric events. 	<ul style="list-style-type: none"> adoption of a business continuity plan adoption of measures to prevent physical damage to our structures (page 66) insurance product range suspension of repayments of loans issued to damaged customers (page 121)
Reputational damage	<ul style="list-style-type: none"> reputational crisis generated by involvement with customers / projects perceived as negative for climate change by the public, the media, shareholders and other stakeholders reputational risk in the event the Bank's environmental performances stop showing a positive trend 	<ul style="list-style-type: none"> monitoring of reputational risks through the management tools for the application of the Code of Ethics and the Sustainability Report process (p. 60) listening to NGOs with particular focus on climate change issues (p. 83) participation in working groups and initiatives related to the climate (UNEP FI, Italian Ministry of Environment etc.)
Instability of socio-economic conditions	<ul style="list-style-type: none"> greater investment due to the new European regulation that requires States and their citizens to pay more attention to the environment reduced financial resources of citizens due to the damage caused by environmental disasters 	<ul style="list-style-type: none"> Intesa Sanpaolo supports families and economic operators in the event of climatic emergencies through specific loans and the suspension of repayments on existing loans (p. 121)

Summary table of Group environmental data

	Unit of measurement	2014	2013	2012
Environmental loans	M€	643	1,165	3,037
Electricity	MWh	469,131	506,459	549,676
Heat energy	MWh	229,731	267,894	250,167
Paper	tonnes	8,093	8,485	8,957
Waste	tonnes	3,245	3,045	2,700
Water	m ³	2,140,026	2,480,507	2,419,472

LOANS AND SERVICES FOR THE GREEN ECONOMY

Pursuing sustainable choices in the environmental sphere is an increasingly pressing issue for those companies that are aware of the impact directly or indirectly generated by their business activities. Intesa Sanpaolo considers environmental protection as an integral part of its business strategy and for years it has been committed to promoting responsible resource management in order to reduce its carbon footprint and evaluate – with the utmost care - the consequences of its economic activities on the environment. The responsibility towards the territory and the community implies an integrated approach encompassing all areas of the bank's operations and proves to be all the more significant in consideration of the very role played by the bank as financial intermediary.

In order to boost and support the green economy, over the years Intesa Sanpaolo has developed a wide and diversified range of financing and advisory products dedicated to all types of customers, whether in Italy or abroad.

According to the most recent ABI Report on Banks and the Green Economy, from 2007 to 2013 the banking system financed around 27 billion euro worth of projects related to the production of renewable energy and geared to energy efficiency, to which the Intesa Sanpaolo Group contributed approximately 11 billion euro.

Despite the reduction in incentives, the offer of loans targeting the corporate, small business and retail customer segments wishing to invest in energy savings and renewable sources continued in 2014.

In terms of personal loans to retail customers, in 2014 almost 500 "Prestito Multiplo esigenze ecologiche" loans were disbursed for a total of over 12 million euro. As regards professionals and businesses, the short- and medium/long-term loans continued in support of projects associated with the use of photovoltaic panels, biomass plants, hydroelectric plants and energy efficiency works. In May, measures were taken to simplify and streamline the range of environmental loans for small business customers. In fact, due to the end of the incentives scheme and of the operating method based

on the assignment of credit to the GSE¹, the Energia Business loan was eliminated with the management of photovoltaic business transferred to the existing product in the catalogue, Sostenibilità Business, which also includes the loans that benefit from the incentives through the Conto Termico scheme.

In general, loans for renewable energies are showing a downward trend as a result of both the difficult economic period and the dramatic reduction in state incentives.

In addition, the Energy Desk of Mediocredito Italiano, the Intesa Sanpaolo Group bank that brings together medium/long-term loans, lease, factoring and agribusiness and food management in a single business, continues to focus its attention on energy efficiency, also participating in work groups to discuss the issue with the competent institutional authorities and structuring partnerships on dedicated financial proposals with leading Italian operators. The Mediocredito medium/long-term loans for renewable energies are always preceded by an examination of the project which constitutes consultancy for the customer and support for the bank's credit assessment at the same time. Among other things, this examination forecasts the environmental impact in terms of CO₂ emissions avoided thanks to the project. In the lease area the Leasenergy product has diminished significantly in importance due to the regulatory uncertainty surrounding the photovoltaic sector and in line with the energy sector in Italy, where a clear fall in new contracts has been recorded. There are a total of around 1,700 existing lease contracts, which contribute to the construction of plants for the production of over 2.2 Gigawatts of energy from renewable sources.

As part of the Sustainable Energy and Leasenergy programme, Mediocredito Italiano 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. Since the end of 2012 an operating lease product for financial reasons to support investments in public and private lighting has also been available.

¹ GSE is the parent company of "Acquirente Unico" (AU), "Gestore dei Mercati Energetici" (GME) and "Ricerca sul Sistema Energetico" (RSE) - public-interest companies operating in the energy sector.

The development of products related to the current partnerships with the Regional Financial Corporations Finpiemonte, Finlombarda and Veneto Sviluppo, as part of investment programmes developed by SMEs in the Industrial, Energy and Innovation/Environment sectors, has continued. During the year around 40 million euro was granted. The Intesa Sanpaolo Group and Lombardy Energy Cluster, the association that represents a network of over 90 Lombard businesses dedicated to the generation, transmission and distribution of energy, signed an agreement in May 2014 to share technology expertise, scientific skills, specialist consultancy services and financial resources with the aim of fostering the creation of research, innovation and internationalisation projects in the energy sector.

