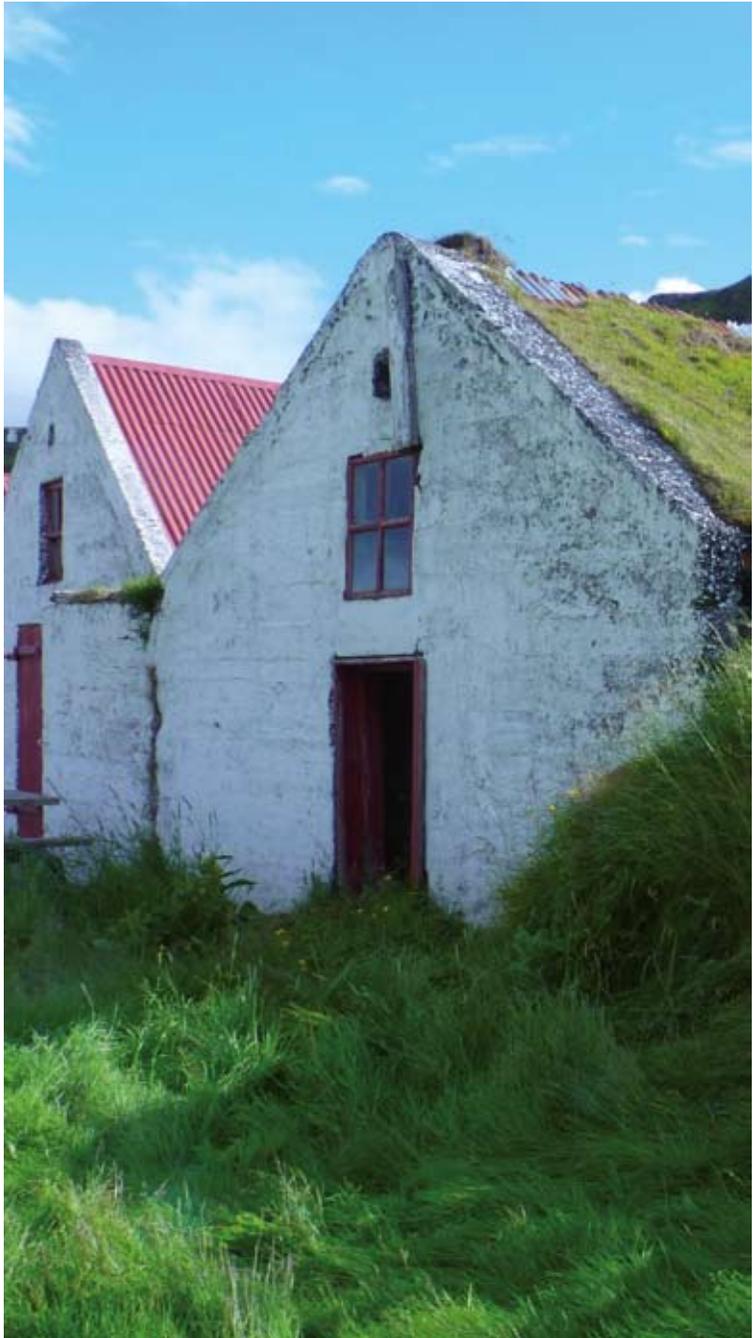




SEPTEMBER 2011 EDITION

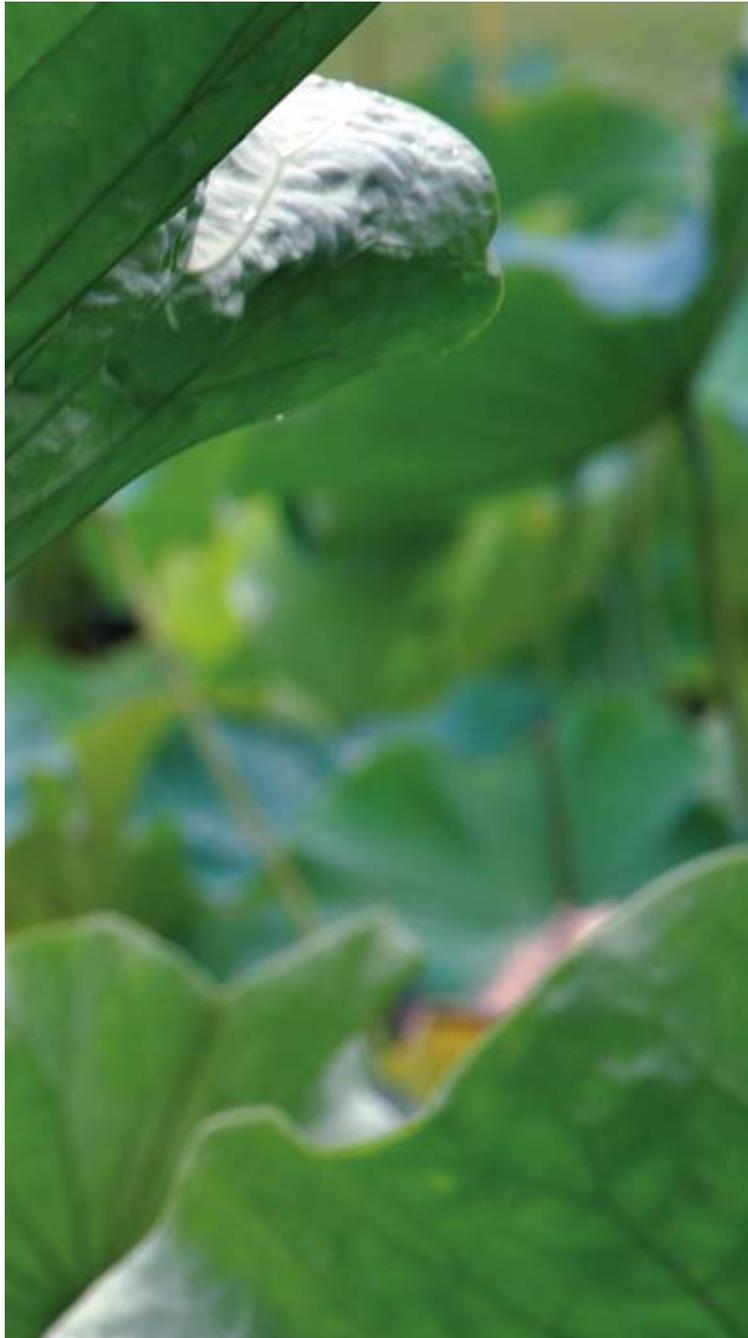




On the cover: Collection of "XX-vel-XXI" for Intesa Sanpaolo, Francesco Civelli processed image of the painting by Maya Di Giulio, inspired by the painting The flamingos, Henri Rousseau, 1907.

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BANK AND ENVIRONMENT

INTESA SANPAOLO'S COMMITMENT TO THE ENVIRONMENT

Intesa Sanpaolo formalised its commitment to the environment with the adoption of an Environmental and Energy Policy that defines the principles and guidelines governing the environmental dimension and the direct and indirect impacts of the Group's activity. In order to lighten the Group's environmental footprint, special consideration is given to the direct environmental impacts of the Bank's activities by: monitoring consumption and implementing initiatives to improve the management of energy, waste, green purchasing, maintenance of buildings and facilities and mobility.

Intesa Sanpaolo is a part of ABI Energia, a reference point for the Italian banking system for activities related to energy efficiency and the effects associated with using energy, consumption and the consequent environmental impacts.

In terms of the indirect impacts generated by its customers and suppliers, Intesa Sanpaolo aims to have as positive an influence as possible by promoting the adoption of environmentally friendly choices through its offering of products and services and by including social-environmental criteria both in the assessment of the creditworthiness of its customers and the selection of its suppliers.

The Group participates in Global Compact, an international network of organisations that share, support and apply a set of universal principles relating to human rights, work, the environment and the fight against corruption, thereby contributing to the creation of a global economy that is also more sustainable from an environmental standpoint. Intesa Sanpaolo also shares the principles of the UNEP Declaration of Financial Institutions and participates in the associated global partnership between the United Nations Environmental Programme and the financial sector.

Intesa Sanpaolo was the first bank in Europe to become a partner in the European Commission's campaign Sustainable Energy Europe; the Bank has signed a collaboration agreement with the

Ministry of the Environment to further strengthen cooperation in terms of energy saving and the promotion of renewable energy in Italy.

Since 2007 the Group has been a partner to the Carbon Disclosure Project, a non profit organisation that on behalf of a group of institutional investors collects detailed information regarding greenhouse gas emissions and the management of problems relating to climate change by the world's main listed companies.

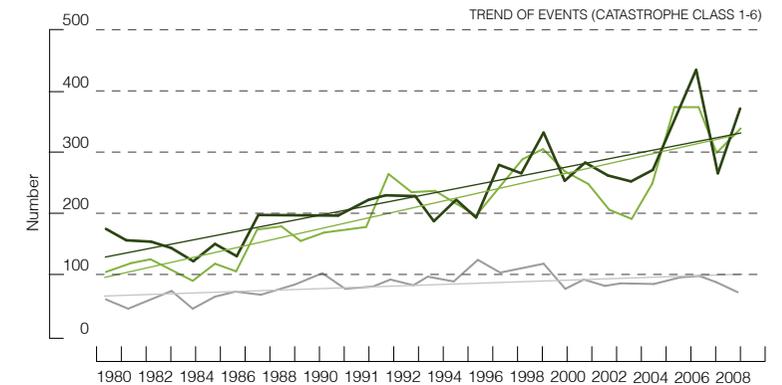


CARBON DISCLOSURE PROJECT



GLOBAL NATURAL CATASTROPHES 1980 - 2009

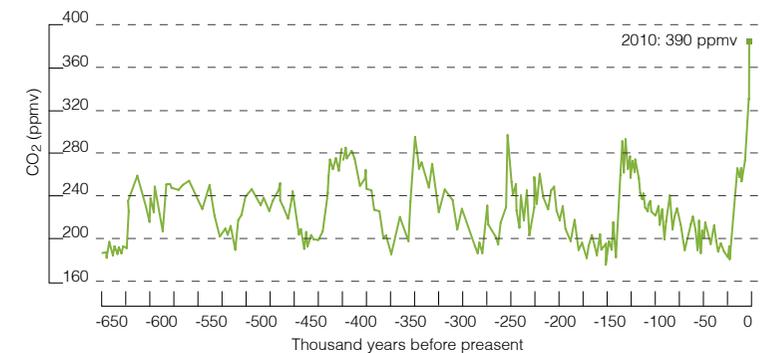
- GEOPHYSICAL EVENTS (EARTHQUAKE, TSUNAMI, VOLCANIC ERUPTION)
- METEOROLOGICAL EVENTS (STORM)
- HYDROLOGICAL EVENTS (FLOOD, MASS MOVEMENT)



© Münchener Rückversicherungs-Gesellschaft, Geo Risks Research, NatCatSERVICE - As at January 2010

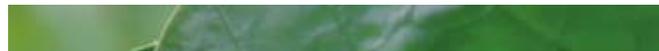
The analysis by the Munich-Re research centre shows that natural disasters deriving from increased temperature (storms and floods) are growing much more rapidly than those of a geophysical nature (earthquakes and volcanic eruptions).

CO₂ CONCENTRATION IN THE ATMOSPHERE OF THE PAST 650,000 YEARS FROM ANTARCTIC ICE CORE DATA



Survey of CO₂ levels by core drilling in Antarctica. The chart shows the skyrocketing values recorded in the past 150 years.

CLIMATE CHANGE



It is scientifically indisputable that the Earth is warming, with increasingly significant effects on economies and societies. Nonetheless, capital markets and political authorities tend to underestimate the future events resulting from this process of change to focus on short-term commitments.

Is it possible for finance to move swiftly to take serious account of climate change and its imposing effects on the real economy by encouraging development and competition in an economy with low CO₂ emissions?

The Nobel awarded in 2007 to the Intergovernmental Panel on Climate Change (the IPCC is a collaboration between two divisions of the United Nations, UNEP and WMO) marked a new phase in the evolution of the global commitment on climate change by fully recognising two decades of scientific research and the work by scientists and researchers from over 100 countries. The concerns of systemic risk attributable to the sudden climate changes in progress led the financial world to engage in increasingly practical consideration of meteorological events. The devastation of urban and industrial structures (e.g., oil production, agrobusiness, etc.) wrought by the imposing waves of inclement weather in recent years (in America, Central Europe, Pakistan and Russia) has called attention to the need to include climate risk in evaluative analysis models. It also bears remembering that reconstruction expenditures inevitably weigh on each individual within the community, even if he or she often does not enjoy full perception and awareness of that fact.

The ongoing process of climate change threatens the basic elements of human life (access to water, food production, health and the environment) and is caused by the increase in the atmospheric concentration of greenhouse gases of human origin. The perception of the risks deriving from climate change led to the creation of the United Nations Framework Convention on Climate Change (UNFCCC) and the launch of the Kyoto Protocol in 1997. At the same time, in the business world, concern about climate change has increased from mere marginal consideration to a strategic issue for decisions at an executive and regulatory level.

While the institutional world is preparing itself to adjust to this process, the majority of the world's

SMART CITIES – TOWARDS THE CITY OF THE FUTURE

In 2011 Intesa Sanpaolo Group Services, an Intesa Sanpaolo Group company, created a document entitled “Verso la città del futuro. Approfondimento sulle Smart Cities a livello worldwide” (“Towards the city of the future. Inquiry into smart cities at the worldwide level”). “Smart cities” is a term used to indicate a high level of liveability of metropolitan environments in which communications infrastructure integrating the most advanced fibre-optic and wireless technologies is combined with cutting-edge mobile and portable devices, services and applications with the aim of simplifying the daily lives of citizens and businesses, beginning with homes, offices and public spaces. The concept of a smart city is multifaceted and revolves around six key elements: the economy, population growth, governance systems, mobility, the environment and quality of life.

