











## Stakeholder engagement in Intesa Sanpaolo



Listening and dialogue initiatives with  
our stakeholders in 2011



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## 1. INTRODUCTION AND OBJECTIVES OF THE STAKEHOLDER ENGAGEMENT FOR 2011

Over the last few years a series of engagement initiatives of various types have been implemented in relation to all the Bank's stakeholder categories. All the activities were planned and implemented according to methodologies recommended in the AccountAbility AA1000 guidelines and principles (see "The Methodological Approach" )

In the first few months of 2011 the Intesa Sanpaolo Business Plan was published, presenting the Group's objectives for the period 2011-2013 and a number of forecasts for 2015. CSR topics are included in the document as a pervasive element characterising the activities of all business Departments and staff. The guidelines set out were taken into consideration in preparing the engagement activities for 2011, with a view to creating a stakeholder engagement path as much as possible in line with the business strategies of the Group for the next three years.

In recent years the engagement activities have developed towards a constantly increasing integration with the various company Departments, both at strategic and at operations level. It was therefore necessary to continue along this path in order to make the engagement-reporting-action cycle increasingly virtuous. The level of consolidation and monitoring of the various Departments on issues of sustainability was therefore considered one of the main starting points in planning and designing the stakeholder engagement activities for 2011.

The introduction of an engagement activities management model (see "The Methodological Approach" ) was in line with the aim of increasingly structuring and systematically organising the monitoring and assessment of the activities and the results obtained, also to identify potential areas for improvement. In 2011 the model was successfully made fully operative through the following activities:

- updating of the model, in cooperation with the various Departments concerned, to include all the engagement initiatives already implemented by the Bank, related results and the improvement action taken by the Bank;
- planning and design of the engagement activities, also through the use of output from the model itself.

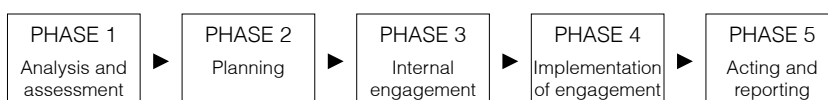


## 2. DESIGN OF THE STAKEHOLDER ENGAGEMENT PROCESS

The 2011 engagement initiatives were defined in close partnership with Departments concerned, in accordance with the following process (see Figure 2.1):

- PHASE 1 - ANALYSIS AND ASSESSMENT:
  - Analysis of activities completed in the last three years and assessment of the results obtained
  - Analysis of the Business Plan 2011-2013/2015 for a design consistent with future engagement activities
  - Analysis of the final draft of the new AA1000SES standard
  - Analysis of the level of consolidation and monitoring of the various Departments on corporate responsibility issues
- PHASE 2 - PLANNING:
  - Itemised planning of internal engagement activities
  - Updating of the stakeholder engagement activities management model, in cooperation with the Departments concerned
- PHASE 3 - INTERNAL ENGAGEMENT:
  - Preliminary analysis to identify the issues covered by the engagement
  - Sharing the analyses conducted with the Departments concerned
  - Planning and design of stakeholder engagement activities, in cooperation with the Departments and CSR delegates
- PHASE 4 - IMPLEMENTATION OF ENGAGEMENT:
  - Implementation of the engagement activities planned for 2011, through the methods defined in phases 2 and 3
- PHASE 5 - ACTING AND REPORTING:
  - Reporting of the results emerging from the engagement activities, with detailed reports
  - Discussing the results of the engagement with the Departments and CSR delegates, in order to develop new initiatives
  - Drafting of a full summary report on the engagement activities implemented and related results

Figure 2.1  
Process format for the planning and implementation of engagement in 2011





### 3. IMPLEMENTATION OF THE ENGAGEMENT: ENGAGEMENT INITIATIVES IN 2011

In 2011 and the first few months of 2012 -for the fifth year running- Intesa Sanpaolo implemented a structured path of stakeholder engagement using different methods (online surveys to staff and suppliers, focus groups for staff, interviews with Business customers, customer satisfaction surveys on sustainability issues to household and small business customers, interviews with NGOs, etc.).

Detailed below are the engagement activities conducted in 2011, the stakeholders involved and the objective of each initiative.

STAKEHOLDERS ENGAGED	INITIATIVE	OBJECTIVES OF THE ENGAGEMENT
Employees and trade unions	<ul style="list-style-type: none"> <li>▪ Online questionnaire to a representative sample of Banca dei Territori employees</li> <li>▪ Responses: 1,349</li> </ul>	<ul style="list-style-type: none"> <li>▪ To identify awareness and feedback on various aspects characterising the working life in Banca dei Territori</li> <li>▪ To investigate the priority assigned by Banca dei Territori employees to various spheres of action undertaken or which could be undertaken by the Bank.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ 12 Focus groups with Network employees and Banca dei Territori department staff</li> <li>▪ Participants: 180</li> </ul>	<ul style="list-style-type: none"> <li>▪ To investigate the perception of employees of the importance and efficiency of initiatives implemented by the Bank in four issue areas: Professional growth, Training, Balance between private and professional life and Welfare and health.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ 1 Focus Group with the trade unions</li> <li>▪ Participants: 14</li> </ul>	<ul style="list-style-type: none"> <li>▪ To obtain firm ideas on action sought from the Bank for more effective monitoring of the various aspects.</li> <li>▪ To capture the differences in perceptions and expectations of employees based on professional background or reference area.</li> </ul>
Customers and Consumer Associations	<ul style="list-style-type: none"> <li>▪ Italian households and small and medium enterprises: measurement of the customer satisfaction of new customers (Welcome Questionnaire) and Benchmark analysis</li> <li>▪ Responses: 1,137</li> </ul>	<ul style="list-style-type: none"> <li>▪ To investigate the general level of satisfaction of household and small business customers with the Bank.</li> <li>▪ To investigate the perception of household and small business customers on the Bank's capacity to monitor certain material areas.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Interviews with Business customers that have used specific services or products associated with the following issues: energy, internationalisation and dimensional growth</li> <li>▪ Participants: 17</li> </ul>	<ul style="list-style-type: none"> <li>▪ To investigate the perception of the businesses interviewed regarding the quality of Bank-Customer relations and the quality of the products.</li> <li>▪ To understand the perception of the benefits of focusing on CSR issues and the option of considering social and environmental aspects in the assessment of customers.</li> <li>▪ To gather ideas on the priority to be assigned to improvement objectives set by the Group for the three-year period 2011-2013.</li> </ul>




	<ul style="list-style-type: none"> <li>▪ Questionnaire to members of the Consumer Associations that have participated in the “Formiamo l’Italia dei Consumatori” initiative</li> <li>▪ Responses: 16</li> </ul>	<ul style="list-style-type: none"> <li>▪ To investigate the perception of participants regarding:                             <ul style="list-style-type: none"> <li>- the effectiveness of the “Formiamo l’Italia dei Consumatori” project;</li> <li>- the Bank’s achievement of the improvement objectives set for 2010 and the effectiveness of initiatives launched by the Group in 2010;</li> <li>- the priority to be assigned to improvement objectives set by the Group for the three-year period 2011-2013.</li> </ul> </li> <li>▪ To gather ideas and suggestions on the role that Consumer Associations might play in achieving these objectives.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Interview with a member of Confindustria on the “Growing together with small businesses” agreement</li> </ul>	<p>To investigate its perception regarding:</p> <ul style="list-style-type: none"> <li>▪ the efficiency of the agreement signed with Confindustria and related initiatives launched by the Group to support businesses in overcoming the crisis;</li> <li>▪ the importance of considering social and environmental risk factors in assessing the credit ratings of businesses;</li> <li>▪ the Bank’s achievement of improvement objectives set in 2010 and the priority to be assigned to improvement objectives set by the Group for the three-year period 2011-2013</li> <li>▪ the potential role of Confindustria as partner to the Bank.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Systematic analysis of national press reviews and sector studies on matters of interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ To investigate the main trends on sustainability issues of most interest to the Bank and the perception of Intesa Sanpaolo customers and, more in general, Italian bank account holders.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>▪ Interview with active shareholder</li> </ul>	<ul style="list-style-type: none"> <li>▪ To continue the consolidation of relations with this association.</li> <li>▪ To understand the developments in the perception of this association regarding the Bank’s capacity to adequately monitor its topics of interest.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>▪ Questionnaire targeting a representative sample of Group suppliers</li> <li>▪ Responses: 180</li> </ul>	<ul style="list-style-type: none"> <li>▪ To investigate the perception of suppliers on the level of application of principles stated in the Code of Ethics and on aspects considered priorities in Bank-supplier relations</li> <li>▪ To assess the level of awareness and perception of effectiveness regarding initiatives launched by the Bank to promote greater transparency and sustainability in supplier relations.</li> <li>▪ To gather information on the social and environmental responsibility tools used by supplier companies.</li> </ul>
Community and environment	<p>Interviews with:</p> <ul style="list-style-type: none"> <li>▪ Amici della Terra</li> <li>▪ Campaign for World Bank Reform</li> <li>▪ OXFAM Italia</li> <li>▪ Greenpeace Italia</li> <li>▪ Mani Tese</li> <li>▪ Valore Sociale</li> </ul>	<ul style="list-style-type: none"> <li>▪ To gather information on the perception of authoritative stakeholders such as NGOs on:                             <ul style="list-style-type: none"> <li>- the impact of the more current issues of sustainability on Bank strategies (impact on strategies);</li> <li>- issues on which the Bank should focus (perceived importance).</li> </ul> </li> <li>▪ To obtain an authoritative perception of the Bank’s current capacity to monitor the sustainability aspects under review (perceived monitoring).</li> </ul> <p>See the detailed report including the interview results .</p>

Table 3.1  
Summary of engagement activities implemented for each stakeholder category



## 4. ELEMENTS ARISING FROM THE ENGAGEMENT

The paragraphs that follow provide summary details of aspects emerging from the stakeholder engagement during the 2011 engagement initiatives. For each stakeholder category the results of individual initiatives are indicated, broken down by sustainability macro-issues. In addition to a summary of the qualitative evidence emerging during the engagement, the quantitative results considered most significant are also shown.

