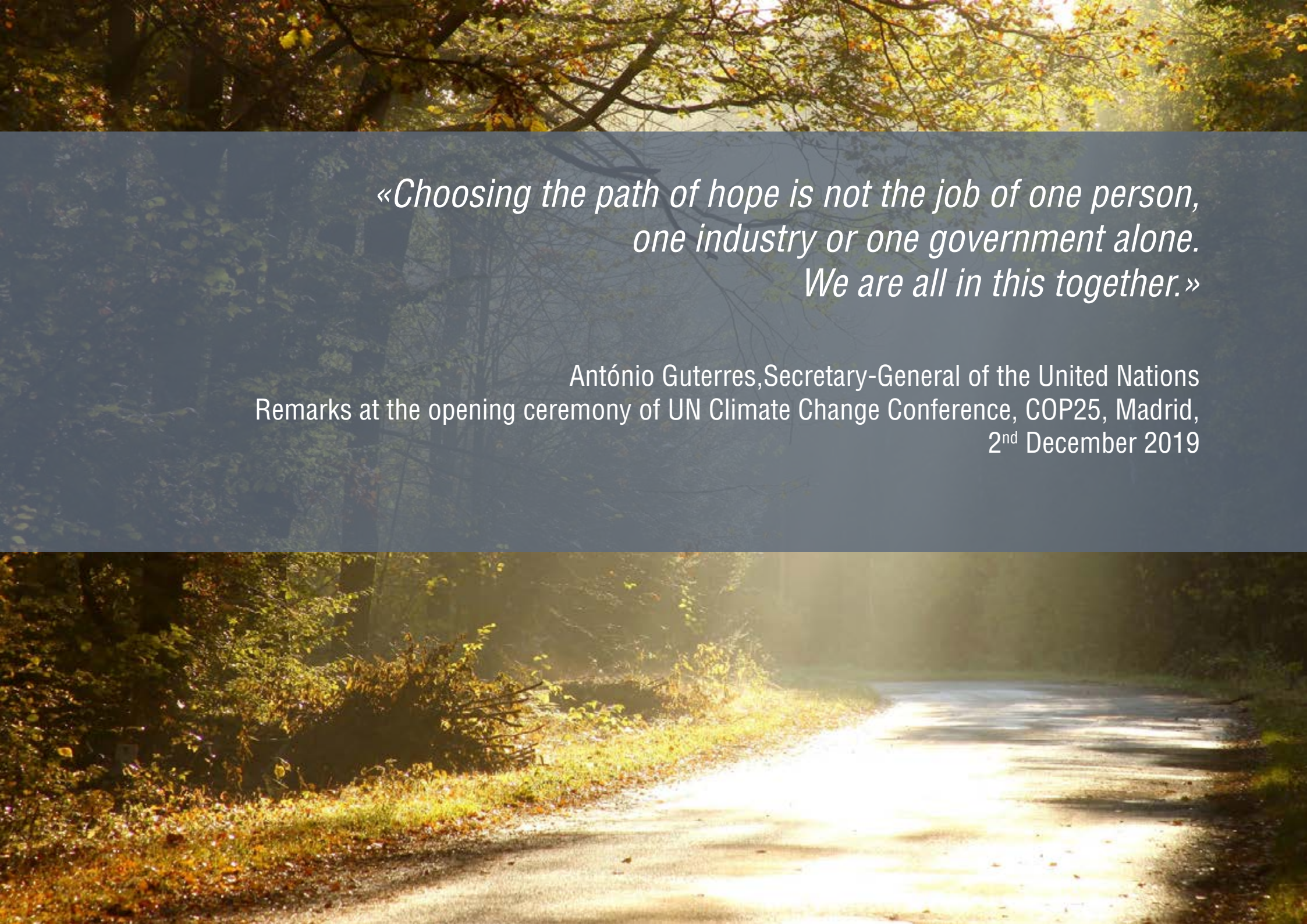


ENVIRONMENT REPORT 2020



BANCA D'ITALIA
EUROSISTEMA

A photograph of a sunlit path in a forest. The path is paved and leads into the distance, flanked by trees and bushes with autumn foliage in shades of yellow, orange, and green. Sunlight filters through the trees, creating a bright, hazy atmosphere. The top half of the image is overlaid with a dark blue semi-transparent rectangle containing white text.

*«Choosing the path of hope is not the job of one person,
one industry or one government alone.
We are all in this together.»*

António Guterres, Secretary-General of the United Nations
Remarks at the opening ceremony of UN Climate Change Conference, COP25, Madrid,
2nd December 2019

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The increasing use of fossil fuels has raised concentrations of greenhouse gases to levels compatible with a global rise in temperatures that break the 1.5°C threshold, with potentially catastrophic consequences for the ecosystems and environmental balance of our planet. 2020 is a crucial year for the fight against climate change. According to scenarios that assume a gradual and controlled decarbonization process, 2020 marks the beginning of the decade in which emissions must begin to fall to reach zero around 2050. Italy and the other European countries, with the approval of the European Green Deal, have taken up this challenge.

The recent public health emergency reminds us how fragile our communities are in the face of a global systemic shock: our recovery can only go hand in hand with action that transforms our economies by increasing their resilience to shocks and reducing their impact on the environment. 2020 can be a turning point, from which to start again with more sustainable development models and lifestyles.

The central banks must make their contribution to help the financial system to understand the risks and opportunities of this transformation, making it more stable. These actions will help to create a favourable environment

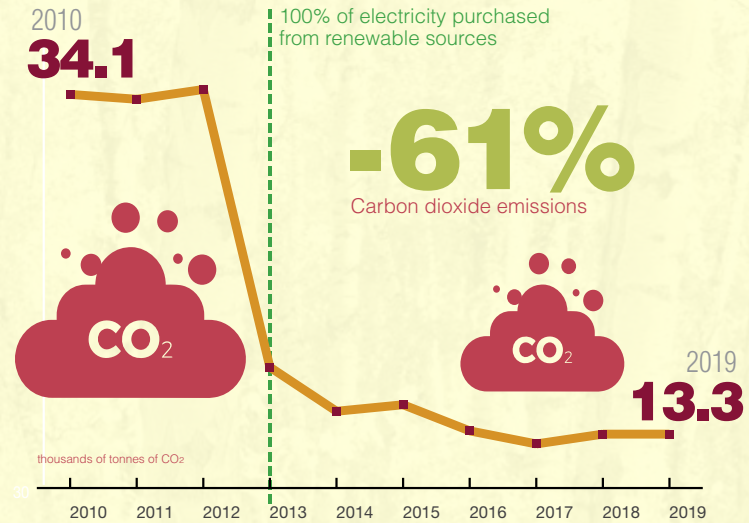
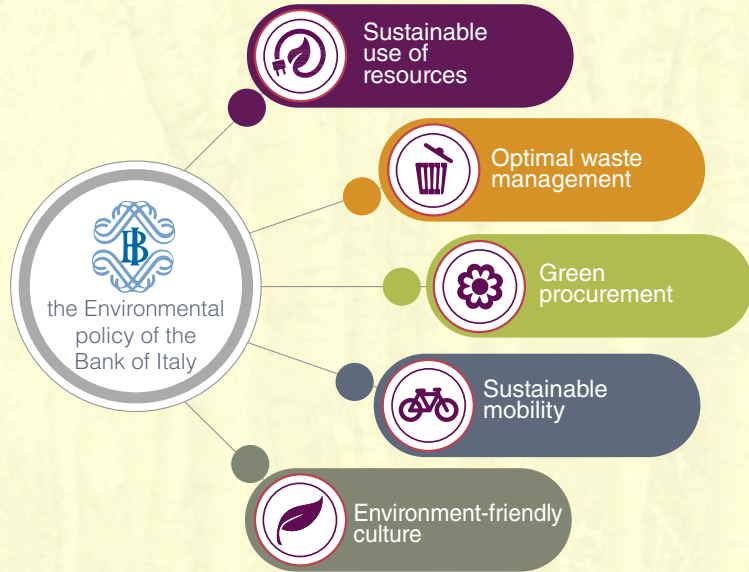
for the development of investment instruments to finance the spread and growth of more eco-sustainable economic activities. Even during the crisis, there has been a growing demand from investors for such instruments.

For several years now, the Bank of Italy has been committed to promoting, within the scope of its activities, a culture respectful of environmental issues. By carrying out our institutional tasks, we make our contribution, both nationally and internationally, to raise awareness of the risks associated with climate change and the interconnections between financial and environmental sustainability. We are directing our actions, and recently also our investments, to progressively decrease the environmental impact of our activities, reducing greenhouse gas emissions, energy and natural resource consumption and waste production.

This edition of the Environment Report shows the positive results achieved so far. Much has been achieved, but much remains to be done. For this reason, environmental sustainability is one of the strategic objectives to which the Bank is committed in coming years.