In the area of non-profit organisations, Banca Prossima provides credit support for energy efficiency projects with solutions that help customers optimise the financial flows generated by the investment and thus reduce financing costs. The financial solutions proposed by Banca Prossima offer customers a wide range of customisation options: organisations can choose a loan in which the repayment instalment equals the cost savings obtained thanks to their specific energy investment plan, meaning that that net cash flow for the customer is equal to zero. The loans have a maximum duration of 10 years and enable the customer to obtain up to 80% of the cost of the project to cover fixed investments but also intangible investments. The interest rate immediately reflects the benefits of the improved efficiency levels: indeed, the investment makes the non-profit organisation more sustainable and thus reduces its risk level and credit access cost. In 2014, Intesa Sanpaolo Start Up Initiative also proposed initiatives dedicated to the Cleantech, transport and construction sectors, with specific focus on technologies dedicated to environmental sustainability.

Intesa Sanpaolo renewed its membership of the Desertec Industrial Initiative association, which this year carried out a number of international-scale studies (Desert power: getting started) on development potential in the sector and on measures to be taken to make use of the potential of desert areas, as indicated in the Desertec project vision.

In an especially difficult economic context that is increasingly depleting the resources available to individual States for infrastructure and social measures, the availability of Structural Funds has acquired increasingly strategic importance and their timely and efficient use has become more and more challenging. EQUITER is among the Group companies that have been taking on this challenge for some years now: apart from committing its own venture capital in the environment, infrastructure and utilities sectors, it also manages three closed-end funds, established with a capital base of approximately 190 million euro from the European Regional Development Fund, dedicated to financing urban development and energy retrofit projects. As part

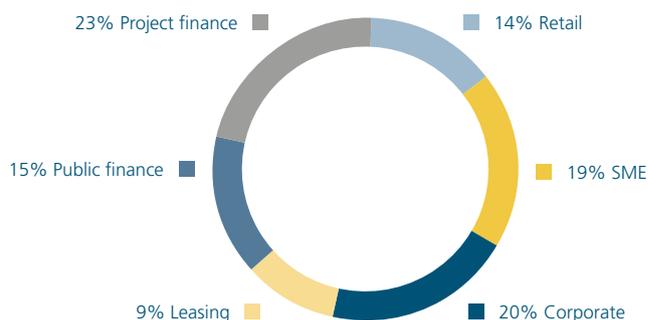
of the Jessica initiative, set up with support from the European Investment Bank and the regional authorities of Sicily, Sardinia and Campania, EQUITER selects projects capable of repaying the capital financed by helping to overcome market inefficiencies and failures that inhibit access to sufficient funding. The projects can include a wide array of measures: urban redevelopment, the revitalisation of disused or deteriorated areas, the upgrade of mobility systems, the creation of urban parks and social gathering centres, or the improvement of energy efficiency. However, it is important that these are implemented in strict compliance with the values that characterise EU measures: social inclusion, sustainable growth, environmental protection, and the dissemination of legal, safety-conscious actions.

All the company departments involved in environmental issues meet regularly at the "Green Table", an interdepartmental work group coordinated by the CSR Unit which discusses current topics and offers the opportunity to share new regulatory measures and internal best practices. The 2014 meetings focused on the Expo and environmental sustainability, with the participation of the Expo Sustainability Manager, on the sustainable bonds market, on energy efficiency measures at public authority level, and on the new energy efficiency legislation, including the obligations deriving from Law Decree 102/2014 and the 2014 national energy efficiency plan.

The Group's International Subsidiary Banks also provide a wide range of products and services in support of the green economy. In 2014, Privredna Banka Zagreb disbursed 28.8 million euro for the purchase or construction of properties with energy class above B and for the improvement of the energy efficiency of existing properties through the insulation of building enclosures and re-roofing, as well as for the installation of solar panels or geothermal plants. Slovak bank VÚB also financed SME energy efficiency measures of a total value of over 7.7 million euro. Several banks entered into agreements with public and private funds specialised in energy efficiency promotion. For example, Banka Koper, always actively engaged in the area of green products, disbursed over 9 million euro to its retail customers in 2014 as part of an agreement with the Slovenian public environmental fund. Banca Intesa Beograd works with KfW Bank, a German development bank, to finance energy efficiency initiatives and in 2014 granted almost 2 million euro to SMEs and over 1.1 million euro to the public sector. Considering that some economies are less focused on the industrial sector, the international subsidiaries are also very active as regards loans to the agricultural sector. Approximately 70 million euro was disbursed in 2014, over 57 million of which by Banca Intesa Beograd.

In 2014, over 2.3% of all Intesa Sanpaolo loans regarded the renewable energy sector, agriculture and environmental protection, for a total of around 643 million euro.

Loans for energy efficiency and renewable energy



ENVIRONMENTAL CULTURE

Raising awareness both inside and outside of the Bank as to the importance of protecting the environment and promoting good practices is one of the primary objectives of Intesa Sanpaolo's Environmental and Energy Policy.

The employee training and awareness-raising actions involved the continued dissemination of the "Ambientiamo" platform, which promotes good practices to be implemented both at home and in the office through educational games, videos, quizzes and multimedia insights into specific topics. In 2014 the platform underwent a complete review and content updating procedure which will result (in 2015) in a new platform and new training modules specifically dedicated to the issue of Climate Change.

