



Circular Economy Project

The *Circular Economy*: a new future-proof value creation model

Linear Economy

Circular Economy

How Long Can Our Linear Waste Economy Continue?



Some examples of waste



31% of food is wasted along the value chain

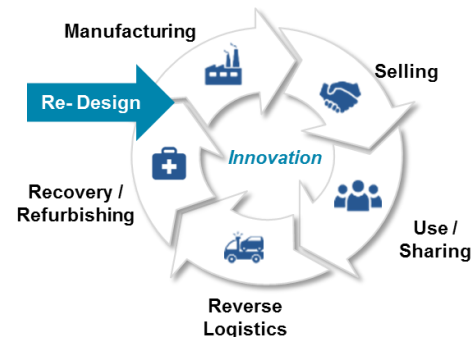


European car is parked 92% of the time



European office is used only 35-50% of the time

RE-THINK & RE-DESIGN



Main features



Re-design of processes and products to ensure that all the components are reusable at the end of the cycle of use



Use of **renewable energies** for the preservation and re-establishment of natural capital



Production processes to generate Zero-Waste, in order to minimize the negative externalities (recovery, repair, reuse and recycle)

Intesa Sanpaolo and the Ellen MacArthur Foundation



- Dame Ellen MacArthur is a successful solo long-distance yachtswoman. In 2005 she broke the world record for the fastest solo circumnavigation of the globe, a feat which gained her international renown
- Her Foundation is the world most influential think-tank on Circular Economy
- They work with Entrepreneurs, Government and Universities to foster world transition towards CE

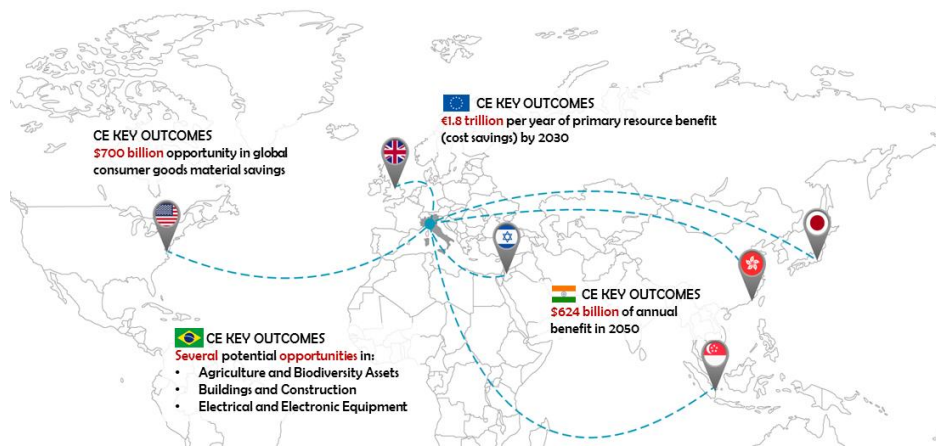


Since December 2015,
Intesa Sanpaolo Group
has become **Financial
Services Global Partner**
of EMF Foundation

The **CE100** is a global
platform bringing together
leading companies,
emerging innovators and
regions to accelerate the
transition to a CE

