

INTESA SANPAOLO'S ENVIRONMENTAL POLICY

The implementation of the Equator Principles is an important step in the path of Intesa Sanpaolo's progress in defining its corporate social and environmental responsibility.

This commitment is within the general framework of the Environmental Policy that the bank adopted in February 2007. One of the areas covered by the policy is the management of indirect impacts, that is to say those generated by third parties, such as for example clients and suppliers, through which the Group can contribute to the diffusion of environmentally-friendly processes and behaviour.

PROJECT FINANCE AND SUSTAINABILITY

The principles had already been adopted separately by both Banca Intesa and Sanpaolo IMI before they merged into Intesa Sanpaolo. Both banks adopted the revised and updated version in July 2006.

What Equator Principles are

In June 2003, 10 leading banks in the global project finance market developed and implemented a series of guidelines regarding social and environmental matters relating to project finance in all industrial sectors, including the mineral, oil and forest industries.

The Equator Principles are based on the policies and guidelines of the World Bank and the International Finance Corporation, an internal body within the World Bank the aim of which is to provide support for the activities of the private sector in developing countries, through the financing of projects, assistance and advice to companies and governments.

The implementation of the Principles implies a commitment from the signatory to finance only those loans which answer to social responsibility criteria and are concerned with sustainable environmental management practices.

The process of project screening is based on that used by IFC, which classifies them according to a scale of environmental and social risk, ranging from the highest (A) to the lowest (C). For A and B type projects (high and medium risk) the borrower must draw up an environmental assessment of the social and environmental aspects identified in the classification process.

After adequate consultation, where envisaged, with the people concerned with A and B type projects, an Environmental Management Plan should be drawn up to identify the steps to be taken to reduce and monitor social and environmental risks.

The revised Principles – amendments

On 6th July 2006 the 40 Equator Principles Financial Institutions (EPFI), which had already adopted them, announced that the guidelines had been revised and amended as follows:

- the principles apply to the financing of all projects involving a cost of at least 10 million dollars, with a marked decrease compared to the previous 50 million limit;
- the principles apply also to financial advice on projects;
- the principles apply also to changes or extension in existing projects, if further environmental and social impacts are significant;
- each entity that has adopted the Principles should report annually on their application
- environmental and social standards have been improved and strengthened, including those regarding consultancy in the public sector.

OUR PATH TOWARDS IMPLEMENTATION

With the aim of standardising the methods of implementing the Principles within the bank, the organisation of which was restructured following the setting up of the new Intesa Sanpaolo Group, the Corporate Social Responsibility Unit coordinated a training path aimed specifically at colleagues directly involved in the processes for applying the Principles.

Training

An in-house training course started in December 2007 with the aim of explaining the implications for the bank deriving from the implementation of the Equator Principles. Furthermore, the course intended to examine in greater depth the topics, ways and tools suitable for undertaking the assessment of social/environmental risk within financial operations.

The course was designed and run with the support of Environmental Resources Management (ERM Italia Spa), a world leader in environmental and social consultancy, towards both the public and private sectors, as well as one of the three companies selected by IFC to provide training courses on IFC Performance Standards and consequently Equator Principles.

The course was divided into four parts; 21 people, with various functions and types of involvement in the implementation of the Principles, took part: representatives from Investment Banking (including Project Finance), Loans, Risk Management, Banca Innovazione Infrastrutture e Sviluppo (BIIS), Banca dei Territori Division and International Subsidiary Banks Division.

EP Governance participation

Since implementing the Principles, Intesa Sanpaolo has taken part in many meetings with EPFI, thus encouraging continuous learning and interaction with other banks.

Stimulation of awareness

The experience of dedicated training will be the base on which to start building an information and awareness programme aimed at Top Management and all colleagues, so that our commitment to the environment may become an increasingly shared practice as well as a motive for company bonding.

Project classification according to the Equator Principles

Industry	Location	Category
Oil&Gas	Qatar	A
Oil&Gas	Qatar	A
Petrochemical	Oman	A
Petrochemical	Egypt	A
Energy	India	B
Power	India	B
Transportation	India	B
Energy	Singapore	B
Energy	Philippines	B
Energy	Philippines	B
Energy	India	C

Projects by category

Category A Projects	4
Category B Projects	6
Category C Projects	1
Total	11

Projects by industry

Oil&Gas	2
Petrochemical	2
Energy	5
Power	1
Transportation	1
Total	11

Projects by country

Qatar	2
Oman	1
Egypt	1
India	4
Singapore	1
Philippines	2
Total	11