

Environment Paper

Environmental and Energy Management System



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Sustainable development for the Intesa Sanpaolo Group

Pursuing sustainable development with tenacity and conviction is by now a need that is felt by all businesses - big or small - but for the very large companies, where the environmental “variable” can be a critical aspect, responsible resource management and an increasingly stronger focus on the consequences of one’s business activities on the surrounding environment become determining factors.

The Intesa Sanpaolo’s Environmental and Energy Policy sets out the Bank’s commitment to sustainable growth in compliance with territorial protection and enhancement, to energy efficiency and performance improvement with an emphasis on reduction of waste, research and application into efficient, innovative technological solutions and the concept of environmental responsibility to be pursued through constant commitment in order to translate the international principles adopted into reality. The policy illustrates the Bank’s approach to responsible management of the direct impact generated by its business activities and of indirect impact, i.e. the result of conduct adopted by third parties (customers and suppliers).

Some years ago an Environmental and Energy Management System (EEMS) was implemented to manage direct impact and today this System, currently applied in a representative sample of business units, constitutes one of the industry’s best practices in the Italian scenario.

The System supervises all activities and transactions undertaken in the aforementioned business units which have, or could have, an effect on the surrounding environment and is subject to periodic controls and internal verifications to ensure the System compliance with the principles of continuous improvement of environmental and energy performance, particularly as regards preventing pollution, energy optimisation and efficiency, electrical energy procurement from renewable sources and use of the best technology available on the market with a view to cost-benefit assessment.

Intesa Sanpaolo’s Environmental and Energy Management System is also subject to a certification and monitoring process by an independent body which periodically assesses the management and operational procedures as well as the practices adopted. In fact it’s necessary to demonstrate that the System is implemented and kept active in compliance with the requirements of the international reference regulations. The Group’s commitment is therefore one of constant improvement and of making its stakeholders increasingly aware that environmental protection relies on reasoned, demanding choices on which the Intesa Sanpaolo Group has decided to wager its future.

The aim of this paper is to provide a detailed illustration of the main practices applied by the Group, the benefits achieved from the implementation of an Environmental and Energy Management System and the best practices developed over the years, also as a result of the improvement plans envisaged in procedures.



Growth and sustainability in times of crisis

by Valter Serrentino (*Head of CSR*)

According to the V Report by the Intergovernmental Panel on Climate Change¹, presented in September 2013, climate change brought about by human behaviour will definitely have negative consequences for future generations, but also in the very short term, with an acceleration unforeseen until now.

An Earth that is much less welcoming, more harmful to public health, less safe for a growing population that hopes for the exact opposite. This is the scenario looming over us.

This generation's responsibility is therefore to combat this phenomenon. It is a task we all have to take on, at various levels: not just the "decision-makers" (or governing class), but also the various members of society, whether they are businesses, associations or individuals.

To worsen the situation, today we are experiencing a persisting financial and economic crisis - especially in the West - which even risks splitting or completely breaking social bonds. In growing areas of the world, social problems are almost inextricably woven with those generated by inconsiderate use of the natural environment.

A crisis where one of the contributing factors is the "financialisation" of the environment and its resources, even if we often tend to forget it. A crisis which on the one hand drives us to seek a way out using traditional means (more growth and therefore more production, however it is achieved; revitalisation of consumption, regardless of "what" we are consuming and how we produce it, and so on), and on the other hand attempts new paths: responsible consumption, energy savings, efficiency and innovation, new life models more anchored to the knowledge that natural resources are scarce.

This second path is by far the most difficult, because it is positively and propositionally based on two issues: sustainability not only of an economic and financial aggregate (business, state GDP) but also of society as a whole, especially from a long term point of view. According to more watchful observers and the more forward-looking businesses, sustainable development - capable of virtuously conciliating the needs of its various stakeholders in a win-win logic - is not only possible but also desirable. For a business operating in the financial, wealth management and insurance sector - such as Intesa Sanpaolo - focusing on sustainable development (particularly environmental issues) could be the integrated answer to numerous problems: cost containment and control can be achieved easily through the intelligent use of energy efficiency and technological innovation; revenue expansion derives from the capacity to meet the arising needs of society, by financing businesses that have made sustainability their driving force, or businesses and individuals that aim to correct past distortion with a view to greater efficiency; risk control benefits from the support given to companies that have kept up to date with the most advanced environmental and social regulations; the motivation and wellbeing of a person grow when they know that individual care is combined with serious, certified and constant commitment of the business in which they work.

All these reasons form the basis for innovation in the environmental field that Intesa Sanpaolo has promoted in recent years and will continue to promote.

The Environmental and Energy Management System presented in this paper is a more complete illustration of our main commitment: believing that everything that happens outside our own walls is still our business, that we are not indifferent to it and that leaving a better world to future generations is the most noble way for us to be successful human beings.

1. The IPCC (Intergovernmental Panel on Climate Change) is the scientific forum formed in 1988 with the aim of studying global warming by two United Nations bodies: the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP).

Environmental and Energy Management Systems: these unknowns

A management system consists, in general, in a coherent set of procedures which, through the assignment of responsibilities, roles, duties, resources and timing, guides staff towards the correct completion of the organisation's processes to implement the policy established by Management. Management systems are therefore voluntary procedures that a company decides to adopt to internally promote constant improvement of the environmental and energy performance of its activities and to guarantee regulatory compliance of its action by introducing and implementing policies, programmes and organisational systems on its premises which are then monitored through internal verification of the system efficiency as a whole.

An ongoing focus on achieving the environmental and energy performance obtainable through the best technology available on the market allows companies in general to comply with the law and avoid penalties, to enhance the reputation of the organisation and its market competitiveness, to achieve economic benefits by reducing energy consumption, to continually improve operational process and environmental performance efficiency, to help assess and give preference to the implementation of new high-energy-efficient technologies and acquire the skills that allow energy efficiency to be promoted along the entire procurement chain and thereby increase corporate value. Another important aspect of management systems is transparency. A company's publication of information on its environmental or energy performance aims to establish and/or consolidate its relations with reference stakeholders, for example leading to an easing of bureaucratic obligations, more consideration by reference investors or customers that see the company as a trusted partner that is willing to join the fray in environmental and energy terms. Against the many benefits, often only felt in the medium-long term, a series of costs has to be taken into consideration, associated with the introduction of a management system and with the improvement action necessary following assessment of the initial situation of the organisation. We could mention, for example, the costs for equipment-related action, for monitoring energy consumption, for staff training and updates, for external consulting, in addition to indirect costs attributable to organisational efforts at the time of introducing and subsequently maintaining a management system, which including the commitment of time and human resources within the organisation, the formalisation of existing practices into operating procedures and instructions, and the commitment of Management and the entire personnel.