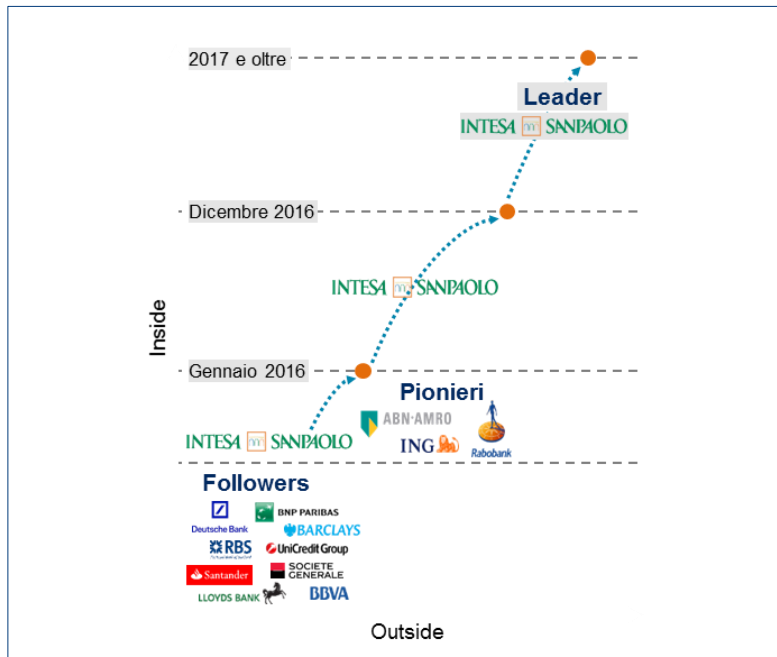


Circular Economy: an international mega trend

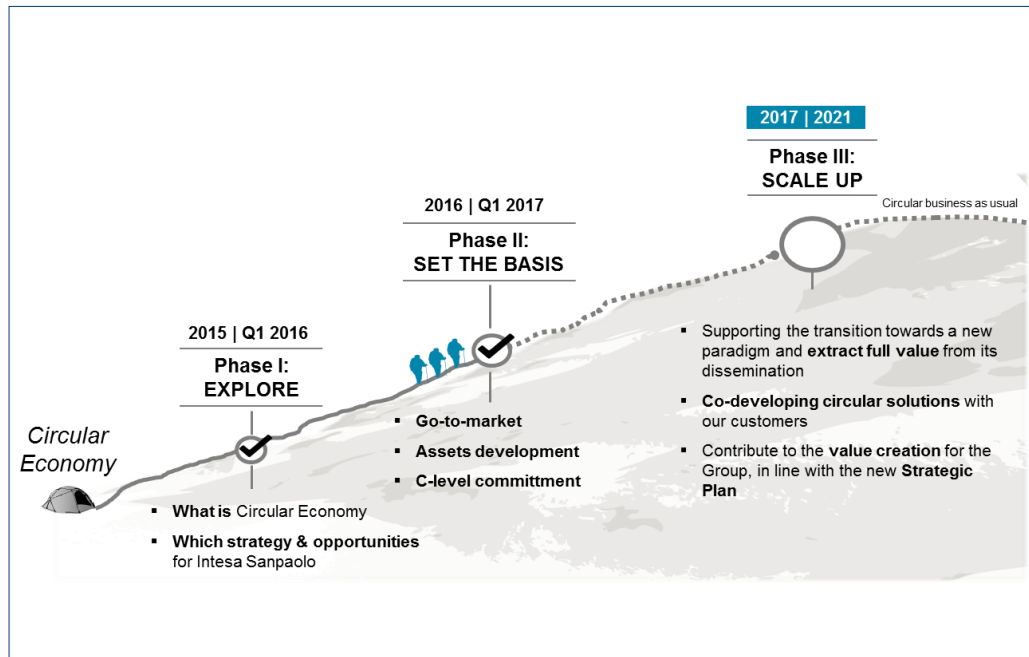


Ambition and route of the Circular Economy Project

Strategy and ambition of the Group



The route of the Project



Circular Economy Project - a cross-functional project

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Stream	Activity	Stakeholders	
		Internal	External
Global partnership with EMF	Create and implement the strategic plan for a distinctive and a unique positioning at Global level	<ul style="list-style-type: none"> ✓ CEO ✓ CIO ✓ CFO ✓ DIRA 	<ul style="list-style-type: none"> ✓ Ellen MacArthur Foundation (EMF) ✓ Corporates / SMEs and Institutions of the EMF network
Circular Thinking	Internal training sessions for ISP workforce. External dissemination of the CE culture through dedicated partnerships with Universities and Research Centers	<ul style="list-style-type: none"> ✓ CIO ✓ Training ISP 	<ul style="list-style-type: none"> ✓ Ellen MacArthur Foundation ✓ Edizioni Ambiente ✓ Afeka College ✓ Università LUISS ✓ Università Bocconi ✓ Università di Torino
Roadmap for Institutions	Shape a Roadmap in order to accelerate the transition towards the CE. Publish a Positioning Paper about «Financing Circular Economy»	<ul style="list-style-type: none"> ✓ CIO ✓ DIRA ✓ CLO ✓ CRO ✓ Research Dept. 	<ul style="list-style-type: none"> ✓ Italian Gov. ✓ ANCI / ANCE ✓ Cities ✓ WEF ✓ Multilateral Agencies
CE Standard and Indicators	Definition of selection criteria and a shared standard so to equip the Group with a ready-to-use tool for credit management and commercial purposes	<ul style="list-style-type: none"> ✓ CIO ✓ Research Dept. ✓ CLO ✓ CIB ✓ MCI 	<ul style="list-style-type: none"> ✓ Accenture ✓ Università Bocconi
“Circular” Intesa Sanpaolo	Finalization of concrete actions in order to exploit the CE competitive advantage.	<ul style="list-style-type: none"> ✓ CIO ✓ DSI ✓ Purchase Dept. ✓ COO 	<ul style="list-style-type: none"> ✓ CISCO ✓ Start up mobility ✓ StartUp TLC
Business Origination	New business opportunities scouting . Generation of new CE themed products and services	<ul style="list-style-type: none"> ✓ CIO ✓ CIB ✓ BdT ✓ DBE ✓ ISP PB 	<ul style="list-style-type: none"> ✓ Pirelli ✓ Ferrero ✓ Enel ✓ Kering ✓ DELL ✓ Dow Chemicals ✓ Nike ✓ ...
Media & Communication strategy	Definition of a national and international communication strategy so to position ISP brand accordingly with the ambition of CE pioneers	<ul style="list-style-type: none"> ✓ DRE ✓ CIO ✓ CIB ✓ BdT 	<ul style="list-style-type: none"> ✓ National press ✓ Intern. press ✓ Social Media ✓ Partners for specific events

Main outcomes achieved as of H1 2017- Phase III