### 4.1 BANCA DEI TERRITORI EMPLOYEES

The aim of the Banca dei Territori employee engagement was to investigate:

- perception of the effectiveness of initiatives already implemented by the Bank;
- perception of the importance of the various spheres of action undertaken or which could be undertaken by the Bank;
- expectations and ideas for improvement of the initiatives that the Bank could implement in the future.

In particular, 13 focus groups were set up throughout the country, involving a total of 180 employees. The focus groups were differentiated according to the organisational source of the participants, in particular:

- Regional Departments Network (8);
- Staff Units/Regional Departments, Head Office Departments, Product Companies (4);
- Trade unions (1).

An online questionnaire was also prepared, sent to a sample of 3,000 Banca dei Territori employees as representative of the reference population. The questionnaire was completed by 1,349 people (45% redemption).

The engagement initiatives implemented in previous years led to the identification of two macro areas of priority interest to employees (Quality of life in the company and Enhancement of human resources) and, within these, certain specific issues on which the Bank has launched a series of action. Given the extensive coverage of the issues discussed in previous engagement cycles and the high number of people involved, for 2011 it was decided to place greater focus on the areas covered by the engagement, selecting 4 areas to be surveyed and dividing each of these into more detailed aspects. The areas surveyed in 2011 were: Professional growth, Training, Balance between private and professional life, Welfare and health.

The results of the engagement activities (focus groups and questionnaires) targeting employees are provided below, highlighting the more significant elements emerging from both initiatives.





## PROFESSIONAL GROWTH

### Questionnaire

On issues associated with professional growth the responses were fairly evenly divided between satisfactory and less satisfactory. At the same time, these are among the issues considered to be of highest priority by most of the participants that responded. The most appreciated was the assessment system (the score improving compared to last year's surveys). Vice versa, grey areas emerge in relation to the incentive system which – at the same time – proves to be one of the priority issues.

LEVEL OF DAY-TO-DAY REFLECTION ENCOUNTERED IN WORK ASPECTS ASSOCIATED WITH PROFESSIONAL GROWTH [%]

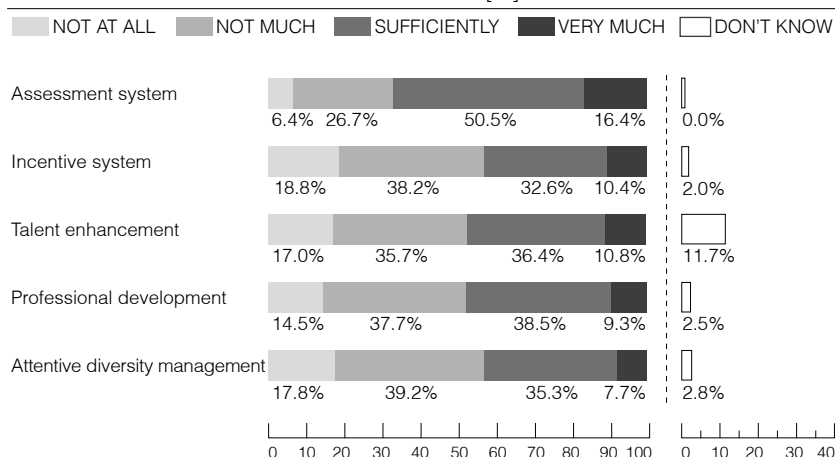


Figure 3.1

LEVEL OF PRIORITY ATTRIBUTED TO WORK ASPECTS ASSOCIATED WITH PROFESSIONAL GROWTH [%]

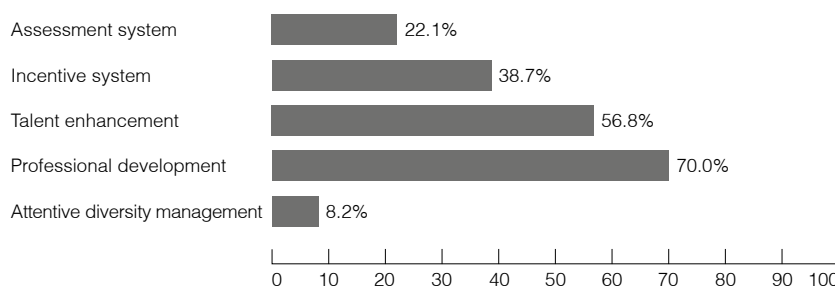


Figure 3.2



### Focus Groups

From the series of focus groups established it emerged that one of the most important aspects for the professional life was the presence of talent enhancement tools: the paths developed for young people are known and appreciated, but talent enhancement is not perceived on a day-to-day basis by other employee groups. The ideas for improvement emerging most frequently reflect these perceptions of priority: in fact, a wider range of enhancement tool options are hoped for, targeting senior resources as well as the younger age groups.

Also viewed as highly important is the option of accessing growth paths, which are clear, transparent and well-defined for network employees, whereas they are not defined for department staff.

The incentive system is often perceived as complex. An improvement is sought in terms of the promptness of communicating objectives and results, clarity in the operating methods and transparency in the criteria for the awarding of incentives.

A higher degree of perception, however, regarded the presence of an assessment system based on effective logics and encouraging one-on-one contact between manager and employee, and the substantial equal opportunities between men and women in the various working contexts.

	WHAT THE BANK DID
Assessment systems	<ul style="list-style-type: none"> <li>In 2011 the “Performer” assessment system - introduced in 2010 - was further enhanced to better respond to the specific features of the various Group areas, simplifying and streamlining the processes with suitable IT support and tools.</li> </ul>
Professional development model	<ul style="list-style-type: none"> <li>The OnAir Project is a new professional development model for individual career paths. In 2011 over 6,000 employees were voluntarily involved through self-nomination.</li> </ul>
Talent enhancement	<ul style="list-style-type: none"> <li>The projects aimed at enhancing young and talented staff have continued. “Emerging” is the community with 103 young graduate members; “Talent”, designed to encourage the growth of future managers, includes 96 employees.</li> </ul>
Remuneration policies and incentive systems	<ul style="list-style-type: none"> <li>The incentive systems were fine-tuned further, reinforcing their alignment to the risks assumed, connection with multi-year objectives and the use of quality objectives - in any event measurable - by extending the systems to all levels of the organisation.</li> </ul>
Diversity management and inclusion	<ul style="list-style-type: none"> <li>With its “Linea Verde” project, Banca dei Territori has kept up its involvement of junior resources in the division’s activities in terms of motivation and guidance towards professional growth.</li> <li>Banca dei Territori has implemented a project to define the managerial exchange pools, which also aims to implement monitoring action to develop talent following the logics of diversity management, i.e. with a suitable balance of gender, age and professional experience.</li> <li>The Mentorship initiative, targeting young managers, is designed to build significant relations within the company with the most expert members of staff, to strengthen the professional and individual growth of the persons involved.</li> <li>The Leadership Lab initiative is active, dedicated to managers and with the aim of strengthening gender leadership in terms of the specific breakdown of male and female among the ranks.</li> <li>A number of company-wide training projects are dedicated to the issue of managing diversity within the company in terms of the working together of different cultures, genders, generations and abilities.</li> </ul>



## TRAINING

### Questionnaire

Training-related aspects are, on the whole, widely known among all responses and judged to be adequately monitored by the Bank. This is why Training topics emerge as less of a priority in defining improvement objectives. The responses regarding the variety of training methods available and content adequacy were positive. The only aspect that did not receive a satisfactory response was the presence of coaching/tutoring periods with senior employees or employees with specialist skills.