There are two international standards for the correct implementation of an Environmental and Energy Management System: UNI EN ISO 14001:2004, which dictates the rules for creating an Environmental Management System and UNI CEI EN ISO 50001:2011 which defines the implementation criteria for an Energy Management System. The final step in the process could be certification by a third party body that confirms coherence between the management systems adopted and the reference regulations.

Management Systems are voluntary systems based on procedures and documents that describe the processes used by a company to oversee and optimise environmental aspects and energy uses



The Environmental and Energy Management System of Intesa Sanpaolo

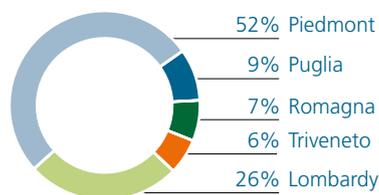
Intesa Sanpaolo's Environmental and Energy Management System, certified by DNV in accordance with international standards ISO 14001 and ISO 50001 at present - considering expansion in the scope of application and the disposal, merger or closure of branches over the years - includes 191 business units broken down as follows:

- 121 Intesa Sanpaolo business units (118 retail branches and 3 business branches)
- 2 Intesa Sanpaolo Private Banking business units
- 3 Banca di Trento e Bolzano business units
- 12 Cassa di Risparmio del Veneto business units
- 4 Cassa di Risparmio di Venezia business units
- 6 Cassa di Risparmio del Friuli Venezia Giulia business units
- 23 Cassa dei Risparmi di Forlì e della Romagna business units (21 retail branches and 2 business branches)
- 20 Banco di Napoli business units (18 retail branches and 2 business branches)

The number of business units subject to third party certification is growing constantly: in 2014 business units in Sardinia will be certified, and later in Sicily. Intesa Sanpaolo's aim is to gradually cover all of Italy so as to reach the highest possible number of people through the dissemination of best practices.

The chart below instead shows the geographical breakdown of the 2,357 employees of the business units subject to certification. Piedmont is currently the region with widest implementation of the System, not only because this was the first Region with a consistent number of business units to implement the System, but also because it includes large Branches and an office building with over a hundred employees.

Employees by geographical area [%]



Though for practical and cost reasons only a representative sample of the Group's Branches have the Environmental and Energy Management System certified by a third party organisation, at general level the procedures, particularly environmental procedures (e.g. waste management, paper consumption, etc.), are applied in all Group Branches.

How the Intesa Sanpaolo Environmental and Energy Management System was conceived

The Environmental Management System was first launched in Sanpaolo IMI in 2005 with the main objective of overseeing and constantly improving the management of environmental aspects within the Group. Furthermore, at that time the entity assessing companies for inclusion on the international ethical index "FTSE4Good" had recommended that our company should obtain this international certification, synonymous with quality and seriousness in managing environmental aspects.

It was decided to conduct a pilot project using an Environmental Management System (EnvMS), certified by a third party organisation, at a restricted number of sites (72) located throughout the Piedmont region. Among the various provisions, the regulations contemplate "gradual improvement", which the Bank's Top Management had identified in extension of the System to a growing number of branches, also with a view to disseminating the culture of sustainability and virtuous practices.

After the Banca Intesa-Sanpaolo IMI merger, these intentions were confirmed and a specific Environmental and Energy Policy was approved which, amongst other things, envisaged maintaining and expanding an Environmental Management System designed to oversee internal processes and environmental performance. In the years to come the System was first extended to another 10 branches in the Piedmont region and then to new regions: 50 branches in Lombardy (2008), 29 in Triveneto (2010), followed by 22 sites in Romagna (2010) and 19 in Puglia (2012). In 2010, the only Bank and among the first companies in Italy, Intesa Sanpaolo also implemented an Energy Management System (EneMS) in compliance to UNI CEI EN 16001:2009 standard, which aimed to pursue improved energy performance using a systematic energy management model based, in particular, on effective consumption monitoring. It was from that point on that the EnvMS and EneMS were integrated into a single System (EEMS) adopting common procedures and applied over the same area.

Another major step was taken in 2012 when the Bank, among the first in Europe, obtained certification for its own EneMS in accordance with the new international standard UNI CEI EN ISO 50001:2011, which replaced the previous standard ISO 16001 and focused on the goals of improving energy efficiency conditions. With a view to continuous improvement, based on the same area of implementation as the Environmental and Energy Management System, in 2013 Intesa Sanpaolo obtained certification for the quantification and reporting of its own greenhouse gas (GHG) emissions according to UNI EN ISO 14064:2012 standard.

This process confirms Intesa Sanpaolo's desire to keep pace with the time, seizing upon new opportunities to improve and optimise its performance, also becoming a point of reference for other companies in the industry. Furthermore, these certifications also helped confirm Intesa Sanpaolo's place among the leading banks at international level for its emphasis on environmental and energy saving issues.

October 2005

EnvMS: Environmental Management System certification of 72 sites (Piedmont)

May 2007

EnvMS: certification update verification at 82 sites (Piedmont)

October 2008

EnvMS: renewal of certification with extension to 132 sites (Piedmont and Lombardy)

March 2010

EnvMS: certification update verification at 161 sites (Piedmont, Lombardy, Triveneto)

June 2010

first certification verification for the Energy Management System (**EneMS** – UNI CEI EN 16001:2009)

December 2010

EnvMS: extension of the System to Romagna

June 2011

first joint **EnvMS-EneMS** certification verification (giving rise to the **EEMS**)

April 2012

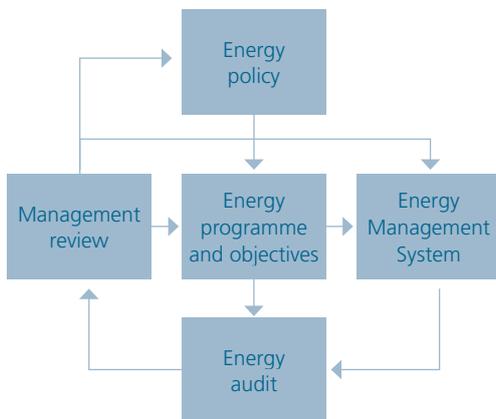
EEMS extended to Puglia and SGE upgraded to the new UNI CEI EN ISO 50001:2011 standard

June 2013

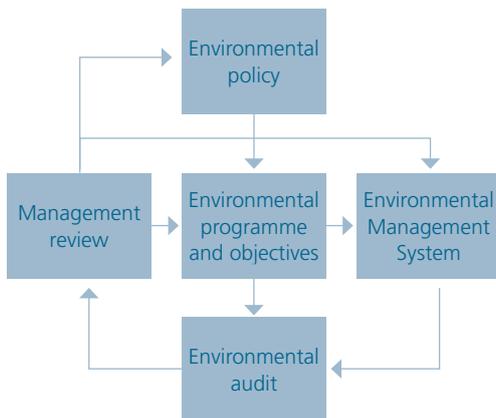
renewal of **EEMS** certification (195 B.U.) and GHG emissions certification (UNI EN ISO 14064:2012)

EnvMS and EneMS: two areas and two overlapping formats

UNI CEI EN ISO 50001



UNI EN ISO 14001



The international reference standards for Quality Systems often refer to the “Deming Cycle”, a model designed for continuous quality improvement in a long-term perspective. The logical sequence of the four points that are repeated for continuous improvement is:

- P - Plan. The planning stage.
- D - Do. Implement the plan, firstly in specified contexts.
- C - Check. Tests and controls, study and collection of results and findings.
- A - Act. Action to finalise and/or improve the process.