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Stream	Activity	Description
Circular Thinking	Circular Training Programme Master BIOCIRCE	<ul style="list-style-type: none"> More than 430 people trained (also with the support of EMF training platform) Participation in the content definition and lectures - a.a. 2017/2018 2° edition already announced
Roadmap for Institutions	Positioning paper Italian CE Manifesto International Institutions	<ul style="list-style-type: none"> First draft completed Univ. Bocconi - CIO - ISP Research Dept. CFO engagement ongoing (SistemiQ onboarding - wip) Interlocutions started with the most relevant national and international institutions (Italian Government, Fondazione Cariplo, WEF, EIB, etc.) Intesa Sanpaolo Group candidate in the EU Commission's circular economy task force 2017 Launch of the "Intesa Sanpaolo Award for Innovation & Circular Economy" Award, in collaboration with ISSNAF - Italian Scientists and Scholars in the North America Foundation (20.06)
Standard and Indicators	Circular Economy Standard	<ul style="list-style-type: none"> Test Phase on going (expected coverage: 60 companies by YE 2017) Group CE credit enhancement process in progress
ISP «Circular»	Circular IT procurement CE in ISP Welfare	<ul style="list-style-type: none"> Fairphone engagement ongoing (Proof Of Concept on Circular Smartphone) Working Group with ISP ICT (Tech Circular Procurement) Pilot phase (Sep 2017) with Welfare ISP for Circular Car Pooling (endorsement COO and CIO)
Business origination	Flagship BdT Flagship C&IB Private Banking and Wealth Management CE Startup Initiative	<ul style="list-style-type: none"> Strong business origination in the Italian market €12,5 mln circular financial need generated as of today (conservative estimate) Exploring business opportunities in USA Engagement of ISP Private Banking and brainstorming on integrating CE principles in portfolio management strategies 2° Investment Forum held in May 2017 60 attendees, 15 speakers, 8 international Startups
Media & Comm. Strategy	ISP Group positioning and collaboration with External Relations Department.	<ul style="list-style-type: none"> Sponsorship of the Financial Times Circular Economy Summit 2017 (25.06) Speaking role in key domestic initiatives by External Dept. / BdT <ul style="list-style-type: none"> G7 side event SMAU - Towards a Circular Future (Bologna, June 2017) «La tua Idea d'impresa» LUISS (Rome, May 2017) Food & Science Festival (Mantova, April 2017) Festival dei Giovani (Gaeta, April 2017) Increase of 5% of the reputation capital of the Bank and 22% of the Innovation Center Active participation in Circular Change Summit - Slovenia 2017

Other Projects

- «Milano sei l'Altro» - a project of social innovation to enhance welfare solutions for disadvantaged and poor people ([Pilot](#) on Milan) - Fondazione Cariplo
- Circular Strategies for power plants** - collaboration with ARUP and ENEL
- Circular Economy with Italian Corporates** - collaboration with [ENEL](#)

The Potential: Growth, Savings and Investments

Global

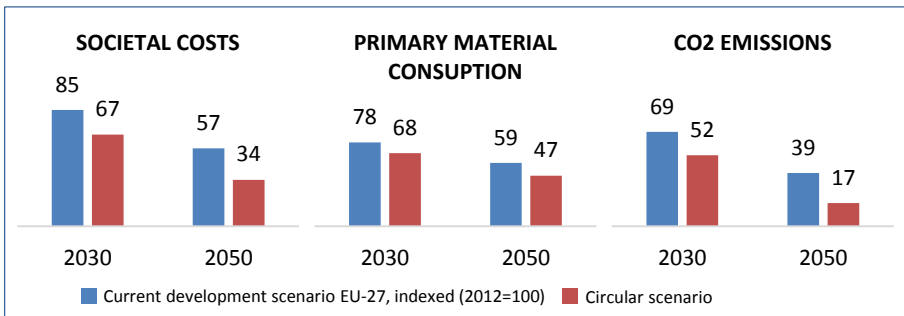
\$ 4,5 trn GDP opportunity by 2030¹

(Linked to the growing scarcity of resources and the growing global population)

Europa

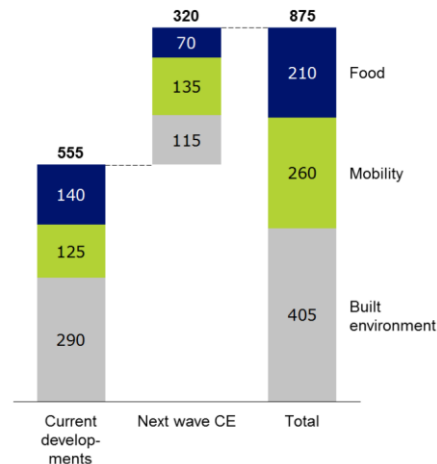
€ 1,8 trn of savings by 2030²

(Reduction operating costs in the food, transport and construction sectors)



€ 875 mld of expected investments in EU³ by 2025

Total investments identified in the EU Circular Economy until 2025, € billion



INTESA  SANPAOLO

As of today | Q1 2017

- **BANCA DEI TERRITORI**
ISP as a Circular Bank for the Italian SMEs: **€ 12.5 million** in funding for companies applying circular business models
- **CORPORATE & INVESTMENT BANKING**
Circular Economy as a **backbone for new business**: dialogue with international companies such as Dell, Nike, Dow Chemicals, Kering, Philips












PHILIPS

KERING

Source:

1. «Waste to Wealth», J. Rutqvist e P.Lacy, Accenture, 2015
2. «Growth Within: a circular economy vision for a competitive Europe», SUN, Ellen MacArthur Foundation e McKinsey Center for Business and Environment, 2015
3. Achieving 'Growth Within' - SistemiQ, SUN, Ellen MacArthur Foundation 2017

A framework of enabling business models

Modello di business	Descrizione	Esempi e impatti di business
Circular Supply-chain 	<ul style="list-style-type: none"> Provide renewable energy, bio based- or fully recyclable input material to replace single-lifecycle inputs 	
Recovery & Recycling 	<ul style="list-style-type: none"> Recover useful resources / energy out of disposed products or by-products 	
Product Life Extension 	<ul style="list-style-type: none"> Extend working lifecycle of products and components by repairing, upgrading and reselling 	
Sharing Platform 	<ul style="list-style-type: none"> Enable increased utilization rate of products by making possible shared use / access / ownership 	
Product as a Service 	<ul style="list-style-type: none"> Offer product access and retain ownership to internalize benefits of circular resource productivity 	



Ohoo

Edible membrane recreated by marine algae for liquid packaging (water focused)

Fairphone

Smartphone with modular design that facilitates maintenance. Created with reconditioned components (average product life of 5 years)



Adidas

Shoes with innovative design (less raw materials with equal volumes) and produced with recycled plastic from the Indian Ocean

The distinctive positioning of the Group

Circular Manifesto for Italy: Bilateral tables started with the most important national and international institutions



CIRCULAR ECONOMY PROJECT - *Reputational Passport*¹

- increase of **5%** of the reputational capital of the Bank
- **22%** positive contribution in terms of reputational capital of the Innovation Center

Some initiatives to support and disseminate Circular Economy:



ISP is Lead Sponsor of the International Summit on Financial Circular Economy. London | May 25, 2017



2nd StartUp Initiative in Circular Economy, with the Ellen MacArthur Foundation and Circularity Capital. 8 International Start-ups met ~ 40 Potential Investors. London | May 26, 2017



Launch of the "Intesa Sanpaolo Award for Innovation & Circular Economy" Award, in collaboration with ISSNAF Italian Scientists and Scholars in the North America Foundation. New York | 20 June 2017



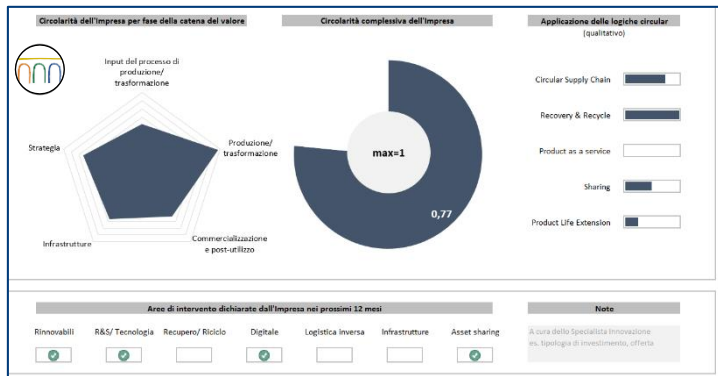
Intesa Sanpaolo Group candidate in the European Commission's Circular Economy Task Force - Brussels H1 2017

1) Analisi effettuata tramite *Reputation Manager* - strumento ad uso delle Aree CRO, DRE e CIO per l'analisi reputazionale - nel periodo Set 2016 | Mag 2017

ISP Circular Economy Standard

A distinctive and concrete tool for business and credit support

Circular Economy Standard



Why create an ISP CE Standard?



- **Verify and certify** the *circularity* level of companies
- Identify potential target companies for tailor-made products and solutions
- Monitor and measure how much the Bank and the System sustain the transition to CE models
- Gain **knowledge** to progressively integrate the Circular Economy into the **valuation**
- **Price risk** accurately and **reward circular businesses** which are less exposed to raw materials price volatility, product obsolescence and environmental risk

~15 Companies tested so far



Key outcomes:

- Huge interest from SMEs to the initiative
- CE Topics known by Top Management Companies
- Identified possible new investments in CE

Circular Economy Project: altre iniziative strategiche

Promozione della cultura Circular



MASTER
BIOCIRCE

Intesa Sanpaolo promotes and supports the
1° Master in «Bioeconomy in the Circular Economy»

4 Companies:

INTESA



SANPAOLO



NOVAMONT



Biochemicals



4 Universities:



UNIVERSITA
DEGLI STUDI
DI TORINO



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA



UNIVERSITÀ DEGLI STUDI DI NAPOLI
FEDERICO II



UNIVERSITÀ DEGLI STUDI
MILANO BICOCCA

La Circular Economy per la Banca

innovation
center
INTESA SANPAOLO

&



19 July 2016 - MoU signature
M. Montagnese CIO ISP
A. Santoni CEO Cisco Italia

Intesa Sanpaolo Innovation Center and Cisco Italy sign a **Memorandum of Understanding** to promote and explore solutions for the “circular procurement” (refurbished products, modular design, takeback & recycle programs, pay per use)

Let's Carpool!



BePooler

In cooperation with COO, developing a customized **Corporate Carpooling** solution (sharing cars among colleagues) in order to integrate the ISP Welfare offer and promote **Sustainable Mobility Solutions**

innovation
center
INTESA SANPAOLO