Ignazio Visco

the results over 10 years: overview

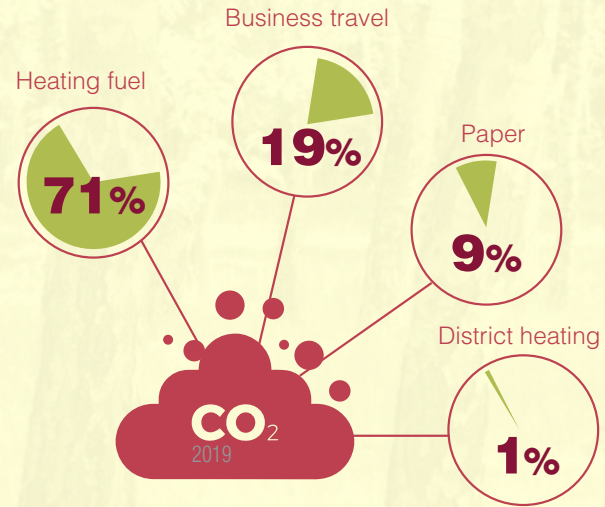


ISO 14001 CERTIFICATION

The banknote production plant's environment management system

ISO 50001 CERTIFICATION

Centro Donato Menichella's energy management system



overview

Overview

The Environment Report illustrates the main indicators for the Bank's environmental impact calculated according to the relevant national and international guidelines. Each section of the report is preceded by some infographics showing the most significant results achieved in the period between 2010 and 2019.

The Bank's ecological footprint has been progressively reduced over time: in 2019 the lowest CO₂ emissions in the last ten years were recorded.



Emissions were halved in 2013 following the purchase of electricity from renewable sources, which were traditionally assigned a zero-emission rating. They have since declined further with respect to last year.

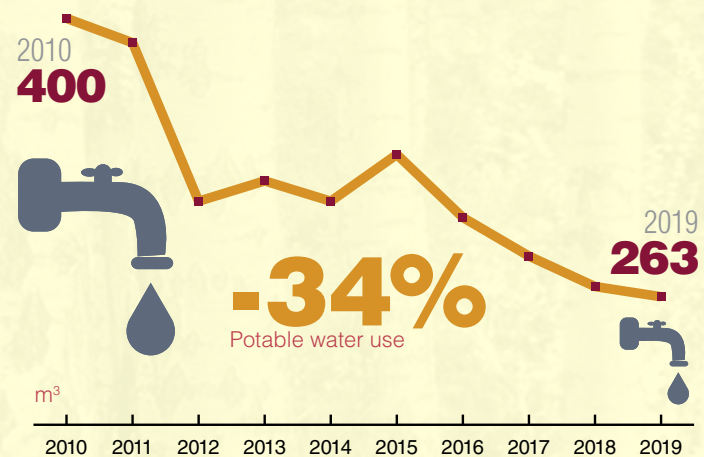
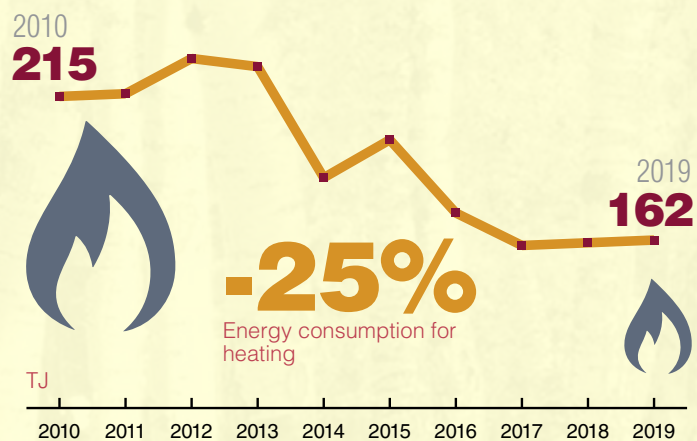
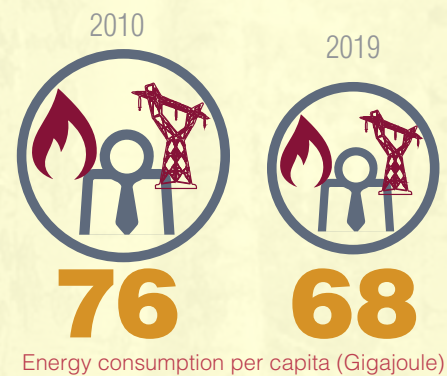
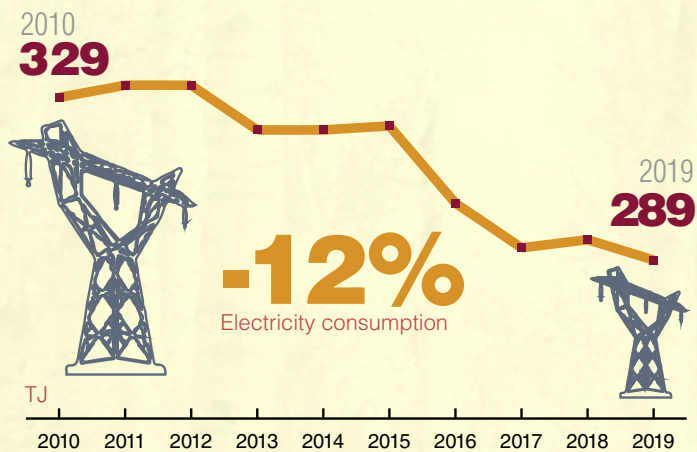
In 2019 there was a decrease in the consumption of electricity, water and paper for office use compared with the previous year.



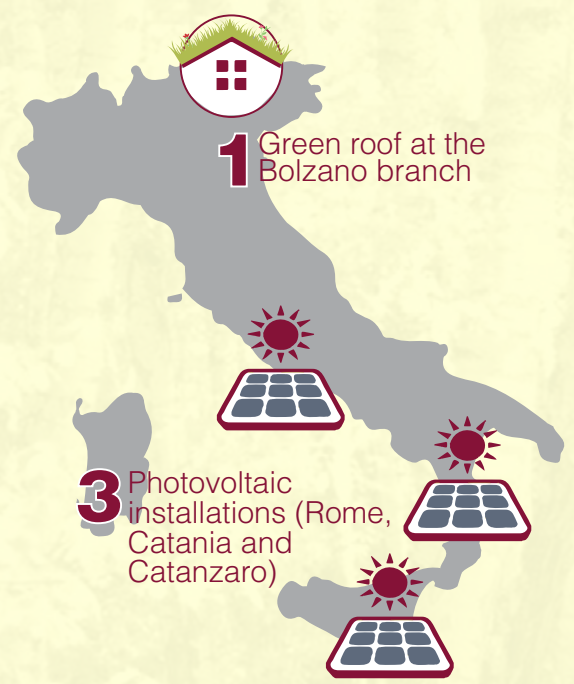
The consumption of natural gas and paper for publications has increased. The distances travelled for work purposes (in kilometres) has decreased compared with 2018. In the early months of 2020, as a result of the COVID-19 emergency, there was massive recourse to working from home, with advantages in terms of environmental impact. Wider use of remote working, even after the end of the health emergency, will enable further improvements to be made to the Bank's ecological footprint.



the results over 10 years: energy and water



*Natural gas, district heating, and oil heating



10 Highly energy-efficient 'islands' in the two data centres



3 Oil heating systems converted to natural gas

Oil heating systems converted to natural gas

energy

We are committed to reducing energy consumption and achieving greater energy efficiency by means of a plan for work on buildings and technological installations and by adopting new operating procedures. We only purchase renewable electricity.

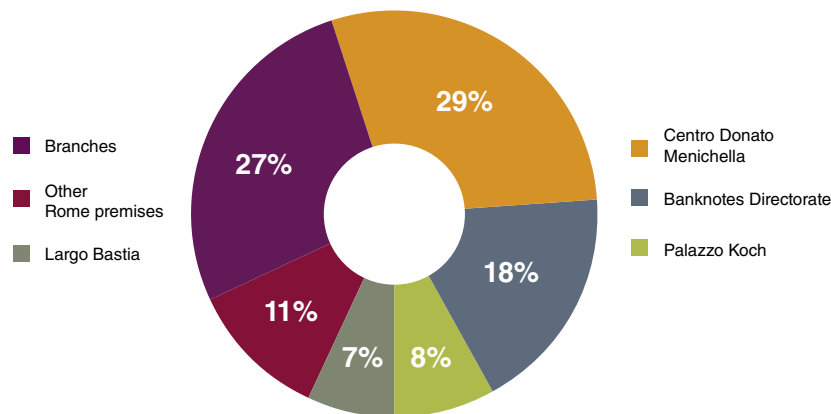
Maintenance work

The Bank works in over fifty buildings across Italy. Four of the Bank's building complexes (Centro Donato Menichella in Frascati, Palazzo Koch, the banknote production plant and the Largo Bastia site in Rome) consume more than 60% of total electricity and heating requirements (Figure 1).

ENERGY - BANK OF ITALY

Thermal energy and electricity in 2019 (percentage)

FIGURE 1



The Centro Donato Menichella in Frascati is the site that consumes the most energy, largely because it houses a data processing centre. It has an energy management system certified under the international standard ISO 50001. In 2019 two of the building's five heat generators were renovated: an annual reduction in gas consumption of about 15,000 cubic metres is expected. Some 1,860 old light fittings were substituted with LED bulbs, which will lead to estimated savings of 290,000 kWh per year.

In the building at Largo Bastia in Rome, which houses the Bank's second data processing centre, after coating windows and doors with solar film, the roof insulation was renewed to achieve better thermal protection, achieving an expected reduction in gas requirements of about 3,800 cubic metres in the winter and lower consumption of electricity for air conditioning of about 19,000 kWh in the summer. In addition, more than 1,900 LED bulbs were fitted, which will lead to estimated savings of more than 130,000 kWh per year.