#### LEVEL OF DAY-TO-DAY REFLECTION ENCOUNTERED IN WORK ASPECTS ASSOCIATED WITH TRAINING [%]

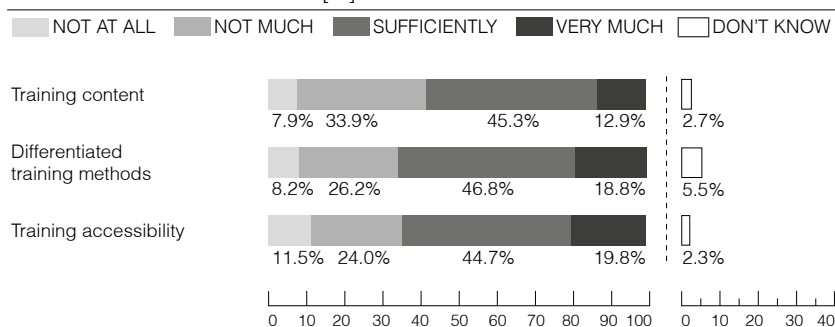


Figure 3.3

#### LEVEL OF PRIORITY ASSIGNED TO WORK ASPECTS ASSOCIATED WITH TRAINING [%]

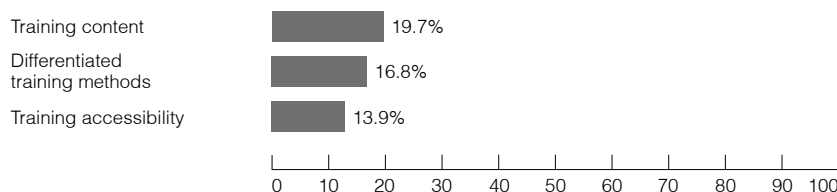


Figure 3.4



### Focus Groups

The effectiveness of training given the complexity of the operating context proved to be the most important aspect for employees, who request more coaching/tutoring, especially among the younger staff, and more investments in classroom training as online training is considered less effective.

Positive, however, was the result on the adequacy of training compared to personal/job needs, as was the technical content of training, the efficiency of classroom training and the option of customising personal training paths.

The ideas for improvement emerging most frequently reflect these perceptions of priority: the definition of training methods in line with the importance and complexity of the subject matter, the guarantee of correct timing of training prior to taking on a new role, the creation of methods for conducting online training which allow a specific time to be dedicated, and an ongoing focus on the courses.

	WHAT THE BANK DID
Training	<ul style="list-style-type: none"> <li>More than 150 personalised training projects are now offered, alongside the 250 "headings" always available, broken down by topic.</li> <li>A major contribution came from the university/company partnerships: in addition to the Level 1 Master Degree in Banking and Financial Services Management, the Bank continued with its objective of certification of technical and financial skills for the bankers of Intesa Sanpaolo Private Banking.</li> <li>A new design protocol has been defined which will gradually be applied to all training initiatives (the Learning Experience Design - LED).</li> <li>To improve relations with customers, the "Together-Growing by Comparison" project involved around 4,500 branch managers and area staff.</li> </ul>

### BALANCE BETWEEN PRIVATE AND PROFESSIONAL LIFE

#### Questionnaire

The action taken by the Bank in terms of flexible working hours, a topic of significant importance to employees, met with an extremely positive response. Less well perceived, however, was the Bank's commitment to aspects associated with services for households and home-work commuting: these are important issues, but their project plans are still not widely known throughout the country.

LEVEL OF DAY-TO-DAY REFLECTION ENCOUNTERED IN WORK ASPECTS ASSOCIATED WITH THE BALANCE BETWEEN PRIVATE AND PROFESSIONAL LIFE [%]

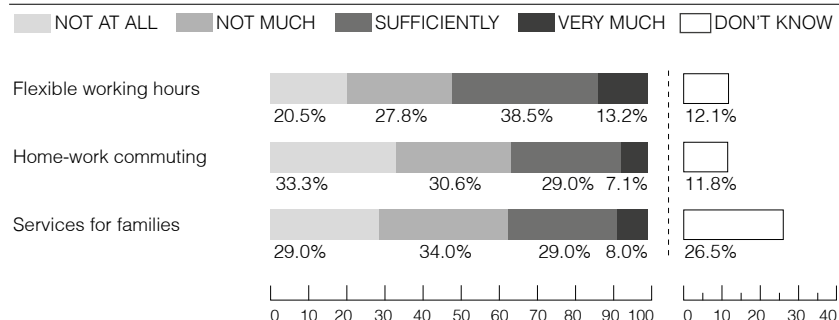


Figure 3.5



LEVEL OF PRIORITY ASSIGNED TO WORK ASPECTS ASSOCIATED WITH THE BALANCE BETWEEN PRIVATE AND PROFESSIONAL LIFE [%]

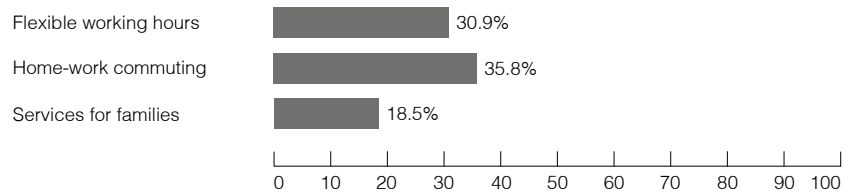


Figure 3.6

### Focus Groups

A corporate culture attentive to the personal and family needs of employees is considered a priority on which a greater commitment is requested. Flexible working hours are also highly important, for which the overall response was positive, together with the presence of agreements and benefits to meet family needs that should be more widespread throughout the country.

The initiatives to improve the management of home-work commuting proved to be of average importance. A stronger focus was perceived, compared to the past, to the need for the workplace to be close to home.

The most frequent ideas for improvement reflect these perceptions of priority. In fact, there was a request for expansion of the crèche agreements to wider areas of the country (outside the major cities) compared to the creation of company crèches, the definition of more advanced forms of flexible working hours – also associated with part-time work – and the extension of this flexibility to all branch staff.

### WHAT THE BANK DID

Balance between private and professional life

- The “People care” structure was established. It is dedicated to promoting initiatives to increase the balance between private and professional life.
- After the success of the experience in Milan and Florence, two new crèches were established, inaugurated in Naples and in Moncalieri (Turin) in September 2011.
- Summer holidays were organised for children through the “People Junior Campus” project and initiatives for the purchase of school text books, the first proposal of “People Smart Shopping”.
- Through specific trade union agreements, Intesa Sanpaolo defined flexible formats going beyond legal obligations.



## WELFARE AND HEALTH

### Questionnaire

Welfare and health issues emerge as among the best monitored by the Bank. This result is largely due to the overall appreciation of the Group Health Fund. This evidence is particularly positive, given that Health is one of the topics considered priority. On the topic of Safety, the overall response was positive regarding the measures implemented.

#### LEVEL OF REFLECTION ENCOUNTERED IN WORK ASPECTS ASSOCIATED WITH WELFARE AND HEALTH [%]

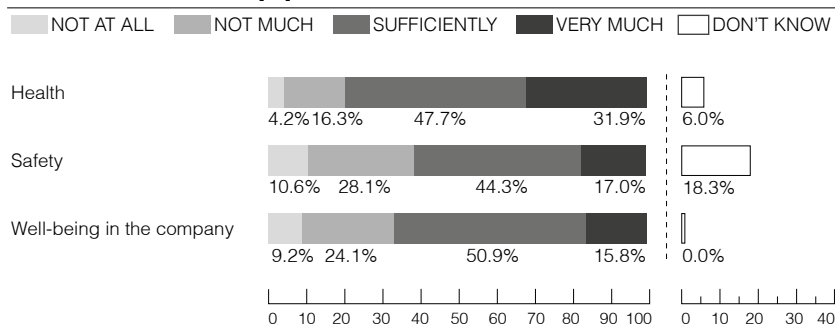


Figure 3.7

#### LEVEL OF PRIORITY ASSIGNED TO WORK ASPECTS ASSOCIATED WITH WELFARE AND HEALTH [%]

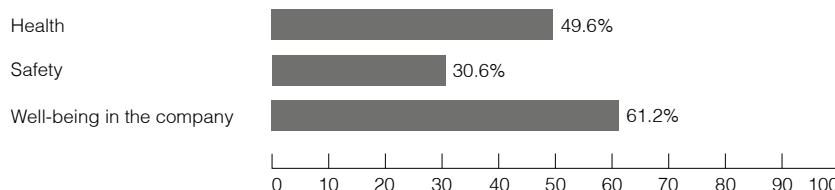


Figure 3.8



### Focus Groups

The most important aspect regards medical support agreements, on which the responses were positive due to the overall appreciation of the Group Health Fund. Highly important, especially for Network employees, is also Anti-robbery Security, which is perceived to have a high level of monitoring by the Bank in terms of both the security systems installed and the training and awareness-raising initiatives.

Workplace comfort is also important, in particular for offices still subject to renovation. Therefore more investments are sought in maintaining workplace conditions and upgrading workstations to the latest safety and ergonomics standards.

Certain aspects surveyed in relation to work-related stress are also considered of great importance, such as workload distribution and decision-making independence. If enhanced, in fact, this last issue could also have positive effects on the quality of customer relations, which could lead to more rapid response times and a suitable balance between duties, decision-making independence and company position held, in order to allow correct allocation of responsibilities.