An e-learning course is available to employees working in the Head Office Departments and in the operating units involved in the application of the Environmental and Energy Management System. The course provides an insight into the objectives of the System, the requirements of the international reference standards and their application within Intesa Sanpaolo. Almost 1,200 employees were enabled to follow the online course between 2011 and 2014.

Entities operating outside of the Bank who are interested in the application of the System are also made aware of this issue: maintenance and cleaning companies, contractors of works for the outfitting or renovation of operating units, providers of goods and services operating on the Bank's premises. In the 2012-2014 period, meetings were held with the managers of 33 service companies, during which the good practices implemented on the Bank's premises and the regulatory requirements – with which suppliers are not always familiar – were highlighted.

Other awareness-raising actions, targeted at a wider audience, are conducted through the participation in initiatives promoted by entities or organisations both in Italy and abroad. Intesa Sanpaolo takes part each year in "M'illumino di meno", "World Environment Day", and "European Week for Waste Reduction" with customer communication campaigns carried out through ATMs, the website and at the Branches.

The banks belonging to the international network also promoted training and communication initiatives and projects on environmental matters. They all adhered to the "World Environment Day" with original initiatives aimed at raising awareness among customers as well as among employees and their families. To mark the occasion Alexbank promoted a training session with around 70 children of employees, Banca Intesa Russia focused its customers' attention on rising sea levels, while Banka Koper invited its customers to use digital signatures, donating 0.10 euros for every electronic transaction carried out to the "Eco school" project. The Earth Hour campaign promoted by the WWF was also highly popular in terms of participation: one example was the switching off of office lights at CIB Bank, Banca Intesa Beograd and Intesa Sanpaolo Bank Romania. Finally, at local level, Intesa Sanpaolo Bank Albania took part in the "Let's clean the coastline in 1 day" initiatives, which involved some employees on a voluntary basis.

SUSTAINABLE EVENTS

The Rules governing sustainability for the organisation of Group's events envisage the use of invitations and documentation in electronic format, the choice of facilities with high energy efficiency, fit-outs that are reusable or created with recycled or recyclable raw materials, and catering that uses washable tableware and glasses. The 2014 reports submitted by the International Subsidiary Banks and Group departments involved demonstrate a strong commitment to pursuing the requested criteria and improving the results obtained: more specifically, the Group's International Subsidiary Banks stood out for their constant commitment to improving, also a sign of their greater awareness of the issue and constant development of green solutions in the organisation of events.

REDUCTION OF ATMOSPHERIC EMISSIONS

A notable reduction in CO₂ equivalent emissions deriving from electricity and heat consumption was recorded in 2014 as well. This reduction - of around 16.8% - was largely due to management saving and plant efficiency actions carried out during the year, and the favourable climate trend, with milder temperatures at the end of the year, for heat consumption. Part of the reduction in CO₂ equivalent emissions - around 1.2% - can be traced back to the update of processing factors following the evolution of energy production systems which, in addition to greenhouse gases directly traced in CO₂ equivalent (GWP), also take into account the most significant gases involved in an indirect manner: sulphur dioxide (SO₂) and nitrogen oxides (NO_x). The overall net reduction in CO₂ equivalent emissions for electricity and heat consumption is equal to approximately 15.6%.

In 2014 the CO₂ equivalent emissions directly generated by the company (Scope 1: gas and diesel oil for the independent heating system and petrol and diesel oil for the company fleet) fell significantly, by around 23.3%, due to the particularly favourable climate for heat consumption and, above all, the reduction in the use of the company fleet, with the consequent streamlining of the number of vehicles in favour of more sustainable means of transport and communication in terms of emissions.

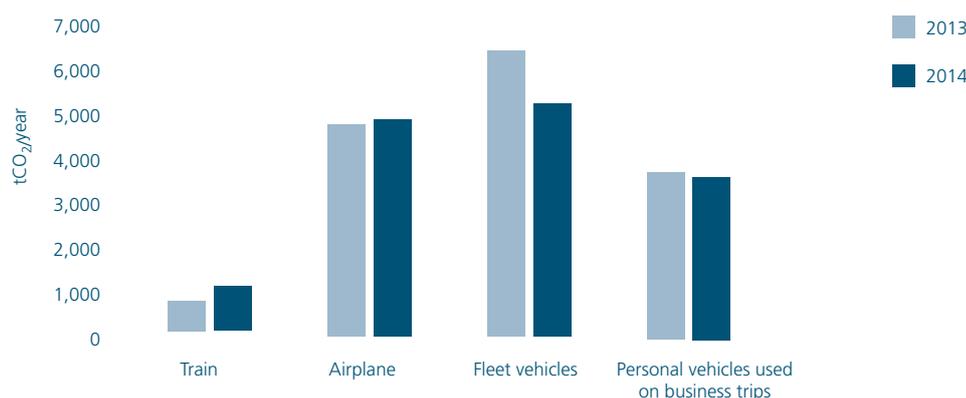
Indirect emissions (SCOPE 2: natural gas and diesel oil for building heating and electricity from renewable and traditional sources) fell by 12.3%, corresponding to approximately 6,500 tons of CO₂ equivalent emissions. Considering only the use of electricity from traditional sources, and therefore without the contribution of Garanzia d'Origine (Guarantee of Origin) renewable energy certificates as stipulated contractually, the emissions attributable to the Intesa Sanpaolo Group would register a potential reduction of over 17,000 tons of CO₂ equivalent.