With the PDCA method, Checks are performed to compare the Plan against what is implemented (Do) to provide a response (Act) with regard to any “discrepancies” found. The “discrepancies” can be defined in a number of ways: anomalies, gaps, deviations, non-compliance. Analysis of the causes that generated them and their removal are the driver to improving the processes and restoring the System compliance. As the charts alongside indicate, there is a very strong similarity between the structures and requirements forming the basis of the two reference standards of the Environmental Management System and Energy Management System.

This is why it was possible to integrate the two Systems, harmonising the procedures and scope of application. Both standards envisage that at the time of implementation of an EnvMS or EneMS, an Organisation has to have an Environmental Policy or an Energy Policy, respectively, that clearly defines the objectives and fields of action to manage the internal processes and the related environmental and energy performances. The next steps call for:

- planning of the activities necessary to implement the Policy;
- implementation of the planned activities;
- verification that what has been implemented results in achievement of the pre-defined objectives.

Based on the verification outcomes a review of the Systems could prove necessary and in turn lead to:

- modification of the Policy;
- new planning;
- a new implementation stage if the pre-defined objectives were only partially achieved.

The presence of a Top Management that is not only aware of the decisions made, but which also steers action towards their constant improvement, is of vital importance.

The parties involved in the System

The roles within any organisation that decides to adopt an EnvMS or an EneMS are also similar.

At the head in Intesa Sanpaolo is the Top Management, composed of the Managing Director, responsible for appointing the Management Representatives who, with the EEMS Manager, identify the environmental and energy aspects, the objectives and the milestones in line with the Environmental and Energy Policy.

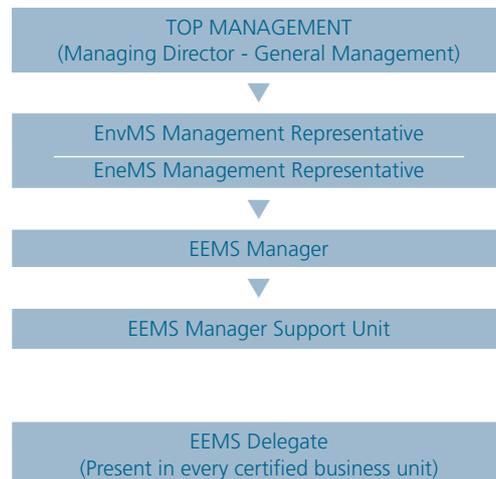
The EEMS Manager is assisted by a team known as the EEMS Manager Support Unit, set up within the Corporate Social Responsibility function, which is responsible for all activities required to apply and develop the Environmental and Energy Management System and for internal audits. Lastly, in every business unit involved in the System there is an EEMS Delegate who receives specific training on relevant issues. Other company departments are also involved in application of the EEMS:

- the Real Estate Department: the Intesa Sanpaolo Group department responsible for real estate management and maintenance. In addition to the coordinating head offices, at local level there are Departments called "Presidi" who, through Technical Staff, are responsible for management and maintenance of the properties at local level;
- the company Prevention and Protection Department: with the task of verifying compliance with the provisions of "environmental" laws and guaranteeing the monitoring of regulatory developments;
- the Training Department: involved in providing courses on specific EEMS procedures to the Technical Staff and EEMS Delegates.

At least once a year, all players involved in the System attend the Management Review meeting held to verify the adequacy and effectiveness of the System compared to the provisions of the Environmental and Energy Policy and to requirements according to the reference regulations. The following issues are assessed at this meeting:

- the level of achievement of environmental and energy objectives and milestones;
- the results of verifications performed and of periodic self-assessment questionnaires completed by the business units included in the scope of application;
- the monitoring of energy consumption and environmental/energy benchmarks assumed as the reference framework for System activities;
- the analysis of staff skills and the effectiveness of the training provided;
- the activities to be implemented in order to improve the System;
- any changes to be made so as to better achieve its aims.

The results of the Review are appropriately recorded and the final document, agreed and disseminated to all the departments concerned, constitutes a record of the analyses and in-depth studies conducted and also provides a clear indication of the responsibilities and implementing times for any corrective action to be taken.



Once a year, all the parties involved in the Environmental and Energy Management System attend the Management Review meeting

A team game: the Real Estate Department

As mentioned previously, the Real Estate Department of the Intesa Sanpaolo Group is one of the departments most involved in the Environmental and Energy Management System. We asked Simone Sprecapane, Technical Office Manager, a number of questions on application of the System.

What positive changes have been seen in recent years as a result of introduction of the EEMS?

Intesa Sanpaolo's introduction first of the Environmental Management System and then the Energy Management System gave value to the activities that the Real Estate Department already performed in managing the environmental and energy aspects of real estate assets (Branches and Office Buildings). This synergy produced excellent results that allowed us to obtain both certifications without too much effort.

The initial certification in Piedmont and later expansion to Lombardy, Triveneto, Romagna, Puglia and Sardinia (in progress) enabled an intensification of the controls over the Bank's direct impact (atmospheric emissions, noise, soil pollution, etc.) and promotion of the environmental culture among new suppliers contracted for the "Building Services", "Personal Services" and "Security Services".

In implementation of the System, the activities performed by the Contractors of "Building Services" are an essential element. Can involvement in this project act as a stimulus to these Contractors in maintaining a high quality standard?

Implementation of the System has definitely been a stimulus to the "Building Services" Contractors to improve their quality standards in managing Intesa Sanpaolo's business units and Office Buildings. The previous decision adopted by the Bank to transform the "traditional maintenance" contract into a "Service" contract helped the suppliers evolve from "Maintenance Firms" to "Service Firms" providers to the point of becoming partners involved in achieving the pre-defined objectives - amongst which, obviously, are those pursued by the Environmental and Energy Management System.

Today all suppliers contracted for "Building Services" are registered with the "Albo nazionale dei Gestori Ambientali" for the management of waste produced during the business activities conducted at our premises and are classified as the "Producers" of such waste, exonerating the Bank from all waste producer obligations. In addition, these suppliers are ISO 9001 certified and can therefore accept assignments as "Responsible Third Party" of the heating systems and also qualify as "Responsible Third Party" (Operators) for management of the cooling systems and heat pumps containing fluorinated greenhouse gases.

Energy efficiency is a goal pursued by the System and many objectives have been achieved. Is there still room for improvement?