	WHAT THE BANK DID
Welfare and health	<ul style="list-style-type: none"> <li>▪ January 2011 saw the operational start-up of Intesa Sanpaolo's new Group Health Fund.</li> <li>▪ Gusti Giusti (Right Tastes) is a diet education project which, starting with meals served in the staff canteens, calls employees' attention to the principles of a healthy, tasty diet.</li> <li>▪ A specific survey was conducted on air, lighting, microclimate and acoustics quality, processed by the Occupational Medicine Department of Milan University to identify improvement action.</li> <li>▪ Ongoing post-robbery support activities involved over 800 employees.</li> </ul>
Safety	<ul style="list-style-type: none"> <li>▪ The commitment to preventing branch robberies was further strengthened. An innovative remote monitoring system was adopted for branches.</li> <li>▪ Monitoring continued on the conditions of wellbeing and safety perceived in the workplace.</li> </ul>



## 4.2 CUSTOMERS

The engagement of customers in 2011 focused on customers of the Banca dei Territori Division in the household, small business and business segments. To best investigate the issues of interest to these segments, specific initiatives were implemented with the following stakeholders:

- Household and Small Business customers
  - Sample of Household and Small Business customers that responded to the Anniversary Questionnaire issued as part of the “SEIok - Progetto Benvenuto” programme (a survey made periodically by the Customer Satisfaction Department, targeting customers a year after a new account is opened, including questions of interest to the CSR Unit);
  - Sample of customers from other banks and Intesa Sanpaolo customers who responded to interviews conducted as part of the Benchmark Analysis (survey conducted periodically by the Bank’s Customer Satisfaction Department, the results of which are analysed by the CSR Unit in relation to its own fields of interest);
  - Consumer Associations that participated in the economic and financial education courses organised by Intesa Sanpaolo as part of the “Formiamo l’Italia dei Consumatori” project.
- Business customers
  - Sample of Business customers that had made use of special services offered by the Bank in the fields of internationalisation, energy efficiency and dimensional growth;
  - Member of Confindustria who was involved in the “Growing together with small businesses” agreement.

During the year, desk analyses were also arranged to monitor press reviews and to analyse sector research and studies to identify significant trends on the sustainability issues considered.

### HOUSEHOLD CUSTOMERS | QUALITY OF RELATIONS

#### Benchmark analysis

A fairly high level of satisfaction emerged from the benchmark analysis on aspects associated with the quality of relations with the Bank. Comparison between the system data and Intesa Sanpaolo customers shows a consistent trend, with occasional slight deviations. The issues on which monitoring was perceived as highest are account conditions transparency and maintenance as well as account statement clarity and ease of understanding. In general, Intesa Sanpaolo customers between the ages of 18 and 35 express a more positive opinion compared to others in all the aspects considered.





LEVEL OF SATISFACTION OF HOUSEHOLD CUSTOMERS, EXPRESSED AS THE NET SATISFACTION INDEX (NSI), ON ASPECTS ASSOCIATED WITH THE QUALITY OF RELATIONS

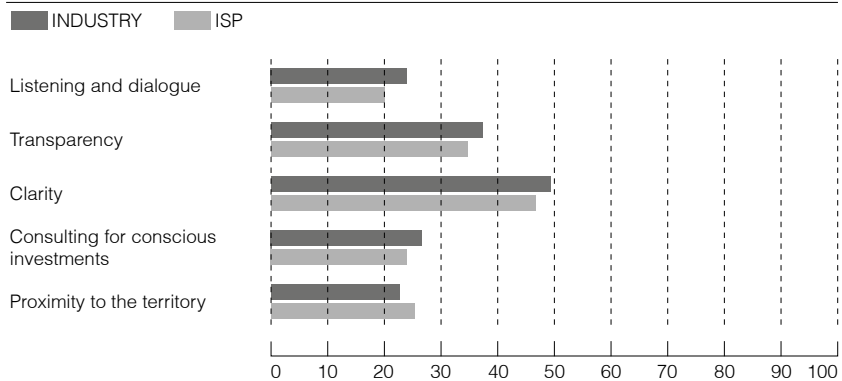


Figure 3.9  
Net Satisfaction Index:  
percentage of satisfied customers  
(expressing 8-10) minus percentage of  
dissatisfied customers (expressing 1-5)

Welcome Questionnaire

From the Welcome Questionnaire a general satisfaction with relations with the Bank emerged, after one year of experience. Said satisfaction was on the whole higher among Household customers: 83% of responses expressed a particularly positive opinion, with a trend essentially in line with that of last year.

HOW SATISFIED ARE YOU WITH YOUR RELATIONS WITH THE BANK? [%]

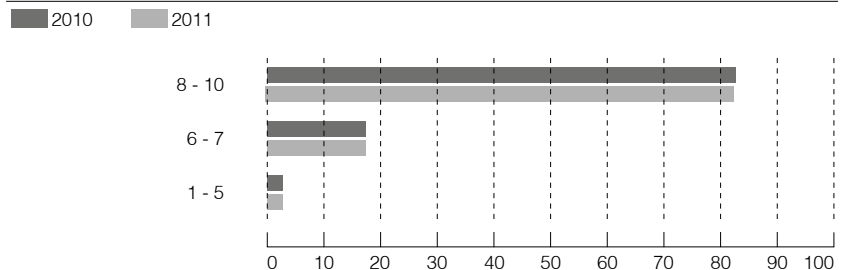


Figure 3.10  
Scores on a scale from 1 to 10,  
where 1 is "highly negative"  
and 10 is "highly positive"

In particular, with regard to the transparency and clarity of communications, most Household customers interviewed as part of the Welcome Questionnaire expressed a positive opinion on average (over 70%), followed by those who expressed an excellent opinion (20%). The number of responses stating an opinion of unsatisfactory was instead very low.

HOW DO YOU RATE THE CLARITY AND TRANSPARENCY OF THE BANK'S COMMUNICATIONS ON THE FEATURES OF PRODUCTS AND SERVICES OFFERED?

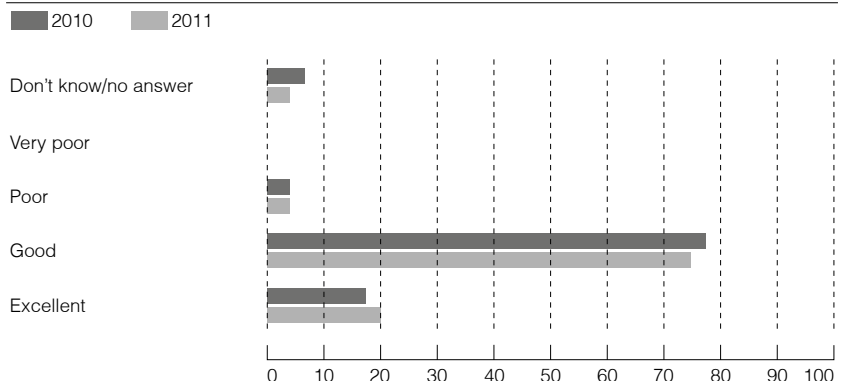


Figure 3.11



#### Questionnaire to Consumer Associations

The Bank's capacity to create a relationship of trust with the customer and to promote listening and dialogue initiatives is one of the aspects that the Consumer Associations consider a strength in Intesa Sanpaolo's approach to customer relations.

#### Desk analysis - Press reviews and sector studies

From the press reviews and sector studies it emerges that interaction, engagement and listening are among the most important elements for today's customers. The Italian banking industry, however, is today characterised by a general cooling of bank-customer relations. Eurisko considers this aspect to be a priority area of action for Italian banks.

One of the most frequent requests from customers concerns greater transparency in banks' terms of purchase. Recent studies define this as a prerequisite to keeping customer satisfaction high.

### HOUSEHOLD CUSTOMERS | PRODUCT QUALITY

#### Benchmark analysis

On the whole, satisfaction with the adequacy of current account or savings account solutions was positive, with a peak of almost 50% more satisfaction among young people. The Bank's capacity to offer interesting products/services that meet customer needs received an opinion of average. Both opinions are in line with the banking industry, with deviations of a few percentage points.

Customers were divided in expressing their satisfaction with the cost-return conditions of current accounts and savings accounts, even if among young people the number satisfied was around 20% higher than those unsatisfied. On the type of services and number of transactions included in the fee, 40% more customers confirmed they were satisfied. In this case, too, the opinions were more or less in line with those for the banking industry with deviations of a few percentage points.

#### Welcome Questionnaire

70% of customers responded that the products and services offered were in line with their needs. The percentage of customers that had made use of the incentives to ease the repayment of loans, however, was very low (1% of Household customers). This result meant that a significant analysis of the related level of satisfaction was not possible.

The opinion of household customers on the adequacy of the products and services offered by the Bank was decidedly high: 96% gave a positive or highly positive response in this respect.