The inquiry aims to highlight a selection of the most important experience in the smart cities field in Europe, Asia, America and Oceania.

The analysis conducted contemplates three main macro-areas:

- advanced services for citizens (for example, parking lot management and payment systems);
- pervasive technologies (for example, advanced separate waste collection systems);
- environmental sustainability (for example, the use of solar panels, the implementation of grids for “intelligent” energy distribution, smart grids, etc.).

On the basis of these elements, the Intesa Sanpaolo Group has decided to act as a partner to the candidacy of the city of Turin for the European Smart Cities Project.

population seems not to possess sufficient knowledge and awareness of how to play its role. In addition, climate change detractors often have more hold on the collective consciousness than that reached through years of scientific research scientific research that highlight what Al Gore has described as an “inconvenient truth” (An Inconvenient Truth, Al Gore, 2006): their influence on public opinion derives from the fact that the truth about climate change is undeniably inconvenient and requires efforts and sacrifices for a transition towards a more sustainable condition.

The devastating climatic events of recent years, and in particular the high temperatures that caused fires in Russia and floods in Pakistan, have emphasised that the environment must not be viewed as an infinite cornucopia of resources and that climate change can change the way economies are run.

Many of our daily actions are closely related to events far from the public eye that have a profound impact on the Earth’s climate. Whether these are the actions of individuals or businesses, the final effect is the same. Heating, automation and cooking, to cite some examples, set in motion a chain of events that has many repercussions: harmful emissions, extensive consumption of potable water, reduced biodiversity, etc.

The economic effects of the environmental crisis are now globalised and entail problems of stability at the level of primary resources and problems of a geopolitical nature. Recent documents submitted to the European Commission (Solana-Ferrero Waldner on global warming, 2008) have drawn attention to the risks of political conflict between countries suffering from a scarcity of primary natural resources and exposed to new explorable areas produced by the great melting of the Arctic.

In this scenario, the financial sector truly can make a difference. For example, if most players on the market believe that energy efficiency is a good thing, the increased demand will drive up the prices of environmentally friendly products, encouraging their producers to offer new such products. However, climate change is the result of physical forces that are unaffected by conviction: no matter how convinced of their position are those who are sceptical of climate change, their conviction will not stop global warming.

The most recent large global event on the issue (the United Nations Climate Change Conference) was held in Cancun, Mexico in December of last year. Expectations of a binding agreement for member states failed to be met, bearing witness to the effects of the economic crisis and the absence of a shared understanding regarding the economic efforts to be put into play. The agreement reached regarding CO₂ emissions is once more of a voluntary nature and follows a path similar to that laid out at the COP15 in Copenhagen in 2009. Changes in this edition included: the entry of China and India, which took a dominant role in the debate, and the creation of a Green Fund financed by the wealthiest nations to aid poor nations in adapting to and mitigating the effects of climate change.

Gianluca Manca



Climate change is not only a risk and a threat to the way we do business but indeed a great business opportunity: what kind of innovations are banks introducing in order to take these opportunities?

“Inaction in relation to climate change will translate into a reduction of the world GDP reaching 5% by 2050, a sizeable impact on the world economy and the well-being of all populations. It is clear by now that this disastrous scenario and the resulting regulatory measures that need to be taken to avoid it will radically change the risk landscape to which private sector actors are accustomed. What is less understood, however, is why, in addition to avoiding economic disruption, reducing emissions can be an attractive avenue for growth and business performance. The benefits of resource-efficiency, energy security in supply and price, as well as the continued provision of the most essential ecosystem services, are, however, becoming self-evident. Germany’s growth of renewable energy generation for instance, which soared from 0 to over 15 %, has been much more than a favour to the climate; it has served as an engine for innovation, job creation, security and efficiency. As these benefits are recognised and policies implemented by country leaders, private actors will serve as the implementers, and those positioned at the frontline are likely to benefit most. New standards and many other efforts are already leading to shifts in the strategies of financial institutions. The action of setting a price on carbon, policies and incentives for low-carbon alternatives, the phasing out of fossil fuel subsidies, to name a few such climate-change driven innovations, are transforming the landscape of finance, with desks for carbon finance and renewable energy being set-up, clean tech private equity gaining popularity by the day, and loan models built around efficiency-based cost reductions rather than revenue generation also gaining traction.”

What are in your view the main barriers towards a more sustainable banking practice?

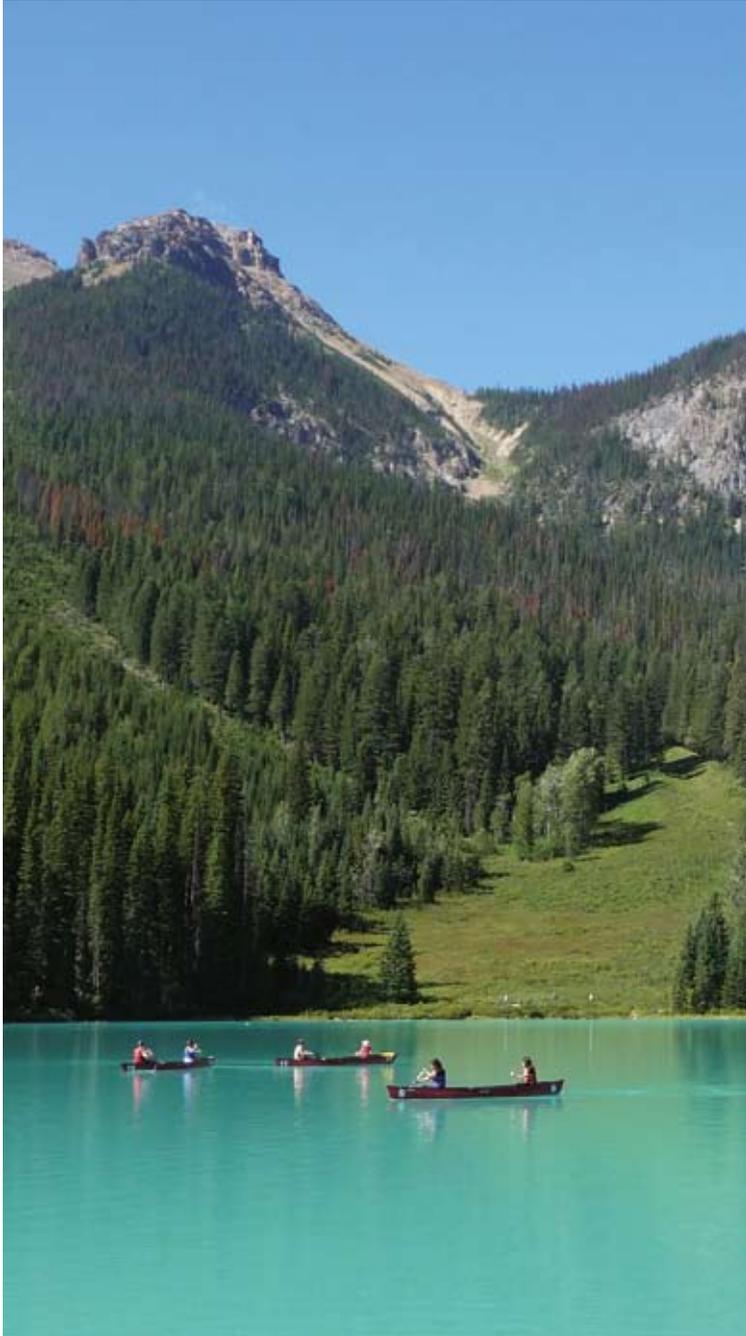
“When the Finance Initiative was launched in 1992, the words ‘finance’ and ‘sustainability’ were seldom found together. Almost 20 years on, the world’s banks have come a long way in terms of understanding the fundamental linkages between Environmental, Social and Governance (ESG) issues and their day-to-day operations. Despite increasingly widespread understanding of sustainability issues, the world’s financial institutions remain today deeply scarred by the crisis of the markets in 2008. While the numbers have found their way back to black, reputations and credibility in the public eye remain in the red. This disconnect constitutes the fundamental challenge of banks today. Across financial markets banks need to avoid the tempting yet dangerous trap of complacency, of ‘business as usual.’ There is a strategic lesson that needs to be learnt in terms of the need to think, plan and deliver against longer term goals so as to ensure both stability and sustainability. The challenge for banks today is to reconnect with a value proposition that can be read not just across an x and y axis, but at the very heart of societies.”

INTESA SANPAOLO'S PARTICIPATION IN UNEP FI

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between the United Nations and approximately 200 financial institutions around the world. Since 1992 UNEP FI has been working to develop and promote linkages between sustainability and financial performance. Financial institutions become members of UNEP FI after signing a statement of commitment to sustainable development and sustainable finance. UNEP FI’s strategic work programme is focused on current and emerging issues. Signatory institutions work collaboratively within sector-based and theme-specific work streams in order to find innovative approaches to managing these issues. Intesa Sanpaolo participates in the following three working groups:

- Asset management Working Group, which is co-chaired by Eurizon Capital (Intesa Sanpaolo). In 2009 this working group published a comprehensive review of key financial analyst and academic research on climate change, titled “The materiality of climate change – How finance copes with the ticking clock”. In addition, a tool for companies and investors to better capture environmental, social and governance (ESG) performance in company valuation, titled “Translating ESG into sustainable business value – Key insights for companies and investors”, was published by UNEP FI and WBCSD in 2010.
- Climate Change Working Group, which focuses on three main activities: policy dialogue, representing the financial sector during the global summits on climate change (Conferences of the Parties – COPs and other negotiations); awareness-raising and outreach in developing countries; providing training, tools and guidance to financial institutions.
- Human Rights Working Group: the online Human Rights Guidance Tool, developed by the working group in 2007, has been continuously reviewed, updated and promoted among UNEP FI membership and beyond.

Further, Intesa Sanpaolo participates in the European Task Force which focuses on the specific regional needs and with a special attention to the Eastern European region.



What is the value of UNEP FI?

“UNEP FI helps its members to build the necessary capacity to understand and manage risks in the currently unsustainable economy and to develop opportunities in a budding Green Economy. For example, UNEP FI has trained nearly 3.000 bankers, asset managers and insurers through its online and on-site training courses.

Members also benefit from learning and exchanging on the latest trends and ideas through a rich and well-established network of peers both at the regional level, with the UNEP FI Regional Task Forces, and at the global level through high profile events such as the bi-annual Global Roundtables and by regularly meeting in commissions with their industry specific groups.

Furthermore, the importance of UNEP FI’s close ties to the wider United Nations’ family cannot be overstated, with the UN strong convening power providing essential foundations for the partnership to play an influential role in redefining the borders of sustainable finance.

Finally, the partnership undertakes ground breaking research, develops game-changing industry standards and undertakes effective policy advocacy. One of the most influential reports to support responsible investment today is UNEP FI’s so-called Freshfields Report, which confirmed that the consideration of ESG issues is firmly grounded within the bounds of fiduciary duty.”



INTERVIEW WITH CORRADO CLINI, GENERAL DIRECTOR FOR SUSTAINABLE DEVELOPMENT, CLIMATE AND ENERGY, MINISTRY OF THE ENVIRONMENT AND PROTECTION OF THE TERRITORY AND SEA

How is Italy currently placed to reach the 20/20/20 objectives set by the European Union? Are Italian companies virtuous in comparison to their European counterparts?

“Within the 'climate-energy' package, a distinction is drawn between sectors governed by the Emissions Trading System (ETS) and what are known as 'non-ETS' sectors (essentially agriculture, transport, residential and SMEs). In the post-2012 period, the national governments will be responsible for meeting the reduction commitments they have assumed in non-ETS sectors only, whereas the ETS sectors will have quotas allocated according to levels harmonised at the European level and will be directly responsible for meeting the targets set out in the ETS system. In this respect, it should be noted that although within ETS Italian companies are on the average more efficient than their counterparts in many other Member States, the total amount of quotas to be allocated at the European level calls for a European objective of -21% compared to 2005 levels, meaning that compliance by Italian companies will necessarily require an effort on their part. In non-ETS sectors, the commitment assumed by Italy is -13% compared to 2005 levels by 2020, which implies that emissions in these sectors cannot exceed 285-296 MtCO₂eq (a range must currently be used because the consolidation of emissions in non-ETS sectors for 2005 is still in progress). It is currently estimated that emissions for non-ETS sectors will come to approximately 325 MtCO₂eq in 2020, meaning that the gap is presently approximately 34 MtCO₂eq, a gap that can be closed through intense efforts to involve certain sectors of strategic importance to Italy: transport, residential and SMEs.”

The Kyoto Protocol has set important objectives with a closer deadline, 2012: will we be able to meet them? What tools have been implemented by Italy?

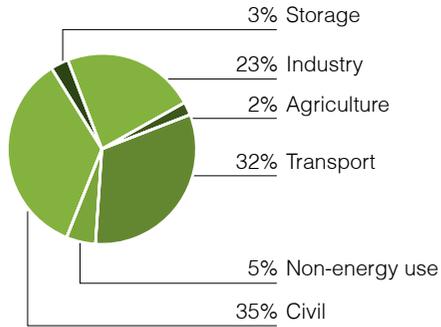
“At present, Italy's average annual gap comes to approximately 35 MtCO₂eq, meaning that the Kyoto Protocol's national targets may only be met through the use of the flexible mechanisms provided for in the Protocol itself, and in particular the purchase of carbon credits (AAUs). It will thus be important to allocate the resources required to pursue this measure. This is necessary primarily owing to the failure thus far to implement the Kyoto Rotating Fund, the primary instrument identified to take concrete steps in the fight against climate change. A swift launch of this instrument, along with the confirmation and/or appropriate revision of the various incentive systems operating in Italy in the renewable energy and energy efficiency sectors, will be capable of reducing our national gap.”