Given the importance of the goals achieved to date, it is first of all crucial that they are maintained through constant management commitment in the future so as to consolidate these results. The significant expansion of the Banca Estesa (Extended Bank) project in the branches, extending the opening hours, will require a stronger management commitment from us in terms of consumption reduction.

The further room for improvement should certainly be considered a tough challenge for our Management and could be implemented with a higher degree of awareness of the suppliers under contract, with renewal of the existing assets and research into innovative technological solutions.

Training

With regard to environmental issues, the Bank is committed to providing all employees with suitable knowledge. The online platform “Ambientiamo”, dedicated to raising employee awareness through learning games, videos, quizzes and in-depth study of specific topics, has been available for some years now, with the aim of promoting the virtuous conduct to be adopted both in the working and home environments. Then in reference to employees working in the head offices and the business units involved in implementation of the Environmental and Energy Management System, the desire to inform on environmental issues and disseminate a culture of sustainability is combined with the need to provide specific training tools for the performance of activities associated with the System at various levels. The EEMS Manager is responsible for defining, planning and managing skills in the environmental and energy fields and for the training measures to be implemented as a consequence, in order that those operating within the System acquire the awareness necessary to minimise, monitor and optimally manage environmental risks, limit energy consumption and reduce greenhouse gas emissions.

All those involved in the System therefore have to learn about:

- the significant environmental and energy aspects and their related impact (real or potential);
- the importance of compliance with the Environmental and Energy Policy, the System management and operating procedures;
- their own role;
- the activities that could be affected by the various performances;
- the benefits deriving from specific actions.

In support of the Bank’s internal staff with specific responsibilities in implementing the EEMS, ad hoc training courses are provided along with periodic information activities and - if required - practical training.

Training needs can be of various types: operational or management-related (as indicated by the Human Resources Department), corporate (after organisational changes with an impact on the System), institutional (if associated with legal obligations) or due to new internal staff assignments (new recruits assigned a role associated with the System or staff changes or other internal assignment).

Since 2011 the Environmental and Energy Management System training course is provided in e-learning mode, subject to enrolment. The course is accessible directly from individual workstations. The main contents are: System objectives, the requirements of international reference regulations, their application in Intesa Sanpaolo and the main duties of the EEMS Delegates. There is a particular focus on transferring skills relating to application of the operational and management procedures on site and on the Support Unit for general System coordination.

Employees involved on Environmental and Energy Management System, from its implementation to date, are over 1000, i.e. almost 2% of the Group’s total number of employees in Italy. This figure is particularly significant if we consider that the training on environment issues is not a “core” training compared to that normally provided for the development of business skills typical of the banking industry.

The “Ambientiamo” training course is based on the concept that we all have the opportunity to influence our stakeholders, and consequently contribute by setting an example in safeguarding the environment in which we live

However, the awareness raising launched through the “Ambientiamo” project and the dedicated e-learning courses have gradually extended and disseminated basic skills to all employees involved directly or indirectly in the Environmental and Energy Management System.

EEMS course attendees	Classroom training	Online training
2005	353	-
2006	52	-
2007	49	-
2008	89	-
2009	158	-
2010	40	-
2011	-	110
2012	-	74
2013	-	99
Total attendees	741	283

Training on environmental issues is also provided to the Contractors operating within the Bank premises, with the aim of sharing awareness and best practices

Increasing awareness to such topics is also performed for employees external to the Bank who are involved in application of the System: maintenance and cleaning companies, companies contracted for the fitting out or renovation of business units and other goods and services providers that normally operate within the Bank premises. The services provided, in fact, can affect System function. For this reason it was decided to increase the awareness of employees of the Contractors by informing them of the responsibilities deriving from implementation of the System itself and the knowledge/skills to be put into action to correctly implement the EEMS objectives. As regards these objectives, in 2012 meetings were held with the managers of 28 companies contracted for “Building Services” and “Personal Services”. These meetings highlighted the best practices which, through the Environmental and Energy Management System, are implemented in our buildings, at the same time consolidating business partnerships. The regulatory and other requirements that suppliers are not always aware of in detail were also illustrated. It should be emphasised that this type of training does not only concern the companies operating in certified business units. The training is provided to the technical staff that apply the same procedures in all business units, certified or not.

Lastly, note that internal communications on environmental issues among the Bank’s various levels and departments is also guaranteed by a section dedicated to environmental sustainability available on the company intranet, the annual Sustainability Report and specific in-depth publications.

The Environmental Management System

The operation of an Environmental Management System (EnvMS) envisages a process of continuous identification of environmental aspects over which specific control should be exercised. These relate to activities, products and services with aspects capable of interacting - directly or indirectly - with the surrounding environment.

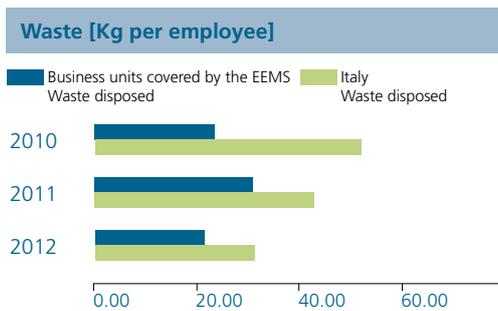
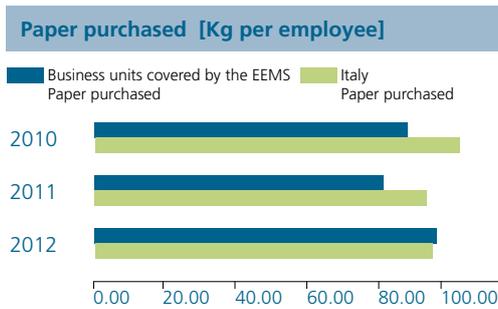
In identifying the environmental aspects it is crucial to determine those that the Organisation can keep under control and those over which it could exercise influence. This process involves collecting data and information from available sources on environmental activities and their logical processing. In this respect it is important to also take into consideration aspects deriving from action associated with Intesa Sanpaolo (e.g. activities performed by contracted companies) and those deriving from previous activities/operations or from acquired organisations.

The process of identifying environmental aspects is also performed with a view to the evolution of internal and external conditions. Internal conditions could refer to changes of an organisational, technological or process nature, extension of the scope of application of the System, relocation, renovation or sale of sites included in the reference area, and effects deriving from emergencies or accidents that have occurred. External conditions on the other hand refer, for example, to the increasing social and environmental awareness of stakeholders, regulatory changes and any landscaping or other restrictions.