CONSIDERING THE PRODUCTS AND SERVICES OFFERED TO YOU DURING THE LAST YEAR, TO WHAT EXTENT DO YOU CONSIDER THEM SUITABLE FOR YOUR PROFILE AND ABLE TO MEET YOUR NEEDS? [%]

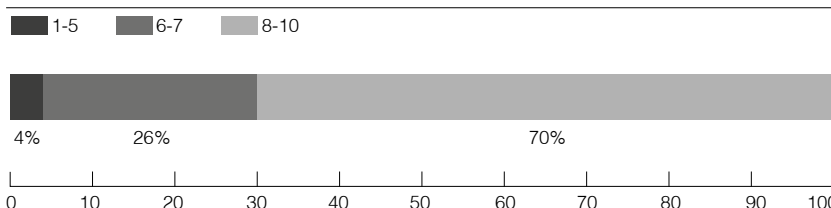


Figure 3.12  
Score on a scale from 1 to 10, where 1 is "highly negative" and 10 is "highly positive"

### Questionnaire to the Consumer Associations

The Consumer Associations call for greater commitment by the Bank to the issue of product adequacy. In particular, 7 out of 9 responses (78%) considered the problem of access to credit for the weaker social groups to be priority. Nevertheless, all initiatives implemented by the Bank for its customers – and mentioned in the questionnaire – were assessed as positive.

### Desk analysis - Press reviews and sector studies

The cost of banking products and services is reported extensively in the national newspapers. Recent sector studies show that the cost of products and services is becoming one of the main drivers behind banking customers' choice of bank. Price convenience is now a prerequisite to guaranteeing customer satisfaction.

The issue of support for households emerges from press reviews and sector studies as one of the most urgent in the Italian scenario. A recent Eurisko survey shows that households' satisfaction with their own economic situation is to date holding steady, even though the fear of being overwhelmed by recent events seems to be just around the corner. Confcommercio reports the risk that the worsening of problems on the public finance front and the financial turbulence recorded from July onwards will jeopardise households and businesses' attempts to overcome the crisis, attempts that proved positive – though not brilliant – in the first six months of 2011.

## SMALL BUSINESS CUSTOMERS | QUALITY OF RELATIONS

### Benchmark analysis

In all aspects of quality of relations considered in the benchmark analysis, the number of satisfied Small Business customers was 30% higher than that of unsatisfied customers. Comparison between the system data and Intesa Sanpaolo customers showed a consistent trend, with occasional slight deviations. Fairly positive levels of satisfaction were recorded with regard to Clarity and Transparency in communications with customers, with an Intesa Sanpaolo customer satisfaction index of 36 and 31, respectively. However, satisfaction with the simplification of customer relations was slightly lower, especially in relation to credit access times, decision-making independence of the Bank's internal contacts and the complexity of procedures.



LEVEL OF SATISFACTION OF SMALL BUSINESS CUSTOMERS, EXPRESSED AS THE NET SATISFACTION INDEX (NSI) ON ASPECTS ASSOCIATED WITH THE QUALITY OF RELATIONS

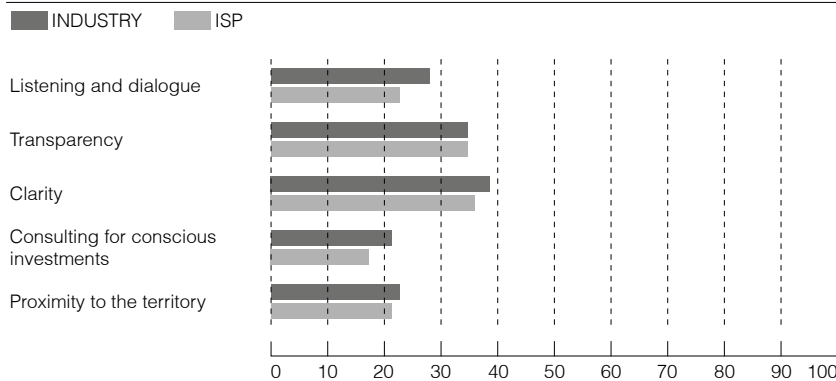


Figure 3.13  
 Net Satisfaction Index:  
 percentage of satisfied customers  
 (expressing 8-10) minus percentage of  
 dissatisfied customers (expressing 1-5)

In general, Small Business customers were slightly more reticent than Household customers in expressing satisfaction with the aspects considered in the analysis.

Welcome Questionnaire

The general level of satisfaction on relations with the Bank was very high overall, also for Small Business customers one year on from the start of their relations with Intesa Sanpaolo: almost 80% of responses expressed a positive opinion. Compared to 2010, 2011 recorded a slight increase in highly positive opinions, against a slight decrease in neutral opinions.

HOW SATISFIED ARE YOU WITH YOUR RELATIONS WITH THE BANK? [%]

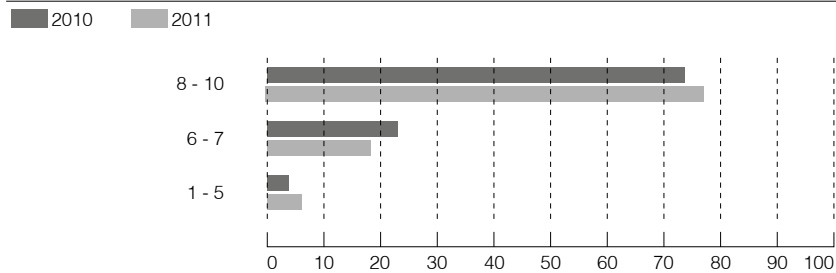


Figure 3.14  
 Scores on a scale from 1 to 10,  
 where 1 is "highly negative"  
 and 10 is "highly positive"

With regard to the opinion of Small Business customers on transparency and clarity of communications, most responses expressed a positive opinion on average (around 80%), followed by those who expressed an excellent opinion (approx. 16%). The number of responses stating an opinion of unsatisfactory was instead very low.



HOW DO YOU RATE THE CLARITY AND TRANSPARENCY OF THE BANK'S COMMUNICATIONS ON THE FEATURES OF PRODUCTS AND SERVICES OFFERED?

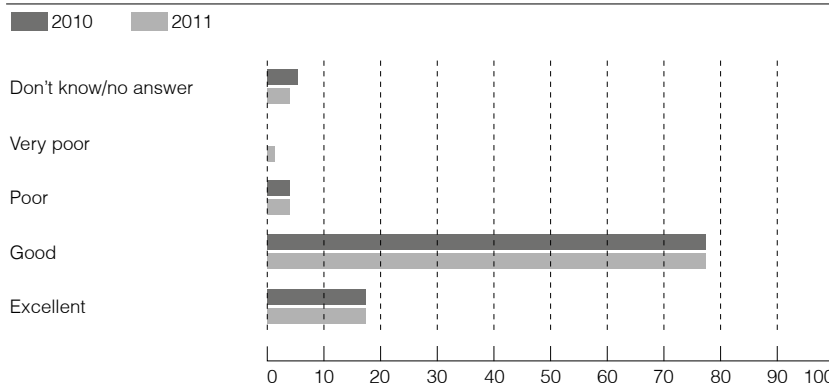


Figure 3.15

SMALL BUSINESS CUSTOMERS | PRODUCT QUALITY

Benchmark analysis

The Small Business customers interviewed provided quite a positive response regarding the adequacy of the products offered compared to customer needs, with a satisfaction index of around 20% and similar to the opinion recorded for the system. In particular, those interviewed were highly satisfied with the suitable solutions proposed by the reference contact in the Bank and with his knowledge of the company and the reference market.

The Small Business customers confirming their satisfaction with the Bank's capacity to provide support through access to credit was over 20% more than those expressing an unsatisfactory opinion.

Small Business customers, too, expressed different levels of satisfaction with the cost of products and services offered by their Bank. The opinions expressed by Intesa Sanpaolo customers were in line with those expressed for the System.

Welcome Questionnaire

The percentage of Small Business customers that were satisfied or highly satisfied with the capacity of the products and services to meet their needs was also very high, at around 93%. The percentage of these new customers making use of incentives to ease the repayment of loans was still low (3% of Small Business customers). This result meant that a significant analysis of the level of satisfaction was not possible.