At the banknote production plant ranked second for energy consumption, the new evaporation towers, which disperse the heat produced by the air-conditioning systems, will save an estimated 700,000 kWh of electricity per year, equivalent to 5% of the plant's average consumption. In 2020, the Bank is launching a multiannual project to optimize the energy efficiency of the various phases of the production process and of the building's infrastructure and installations.

At Palazzo Koch, 400 bulbs were replaced with estimated electricity savings of around 10,000 kWh per year. Moreover, since the summer



season of 2019, part of the heat produced by the refrigeration units of the air conditioning systems has been recovered and used for the production of domestic hot water. This technological solution makes it possible to save about 46,500 cubic metres of natural gas and related emissions. The systems for the circulation of hot water inside the heating system have been renewed: the expected electricity saving is about 60,000 kWh per year. In 2021 the heating plant will be renovated and high efficiency condensing boilers will be installed, with advantages in terms of lower gas consumption and better performance.

In several buildings in the Rome area and in the branch network, targeted interventions have been carried out to achieve greater energy efficiency, including the extended use of LED lighting, the installation of timers for the automatic switch-off of lighting systems, the renewal of winter and summer air conditioning systems and the replacement of doors and windows. In the building in Via IV Novembre alone, despite the difficulties involved in interventions on historic buildings subject to architectural constraints, about 240 windows are being replaced with high-performance surfaces. In addition, roofs are being renovated with the installation of high-performance thermal insulation.

Use of renewable resources

Since 2013, the Bank has purchased electricity exclusively from certified renewable sources.

The Bank's photovoltaic installations at the banknote production plant and at the Catania branch building led to the autonomous production of 40,000 kWh of electricity during the year. The photovoltaic installation at the Catanzaro branch became fully operational at the end of 2019. At the Centro Donato Menichella, works will begin in 2020 on a photovoltaic installation able to produce around 380,000 kWh per year.

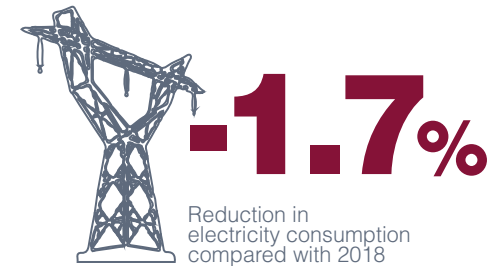
Awareness-raising

On 6 March 2020, we took part in the energy-saving day (M'illumino di meno): in addition to shutting down the external lighting in buildings as usual, we planted 6 trees (a cypress at Palazzo Koch in Rome, a holm oak at the Centro Donato Menichella in Frascati, three olive trees in Arezzo and another in Catanzaro) as a symbolic gesture to combat climate change. In addition, on 28 March, together with the other European central banks, we participated in the global Earth Hour promoted by the World Wildlife Fund.

Consumption

In 2019 there was a decrease in the consumption of electricity, teleheating energy and heating oil. There was a slight increase in the consumption of natural gas.

The data shown in Figure 2 highlight an increase in the consumption of electricity in the two sites where the Bank's data processing centres



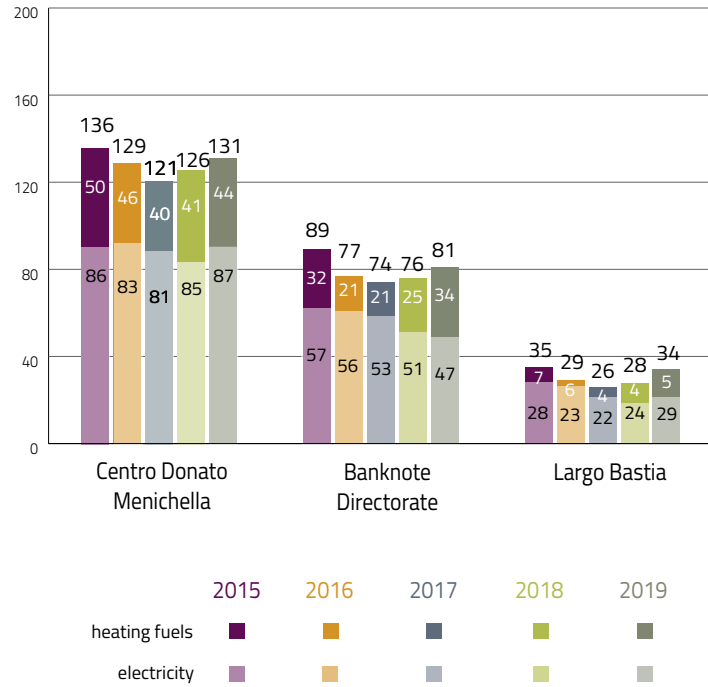
are housed. This increase, in line with the trend already observed in 2018, is due to the many replacements of technological infrastructure (servers, networks, etc.) that meant that the old and the new computer systems had to run in parallel. There has also been an organic growth in infrastructure, with increased power requirements when fully phased in. Electricity consumption at the Centro Donato Menichella, excluding the data processing centre, was down by 4% compared with the previous year.

Figure 3 shows the data on the buildings in which office work is the main activity: consumption was down on the previous year at Palazzo Koch and at the other buildings in the Rome area. Energy consumption at the Bank's branches fell by about 10% compared with 2018.

ENERGY – BANK OF ITALY

FIGURE 2

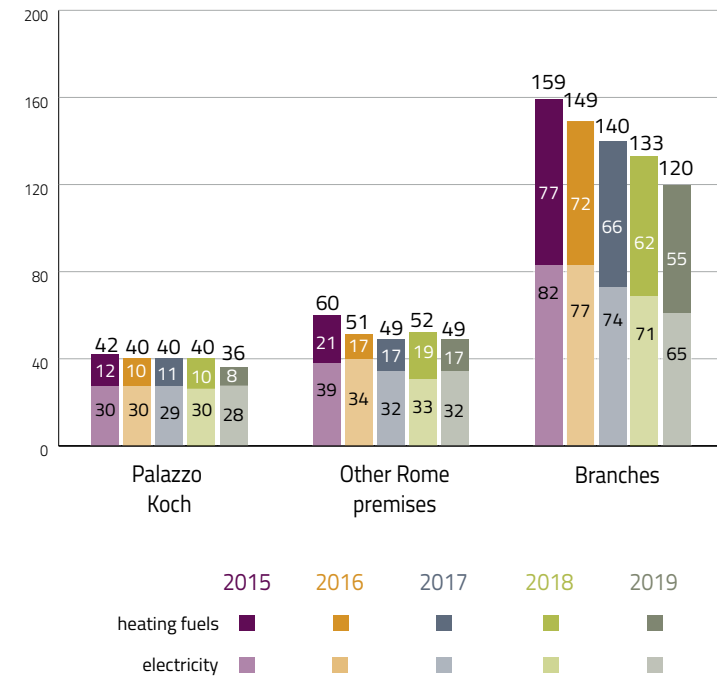
Total energy consumption (terajoules)



ENERGY – BANK OF ITALY

FIGURE 3

Total energy consumption (terajoules)



water

We are trying to progressively reduce the consumption of water. When possible, non-potable water is used for the irrigation of green areas or for industrial purposes (production of banknotes and evaporation towers for the production of cooled water).

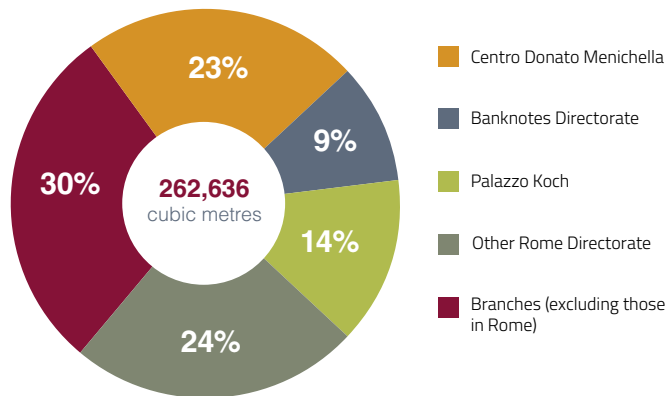
In 2019 total potable water consumption was around 263,000, down slightly from the previous year's figure.

The three buildings where the largest number of people work (Centro Donato Menichella, Palazzo Koch and the banknote production centre) consume just under half of the total potable water requirements (Figure 4).

WATER – BANK OF ITALY

Total potable water consumption (per cent)

FIGURE 4

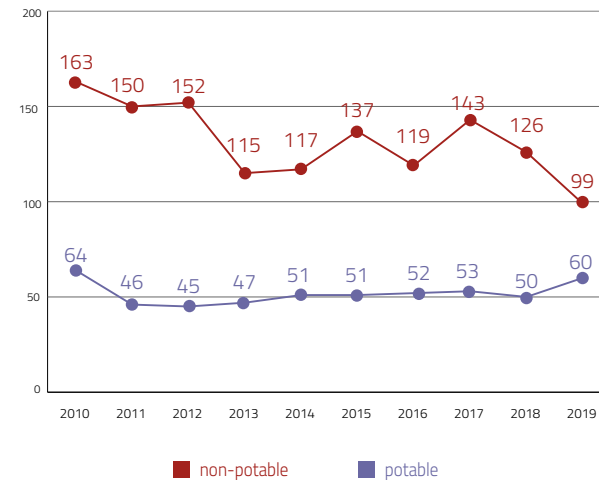


At the Centro Donato Menichella, there was an overall drop in water consumption (Figure 5). The increase in potable water consumption was more than offset by the reduction in non-potable water requirements.