The aspects that have or could have a significant impact on the surrounding environment are defined as “significant environmental aspects”, for which are arranged specific management procedures and monitoring/measurement systems. Intesa Sanpaolo has identified its own main significant aspects as the following:

- *Water consumption and releases to water*: activities largely associated with use for hygiene purposes and, to a marginal extent, for system cooling;
- *Waste management*: production, transport and disposal of urban-type waste and special non-hazardous waste normally produced by the business units; their handling is performed by the contractors of “Personal Services”;
- *Emissions to air* : the control of atmospheric emissions generated by air-conditioning systems (heating and cooling) is performed through maintenance (by the “Building Services” contractors) with a higher frequency than required under current regulations;
- *External noise*: sample testing of systems installed outside business unit premises and which could cause disturbance;
- *Presence of chemical products and harmful substances*: analysis of product safety sheets used by the contracted companies and their storage;
- *Presence of HCFC/CFC/greenhouse gases*: the presence of substances harmful to the ozone layer and substances forming greenhouse gases as a result of operation of the air-conditioning units is monitored and their related maintenance is governed by the “Building Services” contract which takes current regulations into account;
- *Radon*: at sites where basement rooms are used as workplaces, measurements are taken of the radon concentration in accordance with current regulations, and if necessary action is taken to reduce the risk;
- *Paper consumption*: as the primary commodity for banking operations, paper procurement and use are covered by a special Policy on this matter, which in addition to reducing paper consumption also envisages maximised use of products made from post-consumption recycled fibres or from certified fibres, selecting low environmental impact products;
- *Presence of archives*: in relation to the presence of paper archives in the business units, company procedures are envisaged to limit the size of the archives and, at the same time, safety measures are adopted to avoid fires or other events that could also result in the emission of harmful substances.

For every significant environmental aspect the Bank prepares an environmental improvement plan with tasks and timing defined in order to pursue specific milestones. The coherence of these objectives with the Environmental and Energy Policy and applicable legal requirements, the urgency of the action to be taken to prevent the risk of pollution or other significant impact, the available technological options, financial, operating and commercial needs and the cost-benefit analysis of planned investments are all taken into consideration in defining the plans. The objectives could be aimed to increase the level of environmental and energy performance or to prevent unwanted impact. Details are provided below of some examples of significant aspects.



Paper consumption

Paper consumption monitoring is one of the most important aspects of controlling environmental impact and emissions. The chart alongside shows the paper purchased by the EEMS business units compared with the Bank's average for Italy. Note that the paper purchased might not be 100% consumed in the year of purchase.

Waste management

Waste management is a priority in the EEMS business units. In particular, most of the business units have municipal paper and plastic collection. Waste produced by the EEMS business unit essentially consists in paper containing personal/sensitive data, packaging and, in general, special non-hazardous waste. EEMS Delegates are required to pay special attention to controlling the correct completion of the Waste Identification Sheet and their compliance with related obligations.

Water consumption

During the last year, in partnership with a number of water distribution companies, Intesa Sanpaolo launched a pilot project to determine water consumption. In around 50 EEMS business units in Piedmont, Lombardy, Veneto and Puglia, meters have been installed which through a remote reading system can be queried to identify (and possibly use in the overall consumption estimates) significant parameters relating to the real consumption of water by the bank branches.

Presence of HCFC/CFC/greenhouse gas

Notes on greenhouse gas emissions, can be found on the section about quantification and reporting of greenhouse gas (GHG) emissions.

Radon

The improvement objectives for the Environmental Management System include a radon monitoring plan: the business units with basement rooms regularly used as workspace are subject to annual campaigns involving the placing of radon dosimeters. Where legal limits prove to be exceeded, action is taken in partnership with the relevant offices to reduce the risk to within acceptable limits, followed up with new measuring campaigns.

In EEMS business units, over 60% have basement rooms, but the campaigns conducted in recent years only rarely found cases of excess levels.

Best practices resulting from application of the Environmental Management System

As we have seen, paper management is one of the most important environmental aspects for the Intesa Sanpaolo Group. Financial sector operations are historically based on the use of this material, which has therefore always been subject to special attention as part of the EEMS, also through careful monitoring of the quantities of paper purchased and of associated emissions.

To pursue the objective of reducing paper consumption, innovative operating methods and technologies have been studied and implemented. For example, anyone that has visited an Intesa Sanpaolo branch to perform standard transactions will have seen a small tablet at each counter to record their digital signature. This form signing method simplifies operations and confirms a constantly increasing environmental protection, as it allows a drastic reduction in the branches' use of paper and eliminates the need to print receipts to be archived or to be handed to the customer. This initiative operates alongside others launched by Intesa Sanpaolo to reduce paper consumption and to promote responsible use, deriving from a specific policy issued in 2011 at Group level. In addition to promoting efficient management, the "Sustainability rules for the purchase and use of paper and derivative materials" sees the Bank committed on two main fronts:

- Purchase decisions - focus on characteristics of origin and chemical treatments;
- Consumption decisions - efficient and responsible use, raising awareness of rational paper consumption among employees and disseminating best practices and innovative solutions to customers.

The Policy promotes efficient paper management and commits the Bank to be aware of origin characteristics by the gradual reduction in the use of uncertified virgin paper, the procurement of FSC and ECF/TCF paper (or paper with similar certifications) and the procurement of high post-consumption recycled fibre content paper. The Policy also recommends and promotes:

- efficient and responsible use of paper;
- the adoption of electronic devices for front-and-back printing;
- raising employee awareness and disseminating best practices;
- the dissemination of digital reporting rather than printed versions for customers;
- the adoption of technology solutions able to reduce paper consumption.

Another initiative that has allowed a considerable reduction in paper consumption is the use of online terminals at branches for customers to read information sheets. This avoids printing and constant replacements following periodic updates.

Through application of the policy's principles and the initiatives launched, in Italy the Intesa Sanpaolo Group usage has now reached over 85% of certified environment-friendly paper and it has reduced its paper consumption by more than 10%.

The "ISPad" project has been introduced with the aim of reducing the quantity of paper used and archived. Form signing on tablets is now used in all the Group's Branches and covers around 90% of transactions made at the counter. From the start of the initiative in October 2011 to June 2013 almost 100 million printouts have been avoided, equal to around 495 metric tons of paper and corresponding to 935 metric tons of CO₂ emissions avoided.

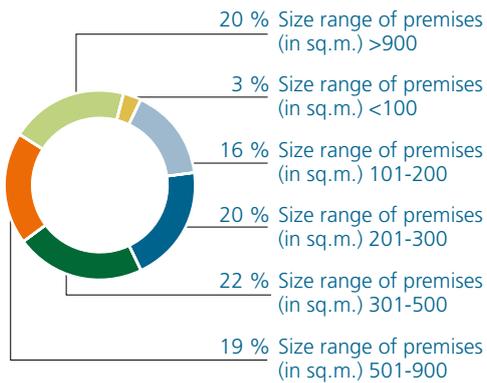
The Energy Management System

Just as an EnvMS discusses “significant environmental aspects”, an Energy Management System (EneMS) focuses on the “significance” of “energy uses” where, in view of the considerable consumption involved, improved energy performance could be achieved. Electricity consumption and fuel consumption are both subject to action in an Energy Management System; these consumptions are related to:

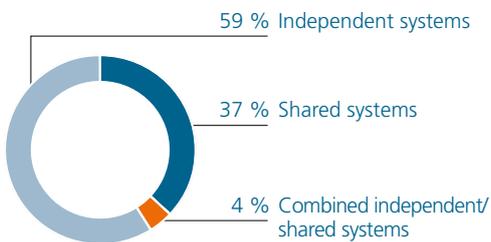
- electricity used to power office equipment, workstations, internal and external lighting and air-conditioning systems;
- fuel or district heating used mainly to heat or cool rooms and for air circulation.