For other indirect emissions (Scope 3: other indirect emissions and mobility, excluding the corporate fleet already reported under Scope 1), the scope of reported activities was expanded in 2014 to include indirect emissions stemming from the purchase of office machines and the production of waste, as well as indirect emissions from paper purchased, already included in 2013; as such, the 2013 and 2014 figures are not directly comparable. An analysis of Scope 3 compared with the same scope in 2013 shows a sharp reduction of approximately 32.4%, mainly due to the updating of the calculation method for CO₂ equivalent emissions for the purchase of paper, in order to avoid duplicate counts, on the basis of the insertion of the same report on the production of waste, as well as better management of corporate mobility and the steady increase in the use of videoconference and personal video communication technologies.

Summary table of environmental emissions verified by a third party

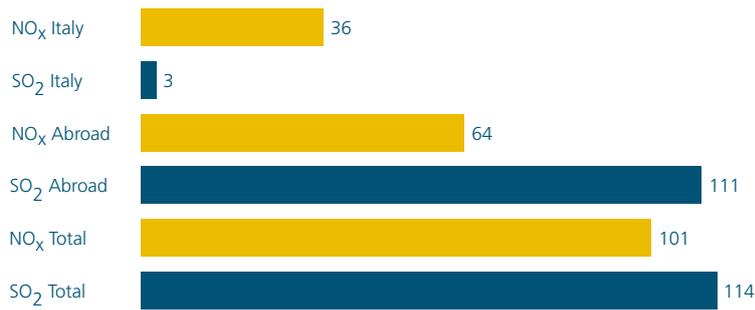
	2014	2013	2012
Scope 1	45,277	59,041	58,994
Scope 2	46,207	52,696	54,539
Scope 3	25,365	26,639	31,497
CO ₂ performance indicators (Scope 1 e 2)	2014	2013	2012
tCO ₂ per million euro of net operating income	5.414	6.877	6.349
tCO ₂ per m ²	0.025	0.029	0.031
tCO ₂ per full time employee	0.997	1.169	1.164

CO₂ emissions from company mobility in Italy 2014/2013 [tCO₂/year]*



* Data only refer to Italy

NO_x SO₂ emissions [t/year] 2014



PROTECTING BIODIVERSITY

In defence of biodiversity, the agreement signed in 2010 by Intesa Sanpaolo and the Municipality of Piosasco, in Piedmont, in support of the activities carried out in the Parco di Monte S. Giorgio (approx. 400 hectares at an altitude of between 300 and 837 metres), was renewed for a further three years in 2014. The park includes a nursery garden that hosts local plants for both forest and non-forest use, destined for wooded areas and gardens. The project has two goals: the reforestation of the land in areas without vegetation and the promotion of the environmental culture through cultural, educational and scientific activities.

ENERGY CONSUMPTION AND EFFICIENCY

USE OF RENEWABLE SOURCES

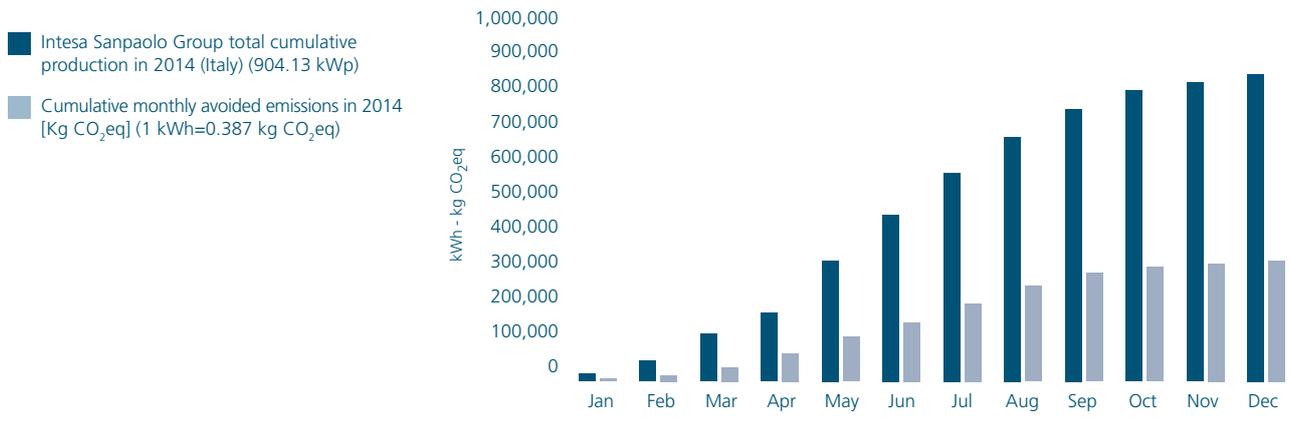
Committed to gradually reducing its dependence on fossil sources, the Intesa Sanpaolo Group has consolidated its purchase of electricity in Italy from sources certified as renewable (Guarantee of Origin) at all sites where this is possible. Moreover, although with limits due to architectural barriers and the limited availability of appropriate buildings, expansion of the photovoltaic facilities for the self-generation of electricity continued in 2014, with the construction of two photovoltaic plants for a total peak power of approximately 38 kWp. Three large plants are therefore currently operational (>100 kWp), along with six small ones (≤20 kW) and two small, innovative photovoltaic plants in Turin and Venezia Marghera. In 2014, the installed plants generated a total of around 885 MWh of electricity. These facilities, along with the purchase of electricity from renewable sources, with coverage exceeding 95% of electricity consumption, are estimated to have avoided over 140,000 tons of CO₂ emissions in 2014.

