

C0. Introduction

C0.1

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

Intesa Sanpaolo is the banking group which was formed by the merger of Banca Intesa and Sanpaolo IMI. The merger brought together two major Italian banks with shared values so as to increase their opportunities for growth, enhance service for retail customers, significantly support the development of businesses and make an important contribution to the country's growth. Intesa Sanpaolo is among the top banking groups in the euro zone, with a market capitalisation of 41.9 billion euro (as at 29 June 2018). Intesa Sanpaolo is the leader in Italy in all business areas (retail, corporate, and wealth management). The Group offers its services in Italy to 12.0 million customers through a network of approximately 4,600 branches well distributed throughout the country. Intesa Sanpaolo has a selected presence in Central Eastern Europe and Middle Eastern and North African areas with approximately 1,100 branches and 7.7 million customers belonging to the Group's subsidiaries operating in commercial banking in 12 countries. Moreover, an international network of specialists in support of corporate customers spreads across 25 countries, in particular in the Middle East and North Africa and in those areas where Italian companies are most active (as at 31 March 2018).

Conscious of the value of our activity in Italy and abroad, Intesa Sanpaolo promote a style of growth that is attentive to financial strength and capital solidity, sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of employees and close monitoring of the needs of the community and the local area. Intesa Sanpaolo compete on the market with a sense of fair play and is ready to cooperate with other economic entities - both private and public - whenever necessary to reinforce the overall capacity for growth of the economies of the countries in which it operates.

Within Intesa Sanpaolo's commitment towards sustainability, a specific focus is dedicated to climate change issues with the awareness that innovation, the development of new products and services and corporate responsibility may contribute to tackle environmental changes and the related social impacts. This understanding has led over the years to adhere to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. Intesa Sanpaolo has always considered environmental management as a fundamental part of a wider management model which embeds CSR across the entire Group. Numerous initiatives are focused on the mitigation and careful management of direct and indirect impacts on the environment. The Group continues its commitment to reduce its environmental footprint through, for example, the development of projects aimed at promoting the efficient use of natural resources and the support of research and innovation in the area of energy efficiency. In 2017 Intesa Sanpaolo launched a new multi-year plan – the Climate Change Action Plan – with new long-term targets in terms of CO₂ emissions reduction. Besides actions of GHG emissions reduction (i.e. mitigation), the Bank's strategy includes a set of actions to adapt to climate change (i.e. adaptation). With regards to indirect impacts, Intesa Sanpaolo credit process considers, among others, environmental and social risks and to this extent the Group is working continuously on its internal processes in order to apply more stringent assessment criteria and more effective operating procedures. Since 2007 Intesa Sanpaolo has a particular focus on project finance in which environmental and social risks are assessed through the Equator Principles guidelines. A total of 326 loans have been subject to screening for the Equator Principles since 2007. In 2017 11 projects were financed for an amount of 611.5 million euro. In addition, Intesa Sanpaolo actively supports individuals and businesses committed to reducing their environmental footprints, through the promotion of green products and services. With regards to environmental financing, in 2017, the Group disbursed 1,256 million euro of new loans to finance the green economy, corresponding to 2% of the Group total amount. Aggregate disbursements between 2010 and 2017 amounted to over 16 billion euro with a fluctuating trend affected by changing public incentive policies. In addition, in June 2017 Intesa Sanpaolo became the first Italian bank to issue a Green Bond of 500 million euro.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

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

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

C0.4

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

EUR

C0.5

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

Financial control

C1. Governance

C1.1

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

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	IntesaSanpaolo Board of Directors(BoD)approves the annual Non-Financial Statement(which includes monitoring of the environmental performance and targets),updates of the Code of Ethics, the environmental and energy policy and CSR guidelines,with the support of the Risks Committee.The Risks Committee, that is internal within the BoD,assesses and examines CSR issues,to help ensure the best control of risks in this area, including climate change issues.BoD performs strategic supervision and management functions regarding matters within the remit of non-delegated powers. It confers and revokes related powers to/from the Managing Director and CEO appointed from its members.With the functions of guidance and strategic supervision, the BoD is the highest level in ISP approving the strategic lines of the bank's commitment to the environment, sustainability and climate change.In2017 ISP issued a new Environmental Plan with2022and2037targets,reviewed by the Risks Committee and approved by the CEO

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Monitoring and overseeing progress against goals and targets for addressing climate-related issues	In 2017 the CSR Sub-Department, in association with the Real Estate and Logistics, Procurement, Human Resources, Information Systems, Safety and Protection Head Office Departments and the International Subsidiary Banks Division, issued a new Environmental Plan - the Climate Change Action Plan - with targets for 2022 and 2037. This Plan was reviewed by the Risks Committee and approved by the CEO. Monitoring the achievement of the planned targets is carried out annually by the CSR sub Department. Targets were included in Consolidated non Financial statement, approved by the Board of Directors. Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy and integrates ESG assessment into its activities. Through the monitoring of the Code of Ethics, stakeholder engagement activities and sustainability reporting, the Group identifies and analyses the range of risks associated with climate change and sets objectives and guidelines aimed at implementing actions designed to manage and mitigate these risks. Since 2016, the materiality matrix has been shared with the Chief Risk Officer Area with the aim of starting a process of integration with the reputational risk assessment carried out annually. The CSR governance system is based on a strong involvement of the Risks Committee, which is established within the Board of Directors, as required by the regulations, to provide specific support to the Board in relation to all CSR matters. To this end, the CSR Sub-Department periodically meets (in 2017 - 4 meetings) with the Committee to agree the approach and report on the progress of processes and activities related to sustainability. In addition, in 2017, the CSR Sub-Department reported to the Management Control Committee on the assessment of social and environmental risk and reputational risks in the preliminary evaluation of loans and, together with the Surveillance Body pursuant to Legislative Decree 231/2001, on the annual report on the implementation and governance of the Code of Ethics.

C1.2

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

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

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

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

The Chief Financial Officer (CFO) reports directly to the Managing Director and CEO. The Corporate Social Responsibility (CSR) Sub-Department, with the Sustainability Manager (the Head of CSR Sub-Department), is allocated in the Chief Financial Officer Area.

The Environmental, Health, and Safety manager reports directly to the Managing Director and CEO.

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

Intesa Sanpaolo's organizational model has established that Environmental and Climate Change issues are supervised by the CSR Sub-Department. Within the Sub-Department a specific office is focused on climate change issues. Since April 2018 responsibilities for climate-related issues, that were before assigned to the Chief Governance Officer, have been assigned to the CFO to better integrate sustainability in the finance sector and to improve transparency and efficacy in disclosure and market communication.

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

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

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

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

In addition to implementing actions and activities based on the principles and values of the Code of Ethics, the company Structures appoint a CSR delegate, who collaborates with the CSR Sub-Department, to identify their CSR objectives for the management, monitoring, and periodic reporting of the projects underway and the management of relations with their stakeholders. In addition, each Bank of the foreign network has a CSR Delegate who works in coordination with the CSR delegate of the International Subsidiary Banks Division and with the CSR Sub-Department.

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

C1.3

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

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

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

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

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

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Monetary reward

Activity incentivized

Behavior change related indicator

Comment

Sustainable mobility. In order to simplify the employees commuting to reach the Bank's premises in areas not served by public transport in Turin, Milan, Naples, Padua, Venice and Vicenza, Intesa Sanpaolo Group made available to employees some free shuttles. Thanks to this action, commuting costs paid by employees were reduced and CO2 emissions decreased. Moreover, in the cities of Florence, Turin, Milan, Naples, Venice, Bologna, Rome and Padua employees can request annual season tickets to public transport directly from their workstation, avoiding trips and queues at the counters and taking advantage of discounts. Development of car and bike sharing services. In Italy ALI (Associazione Lavoratori di Intesa Sanpaolo) has formed partnerships with the main networks in Bologna, Florence, Milan, Naples, Padua, Rome, Turin and Venice. Similar solutions are also available in some of the Group's International Subsidiary Banks.

C2. Risks and opportunities

C2.1

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

	From (years)	To (years)	Comment
Short-term	0	3	0 = current
Medium-term	3	6	
Long-term	6	20	Climate change action plan foresees long term targets on GHG emissions reduction up to 2037.

C2.2

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

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

C2.2a

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

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy and integrates ESG assessment into its activities. The potential risks, opportunities and possible impacts on stakeholders and on "corporate bodies" have been analysed in the materiality matrix, both in terms of direct impacts on Group operations and properties and in terms of the green economy. Since 2016, the materiality matrix has been shared with the Chief Risk Officer Area with the aim of starting a process of integration with the reputational risk assessment carried out annually. In addition, with regard to the alignment of the Environmental and Energy Management System to the most recent UNI EN ISO 14001:2015 standard, a Context Analysis was conducted to gain a full understanding of the reference scenario, including the specific associated risks, as well as the needs and expectations of all stakeholders involved by EEMS.

C2.2b

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

The ISP Group considers the risks and opportunities arising from climate change within its overall strategy. Through the monitoring of the Code of Ethics, stakeholder engagement activities and sustainability reporting, the Group identifies and analyses the range of risks associated with climate change and sets objectives and guidelines aimed at implementing actions designed to manage and mitigate these risks. The potential risks and possible impacts on stakeholders and on corporate Structures have been analysed in the materiality matrix. The matrix since 2016 has been shared with the Chief Risk Officer Area with the aim of starting a process of integration with the reputational risk assessment carried out annually.

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

With regards to impacts at asset level the assessment of the hydrogeological risk and hydraulic risk due to flooding and landslides is included in the assessment of risks to workers' health and safety. With regard to flooding, the benchmark is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded. With regard to landslides, the benchmark is based on the level of danger associated with an area subject to landslide events and depends on the relationship between the probability of occurrence of the event and its extent. These assessments are set out in the Risk Assessment Document pursuant to Legislative Decree 81/08, and enable the ISP Group to implement actions that take into account the effects deriving from critical events linked to natural phenomena caused by climate change, allowing the management of different potential risk scenarios, through the implementation of specific Emergency Plans, in order to mitigate and reduce possible damages. ISP has also adopted an Organisational Model for Crisis Management which defines the organisational structure responsible for managing critical events and identifies the roles, responsibilities and decision-making powers. This ensures the participation of all the managerial and operational levels necessary for managing emergencies and crises, including those deriving from large-scale destructive events, i.e. at a metropolitan or wider level, that affect essential infrastructures of both the Bank and third parties, or situations that do not necessarily have a significant impact on operations, but have a high social or local impact (e.g. floods, etc.).

With regards to climate risks linked to operations and lending, ISP applies different procedures, among which:

1. Investment decisions and the credit policy, according to the Code of Ethics, have to take into account the socio-environmental risks associated with the activities of corporate customers. This commitment is also contained in the Rules for the environmental and energy policy;
2. The Group, as a signatory member of the Equator Principles (EP), takes specific account of the impacts from climate change. In fact, the Principles require customers to demonstrate that, if the CO₂ eq emissions of a project are expected to exceed 100,000 tonnes, they have considered solutions with lower emissions, through alternative analysis. The Principles also require the publication, on an annual basis of CO₂ emission levels for these projects.
3. Compliance with the regulatory requirements set out in the Organisational, management and control model pursuant to Legislative Decree 231/2001 on the administrative liability of entities encompasses assessment of environmental risks;
4. Compliance with Group's Risk Appetite Framework that includes statements on reputational risk and more specifically gives indications about the engagement in business/activities exposed to relevant social and environmental issues. Furthermore, the assessment of potential reputational risks (ESG risks are particularly important in this regard) connected with the most significant business transactions, the main strategic projects and the selection of Intesa Sanpaolo's suppliers/partners, is carried out within the Reputational Risk Clearing process developed by the Enterprise Risk Management Head Office Department.

Lastly, on an annual basis, a specific analysis is conducted on the risks and opportunities related to climate change. Specifically, some impacts, financial implications, management methods and related costs are examined, taking into account the specific climatic characteristics of the different geographical areas where the Group operates. In the next answers you can find the main risks, impacts and actions resulting from climate change.