Also as a result of thorough studies and monitoring, in Intesa Sanpaolo significant energy use is for lighting, air conditioning and office equipment. In particular, these uses contribute to electricity consumption in the following percentages:

Total sites broken down by size range of premises (in sq.m.) [%]



Heating system type



Energy Management

- 21-22 % Signs, interlocking door entry systems, self-service areas and other equipment
- 18-26 % Lighting
- 25-30 % Office equipment, ATMs
- 23-35 % Air-conditioning

ISO 50001:2011 standard, which is met by the Bank’s EneMS, also requires that the “energy performance” of the area of application of the System is measured using specific “energy performance indicators”. With a view to quantifying this result, a thorough initial energy analysis has to be conducted and an energy baseline defined, i.e. a reference quantity constituting the basis of comparison for the energy performance achieved in subsequent years. This comparison is also possible through the identification of specific targets to be reached gradually.

After comparing internal parameters with external benchmarks, Intesa Sanpaolo identified its own reference targets, differentiated according to climatic zone, dimensional range (i.e. net surface area) and the type of systems installed in the business units. In fact, winter heating can be obtained from three sources: electricity procurement (heat pumps), gasoil/methane (boilers) and district heating. In turn, the boilers can be shared with other owners of the building, or independent, i.e. serving the business unit only. There can be cases where independent systems are supplemented by shared systems.

Intesa Sanpaolo periodically verifies the effectiveness of gradual improvement action of the previous year and reports on:

- savings achieved compared to the baseline (the starting figure);
- the more critical sites, with a performance indicator more than 30% higher than the target, for which priority action must be taken.

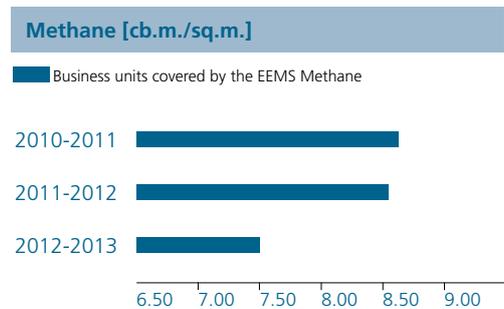
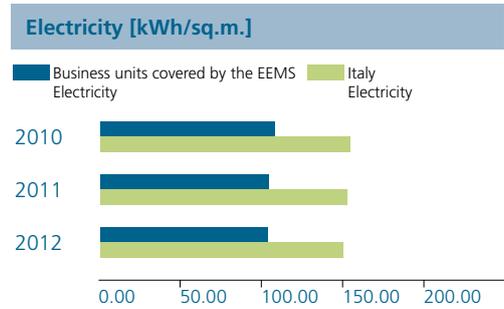
Improvement action to reduce consumption to within expected limits is proposed for all sites recording consumption 15% higher than the target. Electricity consumption monitoring began in Intesa Sanpaolo several years ago at certain sample sites where dataloggers were installed, i.e. meters detecting electricity consumption trend in each area: general, lighting, air conditioning. Given the excellent results achieved in the pilot project, installation of the dataloggers - also useful for verifying that electricity targets are reached - was extended firstly to all the business units involved in the EEMS and later to other Branches not covered by the System (around 3500 to date).

As illustrated in the chart alongside, the reduced electricity consumption in the EEMS business units is in line with the reduction of electricity of the Intesa Sanpaolo Group in Italy. Constant monitoring of the EEMS business units allows action to be taken promptly in any critical situations and allows the planning of improvement action at extra-target sites. In view of the excellent results achieved in the EEMS business units, the Intesa Sanpaolo Group is implementing a similar methodology in all business units.

Lastly, it should be noted that the electricity used in the EEMS business units is almost 100% energy from certified renewable sources.

With reference to heating, some years ago a project was launched for the monitoring of actual consumption of methane gas, which led to significant consumption savings and is soon to be extended to other Group Branches (see the section “Best practices resulting from application of the Energy Management System”).

The chart alongside shows the gas consumption readings from the last three winter seasons. The figures refer to gas consumption in the period 15 October-15 April. During last winter the readings were taken monthly and consequently the resulting figure is more reliable. In all cases reduced consumption was recorded, also deriving from application of the aforementioned procedure.



Best practices resulting from application of the Energy Management System

Through experience gained from the EEMS, a Group policy has been adopted that envisages the gradual replacement of office equipment with more energy-efficient models

As seen previously, in the banking industry a significant part of energy consumption may be attributed to “office equipment”: PCs, monitors, printers, photocopiers, servers, IT systems and service support devices (ATMs and information terminals) used in the business units. As a result of testing and monitoring conducted in some of the EEMS business units, we were able to approve an internal policy at Group level that defines the minimum environmental criteria and the operating procedures for the assessment, during the acquisition phase, of the environmental impacts generated – directly or indirectly – by the office equipment. As we believe that a company with a certified Environmental Management System can be considered a responsible company sensitive to environmental matters, we have included this criterion among the environmental certification requirements for suppliers. Furthermore, for the technical assessment of bids, a standardised algorithm has been prepared to assess environmental and energy performance, with weights attributed to the various characteristics and environmental certifications. From the standpoint of economic evaluation, energy-related operating costs are considered on the basis of the declared energy consumption according to the Energy Star method, over the machine’s average lifetime (4-5 years), and they are added to the price of the initial investment. A best practice arising from EEMS experience that in recent years has allowed us a saving of around 5 GW of electricity per year.

The aim of the Building Heat Check-up is to monitor the condition of the building and of the heating system to detect consumption anomalies in real time

A second pilot project firstly implemented in the EEMS business units, and soon to be extended to other business units of the Bank, is the monitoring of heat consumption through the “Building Heat Check-up” procedure. This procedure is a web-based solution designed as a software tool to monitor and limit heating system consumption. Through data captured from electricity bills or periodic metering, it offers verification of the suitability of the installed heat capacity and correct management of the heating system in relation to the building’s heat insulation level. It calculates a building’s fuel unit consumption in relation to real Degree Days of the location in a given period, and provides an indication regardless of the severity of weather conditions in the winter period considered. The “Building Heat Check-up” comprises a “Building Heat Capacity” module and a “Consumption per Climatic Unit” (CCU) module. The “Building Heat Capacity” allows establishment of the correct sizing of central heating unit capacity and their operational efficiency level, aiding targeted action to optimise operation in cost-benefit terms. The CCU, on the other hand, assesses the service of the System Operator/Responsible Third Party and the building’s heat insulation level, regardless of the external temperature. It is important to emphasise that this system allows the identification of critical points as they arise, also during the current winter season, without having to wait until it ends. Application of the “Building Heat Capacity” in the EEMS business units has led to significant savings: at general level note that in the last two winters (2012-13 vs. 2010-11) an overall heat energy saving of around 8-9% has been achieved.

