

Environmental and Social Data Sheet

Overview

Project Name:	ISP LOAN FOR CIRCULAR ECONOMY
Project Number:	2018-0715
Country:	Italy
Project Description:	Framework loan dedicated to Circular Economy projects carried out by SMEs and Midcaps in line with Intesa Sanpaolo's Circular Economy program.
EIA required:	This is multi-scheme Framework Loan operation. Some of the schemes may require an EIA under Annex I or Annex II ("screened in") of the EIA Directive.
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

Environmental Assessment

The project comprises a Framework Loan intermediated through the Italian bank Intesa Sanpaolo (ISP) to co-finance its EUR 5 bn dedicated Circular Economy (CE) Credit Facility over the period 2019-2021. ISP will offer financing under this facility to projects implemented by SMEs and midcap that fit under one of the 'circular categories' as defined by the EIB (see [EIB Circular Economy Guide](#)).

These circular projects aim at maximising the use of pure, non-toxic materials and products designed to be easily maintained, reused, repaired or refurbished to extend their useful life, and later to be easily disassembled and recycled into new products.

This circular way of producing and consuming enables a decoupling of economic growth from extraction and consumption of materials. As such, a circular economy offers a way to hedge future resource and material supply risks for companies and increase their resilience to decreasing supplies and increasing price uncertainty and volatility. This will reduce resource dependency and – particularly by spurring innovation – also supports competitiveness.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

Public

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ISP will manage the project. ISP has built a strong position in the circular world as the financial services global partner of the Ellen MacArthur Foundation (EMF), a world-leading organisation in accelerating the transition to the circular economy. As a Global Partner of the Ellen MacArthur Foundation, ISP promotes the best experience and practice with Italian small and medium sized enterprises, creating synergies and shared value and cooperates with the EMF on various work streams, e.g. food and fashion.

ISP will be tasked with ensuring that the promoters act according to the provisions of the relevant EU Directives, including EIA (2014/52/EU), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives as transposed into national law. All procedures concerning EIA and nature protection are established and managed by the competent authorities in Italy and in line with EU requirements.

Schemes will likely be located outside protected areas including Natura 2000. Nevertheless, the promoters have to provide evidence of the compliance with the EIA, Habitats and Birds Directives (if applicable) before the Bank funds are allocated.

Conclusions and Recommendations

The appraisal confirmed the technical capacity of ISP to select, appraise and follow up investments to standards acceptable to the Bank, within a robust risk management framework.

ISP shall carry out environmental and social due diligence as part of its overall due diligence process before EIB funds are allocated to the schemes concerned. ISP shall not commit the Bank's funds to such investments until the relevant environmental consent has been issued by the competent authorities. Where applicable, the promoters will be requested to deliver the EIAs to the Bank before Bank funds are allocated. However, given the relative small size of the individual schemes and the nature of the sectors concerned, most of the schemes are expected not to have significant negative environmental impacts.

Therefore, given the nature of the operation and the procedures concerning EIA and nature protection put in place by the competent authorities in Italy, the Framework Loan is acceptable in environmental and social terms.

PJ/SQM/ECSO