C2.2c

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Climate related risks deriving from current regulation are considered relevant by Intesa Sanpaolo because in the event of non-compliance with Italian and European regulation, ISP can be affected in different ways, e.g. possible fines, that can have financial and reputational impacts, procedural adjustment costs relating to certification processes, negative impacts on the possibility of implementing new products and services. For this reason ISP constantly and precautionary monitors possible changes to Italian and European regulations and ISP's compliance with them. The Institutional Affairs and External Communication Governance Area through the Supervisory Affairs and Impact Assessment Head Office Department is in charge of following the regulatory evolution and its impact on ISP, including the environmental one. For example, in 2017 Intesa Sanpaolo aligned its sustainability reporting to European Directive regarding Non-financial Statement and art. 4 of Italian Legislative Decree 254/2016. The potential financial impact depends on the non-compliance with the law that involves the risk of administrative sanctions. In fact, when the non-financial statement is drafted not in compliance with the provisions of the articles 3 and 4 of Italian Legislative Decree 254/2016 (including disclosure of management, policies, risks, actions and KPIs associated with environmental issues) a financial administrative sanction is applied to the board members.
Emerging regulation	Relevant, always included	Climate related risks deriving from emerging regulation are considered relevant by Intesa Sanpaolo because in the event of non-compliance with Italian and European emerging regulation ISP can be affected in different ways, e.g. possible fines that can have financial and reputational impacts, procedural adjustment costs relating to new certification processes, negative impact on the possibility of implementing new products and services. For those reasons ISP constantly monitors emerging Italian and European regulations through the Supervisory Affairs and Impact Assessment Head Office Department (Institutional Affairs and External Communication Governance Area) that is in charge of following the regulatory evolution and its impact on ISP, including the environmental one. This is made by participating to national and international working groups. For instance ISP Group made an important contribution to the international debate on the topic of environmental sustainability in 2017, which was also useful in preventing risks related to emerging regulatory changes. In the area of green finance ISP collaborates continuously with ABI (Italian Banking Association) in specific working groups. In terms of the European Commission's initiatives in the development of sustainable finance, the Intesa Sanpaolo Group joined the Support to Circular Economy Financing expert group of the European Commission. It also joined the Sustainable Finance Working Group of the European Banking Federation (EBF) and the Association for Financial Markets in Europe (AFME). ISP contributed, directly or via trade associations, to "Boosting Green Finance" (the European Banking Federation report). Also ISP made its observations during the public consultations of the "High Level Expert Group on sustainable finance interim report", aimed at contributing to the final report of the HLEG published in 2018 that brought to the EU Sustainable finance Action Plan. Lastly Intesa Sanpaolo has started to align its sustainability report to the Task Force on Climate-related Financial Disclosures recommendations (TCFD), and they were therefore considered in ISP 2017 non-financial disclosure methodology.
Technology	Relevant, sometimes included	Technology climate related risks, risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system, are considered relevant by Intesa Sanpaolo because in the event of delays in scaling-up to new technological improvements ISP can be affected in different ways both directly and indirectly (customers), with possible financial impacts. Intesa Sanpaolo is a financial institution that consider actions to advise clients on managing the transition towards a low-carbon economy. This is made also through the analysis of technological shifts by, for example, the development of study and research projects in the environmental field, supporting businesses and customers in developing innovative ways of rethinking goods and services and, in Italy, the "Industry 4.0 program" within the framework of the Industria 4.0 National Plan. ISP also continues to pursue its Circular Economy project thanks to which numerous initiatives and actions were carried out in 2017 to promote the awareness and adoption of this model in various domestic and international locations. During 2017 around 40 Italian businesses were subjected to the Circular Economy Standard, created to verify and analyse the level of circularity of businesses along their value chain, i.e. the innovation of their business model according to the principles of the circular economy. In addition ISP signed the Italian Manifesto for the Circular Economy developed with major Italian businesses, ENEL amongst them. In the 2018-2021 ISP Business Plan it is stated that ISP will support the Circular Economy through the allocation of a dedicated plafond and the launch of a dedicated investment fund. These actions will help in reinforcing business resilience to climate change also in order to reduce clients probability of default.
Legal	Relevant, sometimes included	Legal climate related risks are considered relevant by Intesa Sanpaolo because in the event of litigation claims, ISP can be affected in different ways that can have reputational and financial impacts. Intesa Sanpaolo in order to guarantee complete and extensive compliance with legislative provisions regarding the environment in Italy and in the countries where the Group operates, constantly and precautionary monitors possible changes to Italian and European regulations in order to counteract negative legal implications from its activities. i.e. In Italy the Safety and Protection Head Office Department and the Energy manager ensure compliance with environmental and energy rules which, if not addressed, can lead to litigation claims.
Market	Relevant, always included	Market climate related risks are considered relevant by Intesa Sanpaolo because in the event of shifts in supply and demand for certain commodities, products, and services, ISP can be affected in different ways that can have both reputational and financial impacts. Market risks are integrated in the risks assessment mainly for evaluating the potential direct impacts on corporate structures in Italy and in the countries where ISP operates (for instance through the exposition to unexpected shifts in energy cost), and/or for indirect impacts, for example through the exposition to changing customer behavior that ISP aims to intercept through the development of green economy products and services. In addition to what is stated above, ISP credit risk evaluation takes into account market risk related to Business sectors particularly exposed to climate change impacts. To this extent ISP is working to issue two policies regarding coal and oil and gas sectors. On the supply side, in order to mitigate risks from unexpected shifts in energy costs, Intesa Sanpaolo implements the following actions: signing contracts with electricity providers on a biennial basis instead of annual, fixing the price on a longer period and direct actions and initiatives to reduce electricity consumption. On the demand side to mitigate the risk of a reduced customers' demand for green goods and/or services due to shift in consumer preferences, Intesa Sanpaolo advises clients about benefits deriving from investments in renewable energy. For example, through the Energy desk of Mediocredito Italiano, several projects on energy efficiency were funded in 2017. Moreover ISP has defined credit guidelines also with the aim of promoting investments in the sector of energy efficiency and energy saving, that can be made directly by businesses or through ESCOs (Energy Service Companies).

	Relevance & inclusion	Please explain
Reputation	Relevant, sometimes included	Reputation climate related risks (all risks tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy) are considered relevant by Intesa Sanpaolo because in the event ISP is affected by reputational issue, there can be financial impacts. Intesa Sanpaolo's reputational risk governance model assigns to the Corporate Bodies the function of strategic supervision and to the Enterprise Risk Management Head Office Department general responsibility for governing reputational risk processes. Each company function of ISP is involved in the process of safeguarding the corporate image by identifying the reputational risks associated with the activities under its responsibility. Some of the Group's company functions (including Compliance, CSR, Investor Relations, Institutional Affairs and External Communication, Internal Communication) are also assigned specific tasks in relation to reputation protection. The ISP Group attaches great importance to non-financial risks and, as part of the main risk-taking strategies set out in the Risk Appetite Framework (RAF), it has been defined a qualitative statement dedicated to the protection of its reputation. Within the Reputational Risk process the Intesa Sanpaolo Group tries to capture risks also associated with climate change that may result in additional costs for the Bank or its customers. i.e. integration of ESG and Equator principles assessment within the lending evaluation. From an organisational perspective, the analysis and assessment of the socio-environmental risk of financing operations subject to the Equator Principles, is the responsibility of the Chief Lending Officer Area. For other loans in controversial sectors, the Structures responsible for this assessment, if requested by the business or lending Structures, are the Corporate Social Responsibility Sub-Department for the specific socio-environmental risk and the Risk Management function for the reputational risk aspects.
Acute physical	Relevant, always included	Acute physical risks (risks that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods) are considered relevant by Intesa Sanpaolo because in the event ISP is affected by severe weather atmospheric events there can be financial impacts on the Group properties or indirectly (customer activities). Acute Physical weather and atmospheric events (floods, heavy snowfalls, extreme temperature variations) are part of Intesa Sanpaolo risk assessment. In particular because there can be financial implications related to the increase of customers' probability of default for businesses seriously damaged by extreme atmospheric events and/or increased costs deriving from possible damages to the Bank's infrastructure i.e. adoption of a business continuity plan and measures to prevent physical damage to the Bank's Structures. Intesa Sanpaolo makes a prior assessment of the hydrogeological risks and hydraulic risks of its buildings in relation to the territorial risk and the vulnerability of buildings. This assessment allows for preventative actions in high risk locations. With regards to customer activities Intesa Sanpaolo Group supports with a concrete and tangible commitment families and businesses affected by environmental disasters. In 2017 Intesa Sanpaolo supported businesses and families affected by these exceptional events with many different dedicated plafond. In particular measures were taken both through ad hoc loans and the suspension of the instalments payable for existing loans, following the 2017 floods in Tuscany and Emilia Romagna.
Chronic physical	Relevant, sometimes included	ISP is starting to consider "Chronic physical risks" such as changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures or rising sea levels. In particular Intesa Sanpaolo is aware that there can be financial indirect implications related to the increase of the probability of default of businesses suffering increased costs of production or reduced demand related to the climate change events. Therefore on the medium-long term Chronic physical risks can be considered relevant. For instance rising mean temperature could have a significant impact on power and thermal consumption. The potential financial implications of these risks are strictly related to the increase of electric energy consumption and associated costs. To mitigate the risk of heat consumption not suited to indoor and outdoor temperature Intesa Sanpaolo has identified targets and has installed temperature sensors (in about 4.000 premises) that can provide the real time temperatures inside Bank's locations, which has allowed considerable savings. Moreover, Intesa Sanpaolo pays attention to energy efficiency of its branches. The actions and measures to reduce electricity and thermal energy consumption continued in 2017 both in Italy and in the International Subsidiary Banks. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Rising sea levels could have a financial impact on ISP, i.e. in Italy, where there are thousands of kilometres of coastal areas, the risk of sea level rise can be considerable in the long term. Furthermore we expect to implement climate related scenarios in order to adapt our business to chronical physical climate changes. The Bank is evaluating which scenario better covers a reasonable variety of future outcomes. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans in 2019 and a most robust analysis in 2020.
Upstream	Relevant, sometimes included	Intesa Sanpaolo considers upstream risks in its value chain relevant because climate change can have impacts on its suppliers and therefore financial impacts on ISP activities. Through the monitoring of the Code of Ethics, stakeholder engagement activities and sustainability reporting, Intesa Sanpaolo identifies and analyses the range of risks associated with climate change and sets objectives and guidelines aimed at implementing actions designed to manage and mitigate these risks. In this context the new ISP "Group Procurement Guidelines" and the Rules relating to purchases, integrate social and environmental responsibility criteria in a transversal and well-structured manner and define the principles relating to purchases that must be respected by all the departments involved in the process. In particular compliance with the policies concerning social and environmental sustainability helps to ensure all along the supply chain respect for the environment, human rights, working conditions, health and safety and business ethics. Also through the adoption of measures and tools designed to minimize negative impacts and to promote awareness of risks and opportunities in the social and environmental field. The selection of suppliers already takes place during the process of registration to the ISP "suppliers gate" by means of an assessment that takes into account not only the economic and financial but also organisational and technical characteristics of each supplier, and this also includes analysis of their business ethics, respect for human rights, labor rights and the environment. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and they can be invited to the procurement events. At the end of 2017, about 1,950 suppliers had completed the registration procedure at the "gate". Intesa Sanpaolo has also introduced in its purchasing practices environmental criteria and, since 2011, has adopted specific policies: Rules for the purchase and use of paper and derivative materials, Rules for the purchase of office machines, Rules governing the sustainability in the organisation of communications events and training courses and Rules for the setting up of sustainable branches.
Downstream	Relevant, sometimes included	Intesa Sanpaolo considers downstream risks in its value chain relevant because climate change can have an impact on its customers and therefore financial impacts on ISP activities. Intesa Sanpaolo attention to Climate Change risks considers its downstream operations as well, as climate change poses challenges to customers and in particular corporate customers, especially in certain business sectors. With particular regard to the sectors most exposed to environmental risks, a specific questionnaire for integrating environmental risks into the credit assessment is currently being tested. Moreover, as environmental risks play a fundamental role in the project finance lending activities, for large industrial and infrastructural projects Intesa Sanpaolo applies the Equator Principles (EP). If EP are not applicable, where possible, ISP integrates ESG assessment within lending evaluations. In fact, on request from the operating Structures, a process of issuing advisory opinions on the social, environmental and reputational risks of financing transactions and/or borrowers in sensitive sectors was launched on an experimental basis. Moreover, in accordance with the Rules of the Internal Rating System, a credit rating assessment that includes socio-environmental aspects is conducted for all the corporate customers.

C2.2d

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

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

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

With regards to a climate related transition risk, Intesa Sanpaolo's strategy has developed a specific Climate Change Action Plan approved by the CEO in 2017 to implement actions to reduce greenhouse gas emissions (mitigation) in order to reduce risks of increased operating costs due to potential GHG increasing prices.

A process for adapting to climate change physical risks is already in place, such as the emergency plan for managing hydrogeological risk and hydraulic risk due to flooding and landslide. The plan evaluates the management of different potential risk scenarios, through the implementation of the specific Emergency Plans, in order to mitigate and reduce possible damages, particularly with regard to workers and third parties.

With regards to transition opportunity that arise from climate change Intesa Sanpaolo is active in the development of new products and services, an example of the process is the issuance in 2017 of a 500 mln green bond. The Green Bond is expected to produce environmental benefits that will help to mitigate climate change effects.

With regards to physical opportunity that arise from climate change Intesa Sanpaolo disburses dedicated loans, for example this happened in particular following the 2017 floods in Tuscany and Emilia Romagna.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Intesa Sanpaolo, as a financial services company active in asset management, investment banking and bank assurance, can be affected directly and indirectly by changes in voluntary standard related to climate change it has adopted. For examples, in case of changes in the certification schemes (ISO 14001, ISO 50001, ISO 14064) Intesa Sanpaolo will need to upgrade processes and to pay for specific advice.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Low

Potential financial impact

145000

Explanation of financial impact

Potential financial impacts of changes voluntary standards are related to the need to adapt to new rules with consequent costs. We can assume that everytime ISP has to implement a new certification scheme there is an estimated cost of about 145,000 euro. This cost includes cost of the consultancy firm, cost of developing training courses (this is done through an external provider) and cost of personnel dedicated to the activity of developing the new procedures.

Management method

Intesa Sanpaolo carries out a careful analysis of current standards and possible changes that may allow us to modify the risk for our Bank of being caught unprepared. ISP constantly monitors Italian and European legislation and participate in specific training courses to become aware of what's new. For instance with reference to the latest UNI EN ISO 14001: 2015 standard, the Intesa Sanpaolo Environmental Management System in Italy was adapted, one year in advance of the permissible terms, providing for, among other things, the conduct of an "Attentive Analysis of the Context" in order to fully understand the reference scenario, define needs and expectations of stakeholders and determine risks and opportunities. This activity has been engaged in the wider process of ISP materiality analysis. This action leaves the likelihood unchanged but reduces the magnitude should the event occur.