Quantification and reporting of greenhouse gas (GHG) emissions

In 2013, based on the same scope of application of the Environmental and Energy Management System, Intesa Sanpaolo was one of the first companies in Italy to obtain UNI EN ISO 14064:2012 certification for the quantification and reporting of greenhouse gas emissions (commonly known as GHG). Greenhouse gases are those of natural and industrial nature that can trap part of the sun's heat in the atmosphere, thereby heating the air. These gases can be considered to include water vapour, which plays a fundamental role in maintaining the Earth's average temperature at an acceptable level, but also harmful gases produced by man such as carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). In addition to being greenhouse gases, chlorofluorocarbons (CFCs) used as coolants and propellants also contribute to destroying the ozone layer. The GHG emissions identified by Intesa Sanpaolo derive from:

- heat energy production and consumption;
- electricity consumption;
- air-conditioning systems;
- paper consumption.

By identifying and quantifying GHG emissions, the application of this standard offers a more responsible management of the associated risk, the implementation of initiatives and programmes to reduce them and, in a company such as ours where an Environmental and Energy Management System is already operative, offers synergies in terms of the procedures adopted and of potential optimisation.

The total GHG emissions reported by the Bank are calculated as the aggregate of emissions for each business unit included in the scope of application of the EEMS. A "GHG Inventory" procedure has been implemented, which classifies and reports emissions considered significant, broken down into three categories and associated with specific sources:

- direct emissions (scope 1) from systems within its own organisational boundaries;
- indirect emissions from energy consumption (scope 2) from the generation of electricity, heat and steam imported and consumed by the organisation;
- other indirect emissions (scope 3) that can be reported, for example, on the basis of specific internal needs defined by the organisation (e.g. paper use).

The identification of GHG sources is completed with the definition of other operational phases regarding:

- the emission quantification method;
- the data capture method;
- the selection and development of emission factors;
- emission calculation.

Considering all emission sources (methane gas combustion in the boilers and independent central heating systems, the consumption of heat energy by central heating systems, district heating, electricity consumption, paper consumption, refrigerant gas leaks from air-conditioning units), a procedure has been implemented to assess the uncertainty of intrinsic risk and to define control activities.

Emissions in the EEMS area of application	2012				
	Kg CO ₂	Kg CH ₄	Kg N ₂ O	Kg CO ₂ eq	%
Direct emissions - Scope 1	683,377	30	12	698,005	25.52
from combustion (reporting period 15/10/2011-15/10/2012)	683,377	30	12	687,709	25.14
from refrigerant gas leaks	-	-	-	10,296	0.38
Indirect emissions - Scope 2	1.517,365	74	28	1.540,503	56.32
from heat energy consumption	1.517,365	74	28	1,527,561	55.85
from electricity consumption	-	-	-	4,763,415	0.47
avoided through consumption of renewable source electricity	-	-	-	-4,750,473	
Indirect emissions - Scope 3	-	-	-	496,566	18.16
from use of recycle paper	-	-	-	424,031	15.50
from use of non-recycled paper	-	-	-	72,535	2.65
Total Emissions	2.200,742	104	40	2.735,074	100

Internal assessment

Based on a multi-year programme that ensures adequate review cycles, all business units covered by the EEMS are subject to internal assessment, the main aim of which is to assess the System compliance with the requirements prescribed by the reference regulations. Other objectives are satisfied at the same time:

- monitoring of the level of implementation of the System;
- verification of the degree to which the established objectives have been achieved;
- ascertainment of the quantification, monitoring and reporting of GHG emissions.

These aspects are assessed as part of the individual activities performed and attributable to fire prevention, workplace safety, waste management, periodic maintenance, atmospheric emissions and energy. The evaluator meet the criteria of expertise and independence, and are chosen internally on the basis of their experience in environmental and energy issues and of their training, in compliance with UNI EN ISO 19011:2012 guidelines.

For each assessment planned, the appointed evaluator prepares and issues notification of the "EEMS internal assessment plan". The audit envisages control of documents to ascertain that records required for the various activities have been made and kept correctly, followed by a site visit for on-site assessment of compliance with the System practices and procedures. Once the operations are completed, the evaluator produces a Report of the EEMS internal assessment which summarises all the aspects, figures and evidence that came to light, including any anomalies for which corrective action is indicated, together with suggested timing and responsibility for its implementation. According to the seriousness of such anomalies, they are classified as first or second level "Non-conformity" or as mere "Observations". Normally these critical points are entered in an IT procedure to which only the departments concerned have access. This method calls for structured, transparent management of the evidence that came to light during the internal assessment, from the moment it is discovered by the evaluator until it is solved.

To verify compliance with legal obligations, procedures and System requirements, all the business units are also involved in a self-assessment process performed directly by the local EEMS Delegates, called upon to periodically respond to an online questionnaire reserved for authorised users only. The answers provided are automatically collated in a database. Given that the internal assessment programme spans several years, the self-assessment also ensures that contact is maintained and that feedback is received from business units that have not been verified for a long time.

Regular internal assessment are performed to check that the business units comply with the provisions of EEMS procedure

Certification of the Environmental and Energy Management System

The implementation of an Environmental and Energy Management System can envisage certification by an external body which impartially ensures application of the requirements of international regulations and assesses the efficiency of a management system designed with a view to continuous improvement. DNV has been responsible for certifying the Intesa Sanpaolo Group's Environmental and Energy Management System for many years. We asked Massimo Berlin, General Manager of DNV Business Assurance in Italy, a series of questions.

From your point of view, how has the System changed over the years?

Over the years the Environmental Management System has developed both in terms of size and structure. Intesa Sanpaolo has successfully expanded its System to other branches in Italy to the point that the number initially involved in 2005 has almost tripled, and at the same time it has expanded the range of aspects managed. In 2012, in fact, it was the first banking group in Italy and one of the first companies in Europe to obtain ISO 50001 certification of its Energy Management System. And that isn't its only record. Intesa Sanpaolo was among the first companies in Italy to verify the greenhouse gas emissions inventory. Over the years, awareness to the issue of environmental impact has also increased greatly among all employees, with growing responsibility in all the organisational areas. Intesa Sanpaolo's commitment to sustainable growth is not only seen in its strategic decisions or the implementation of management systems, but also through its human resources and their day-to-day activities.