WATER – CENTRO DONATO MENICHELLA

FIGURE 5

Water consumption (thousands of cubic metres)

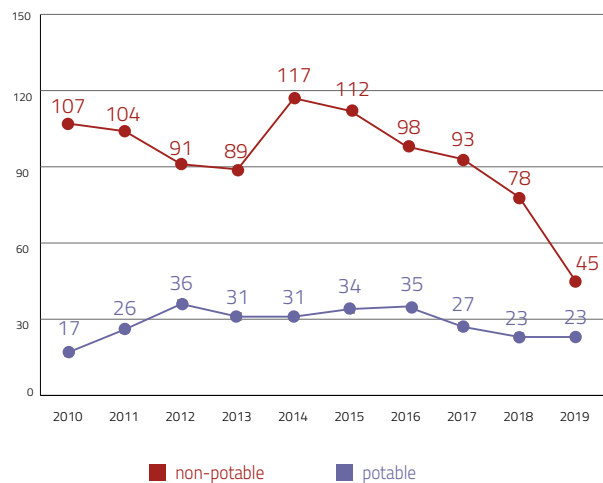


There was also a reduction in water consumption at Palazzo Koch. At the banknote production plant, there was a sharp drop in consumption of non-potable water, achieved thanks to the installation of the new evaporation towers (Figure 6).

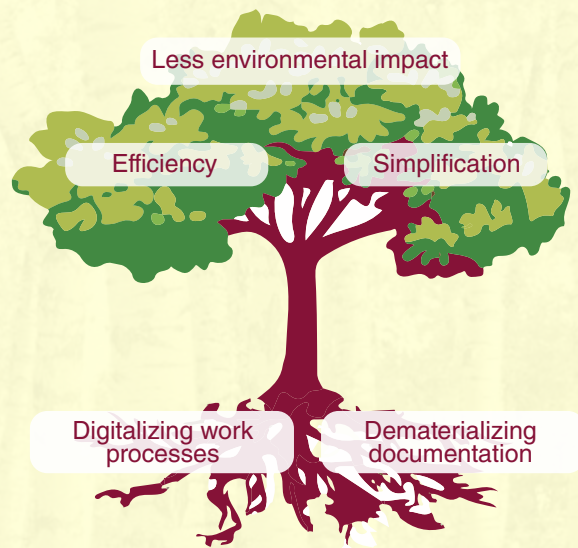
WATER – BANKNOTES DIRECTORATE

Water consumption (thousands of cubic metres)

FIGURE 6

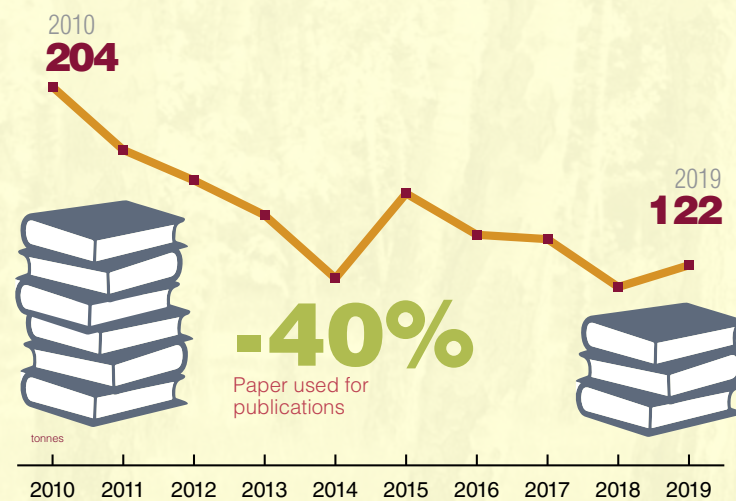
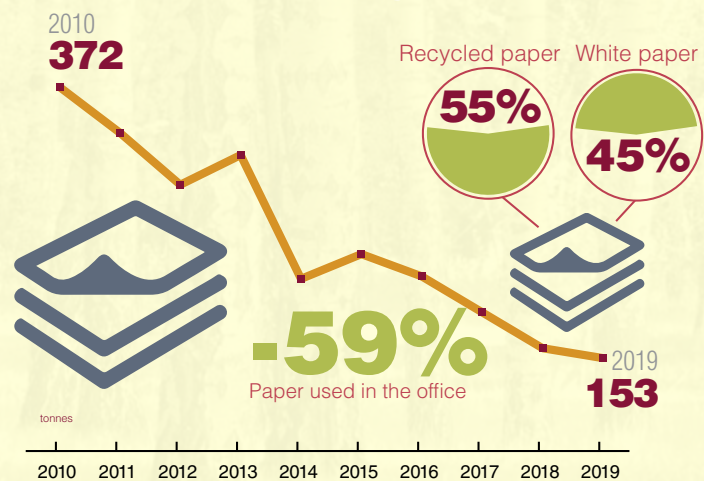


the results over 10 years: *paper*



2017 New policy to only print publications on request

2018 EU Ecolabel paper used



paper

We are committed to reducing paper consumption through the streamlining and digitalization of processes and the dematerialization of documents and publications.

Office-use paper

For several years now, all internal communications have been digitalized. External communications are mainly via digital networks with the exception of a share (in 2019 about 14%) of digitally signed communications sent on paper.

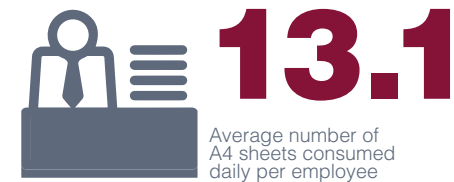
As part of the progressive dematerialization of the document management process, the Bank has been authorized to eliminate all original paper documents registered from 2009 to 2016 if digital copies exist. This has made it possible to free up more than 900 linear metres of space in the archives across Italy and to recycle more than 32 tonnes of paper.

Within the next two years, IT procedures will be introduced for operations at the Bank's branches, which will allow the almost complete dematerialization of paper forms.

With the aim of reducing the amount of paper used, for several years we have been purchasing reams of white paper with a weight of 75 grams per square metre instead of the standard 80 grams. In addition, white paper carries the EU's ecological quality certificate 'Ecolabel', which certifies compliance with the highest environmental standards

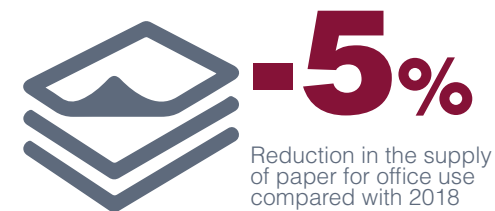
at all stages of production.

Recycled paper, in both A3 and A4 sizes, is also available as a purchase option. The paper is produced entirely from post-consumer recycled



fibres in a factory certified according to the European EMAS standard and has EU Ecolabel and The Blue Angel ecolabel certifications.

In 2019 purchases of reams of paper for office use were at their lowest recorded levels in the last decade.

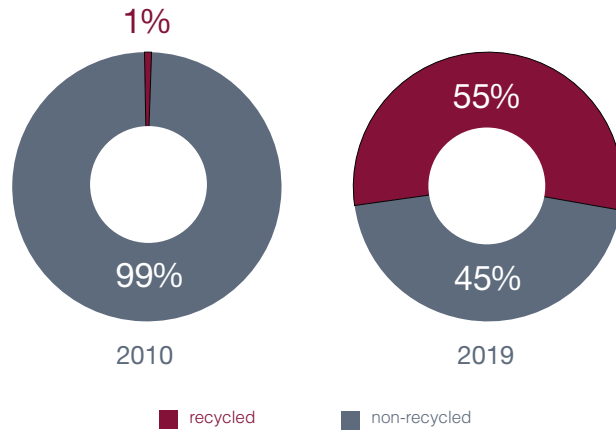


Furthermore, for the first time in ten years, recycled paper accounted for a greater share of purchases than white paper (Figure 7). The 12 branches of Aosta, Brescia, Catania, Catanzaro, Genoa, L'Aquila,

PAPER – BANK OF ITALY

Recycled paper as a share of the total

FIGURE 7



Padua, Reggio Calabria, Salerno, Turin, Trento and Trieste bought only recycled paper and at another 4 branches, the percentage was higher than 90%.