After joining in 2006 the Sustainable Energy Europe Campaign promoted by the European Commission and coordinated in Italy by the Ministry of the Environment and Protection of the Territory and Sea, in 2007 the Intesa Sanpaolo Group signed a collaborative agreement with the above Ministry. The Agreement's goal is joint execution of informational, training and promotional activity for the initiatives agreed upon within the SEE campaign and Patto dei Sindaci, dissemination of best practices and collaboration on pilot initiatives that present characteristics of innovativeness and replicability throughout the country.

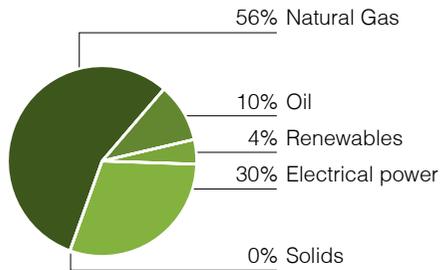
Noteworthy among the numerous initiatives carried out jointly in recent years is the creation of the guide “Fare Energia con l'Impresa” (“Business & Finance together for sustainable energy”), the various initiatives held during the European Renewable Energy Weeks and the Italian awareness-raising tour of municipalities participating in Patto dei Sindaci.

Many of the initiatives carried out by Intesa Sanpaolo jointly with the Ministry of the Environment are presented on the SEE Campaign's Italian website.

END USE OF ENERGY PER SECTOR 2009 [%kTOE]



CIVIL SECTOR: END USES BY PRIMARY SOURCE 2009 [%kTOE]



Source: Bilancio Energetico Nazionale Italiano 2009 (Italian National Energy balance 2009) – Ministry of the Environment.

The agreement between the Ministry of the Environment and Intesa Sanpaolo was structured to raise awareness of the issue among businesses and public entities. What do you believe to be the most significant measure launched together so far?

“Within the SEE (Sustainable Energy Europe) campaign, the agreement between the Ministry of the Environment and Intesa Sanpaolo has seen the implementation of important measures aimed at increasing awareness of energy and environmental issues throughout Italy. The series of conferences and seminars on the issue, Patto dei Sindaci, which began in March and will continue until the end of the year, is certainly of particular importance. Each event is an opportunity to meet dozens and dozens of local administrators who are becoming active within Patto dei Sindaci, and thus in support of the national targets set for 2020. Local governments play a strategic role in meeting the targets set for 2020 and the series of conferences and seminars organised in collaboration with Intesa Sanpaolo is intended to seek the involvement in Patto dei Sindaci of an increasing number of municipalities and cities and to provide them with the tools they need, including financial resources, to implement the programme, starting with the preparation of the Sustainable Energy Action Plan (PAES) on the basis of the Guidelines drafted by the European Commission.”

DIRECT IMPACTS

Climate change, along with the growth of industrial systems in developing nations, represents the primary threat to our planet's environment. Each of us can contribute to reducing impacts through actions that limit our environmental footprint.

Towards this end, Intesa Sanpaolo, which operates primarily in countries with a large environmental impact, strives to achieve a gradual reduction in its own direct impacts. In detail, the measures aimed at improvement and greater efficiency launched in recent years are inspired by the prescriptions contained in the 20-20-20 European Union climate and energy package, which calls for the following for Italy by 2020:

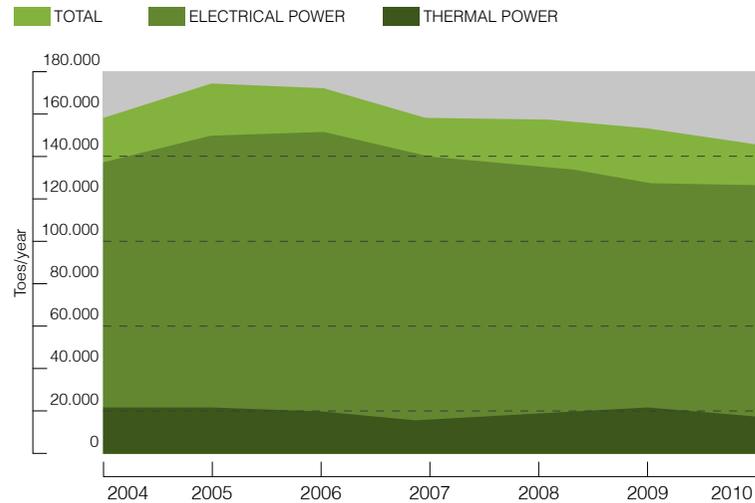
- a 17% increase in production from renewable sources;
- a 20% reduction in energy consumption;
- a 20% reduction in emissions.

The placement of Intesa Sanpaolo's buildings and branches, which are often located in condominiums, along with their locations, mainly in historical centres, severely limits their ability to generate their own power from renewable sources. Since it cannot generate its own energy, Intesa Sanpaolo has adopted the solution with the smallest environmental impact: it has decided to purchase power in Italy from hydroelectric power plants, and thus renewable sources, through ABI Energia.

In the area of reducing power consumption, in recent years the Group has launched initiatives to improve management of existing resources (optimisation of the schedule for the use of facilities, replacement of old computers and monitors, etc.), while also taking steps to improve the energy



INTESA SANPAOLO GROUP: PRIMARY ENERGY CONSUMPTION IN ITALY



efficiency of machinery and reduce environmental impact, with the aim of acting on a priority basis and as swiftly as possible.

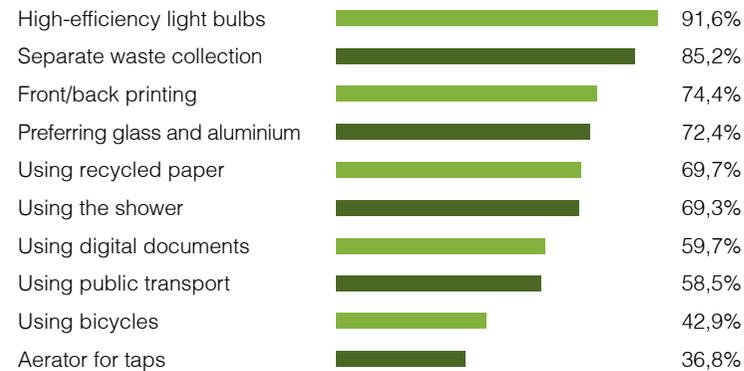
The contribution to corporate mobility in recent years is certainly deserving of mention: various measures have been implemented with the aim of seeking the best solutions to company and personal transport needs.

In addition to reducing indirect emissions through the use of energy generated from a renewable source, we have also striven to eliminate direct emissions, for example by replacing boilers with heat pumps, choosing the means of transportation with the smallest environmental impact and replacing inefficient light bulbs with LEDs.

Intesa Sanpaolo's final area of activity involves reducing consumption of paper, toner and water and using products made with materials with a smaller environmental impact throughout their full life cycle.

In any event, Intesa Sanpaolo is convinced that such measures may be more easily realised if sensitivity to environmental issues is spread amongst its staff and suppliers. The 2009 Censis survey of young people indicates that they have a strong interest in respecting the environment: the Intesa Sanpaolo Group believes that by sensitising its staff, together they can reduce its environmental impact on the world.

VIRTUOUS BEHAVIOUR



Sample of young people 18 to 30 years of age. Source: Censis 2009.

ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM



In order to obtain a full view of the Environmental and Energy Management System (SGAE), we interviewed both the certifier and an SGAE manager at a branch. We first asked Massimo Berlin, general manager of DNV Business Assurance in Italy, what distinguished Intesa Sanpaolo's Environmental and Energy Management System from the similar systems implemented at other companies:

"Intesa Sanpaolo is a service provider, meaning that its consumption derives not from a few large energy-intensive production facilities, but rather from a large number of offices spread throughout Italy characterised by relatively moderate consumption. The improvement that Intesa Sanpaolo has achieved is based on management, meaning that it acts on the most complex and challenging aspect: people's behaviour and habits. A recent European estimate indicates that 50% of potential reductions in energy consumption depends on non-technological improvement."

How does Intesa Sanpaolo stand in relation to the other companies that you certify?

"Intesa Sanpaolo is highly attentive to sustainability issues - in fact, it is among the most advanced companies in Italy. The decision to be among the very first companies in 2010 to obtain certification according to the UNI EN 16001 standard, only adopted by the European Community in 2009, confirms this attention. The high degree of integration between its Environmental and Energy Management Systems and complex energy monitoring system based on a review of actual consumption have allowed Intesa Sanpaolo to achieve serious, significant results. Lastly, Intesa Sanpaolo's SGAE has currently been adopted at approximately 180 facilities."

Do you believe that this sample is representative of Intesa Sanpaolo as a whole?

"Yes, the sample is representative, and not just because it comprises a significant, statistically relevant number of facilities, but also because it includes facilities with highly diverse geographical, structural and plant-engineering characteristics. Clearly, this is a work in progress that we hope will continue in the future with the same level of success and enthusiasm."

What differences do the branches note in facility management after they have been certified? Are there aspects of the System that could be improved? This was the question that we put to Marco Turazza, SGAE manager for the branch located in San Giovanni Ilarione (VR).

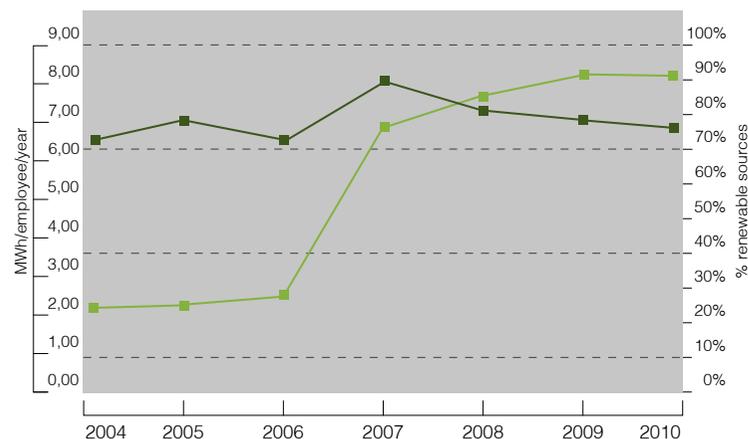
"The most obvious difference certainly has to do with more attentive management of the branch's resources, and therefore more timely and accurate maintenance work, the increasingly attentive and widespread use of ecological consumables and more effective disposal of the waste generated by the office. It cannot be denied that the System represents an initial burden for the branch, at least at the outset. While streamlined and easy to understand, the procedures are still new and thus require efforts to be understood and properly implemented. For example, we did not always keep the Control Log up to date: internal audits detected this shortcoming, and since then we have placed greater emphasis on this issue. Nonetheless, as a whole the System is adequate and clearly effective."

SGAE: A COMPLEX SYSTEM

In 2005, the Intesa Sanpaolo Group implemented an Environmental Management System that was then integrated into an Energy Management System in June 2010. The structures of the standards that inspire both Systems (UNI EN ISO 14001 and UNI CEI EN 16001) are very similar. The integrated Environmental and Energy Management System (SGAE) applies to what are referred to as "significant" environmental and energy issues, which at Intesa Sanpaolo correspond to: water consumption, the production, transport and disposal of waste, external noise, radon, emissions from heating and air-conditioning systems, power consumption, work aimed at improving energy efficiency, etc. The System, certified by the international organisation DNV, is aimed at constant improvement and is currently applied at a representative sample of facilities located in Piedmont, Lombardy, Veneto, Friuli Venezia Giulia, Trentino Alto Adige and Romagna. The operating and management procedures monitored by the System are the same as those applied at all of the Group's points of operation. The territorial extension of the SGAE, which is currently present at 180 facilities, is geographically limited inasmuch as its application presents the Bank with certain issues that are challenging to implement. Firstly, it should be noted that the System may only be extended after a series of precise obligations have been discharged: the provision of specific training courses (there must be at least one SGAE Delegate present at each facility, which for a bank employee becomes a considerable responsibility), the dissemination of consistent consumption monitoring activities and the conduct of internal audits aimed at assessing the facility's compliance with the System's requirements. In addition, during a given period of time, all points of operation within the System are subjected to another audit by an internal unit (the Environmental Sustainability Office); maintenance/certification renewal activities are carried out in parallel.

INTESA SANPAOLO GROUP: ELECTRICAL POWER CONSUMPTION IN ITALY PER EMPLOYEE AND % DRAWN FROM RENEWABLE SOURCES

■ ELECTRICAL POWER: % OF TOTAL CONSUMPTION FROM RENEWABLE SOURCES
 ■ ELECTRICAL POWER: CONSUMPTION PER EMPLOYEE [MWh/EMPLOYEE]



ENERGY

ENERGY SOURCES USED AND EMISSIONS PREVENTED

For Intesa Sanpaolo's facilities, the consumption of energy resources is correlated to the types of end uses such as lighting, climate control and office machines. The primary source used is electrical power, which at a Bank such as Intesa Sanpaolo is chiefly drawn from the national grid and not self-produced, owing in part to the challenge of obtaining areas suited for power generation within facilities that are often located in condominiums. The only cases of self-production are the trigeneration plant at the Data Processing Centre in Parma, the innovative photovoltaic unit installed at the Via Onorato Vigliani branch in Turin and the two traditional photovoltaic plants operated by the Slovenian Banca Koper.