CONSIDERING THE PRODUCTS AND SERVICES OFFERED TO YOU DURING THE LAST YEAR, TO WHAT EXTENT DO YOU CONSIDER THEM SUITABLE FOR YOUR PROFILE AND ABLE TO MEET YOUR NEEDS? [%]

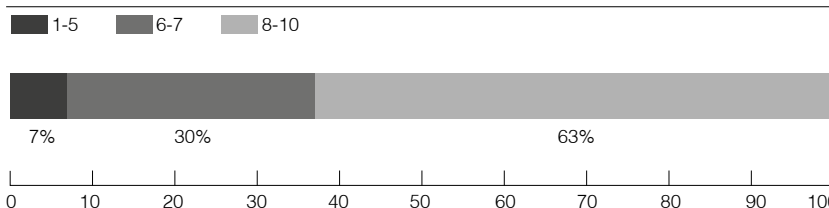


Figure 3.16

Score on a scale from 1 to 10, where 1 is "highly negative" and 10 is "highly positive"



	WHAT THE BANK DID
Listening and dialogue with customers	<ul style="list-style-type: none"> <li>Alongside the constant presence and dedication of people working in all the operating units, the Bank keeps open numerous channels of listening and dialogue with customers: the Customer Service Unit which meets the different needs of customers, has set up the new Intesa Sanpaolo Group Facebook page.</li> <li>The customer satisfaction surveys in 2011 involved the completion of 275,000 telephone interviews to analyse service quality at each branch.</li> </ul>
Quality of relations	<ul style="list-style-type: none"> <li>SEIok is the quality management system of processes which aims to constantly improve customer service. In 2011 the average trend for the 36 branch service level indicators recorded an overall 18% improvement compared to 2010.</li> <li>With the aim of offering young customers an area and a streamlined, effective relational model where they feel comfortable, the Superflash branches were opened. These also act as meeting points, places where young people can exchange ideas and launch their own projects, investing in themselves and in their future.</li> <li>All ATMs in Italy (around 1,700) were fitted with a high-visibility interface screen. Blind people are accompanied by a sound guiding system.</li> </ul>
Simplification of customer relations	<ul style="list-style-type: none"> <li>To reduce response times to customers in a scenario of overall review of the credit process, in 2011 a simplified procedure was launched for granting credit, initially for "Micro" Small Business customers, one-man businesses, private partnerships and small joint stock companies with simple financial needs that expect a fast, accurate response from the Bank.</li> </ul>
Support to households and small businesses	<ul style="list-style-type: none"> <li>In 2011 the Bank continued its support for households by reinforcing its rescheduling solutions to render mortgage instalments sustainable and to guarantee that dignified standards of living are maintained.</li> <li>A total of 50 million euro was allocated to loans with particularly favourable terms to renovate homes, stores and workshops in provinces hit by natural disasters.</li> <li>April 2011 saw the national launch of the "Prestito della Speranza Business" (Business Hope Loan), a loan designed to support the credit needs of households in a position of economic and social vulnerability with a "return to work" plan or a business start-up project.</li> </ul>
Financial inclusion - Access to credit for vulnerable social groups	<ul style="list-style-type: none"> <li>In September 2011 Superflash launched its new approach to Intesa Sanpaolo's young customers. The mix was developed to provide products and services on concessional terms.</li> <li>To complete the range of services dedicated to immigrants and, in particular, to meet the demand to send money abroad, Intesa Sanpaolo signed an agreement with Western Union for a money transfer service and created the new "Flash People" prepaid card.</li> <li>Intesa Sanpaolo has operated the "Anticipazione Sociale" project since 2005, designed for redundant workers that begin to receive INPS benefits only 5/6 months after application.</li> <li>The Group Banks implemented important micro-finance initiatives in support of households, start-up and development of microbusinesses and protection services for pensioners. Included among these are an agreement regarding a local micro-finance programme targeting individuals in economic and social difficulty, launched by Intesa Sanpaolo and Fondazione Welfare Ambrosiano and known as the "Finanziamento Microcredito Milano Business" (Milan Business Micro-finance Loan) with the aim of facilitating access to credit for persons temporarily vulnerable in economic and social terms and who normally or intend to conduct business activities in the Municipality of Milan.</li> </ul>
Product adequacy	<ul style="list-style-type: none"> <li>The new Conto Facile, the new current account for individual customers, was launched: starting with an analysis of the needs of each customer, services that best meet the needs of the individual are defined, achieving maximum customisation without any increase in costs.</li> <li>In 2011 action to complete the range of Protection products for all-round cover of customers needs was taken, with solutions to hedge against direct personal, household and asset risks.</li> </ul>
Support and access to credit for small businesses	<ul style="list-style-type: none"> <li>In collaboration with the Fondazione Lombarda Antiusura Onlus and Fondazione San Carlo Onlus, Intesa Sanpaolo launched the "Microcredito per il lavoro" (Employment micro-finance), financing project aimed at Italian and foreign individual and family businesses located in the Lombardy Region with credit access difficulties but intending to conduct independent business activities, also with a view to preventing the serious and widespread phenomenon of usury.</li> </ul>



## BUSINESS CUSTOMERS

Interview with Business customers that made use of specific services and with a member of Confindustria.

This year the engagement of Banca dei Territori Business customers was conducted through a series of telephone interviews with a number of the Group’s Business customers that had made use of specific services in the areas of: environment and energy, internationalisation and dimensional growth.

A similar interview was conducted with a member of Confindustria who was involved in the “Growing together with small businesses” agreement. The agreement is one of the initiatives implemented by Intesa Sanpaolo to achieve the objective of supporting Business customers, especially given the difficult economic scenario in which they are expected to operate. Renewal of the agreement in 2011 led to the Bank’s confirmation of previous commitments and to further expand the offer of products and services to meet the new needs of SMEs.

## BUSINESS CUSTOMERS | QUALITY OF RELATIONS

All Business customers interviewed declared their satisfaction with their company’s relations with the Bank: several emphasised the importance of interpersonal relations with their personal manager and the professionalism and expertise of the Bank’s contacts. The critical points instead regard the excessive bureaucracy and poor level of manager independence which in certain cases compromises service efficiency.

### WHAT ASPECTS DO YOU CONSIDER TO BE INTESA SANPAOLO’S STRENGTHS IN BANK-CUSTOMER RELATIONS ?

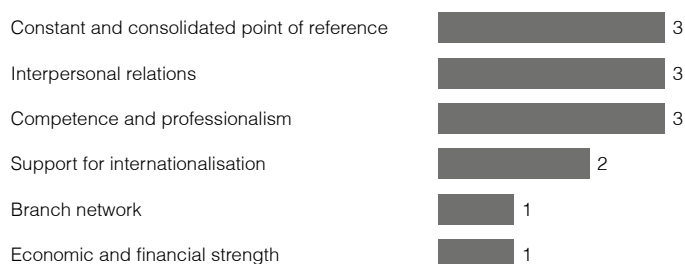


Figure 3.17  
The number of Business customers interviewed that mentioned the aspects indicated

The quality of interpersonal relations and having a reference contact within the Bank are the characteristics most appreciated in the responses. Also appreciated is the capacity to work alongside the economic activities of the company in an expert, professional manner. The strong international presence and the extent of the branch network, along with the economic and financial strength of the Bank, are quoted as additional reasons for satisfaction with the service provided.



IN WHICH ASPECTS OF BANK-CUSTOMER RELATIONS DO YOU BELIEVE THERE IS ROOM FOR IMPROVEMENT ?

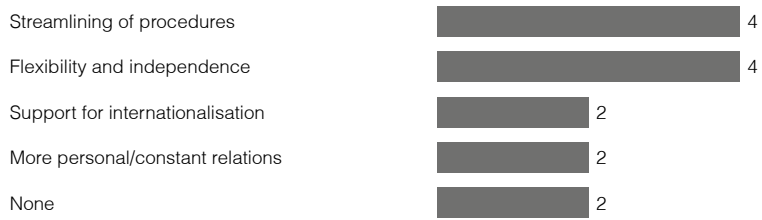


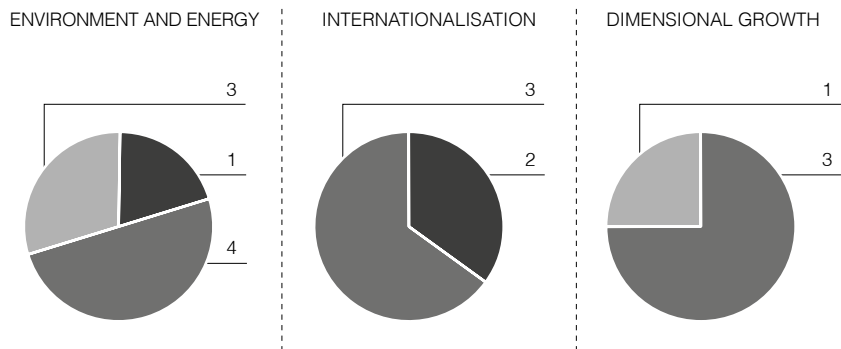
Figure 3.18  
The number of Business customers interviewed that mentioned the aspects indicated

Several customers seek faster decision-making processes by the Bank, more independent decision-making power and a stronger level of decentralisation to allow more efficient relations between customer and account manager.

The member of Confindustria, interviewed on this issue, stated that in recent years Intesa Sanpaolo has made a lot of progress to become closer to Business customers, also from a “physical” point of view. The agreement signed with Confindustria is one of the strong examples and tools by which this closeness is achieved. In fact, the Bank is again perceived as being close to businesses through continuous dialogue between the business owners and Bank staff responsible for business accounts.

BASED ON YOUR COMPANY’S EXPERIENCE UNTIL NOW, HOW DO YOU RATE THE PRODUCTS/SERVICES PROVIDED BY INTESA SANPAOLO?