Based on your experience, what benefits are there to implementing a certified Management System, also in competitive terms?

In general, a management system acts at the level of prevention, control and management of risks and there are many benefits. In particular, an efficient environmental management system can significantly reduce a company's impact on the environment and at the same time increase operational efficiency, thereby reducing costs. The certification acts as confirmation to customers and all stakeholders of the company's real commitment to the environment and compliance with current regulations, and represents a means of safeguarding against the environmental offences envisaged in Italian Legislative Decree 231/2001. The economic benefits are one of the most obvious advantages of an energy management system. Correct energy management offers reduced consumption and consequently lower costs, also as a result of even simple measures such as the use of timers for automatic switch-off of all monitors or PCs at night. Then there is an important relational aspect. A certified management system also acts at the level of brand reputation and relations with stakeholders. It strengthens commitment. It makes it "transparent", "demonstrable" and "verifiable" by all stakeholders.

What is the main difference between an ISO 14001-certified Environmental Management System and one subject to EMAS registration?

There aren't many differences as they are interconnected. To obtain EMAS registration you need to have already implemented an ISO 14001-compliant system. The ISO 14001 standard is the driver and it is internationally valid. EMAS is a European regulation that envisages an Environmental Statement, a report that publicly discloses the commitment undertaken. There are a variety of environmental sustainability standards, for example EMAS, ISO 14001, ISO 14064 and ISO 50001. Any company can voluntarily refer its particular characteristics and strategy to one or more of these. The end purpose is to work towards a sustainable performance that ensures growth to the company and safeguards the interests of all stakeholders.





Conclusions

Benefits and aims of the EEMS in Intesa Sanpaolo

As we have seen, the implementation of an Environmental and Energy Management System has its indisputed benefits attributable to three guidelines:

Organisational:

- To document corporate management procedures
- To share the procedures and simplify their management
- To implement a constant monitoring system
- To plan corrective action for any critical points found
- To aid legal updating and compliance with legal obligations
- To implement best practices at domestic and international level
- To exercise more effective control over suppliers and products
- To improve energy efficiency
- To increase employee motivation

Economic:

- To reduce waste and costs
- To achieve a better rating
- To prevent unwanted events and personal and environmental risk situations, reducing costs to solve unexpected problems

Reputational:

- To enhance the corporate reputation in the eyes of all stakeholders
- To improve credibility and image
- To increase the faith and trust of stakeholders

To be emphasised among the advantages of an Environmental and Energy Management System is the fact that the business units included in its scope can constitute a place where new technologies can be tested and then used, where appropriate, on a wider scale, also at sites not covered by the System. Furthermore, in the EEMS business units, the contractors attention to activities under their responsibility is at maximum, in order to keep an high standard level and to represent an example of good management to which all the Group's business units should aspire, with subsequent achievement of improved environmental and energy performances. Lastly, it should be emphasised that the new 2012/27/EU Directive on energy efficiency envisages that large businesses are subject to an energy audit, repeatable at least every 4 years. Businesses adopting a certified Energy Management System compliant with ISO 50001 standard are exempt from the energy audit requirement, with enormous cost savings. Likewise, according to the Italian Ministerial Decree of 28 December 2012, only businesses with an ISO 50001-compliant Energy Management System can request Energy Efficiency Certificates for its energy saving activities.

For a business such as Intesa Sanpaolo, therefore, the implementation of an Environmental and Energy Management System means not only keeping up with the times, but also remaining competitive on the international markets.

The extent of certification in Italy and worldwide

For confirmation that the implementation of an Environmental and Energy Management System can bring many benefits, we asked Rossella Zunino of RGA, a well-known environmental consulting company, to tell us the extent to which these systems are in use in Italy and worldwide.

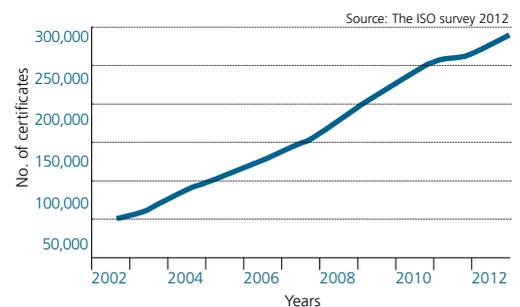
“The preparatory work for the ISO 14001 standard began in 1993 and its increasing application has, over the years, shown that the implementation of an Environmental Management System offers benefits to Organisations not only in strictly environmental terms but also in organisational and economic terms. In 1996, in fact, 46,571 companies worldwide had obtained ISO 14001 certification. In 2012 this number had risen to 285,844.

The chart alongside highlights the gradual increase recorded in the last decade. In reference to this period, “The ISO Survey 2012”, conducted by the ISO to analyse the number of certificates issued each year, showed that:

- the number of European companies that are ISO 14001 certified has tripled;
- in Asia there has been a very strong rise in the number of certified companies, which in 2012 reached a figure 6 times higher than in 2002;
- the number of companies certified to this standard in North America has doubled.

Based on the 2012 figures, the top three countries in terms of total number of certificates issued are China, Japan and Italy. The top three in terms of growth trend in the number of certificates in 2012 were China, Spain and Italy. Specifically, over the last decade in Italy the number of certificates has increased significantly, in 2012 reaching a number 8 times higher than in 2002. ISO 14001 standard underwent a first review in 2004. In 2012 new review activities began on the standard and issue of the new ISO 14001 is planned for the first few months of 2015. The aim of this review is to improve the integration of environmental management into an Organisation’s processes and to better exploit the potential of environmental management. ISO 50001 standard, published in June 2011, is instead the first standard recognised at international level for Energy Management Systems, developed to help companies to improve energy efficiency and increase their profitability by reducing CO₂. The aim of the standard is to encourage companies of any size to implement all the processes necessary to understand the energy usage methods adopted, to put into practice action plans, identify energy performance indicators, and indicate priorities and opportunities for improving their energy performance. “The ISO Survey 2012” states that 1,981 ISO 50001 certificates were issued in 60 countries in 2012, 28 countries more than in the previous year and recording a growth of 332%, no less. Europe and South-East Asia are the areas that recorded the highest number of applications for 50001 certification. The top three countries in terms of total number of certificates held are Germany, Spain and Denmark, whilst the top three in terms of growth in the number of certificates are Germany, Denmark and Italy. In particular, in 2012 66 certificates were issued in Italy, more than double the figure of the previous year when 30 were issued.”

Trend for ISO 14001 certificates 2002-2012



According to a survey by the German Federal Environment Agency, as at October 2013 3,438 companies hold ISO 50001 certification in Europe

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Credits

ENVIRONMENTAL SUSTAINABILITY PHOTOGRAPHIC COMPETITION

The photographs accompanying this Environment Paper are details from a selection of photographs chosen from among the entries in an Environmental photographic competition reserved for Intesa Sanpaolo Group employees.

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