Cost of management

110000

Comment

ISP estimates about 110,000 euro of annual management cost, that include the cost of the consultancy firm and the cost of personnel dedicated to the constant monitor legislation and the updating of procedures.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Intesa Sanpaolo complies with regulatory requirements related to environmental issues. For example the European Union keeps developing legislation on air pollutants, as air pollution can cause both short term and long term effects on health. For instance this could involve the possibility to renovate ISP company fleet or cooling or heating equipments where not compliant with new regulation.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Potential financial impact

1300000

Explanation of financial impact

In order to comply with regulatory requirements, Intesa Sanpaolo has been replacing, throughout many years, refrigerator units containing R22 with gases that are less dangerous for the environment. Like what has already been done to fulfill this obligation in the event that similar obligations are imposed, this would entail a cost that is not indifferent to Intesa Sanpaolo. In 2017 ISP keeps replacing refrigerator units containing R22 with gasses less environmentally harmful. The potential cost for being compliant with new regulation, if enforced, can be estimated in 1,300 mln of euro (1,300mln of Euro is the estimated cost of replacing all ISP refrigerator units containing R22 gas). Intesa Sanpaolo carries out an analysis on current legislation and the possible changes that may impact ISP operations; therefore the Group is continuously engaging with regulators (European Commission, Italian Ministry of Environment, etc.).

Management method

Intesa Sanpaolo carries out a careful analysis of current Italian and European legislation and possible changes that may impact and modify the risk for our Bank . In order to manage this risk Intesa Sanpaolo is engaging with regulators (European Commission, Italian Ministry of Environment, etc.) to be up to date on new rules and if possible anticipate them. For example in 2017 through ABI (Italian Banking Association) Intesa Sanpaolo participates in the consultation on the HLEG that brought to EU Action Plan on sustainable finance in 2018, ISP is currently working on this partnership with ABI and EBF (European Banking Federation). Thanks to these preventive actions, Intesa Sanpaolo can enter into its budget estimates of expenditure for the required regulatory adjustments, thus having a more accurate expenditure planning. In 2017, in Italy 56 systems containing R22 were replaced with refrigeration units containing R410A gas in accordance with regulatory requirements. This action leaves the likelihood of the event to occur unchanged but reduces the magnitude of impact should the event occur.

Cost of management

1300000

Comment

Other than direct cost of replacing the systems, we need to add the cost of the staff devoted to the verification and management of the facilities: this cost is integrated into the company budgets.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The international standards for reporting are becoming increasingly strict and consequently detailed environmental data and GHG related emissions are requested. Intesa Sanpaolo annually issues a sustainability report in which it reports on its emissions in a comprehensive and detailed way. For instance in 2017 ISP Consolidated Non-Financial Statement – was drafted in accordance with art. 4 of Italian Legislative Decree 254/2016, the “Core” option of the GRI Standards defined in 2016 by the GRI (Global Reporting Initiative) and the “Financial Services Sector Supplements”. The recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017 for the voluntary dissemination of relevant communications on risks connected with climate change were also considered by ISP. If new and different standards are introduced and applied Intesa Sanpaolo would need to invest again in new monitoring and reporting process.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Potential financial impact

1640000

Explanation of financial impact

The potential financial impact for ISP depends on the non-compliance with the law that involves the risk of administrative sanctions. In fact, if ISP non-financial statement would not be drafted in compliance with the provisions of the articles 3 and 4 (including disclosure of management, policies, risks, actions and KPIs associated with environmental issues) a financial administrative sanction is applied to the board members. The risk of sanctions for Intesa Sanpaolo with the current perimeter would go from a minimum of 630,000 to a maximum of 2,650,000 euros, corresponding to an average of 1,640,000.

Management method

In order to fulfill new Italian and European regulation requirements Intesa Sanpaolo is continuing investing in its monitoring processes to be aligned to the standards requested for reporting to the extent of reaching the highest level of transparency and accuracy. GRI judged Intesa Sanpaolo latest Consolidated Non-Financial Statement Report as "in accordance" option core. In addition Intesa Sanpaolo is actively involved in many working groups of ABI (Consortium of Italian Banks) focused on setting benchmarks for the Banking sector and implementing new guidelines for banks' sustainability reporting. Intesa Sanpaolo has provided a significant contribution to several ABI's documents, since it has been using these indicators as benchmarks to enhance its accountability through quality reporting for a long time. i.e. Guidelines on the Application in Banks of the GRI Environmental Indicators (ABI Energia) updated in 2017 also thanks to the contribution of ISP.

Cost of management

240000

Comment

These activities are carried out by various departments of Intesa Sanpaolo, we can assume that they involve an annual overall commitment of 4 FTE (full time equivalent) with an estimated gross cost of 50,100 Euro yearly each plus the increased costs, in comparison to previous year, due to internal procedures update and advisory services.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact driver

Market: Abrupt and unexpected shifts in energy costs

Company- specific description

Italy is a non-self-sufficient country from an energy standpoint. This makes it subject to the volatility of international markets. Furthermore, the real cost of energy is often affected by the tax element that may vary over time: for example, the cost of the incentive for the Italian PV is charged in the bill to all end users. Intesa Sanpaolo costs related to energy can increase due to the introduction of new fuel or energy taxes. Furthermore an indirect increase of prices of other goods (eg. paper) could occur and have a negative impact on Intesa Sanpaolo capital costs.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

7700000

Explanation of financial impact

In view of the fact that any increase in the cost of energy or related taxes has significant impact on the income statement of Intesa Sanpaolo we are very careful to monitor the sector and to make estimates in this regard. For example Intesa Sanpaolo estimates that on the energy expenditure for 2018 and 2019 a possible increase of 5% would cost around 7.7 million euro (2018+2019).

Management method

In order to mitigate this risk Intesa Sanpaolo put in place the following actions: signing contracts with electricity providers on a biennial basis instead of annual, fixing the price on a longer period and implement actions and initiatives to reduce electricity consumption. Main actions to reduce electricity consumption, in light of the positive experience gained up until today, are described in the new ISP environmental plan "the Climate Change Action Plan" - prepared with targets set for 2022 and 2037, which included actions to be implemented both in Italy and in some International Subsidiary Banks. In accordance with the multi-year ISP "plan", the actions and measures to reduce electricity and thermal energy consumption continued in 2017. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties.

Cost of management

1000000

Comment

Other than an estimated cost related to a limited number of actions and measures to reduce electricity and thermal energy consumption we need to add also an overall commitment of 2 FTE (full time equivalent) with an estimated gross cost of 50,100 euro each.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Uncertainty in market signals

Type of financial impact driver

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

Company- specific description

ISP activities are carried out mainly in Italy, that as a member of the European Union, in order to meet the objectives 20/20/20 and the new European target to 2030, since 2007 has enabled substantial incentives in favor of renewable energies, particularly photovoltaics. Recently Italian law connected to environmental incentives, has, however, reversed the route and as a consequence incentives have plummeted (in particular for the photovoltaic Sector). The risk for Intesa Sanpaolo is to significantly reduce the profits arising from the funding allocated to this area. In fact Intesa Sanpaolo's financing for the green economy has undergone a drastic reduction in 2011-2017 because the demand of green products from customers has been reduced also due by the reduction of incentives: green loans has gone from over 3.7 billion euros in 2011 to about 1.3 billion euros in 2017.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Potential financial impact

474000000

Explanation of financial impact

Unfortunately in comparison to the past Italian government incentives to renewable energy, in particular photovoltaic, decreased, that had financial impacts on ISP related revenues. For example, Intesa Sanpaolo's financing for the green economy has undergone a drastic reduction in 2011-2017: it has gone from over 3.7 billion euros in 2011 to about 1.256 billion euros in 2017 (renewable energy, energy efficiency and environmental protection). ISP, based on previous years green disbursements, estimates a potential financial impact of around 474 mln euro of loans (disbursement in 2016 = 1,730 mln minus disbursement in 2017 = 1,256 mln = 474 mln difference).

Management method

In order to mitigate these risks Intesa Sanpaolo is continuing to advice customers about benefits deriving from investments in renewable energy within the framework of a legislation that is changing. For example, through the Energy desk of Mediocredito Italiano, several projects on energy efficiency were funded in 2017. Moreover ISP issued internal credit guidelines that have been defined also with the aim of promoting investments in the sector of energy efficiency and energy saving, made directly by businesses or through ESCOs (Energy Service Companies). Moreover Intesa Sanpaolo collaborates in an ongoing manner with

ABI (Consortium of Italian Banks) in specific working groups, participating for example in the consultation stage regarding the National Energy Strategy. In terms of the European Commission's initiatives in the development of sustainable finance, the Intesa Sanpaolo Group joined the "Support to Circular Economy Financing" expert group of the European Commission. It also joined the Sustainable Finance Working Group of the European Banking Federation (EBF) and the Association for Financial Markets in Europe (AFME). For example in 2017 through ABI (Italian Banking Association) Intesa Sanpaolo participates in the consultation on the HLEG that brought to EU Action Plan on sustainable finance in 2018, ISP is currently working on this partnership with ABI and EBF (European Banking Federation).

Cost of management

300000

Comment

6 FTE (full time equivalent) with an estimated total annual gross cost of 300,600 Euro in 2017

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

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

Type of financial impact driver

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description

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

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Potential financial impact

1500000

Explanation of financial impact

The risk for Intesa Sanpaolo is related to the possibility of default of companies and private customers severely damaged by rain and floods. To give an example: financial implications of damages to agriculture in 2017 in Italy because of extreme weather conditions, for the Italian agriculture sector, amounted for around 2 billion euro (Source "Coldiretti" - leading organization of farmers at national and European level). In ISP in 2017 suspended repayments of loans due to natural disasters correspond to 1,494,700 euro of residual debt. i.e. in 2017 extraordinary weather events hit in Italy the Triveneto area, Livorno, the provinces of Parma, Reggio Emilia and Modena.

Management method

The Intesa Sanpaolo Group supports with a concrete and tangible commitment families and businesses affected by environmental disasters. In 2017 measures were taken both through ad hoc loans and the suspension of the instalments payable for existing loans, in particular following the floods in Tuscany and Emilia Romagna. Intesa Sanpaolo supported businesses and families affected by these exceptional events with many different dedicated plafond. At the end of 2017, the Intesa Sanpaolo Group had disbursed loans intended for the restoration of damaged properties for more than 133 million euro and around 2,500 requests for earthquakes and environmental disasters. The management of natural disasters involves branches of the Intesa Sanpaolo Group in collecting the necessary documentation and applications for access to the benefits of the initiative and the Regional Governance Centres of the areas involved and also other professionals needed to define and manage the risks involved, the most important of which is operational risk.

Cost of management

250000

Comment

Costs related to these activities are integrated into the company budgets. Also based on the number of branches involved we can assume 5 FTE involved in the process.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

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

Type of financial impact driver

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

Company- specific description

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

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Low

Potential financial impact

2000000

Explanation of financial impact

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

Management method

Intesa Sanpaolo makes a prior assessment of the hydrogeological and hydraulic risks of its buildings in relation to the territorial risk and the vulnerability of buildings. This analysis is based on the level of danger associated with a floodable area, the probability with which the area can be flooded, and distinguishes the areas in three categories: P3 frequently floodable, P2 floodable with medium frequency and P1 seldom floodable areas. This assessment allows ISP for preventative actions in high risk locations. Moreover, following an alluvional external event, when there is a reduction in the capacity of the building, ISP carries out an assessment of building safety. In the event of non - compliance with the safety requirements the building is closed and additional countermeasures are activated in order to ensure the safety of ISP employees. In these cases it is possible, for colleagues, to operate via web in a ISP nearby branch or, in some cases, operate from home via web. Additional countermeasures are activated by ISP in order to ensure the safety of its employees. In order to guarantee business continuity in case of extreme weather events in 2017 ISP bought two campers that can also be used as a temporary branch.

Cost of management

230000

Comment

ISP continuity plans have been implemented in the past and the current costs cannot be precisely quantified. The costs for ISP are accountable to the ordinary maintenance plan, staff training and management of the back up sites. In order to quantify the cost for ISP we can mention the cost of a temporary branch (container) used in an area devastated by an extreme event. In this case we can estimate that ISP current expense due to costs of renting, installation and removal of a medium-sized container for a year could amount to around 80,000 euros. We can also estimate that in case of emergency 3 FTE with an estimated gross cost of 50,100 Euro yearly each, are involved in the emergency plan.

Identifier

Risk 8

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact driver

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

Company- specific description

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

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Low

Potential financial impact

400000

Explanation of financial impact

The potential financial implications of these risks for ISP are mainly related to the increase of electric energy consumption and associated costs. Energy demand increases with colder temperatures (heating) and with higher temperatures (cooling). Climate change will therefore lead to a decrease in the demand for winter heating but an increase in summer cooling (which can be described as an impact or an adaptation) in European countries. This will affect the energy use of buildings in the service sectors, with potentially important benefits and costs. We estimate for ISP, that in case of a rise of mean temperature of two degrees the additional cost for cooling and heating in Intesa Sanpaolo will amount to around 400,000 euro (2017 perimeter and energy consumption data).

Management method

To mitigate the risk of heat consumption not suited to indoor and outdoor temperature Intesa Sanpaolo has identified target and also has installed temperature sensors (in about 4,000 premises) that can provide the real time temperatures inside of our locations. ISP maintenance staff can consequently intervene in a timely manner in order to avoid abnormal energy consumption: this action has allowed ISP considerable savings. Moreover, Intesa Sanpaolo pays attention to energy efficiency of its branches. The actions and measures to reduce electricity and thermal energy consumption continued in 2017 in both Italy and the International Subsidiary Banks, where there is an increasing awareness of energy efficiency issues. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties.

Cost of management

200000

Comment

These activities are carried out by various departments of Intesa Sanpaolo, but we can assume that they involve an overall commitment of 4 FTE (full time equivalent) with an estimated gross annual cost of 50,100 Euro each.