Thanks to the state incentive provided through the "conto energia", since 2012 we have had an economic return of around 750,000 euro from our three biggest photovoltaic plants.

With regard to the self-generation of electricity, there is also a small cogeneration plant at the accounting centre in Parma (which covers approximately 41% of the electricity needs of the Parma complex and 3% of the overall needs of Intesa Sanpaolo Group), in addition to the self-generation of energy from renewable sources through heat pumps used for heating which, in line with Legislative Decree 28/11 implementing Directive 2009/28/EC, corresponds to an additional 1,800 tons of CO₂ emissions avoided per year. In fact, based on the aforementioned regulations, the heat (thermal energy) produced by a heat pump that exceeds the quantity of energy required for its operation is considered to be a renewable source.

The commitment to renewable energy continues in the International Subsidiary Banks as well, despite the limitations imposed by national legislation in a number of countries: since 2014 Banka Koper has purchased all of its energy from renewable sources, which join the two photovoltaic plants in Slovenia that generated around 45.8 MWh.

Intesa Sanpaolo Group photovoltaic plants - Production (kWh) and Avoided Emissions (kg CO₂eq)



CONTAINMENT OF ENERGY CONSUMPTION

The Intesa Sanpaolo Group continued to limit its energy consumption in 2014 through management optimisation actions and energy efficiency measures. The results confirm the important consumption reduction trend achieved in these years: due to the high level of automation and widespread use of heat pumps, the consumption of electricity, the energy most widely used by the Group in Italy, fell by a further 6.8% compared with the previous year, potentially corresponding to around 10,000 tons of CO₂ emissions avoided. In the 2012-2014 period, electricity consumption in Italy fell by around 15%: a very important achievement that puts the Intesa Sanpaolo Group among the leading companies in Italy to have launched energy efficiency activities, and a milestone which is often now used as a sector benchmark.

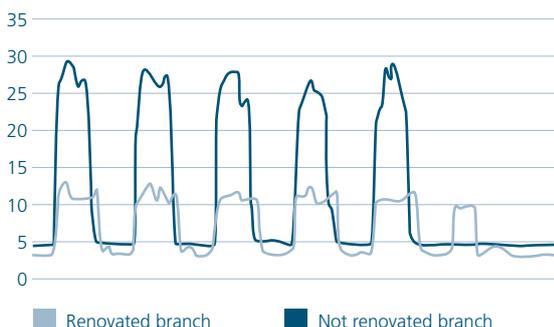
These savings were also possible thanks to the drafting of a Sustainable Energy Action Plan (SEAP) which started in 2012 and is structured into various actions with objectives to be met by 31/12/2016. In line with the Environmental and Energy Policy, the SEAP involves actions relating to the following company areas: Environmental and Energy Management System, energy

optimisation and efficiency, monitoring of consumption and policies, innovation, green procurement, employees and International Subsidiary Banks. In turn, each action involves, where applicable: economic investment (extra budget), energy savings, cost savings and CO₂ avoided.

Below are some of the initiatives, included in the SEAP, launched to improve overall energy efficiency:

- greater use of energy consumption dataloggers managed via the web, which allow the activation of programmes for switching lighting and air conditioning systems on and off;
- replacement of traditional boilers with condensation boilers, heat pumps and high-yield cooling systems, and modernisation of electrical systems;
- replacement of floor lamps, spotlights and lights in the various rooms with new LED floor and wall lamps;
- remote switching-off of PCs and the gradual replacement of office equipment with more energy-efficient models.

Average weekly consumption [kW]



The chart shows how an energy efficiency measure introduced in a branch of around 1,000 m² had a major impact on average weekly consumption. In this case, the cooling systems and the cooling tower were replaced, together with the switchboards and the electrical cables, and the lighting system was completely replaced with LED lamps.

A major contribution to reducing electricity consumption in 2014 also came from the “BYOD (Bring your own device)” project. First launched in 2013, by modifying the workstation facilities that the Intesa Sanpaolo Group makes available to the consultants that operate at its sites, in the last two years it has made it possible to attain energy savings of around 340 MWh, corresponding to over 130 tons of CO₂ equivalent not emitted into the atmosphere, and a cost savings of around 74,000 euro. Application of the Building Heat Check-up (CTE) procedure in buildings and branches covered by the SGAE system allowed significant savings to be achieved: in the last three winter seasons the sites at which it was applied achieved an overall heat energy saving of approximately 20%, corresponding to around 840,000 euro.

In addition, in line with the contents of the internal policy on sustainable branches, renovated or newly built sites were fitted out in accordance with criteria for improving energy efficiency and management. As a result of measures taken in recent years, mainly associated with the replacement of traditional boilers with condensation boilers, heat pumps and high-yield cooling units, and the replacement of windows with low-E glass, the Group has been able to claim tax deductions, securing an economic return of around 20 million euro between 2009 and 2014.