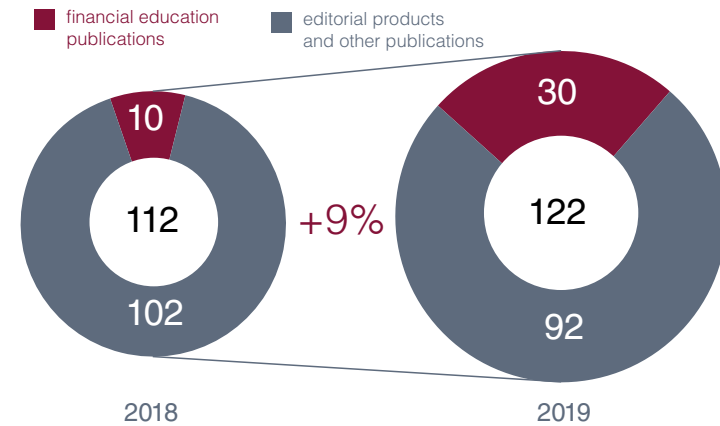
Publications

All the Bank's publications are available in digital form on its website. In 2017 a print-on-demand policy was introduced for all publications, except those distributed on the occasion of the Governor's annual 'Concluding Remarks'. Print runs of the latter have been gradually reduced over time - for example, the number of copies printed of the Annual Report went down from 10,000 in 2007 to 2,700 in 2019. Moreover, EU Ecolabel certified paper is used, which attests to a

PAPER – BANK OF ITALY

Paper for publications (thousands of kilograms)

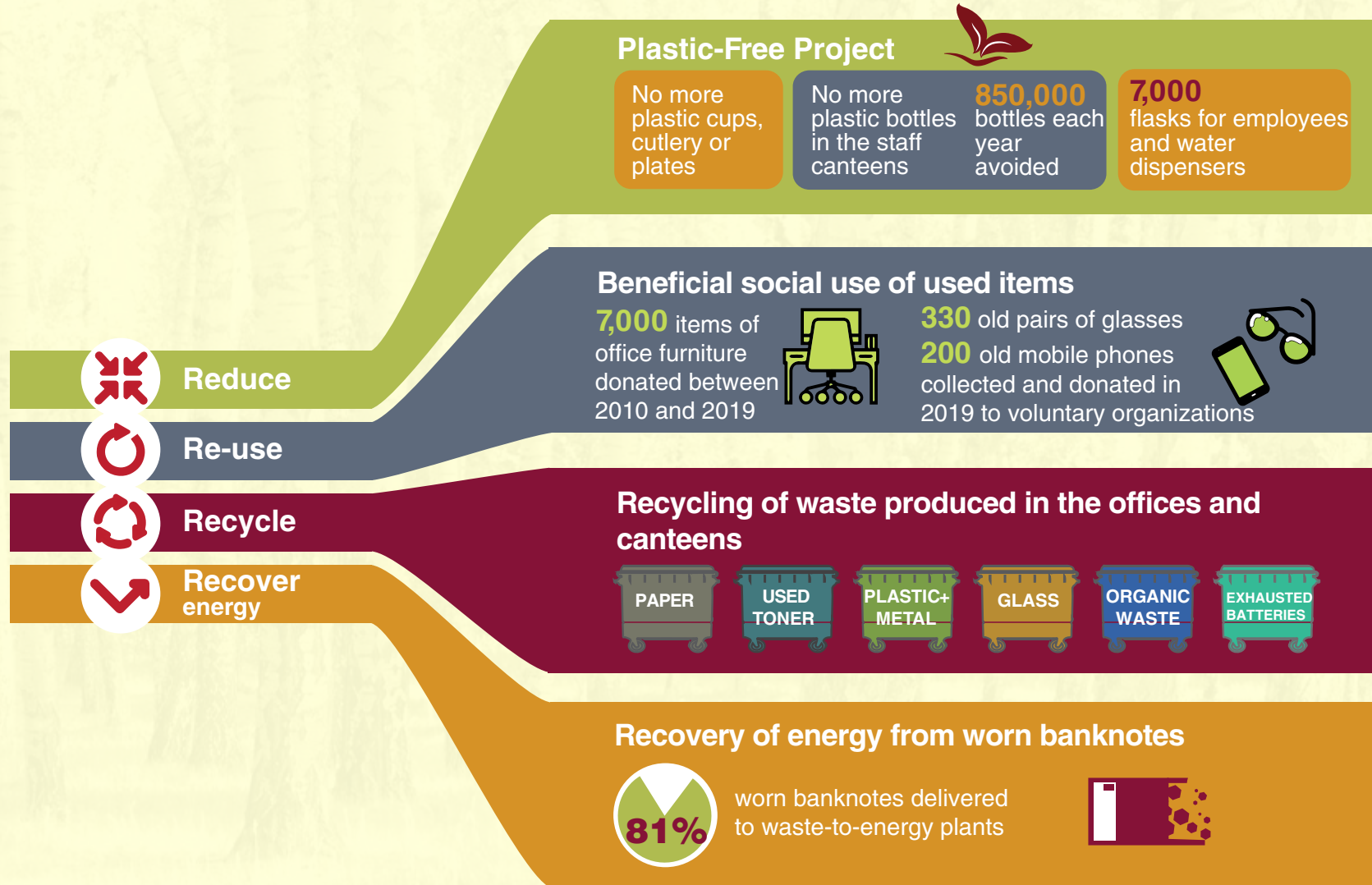
FIGURE 8



reduced environmental impact in the production chain.

In 2019 there was an increase in paper consumption due to the printing of over 145,000 booklets in the financial education series 'Educational Papers' and 'Bank of Italy Guides', respectively aimed at school students and teachers and the general public.

the results over 10 years: *waste*



waste

The waste-management priorities are to reduce the quantity of waste at source and to promote re-use, recycling or energy recovery rather than disposal in landfills.

In 2019, we launched a project to make the Bank plastic-free by progressively reducing the use of disposable plastic products. In all the Rome-area offices and in a number of branches, the plastic cups at the hot drinks machines and water coolers were substituted with compostable paper cups. In the staff canteens, single-use plastic plates are no longer provided and single-use cups have been replaced with re-usable ones. At all the events organized on Bank premises only glass bottles and drinking glasses are used in place of plastic. Furthermore, in all the staff canteens in Rome and Frascati and in 4 of the 10 branches that have these facilities, drinking water dispensers have been installed. In the other six branch offices, installation of the dispensers was postponed due to the COVID-19 emergency but will be completed by the end of 2020. At the Florence and Perugia branches, water dispensers will also be installed in the offices, on an experimental basis. All staff members have been given steel thermos flasks.

For several years now, unused meals prepared in the staff canteens have been donated to charitable organizations (more than 8,000 meals were donated by the canteen at the Centro Donato Menichella).

In 2019 more than 400 items of furniture, which were no longer fit for purpose in the Bank, were donated to schools and non-profit associations upon request.

All office and canteen waste are collected separately and sent for recycling. At the Rome and Frascati offices there are also collection points for used glasses and mobile phones: 330 pairs of glasses were donated to a non-profit association, which sorts them and sends them on to people in developing countries; 200 used mobile phones were donated to a non-profit association that helps people with disabilities to find work.

Special waste, wastewater and atmospheric emissions

In the last five years, more than three quarters of special waste originating from the banknote production process were sent to recovery facilities (Figure 9).

In 2019 new software was installed to manage the information flow more effectively as regards the special waste produced during the design and printing of banknotes.

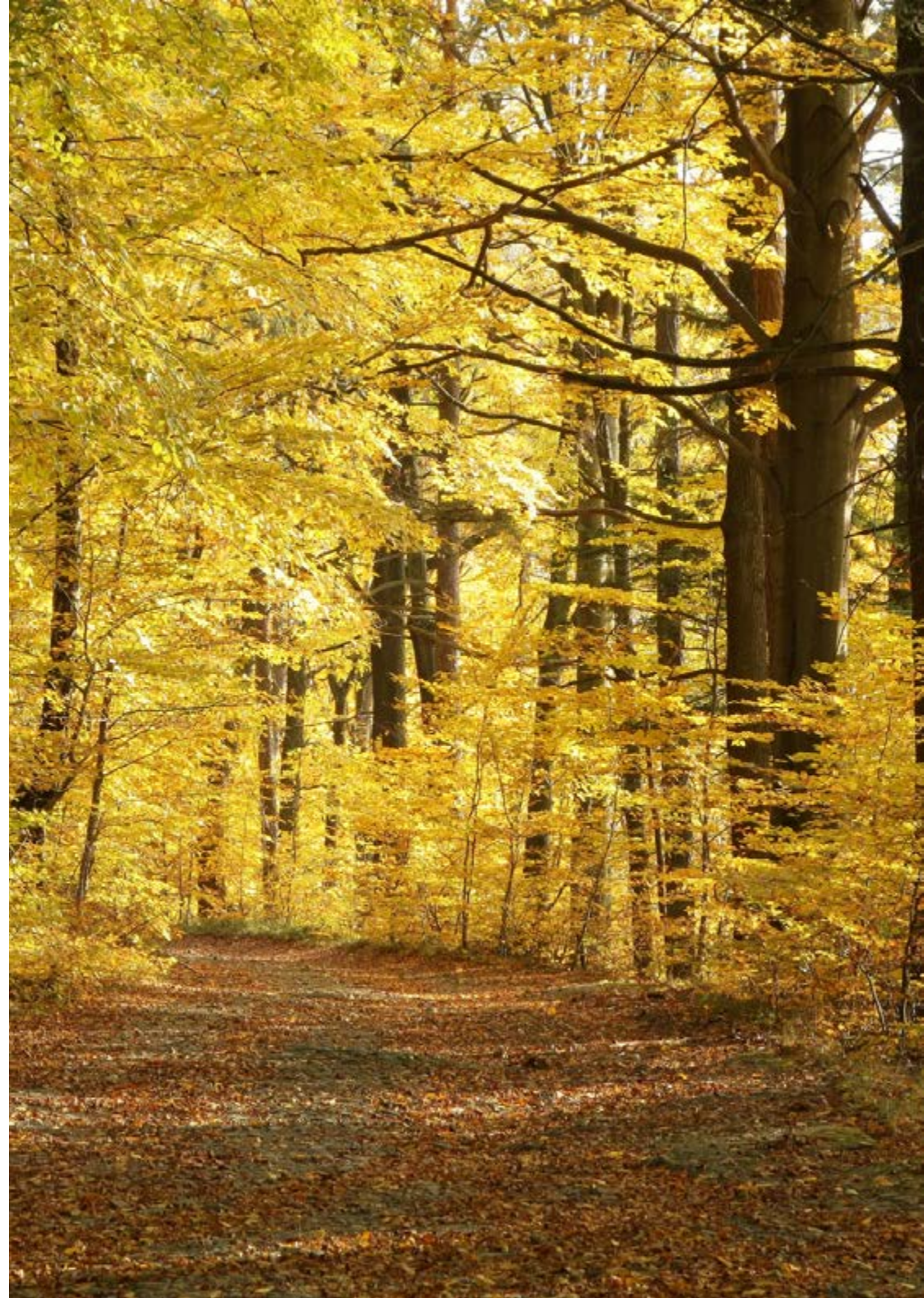
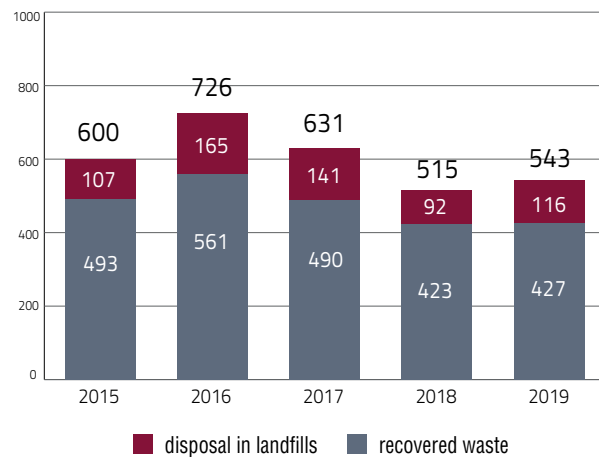
Moreover, there are plans to modernize the plant's industrial wastewater treatment system.