Identifier

Risk 9

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising sea levels

Type of financial impact driver

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

Company- specific description

In Italy, where there are thousands of kilometres of coastal areas, the risk of sea level rise can be considerable in the long term. The presence of Intesa Sanpaolo branches located in the coastal cities is risky because they could be affected by the increased level of the Mediterranean Sea with consequent inability to operate. To better assess these risks ISP is evaluating which climate related scenarios better covers a reasonable variety of future outcomes. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans for the beginning of 2019 and a most robust analysis in 2020.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Potential financial impact

2000000

Explanation of financial impact

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

Management method

In case of extreme weather events or emergencies caused by the rising sea level, ISP can activate its business continuity plans providing for the carrying out of basic operations. In these cases it is possible, for ISP employees to operate via web in a nearby ISP branch or, in some cases, operate from home via web. Additional countermeasures are activated by ISP in order to ensure the safety of its employees. In Italy, in Liguria Region, for example, ISP branches must follow a specific procedure in case the municipality sends a weather alert 3.

Cost of management

230000

Comment

ISP continuity plans have been implemented in the past and the current costs cannot be precisely quantified. The costs for ISP are accountable to the ordinary maintenance plan, staff training and management of the back up sites. In order to give an example we can mention the cost of a temporary branch (container) used in an area devastated by an extreme event, in this case ISP can estimate that current expense due to costs of renting, installation and removal of a medium-sized container for a year could amount to around 80,000 euros. ISP can also estimates that in case of emergency 3 FTE with an estimated gross cost of 50,100 Euro yearly each, are involved in the emergency plan.

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Type of financial impact driver

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

Company- specific description

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

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Potential financial impact

500000000

Explanation of financial impact

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

Strategy to realize opportunity

Intesa Sanpaolo's matches climate change issues with the awareness that innovation, the development of new products and services and corporate responsibility may contribute to tackle environmental change. This has led over the years to adhere to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. The net proceeds from the issue of the green bond has been used to finance eligible projects in the following loan categories: a.Renewable Energy b.Energy Efficiency ISP through the net proceeds of the Green Bond has financed 77 projects (41 photovoltaic, 11 eolic, 11 biomass, 11 hydroelectric and 3 energy efficiency) one example is the wind farm built in Italy in the Municipality of Bisaccia (AV) has a total capacity of 10 MWh and consists of 5 wind turbines of 2 MWh each.

Cost to realize opportunity

200000

Comment

Costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimate accessory costs between 100,000 and 300,000 euro for elaborating the framework and to cover the activities related to the issue of the bond (i.e. legal, auditors, listing, etc.) and annual reporting.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

As widely demonstrated by international studies and research, climate change can also be regarded as a business opportunity and an economic development lever. Intesa Sanpaolo has the opportunity to expand the market in the field of renewable energy, energy efficiency and could lead to greater demand for environmental loans with positive financial impacts in terms of revenues. Intesa Sanpaolo is already very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. In 2017 the Group allocated 1,256 million euro to the green economy, corresponding to 2.0% of all Group loans. The offer involves all customer segments: retail customers (8.4%), businesses and Third sector (19.8%), leasing (0.5%), corporate & public finance (7.1%) and project finance (64.2%). The development of green products and services is an opportunity that as a potential for expansion in the coming years as anticipated in Intesa Sanpaolo 2018 - 2021 Business Plan which envisages environment as a business growth opportunity.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Potential financial impact

1250000000

Explanation of financial impact

ISP prudentially estimates that the proportion of green loans over the total loans disbursement correspond to around 2.0% (like 2017). That means around 1,250 mln of new green loans allocated each year. This corresponds to 2017 data.

Strategy to realize opportunity

With this in mind, Intesa Sanpaolo is very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. This takes place through the bank branches of the Banca dei Territori Division and Banca Prossima, the Mediocredito Italiano Energy Desk for business loans, the support of the Chief Innovation Officer Area for the Circular Economy and innovation and the direct investment of Equiter in green businesses. In particular green products and services will benefit from the proceeds of the green bond (500 mln), Circular Economy plafond (250mln) and ongoing activity of advices to clients about benefits deriving from investments in renewable energy.

Cost to realize opportunity

501000

Comment

Costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimate a cost of 10 FTE.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

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

Type of financial impact driver

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

Company- specific description

Through its "Circular Economy" project, the Intesa Sanpaolo Group is seizing strategic opportunities to become an innovative and exclusive financial leader for the circular economy, redefining traditional financial tools to support transition to a new model for economic development, which is sustainable over time. As a Global Partner of the Ellen MacArthur Foundation, Intesa Sanpaolo promotes the best experience of leading international companies with Italian SMEs, creating synergies and shared value

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Potential financial impact

250000000

Explanation of financial impact

This data correspond to the dedicated plafond (around 250 euro million) to finance SME's circular economy projects. Further activities will be carried out in favor of corporates and in the private equity sector

Strategy to realize opportunity

In the 2018-2021 ISP Business Plan is stated that ISP will make its leadership position in corporate social responsibility stronger also through supporting the Circular Economy through the allocation of a dedicated plafond to finance it and the launch of a dedicated investment fund. For example – Enel and Intesa Sanpaolo have signed a partnership agreement to support innovation in the energy sector as well as promote the development of Circular Economy and Open Innovation. The SMEs and start-ups that collaborate with Enel on innovation projects, in addition to receiving technical and financial support from the Enel Group, will also benefit from financial support from the network of innovation specialists that Intesa Sanpaolo has created in recent years.

Cost to realize opportunity

200000

Comment

Costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimate a cost of 4 FTE.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

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

Type of financial impact driver

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

Company- specific description

In the future will be very important to take advantage of the opportunities related to the development of adaptive capacity to respond to climate change. ISP since 2009 has set itself mid- to long-term goals through the creation of specific Environmental Action Plans. Given the positive experience of these Plans, in 2017 ISP issued a new Environmental Plan - the Climate Change Action Plan - with targets for 2022 and 2037. This Plan was reviewed by the Risks Committee and approved by the CEO. In the new Plan, the Intesa Sanpaolo Group sets targets to reduce CO2 emissions connected with its activities and 2012 is taken as the year of reference.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Potential financial impact

6900000

Explanation of financial impact

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

Strategy to realize opportunity

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

and Protection. For the International Subsidiary Banks, data coming from the single banks, considering their tangible possibility to intervene, were collected through the International Subsidiary Banks Division. This Plan was reviewed by the Risks Committee and approved by the CEO in December 2017. Activities linked to the plan will be carried on until 2022 and 2037.

Cost to realize opportunity

6900000

Comment

Costs related to these activities are integrated into the Intesa Sanpaolo budgets. Intesa Sanpaolo estimate a cost of 3 FTE. Furthermore we estimate an annual cost for efficiency and optimisation initiatives around 6.8 million euro.

Identifier

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of supportive policy incentives

Type of financial impact driver

Returns on investment in low-emission technology

Company- specific description

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

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Potential financial impact

1800000

Explanation of financial impact

ISP estimates 1,800,000 euro yearly potential financial impact thanks to the government incentives due to the production of the three main photovoltaic plants (Moncalieri, Settimo Torinese and Sarameola di Rubano) and from tax deduction due to the energy efficiency initiatives. This impact has been estimated starting from the economic savings resulted from the energy not purchased at the three main photovoltaic plants plus the tax deduction experienced in past years.

Strategy to realize opportunity

Also thanks to public incentives available in Italy, Intesa Sanpaolo has implemented energy efficiency actions in Italy and abroad, including a greater distribution of web-based metering systems, the replacement of boilers with condensation systems, high-performance heat pumps and refrigerating units, the modernisation of electrical systems and introduction of LED lighting. Among the various initiatives, which include interventions to optimize the management of technological systems and significant electricity savings obtained by the remote switch-off procedure for almost all PCs at the branches during the night and holidays, Intesa Sanpaolo adopted a policy to gradually replace all office equipment with more energy-efficient models. Lastly, in line with the internal policy on sustainable branches, site renovation or the construction of new branches is based on energy efficiency and improved management criteria. In accordance with the Climate-Change multi-year plan, actions and measures to reduce electricity and thermal energy will continue also in order to take advantage of tax deductions. Regarding government incentives linked to photovoltaic production ISP will try to maximise the production of the three photovoltaic plants (Moncalieri, Settimo Torinese and Sarameola di Rubano) linked to these incentives.

Cost to realize opportunity

50000

Comment

The projects involve several Departments (Real Estate and Logistics, Procurement, Human Resources (Mobility), ICT, and Safety and Protection). We can assume that they involve an overall commitment of 1 FTE.

C2.5

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

	Impact	Description
Products and services	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy. Intesa Sanpaolo Group has always paid particular attention to the portfolio of green products and services it offers to all of its customer segments. In terms of opportunities arising from Climate Change Intesa Sanpaolo is very active in supporting individuals and businesses committed to reducing their environmental footprints through the promotion of green products and services. This takes place through the bank branches of the Banca dei Territori Division and Banca Prossima, the Mediocredito Italiano Energy Desk for corporate loans, the support of the Chief Innovation Officer Area for the Circular Economy and innovation and the direct investment of Equiter in green businesses. Intesa Sanpaolo takes into account climate change risks and physical risks as well as opportunities that can affect the demand for products and services. Therefore ISP offer of products and services keeps evolving in line with new regulations and customers' preferences. For instance, in 2017, with regard to retail customers, the new Servizio Valorizzazione Immobiliare (Real Estate Enhancement Service), an additional loan service, became fully operational. It is designed to support customers who intend to invest in their homes through energy redevelopment and restructuring works, providing free information on tax benefits and savings on energy bills, as well as to support the best loan and home protection solutions. In June 2017 Intesa Sanpaolo issued a 500 million Euro Green Bond connected with environmental sustainability projects. Banca IMI, part of the Intesa Sanpaolo Group, participated in six Green Bond issuances becoming Italy's market leader. Within ISP Asset Management division, in April 2018, Eurizon expanded its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds, the first instrument managed by an Italian asset manager specialised in international bond markets which allows to fund projects tied to the environment. ESG funds by Intesa Sanpaolo Group (Eurizon and Fideuram AM) amounted to about 4 billion euro at the end of 2017. The magnitude, potentially involves all Intesa Sanpaolo business areas therefore can be considered medium to high.
Supply chain and/or value chain	Impacted	The Intesa Sanpaolo Group (ISP) considers the risks and opportunities arising from climate change within its overall strategy. Supply chain, because of transition risks (policy and legal, market, etc.) and physical risks (acute and chronic) may be now and in the future affected by climate change issues. ISP in order to minimize the risks described above and maximize the opportunities, is aware of the role that a large banking Group may play in stimulating environmentally responsible behavior and its effect on climate change through its purchasing and partnership decisions. In compliance with the principles of listening, transparency, equal opportunities and fairness enshrined in the Code of Ethics, it has adopted Group Procurement Guidelines and Purchasing Rules which supplement, across the board, the criteria of social and environmental responsibility and define the principles which all the business functions involved in the process must comply with. With regard to the checks carried out on the suppliers, the qualification process involves suppliers, as they register, in filling in a compulsory questionnaire in the Supplier Gate concerning issues regarding the company's social and environmental responsibility and agreeing to upload the documentation required to certify the fulfilment of the declared commitments that must be updated at least once a year. This procedure allows the entire supply chain to be monitored in order to obtain a rating for each supplier. Furthermore, in order to ensure an assessment of the entire supply chain, a decision was taken to ensure the functions involved in purchasing the right to carry out direct checks and inspections, also through specific reporting procedures, in order to plan appropriate courses of action, in the event of unsatisfactory ratings. ISP is adopting energy-efficient systems, responsible consumption of paper through a digitalization process and various paperless initiatives, widespread use of ecological paper, the attention to the proper collection and disposal of waste products, the attention to the impact on water resources, all the aforementioned actions are linked to a constant reduction in natural resources consumption. In 2017 for instance, around 42 tonnes of environmentally-friendly stationery was purchased in Italy. ISP spends around 2.5 billion euro in supplies therefore this has a medium magnitude of impact.
Adaptation and mitigation activities	Impacted	Intesa Sanpaolo is working on several actions to mitigate and adapt to climate change, thus reducing the potential impacts of climate change on its business activities. In addition ISP takes also into account the opportunities that can arise. One example, linked to a chronic physical risk, is that "rising in mean temperatures" could have a significant impact on power and thermal consumption. The estimate is that the variation of the average temperature of one degree, can increase costs for heating or cooling in Intesa Sanpaolo of around 2%. One example of opportunity linked to Adaptation and mitigation activities is the Environmental Action Plan. In 2017 ISP issued a new Environmental Plan - the Climate Change Action Plan (CCAP) - with targets for 2022 and 2037. This plan will have a positive financial impact based on the planned savings that derive from several initiatives, considering Scope 1, 2, and 3, that will contribute to reaching medium to long-term targets of the CCAP 2022 in the 2017-2022 period. To mitigate the risk of heat consumption not suited to indoor and outdoor temperature Intesa Sanpaolo has identified target and also has installed temperature sensors. In addition, considering that acute physical risks as extreme precipitations and floods can have an adverse impact on Intesa Sanpaolo operations, they could cause damages to the premises, to the data centres and put at risk the possibility of commuting of employees. Intesa Sanpaolo makes a prior assessment of the hydrogeological risks and hydraulic risks of its buildings in relation to the territorial risk. This analysis is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded. Adaptation and mitigation activities can be considered to have a medium low impact.