It is also important to remember that Intesa Sanpaolo has an Environmental and Energy Management System which, at the end of 2014, counted approximately 220 operating units in Piedmont, Lombardy, Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Emilia Romagna, Puglia and Sardinia, and which oversees the environmental aspects and energy uses that have or may have an effect on the surrounding environment. This system undergoes constant monitoring and periodic checks to guarantee the continuous improvement of environmental and energy performances, and is certified by an external body pursuant to the UNI EN ISO 14001:2004, UNI CEI EN ISO 50001:2011 and UNI EN ISO 14064:2012 standards. For the same area, greenhouse gas (GHG) emissions are also certified according to the UNI EN ISO 14064:2012 standard; to this end, no emissions of ozone depleting substances (ODS) were recorded in 2014.

The Group’s International Subsidiary Banks have also launched major energy efficiency measures in the various branches and main offices, and some have adhered to the SEAP, setting themselves important goals. In general, the measures launched have regarded the replacement of cooling systems, the introduction of LED or high-efficiency lights in the branches and signage, the introduction of the automatic night time switch-off of computers, the introduction of automatic light adjustment and on/off light switching systems, new printing methods with a reduction in the use of electricity, the installation of thermostatic valves, and initiatives to reduce the temperature where it is too high. The specific initiatives of Bank of Alexandria and VÚB Banka are noteworthy. In Egypt, thanks to an agreement with the Egyptian Ministry of the Environment and UNEP, our bank launched a process to replace all lamps with LEDs, with forecast savings of around 65% in the energy used for lighting. In Slovakia, on the other hand, a simple 1 degree centigrade variation in the internal temperature (around 23° in the winter and 25-28° in the summer) led to a 6% saving in the cost of thermal energy and a saving of around 10% in the cost of air conditioning in the summer.



Main energy efficiency projects in Italy

Project	Description	Forecast annual savings
Measurement of electricity consumption	In 2014 around 500 dataloggers ¹ were installed. Managed via the web, they allow the activation of programmes for switching lighting and air conditioning systems on and off.	Energy Saving: 890,000 kWh Cost Saving: € 178,000 CO ₂ Reduction: 345 t Investment: € 1,350,000
Installation of photovoltaic plants	In 2014 two new photovoltaic plants were installed in Civitavecchia and Oristano, the data relating to which is reported alongside.	Energy Saving: 51,400 kWh Cost Saving: € 11,000 CO ₂ Reduction: 20 t Investment: € 152,000
Replacement of air conditioning and heating systems	Replacement of traditional boilers or air conditioning systems with condensation boilers, heat pumps and high-yield cooling systems. Replacement of plants containing R22 gas too.	Energy Saving: 4,860,000 kWh Cost Saving: € 980,000 CO ₂ Reduction: 1,880 t Investment: € 13,850,000
Modernisation of electrical systems	Upgrading of electrical systems, also with installation of LED lamps.	Energy Saving: 39,000 kWh Cost Saving: € 7,900 CO ₂ Reduction: 15 t Investment: € 115,000
Office equipment actions	Rationalisation of PCs distributed and replacement of office equipment with more energy-efficient models	Energy Saving: 1,600,000 kWh Cost Saving: € 350,000 CO ₂ Reduction: 620 t Investment: € 4,000,000
Remote switching-off of PCs	Extension in 2014 of the remote switching-off of branch PCs on Saturdays and the remote switching-off of PCs at the head office.	Energy Saving: 1,750,000 kWh Cost Saving: € 385,000 CO ₂ Reduction: 680 t Investment: € 0

1. System for the collection of data regarding energy consumption.

ENVIRONMENTAL RENOVATION OF A MAJOR BUILDING

Environmental responsibility, efficiency, sustainability, recognisability: these are the guidelines that characterised the measures carried out at the Intesa Sanpaolo Vita head office in viale Stelvio in Milan in 2014. The building now has efficient and high-performance air conditioning systems, a building enclosure thermal insulation system developed through the application of a heat-reflecting film to the external surface of windows and fixtures, a LED lighting system, and automatic devices for monitoring overall energy consumption. In addition, there is also a roof garden, a library and an extensive internal communications network.

PRESENCE OF THE INTESA SANPAOLO GROUP AT THE EXPO

The Bank's commitment has taken tangible form at the Expo with a multifunctional exhibition space, The Waterstone. Two overlapping walls protect the building enclosure: the internal wooden wall protects against water and the wind, and the external wall provides shade and gives form to the building. The pavilion is inspired by the issue of sustainable and responsible development: in fact, the space between the two walls channels the air and directs it upwards by natural induction preventing the heat from penetrating, with considerable energy savings. In addition, the entire Branch, equipped with an automatic light regulating system, is lit exclusively using LED technology.

MOBILITY

Intesa Sanpaolo confirmed its commitment to the issue of sustainable mobility in 2014 as well, seeking and proposing solutions for people's mobility needs. Commitment continued with regard to implementation of the Home-Work Commuting Plans, which, apart from the regulatory requirements, represent a significant opportunity for organisational improvement and management of personnel mobility.

The most significant actions carried out in 2014 regarded the following:

- the introduction of the possibility of purchasing annual public transport season tickets by instalments, in participating cities;
- the increase in the number of partnerships with local public transport companies, also extended to Venice/Padua and Naples;
- the monitoring of the use of shuttles, a fundamental tool for collecting data on their actual use and consequently evaluating initiatives to promote their use or, alternatively, modify routes and times;
- the launch, thanks to the collaboration with the Intesa Sanpaolo Employees' Association (ALI), of a partnership with the car sharing service car2go to facilitate public mobility in the cities in which the service operates;
- the further analysis of the results of the online questionnaire on home-work commuting habits carried out last year;
- the continuation of the new Business Travel project, created in order to implement an integrated corporate mobility system that promotes responsible conduct with a view to reducing economic and environmental impacts;
- the constant monitoring of the data relative to the model used to report the Corporate Mobility environmental sustainability indicators for Italy and abroad.

With regard to the mobility measures launched by the international subsidiaries, corporate bike sharing is active in four banks (Intesa Sanpaolo Bank Romania, CIB Bank, Banka Koper and Intesa Sanpaolo Bank Albania) and in seven cities - Arad, Bucharest, Budapest, Koper, Isola, Ljubljana and Tirana. In addition, in Hungary special dressing rooms have been set up where employees arriving by bicycle can change and shower. In Slovakia and Russia, meanwhile, specific areas have been reserved for parking bicycles. The gradual replacement of corporate fleet vehicles with more environmentally-friendly cars continued: Banca Koper purchased a hybrid car, and Banca Intesa Beograd and Intesa Sanpaolo Bank Albania bought new Euro 5 cars. Also worthy of note is PBZ's use of "Eco-taxis".

PAPER, WASTE AND WATER

PAPER

Environmentally-friendly paper now accounts for the majority (around 93%) of all paper purchased, as also required by the sustainability policy for the purchase and use of paper, with preference given to post-consumption recycled, high-fibre content products, followed by a great amount of certified paper (FSC and/or ECF/TCF).

The commitment made by Intesa Sanpaolo some time ago to encouraging the replacement of paper communications with electronic reporting has made it possible to further consolidate the results it has achieved in the last few years, containing the use of paper and limiting its waste wherever possible, with a consequent reduction in related CO₂ emissions.

In 2014, the dematerialisation of various printing stages (direct debits, credit transfer statements, receipts for loan payments by standing order and data sheets for branches and offices) continued and led to savings of 700 tons of paper, corresponding to more than 1,400 tons of CO₂ emissions avoided. At the same time, the subscription of the Bank's customers to the Online Reporting service contributed to consolidating the results achieved in recent years: thanks to this initiative, paper consumption fell by over 500 tons, the equivalent of over 1,100 tons of CO₂ emissions avoided.

The use of digital signatures for the main operations that can be carried out at the branches has now become customary and is very popular with the Bank's customers. In 2014 the possibility of signing forms in this way was further expanded to include: deposits, withdrawals, the purchase of foreign currency, the cashing of cheques, individual bank transfer orders, giros, purchases of tickets/season passes to events, and the payment and scheduling of MAV, RAV, RiBa and Freccia bills. The print-outs avoided led to savings of 300 tons of paper (corresponding to around 600 tons of CO₂ not emitted into the atmosphere). Further optimisations were carried out thanks to the introduction - in all Group branches - of an Internet point where customers can consult the information sheets on Banking Transparency, meaning that they do not need to be produced in paper form. Over 176 tons of paper was saved in this way in 2014 according to estimates, the equivalent of around 334 tons of CO₂ emissions avoided. Finally, there was also the consolidation of the "Zerocarta" initiative, which consists of avoiding providing employees that participate in training courses with paper notes: the volume of paper not used in 2014 came to 5.3 million sheets of notes and 100,000 sheets for the satisfaction questionnaires. All in all, paper consumption was reduced by an additional 27 tonnes, corresponding to 51 tons of CO₂ emissions avoided.

The above results were obtained taking into account the entire paper life cycle; the model developed in 2008 has been modified several times over the years on the basis of reporting requirements (life cycle phases) and the initiatives monitored. The life cycle comprises 6

different phases: paper production (recycled and not), transportation from the paper mill to users, printing, the delivery of documents to recipients, final disposal and transportation to recycling centres, landfill or incineration. In 2014 the study was reviewed taking into consideration the updated greenhouse gas emission factors (GWP100) and implemented, in accordance with the new G4 version of the GRI indicators, with the calculation of associated primary energy consumption.

As for the International Subsidiary Banks, performances relating to the use of environmentally-friendly paper have improved. More specifically, Banka Koper, Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Banka Bosnia i Hercegovina, VÚB Banka, Banca Intesa Russia and Intesa Sanpaolo Private Bank (Suisse) achieved percentages of over 90% in terms of all paper purchased. Meanwhile, Intesa Sanpaolo Bank Albania, Privredna Banka Zagreb and CIB Bank prioritised the purchase of recycled paper, which now accounts for 98% of the paper used at CIB Bank. In terms of the use of recycled paper, in general there has been a major increase in the purchase of this material: between 2012 and 2014 the amount of recycled paper purchased by the International Subsidiary Banks rose from 7% to over 26%.

There are also many initiatives aimed at reducing the use of paper such as, for example, the gradual adoption of front and back printouts. The initiatives launched in 2014 include the Banca Intesa Russia project that led to a reduction in the use of paper materials during training courses by using remote training, the Banca Intesa Beograd project that led to the digital signing of all documents adopted by the Executive Committee and Board of Directors, and the Intesa Sanpaolo Bank Albania "New Core Banking System - Flexcube Upgrad", which involves the use of tablets for signing forms in the branches for withdrawals and deposits. Among the initiatives to promote paperless branches, the Danube Project, currently active at Privredna Banka Zagreb, involves the use of biometric signatures with the elimination of paper media. At the end of 2014 around 1,100 devices had been installed and 64% of the PBZ Group's customers had signed up for the service.

With regard to other green procurement, also worthy of note was the procurement of environmentally-friendly office materials, and in particular: 92% recycled pens, 57% recycled pencils featuring NF environment certificates, 100% recycled PVC coin holders and three-stud folders in 100% recycled cardboard.

WASTE

In 2014 the amount of waste produced in Italy rose by 8% compared with 2013; this increase is associated on the one hand with the streamlining of the network of bank branches and, on the other, with the centralisation of Head Office activities at some Milan and Turin sites, with the consequent abandonment of the original properties. The disposal of office equipment that began in 2013, for which a special preservation order had been in place whilst investigations were completed by the US Government, also continued. Under the same conditions, the quantity of waste disposed would have been essentially stable.

In 2014 the amount of used toner and ink ribbons collected at Intesa Sanpaolo Group sites came to around 136 tons, of which around 98% was collected by an external company before being sent for regeneration. The remaining 2% was disposed of using the waste form by a number of smaller Group companies.

Outside of Italy, the amount of used toner and ink ribbons fell by over 40% because of a number of dematerialisation initiatives (the use of tablets in branches) and the outsourcing of the printing service by some Group banks.

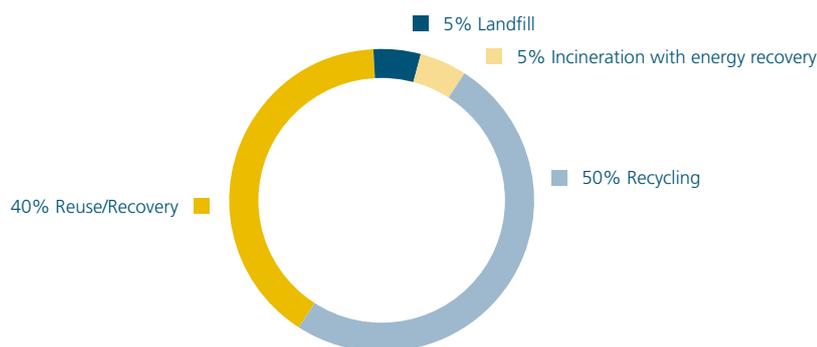
As for the International Subsidiary Banks, the amount of waste produced was largely stable compared with 2013. However, a more in-depth analysis shows that there was a clear reduction in non-hazardous waste, such as office equipment and used toner/ribbons, and a significant increase in hazardous waste, concentrated in particular in a number of Group banks affected by the IT equipment roll-out process (e.g. old cathode tube monitors) following the centralisation of the IT equipment procurement service.

It is important to note that many International Subsidiary Banks, even if not obliged by law, have introduced a separated waste collection system for paper, plastic and glass. Banca Intesa Russia has also installed boxes for the collection of used batteries, while in Albania bottle tops are being collected for the purchase of pushchairs to donate to organisations.

In 2014 the study related to the calculation of the Carbon Footprint of the waste produced by the Intesa Sanpaolo sites in Italy was updated. The calculation, expressed in kg CO₂ equivalent, takes into consideration the transport of waste from the place of production to the recipient and the end of the life cycle (recovery, disposal in landfill, energy creation etc.). The study was further fine-tuned also by introducing, in accordance with the new G4 version of the GRI indicators, the calculation of associated primary energy consumption. The model was also extended to the waste produced at the Group's International Subsidiary Banks.

These emissions are classified as Scope 3 in accordance with the GHG Protocol "Corporate Value Chain" (Scope 3) Accounting and Reporting Standard (WBCSD - WRI 2011).

Total impact of waste by disposal method [%]



WATER

In the Intesa Sanpaolo Group water is predominantly used for hygiene purposes although, in limited cases, it is also used for “technological purposes”, i.e. the generation of cold air for air-conditioning.

In 2014 the amount of water consumed by the Group fell by an average of 13.7% compared with 2013. The consumption rate per employee is around 23 m³.

In 2012 a project was launched to monitor water consumption at a sample of branches covered by the SGAE system with independent supplies; only consumption for sanitary and hygiene purposes was monitored, and the results showed a great deal of

variability in consumption patterns in accordance with the different types, organisational models and locations of the branches.

The most recent results of the project made it possible to establish that the part of consumption associated with sanitary and hygiene purposes accounts for around 50% of the consumption of every employee. Testing on the potable water distributors connected to the municipal water supply continued at the Turin Lingotto Building. Over 10,900 litres of water was consumed in 2014, leading to a reduction of almost 22,000 small bottles (equal to 436 kg of plastic and approximately 1,300 kg of CO₂ emissions avoided).

Environmental management expenditure [thousand euro]

	2014		2013		2012	
	Italy	Abroad	Italy	Abroad	Italy	Abroad
Management of Special Waste	1,545	410	1,585	314	1,639	492
Training	53	78	17	66	146	100
Maintenance, SGAE and Certification	50,407	19,970	30,755	23,886	28,946	23,984