■ HIGHLY POSITIVE OPINION ■ POSITIVE OPINION ■ MILD/NEUTRAL OPINION



COULD YOU PLEASE GIVE AN OVERALL RATING OF THE EFFECTIVENESS OF LOANS AND THE SUPPORT PROVIDED TO THE COMPANY?

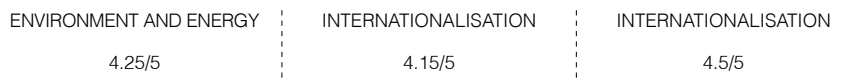


Figure 3.19  
Score on a scale of 1 (completely ineffective) to 5 (highly effective)





Also with regard to specific financial products used, most of the responses expressed a positive or highly positive opinion. The overall assessment of the effectiveness of loans and the support provided to businesses always achieved a score higher than 4 (on a scale of 1 - completely ineffective, to 5 - highly effective), as shown in Figure 3.19.

The member of Confindustria interviewed on this issue acknowledged that, in the three areas considered, the Intesa Sanpaolo product mix is a point of excellence in the Italian banking scenario. However, he pointed out the lack of uniformity in the Bank's presence abroad, in particular in areas of interest to Italian SMEs such as North Africa.

#### BUSINESS CUSTOMERS | ASSESSMENT OF CUSTOMER SUSTAINABILITY ASPECTS

During the interviews with corporate customers, the issue of considering social and environmental aspects when assessing the creditworthiness of businesses was dealt with. In this respect, 11 out of 17 gave a positive response to the possibility for the Bank of considering social and environmental aspects in its creditworthiness assessments. In any event, the interviews brought to light the need for the Bank to adopt criteria in its rating systems to also take into consideration intangible assets and the long-term benefits deriving from investments in these fields.

The member of Confindustria, when interviewed on this issue, stated that the consideration of aspects of a social and environmental nature in the assessment of company creditworthiness is fundamental to protect businesses that do apply sustainability criteria in their business activities against unfair competition, and that Intesa Sanpaolo has always been a pioneer on such issues. However, the credit system as a whole is not yet mature, particularly in the assessment of intangibles.



	WHAT THE BANK DID
Access to credit for businesses	<ul style="list-style-type: none"> <li>▪ The Intesa Sanpaolo and Confindustria Piccola Industria partnership launched in previous years to provide businesses with tools to overcome the crisis and begin the recovery process continued in 2011. The new “Growing together with small businesses” agreement covers a common line of action for the relaunch of Italian small and medium-sized enterprises and confirmed a limit of 10 billion euro for action and investments associated with numerous areas that touch upon the hottest topics for companies.</li> </ul>
Support for research and innovation	<ul style="list-style-type: none"> <li>▪ The Bank has developed a service model that combines expert knowledge of the areas with the specialist skills demanded by our customers: a pool of Mediocredito Italiano engineers specialised by product sector provides support to companies’ investment decisions by offering financial support and technical and industrial assessments, and acts as liaison between SMEs and the universities to encourage dialogue between research groups and entrepreneurs.</li> <li>▪ A specialised series of loans, “Nova+”, includes solutions differentiated by investment characteristics, and in 2011 alone a total of 467 million euro was disbursed on more than 240 loan applications.</li> </ul>
Support for dimensional growth	<ul style="list-style-type: none"> <li>▪ The Bank has optimised a service model dedicated to the start-up of business networks. Mediocredito Italiano specialists set up centres of expertise focusing on the main sectors of the Italian economy and on innovation and internationalisation issues.</li> <li>▪ The Research Service and Mediocredito launched a “Business networks observatory” with the aim of understanding its structural characteristics and developments to enhance the Group’s offer model.</li> </ul>
Introduction of sustainability criteria in assessing customers	<ul style="list-style-type: none"> <li>▪ Intesa Sanpaolo adopted the project launched by ABI, Confindustria and the Ministry for Economic Development involving the study and application of possible CSR metrics to adopt as complementary to SME credit rating assessments.</li> </ul>



### 4.3 SUPPLIERS

In order to follow up the results of the 2010 questionnaire, a second questionnaire was prepared. One part was structured in a similar manner to the previous one (to assess developments over time of large suppliers' perception of the issues considered) while the other part was reviewed (to gather more detailed aspects deemed to be of particular interest, using the results emerging from the 2010 engagement as a starting point).

Engagement in 2011 also posed the objective of expanding the reference panel by defining a broader sample to represent each individual segment, also with a view to including smaller suppliers. The questionnaire was sent to a sample of 301 suppliers, of which 180 responded (60% redemption).

### BANK-SUPPLIER RELATIONS

There was no significant deviation in the results achieved on Bank-supplier relations from those emerging in 2010.

The aspect most appreciated by Group suppliers was that relating to the creation of corporate policies establishing fair relations to the maximum extent. The Bank's strong commitment to adopting an approach based on trust in supplier relations was also acknowledged. The aspects considered most important in Bank-supplier relations were the creation of a listening and dialogue channel and relations based on trust. The quality of relations was also significantly affected by the fairness in managing and concluding contracts and the adequacy of invoice payment times, especially among respondents that did not express a particularly high opinion of the quality of relations with the Bank.

LEVEL OF MANAGEMENT BY THE BANK  
[% RESPONSES FOR EACH ASSESSMENT LEVEL]

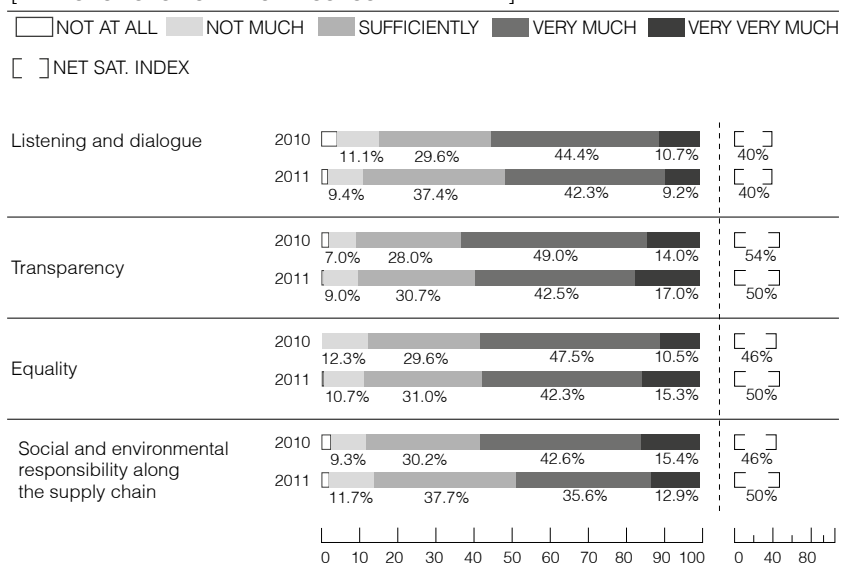


Figure 3.20  
Net Satisfaction Index:  
percentage of satisfied customers  
(expressing 8-10) minus percentage of  
dissatisfied customers (expressing 1-5)

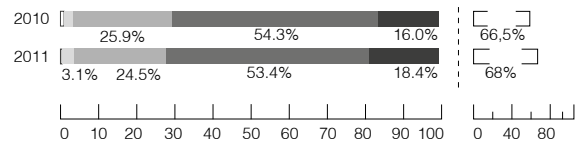


The opinion on the quality of relations with the Bank was on the whole positive and showed a slight improvement on 2010. There is no significant correlation between the opinions expressed and the characteristics of the participants responding.

OVERALL OPINION ON THE QUALITY OF RELATIONS WITH THE BANK [% RESPONSES FOR EACH LEVEL OF ASSESSMENT]

NOT AT ALL  
  NOT MUCH  
  SUFFICIENTLY  
  VERY MUCH  
  VERY VERY MUCH  
 NET SAT. INDEX

Figure 3.21  
 Net Satisfaction Index:  
 percentage of satisfied customers  
 (expressing 8-10) minus percentage of  
 dissatisfied customers (expressing 1-5)



The aspects considered most significant in defining the quality of Bank-supplier relations are the capacity for listening and dialogue with suppliers, relations based on trust, fairness in managing and concluding contracts and the adequacy of invoice payment times.