	Impact	Description
Investment in R&D	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy and therefore is very active in supporting customers, both individuals and businesses, committed to reducing their environmental footprints, through the promotion of innovative green products, services that reduce exposure to climate change risks and supporting innovative businesses. The Intesa Sanpaolo Group also continued to pursue its Circular Economy project thanks to which numerous initiatives and actions were carried out in 2017 to promote the awareness and adoption of this model in various domestic and international locations. During the year around 40 Italian businesses were subjected to the Circular Economy Standard, created to verify and analyse the level of circularity of businesses along their value chain, i.e. the innovation of their business model according to the principles of the circular economy. In addition, the Italian Manifesto for the Circular Economy was signed which, fruit of a partnership developed with ENEL, involved major Italian businesses also at international level. The Group is committed to the development of study and research projects in the environmental field. In 2017 some of the most important: Water resources in the Circular Economy, Third report on bioeconomics, Circular Economy Overview and "Smart Building Innovation Trend". Intesa Sanpaolo is global financial partner of the Ellen MacArthur Foundation to enter the Circular Economy acceleration sharing platform. In its role as a global partner, Intesa Sanpaolo intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system. At present the impact on business can be considered medium given the dedicated plafond that will be allocated for different projects by ISP to finance circular economy projects.
Operations	Impacted	Intesa Sanpaolo is working on several actions to minimize the potential impacts of climate change in business operations. Because of climate change there can be possible damages to the Bank's infrastructure, increased costs related to the change in average outside temperature and possible interruptions in banking activities. Intesa Sanpaolo has also a business continuity plan and measures to manage/diminish physical damages to the Bank's Structures. For example, in 2017 extraordinary weather events hit the Triveneto area, Livorno, the provinces of Parma, Reggio Emilia and Modena. Those events could reduce both the activities of the branches involved, but, more importantly they could have financial implications related to the default risk of businesses seriously damaged by extreme atmospheric events. The impact on operations depends on the severity of the damages reported by the branch but we can assume a medium to low impact on operations thanks to the continuity plan implemented.
Other, please specify	Please select	

C2.6

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

	Relevance	Description
Revenues	Impacted	Climate change can affect the demand for products and services or Intesa Sanpaolo business activities and, in the end, its revenues. Possible opportunities for ISP: loans and advisory services for the green economy, green investments (ESG funds by Eurizon and Fideuram, some 4 billion euro at the end of 2017, in April 2018 was launched Absolute Green Bonds). Revenues in ISP can be affected by natural disasters: in order to mitigate their effect, ISP takes measures such as dedicated loans and the suspension of the instalments payable for existing loans (i.e. in 2017 following floods in Tuscany and Emilia Romagna). The risks and opportunities arising from climate change are considered within ISP overall strategy and the Group integrates environmental assessment into its business activities. To minimise the effects of climate change on its revenues ISP is adopting several initiatives: i.e. business continuity plan and measures to manage and prevent physical damages, due to extreme weather events, to the Bank's Structures and therefore reduce its effects on revenues caused by operations suspension. In 2017 extraordinary weather events occurred in the Triveneto area, in Livorno, in the provinces of Parma, Reggio Emilia and Modena. Those events could reduce both the activities of the branches involved, but, more importantly they could have financial implications related to the default risk of businesses (suspension of repayments of loans and allocation of specific funding at special conditions in favour of damaged customers). Revenues can be also supported through the promotion of innovative green products that reduce customers exposure to climate change risks and the support to innovative businesses. ISP in its financial planning process allocates dedicated plafonds for services and products that can have also an impact to counteract climate change. For example, within the framework of the Industria 4.0 National Plan, new sectoral agreements were enforced to support and foster innovation processes, investment in new technologies and the digitisation of businesses. In addition, the new ISP Business Plan foresees the allocation of a specific funding ceiling and the launch of an investment fund dedicated to the Circular Economy. Based on what stated above at present the impact on revenues can be considered medium.
Operating costs	Impacted	In terms of operating costs and climate change Intesa Sanpaolo takes into account transition risks (policy and legal, market, etc.) and physical risks (chronic and acute), but also the related opportunities, that can affect the supply of products and services and its business activities. Therefore it carefully considers, within its financial planning process, the financial implication and management methods that takes into account the specific climatic characteristics of the different geographical areas where the Group operates. For instance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set itself mid- to long-term goals through the creation of specific Action Plans. The previous plans set themselves measurable goals in the areas of energy savings, economic savings and the reduction of CO2 emissions. This in the context of the continuous improvement of its environmental performance which has already seen major reductions in the electricity and thermal energy consumption. In accordance with the multi-year plan, the actions and measures to reduce electricity and thermal energy consumption continued in 2017 both in Italy and in the International Subsidiary Banks, where there is an increasing awareness of energy efficiency issues. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. Moreover, in terms of opportunity, in 2017 a new environmental plan - the Climate Change Action Plan - has been prepared with targets set for 2022 and 2037. This involves a number of Group structures and the financial planning has taken into account the planned savings deriving from several initiatives, considering Scope 1, 2 and 3, that will contribute to reaching medium to long-term targets of the CCAP 2022 in the 2017-2022 period, with a positive financial impact. In terms of risks, operating costs are affected as well by the changes in the certification schemes (ISO 14001, ISO 50001, ISO 14064) that may need to upgrade their processes. Financial implications of changing regulations and certifications are embedded within company's business planning processes. Considered all the aspects mentioned above, the magnitude of impact on financial planning can be considered medium low.

	Relevance	Description
Capital expenditures / capital allocation	Impacted	Intesa Sanpaolo analyses in its materiality matrix the potential risks, opportunities and possible impacts on stakeholders and on corporate Structures both in terms of direct impacts on Group operations and properties and in terms of the green economy. This process leads to a capital allocation, within the Climate Change Action Plan, that has identified specific short, medium and long term actions for reducing its environmental footprint and, as a result, its emissions. This in the context of the continuous improvement of its environmental performance which has already seen major reductions in the electricity and thermal energy consumption, and the subsequent emissions. In line with the Rules of environmental sustainability for the development of sustainable branches, the site renovations or the development of new branches are also carried out in accordance with criteria for the improvement of energy and management efficiency. Since 2008 around 1,000 Group buildings have undergone energy certification processes. The magnitude on capital expenditures and allocation can be assumed to be medium low.
Acquisitions and divestments	Impacted	Intesa Sanpaolo provides support to companies active against climate change also through direct investments. For instance Equiter (in which Intesa Sanpaolo holds a 33.7% stake, the other shareholders being Compagnia di San Paolo, Fondazione Cassa di Risparmio di Torino and Fondazione Cassa di Risparmio di Cuneo) invests its venture capital in the sectors of the environment, infrastructure and energy with the aim of promoting socio-economic development of the territory and also provides advisory on third-party funds. More specifically, with assets of around 190 million euro, Equiter is the leading operator in Italy in terms of funds managed as part of the JESSICA programme (Joint European Support for sustainable Investment in City Areas). In 2017 it monitored the progress of the financed works. Equiter is also an advisor, as well as a direct investor with a 26.8% stake, in the first closed-end fund in Italy completely dedicated to Public-Private Partnership infrastructure. With a size of 120 million euro, the PPP Italian Fund has invested in the development of 10 projects in the green sector for the annual production of around 130 GWh of electricity from renewable sources, which have made it possible to avoid 42,000 tonnes of CO2 emissions. Finally, as regards direct investments, Equiter is the sole shareholder of Equiter Energia, an investment vehicle with a portfolio of plants in the photovoltaic and wind energy sectors with an overall capacity of 13 MWh and an annual production level of around 28.5 GWh. Considered all the aspects mentioned above, the magnitude can be considered medium low.
Access to capital	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy. In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on correct and timely communication. Intesa Sanpaolo is present in several sustainability indices and rankings put together by specialist ratings agencies that choose the companies not only for their financial performance but also for their results in the three ESG areas (Environment, Social, Governance). For instance a special attention is therefore paid to SRI (Socially Responsible Investment) investors and analysts with dedicated events and road-shows. In 2017 Intesa Sanpaolo through its CSR department responded to 21 assessment requests from investors and analysts on ESG (Environment, Social, Governance) and climate change issues and held meetings with socially responsible investors and analysts (SRI), in collaboration with Investor Relations. In addition Intesa Sanpaolo through the issue, in June 2017, of a five-year Green Bond offered to international institutional investors, raised 500 million euro five-year. To strengthen the relation with the financial planning process and market relationship the CSR department has moved under the CFO Area. Considered all the aspects mentioned above, the magnitude can be considered medium.
Assets	Impacted	The Intesa Sanpaolo Group (ISP) considers the risks and opportunities arising from climate change within its overall strategy. The potential risks, opportunities and possible impacts on stakeholders and on corporate Structures have been analysed in the materiality matrix. This analysis considers assets in terms both of ISP and clients' properties which could be equally affected by climate change related events such as natural disasters linked to extreme weather conditions. ISP's strategy includes actions to reduce GHG emissions, together with measures for adapting to climate change. In recent years we have witnessed extreme atmospheric events at global level that have had considerable impact on the Bank's Structures and on the activities of our corporate and retail customers. ISP considers, amongst the risks identified, risks on real estate assets owned for whichever purpose. The assessment of risks to workers' health and safety also includes the assessment of the hydrogeological risk and hydraulic risk due to flooding and landslides. With regard to flooding, the benchmark is based on the level of danger associated with a floodable area and depends on the probability that the area can be flooded. With regard to landslides, the benchmark is based on the level of danger associated with an area subject to landslide events and depends on the relationship between the probability of occurrence of the event and its extent. These assessments are set out in the Risk Assessment Document pursuant to Legislative Decree 81/08, and enable the ISP Group to implement actions that take account of the effects deriving from critical events linked to natural phenomena caused by climate change, allowing the management of different potential risk scenarios, through the implementation of specific Emergency Plans, in order to mitigate and reduce possible damage. Several actions are planned on ISP assets: i.e. in accordance with the multi-year plan, the actions and measures envisaged to reduce electricity and thermal energy consumption continued in 2017 both in Italy and in the International Subsidiary Banks. The actions undertaken confirm that the ISP Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties. The magnitude of impact on assets due to climate change can be considered medium.
Liabilities	Impacted	The Intesa Sanpaolo Group considers the risks and opportunities arising from climate change within its overall strategy. In terms of liabilities and climate change Intesa Sanpaolo takes into account transition risks (policy and legal, market, etc.) and physical risks (chronic and acute) that can affect its business activities and in particular liabilities (mainly customer deposits). In recent years we have witnessed extreme atmospheric events at global level, that have had also impact on the activities of our corporate and retail customers. As a result extreme atmospheric events that affects customers activities and properties may reduce their savings and/or request those back in advance, therefore this can create a reduction on Intesa Sanpaolo liabilities. To mitigate the financial implications on households and businesses seriously damaged by extreme atmospheric events Intesa Sanpaolo provides suspension of repayments of loans and allocation of specific funding at special conditions in favour of damaged customers. Liabilities can affect Intesa Sanpaolo also in terms of compliance with legislative provisions regarding the environment in Italy and in the countries where the Group operates. To this extent Intesa Sanpaolo in order to guarantee complete and extensive compliance with legislative provisions, constantly and precautionary monitors possible changes to Italian and European regulations in order to counteract negative legal implications from its activities. This activity brings with it the opportunity to avoid claims and subsequent costs. At present the magnitude of impact on liabilities can be considered medium low.
Other	Please select	

C3. Business Strategy

C3.1

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

Yes

C3.1a

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

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

C3.1c

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

i) How business objectives and strategy have been influenced: Responsibility for climate change is part of the Group's Strategy as showed by ISP Code of Ethics, Environmental and Energy Policy and the Group's participation in a number of international initiatives. The strategy is also influenced by the result of materiality matrix: in 2017, the "importance for stakeholders" showed an increase in relevance for "Climate Change" issue. Consequently, business structures are aware that Climate change is an issue that is becoming extremely significant with potential strong impacts on customers, households, suppliers, communities and, consequently, on the Group's overall operations.

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

iii) Most substantial business decisions: One of the most important business decision for ISP made during 2017, influenced by precipitation extremes and droughts, was to support families and economic operators damaged by adverse weather and climate emergencies, granting specific loans with special terms and suspending repayments on existing loans. In 2017 measures were taken through ad hoc loans and the suspension of the instalments payable for existing loans, in particular following the floods in Tuscany and Emilia Romagna Regions.

iv) What aspects of climate change have influenced the strategy: ISP is aware of the most significant impacts of climate change directly on its activities and indirectly on its clients and suppliers, influencing many Bank's strategic choices. Many climate change aspects have influenced the strategy: changes in regulation led to the implementation of an Energy and Environmental Management System and the adoption of internal policies for reducing the ecological footprint, changes in physical climate parameters led to the implementation of energy efficiency and mitigation actions, climatic catastrophes led ISP to adopt a proactive approach by investing in prevention, in order to avoid damages which would have a greater financial impact, and in an appropriate offering of products and services to support customers, interest of customers in climate-friendly products has led to the development of ESG Funds by Eurizon/Fideuram (included Absolute Green Bond Fund launched in April 2018), etc.

v) Short term strategy (0-3 years): many of the initiatives aimed at reducing direct and indirect emissions have become on-going activities (for example reducing paper consumption, utilizing recycled and certified paper, helping our clients improve their environmental performance, by offering specialized advice and funding for energy efficiency and renewable energy). Other key short-term activities: employees training on climate change, encouraging them to promote sustainable behaviour both at work (through a number of initiatives to promote a sustainable commuting) and at home.