Lastly, some tests will be carried out for the production of calcographic plates using an alternative system to the galvanic process: this technological innovation will make it possible to reduce the production of hazardous waste and atmospheric emissions, as well as achieving benefits in terms of workers' health and safety.

WASTE – BANKNOTES DIRECTORATE

Special waste produced (thousands of kilograms)

FIGURE 9



shredded banknotes

In line with the other Eurosystem central banks, the Bank promotes the recovery of energy from incinerating worn banknotes, which is the most environmentally effective way of dealing with them.



The Bank of Italy prints banknotes at the production plant run by the Banknotes Directorate. At the Currency Circulation Management Directorate and at 34 branches, banknotes in circulation are periodically sorted to ensure that the quality standards for cash are maintained. During the sorting process any worn or damaged banknotes considered unfit for circulation are shredded.

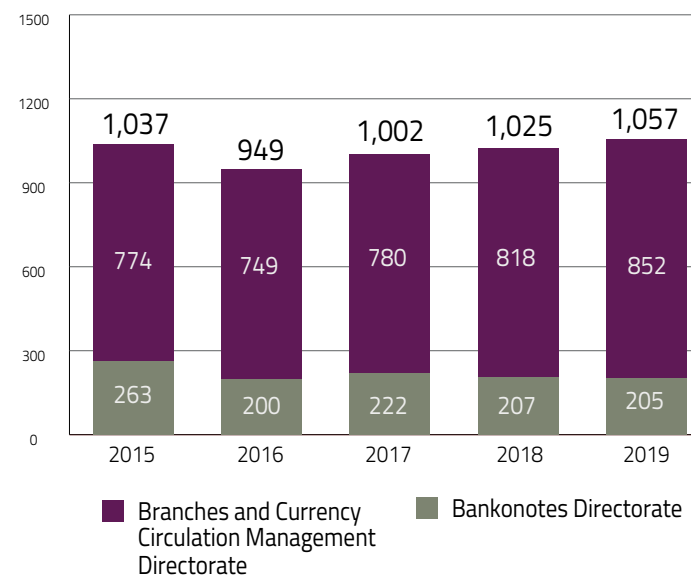
Figure 10 shows the production of paper waste in the last five years originating from the banknote production process (trimmings, paper used to start up the printers and rejects) and worn banknotes shredded at the end of the sorting process.

In 2019 the share of shredded banknotes sent to waste-to-energy incineration or secondary solid fuel production plants was equal to 81%.

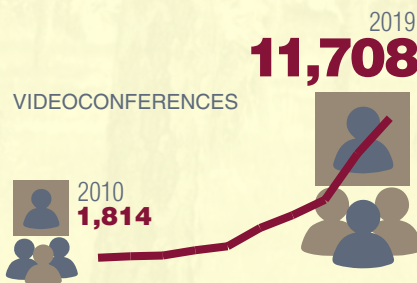
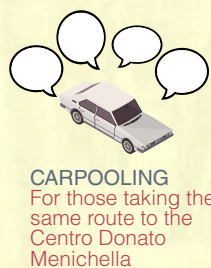
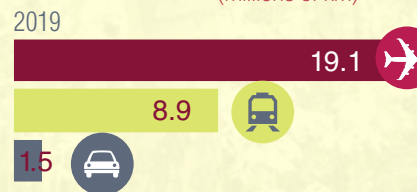
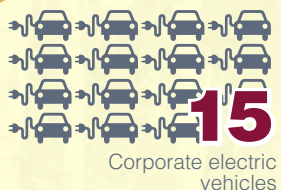
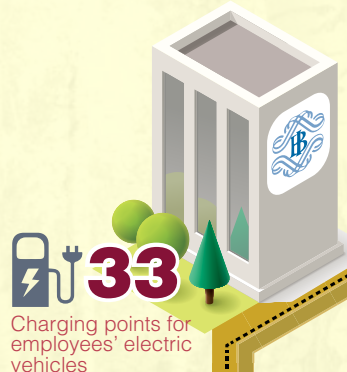
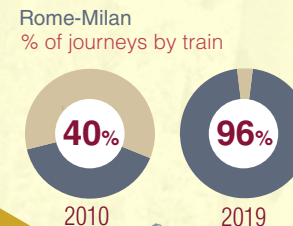
WASTE – BANK OF ITALY

FIGURE 10

Production of waste from shredded banknotes (thousands of kilograms)



the results over 10 years: mobility



sustainable mobility

The means of transport used for commuting to work and for business trips impacts the environment in terms of CO₂ emissions and pollutants. The Bank is committed to reducing travel for work and promoting the use of means of transport that are environmentally sustainable.

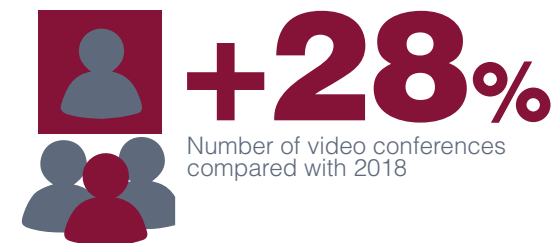
Travel to work

With the aim of fostering a better work-life balance and at the same time reducing the environmental impact of employees' commutes to work, the Bank encourages teleworking (279 people i.e 4.2% of the workforce) and remote working (1,899 beneficiaries in 2019). Since the second half of March 2020, during the public health emergency, the average share of people working from home has been around 90%.

The Bank also encourages the use of electric vehicles for travelling to work: staff can use the 33 charging points installed at the Bank's main offices in the Rome area. Staff at the Centro Donato Menichella in Frascati have access to a new car pooling platform in order to share the use of private vehicles for travelling to work.

Business travel

The systematic use of the 120 videoconferencing systems in the buildings makes it possible to reduce both travel for work and the associated emissions. In 2019 there were more than 11,700 video conference link-ups, totalling around 3,500 meetings: 14% of the meetings were held with other national institutions and 19% with international interlocutors.



During the health emergency, there was massive use of remote communication tools: on average, over 2,000 virtual meetings were held every day and around 13,500 calls were made.

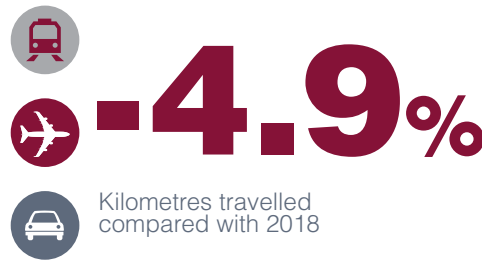
The Bank has a fleet of 15 electric cars, of which 5 for use by staff travelling between the offices in Rome and Frascati.

Car-sharing agreements were reached with Roma Capitale for travel in working hours and with a company bike-sharing service for travel between the Rome offices. In light of the success of the initiative, the number of e-bikes will be further increased.

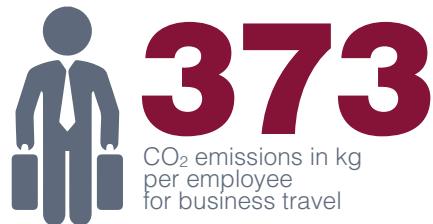
Since 2016, hotels that have contracts with the Bank have been awarded an eco-sustainability rating, updated annually on the basis of a questionnaire. This appraisal methodology has now been extended

to foreign hotels included in the list of hotels that have contracts with a further 22 central banks.

The total number of kilometres travelled on business decreased compared with the previous year.



There was also a 7.5% decrease in kilometres travelled by plane. Distances covered by private or chauffeur-driven cars fell by more than 40% compared with 2015. Travel by train, a means of transport with a lower environmental impact, has gradually increased (Figure 11).

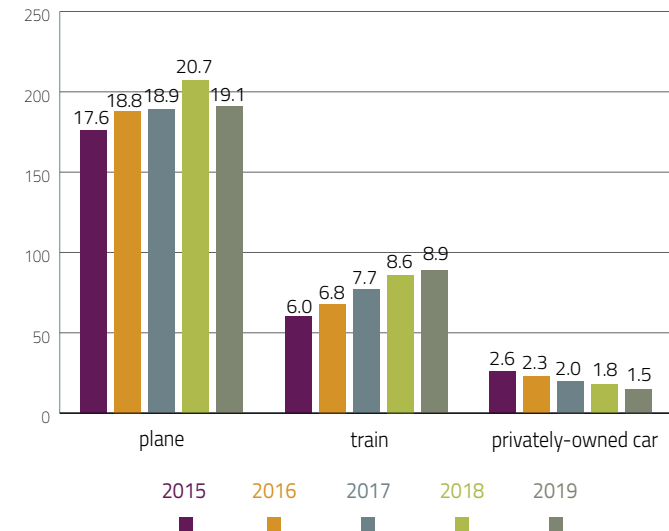


Travel between Rome and Milan, the most frequently travelled route, is almost always by train (since 2017 for routes served by high-speed rail links with journey times of under four hours, only train travel is allowed).

BUSINESS TRAVEL – BANK OF ITALY

FIGURE 11

Comparison of distances travelled by transport mode (km x 1,000,000)



the results over 10 years: green procurement, sustainable investments, environment-friendly culture

SUSTAINABLE INVESTMENTS



-30%
Greenhouse
gas emissions

-34%
Energy
consumption

-16%
Water
consumption

in the equity portfolio against 2018

GREEN TENDERS



38 Tender procedures with
ecological and social
criteria published in 2019

ENVIRONMENT-FRIENDLY CULTURE



Economic
research



National and
international
working groups



Organization of
workshops and
conference
participation



3
Work experien-
ce projects on
environmental
issues in 2019



148
Participants in
corporate
environmental
volunteer
projects in
2018-2019

green procurement

The Bank is committed to reducing its ecological footprint, including by means of its green procurement policy, in order to help guide the market towards developing more eco-sustainable goods and services.

Tender processes comply with the minimum environmental standards (CAM) issued by the Ministry for the Environment. In addition, where possible, the following conditions apply: (a) possession of environmental certificates, in order to participate in tender procedures; (b) green contract-performance clauses; (c) ecological quality stamps for the items included in the tender; and (d) bonus points for the greenest companies (in tenders favouring the best quality/price ratio). Suppliers are also encouraged to adopt the best practices for workplace health and safety and social responsibility. In 2019, 105 tender procedures were begun: more than a third of them included ecological clauses.



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Tender procedures with ecological criteria published in 2019

In addition to requiring the contractor to have obtained ISO 14001 or EMAS certification, procurement procedures for office cleaning services include clauses on the use of cleaning products bearing the EU Ecolabel environmental quality logo and of machines, equipment, and technical solutions that permit reductions in water and electricity consumption.

ISO 14001 or EMAS certification is a requirement for participation in procurement procedures for the Bank's catering services. In addition, numerous ecological clauses have been included, including the request to use local products and products from social farming.

In the tender procedures for chauffeur-driven car rental services as part of the private security arrangements for the buildings in Rome and for document distribution, hybrid, diesel, and petrol vehicles must conform to the European Euro 6 standard.

Items of office stationery are designed so as to limit their environmental impact (notepads are made of recycled paper, pens and markers are made of recycled or biodegradable plastic, pencils are produced with FSC certified wood, self-adhesive repositionable sheets are obtained with recycled paper and ecological glue, and so on).

ISO 14001 and EMAS certification is a requirement for participation in procurement procedures for maintenance work on the heating, water, fire prevention, and voice/data network systems in the buildings. Bonus points were also awarded for: certification of compliance with international standards for energy management (ISO 50001), safety at work (OHSAS 18001 and ISO 45001) and social responsibility (SA 8000); a commitment to improving the energy efficiency of

technological systems and building envelopes; and staff participation in courses on energy efficiency, waste management and so on. In the tender procedures for work on the façades and roofing of the building in Via Milano 60/g in Rome, besides possession of environmental certification as a requirement for participation, there are bonus points for the installation of energy-efficient doors and windows (in terms of heat transmission or in the presence of EMAS and OHSAS 18001 certification of the respective manufacturers). Numerous ecological clauses have been included in the tender procedures for the provision of goods and services necessary for euro banknote printing. For example, in the procedure for assigning the plant's waste management service, ISO 14001 and EMAS environmental certifications were required to participate.



sustainable investment

The Bank pays attention to safeguarding the environment and to sustainability and this also extends to how it manages its investment portfolio.

Since 2018, in making investment choices for its own euro equity portfolio, the Bank has given preference to firms that adopt the best environmental, social and governance (ESG) practices.

The Bank's equity investments affected by the new investment policy were equal to €9.2 billion at the end of 2019 (accounting for 7% of its financial portfolio) and comprised shares in 143 listed companies¹.

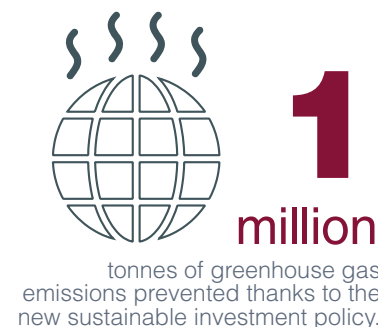


The sustainability criteria have been integrated with the pre-existing procedures for creating portfolios, which were based on financial considerations alone. Incorporating ESG criteria when selecting issuers is based on two principles: (a) exclusion of companies that

¹ These investments are managed by replicating the composition of share indices, except for financial services shares and for those in the Italian media sector. More information can be found on the Bank of Italy's website.

mostly work in sectors that do not conform to the United Nations Global Compact (tobacco and controversial arms); (b) preference to companies with 'best in class' ESG profiles.

The inclusion of these sustainability criteria has led to an improvement in the environmental footprint of the equity portfolio compared with 2018 in terms of: greenhouse gas emissions (down by 30%, 1 million tonnes less greenhouse gas); energy consumption (reduced by 34%, 8.5 million fewer gigajoules); and water consumption (down by 16% or by 6.9 million cubic metres)².



In 2019 the Bank also purchased shares in an investment fund specialized in green bonds, financing projects with an interest in environmental sustainability managed by the Bank for International Settlements. It also decided to extend its sustainability criteria to its own corporate bond portfolio.

² These parameters were calculated based on the emissions and consumption of the companies involved and are attributed to the portfolio in proportion to their share in company capital.

biodiversity

Protecting biodiversity is a challenging objective to which the Bank is committed in the coming years.

The Bank possesses large areas of green spaces, with high biodiversity, mainly surrounding the banknote production plant in Rome and the Centro Donato Menichella in Frascati. Particular attention is paid to the care and wellbeing of the green areas - the maintenance programmes are constantly updated to remain compliant with current regulations. Various projects have been achieved in the last few years: plant mapping, a monitoring plan for the protection of the existing assets, planting of new varieties, harvesting of fruit for solidarity purposes, development of educational and thematic areas to foster greater environmental awareness. Promoting better knowledge is one of the objectives of the Bank's new contract for managing its green areas. The new initiatives that have been proposed are: environmental education programme with training workshops and education days; enhancing plant biodiversity by organizing guided tours and planning new paths in the wider surrounding areas; putting up 'green walls' in the workplace to create greater harmony between the artificial space of the offices and the natural elements of the landscape.



environment-friendly culture

The Bank contributes to the debate on the links between the economy, finance, energy and the environment with its research and analysis work. It organizes and hosts conferences and seminars on energy and environmental subjects. It actively participates in defining national and international positions on environmental issues with its own staff joining committees and working groups. It contributes to forming an environmentally-friendly culture with initiatives for secondary school students and staff.

Analysis and research and conference participation

Various papers were presented by the Bank's economists at international conferences on the risks of climate change for finance (CEBRA Commodities and Macroeconomics, Rome, September 2019; Assessing and Managing Climate Change Risk: Opportunities for Financial Institutions, Venice, September 2019; Climate Change and its Impact in the Financial System, Mexico City, December 2019).

Main events at which members of the Governing Board spoke on environmental sustainability in the period May 2019 to May 2020.

FIGURE 12





February 2020 saw the publication of 'The climate risk for finance in Italy', *Questioni di Economia e Finanza* (Occasional Papers, 545). It studies the possible consequence of climate change for the financial sector and assesses the awareness of the risks associated with climate change and the opportunities offered by the transition towards a low carbon economy. In April 2020, the Bank published a research paper entitled 'The carbon footprint of Italian loans', *Questioni di Economia e Finanza* (Occasional Papers, 557), that evaluates the carbon content of business loans in Italy, identifying the sectors most exposed to these risks.

Conferences and workshops

In June 2019, at ARERA, Bank of Italy researchers presented the first report by Italian Energy Poverty Observatory (EPOV). In February 2020, EPOV met at the Bank of Italy's Conference Centre to discuss activities carried out in 2019 and to be carried out in 2020, bringing together the leading experts on energy poverty. In July 2019, there was a workshop entitled *Sviluppo sostenibile, finanza e rischio climatico* (Sustainable development, finance and climate risk), which questioned how climate risks are seen by banking and financial intermediaries in the wider context of risk management and impact on business models. Participants at the event included 27 experts from banks and asset management companies, and representatives from academia and the leading business associations.

National and international working groups

At national level the Bank help draft the report on the national energy situation, *La situazione energetica nazionale*, drawn up by the Ministry of Economic Development. It is a member of the Committee for Natural Capital and the Observatory on Sustainable Finance, coordinated by the Ministry for the Environment.

It also helped in the preparation of the section of the Climate-Energy Plan dealing with energy poverty.

The Bank gives technical support to the Ministry of Economy and Finance in relation to the negotiations on legislative proposals arising from the EU Commission's Action Plan on Sustainable Finance. The Bank also takes part in the interinstitutional 'technical table' of the Italian Banking Association, which aims to identify possible interventions to encourage the energetic requalification of buildings in Italy.

At European level, as part of the revision of the Eurosystem's monetary policy framework, the Bank takes part in the ECB's work stream on the effects of climate change.

As regards prudential supervision, the Bank also takes part in the European Banking Authority's work to identify the risks that the factors of sustainability pose to the stability of the financial system. It is also contributing to the work of the Single Supervisory Mechanism, which put climate change into its map of the main sources of risk in 2019 and 2020, and it is working on including the evaluation of financial risks deriving from climate and environmental factors into

the process of the prudential supervision of banks.

At the international level, the Bank's participation in G20 working groups on sustainable energy and finance, in support of the work of the Ministries of Economy and Finance, Economic Development, the Environment, and Foreign Affairs and international cooperation, helps to identify problem areas linked to the risks that climate change poses to the economic and financial system, and the examination of the best practices to mitigate them.

The Bank belongs to the Network for Greening the Financial System (NGFS), set up in 2017 by a number of the world's leading central banks and supervisory authorities. The network coordinates study projects and exchanges of experiences on environmental and climate risk management in the financial sector. In this context, the Bank actively contributed to all three areas of action (microprudential, macroeconomic and financial).

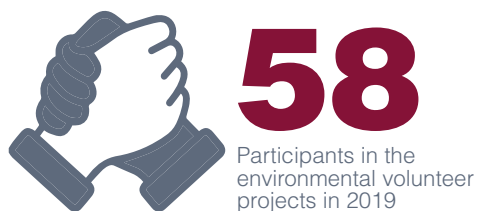
Lastly, the Bank is part of the Environmental Network of Central Banks (ENCB), a working group made up of representatives of 13 central banks, which promotes the exchange of best practices in the management of internal environmental aspects.

Corporate volunteering

The Bank encourages and supports its staff's voluntary work for social projects in favour of the most vulnerable parts of the population and for environmental recovery and protection. There were 8 staff volunteer projects in 2019, 4 of which involved the environment, working

alongside Legambiente: 58 members of staff helped to improve the condition of urban (Rome) or coastal (Genoa and Palermo) public green spaces.

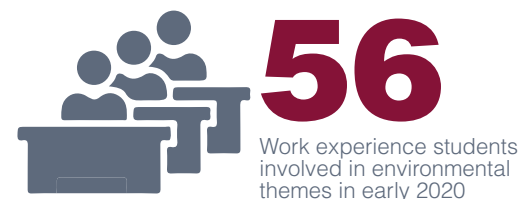
In February 2020 at its Milan branch, the Bank hosted Legambiente's Sixth corporate volunteering workshop, at which the Bank and the other companies involved shared their own experiences in this field.



Other initiatives

As part of the Bank's work experience programme for high school students in the school year 2019-20, eight projects were proposed on environmental themes (at the Catania, Catanzaro, Rome and Venice branches; two at the Ancona and Naples branches). One project took place at the Bank in February 2020 with 15 students participating. Because of the COVID-19 crisis, two projects were carried out in a virtual setting, involving 42 students. The other five projects were interrupted or postponed.

In 2020, in the context of a competition for students at the Sapienza University's GamificationLab (Rome), the Bank offered vouchers as prizes for a project for three games, one of which aimed at



increasing staff awareness about the environmental impact of their work activities.

In-house training

Each year, the Bank organizes an environment workshop for representatives from each of its branches to encourage an exchange of ideas and to share best environmental practices developed in the different locations.

On the occasion of the event celebrating the 20th anniversary of the Centro Donato Menichella, an information point was set up to encourage and support staff participation in the various environmental projects.

2020 will see the organization of a training course on sustainable development and climate change.

methodology

The data presented in this edition of the Environment Report are updated to 31 December 2019. The figures in reference to the Bank of Italy show the data for all the buildings where the Head Office departments and the Branches carry out their work (Figure 13). The remaining figures specify the building or activity to which they refer. At 31 December 2019, the number of staff employed by the Bank of Italy stood at 6,593 (see the Report on Operations and Activities, available on the Bank's website), of whom 115 on secondment to other organizations in Italy and 166 abroad. Around 4,500 people work in the Rome and Frascati offices.



To calculate the environmental indicators per employee (paper consumption per capita, etc.), no account was taken of the presence on Bank premises, even on a continuous basis, of staff from external companies or of Carabinieri police officers.

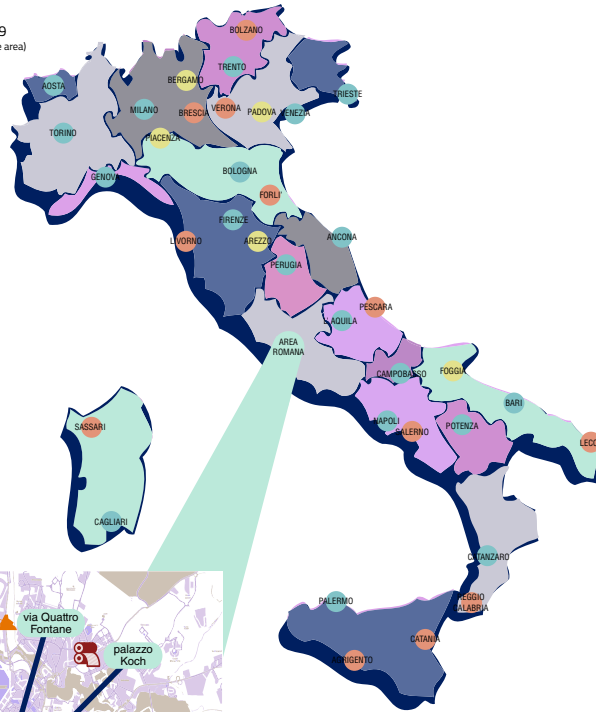
The environmental indicators were calculated according to the applicable national and international guidelines. In particular, reference was made to the ABI Lab Guidelines on the implementation in banks of the GRI Global Reporting Initiative, version G4, published in 2020, based on the Greenhouse Gas (GHG) Protocol. The table below illustrates the correlations between the indicators required by the GRI accounting standard and the page numbers of this report where they appear.

GRI Standards	Page number
103-2 Management approach	6
301-1 Materials used by weight or volume	14-16
301-2 Recycled materials used	14-16
302-1 Energy consumption within the organization	8-11
302-3 Energy intensity	10
302-4 Reduction of energy consumption	8-11
303-1 Total water used by source of supply	12-13
305-1 Direct emissions of greenhouse gas	4
305-2 Emissions of greenhouse gas generate by energy consumption	4
305-3 Other indirect emissions of greenhouse gas	4
305-4 Greenhouse gas emissions	4
305-5 Reduction in the emission of greenhouse gases	4
306-2 Waste by category and type of disposal	18-21

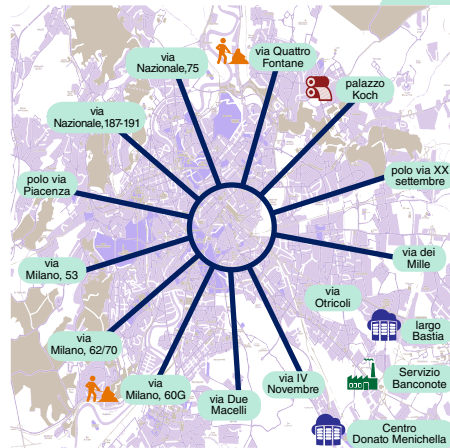
FIGURE 13

BRANCHES at 31th december 2019
(excluding the three branches in the greater Rome area)

- regional (19)
- specialized in cash handling (5)
- other branches (12)



ROME AREA



-  building site for reorganization work
-  printing works
-  industrial activities
-  data processing centre