ASPECTS MOST AFFECTING THE QUALITY OF RELATIONS WITH THE BANK

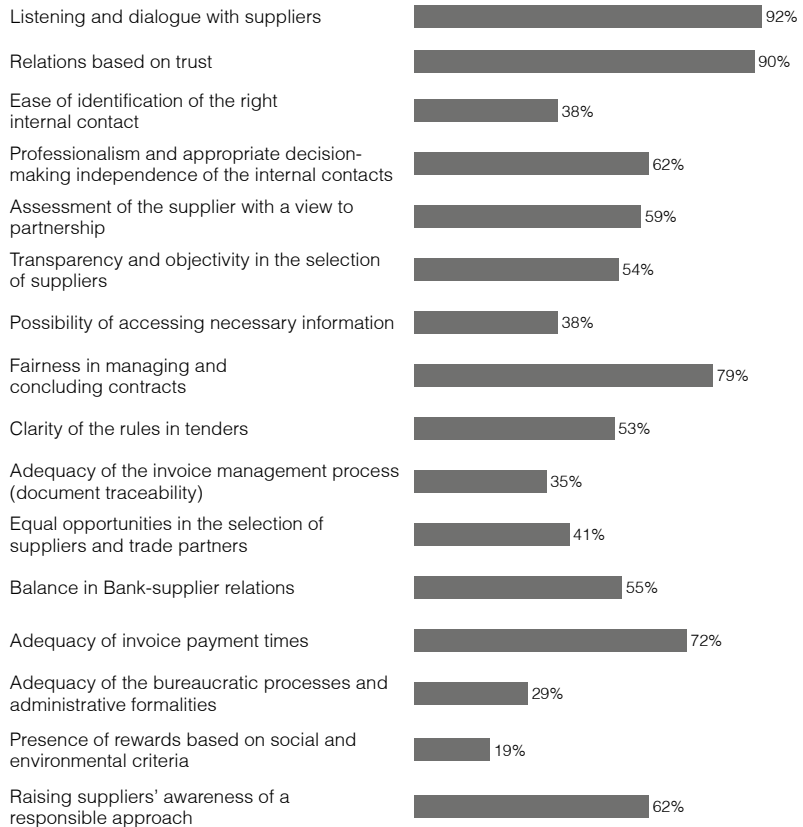


Figure 3.22  
 Number of remarks for each aspect



	WHAT THE BANK DID
Transparency and fairness in supplier relations	<ul style="list-style-type: none"> <li>▪ Development of the e-sourcing Portal, set up in 2010 and which is now fully operational in its renewed format.</li> <li>▪ New management process of invoices for which developments were implemented during the year, ensuring improved monitoring activities, greater traceability of documents and improved compliance with payment terms.</li> </ul>

## SUPPLY CHAIN SUSTAINABILITY

With regard to supply chain sustainability, the initiatives launched by the Bank are fairly well known to suppliers and on the whole judged to be highly positive. The responses showed particular appreciation for the opening of the new e-sourcing portal.

Among the social and environmental responsibility initiatives implemented by suppliers, particularly widespread is the adoption of the Code of Ethics and equal opportunity policies in human resource management, in addition to support to non-profit organisations. Overall, there was a greater use of the practices indicated in the dimensional growth of the company and in their geographic area of operations. Responses were contrasting in assessing the usefulness of the Bank's implementation of a system that views as positive the adoption of social and environmental responsibility tools by suppliers.

The areas in which suppliers confirm a greater commitment to managing their supply chain are pretty much in line with those they consider more important in determining the quality of relations with the Bank.

	WHAT THE BANK DID
Promote social and environmental sustainability along the supply chain	<ul style="list-style-type: none"> <li>▪ Access to the e-sourcing Portal was reopened both for habitual suppliers and those proposing their services for the first time. The online registration process includes a questionnaire which also asks for information relating to social and environmental responsibility practices. Once the system has become fully operational, the answers submitted by candidates will obtain a score which will help establish a Social Responsibility Rating, a project which is currently being implemented.</li> </ul>



#### 4.4 SHAREHOLDERS

The opening up of a more structured dialogue with associations performing share ownership activities, begun in 2010, represents a further step forward to greater transparency in the Bank's sustainability strategies, together with an opportunity to become aware of the point of view of this particular type of shareholder.

The first meeting with E.Di.Va Association - Etica Dignità e Valori - Associazione Stakeholders - Aziende di Credito Onlus, established in 2008 "to respond to the very strong demand for dignity and the rediscovery of the basic values of the credit industry" was in 2010. The organisation of a second interview with a member of the association as part of the 2011 engagement aimed to consolidate relations with this entity and to understand developments in the perception of this association regarding the Bank's capacity to adequately monitor its topics of interest.

E.Di.Va. maintained that the Bank should be committed to providing support to family businesses (e.g. business networks, internationalisation process support services) and to young people hoping to start a family and for those with newborn children.

Among the issues of interest to E.Di.Va. and among the aspects in which the association appreciates the progress made by the Group are: training policies to make employees and customers aware on CSR issues; the inclusion of CSR issues in the assessment of customer credit ratings; more space to stakeholder queries on the various reporting tools used by the Group.

The association considered that the Bank should focus its efforts on the following aspects:

- credit policies for Mediterranean countries for the growth of Italian businesses and the countries themselves;
- reporting on top management remuneration with respect to the most active officers with a commitment to narrowing the margin so as to bring a perception of temperance back to credit institutions and thereby restore credibility.

	WHAT THE BANK DID
Credit policies for Mediterranean countries	<ul style="list-style-type: none"> <li>▪ Intesa Sanpaolo is present in this area with the Egyptian AlexBank, which has always been committed to providing support to the country's economy with loans for microbusiness start-ups. In 2011 over 23 million euro was disbursed.</li> </ul>
Top management remuneration	<ul style="list-style-type: none"> <li>▪ See the page on the Intesa Sanpaolo web site: "Report on Corporate Governance and Ownership Structures, Remuneration Report" <a href="#">↗</a>.</li> </ul>



#### 4.5 THE ENVIRONMENT AND THE COMMUNITY

Ideas emerging from the interviews conducted in 2010, and in particular the importance of fruitful cooperation between the bank and NGOs to conduct impact assessments or to spread the culture in Italy, offered a starting point for defining the objectives in a new cycle of NGO engagement. For 2011 it was decided to continue consolidating the engagement already in progress by creating a new cycle of interviews with a selected sample.

The aim of the interviews was to gather information on the perception of authoritative stakeholders such as NGOs on:

- the impact of the most current issues of sustainability on Bank strategies;
- issues on which the Bank should focus.

The interviews also offered the opportunity to obtain an authoritative perception of the Bank's current capacity to monitor the most significant sustainability aspects.

In selecting the NGOs to contact for the interviews, considered first of all were the Organisations already met during the 2010 engagement, with a view to advancing the dialogue already undertaken. Among these, the selection included the main NGOs active in Italy on the more important social and environmental issues (Mani Tese, Oxfam Italia, Amici della Terra, CRBM, Greenpeace and Valore Sociale).

The series of opinions and comments gathered highlighted the social and environmental problems considered most significant by NGOs in the current context, on which the banking system – as intermediary in the growth and development of the production system – should acquire specific skills and define general lines of action.

One of the issues emerging as more important was the right to food sovereignty and access to natural resources by the 'producer' countries at risk from land grabbing phenomena and intensive farming models destined to the 'consumer' countries, which do not allow the local populations to sustain their own food, social and economic independence. Support is therefore necessary for the local farms (including smallholdings) to promote the reinforcement of agro-environmental experience on a small scale and the development of an alternative agro-food chain.

The NGOs interviewed also emphasised the importance of assessing the overall sustainability of an investment in the light of its economic, social and environmental costs/benefits, taking care also to identify possible conflicts between the social and environmental aspects. The impact of a project or technological decision, in fact, can be positive from an environmental point of view but negative in social terms, or vice versa. For the banking system, therefore, strengthening the current risk assessment systems with in-depth skills on social and environmental aspects and full study of the significant variables becomes indispensable.

Enhancement of the internal technical skills is to be hoped for in order to allow a more conscious assessment of sectors and technologies to be supported in the energy industry, with a view to a better understanding of their medium/long-term strengths and weaknesses, also regardless of the regulatory context (incentive



policies) or “speculative bubbles”. A similar impulse should be given to the development of financing products for energy efficiency, based on a fair assessment of the achievable environmental and economic benefits.

As part of the internationalisation of emerging or developing countries, paying taxes in the country to which the company “exports” its business is extremely significant. In this context, the banks should define requirements and verification mechanisms to combat tax avoidance.

	WHAT THE BANK DID
Control of social and environmental risks	<ul style="list-style-type: none"> <li>All internal departments fully implemented the policy – issued in 2010 – on adoption of the Equator Principles, a set of international standards which enable the identification and management of potential risks deriving from the projects it finances. The activities undertaken in 2011 mainly concerned the sharing and use of the internal regulations with operational training sessions dedicated to all project finance specialists. Furthermore, a process is now under way aimed at the involvement of the Group’s International Subsidiary Banks operating in project financing.</li> </ul>
Environmental investments	<ul style="list-style-type: none"> <li>In 2011, out of the total loans disbursed at Group level, 1.02% referred to loans in the renewable energy, agriculture and environmental protection sectors. The percentage relates to approximately 3.6 billion euro in Italy and around 131 million euro abroad.</li> </ul>
Environmental protection and the promotion of rural areas	<ul style="list-style-type: none"> <li>Agriventure, the Intesa Sanpaolo Group company operating in the agriculture, agro-food and agro-energy sector, provides consulting services to businesses throughout the entire agricultural chain.</li> </ul>




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