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

vi) Long term strategy (over six years): The long term Bank's strategy to mitigate emissions includes: keep up to date and extend the perimeter of certifications obtained (ISO 14001, ISO 50001, ISO 14064, etc.); increase the use of energy from renewable sources; improve energy efficiency; develop mobility management initiatives that reduce emissions from commuting and business meetings; monitor and report updated emissions data in an ever more accurate way. These activities are defined in the Climate Change Action Plan 2012-2022. Important is also the integration of climate change risks in all our lending activities. Since 2007 we consider climate change risks in big projects in all the sectors and countries through the Equator Principles and we also consider them in the qualitative risk management models for the small businesses and corporates. Finally, through its "Circular Economy" project, the ISP Group is seizing strategic opportunities to become an innovative and exclusive financial leader for the circular economy.

vii) Strategic advantage over competitors: thanks to the strategic choices in the recent years ISP has achieved several competitive advantages. Intesa Sanpaolo was in 2017 the first Italian bank to issue a 500 m euro Green Bond connected with environmental sustainability projects. In addition, in 2017 Banca IMI, as part of the Intesa Sanpaolo Group, participated in six Green Bond issuances, becoming Italy's market leader. In 2017 the Group allocated 1,256 million euro to the green economy, corresponding to 2.0% of all Group loans. Total disbursements between 2010 and 2017 came to over 16 billion euro covering a large part of the Italian market. Finally, in the new Non-financial Statement we are one of the top Italian banks to have integrated the recommendations of TCFD for the voluntary dissemination of relevant communications on risks connected with climate change.

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

C3.1g

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

I. Why climate-related scenario analysis is not used to inform your business strategy: Intesa Sanpaolo considered in the 2017 Non-financial Statement the recommendations issued by the Task Force on Climate Related Financial Disclosures (TCFD) for the voluntary dissemination of relevant communications on risks connected with climate change. To this extent, a TCFD gap analysis has been carried out, which highlighted the steps that need to be implemented to enforce the alignment path with TCFD recommendations. In this context, the Bank initiated a program of actions aimed at improving its approach to climate change strategy starting to consider constructively the scenarios related to climate change both in the economic studies and in the risk assessment process. Although a specific scenario analysis has not been used so far, the Intesa Sanpaolo group in 2016 made an important contribution to the study "Sustainable finance and climate change" promoted by the Forum for Sustainable Finance in which some long-term scenarios have been used, including the 2°C scenario and through ABI, participated in the public debate linked to the document of the FSB's TCFD.

II. Whether you expect it to be in the future: Intesa Sanpaolo has already started the internal process to consider and better understand how a business might perform under different future climate related scenarios. The Bank is evaluating which is the better scenario that covers a reasonable variety of future outcomes, both favorable and unfavorable, and is taking in consideration the recommendation of the TCFD. ISP is expecting to plan the first climate-related scenario analysis on a part of the portfolio loans for the beginning of 2019 and a most robust analysis in 2020.

C4. Targets and performance

C4.1

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

Absolute target

C4.1a

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

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

89

% reduction from base year

28

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

249171

Target year

2022

Is this a science-based target?

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

% achieved (emissions)

63

Target status

Underway

Please explain

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

Target reference number

Abs 2

Scope

Scope 1 +2 (market-based)

% emissions in Scope

73

% reduction from base year

42

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

82675

Target year

2022

Is this a science-based target?

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

% achieved (emissions)

72

Target status

Underway

Please explain

Target also disclosed in CDP 2017 ad ID: Abs2. The target for Scope 1+2 refers to the emissions related to electricity purchased not from renewable sources and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set.

Target reference number

Abs 3

Scope

Scope 3: Purchased goods & services

% emissions in Scope

100

% reduction from base year

26

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

16608

Target year

2022

Is this a science-based target?

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

% achieved (emissions)

100

Target status

Underway

Please explain

Target also disclosed in CDP 2017 as ID Abs3. The target for Scope 3 (Purchased goods and services) refers to the emissions related to paper consumption of the Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. % achieved emissions = 104%. The Group continued its policy to use less paper, with consumption going down compare to previous year by around 919 tonnes (-12.3%) compared to 2016. In 2017, the Group's work in Italy focused on the implementation of various paperless initiatives, which involved the reduction of data sheets, the consultation of information sheets on screens, online statements, the Zero Carta project in training initiatives and, above all, the project for the digitisations of contracts and accounts. Thanks to these actions, it was possible to avoid the use of about 3,720 tonnes of paper, corresponding to a reduction in CO2 emissions of over 7,680 tonnes with cost savings of about 4.3 million euro. As regards the International Subsidiary Banks, the Paperless Branches project, launched in 2014 at Privredna Banka Zagreb (Croatia) and extended in 2017 to CIB Bank (Hungary), made it possible to save over 50 tonnes of paper in 2017.

Target reference number

Abs 4

Scope

Scope 1

% emissions in Scope

21

% reduction from base year

27

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

12431

Target year

2022

Is this a science-based target?

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

% achieved (emissions)

Target status

Underway

Please explain

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

Target reference number

Abs 5

Scope

Scope 3: Business travel

% emissions in Scope

67

% reduction from base year

34

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

9920

Target year

2022

Is this a science-based target?

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

% achieved (emissions)

70

Target status

Underway

Please explain

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

Target reference number

Abs 6

Scope

Scope 1+2 (location-based)

% emissions in Scope

89

% reduction from base year

41

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

249171

Target year

2037

Is this a science-based target?

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

% achieved (emissions)

44

Target status

Underway

Please explain

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

Target reference number

Abs 7

Scope

Scope 1 +2 (market-based)

% emissions in Scope

73

% reduction from base year

50

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

82675

Target year

2037

Is this a science-based target?

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

% achieved (emissions)

61

Target status

Underway

Please explain

Target also disclosed in CDP 2017 as Abs7. The target for Scope 1+2 refers to the emissions related to electricity purchased not from renewable sources and to the emissions from independent heating (gas) in the Intesa Sanpaolo Group (Italy and International Network). This target doesn't cover emissions from independent heating (diesel), central heating (diesel, gas), cogeneration (gas) and fleet. Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected

with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set.

Target reference number

Abs 8

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from base year

37

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

113533

Target year

2022

Is this a science-based target?

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

% achieved (emissions)

86

Target status

Underway

Please explain

Target not disclosed in CDP 2017. This target refers to 100% Scope1+2 emissions related to Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set.

Target reference number

Abs 9

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from base year

43

Base year

2012

Start year

2016

Base year emissions covered by target (metric tons CO2e)

113533

Target year

2037

Is this a science-based target?

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

% achieved (emissions)

74

Target status

Underway

Please explain

Target not disclosed in CDP 2017. This target refers to 100% Scope1+2 emissions related to Intesa Sanpaolo Group (Italy and International Network). Currently, non-science based targets are released by banks, as there is no methodology available. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set.

C4.2

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

Target

Renewable energy consumption

KPI – Metric numerator

Renewable electric energy consumption in megawatt hour (MWh)

KPI – Metric denominator (intensity targets only)

per total electric energy consumption in megawatt hour (MWh)

Base year

2012

Start year

2016

Target year

2022

KPI in baseline year

76.11

KPI in target year

81.31

% achieved in reporting year

100

Target Status

Underway

Please explain

Target also disclosed in CDP 2017 as RE1. % achieved emissions = 118%. The target applies to 100% of Intesa Sanpaolo Group perimeter. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. The Plan also sets renewable energy consumption and production targets. In particular, the percentage of energy use from renewable energy sources over the total energy use will increase from 76% in 2012 (base year) to 81% in 2022.

Part of emissions target

Abs1 Abs2 Abs6 Abs7 Abs8 Abs9

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Renewable energy production

KPI – Metric numerator

Renewable photovoltaic electric production in megawatt hour (MWh)

KPI – Metric denominator (intensity targets only)

per total electric energy consumption in megawatt hour (MWh)

Base year

2012

Start year

2016

Target year

2022

KPI in baseline year

0.07

KPI in target year

0.3

% achieved in reporting year

81

Target Status

Underway

Please explain

Target also disclosed in CDP 2017 as RE2. The target applies to 100% of Intesa Sanpaolo Group perimeter. In 2017 Intesa Sanpaolo issued the Change Change Action Plan, the new Multi-Year Environmental Sustainability Plan established targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO2 emissions connected with its activities. The plan, with 2012 baseline, includes actions for energy efficiency and mitigation of impacts, which should allow the Intesa Sanpaolo Group to reach the challenging goals it has set. The Plan also sets renewable energy consumption and production targets. In particular the self-production of electricity from a renewable source - photovoltaic - rose from about 400 MWh in 2012 to over 1100 MWh in 2017, and similar production levels are forecast to be maintained over the years to come.

Part of emissions target

Abs1 Abs2 Abs6 Abs7 Abs8 Abs9

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

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

Yes

C4.3a

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

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	13	1241
Implementation commenced*	18	2307
Implemented*	146	17548
Not to be implemented	0	0

C4.3b

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

Activity type

Low-carbon energy purchase

Description of activity

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

Estimated annual CO2e savings (metric tonnes CO2e)

8258

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

0

Payback period

Please select

Estimated lifetime of the initiative

Ongoing

Comment

Guarantee of Origins (GO)

Activity type

Energy efficiency: Building services

Description of activity

Building controls

Estimated annual CO2e savings (metric tonnes CO2e)

460

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

257000

Investment required (unit currency – as specified in CC0.4)

137000

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

Activity type

Energy efficiency: Building services

Description of activity

Other, please specify (R22 refrigerant gas plants replacement)

Estimated annual CO2e savings (metric tonnes CO2e)

41

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Mandatory

Annual monetary savings (unit currency – as specified in CC0.4)

23000

Investment required (unit currency – as specified in CC0.4)

1396000

Payback period

>25 years

Estimated lifetime of the initiative

11-15 years

Comment

Activity type

Energy efficiency: Building services

Description of activity

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

507

Scope

Scope 1

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

291000

Investment required (unit currency – as specified in CC0.4)

4495000

Payback period

11-15 years

Estimated lifetime of the initiative

11-15 years

Comment

Activity type

Energy efficiency: Building services

Description of activity

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

31

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

11500

Investment required (unit currency – as specified in CC0.4)

40000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

Activity type

Energy efficiency: Building fabric

Description of activity

Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

79

Scope

Scope 1

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

31000

Investment required (unit currency – as specified in CC0.4)

714500

Payback period

21-25 years

Estimated lifetime of the initiative

21-30 years

Comment

Activity type

Other, please specify (Transportation:shuttles for employees)

Description of activity

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

397

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

0

Payback period

Please select

Estimated lifetime of the initiative

Ongoing

Comment

Besides preparing the "Home Work Commute Plan" on staff commuting, activities continued to monitor the shuttle service run in Italy, in Turin, Milan, Naples, Padova, Venice and Vicenza: in 2017, an estimated 397 tonnes of CO2 were avoided, thanks to use of the service.

Activity type

Other, please specify (Digitalisation initiatives)

Description of activity

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

7775

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

4370000

Investment required (unit currency – as specified in CC0.4)

0

Payback period

Please select

Estimated lifetime of the initiative

Ongoing

Comment

In 2017, the Group focussed on various digitalisation initiatives, including fewer print-outs, information leaflets displayed on screen, online reporting and the Zero Paper project for training events, as well as the digitalisation of contracts. Thanks to this strategy, the reduction in paper amounted to above 3,776 tonnes in 2017, corresponding to 7,775 tonnes less of CO2 emissions and savings of around 4.3 million euro.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	The Intesa Sanpaolo Group establishes its objectives of reducing energy consumption in line with what is established by the Italian and European regulations. Moreover Intesa Sanpaolo is certified in compliance with voluntary standards ISO 14001, ISO 50001 and ISO 14064 that provide specific targets.
Dedicated budget for energy efficiency	A dedicated budget for the initiatives of energy efficiency included on the Climate Change Action Plane 2017-2022 has been established.
Dedicated budget for low-carbon product R&D	Mediocredito Italiano has a specialist desk that can provide answers dedicated to companies wishing to grow through investment in innovation, offering consulting services and customized loans. Intesa Sanpaolo became global financial partner of the Ellen MacArthur Foundation to enter the Circular Economy acceleration sharing platform. In its role as a global partner, Intesa Sanpaolo intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system.
Employee engagement	The internal training programme gives all employees in Italy the chance to use the Ambientiamo multimedia platform which in 2017 provided over 900 hours of training on climate change, renewable energies and correct waste management. In addition, for those that work in operating units covered by Environmental and Energy Management System certification or in central offices involved in the activities of the EEMS, a specific course on the issue was also provided in 2017, as established also by the international reference standards: in 2017 around 200 employees were able to access the online course, joining the 1,800 employees previously trained. In the same way, subsidiary CIB Bank (Hungary) trained around 1,870 employees on the obligations relating to the ISO 50001 standard via the online platform.
Lower return on investment (ROI) specification	In "Sustainability rules for the purchase of office machinery" Intesa Sanpaolo is committed to assessing the environmental impact of products covered by these rules in the process of choosing and buying them, taking into account not only all the legal requirements and applicable compliance requirements in the field, but using specific environmental criteria to enable an accurate and measurable assessment.
Other	We utilize government incentives for energy efficiency actions in pour premises. For example we have used the Italian tax deductions in favour of saving energy to restructure many of our branches and we have installed photovoltaic systems using the facilities provided by law.