However, in general the Intesa Sanpaolo Group has been purchasing power generated from a renewable source, namely hydroelectric plants, for several years, in part through its participation in ABI Energia. At the Italian facilities, the use of such energy now covers almost all electrical power consumption: in 2010 we were thus able to prevent 211 thousand kg/year of CO₂ emissions, which it would have required 7,000,000 trees to offset.

ENERGY NEEDS AND SOLUTIONS ADOPTED

ARTIFICIAL LIGHTING

Intesa Sanpaolo has long since adopted recognised highly efficient solutions that have gradually resulted in the obtainment by 468 branches of the European Commission's GreenLight designation, the main purpose of which is to encourage the spread of the best technologies and contain the amount of electrical power used for the artificial lighting of premises, with the ensuing reduction of polluting emissions and operating costs. In contrast, optimisation of consumption is limited largely to management issues, such as the schedule according to which lights are turned on and off, while also taking into account the natural light present in the premises. Lighting systems are implemented to ensure standards of wellbeing without altering the architectural and/or implementation standard adopted by the Bank for all of its furnishing and/or renovation projects.

Light-emitting diodes (LEDs) have been used as light sources in six pilot branches in Milan and Rome to light rooms, internal display stands and outdoor illuminated signs. In addition to allowing significant energy savings (with a life in excess of 50,000 hours and energy savings of approximately 30% compared to already efficient fluorescent systems), LEDs also allow waste containing mercury to be reduced. Artificial lighting is activated in the mornings and shut off in the evenings by a local supervision system that regulates the intensity of light provided by the devices in the various zones into which the operating spaces are divided in order to maintain the lighting levels required by the visual tasks to be performed (to comply with legislative requirements) while also considering the contribution to lighting provided by natural light.

INPUT	INTESA SANPAOLO	OUTPUT
ELECTRICAL POWER	LIGHTING	CO ₂ EMISSIONS PREVENTED
ELECTRICAL POWER	AIR CONDITIONING	CO ₂ EMISSIONS PREVENTED
NATURAL GAS / DIESEL OIL ¹		CO ₂ EMISSION
REMOTE HEATING		CO ₂ EMISSIONS PREVENTED
ELECTRICAL POWER	OFFICE MACHINES	CO ₂ EMISSIONS PREVENTED

1. In this case, heating may rely on the use of a boiler owned by ISP or the condominium.

AIR CONDITIONING

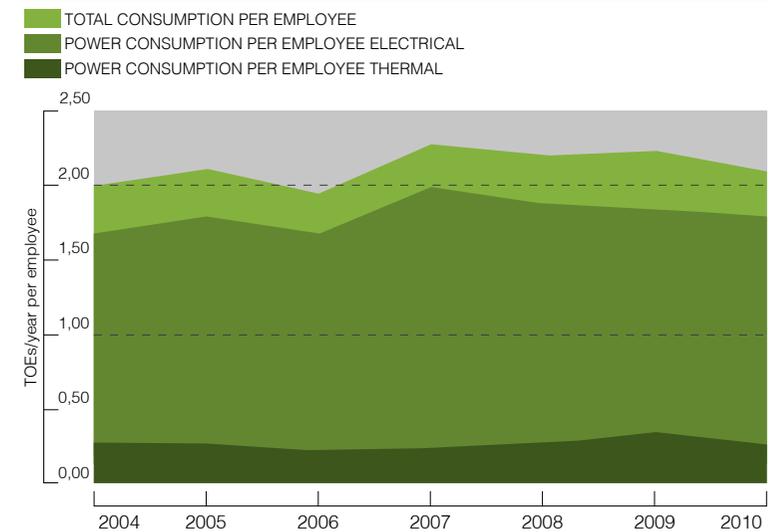
In order to reduce energy consumption for air conditioning, Intesa Sanpaolo has decided to make management optimisation action a priority: in addition to allocating resources to “modernising” plants (which, however, only extended to approximately 200 new and/or renovated branches), the company has also devoted its efforts to extraordinary maintenance projects. Within this plan of action, access to dataloggers (sensors for remote monitoring of daily power consumption and temperatures in order to detect power consumption profiles and comfort conditions) allows the efficacy of such measures to be reviewed in a timely manner.

With respect to the improvement of energy efficiency in newly constructed facilities, the use of fixtures (and in particular isolated glass windows, condensing boilers, high-yield heat pumps, etc.), in accordance with local and national Italian standards governing the improvement of property energy yields, in addition to allowing an increase in energy certification class, have permitted Intesa Sanpaolo to obtain more than 3 million euro in net annual tax deductions.

OPTIMISED OFFICE MACHINE MANAGEMENT

In order to eliminate power consumption by machines at night, the company implemented a computerised procedure based on Wake on LAN technology that can remotely shut down almost all PCs at the 6,000 branches from 9 PM to 7 AM on business days and completely on Sundays and holidays. The machines automatically turn back on in the event of nocturnal transmission of software update data and before the commencement of operating activities at counter workstations on business days and partially on Saturdays. The solution developed is based on two software components: the first is a client-type solution (installed on all branch workstations) and the second is a server-based solution (installed on branch servers). Forced shut-down yields considerable energy savings, which at Intesa Sanpaolo has been quantified (including through onsite surveys) at 122 kWh/year per each PC managed. For each PC, the equivalent of approximately 55 kg/year in CO₂ emissions are avoided. Multiplied by the approximately 54,800 PCs managed by the procedure at the end of 2010, this corresponds to approximately 3,000 tons of CO₂ not emitted into the atmosphere each year, equal to the amount of CO₂ absorbed by 100,000 trees. Intesa Sanpaolo is taking steps to extend the procedure described above to Saturdays as well (as limited to non-operating branches), in addition to the possible application of the procedure to the other networked machines.

INTESA SANPAOLO GROUP: ELECTRICAL POWER CONSUMPTION IN ITALY PER EMPLOYEE [in TOEs]



THE NEW ENVIRONMENTAL POLICIES

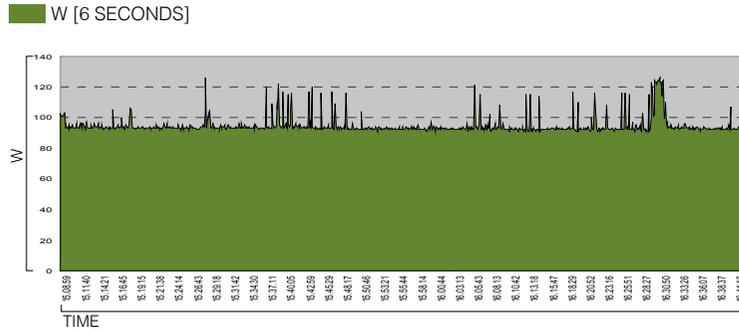
In addition to implementing an Environmental Policy in 2007, the Intesa Sanpaolo Group is preparing new rules for this area that are intended to help spread and integrate the development of environmental practices in the Group's processes to an increasing degree. The most recent development in the field was the issue of the Sustainability rules for organising communications events and training activities, which state that environmental sustainability criteria are to be taken into consideration during all phases of an event:

- preparation and promotion (management of a secretariat, promotion materials, choice of location, gadgets, documentation, etc.);
- set-up and execution, in particular as regards the methods of transport, characteristics of lodging facilities, catering and decoration;
- closing and dismantling.

The Group has also issued new rules for purchasing paper with ecological characteristics.

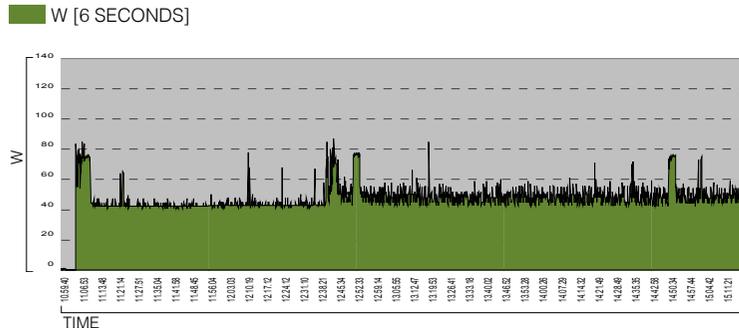


ANALYSIS OF PC POWER CONSUMPTION - MODEL HPCD5750 - (10 JUNE 2010)



POST-2008 MODELS

ANALYSIS OF PC POWER CONSUMPTION - MODEL ACER VTD420 - (10 AUGUST 2010)



OFFICE MACHINES: A GREEN APPROACH

In the banking sector, a significant part of energy consumption may be attributed to “machines”: the PCs, monitors, printers, photocopiers, servers, IT systems and service support devices (ATMs and information terminals) used in offices.

A measure aimed at this type of consumption involves the gradual replacement of office machines with other, more energy-efficient models. Since 2009, contractual specifications for environmental sustainability (energy consumption, environmental aspects, electrical safety, etc.) have been defined for new purchases of office machines on the basis of applicable legislation and/or best practices. During the bidding phase, bidders are required to provide certifications of both their products and their organisations (e.g., UNI EN ISO 14001), some of which are compulsory in order for the bid to be accepted. For technical assessment of bids, the company has prepared a standardised algorithm for assessing environmental and energy performance, with weights attributed to the various environmental characteristics and certifications. From the standpoint of economic evaluation, energy-related operating costs are considered on the basis of the declared energy consumption according to the Energy Star methodology, to which the EEC Directives in this area refer, over the machine’s average lifetime (4-5 years), and are added to the price of the initial investment.

To complete the procedure, the performances declared by the supplier in the contractual phase are then reviewed on a test basis. In general:

- for large contracts, electrical power consumption is measured for a sample machine prior to purchase by Turin Polytechnic, replicating the Energy Star specifications;
- for all contracts, a sample-based measurement is always conducted onsite after installation by the company’s Energy Manager.

The analysis carried out to this point have not indicated any discrepancies between the performances stated by office machine suppliers and those machines’ actual measured electrical power consumption.

HIGH-EFFICIENCY SIGNS

The Bank has long been pursuing a plan that calls for the gradual renewal of its signage, in part with the aim of reducing energy consumption. The new types of signage employed feature standard high-efficiency fluorescent tubes and more effective materials for diffusing light. For the various types of signs, that approach has allowed the installed capacity to be reduced by nearly one-half. In 2010, the Group also began to introduce LED-based solutions that further reduce consumption.

PAPER

At Intesa Sanpaolo, the commitment to responsible resource management extends to many different areas, taking a specific form in each one. Paper, for example, for a company such as ours – both in terms of our business and the scope of our Group's operations – is a resource to which particular attention is devoted.

Our sensitivity to this issue indicates our awareness of our environmental footprint and the will to adopt solutions in order to reduce both direct and indirect impacts to the greatest possible extent, from the standpoint of the amount of paper both purchased and consumed.

In 2010, the supply of ecological paper for office use reached a considerable level: in Italy, over 70% of the paper purchased is FSC and ECF/TCF certified.

Recently, Intesa Sanpaolo also launched a pilot programme involving the purchase of recycled paper certified compliant with the Der Blaue Engel and EU Eco-label standards.

On the consumption side, the most important step in the direction of limiting environmental impacts has been taken by optimising and reducing paper use.

Among the activities launched, those involving replacing printed communications with the equivalent electronic communications yielded significant results.

The lesser consumption of paper achieved beginning in 2009 through the dematerialisation of two specific phases – collection order notices and F24 tax return forms – generated savings in excess of 200 tonnes in 2010 as the initiative was consolidated during the year.

Work also began on another phase (HW23), while the company was rationalising print-outs for branches and operating back offices: these two initiatives prevented the use of over 170 tonnes of paper.

Significant results were also achieved through the online account statement delivery service aimed at all customers: the contracts signed according to this arrangement in 2010 exceeded 2,400,000, with corresponding savings of paper consumption estimated at 275 tons per year.

Although the milestones reached are highly encouraging, there is still room for improvement. In this regard, the company is studying further initiatives planned for implementation in the near future with the aim of increasing efficiency, reducing paper use and spreading good practices and sustainable technological innovations relating to paper use.

FURTHER INITIATIVES LAUNCHED

New experiments relating to green purchases are in progress in 2011. Especially worth of mention are the purchase of a Mater-B thin film for shrink-wrapping Intesa Sanpaolo's internal magazine, Mosaico, and the launch of other initiatives that aim to reduce the use of paper and forms at branches (Paperless project) and the supply of stationery (ballpoint pens and pencils) made from recycled materials.



FSC (Forest Stewardship Council): certifies that paper comes from certified forests and plantations managed in an environmentally sustainable manner and in accordance with international regulations protecting the survival of forests, the lives of the animals that inhabit them and the rights of the local native populations.

ECF (Elementary Chlorine Free) e TCF (Total Chlorine Free): these are designations of types of ecological paper that have been bleached using only products containing no organic elementary chlorine (a highly polluting and toxic substance that may contaminate waste water, thereby allowing the pollutants to enter the food chain of living creatures). The world's governmental organisations consider these designations as among the best for prevention and protection of the ecosystem.

DER BLAUE ENGEL: certification that guarantees 100% recycled paper and the following elements: paper consisting of 100% post-consumer paper, at least 65% of which is classified as "low" and "medium" quality; absence of chemical products hazardous to man and the environment; absence of brighteners, bleaching without chlorine or halogen bleaching agents, use of dyes containing no mercury, lead, cadmium or chrome 6.

INTESA SANPAOLO USES PLASTIC BOTTLE CAPS TO POUR WATER INTO THE WORLD'S POOREST COUNTRIES

At its main facilities in Turin and Milan, Intesa Sanpaolo has begun collecting plastic bottle caps for humanitarian purposes with the aim of supporting solidarity projects in Third World countries. After being gathered, the caps are collected by local volunteer organisations that invest the proceeds of their sale in projects such as well-building in Tanzania. Containers for collection have been placed on the buildings' various floors and in their main entrances in order to encourage employees to participate in the initiative. If the results of the experiment are positive, the programme will be extended to the Bank's other facilities. Intesa Sanpaolo believes that this programme is of great ecological value and an important means of safeguarding the environment. It is also a gesture of solidarity that will help people: water is a primary good of which there is great need.



WASTE

WASTE MANAGEMENT OPERATIONAL GUIDELINES

Since 2008 the Intesa Sanpaolo Group has had Waste Management Operational Guidelines in accordance with the provisions of the applicable consolidation act (Legislative Decree 152/2006), which govern the methods of disposal of the waste produced by the organisational structures of Group companies, dividing waste into the following categories:

- urban-type waste (waste bin paper, glass, plastic, etc.);
- special hazardous waste (for example, neon lights, lead batteries, spent oil, cathode-tube monitors, infirmary waste, etc.) and special non-hazardous waste (paper, plastic materials, iron materials, wood, circuit boards and electronic devices, obsolete machinery, LCD monitors, etc.).

Urban-type waste, namely waste that may be disposed of through municipal separated collection, must be delivered to the public waste collection service in accordance with the handling conditions specified by local regulations, while the handling of special waste is entrusted to outside companies operating in the area that, directly or indirectly, meet the requirements for transporting and/or disposing of waste (registration in the National Roll of Environmental Managers) and use specifically authorised vehicles.

The special waste most frequently produced by banking activity, classified according to European regulations (CER codes) is presented in a document attached to the above-mentioned guidelines, "Main types of waste produced by the Bank": this document contains a description of non-hazardous and hazardous special waste, the legal definition of waste and the associated CER code. Such waste must be disposed of through the use of specific Waste Identification Forms that certify it has been properly delivered to the previously identified waste collection and disposal centres.

TONER AND INK RIBBONS FOR PRINTERS, FAX MACHINES AND SCANNERS

In July 2009, the Intesa Sanpaolo Group launched a new "Full-Service" that is responsible for supplying ink cartridges and ribbons, collecting them and, where possible, regenerating them for subsequent reuse in branches and offices. To certify that the materials have been sent for recovery, the company in question issues a Processing Note indicating the quantities collected. The service, which became fully operational in 2010, in conjunction with sensitisation training programmes run by the Training Service concerning proper waste disposal methods, has yielded a significant reduction in the amount of special waste produced by the Bank.

In addition, the consolidated absence of cathode-tube monitors (gradually replaced by LCD monitors), along with the purchase of products that do not generate hazardous waste, contributed to a considerable reduction in hazardous waste in 2010.

MOBILITY

The Mobility Management function promotes sustainable mobility initiatives, identifying the most effective means of transport from the standpoint of reducing environmental impacts. Mobility Management is committed to various development initiatives with the aim of achieving its primary goals. The project to prepare “Piani di Spostamento Casa-Lavoro” (“Home-Work Commuting Plans” studies investments in sustainable mobility together with public administrations for areas with the highest concentration of employees. This project, designated “Mettete dei fiori nei vostri motori” (“Put flowers in your engines”), met with the voluntary participation of approximately 13,000 Group employees through a process of direct consultation and participation by means of an analysis of commuting habits through an online questionnaire and dedicated focus groups. By processing the questionnaires received and working with the focus group participants, we were able to map out a detailed profile of current commuting methods and chart proposed developments for the various plans. Collaboration with public administrations and their mobility service companies has yielded its first results in the Turin area, where a system integrated with public transport connecting to the Moncalieri Technology Centre has been operational since June 2010.

In order to continue to monitor local areas closely, five Local Mobility Delegates have been appointed in Bologna, Florence, Naples, Padua and Rome. These figures, coordinated by the Group’s Mobility Manager, who is directly responsible for Turin and Milan, foster the culture and initiatives being proposed by the Group regarding sustainable mobility.

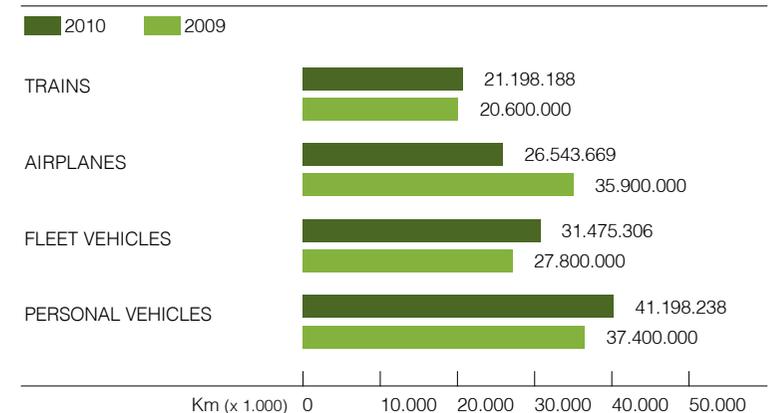
This year, some practical initiatives in support of mobility are available on the dedicated section of the intranet through the Mobility Office:

- passes for public transport, trains, buses and integrated bike sharing (a service available in Florence, Turin and Milan);
- Integrated sharing that allows all employees to rent cars, motorcycles and bicycles for only as long as needed for personal travel between their places of work (pilot in Milan);
- car pooling, collective mobility offerings for work-related travel between the Milan Bisceglie and Turin Moncalieri offices;
- a shuttle-bus system to support local public transport in the areas of Vicenza, Venice – Mestre, Turin, Padua, Milan, Naples and Bologna;
- a bike-sharing service, initiative that provides 130 company bicycles in Milan, Turin, Padua and Parma, offering employees a zero-impact means of transport that may be used both for official needs and free time.

A PARK FOR INTESA SANPAOLO

In June 2010, Intesa Sanpaolo signed an agreement with the Province of Turin and the Municipality of Piosasco to restore the nursery located in Monte San Giorgio park. The primary objective of this initiative is to create a green area that will gradually host tall trees. From January 2011, our bank will start to donate approximately 3,500 plants, as many as the average number of the Group’s employees children born each year. It will be possible to restore to the community an area that can act as an educational meeting place for employees and their families.

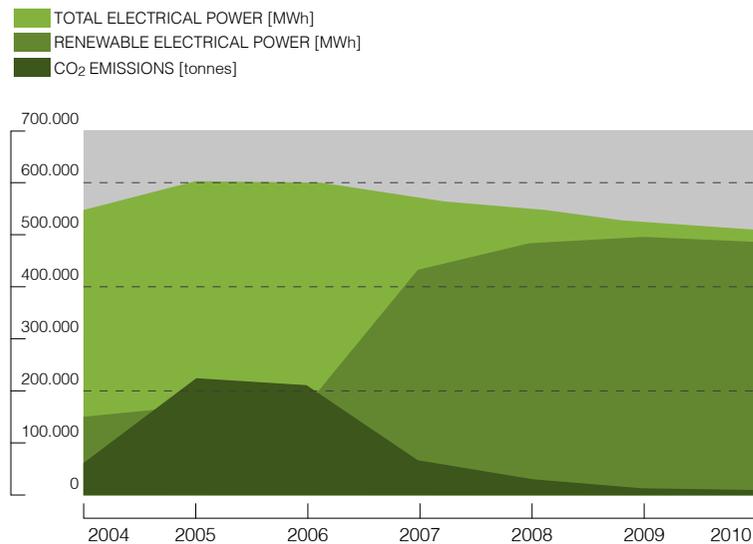
COMPANY MOBILITY KILOMETRES 2009/2010



CLIMATE-ALTERING GASES AND THE HOLE IN THE OZONE LAYER

Certain gases, both of natural origin, and produced by the chemical industry, can trap a portion of solar energy in the atmosphere, thereby causing the air to warm. These gases are commonly called “greenhouse gases”. The most powerful is steam, which plays an important role: if there were no steam, the average temperature on Earth would be -18° C rather than 15° C. Among the harmful gases produced by human activity, the worst are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Then there are chlorofluorocarbons (CFCs), gases used as refrigerants and propellants that are not only greenhouse gases, but also contribute to the destruction of stratospheric ozone. It should be recalled that at an altitude of 20 to 40 km ozone forms a protective layer around the Earth that filters out most ultraviolet solar radiation, which is harmful to living cells. Accordingly, national governments are currently striving to reduce both CFCs and emissions deriving from climate-altering gases.

INTESA SANPAOLO GROUP: THE USE OF ELECTRICAL POWER IN ITALY



REDUCTION OF ATMOSPHERIC EMISSIONS



INDIRECT EMISSIONS

The reduction of our indirect emissions is primarily attributable to the purchase of electrical power generated from a renewable source. During the past three years, the Group's offices and branches in Italy have consolidated their use of a very high percentages of electrical power from renewable sources (92.6%). However, the percent use of this form of clean energy is also on the rise at the Group's international subsidiary banks. In 2010, we conducted an inquiry aimed at identifying all emissions components, including not only CO₂ but also the other gases responsible for the greenhouse effect. We also updated the transformation coefficients required to quantify the emissions produced for each gas. Another share of indirect emissions prevented is correlated to energy conservation initiatives through both management approaches and investments in improving energy efficiency. Worthy of note is the fact that widespread use of heat pumps at our operating facilities eliminates all forms of direct emissions, yielding benefits for the local area, since such facilities are generally located in city centres that often suffer from forms of local pollution, particularly in the winter months. In addition to the benefit of switching from direct emissions to indirect emissions, consumption has been reduced due to the greater efficiency provided by heat pumps than traditional boilers, particularly in southern Italy.

		Direct emissions	Indirect emissions
Boilers	Gas/Oil	-	YES
	Electrical power	YES	-
Heat pumps	Gas/Oil	-	-
	Electrical power	YES	-

DIRECT EMISSIONS

The direct emissions produced by our operating facilities may be attributed to heating systems that burn natural gas and oil and the emissions produced by the Company's vehicle fleet. In the former category, natural-gas systems are prevalent, with the reduced emissions that this implies. In this regard, particularly for facilities certified SGAE compliant, we have implemented detailed monitoring of the combustion yields measured by our maintenance staff, whom we have asked to conduct controls more frequently than required by law. This procedure allows us to verify that adequate efficiency levels have been maintained and thus that emissions have been reduced generally, in addition to identifying in advance boilers that are gradually providing lower yields.

CARBON DISCLOSURE PROJECT



Each year, Intesa Sanpaolo responds to the questionnaire circulated by the Carbon Disclosure Project (CDP), an independent international organisation through which listed companies disclose information concerning the amount of their greenhouse-gas emissions and identify risks and opportunities and the strategies implemented in managing climate change. More than 500 investors participate in the CDP, which pursues the goal of forging a standardised communications channel between listed companies and investors through an annual survey. Institutional investors wish to understand the possible negative and positive impacts that issues relating to climate change may have on business and how societies react to them.

The CDP has also developed a standard assessment method for assessing answers to questionnaires both in terms of transparency and disclosure and in terms of performance (the carbon performance score). The performance score is based on several key indicators that relate to strategy, governance, disclosure to stakeholders and results (progress in achieving results and significant reductions of emissions in recent years).

Intesa Sanpaolo's carbon disclosure score improved from 51 in 2009 to 66 in 2010 and is thus well within the average range.

The carbon performance score received by Intesa Sanpaolo in 2010 falls within the second bracket (B), which refers to companies designated "fast-following", meaning that they are fast to follow the practices of leading companies.

GREENHOUSE GAS EMISSION REPORTING PROTOCOLS

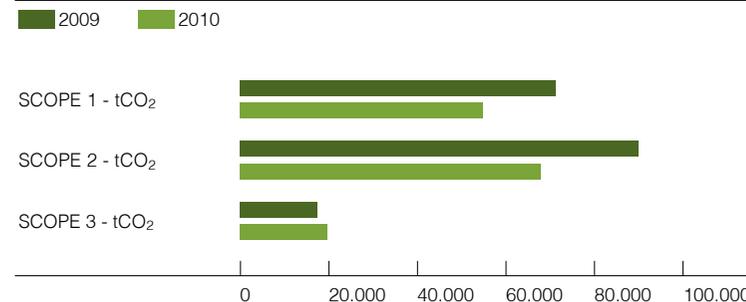
The protocols for reporting greenhouse gas emissions use the term "scope" to distinguish between the various sources of greenhouse gas emissions. There are three categories: Scope 1, Scope 2 and Scope 3.

Scope 1 or **direct emissions** include all emissions generated directly in the company's facilities or that derive from the company's assets (for example, company vehicle fleets).

Scope 2 or **indirect emissions** include all emissions produced on the company's behalf in generating electricity or delivering energy in the form of hot water or steam. The company accepts responsibility for such emissions because it has final control over "flipping the switch" to decrease consumption and the associated emissions and benefits directly from so doing.

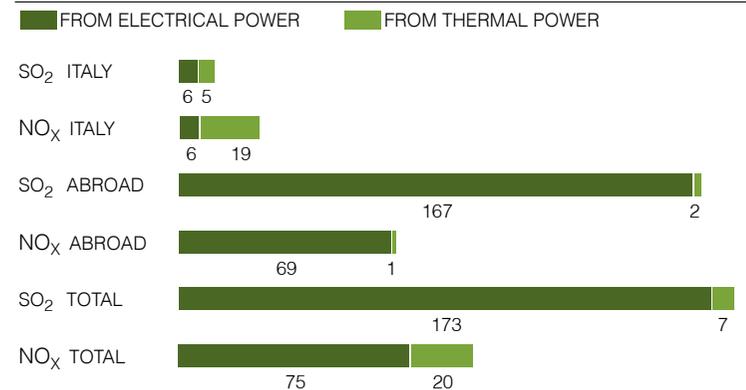
Scope 3 emissions are the **other emissions** generated by the company's activities. There are various possible sources of Scope 3 emissions that can be reported and reporting is entirely optional. Intesa Sanpaolo reports emissions associated with business travel in this class.

INTESA SANPAOLO'S CO₂ EMISSIONS*



* Scope 1 and Scope 2 data refer to the entire Group, whereas Scope 3 data refer to Italy.

NO_x SO₂ EMISSIONS [tonnes/year] 2010





European Directives impose the liberalisation of the sector: how does an Energy Manager need to adapt to these changes?

The energy-environmental sector has now become of primary importance, including at the national level. EU Directives and Italian laws (e.g., Legislative Decree 115/08) have therefore established characteristics, tasks, etc., for traditional energy managers.

Today the new role is that of the energy management expert (EGE), a modern, interdisciplinary professional figure called upon to act in the fields of consumers, energy suppliers, contractors and ESCOs (Energy Service Companies).

This figure combines an Energy Manager's skill set with a solid foundation in the environment, economics and finance, business management and communication. This a qualified and certified technical position that requires an adequate academic background in addition to considerable experience in the field with the aim of transforming sensitivity towards the issue of energy and sustainable development into practical action.

An important institution in this regard is FIRE, the Italian Federation of Energy Managers, which certifies new energy management experts through Secem.

The monitoring of the direct impacts described above is the responsibility of the Environmental Sustainability Team of the CSR Unit - CEO's staff, coordinated by the Group's Energy Manager. Let us take a closer look at what an Energy Manager does.

Law 10/1991 requires that all public or private entities that consume large quantities of power, expressed in tonnes of oil equivalent (TOEs), appoint a manager for the conservation and rational use of energy, in short an "Energy Manager". The position may be filled by an employee or external consultant, in either case by official appointment, meaning that the position must be part of a company action plan and/or energy management system. The qualifications required to serve as Energy Manager are not specified in detail by the law, although a technical and scientific background in the energy field is indicated as the most appropriate. Since the Energy Manager plays a supporting role to the decision-maker, the technical and scientific background must be accompanied by managerial skills and a knowledge of the fundamentals of energy analysis.

What are an Energy Manager's main duties?

The law states that an Energy Manager must primarily:

- identify the actions, procedures and all other items required to promote the rational use of energy;
- prepare energy budgets and periodically monitor energy consumption;
- prepare any energy data requested by the Ministry of Industry, Commerce and Handicrafts from recipients of the grants provided for in said law.

Roberto Gerbo, when were you appointed as Intesa Sanpaolo's Energy Manager and what have been your primary duties during all these years?

"I have been serving in this capacity since 1992, first with the San Paolo Group and then at Intesa Sanpaolo. This activity of a specialised nature permeated all the positions that I have served in other areas over time, inasmuch as energy consumption is first and foremost a significant administrative expense, in addition to the cause of a significant impact on the environment, given our Group's size. An important aspect is represented by the Energy Manager's ability to conduct an economic analysis of investments, organisational expertise and feasibility studies. The duties that I have performed as Energy Manager may be summarised as periodic monitoring of energy consumption trends, assistance with purchases of energy supplies with a small environmental impact, data analysis and definition of targets and guidelines, coordination of action for gradual improvement and assessment of cutting-edge technological solutions. More recently, my work has naturally been extended in the environmental field to include acting as head of the Environmental Sustainability Team charged with putting the Company's commitment into actual practice in the social, environmental and economic arena through specific activities involving the monitoring and rationalisation of consumption, the application of an Environmental and Energy Management System, the spread of a shared culture of sustainability and the implementation of initiatives aimed at reducing environmental impacts."

EMPLOYEE TRAINING AND AWARENESS



“Today there is someone who can make a difference in safeguarding the environment: YOU!”

This is the claim that in February 2010 accompanied the launch within Intesa Sanpaolo of the training project Ambientiamo, which contributes to focusing expanded responsibility in a company that integrates its CSR policies with environmental protection. The direct and indirect impacts generated by our day-to-day activities become the object of a step-based process that transfers knowledge and spreads culture. Ambientiamo is founded upon the consideration that we all can influence our interlocutors (colleagues, businesses, families, etc.) and thus contribute by example to safeguarding the environment in which we live and future generations will live. Strengthening environmental culture and increasing awareness thus become a goal of individual as well as professional improvement for Intesa Sanpaolo’s employees. The process is cross-medial because it makes transversal, integrated use of all available media by having them converge into a single access point: through the training page of the intranet, employees can discover the various “training modules” that are gradually revealed and always remain available. The steps initiated in 2010 were:

- the Sunflower Test, which aids users in discovering their level of environmental awareness;
- five “eco-pills” broadcast on the Company’s radio network, accessible to customers and employees;
- three Web games and three video involving waste management and energy conservation at home and work.

Ambientiamo has also put a social network to work in spreading knowledge, through which employees may take Ecosfida, telling stories, sharing ideas and proposing projects. Another highly used feature was Ecopost: a space for open dialogue that is also helpful in clarifying small practical doubts regarding the Company’s current environmental policy.

Ambientiamo is working to implement new training modules in 2011: in the first half of the year, an e-learning course was created in collaboration with the Environmental Sustainability team, which transfers the knowledge required to increase the number of certified branches to SGAE contacts. Employees enjoy access to the intranet pages on Environmental Sustainability, CSR and Mobility, which provide information concerning all measures taken by the Bank in the area of the environment and sustainable mobility.

In addition, during the event M’illumino di Meno and World Environment Day, Intesa Sanpaolo launched awareness-raising measures on environmental issues in Italy for all employees, including the opportunity to purchase energy conservation products at a reduced cost. Noteworthy, among similar measures taken by the international subsidiary banks, was the participation by CIB in “Earth Day” and by Banka Koper in “Let’s Clean Slovenia in One Single Day”, which saw employees participate in various environmental activities organised by the government.

We asked Roberto Battaglia, head of Intesa Sanpaolo’s Training Department, to tell us what he thought were the most interesting aspects of “Ambientiamo”:

“I am convinced that good ideas need to be cultivated and allowed to grow in a climate of innovation. Ambientiamo represents a good example of how people can combine their intelligence to create culture and transfer knowledge. The project pairs the potential of crossmediality with the efficacy of informal learning. In the social section of the Ambientiamo page, knowledge feeds itself in a virtuous circle: employees submit their concerns and often receive responses on environmental issues from the community itself. Obviously, the social network is also useful to the Bank’s various units in representing in more direct language some information already contained in the various sources of internal regulations.

During the award ceremony for the winners of Ecosfida, I was also pleasantly surprised by the employees who participated: I saw in action the “viral” spirit that I would like for training to have, and the way in which the enthusiasm of an idea can become the driver to promote the issues of savings and sustainability in an everyday working environment.

Finally, Ambientiamo was a successful experiment in the evolution of remote training. For us, the integrated use of the various media has become one of our models of reference for other projects as well, which I hope will continue to meet with the appreciation of the Group employees who use them!”

ENVIRONMENTAL SUSTAINABILITY PHOTOGRAPHY COMPETITION

Among its efforts to raise awareness of environmental sustainability issues among its employees, an internal competition among staff has been launched to find a picture that epitomises Intesa Sanpaolo's environmental sustainability.

Participation was very high and the winner was an employee from the Rho branch, who submitted the photograph presented below. The other pictures presented in this document were also drawn from the internal photography competition.



AWARDS

As further proof of the quality of the measures taken by Intesa Sanpaolo, in recent years the Bank has received a series of important awards. Firstly, the Intesa Sanpaolo Group was the first bank in Europe to be designated a partner in the European campaign Sustainable Energy Europe: an initiative of the European Commission that aims to establish a network of European cooperation in best practices in order to contribute to implementing European energy policy. Worthy of mention among the most important awards received at the national level in recent years are:

- the “Premio Speciale per gli Impatti Diretti” (“Special Award for Direct Impacts”) as part of the Green Globe Banking Awards for the project “Gestione integrata degli impatti diretti dell’attività bancaria in filiali e palazzi di Intesa Sanpaolo” (“Integrated management of the direct impacts of banking in the branches and buildings of Intesa Sanpaolo”). This award followed the obtainment of the Green Globe Banking award in 2008 and second place in 2009;
- the “Premio Energy 2020 - categoria Demetra” (2020 Energy Award - Demetra Category) bestowed by Il Sole 24 Ore with the objective of recognising companies for the most significant projects in the energy field. Intesa Sanpaolo won for a project that not only meets the primary objective of gradually reducing the environmental impact, but also aims to achieve savings in the area of operating expenses and to respond to external solicitations calling for increasingly virtuous behaviour in the environmental arena;
- “L’innovazione amica dell’ambiente 2009 – categoria Tecnologie verdi: prodotti, servizi e sistemi per l’efficienza energetica” (“The 2009 innovation friend of the environment award - green technology category: products, services and systems for energy efficiency”). The award, promoted by the Lombardy Region and managed by Fondazione Legambiente with sponsorship by, among others, the Italian Ministry of the Environment, was bestowed on Intesa Sanpaolo for the project: “L’innovazione nelle filiali bancarie: l’efficienza energetica per la sostenibilità ambientale” (“Innovation at bank branches: energy efficiency for environmental sustainability”).

Yet the important awards that the Group received at the international level also bear mentioning. First of all, the Intesa Sanpaolo Group was the number-one Italian “green” group and 13th in the global ranking of the top 100 greenest groups in the world, according to the classification published by Newsweek. The rankings recognise companies that have distinguished themselves for their environmentally friendly policies during the previous year. In addition, in 2009 Intesa Sanpaolo was the only Italian company included in the rankings of the world’s most sustainable enterprises prepared by the Canadian magazine Corporate Knights.

Noteworthy among the recognition received by the Group’s international subsidiary banks are the CSR Best Practice award bestowed in 2010 on the Hungarian CIB by the Hungarian Public Relations Association as one of the six companies that most distinguished themselves in the field of customer support during the 2009 crisis, but also for their small environmental footprints. Thanks to its attentive environmental policy, a significant award was also bestowed on the subsidiary VUB: our bank received the VIA BONA Award for large companies from Fondazione Pontis.

INDIRECT IMPACTS

Intesa Sanpaolo is also responsible for environmental impacts deriving from initiatives that are not under the Bank's direct management or control, and in particular the possible positive and negative impacts from our customers' initiatives. Accordingly, the Group considers one of its most important duties to be bringing all of its expertise and skills to supporting customers in terms of information, advice, services and products. In further detail, the Bank is active in this field through:

- a range of products for individuals, businesses and public entities wishing to invest in energy efficiency and renewable energy;
- financing of projects in Italy and abroad in the photovoltaic, wind-power, hydroelectric, waste-to-energy, waste management and water cycle sectors;
- strategic investments in leading Italian companies in the renewable energy industry.

Also of great strategic relevance at this juncture are investments in research and technological innovation, which is indispensable to reducing the costs of constructing plants and guaranteeing future development, with an eye to a time when the incentive system in Italy will have been scaled back, in line with developments in the rest of Europe. In this field as well, the Group works with entrepreneurs with adequate financial expertise and tools to support research and development processes. The environmental impacts of our corporate customers and projects are also carefully evaluated in terms of creditworthiness, especially for sensitive industries.

FINANCING FOR THE ENVIRONMENT AND ENERGY EFFICIENCY

Intesa Sanpaolo offers a wide range of financing in support of investments in the environmental and energy sector, from families to large industrial projects. The goals set at the national level require considerable investments, which the Bank is supporting across the board by providing advice concerning access to sources of public funding and entering into collaborative agreements with the main industry operators and the most important associations (APER, GIFI and ASSOSOLARE), including with the aim of promoting the spread of renewable energy and assisting customers during all phases of investment, from planning to financial and insurance coverage. The Bank has also implemented specific financing solutions that, thanks to master agreements with the Gestore Servizi Energetici (Energy Services Manager), can be guaranteed directly by the sale of credits deriving

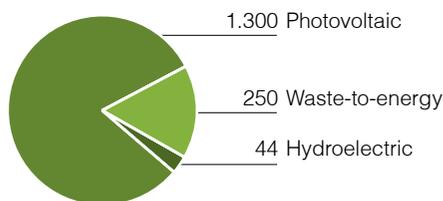


THE MEDIOCREDITO ITALIANO ENERGY DESK

The Energy Desk, a unit fully dedicated to the renewable energy and energy efficiency sectors, operates within Mediocredito Italiano, the Group bank specialised in medium-/long-term lending for SMEs. This economic and engineering competence centre's purpose is to provide support and answers - and not only relating to financial issues - to companies interested in developing these business sectors while at the same time identifying new trends and opportunities. The Desk's specialists work alongside their colleagues and customers to review technological validity, regulatory issues and cash flow estimates for ventures, all of which are essential elements to a properly structured transaction. To this end, the Desk has created advanced models that simulate the earnings and cash flow performance of a project and has prepared, for the benefit of all Group personnel, simplified versions of those models, as well as operating guides for the various markets, which it updates periodically.

In 2010 the Energy Desk evaluated electrical power generation projects, but also cogeneration and generation-heat recovery projects, primarily based on photovoltaic, waste-to-energy and hydroelectric sources, with a total amount of loans applied for of approximately 1.6 billion euro and 527 MW of new installed capacity.

LOAN APPLICATIONS REVIEWED BY THE ENERGY DESK IN 2010
[FIGURES IN MILLIONS OF EURO]



For Mediocredito alone, this resulted in the granting of approximately 1.1 billion euro in loans.

from government incentives (Conto Energia and the single all-inclusive tariff).

In lending to individuals and households, the Bank granted nearly 9,000 loans in 2010 amounting to approximately 172 million euro to fund the installation of photovoltaic panels and the purchase of ecological cars, thermal insulation, next-generation boilers and environmentally friendly appliances. Small businesses and professionals received 236 loans totalling approximately 37 million euro. In 2010, the Bank also launched the first financing transactions for ESCOs (for further details, please refer to page 30). With regard to medium-sized businesses, in 2010 loans amounting to some 688 million euro were granted to support projects related to the use of photovoltaic panels, biomass and hydroelectric plants and energy efficiency measures. To support entrepreneurs who planned investments in renewable energy, Mediocredito Italiano Energy Desk continues to be active by providing a comprehensive service that ranges from credit to advice on the new technologies in new energy. In addition to medium- and long-term loans, a significant number of facilities for the generation of renewable energy were financed via leasing transactions through Leasint. In 2010 such financing increased significantly: 417 contracts were signed for a total of approximately 1,208 million euro. In 2011 the product line was further extended through the launch of the following:

- a financing product aimed at professionals and small enterprises intended for the removal and disposal of articles containing asbestos from buildings, installation of thermal insulation and the improvement of safety in the workplace; and
- a short-term loan for companies that invest in the environment and safety (environmental protection, environmentally friendly vehicles, energy efficiency, environmental certification, workplace safety).

Various Group banks offer a range of green products. Banca Intesa Beograd has signed an agreement with the European Bank of Reconstruction and Development (EBRD) to finance corporate projects aiming to increase energy efficiency and produce energy from renewable sources. Banka Koper offers financing for photovoltaic plants and has signed a cooperation agreement with the Slovenian Environmental Public Fund under which the Bank finances environmental investments (households and companies) on behalf of the fund. The Slovak Banca VUB offers co-financing for the development of renewable energy in cooperation with the European Investment Bank (EIB) and EBRD, as well as financing for energy efficiency in buildings. The Croatian PBZ offers co-financing in the environmental field for SMEs and municipalities in collaboration with development banks such as the EIB, EBRD and Croatian Bank for Reconstruction and Development.

ENGAGEMENT IN GREEN FINANCE



In December 2010, the CSR Unit initiated a programme to chart the presence of products and services for customers with environmental aims within the Bank's various components. The intent was to create an overall snapshot of the current situation, including the interactions between the various structures, to highlight any critical issues and possible future developments. This initiative is part of the complex process of monitoring and managing the Bank's environmental sustainability issues for which the CSR Unit is responsible.

The interviews were conducted according to a predefined list of points, while always leaving room for further exploration of specific issues, so as to consistently detect the risks and opportunities brought to light in the environmental arena.

For each interview, a sheet was prepared and all information collected was then processed in order to obtain a concise overview of:

- the interrelations between the offices of the Bank relating to the issue;
- the products and services offered by the Intesa Sanpaolo Group in the environmental sector, broken down by business area;
- the segments affected by the products/services (e.g., photovoltaic, waste management, etc.);
- the staff assigned to the area and internal training in the field;
- internal and external dissemination of activities (for example, training of managers, participation in conferences, dedicated intranet pages, etc.);
- reporting of environmental data;
- the critical issues detected.

As a result of the mapping activities illustrated above, the following future ameliorative initiatives have been planned:

- formation of a roundtable within the Group with the aim of further improving the exchange of knowledge and information between the various offices of the Bank that are responsible for environmental issues (renewable sources, energy efficiency, waste, etc.). This course of action should also allow some current informational asymmetries to be eliminated and synergy and joint action to be achieved;
- launch of an awareness-raising and tutoring programme for the International Subsidiary Banks that intend to develop products or services in the environmental sector;
- further exploration of study and research activity regarding environmental issues (e.g., with a monitoring centre for national and international incentives, analysis of markets and new technologies, etc.);
- launch of widespread training measures on the subject for the network.

BUSINESS & FINANCE TOGETHER FOR SUSTAINABLE ENERGY

In collaboration with the Ministry of the Environment and Simest, Intesa Sanpaolo has created the publication "Fare energia con l'impresa. Guida agli strumenti per investire nelle energie rinnovabili" ("Business & finance together for sustainable energy. Guide to instruments for investing in renewable energy"), which aims to provide entrepreneurs interested in pursuing the use of renewable energy sources with an overview.

The first part of the document describes the main subsidies available in Italy. In addition to the Conto Energia programme for photovoltaic power and Green Certificates, the Guide contains an analysis of the conditions at the European, national and regional level that foster investments in energy conservation and promote the use of renewable energy.

The second part of the Guide focuses on the opportunities available in Mediterranean countries. A description is provided of the subsidies available from national governments through Simest, along with incentives in European nations and countries that lie along the Mediterranean that are implementing renewable energy development policies despite their wealth of energy sources.



PRODUCTS AND SERVICES OFFERED BY THE INTESA SANPAOLO GROUP



INTESA  SANPAOLO

 **MEDIOCREDITO ITALIANO**

 **AGRIVENTURE**

 **BANCA IMI**

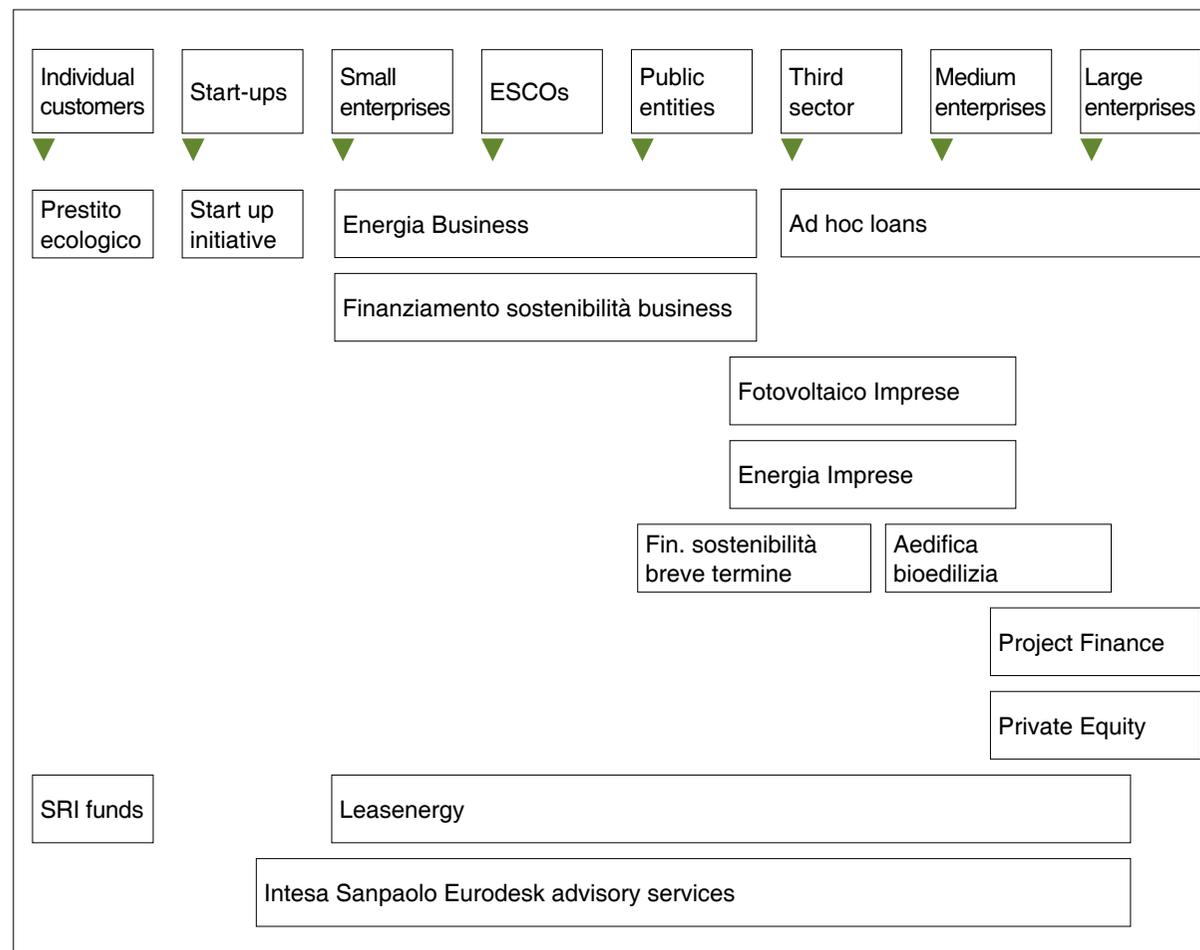
 **EQUITER**

 **LEASINT**

 **INTESA SANPAOLO EURODESK**

 **BIIS** | BANCA INFRASTRUTTURE INNOVAZIONE E SVILUPPO

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



NON-PROFIT ORGANISATION INVESTS IN RENEWABLE ENERGIES



AGRIVENTURE

Agriventure is the Intesa Sanpaolo Group company devoted to the agroindustry and agroenergy sector that integrates financial and industry-specific skills in order to provide specialised consulting to companies operating in the agribusiness segment.

Through the analysis of the main chains and the implementation of targeted local initiatives, Agriventure aims to maximise the strengths of the Italian agriculture and agrobusiness industry by supporting customers in seizing income opportunities and fostering multifunctional, sustainable agriculture, with a particular focus on agroenergy and the waste-to-energy chain.

For the numerous agricultural entrepreneurs who wish to invest in technology, expertise and new equipment for the production of renewable energy, Agriventure can evaluate projects not only in light of a company's earnings and financial position situation, but also by taking account of the more specific technological and environmental characteristics of the agroenergy chain in question.

Projects that are "sustainable" from a financial as well as an environmental standpoint may be adequately financed either through the various existing products or the crafting of customised financial solutions.

Following a thorough study of the chain and opportunities, the company aims to assist businesses as they prepare and implement their business plans and assess the various financing options for projects so as to ensure that their maturities and repayment conditions match the cash flows typical of companies that wish to invest in projects such as building power plants that use renewable energy sources.

Banca Prossima, the Group bank dedicated to the third sector, also provides financing for the renewable energy sector. The following is a testimonial from a customer who completed a renewable energy investment project with the Bank's financial support: the "Maria Bambina" Shelter in Berchidda, Sardinia, which hosts self-sufficient, partially disabled and non-self-sufficient elderly persons. The interview was with Don Guido Marrosu, Director of the shelter.

Would you provide us with a concise presentation of your project?

"After observing that our heating and electricity bills were increasing exponentially, we considered the possibility of installing energy-saving equipment and a photovoltaic plant. After contacting some specialised firms, we decided to install a fully-integrated 20 kW photovoltaic plant and replace our old heating system. This involved adapting the terrace, which presented some leak-related problems, for a new use by definitively fixing the issues after installing the solar panels."

What are the reasons that led you to invest in renewable energy?

"In the first place, the economic savings that we were to obtain, owing to the replacement of the obsolete equipment and the proceeds of the incentive rates for the generation of electrical power. Secondly, a contribution, albeit a minor one, to reducing pollution, both in terms of the direct generation of power from a "clean" source such as solar, and due to the fact that we would no longer be directly burning diesel oil: our elderly residents are pleased that they no longer smell fuel in the mornings!"

Are you satisfied with your decision?

"Yes. The results have clearly been satisfying, although the economic support linked to the installation of the photovoltaic system contributed to the final decision."

What role did our Bank play in supporting your initiative?

"An important and essential one. From the financial standpoint, a decisive one. Since we did not possess the funds required to undertake the operation, the support provided to us by Banca Prossima allowed us to complete the overall transaction. The advisory aspect was also important, involving effective support for the various decisions that we faced, such as distinguishing between the various financial plans presented to us and the fact that, at no charge, an advisor from the Bank reviewed the project we had chosen, checking that the costs were fair and that the project was economically sustainable, before final approval."



THE PROMOTION OF START-UPS IN THE CLEAN TECHNOLOGY SECTOR

LOANS FOR ESCOs



Technological innovation plays a key role in sustainable energy: new energy sources, increasingly efficient and inexpensive energy production systems, devices and processes aimed at reducing end-use consumption are just some examples that show how the industry is deeply affected by continuous evolution.

Even in this field, the Intesa Sanpaolo Group is on the side of the entrepreneurs employing skills and financial tools to support the costs of research and development. Specifically, the Group has launched the Intesa Sanpaolo Start-Up Initiative, a training and promotion programme for emerging high-tech companies. Through this initiative, the Bank facilitates the meeting between start-ups and potential investors (including venture capital, business angels, corporations and private investors). Start-Up Initiative events specialise in technology and one of the main focuses is Clean Tech: renewable energy, energy efficiency, water and environment. The process involves several selection and training steps for start-ups, culminating in a number of opportunities to meet investors, both in Italy and at the premises of the International Subsidiary Banks.

In Italy, the energy conservation sector is growing due to a variety of factors, including rapid technological innovation, the prospect of significant returns and increasing awareness of environmental issues. Financial support from banks plays a fundamental role in developing this sector. There are three indispensable ingredients needed for a bank to support investments:

- a clear understanding of the project and the roles of the players involved;
- the economic sustainability of the business plan;
- the financial solidity of the borrower.

The offering of environmental loans is also addressed to ESCOs (Energy Service Companies), which assume the financial risk of a project in the energy arena and share in a part of the economic benefits produced by that project over time.

Once the bank has understood the project, the assessments required for the approval of a loan to an ESCO are based on the following points:

- the ESCOs must be solid from the standpoint of both financial position/earnings and professional competence (great importance is attributed to the professional and banking profiles of shareholders and directors, especially if the ESCO was recently established);
- the risk capital invested in the project. A 30% share of the investment must be represented by the ESCO's own equity resources invested in the form of risk capital. In some cases, a part may consist of public funds or financial guarantees provided by the public entity that is to benefit from the project. Once the equity/debt structure of the project has been defined, specific income streams may be identified to function as collateral for the loan.

“ESCOs may act as a highly important driving force behind the development of energy conservation, especially in the public arena”, commented Luca Giordano, Head of Marketing – North West Region. “There is growing interest on the part of businesses and public entities that intend to invest in the energy conservation sector. This is shown by the success of the “Covenant of Mayor” tour that we conducted in Italy’s major cities in conjunction with the Ministry for the Environment to promote these issues.” Although there are currently few ESCOs in Italy with the required characteristics, Intesa Sanpaolo has approved the first loans to ESCOs involving thermal solar plants on the roofs of municipal gymnasiums and photovoltaic plants on the roofs of municipal buildings. Other types of transactions are already under study.



In early 2011, Leasint reached an important milestone thanks to Leasenergy: the first gigawatt of clean-energy financing. This achievement bears witness to Leasint's contribution to reaching Italian goals in the renewable energy field and established Leasint as the leader of the energy sector of the Italian leasing industry.

Leasenergy is a product devoted to financing plants that generate energy from renewable sources, and is thus suited to those who wish to invest in the photovoltaic, wind-power or hydroelectric sector, in waste-to-energy plants or plants that create energy while reducing the use of traditional sources (cogeneration and trigeneration).

The technical form is operational leasing or property leasing, depending on the plant that is to be the target of investment, yet the product has been defined while taking account of the characteristics of the available assets and incentives, so as to optimise the financial plan, insurance aspects and the loan evaluation process.

The plants funded are of all sizes, from small photovoltaic plants for internal use to large synergetic parks (photovoltaic and wind-power) and dams. There are photovoltaic greenhouses, waste-to-energy plants for agricultural waste and photovoltaic plants on the roofs of industrial facilities: all opportunities have been studied and verified in collaboration with the customer to optimise the project and Leasint's involvement.

The following is a breakdown of the plants funded by type:

- 565 photovoltaic plants with a total capacity of 334 MW;
- 67 waste-to-energy plants with a total capacity of 281 MW;
- 43 hydroelectric plants with a total capacity of 88 MW;
- 15 hydroelectric plants with a total capacity of 337 MW.

In addition to the renewable energy field, Leasint also extends its activity to traditional sources, and in particular methane gas, the "cleanest" of the non-renewable sources due to the fact that burning it does not yield polluting residue. In this field, Leasint has funded 29 plants with a total capacity of 334 MW, some of which are structured as cogeneration or trigeneration plants, meaning that they show maximum efficiency in the use of energy.

In recent years, the Intesa Sanpaolo Group has participated in the most important events in the energy field by promoting targeted financing and disseminating information concerning its environmental policy in order to sensitise public opinion on the matter and spread the use of good practices. In particular, the energy manager and delegates for energy products participated as speakers at conferences organised with local and national institutions, trade associations and private entities. The Group also participated in fairs and events of national and international interest relating to the subject of renewable energy and energy conservation.

The most significant events include the organisation of conferences during the "European Sustainable Energy Week" called by the European Commission to sensitise public opinion on the matter and the series of meetings organised in concert with the Ministry of the Environment to sensitise public entities to participate in "Covent of Mayor", an initiative that seeks the active participation of European cities in a process culminating in energy and environmental sustainability.

Environmental protection awareness-raising measures for customers were also held during the days M'illumino di Meno and World Environment Day, on which all of the Group's ATMs in Italy displayed a message that encouraged customers to take part in the conservation and environmental protection measures promoted on those days. In a like manner, the Hungarian CIB raised awareness among its customers on Earth Day.

ACTIVE PARTICIPATION IN THE ASSOCIATION

The financial institutions and associates that adopt the Principles are encouraged to participate in the events held each year in Washington at the offices of the World Bank's International Finance Corporation. Such events are opportunities to discuss the most sensitive issues relating to the Association with the supervision and support of the chairman of the Executive Board and to report on progress made during the year by the various working groups and the development of the various ongoing activities; it is also the venue in which decisions are made regarding the various candidacies submitted to the Board and the management of the Association's budget.

Sometimes, as in 2009, these annual meetings also serve as occasions for organizing discussions with various representatives of non-governmental organizations that constantly apply close scrutiny to the institutions that adopt the Principles and submit their requests so that practices increasingly in line with a responsible approach may be put into effect, especially by banks.

In addition to participating actively in the international debate, Intesa Sanpaolo is committed to spreading the culture associated with the Principles, both internally and externally, including through other events that involve the application of the Principles.

In this connection, in February 2011 the Bank hosted the conference "Il valore aggiunto degli Equator Principles nella gestione dei rischi ambientali e sociali nell'ambito del Project Financing" ("The value added by the Equator Principles in managing environmental and social risks in project financing"), which involved the participation of the Bank's employees and clients' representatives.

The conference represented an opportunity for dialogue regarding how best to manage the social and environmental risks associated with funding large-scale infrastructure and energy projects in sectors such as renewable energy, water, nuclear power and paper.

PROJECT FINANCE AND THE EQUATOR PRINCIPLES



The Equator Principles are an international standard in support of financial institutions that wish to determine and manage in an adequate, pro-active manner the social and environmental risks potentially inherent in a project to be financed. They are considered the "gold standard" available to the financial industry for conducting project-finance operations in a responsible manner.

The Principles, which are based on the standards and guidelines set by the World Bank's International Finance Corporation (IFC), provide associates with a methodology and basic framework to be used to structure an individual itinerary accompanied by customised internal processes and procedures and apply to all new projects in all sectors of industry with a capital cost equal to or greater than USD 10 million.

Intesa Sanpaolo has complied with the Equator Principles since 2006, even before the two former banks, Banca Intesa and Sanpaolo IMI, merged to give rise to the new Group.

Following the creation of an interfunctional working group coordinated by the Corporate Social Responsibility Unit and supported by an external partner, the work carried out in 2010 gave rise to the implementation of an internal policy that provides the operational guidelines for the proper application of the Principles, as described below. The classification of projects based on three levels of risk and the choice of a specific path, according to the assigned category, requires transparent and immediate involvement of our customers, to whom we offer ample support to mitigate the identified risks.

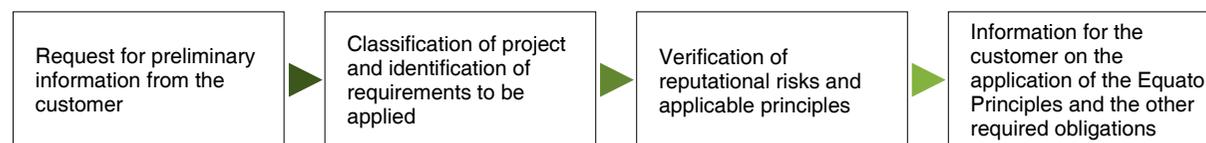
The policy, incorporated in the Group's regulations, was subsequently made accessible to the foreign offices of Banca IMI, the Group's investment bank (London, New York and Hong Kong hubs), and published in the intranet policies section. To facilitate the implementation of the policy in all its parts, a training course has been conceived, based primarily on technical and operational obligations, initially dedicated to the specialists in Project Finance and Advisory in Italy and abroad. The first session was conducted in 2010 and the second took place in March 2011. The course will then be appropriately adapted and provided to Export Finance staff members.

The commitment in the implementation of the Principles, albeit an important first step towards a sustainable development strategy in the Bank's credit activities, has increasingly allowed for more scrupulous control over this field and the dissemination of a higher sensitivity. Proof of this lies in the increasingly aware involvement of the CSR Unit in dealing with the possibility of reputational risks associated to activities that are currently outside the scope of the Principles.

ENACTING THE OBLIGATIONS REQUIRED TO FINANCIAL INSTITUTIONS BY THE PRINCIPLES INTO INTESA SAN PAOLO'S GUIDELINES

(INTESA SANPAOLO'S OPERATIONAL GUIDELINES IN APPLICATION OF THE EQUATOR PRINCIPLES)

Principle 1: (Review and Categorization) The Bank must classify the project according to International Finance Corporation (IFC) criteria.



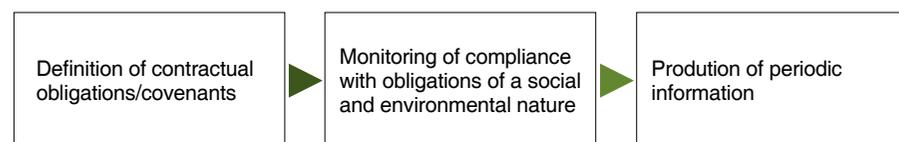
Principle 7: (Independent review) During due diligence, for all Category A projects and those in Category B where deemed necessary, the Bank must be supported by an external review by independent specialists.



Principle 8: (Covenants) The Bank must draw up terms and covenants and support the customer so that the project complies with the applicable criteria.

Principle 9: (Independent monitoring and reporting) For all Category A projects, and those in Category B where deemed necessary, the Bank must ensure that the customer, supported by experts and with regard to the project lifecycle, assesses that all monitoring activities have been carried out.

Principle 10: (EPFI Reporting) The Bank agrees to communicate at least annually the actions taken to implement the Principles and the level of application.



TRANSPARENCY AND REPORTING

One of the most recurrent themes in the ongoing debate between NGOs and the “associated” financial institutions is a call for greater transparency in the external communication of the institutions themselves. In particular there is a minimum standard of disclosure under which they cannot go, or they are excluded by the association.

Intesa Sanpaolo has committed itself to gradually raise its level of communication. The main instrument is the Social Report, in which the bank publishes the number of projects evaluated, divided according to different criteria and not only to the assigned category.

PROJECTS EVALUATED ACCORDING TO THE EQUATOR PRINCIPLES, BROKEN DOWN BY CATEGORY AND SECTOR

	A	B	C	TOTALE
Oil and gas		1		1
Petrochemical		1		1
Wind power		12	2	14
Photovoltaic power		30	2	32
Energy	3	7	1	11
Infrastructure	1	10	5	16
Transport			1	1
Manufacturing		2		2
Other		6		6
Total	4	69	11	84

Category A - Projects that could potentially have significant impacts that are environmentally or socially negative, irreversible or in any event, unprecedented.

Category B - Projects that have impacts that are environmentally or socially limited, or low in number, usually specific to a site, largely reversible and easily manageable by adopting mitigation measures.

Category C - Projects that have no negative social or environmental impacts, or minimal impact.

DEVELOPMENT OF RENEWABLE ENERGY AND THE EMISSION MARKET

In the past five years, the clean energy segment has emerged around the world as an important new opportunity for investments, production, employment and protection of the environment.

The sector was amongst the main beneficiaries of the funds allocated by governments for economic recovery, and on the basis of current policies alone, it is estimated that cumulative investments could reach USD 1,700 billion in the next decade¹.

Environmental support policies and incentive mechanisms have also permitted the identification of investments in power plants that use renewable energy sources as an asset class characterised by a high degree of predictability and stability of cash flows, with the result that the risk-return profile of ventures is especially attractive for investors characterised by a medium-/long-term holding period.

In the emission market, the European Emission Trading Scheme (ETS), while conditioned by a climate of uncertainty that has not allowed it to be fully developed, currently remains the only mechanism that could allow the European Union to reach the emission reduction targets set forth in the Kyoto Protocol at sustainable costs (0.1% of European GDP).

EQUITER'S ACTIVITY



Equiter, the Intesa Sanpaolo Group company responsible for public-private partnership initiatives in Italy and abroad, has developed its investment portfolio in accordance with the opportunities that have come to light in the energy and environmental sector, gradually focusing its activity on the production of renewable energy, the clean-energy industry and the emission rights market.

Equiter has operated in the photovoltaic sector since 2007 both through direct investments and indirectly through the fund PPP Italia.

In its direct investments, Equiter has acquired a significant interest in Enerpoint, a leading Italian distributor, marketer and installer of photovoltaic systems. It has also formed a joint venture with Enerpoint, Enerpoint Energy, to produce and sell electrical power generated by proprietary photovoltaic plants.

At the end of 2010, the installed capacity of the plants in which Equiter and the fund PPP Italia had invested came to a total of approximately 100 MWp.

Equiter's presence in the clean-energy industry takes the form of its investment in the fund Ambienta, a leading European investor in renewable energy, energy efficiency, and waste and sewage treatment. To date, the fund has undertaken investments corresponding to more than one-third of its total commitment. In emissions market activity, Gica, a company incorporated by Equiter in partnership with leading industrial operators to originate and market emissions credits, began in 2008 to build a significant portfolio of CDM (Clean Development Mechanism) projects that are to ensure the delivery of over one million certificates (CERs).

In its consulting business, Equiter has also conducted a study commissioned and co-funded by Reep (Renewable Energy & Energy Efficiency Partnership), an NGO that provides various forms of support for the development and dissemination of renewable energy in developing countries. The study aims to analyse the feasibility of a public-private investment fund to implement projects involving the use of renewable sources in North Africa.

¹.Global Clean Power: A \$2.3 Trillion Opportunity – december 2010.

CREDITS

ENVIRONMENTAL SUSTAINABILITY PHOTOGRAPHY COMPETITION

The images illustrating the Environment Paper are taken from a special selection of photographs of the internal photography competition (see page 24).

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Intesa Sanpaolo respects the environment: this Report has been printed on certified ecological paper.



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