C4.5

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

Yes

C4.5a

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

Level of aggregation

Group of products

Description of product/Group of products

In 2017, 2.0% of Intesa Sanpaolo's total loans to business referred to environmental protection sectors, such as renewable energy, energy efficiency, environmental services, amounting to more than 1.2 billion euro. In the 2017 Intesa Sanpaolo Consolidated Non-financial Statement are reported the avoided emissions related to a product named "Leasenergy" (Mediocredito Italiano) and loans relative to the agreement with Federesco (Banca Prossima), these two products represent a small part of the total green loans disbursed in 2017. As part of the Sustainable Energy and Leasenergy programme, Mediocredito Italiano, the Intesa Sanpaolo Group bank that brings together medium-long term financing, leasing and factoring, provides "tailor-made" financial solutions and specialist advisory services dedicated to businesses that invest in plants for the generation of energy from renewable sources or in energy efficiency processes. The Mediocredito Italiano Energy Desk, continues to focus its attention on energy efficiency, also participating in work groups to discuss the issue with the competent institutional authorities and structuring partnerships on dedicated financial proposals with leading Italian players. With Leasenergy approximately 1,400 lease agreements are in place, contributing to the construction of power plants for the production of over 1.7 Gigawatts of energy from renewable sources. New lease agreements in 2017 will result in an estimated annual emission saving of approximately 4,400 tonnes of CO₂. In the area of non-profit organisations, Banca Prossima provides credit support for energy efficiency projects with solutions that help customers optimise the financial flows generated by the investment and thus reduce financing costs. At the end of 2017 total loans relative to the agreement with Federesco (National Federation of ECSO's) came to 1.5 million euro. These initiatives generated savings of around 545 toe (tonnes of oil equivalent) in 2017, corresponding to around 1,167 tonnes of CO₂ avoided. GREEN BOND In June 2017 Intesa Sanpaolo issued a 500 million euro Green Bond connected with environmental sustainability projects. Intesa Sanpaolo will also report annually on the environmental benefits resulting from the Green Bond until the bond maturity.

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

Avoided emissions

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

Other, please specify (GHG protocol & ISPRA Italian ENVR Agency)

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

2

Comment

The 2.0% reported in column "% revenue from low-carbon product(s) in the reporting year" refers to the percentage of Loans for environmental purposes out of all loans. In June 2017 Intesa Sanpaolo issued a 500 million euro Green Bond connected with environmental sustainability projects. Intesa Sanpaolo will report annually, until full allocation, on the use of proceeds via a 'Green Bond Report' which will be published via www.group.intesasanpaolo.com. The report will be verified by annual external assurance process. Intesa Sanpaolo will also report annually on the environmental benefits resulting from each loan disbursed from the Green Bond, until the bond maturity: Output: annual estimates and/or assessment of major outputs disclosed at category level, annually and up to the complete allocation of bond proceeds; Impacts: annual estimates of ex-ante and/or ex-post impacts (where feasible) based on specific indicators developed by Intesa Sanpaolo, disclosed at category level. Estimated CO₂ emissions avoided in the first year of the Green Bond is over 200,000 metric tons. Within ISP Asset Management division, ESG funds by Intesa Sanpaolo Group (Eurizon and Fideuram AM) amounted to about 4 billion euro at the end of 2017. In April 2018, Eurizon expands its range of sustainable investment offerings with Eurizon Fund - Absolute Green Bonds, the first instrument managed by an Italian asset manager specialised in international bond markets which allows to fund projects tied to the environment.

C5. Emissions methodology

C5.1

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

Scope 1

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

58993.85

Comment

Scope 2 (location-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

221035.45

Comment

Scope 2 (market-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

54539.09

Comment

C5.2

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

ABI Energia Linee Guida

Other, please specify (UNFCCC, IEA)

C5.2a

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

National Inventory Report 2017 – UNFCCC

Common Reporting Format 2017 – UNFCCC

International Environment Agency (IEA)

C6. Emissions data

C6.1

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

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

40749.36

End-year of reporting period

<Not Applicable>

Comment

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

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

Row 1

Scope 2, location-based

161063.16

Scope 2, market-based (if applicable)

38235.4

End-year of reporting period

<Not Applicable>

Comment

C6.4

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

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

In Scope 1 we are excluding Hydrofluorocarbons (HFCs) greenhouse gas emissions.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why the source is excluded

In Scope 1 perimeter the Hydrofluorocarbons are not relevant for our business because Intesa Sanpaolo has constant maintenance systems that limit the loss of refrigerant gas used in its air conditioning plants. The percentage of hydrofluorocarbons emissions, which ISP has excluded by the reported boundary, has been estimated at around 1% of scope 1 total emissions.

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5659.21

Emissions calculation methodology

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

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

100

Explanation

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

19331.7

Emissions calculation methodology

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

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

100

Explanation

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

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

44793.65

Emissions calculation methodology

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

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

100

Explanation

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

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

Explanation

The transportation of purchased goods is already reported on Scope 3 - (Purchased good and services) since emissions from transportation are already included in the cradle-to-gate emissions of purchased products.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

169.6

Emissions calculation methodology

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

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

0

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

10234.98

Emissions calculation methodology

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

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

100

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

45760.36

Emissions calculation methodology

In 2013 we started to calculate emission from employees commuting. For 2017 ISP has calculated emissions from employee commuting with the data derived from the new questionnaire submitted in 2017 to its employees. It was submitted to about 13000 employees in 16 cities in Italy. Starting from the primary data we have applied the emission factor used for the Consolidated Non-financial Statement 2017 and properly integrated with the necessary data from other resources. Public transportation and shuttles, motorcycles, personal cars and train have been considered.

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

100

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

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

Explanation

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

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

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

Explanation

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

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

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

Explanation

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

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

236.35

Emissions calculation methodology

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

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

0

Explanation

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

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

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

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

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

The Intesa Sanpaolo Group doesn't have franchises

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Intesa Sanpaolo has already started the internal process to calculate emissions from its investments. ISP is expecting to disclose first data by the end of 2018 and a most robust analysis in 2019.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

C6.7

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

No

C6.10

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

Intensity figure

0.000004598

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

78984.76

Metric denominator

unit total revenue

Metric denominator: Unit total

17177000000

Scope 2 figure used

Market-based

% change from previous year

2

Direction of change

Increased

Reason for change

The intensity figure per unit total revenue (total operating income) in 2016 was 0.000004494. The increase of intensity figure is due to an increase of CO2 emissions primarily because of the higher emission factors compared with 2016. In absolute percentage terms the increase of CO2 emissions accounts for 72% while the increase of total operating income accounts for 28%. The Intesa Sanpaolo Group continued to purchase renewable energy. In 2017, 3,962.35 tCO2e were avoided by the additional renewable energy purchased. In addition Intesa Sanpaolo Group in 2017 continued to implement proactive emissions reduction initiatives to limit energy consumption, through management optimisation actions and energy efficiency measures.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	40464.16	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	47.69	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	237.51	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Italy	34239.25
Albania	70.52
Serbia	781.87
Egypt	375.46
Slovenia	183.75
Hungary	420.23
Russian Federation	77.19
Luxembourg	155.86
Croatia	986.21
Romania	396.14
Bosnia and Herzegovina	138.55
Slovakia	2766.73
Ireland	0.83
Ukraine	147.95
Brazil	8.81

C7.3

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

By business division

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
The Banca dei Territori division and Head office departments. The Banca dei Territori division focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano and in instant banking through Banca 5.	25624.94
The Corporate and Investment Banking division: a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions, both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI.	493.44
The International Subsidiary Banks division: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa in the Russian Federation, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia.	6196.66
The Private Banking division: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment.	2674.86
The Asset Management division: asset management solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele.	302.09
The Insurance division: insurance and pension products tailored for the Group's clients.	195.68
Intesa Sanpaolo Group Services S.c.p.a., was set up in 2009 with the aim of centralizing the structures providing IT, operational services, property management, organizational and other auxiliary support services into a single instrumental company to the Group's business.	5091.54
Capital Light Bank: set up to extract greater value from non-core activities through the workout of bad loans and repossessed assets, the sale of non-strategic equity stakes, and proactive management of other non-core assets (including Pravex-Bank in Ukraine).	170.14

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Italy	122577.63	5054.54	372174.41	350762.37
Albania	0	0	2263.23	2263.23
Serbia	9983.72	9919.82	15393.7	84.18
Egypt	9954.4	9954.4	21000.84	0
Slovenia	1316.05	666.01	4812.87	1771.12
Hungary	3532.11	3406.22	14949.7	456.11
Russian Federation	1359	1359	5845.05	0
Ireland	26.99	26.99	81.9	0
Luxembourg	314.6	314.6	1109.36	0
Croatia	7063.28	3574.5	25830.76	9505.66
Romania	512.04	358.43	1665.05	449.16
Bosnia and Herzegovina	992.29	502.17	3628.85	1335.41
Slovakia	2215.53	1883.2	18509.78	1943.45
Ukraine	1192.83	1192.83	4449.31	0
Brazil	22.68	22.68	143.56	0

C7.6

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

By business division

C7.6a

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

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
The Banca dei Territori division and Head office departments. The Banca dei Territori division focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano and in instant banking through Banca 5.	86165.05	3643.14
The Corporate and Investment Banking division: a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions, both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI.	1803.49	509.16
The International Subsidiary Banks division: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa in the Russian Federation, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia.	36928.42	31623.75
The Private Banking division: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment.	6767.32	700.85
The Asset Management division: asset management solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele.	924.76	104.16
The Insurance division: insurance and pension products tailored for the Group's clients.	994.55	246.39
Intesa Sanpaolo Group Services S.c.p.a., was set up in 2009 with the aim of centralizing the structures providing IT, operational services, property management, organizational and other auxiliary support services into a single instrumental company to the Group's business.	26233.77	206.6
Capital Light Bank: set up to extract greater value from non-core activities through the workout of bad loans and repossessed assets, the sale of non-strategic equity stakes, and proactive management of other non-core assets (including Pravex-Bank in Ukraine).	1245.81	1201.34

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	3962.35	Decreased	5.2	The Intesa Sanpaolo Group in 2017 continued to purchase renewable energy. The data stated in column "change emissions" derives from the additional purchases in the reporting year. In 2017, 3,962.35 tCO2e (8,258 tCO2e with 2017 emissions factors) were avoided by the additional renewable energy purchases, and our total Scope 1 and 2 emissions in the previous year were 76,082 tCO2e, therefore, we arrived at a 5.2% decrease: $(3,962/76,082)*100 = 5.2\%$.
Other emissions reduction activities	1069.45	Decreased	1.4	The Intesa Sanpaolo Group in 2017 continued to implement proactive emissions reduction initiatives to limit energy consumption, through management optimisation actions and energy efficiency measures. The data stated in column "change emissions" derive from the initiatives reported in section c4.3b (scope1 and scope 2) net of the changes in emission factors. In 2017, 1,069.45 tCO2e (1,118 tCO2e with 2017 emissions factors) were avoided by our emissions reduction projects, and our total Scope 1 and 2 emissions in the previous year were 76,082 tCO2e, therefore, we arrived at a 1.4% decrease: $(1,069/76,082)*100 = 1.4\%$.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology	3303.82	Increased	4.3	This increase can be traced back to the update of processing factors following the evolution of energy production systems which take into account, in addition to greenhouse gases directly traced in equivalent CO2 (GWP), also the most significant gases indirectly involved: sulphur dioxide (SO2) and nitrogen oxides (NOX). The methodology that we have used is described in the Abi guidelines that we have contributed to write. Last year we had an increase of 3,303 tCO2e emissions due to the change in emissions factors and our total Scope 1 and 2 emissions in the previous year was 76,082 tCO2e, therefore, we arrived at a 4.3% increase: $(3,304/76,082)*100 = 4.3\%$.
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other	4630.39	Increased	6.1	This increase is mainly due to the more rigid weather conditions recorded in some months of the year. In 2017, we had an increase of 4,630.39 tCO2e, and our total Scope 1 and 2 emissions in the previous year were 76,082 tCO2e, therefore, we arrived at a 6.1% increase: $(4,630/76,082)*100 = 6.1\%$.

C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	186539.86	186539.86
Consumption of purchased or acquired electricity	<Not Applicable>	368570.69	75937.41	444508.1
Consumption of purchased or acquired heat	<Not Applicable>	0	47350.27	47350.27
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1155.53	<Not Applicable>	1155.53
Total energy consumption	<Not Applicable>	369726.22	309827.54	679553.76

C8.2b

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

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

C8.2c

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

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

142140.09

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

131764

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

10376.09

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

8368.11

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

8368.11

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

2768.07

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Other, please specify (Motor diesel)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

33263.59

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

C8.2d

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

Diesel

Emission factor

2.66

Unit

kg CO2e per liter

Emission factor source

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

Comment

Motor Gasoline

Emission factor

2.31

Unit

kg CO2e per liter

Emission factor source

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

Comment

Natural Gas

Emission factor

1.973

Unit

kg CO2e per m3

Emission factor source

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

Comment

Other

Emission factor

2.516

Unit

kg CO2e per liter

Emission factor source

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

Comment

Motor diesel

C8.2e

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	4965.53	4965.53	1155.53	1155.53
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	3051.47	3051.47	0	0

C8.2f

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

Basis for applying a low-carbon emission factor

Energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Solar PV
Wind
Hydropower
Biomass (including biogas)
Tidal

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

350762.37

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

0

Comment

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

Basis for applying a low-carbon emission factor

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

Low-carbon technology type

Hydropower

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

1771.12

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

0

Comment

In Slovenia, through our subsidiary, we carried out a purchase procedure that specifies that the offers received must only relate to electricity from renewable sources. The company that won the bid is obliged by the contract to supply only electricity from renewable sources in 2017 coming from hydroelectric sources.

Basis for applying a low-carbon emission factor

Grid mix of renewable electricity

Low-carbon technology type

Solar PV
Wind
Hydropower

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

13773.97

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

0

Comment

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

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), not supported by energy attribute certificates

Low-carbon technology type

Hydropower

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

2263.23

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

0

Comment

In Albania our subsidiary Bank of Albania buys electricity from the central state. The Albanian emission factor is equal to zero.

C9. Additional metrics

C9.1

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

Other, please specify (Paper)

Metric value

71.9

Metric numerator

kilograms of paper

Metric denominator (intensity metric only)

Staff member

% change from previous year

11.5

Direction of change

Decreased

Please explain

See 2017 Intesa Sanpaolo Consolidated Non-Financial Statement page 110/163. PAPER In accordance with the Sustainability rules for the purchase and use of paper and derivative materials, the reduction in paper consumption continued in 2017, falling by around 919 tonnes compared with 2016 (-12.3%). In 2017, the Group's work in Italy focused on the implementation of various paperless initiatives, which involved the reduction of data sheets, the consultation of information sheets on screens, online statements, the Zero Carta project in training initiatives and, above all, the project for the digitisations of contracts and accounts. Thanks to these actions, it was possible to avoid the use of about 3,720 tonnes of paper, corresponding to a reduction in CO2 emissions of over 7,680 tonnes with cost savings of about 4.3 million euro. As regards the International Subsidiary Banks, the Paperless Branches project, launched in 2014 at Privredna Banka Zagreb (Croatia) and extended in 2017 to CIB Bank (Hungary), made it possible to save over 50 tonnes of paper in 2017. An important contribution to the reduction of paper consumption is made by the multichannel projects in Italy and the Digital project for the Group's International Subsidiary Banks.

C10. Verification

C10.1

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

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

C10.1a

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

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CDP letter.pdf

Page/ section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2017 Consolidated Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

iso 14064-3.pdf

Page/ section reference

Pages 1-12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

2

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CDP letter.pdf

Page/ section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2017 Consolidated Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

iso 14064-3.pdf

Page/ section reference

Pages 1-12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

2

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CDP letter.pdf

Page/ section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2017 Consolidated Non-Financial Statement pages 105/161

(scope 1, 2 and 3 data) and 183-186

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

CDP letter.pdf

Page/section reference

Pages 1 and 2. See also attached to the document Intesa Sanpaolo 2017 Consolidated Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186

Relevant standard

ISAE3000

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

iso 14064-3.pdf

Page/section reference

Pages 1 - 12

Relevant standard

ISO14064-3

C10.2

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

Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	Limited assurance - ISAE3000	These data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186 DNF_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 2)	Limited assurance - ISAE3000	These data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186 DNF_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 3)	Limited assurance - ISAE3000	Most of these data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186 DNF_ENG.pdf
C4. Targets and performance	Emissions reduction activities	Limited assurance - ISAE3000	Most of these data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement page 108, 103-115 and 183-186 DNF_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 1)	Limited assurance - ISAE3000	These data are included in the Non-Financial Statement that is reviewed by independent auditors with a limited assurance in accordance with ISAE3000 (revised). See also Non-Financial Statement pages 105/161 (scope 1, 2 and 3 data) and 183-186 DNF_ENG.pdf

C11. Carbon pricing

C11.1

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

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

C11.2

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

No

C11.3

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

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

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, our customers

C12.1a

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

Type of engagement

Compliance & onboarding

Details of engagement

Climate change is integrated into supplier evaluation processes

% of suppliers by number

8

% total procurement spend (direct and indirect)

71

% Scope 3 emissions as reported in C6.5

40

Rationale for the coverage of your engagement

Intesa Sanpaolo CSR approach is based on continuous improvement in order to foster socially and environmentally oriented behaviors. For this reason we constantly monitor our suppliers' management approach on CSR issues, including environmental issue, through the Suppliers Portal. The selection of suppliers already takes place during the process of registration to the gate by means of an assessment that takes into account not only the economic and financial but also organisational and technical characteristics of each supplier, and also includes analyses of their business ethics, respect for human rights, labor rights, environment and climate change. If the result of this assessment is positive, the suppliers are registered in the Group Suppliers' Register and can be invited to the procurement events. In 2017 the number of suppliers registered on Supplier Gate (Suppliers Portal - Italy) amounted to 1,966 suppliers. Even if the number of suppliers (involved in the engagement and present on the new suppliers' portal) out of the total is 8%, this group of suppliers in 2017 represents more than 71% of the total procurement spent.

Impact of engagement, including measures of success

Analysis of some latest available replies present in the New Supplier Portal directly linked to climate change shows the following breakdown: 56% declared they measure their energy consumption; 24% measure their CO2 emissions and 6% respond to the CDP (Carbon Disclosure Project) questionnaire. The analysis of all the questions directly related to the environment and climate change gives a useful score to Intesa Sanpaolo to start investigations and possible actions on those suppliers that have particularly low scores. As a year has not passed since the implementation of the questionnaire is in place it is not possible to compare data with the previous year. Anyhow ISP is evaluating specific actions that will be carried on towards those suppliers with particularly low scores linked to environment and climate.

Comment

C12.1b

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

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

62

% Scope 3 emissions as reported in C6.5

0

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

The percentage in the column "size of engagement" (62%) refers to the share of Italian customers on total Intesa Sanpaolo Group customers. The scope of the engagement refers to Italian perimeter because the projects of digitalization was implemented and tested in Italy and is spreading in the International Subsidiary Banks. Intesa Sanpaolo Group has launched some awareness campaigns for its customers aimed at protecting the environment and reducing CO2 emissions. The most important campaign concerned the adherence to online customer reporting that started in 2010 and is still ongoing. The documents and statements received in electronic format have the same value as paper, with the advantage of arriving in advance and being easily stored on PC, where the customer can consult them whenever he wants. And in addition, they eliminate the costs of sending the statement and reduce the CO2 emissions. All Italian Group's customers have been invited to join the initiative over the last few years.

Impact of engagement, including measures of success

Banks are obliged by law to send account statements systematically to their customers. The sending of these documents involves the use of a considerable amount of paper, as well as envelopes. For this reason and despite the difficulties still linked to the limited presence of PCs by the Italian population, Intesa Sanpaolo has launched a project aimed at eliminating the use of paper. The customers of the bank are invited each year to join the project and are annually calculated the number of contracts, the tons of saved sheets and envelope and the relative avoided CO2. The calculation of the avoided CO2 is carried out taking into account the life cycle assessment of the paper. Thanks to the awareness-raising actions carried out at Intesa Sanpaolo's customers in Italy, it has been possible to triple the number of online adhering customers in six years and to estimate a saving of over 1,700 tons of CO2 in 2017.

C12.3

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

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	In 2017 we had exchanges with the rapporteur of the Committee of the Regions's Opinion ENVE - VI / 024 "Climate finance: an essential tool for the implementation of the Paris Agreement" in order to suggest some amendments to the Opinion.	ISP proposed: to welcome the TFCD of the FSB recommendations; a "green supporting factor" to foster investment in green assets; to do for the new legislative proposals a climate impact assessment and an assessment of how they will contribute to the Paris Agreement objectives.
Other, please specify (Circular Economy)	Support	Intesa Sanpaolo has been selected as member of the European Commission expert group on "Support to circular economy financing", in order to provide official recommendations to promote the circular economy financing under different points of view.	"Intesa Sanpaolo is member of the 4 sub-working group: • Section 0: Horizontal/Background; • Section I: Recommendations oriented to regulators; • Section II: Recommendations oriented to financial institutions; • Section III: Recommendations oriented to project promoters.
Energy efficiency	Support	Mediocredito has worked with ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) on an operative proposal for the launch of the National Energy Efficiency Fund, in accordance with art. 15 of D. Lgs. 102/2014.	Mediocredito and ENEA have worked together to define the main points of access to the Fund.
Climate finance	Support	Mediocredito, at the request of EIB and CDP (Cassa Depositati e Presiti), is working on a warranty products (risk sharing) specifically dedicated to support investment in the areas of climate change and energy efficiency called "Platform Climate Change". As part of the action lines of the so-called Juncker Plan and related resources available at Community level, the EIB (also with CDP) wants to establish a risk-sharing platform that envisages the granting of counter-guarantees in favor of financial institutions which finance investments in these areas pertained to "energy".	The EIB, in order to support the internal investigation of the project to be presented to its Board, has asked Mediocredito a range of general information (eg characteristics of the national markets of the energy sectors and incentive systems) on 'specialized activities undertaken by the Bank (energy portfolio, expertise / skills, dedicated credit approach, pipeline forecasting, etc.).
Climate finance	Support	Mediocredito has worked in 2017 with EIB (European Investment Bank) on the definition of the new "Energy Efficiency Italy Fund" which provides the possibility of financing energy efficiency and renewable energy projects with special low interest rates.	Mediocredito has worked in order to define, together with EIB, financial aspects and eligibility criteria for the investments.

C12.3b

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

Yes

C12.3c

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

Trade association

Associazione Bancaria Italiana (ABI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

ABI has continued in 2017 the working group with ENEA and the Ministry of Economic Development to define precise rules for the application of European Directive 27/2012 (on energy audits) implemented by Italian Law 102/2014.

How have you, or are you attempting to, influence the position?

Intesa Sanpaolo has participated actively in the working group by providing suggestions for identifying where should be installed energy monitoring systems that will be useful to draft the energy audits provided for by law in 2019.

Trade association

European Banking Federation (EBF)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

EBF during the 2017 has launched a working group on sustainable finance which produced a position paper and responded to the consultation on the mid-term report of the High Level Expert Group (HLEG) on Sustainable Finance of the European Commission

How have you, or are you attempting to, influence the position?

Intesa Sanpaolo has participated actively in the working group by providing suggestions and amendments to the position paper and to the response to the HLEG consultation.

Trade association

Associazione Bancaria Italiana (ABI) and International Banking Federation (IBFED)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

IBFED participate to the public consultation of the two documents of the TCFD: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures and a Technical Supplement on The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities.

How have you, or are you attempting to, influence the position?

Intesa Sanpaolo has participated actively on the consultation, through ABI (Italian Banking Association), by providing suggestions and amendments in particular to the Recommendations paper.

Trade association

Associazione Bancaria Italiana (ABI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

In order to create a shared basis for reporting between all the Banks, ABI Energia and the Competence Center ABI Lab on Energy and Environment, through its Energy Efficiency Monitoring Centre, has drawn up guidelines relating to reporting on eight out of the forth GRI indicators most widely used by the banks in their Sustainability Reports. This document is aimed, on the one hand at harmonising the reporting methods so as to facilitate comparison of information between the various banks and create potential benchmarking, while at the same time also fostering further dissemination of sustainability reporting in the banks that have not yet adopted it.

How have you, or are you attempting to, influence the position?

Intesa Sanpaolo has provided a significant contribution to this activity, since it has been using these indicators as benchmarks to enhance its accountability through quality reporting for a long time. In detail, our methods for recording and monitoring the data, and the coefficients utilised for the calculation of the transformation factors were illustrated. The final version of the Guidelines, aligned with the Intesa Sanpaolo standards, emerged as an extremely concrete document, very useful for all the Italian banks.

C12.3d

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

No

C12.3e

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

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

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

iii) Nature of the engagement: Important contribution of the Group to the tables on sustainable finance. First Intesa Sanpaolo has actively participated in the working groups of the "National Observatory on Sustainable Finance" sponsored by the Ministry of Environment, Land and Sea and UNEP - Finance Initiative, in collaboration with the Bank of Italy and the Economy Ministry and Finance. We are also represented in the Board of the Forum for Sustainable Finance (FFS) which is the Italian SIF (Sustainable Investment and Finance Association). FFS aims to support the Italian finance sector's participation in sustainable development through innovative financial services. The association represents an influential voice for the sustainable and responsible finance industry in Italy with a positive influence on governments, NGOs, regulators, companies, professional advisers. In 2017 we have collaborate to the "Sustainable Finance and Local Development" report sponsored by FFS. The objective of the working group dedicated to local administration, financial institution and stakeholders involved in the theme of finance for local sustainable development, was to deepen the contribution that the financial industry can provide for a regional and urban development in line with the United Nations Sustainable Development Goals (SDGs). Finally, on the issue of circular economy, the Bank has been involved in many institutional working groups with companies, Public and private institutions, multilateral agencies and university. Among the various actions we can mention the Italian Manifesto for the Circular Economy was signed which, fruit of a partnership developed during the year with ENEL, involved major Italian businesses also at international level.

C12.3f

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

Through its International & Regulatory Affairs Dept., Intesa Sanpaolo regularly monitors the numerous and profound changes in the regulatory framework defined at international, European and national level, in order to be aware of possible changes and anticipate the future directives. In 2017 the Intesa Sanpaolo Group expressed its position in response to many public consultations. The bank participates in the activities coordinated by the ABI (Italian Banking Association) for the definition of guidelines in the environmental field, bringing its experience and promoting best practices. Since Intesa Sanpaolo has an Environment and Energy Management System certified ISO 14001, ISO 50001 and ISO 14064, our contribution to these working groups is based on the sharing of good practice and on raising the level of the entire banking system. All these activities are reported internally and evaluated in order to verify the consistency with our strategy.

C12.4

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

Publication

In mainstream reports in accordance with TCFD recommendations

Status

Complete

Attach the document

DNF_ENG.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Publication

In voluntary communications

Status

Complete

Attach the document

ISP Group internet web site.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Publication

In voluntary communications

Status

Complete

Attach the document

ISP Slovenia internet web site.pdf

Content elements

Strategy
Other metrics

Publication

In voluntary communications

Status

Complete

Attach the document

CIB Bank internet web site.pdf

Content elements

Emissions figures
Other metrics

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

Banca Intesa_Beograd Sustainability report2016_final.pdf

Content elements

Emissions figures
Other metrics

C14. Signoff

C-FI

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

C14.1

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

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms