

# The value of sustainability



This booklet presents a summary of the projects and initiatives carried out by Intesa Sanpaolo with the aim of creating company value and of responding to the demands of stakeholders with whom each year we organize time for dialogue. We start from the conviction that business activity and projects capable of offering responsible solutions to the questions of our stakeholders can create sustainable value in time as well as solid foundations for our activity.

The performance and results obtained are presented according to the strategic priorities of the Group and refer to the year 2012.

Additional information is available on the Internet website [www.intesasanpaolo.com](http://www.intesasanpaolo.com)

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# Contents

<b>Identity</b>	5
Strategies and business model	6
Sustainability indices	8
Key indicators	9
Objectives and performance	10
Dialogue with stakeholders	11
<b>Sustainable growth</b>	13
<b>Productivity</b>	19
<b>Risk control</b>	25
<b>Culture</b>	31
<b>Governance and CSR</b>	35
CSR management	36
Governance	37
Remuneration	39
Contacts	41

# Letter from the Chairmen

Dear Shareholders,

The debate on sustainable development in recent years has made a significant impact on the credit and financial sector, committed to strengthening its network of ties to the society and re-establishing a climate of trust, which are the essential conditions for growth not only of communities but also of the companies themselves.

The crisis situation that has been inflicting Italy and the rest of the world for over five years now is a serious one, and the efforts that await us are still numerous.

Companies and banks will be key players in the future improvement and recovery.

Nowadays, an increasing number of citizens and customers are choosing their bank based on its reputation, its capacity to innovate and the confidence that it is able to inspire. These intangible elements provide a new measurement standard for company performance, in addition to the traditional ones.

For many years now, Intesa Sanpaolo has adopted a programme marked by social and environmental responsibility criteria in the management of all of its activities.

Many commitments and conducts are at the basis of this approach and distinguish it: the expectations of all of the stakeholders with which the Bank comes into contact must be identified and respected; growth objectives must be set by pursuing a sustainable profitability level and by controlling risks – including reputational – deriving from the company's activities; new productivity methods and plans for new initiatives and infrastructures must be established in order to sustain company productivity, maintain social cohesion and create job opportunities for young people.

Lastly, a company's success always depends on the motivation of its employees and, in particular, on their capacity to develop quality relationships with their customers and with all stakeholders.

Giovanni Bazoli

Chairman of the Supervisory Board



Andrea Beltratti

Chairman of the Management Board



# Statements by the Managing Director and CEO

## **Soundness**

“The ongoing macroeconomic uncertainty and high volatility of the financial markets continue to require constant oversight of the factors that enable the Bank to pursue sustainable profitability in the medium and long term: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations”.

## **Innovation**

“Intesa Sanpaolo is ready to give further support to SMEs, which represent the connective tissue and vital industry for the future of the Italian economy. In particular, a priority for us is to encourage the emergence of a new generation of entrepreneurs. To this end, we are particularly committed to creating an “ecosystem” for the development of a new technology-based start-up community, in collaboration with major national research centres”.

## **Community**

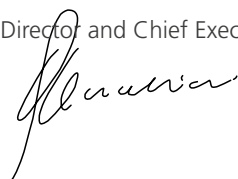
“In the areas affected by the earthquake in May 2012, in Emilia Romagna, Lombardy and Veneto, we are proud to have made a significant financial contribution thanks to the agreement reached with the European Investment Bank. Intesa Sanpaolo’s commitment will primarily be addressed towards projects devoted to rebuilding the social and economic fabric of those areas. Starting with those common assets with which a community identifies, such as schools, hospitals and public buildings generally”.

## **Environment**

“The inclusion of Intesa Sanpaolo in the Carbon Performance Leadership Index of the Carbon Disclosure Project is an important recognition of the initiatives we have taken over the past few years in order to reduce atmospheric emissions. We are very proud to be considered among some of the world’s most actively involved companies in this sector and we will continue to work with the same commitment in this direction”.

Enrico Tommaso Cucchiani

Managing Director and Chief Executive Office





# Identity

Our growth strategy aims to achieve sustainability in the generation of economic value, focusing on the financial and capital soundness aspect. In a complex scenario and a context of radical change not only of an economic nature, greater attention is paid to the social and environmental profile.

Intesa Sanpaolo considers listening and communicating with its stakeholders to be a key element in defining its lines of development. Therefore, it strives to integrate social and environmental causes in its business activities, aiming to ensure long-term sustainability of the company's results.



# Strategies and business model

## Our vision

Aware of the value of our activity in Italy and abroad, we promote a style of growth that focuses on financial and capital soundness and on the long-term sustainability of results. We aim to establish a trust-based process that stems from customer and shareholder satisfaction, from our employees' sense of belonging and from listening to the needs of communities and local areas.

## Our values

- **Integrity**
- **Excellence**
- **Transparency**
- **Respect for specific qualities**
- **Equality**
- **Values of individuals**
- **Responsibility in the use of resources**

## Our strategic priorities

- **Sustainable growth**  
We support economic growth that arises and is consolidated over time within a social context characterised by well-being of people, households and the productive sector.
- **Productivity**  
We invest in the future so that, in a scenario of limited resources, the efficiency of our company processes, the leadership skills of our managers and the motivation of our employees keep our operational basis solid.
- **Risk control**  
We assess and consider the social, environmental and reputational risks connected to our activity, in order to ensure solidity of the company and awareness in our business decisions.

## Our support to culture

Intesa Sanpaolo strives to participate in and positively impact the traditional economic drivers of competitiveness of the companies and the country where banking activities play a clear and traditionally recognisable role. Moreover, it also supports culture, as a means of cohesion and vitality of communities, which are the sustainable growth drivers on which the Bank systematically makes commitments and investments, based on an ongoing dialogue with the territories where it operates.



## The business model



The Intesa Sanpaolo Group is the largest banking group in Italy and one of the largest in Europe, founded on 1 January 2007 from the merger of Sanpaolo IMI into Banca Intesa. The Group's activities are broken down into five business units:

**Banca dei Territori** - It includes the Italian subsidiary banks and is based on a model that envisages maintenance and development of the regional brands, strengthening of the local commercial network and fostering of the relations with individuals, small businesses and professionals, SMEs and non-profit entities. This Division's activities also include private banking, bancassurance and industrial loans.

**Corporate and Investment Banking** - Its mission is to support the balanced and sustainable development of medium and large-sized enterprises and financial institutions, from a medium/long-term perspective. The Division includes M&A activities, structured finance and capital markets, as well as leasing, factoring and merchant banking, and is present in 29 countries, supporting the cross-border activities of its customers through a specialised network of branches, representative offices and subsidiaries that carry out corporate banking activities. The Division operates in the Public Finance sector as global partner for public administration and public utilities and in setting up infrastructures with specialised product teams.

**International Subsidiary Banks** - This division comprises the subsidiaries carrying out retail and commercial banking activities in the following countries: Albania, Bosnia-Herzegovina, Croatia, Egypt, Russian Federation, Czech Republic, Romania, Serbia, Slovakia, Slovenia, Ukraine and Hungary.

**Eurizon Capital** - is the leading asset management company in Italy, with managed assets amounting to 144 billion euro.

**Banca Fideuram** - is the first network of financial advisors in Italy, with 5,082 private bankers and 97 branches across the country.

Data as at 30 September 2012

### Italy

5,468 Branches

### Other european countries

1,352 Branches

6 Representative Offices

### America

2 Branches

2 Representative Offices

### Asia

5 Branches

7 Representative Offices

### Africa

200 Branches

3 Representative Offices

### Leadership in Italy based on the long-term relationship with customers

			Ranking in Italy
Loans		15.8%	1°
Deposits <sup>1</sup>		16.8%	1°
Leasing		17.6%	1°
Pension Funds <sup>2</sup>		22.5%	1°
Asset Management <sup>3</sup>		23.7%	1°
Factoring		33.3%	1°

Figures as at 31<sup>st</sup> December 2012

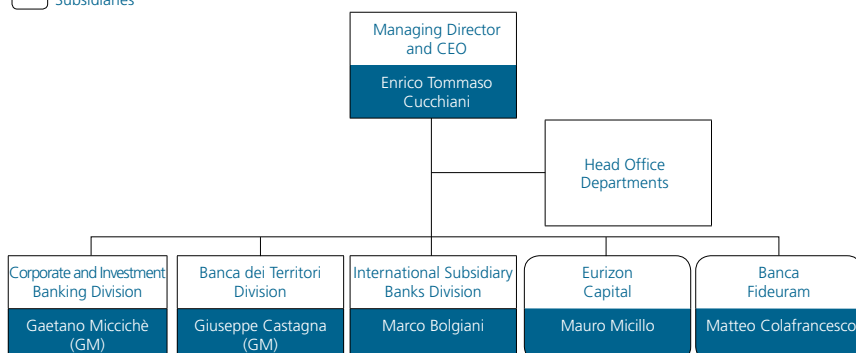
1. Including Obligations

2. Ranking as at 30<sup>th</sup> June 2012

3. Mutual funds

### Customer-oriented organisational model

- Organisational unit of the Parent Company
- Subsidiaries



# Sustainability indices

## Ranking in the indices

Intesa Sanpaolo is present in some of the major stock indices where the selection of securities is based not only on financial performance but also on conduct marked by corporate social and environmental responsibility. The sustainability criteria – monitored independently through analysis of public documents, questionnaires and direct interviews with the company's stakeholders – require companies to achieve continuous improvement in order to be included in the indices.

Intesa Sanpaolo is included in the following indices:



- DJSI World, which includes 340 companies;
- DJSI Europe, which includes 166 companies.

The Dow Jones Sustainability indices select the best companies for each sector, based on a number of sustainability parameters. The result of a company's sustainability evaluation provides an in-depth analysis of its economic, environmental and social performance, as well as of its corporate governance, with particular focus on the risks and opportunities of each sector.



- FTSE4Good Europe, which includes 291 European companies;
- FTSE4Good Global, which includes 735 companies worldwide.

The criteria for inclusion in the FTSE4Good are subdivided into three pillars: environment, social and governance. The issues examined are: environmental management, climate change, human rights, supply chain, corruption and corporate governance.



- The ASPI Eurozone index includes the 120 companies of the Eurozone with the best sustainability performance, selected based on a best-in-class approach.



- ESI Excellence Europe, which includes 114 companies;
- ESI Excellence Global, which includes 110 companies.

The Ethibel method integrates the concepts of corporate governance, business ethics and analysis of environmental, social and governance risk. The selection also includes an assessment of controversial activities (involvement in these activities does not automatically result in exclusion).



- Carbon Performance Leadership Index 2012 Global 500, which includes 33 companies;
- Carbon Performance Leadership Index Italy 100, which includes 3 companies;
- Carbon Disclosure Leadership Index Italy 100, which includes 10 companies.

The Carbon Disclosure Project selects, within the FTSE Global Equity Index Series (Global 500), the companies whose responses to the CDP questionnaire demonstrate an effective strategic approach to the issue of climate change and reduction of emissions.



- ECPI Euro Ethical Equity, which includes 150 companies;
- ECPI Global Ethical Equity, which includes 300 companies;
- ECPI EMU Ethical Equity, which includes 300 companies.

The selection method uses a set of indicators covering the following areas: production process, environmental impact, community relations, diversity management, human resources, branch activity, transparency of the financial statements and composition and governance of the Board of Directors.



- Vigeo Europe 120, which includes 120 European companies.

The range of Vigeo indices is based on a set of companies listed in the North American, Asian and European markets and included in the Stoxx 1800 benchmark, in which Vigeo covers 94% in terms of market capitalisation. The companies included in the indices are those with the highest scores according to the Vigeo method, which envisages over 330 indicators and 38 sustainability criteria.

# Key Indicators<sup>1</sup>

Consolidated economic indicators	2012	2011
Operating income [millions of euro]	17,881	16,785
Operating margin [millions of euro]	8,968	7,648
Net income [millions of euro]	1,605	-8,190
Dividend yield, ordinary share	4,06%	3,02%
Dividend yield, savings share	4,89%	3,57%
Economic value generated <sup>2</sup> [millions of euro]	14,073	12,615
Economic value distributed <sup>3</sup> [millions of euro]	11,731	14,516

Consolidated balance sheet indicators	2012	2011
Loans to customers [millions of euro]	376,625	376,974
Direct deposits from banking business [millions of euro]	380,353	360,019
Direct deposits from insurance business and technical reserves [millions of euro]	81,766	73,119
Shareholders' equity [millions of euro]	49,613	47,040
Total assets [millions of euro]	673,472	639,483

Consolidated capital ratios	2012	2011
Tier 1 regulatory capital net of ineligible instruments/Risk-weighted assets (Core Tier 1)	11.2%	10.1%
Tier 1 regulatory capital/Risk-weighted assets	12.1%	11.5%
Total regulatory capital/Risk-weighted assets	13.6%	14.3%

Social indicators	2012	2011
Customers [millions]	19.2	19.0
Complaints [no.]	103,677	104,569
No. of customers involved in customer satisfaction activities	139,187	412,500
No. of employees	95,402	97,862
Staff turnover rate [%]	-3.9	-1.8
No. of training days during the year	1,087,402	987,226
Training costs [millions]	42	36
Female management/total management ratio [%]	21.6	21.6
Donations [thousands of euro]	17,781	19,908

Environmental indicators	2012	2011
CO <sub>2</sub> emissions per employee - excluding corporate fleet [Kg]	1,037	1,055
Scope 1 emissions - independent heating and corporate fleet [tCO <sub>2</sub> ]	58,994	55,058
Scope 2 emissions - building heating and electricity [tCO <sub>2</sub> ]	54,539	57,257
Electricity consumption per employee [KWh]	5,638	5,797
Paper consumption per employee [Kg]	92	92

1. The economic indicators, balance sheet indicators and capital ratios were taken from the Consolidated Financial Statements and, therefore, refer to the scope of the Consolidated Financial Statements. The comparative figures were therefore restated where necessary to take into account changes in the scope of consolidation. The social and environmental indicators were based on the Sustainability Report reporting boundary which includes operational companies with an impact on sustainability reporting.

2. The economic value generated expresses the value of the wealth produced in the year as required by the Global Reporting Initiative, GRI-G3 guidelines.

3. The distributed economic value is the share of generated economic value attributed to the different stakeholders. For more details see the Chapter "The determination of economic value and its distribution".

# Objectives and performance

We have continued to pursue the ambitious objectives established in 2011-2013, fully aware that the operating context, highly unstable due to the global economic crisis, would present us with formidable challenges.

From a social point of view, as a consequence of the economic crisis, the scenario was characterised by a fragile labour market and by the production sector's difficulty in accessing credit. Even the effects of climate change, such as the natural disasters that once again in 2012 hit households and small businesses, had serious repercussions on an already critical social context.

Objectives	Performance
<b>Quality of relation with customers:</b>	
use of innovation as a driving force for internal processes and services offered	■
organisation increasingly targeted to customer needs	■
simplification of communication and services	■
<b>Commercial offer:</b>	
projects and services for access to credit for the most disadvantaged groups	■
support for businesses in development, innovation and internationalisation plans	■
taking part in large infrastructure projects	■
<b>Listening to, enhancement and growth of employees:</b>	
assessment systems aimed at promoting career guidance	■
improvement of the quality of life in the company	□
listening and involvement of people to foster a proactive attitude	■
<b>Environmental initiatives:</b>	
reduction of carbon footprint	■
offer of products to adopt energy from renewable sources	■
identification of risks and opportunities arising from customers' and suppliers' attention to social and environmental issues	□
<b>Long-term value and profitability:</b>	
economic value generated	■
share performance	■

■ Reached/during completion

□ Partially reached/on-going

□ Not reached

# Dialogue with stakeholders

The stakeholder engagement activities carried out starting from 2007 with the objective of defining the sustainability strategies have been integrated with the broader business activities over time. Continuous dialogue with our stakeholders allows us to understand the emerging social issues, expectations and reputational and operational risks connected to the decision of not developing initiatives in specific sectors, as well as the new business opportunities for the Bank in identifying innovative markets.

To ensure an effective and strategic engagement process, we have adopted the AA1000 standards of Accountability (Institute of Social and Ethical Accountability), international institute for research on sustainability.

Each year, the engagement process is developed in close collaboration with the internal structures responsible for dialogue within the company: the Customer Satisfaction Service for customers, Internal Communications and Labour/Management Relations for employees, Goods and Services Procurement Department for suppliers and the Investor Relations Service for shareholders. This method allows us to integrate the sustainability expectations into the analyses carried out by the structures.

In 2012, a year that saw a profound transformation of the internal organisation as well, we focused on listening to customers, employees, the community and shareholders. The analyses are then accompanied by research on the sustainability trends at the global level and by a careful analysis of the media.

Each year, we publish on our website a document describing the engagement process, the results of listening and the initiatives implemented based on the observations made.

Stakeholder	Engagement method	Issues examined in 2012
<b>Employees</b>	<p>Focus Groups aimed at colleagues from Head Office Departments, Staff offices of the Business Divisions and Trade Unions. Participants:</p> <ul style="list-style-type: none"> <li>79 colleagues selected to provide a representative sample in terms of role, seniority, age, gender and motivation level</li> <li>12 Union Representatives from the 8 Trade Unions present in the company</li> </ul>	<ul style="list-style-type: none"> <li>Assessment systems</li> <li>Remuneration policies and incentive systems</li> <li>Professional development</li> <li>Diversity management and inclusion</li> <li>Work-life balance</li> <li>Welfare and health</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Interviste telefoniche ai clienti famiglia, small business e imprese; partecipanti: 25</li> <li>Questionario on-line rivolto ai clienti famiglie, small business e imprese; partecipanti: 4.037</li> <li>Analisi di Benchmark rivolta a famiglie: 2.667 clienti di Intesa Sanpaolo, 11.440 di altre Banche o BancoPosta</li> <li>Osservatorio migranti: questionario on-line rivolto alla clientela straniera; partecipanti 1.453</li> <li>Questionario online Benvenuto Superflash: partecipanti 333</li> <li>Questionario Benvenuto per clienti over 34: 1.168 interviste via telefono o via web</li> </ul>	<p>Households:</p> <ul style="list-style-type: none"> <li>Support for households in need (suspension of mortgage payments)</li> <li>Financial inclusion of seniors, young people and immigrants</li> <li>Quality of environmental innovation products</li> </ul> <p>Small Business:</p> <ul style="list-style-type: none"> <li>Support to microbusinesses and business ideas within a crisis scenario</li> <li>Quality of environmental innovation products</li> </ul> <p>Medium Business:</p> <ul style="list-style-type: none"> <li>Agreements with trade associations for growth</li> <li>Inclusion of CSR criteria in assessing creditworthiness</li> <li>Quality of environmental innovation products</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Interview with the EDIVA association</li> <li>Interview with representatives of Fondazione Cariplo and Compagnia di San Paolo</li> </ul>	<ul style="list-style-type: none"> <li>Employees' enhancement</li> <li>Quality of customer relations</li> <li>Support for family businesses</li> <li>Credit policies for young customers, new households and birth rate</li> <li>Support for businesses: innovation and aggregation of SMEs</li> <li>Support for cultural projects</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Telephone interviews with a number of NGOs specialising in Human Rights issues. 3 representatives interviewed</li> </ul>	<ul style="list-style-type: none"> <li>Countries and sectors at risk of human rights violations</li> <li>Stakeholders that may, more than others, be subject to negative impacts</li> <li>Policies, indicators and monitoring systems that are appropriate for a Bank</li> </ul>



# Sustainable growth

The ability to create value and economic stability over time is the challenge that companies must face in the current economic crisis. For a financial intermediary, this demand for growth can only be met through projects that have been created with the objective of strengthening the relationship of trust with the territory, its people and the productive sector.

Intesa Sanpaolo pursues growth objectives that contribute to increasing the wellbeing of families and competitiveness of companies, maintaining social cohesion and creating job opportunities for young people: projects, initiatives and infrastructure to create economic, social and environmental value for everyone.



## FINANCIAL INCLUSION OF YOUNG PEOPLE:

Intesa Sanpaolo's young customers in Italy amount to a total of 1.6 million. In 2012, over 230,000 young people became our customers.

## HOUSEHOLD PLAN:

Over 11,000 households took advantage of the moratorium, for a residual debt of 865 million euro.

## IMMIGRANTS:

In 2012, approximately 140,000 immigrant families became customers of Intesa Sanpaolo (20% of new acquisitions).

## BANCA PROSSIMA:

Approximately 22,000 customers (+32% compared to 2011)  
Deposits of 4.3 billion euro, loans of 1.5 billion euro and uses of approximately 1 billion euro.

## Support for families and financial inclusion

Development of the product mix focused particularly on the very young, for whom special subsidies and dedicated promotion were arranged to facilitate their approach to the world of banking and allow easier financial inclusion. With the "Superflash" product, the net flow of new customers since the beginning of the year has been 230,000 young people. Superflash is the umbrella brand for customers in the 18-34 age range with dedicated services, special initiatives and its own website and branches. The offer includes facilitated access to transactional, insurance and financial products. A mortgage with special rates and a free insurance policy for workers on non-standard contracts which obliges the insurance company to pay the monthly mortgage payments in the event of job loss.

With the objective of supporting families in need and instilling customer loyalty, Intesa Sanpaolo ensured continuation of the "Household Plan" promoted by the Italian Banking Association and the major consumer associations, which allows the suspension of home mortgage repayments for 12 months. In July 2012, Intesa Sanpaolo also adopted the new memorandum of understanding "Household Path", which promotes the implementation of joint actions aimed at modifying and renewing the existing measures, such as the "Fondo di Solidarietà mutui prima casa" (Solidarity Fund for first home mortgages) and the "Fondo nuovi nati" (Solidarity Fund for newborns), in order to achieve a harmonised series of subsidies for households (home purchase, birth of children, their education, etc.). As of December 2012, over 11,400 mortgages had taken advantage of the moratorium since 2010, for a residual debt of 887 million euro. Intesa Sanpaolo also worked alongside the families and economic operators impacted by the earthquake in Emilia Romagna and by the floods that affected Tuscany, Umbria and Alto Lazio. In total, 350 million euro were allocated with particularly favourable terms to finance the restoration of homes and buildings hit by these natural disasters, accompanied by the suspension of payments on existing mortgages and loans.

With the aim of expanding the product mix for immigrant customers, which amounts to over 760,000 (over 8% of the individual customers in Italy), and encouraging integration and inclusion, Intesa Sanpaolo further developed the money transfer service established after the agreement signed with Western Union in 2011: with a lower transfer commission, the new Next Day service allows money to be sent to a number of countries in 24 hours. The last quarter of 2012 also saw the introduction of the Express to Family service which, as a result of bilateral agreements with a number of the Group's banks abroad, allows money to be sent at the same cost as a credit transfer in Italy. The service is also available to non-customers performing the transactions in cash at rates that are still convenient. In 2012, approximately 140,000 foreign families began dealing with Intesa Sanpaolo (20% of the new household customers acquired).

## Our commitment for the Third sector

At the end of 2012, Intesa Sanpaolo had approximately 50,000 customers in the lay and religious non-profit sector, with over 2.1 billion euro in loans and 6 billion euro in deposits (direct and indirect). These numbers, along with the projects developed and the offer dedicated to the non-profit world, demonstrate the vitality of Intesa Sanpaolo's relationship with a sector of great social and economic importance (650,000 employees, 5.5 million volunteers and revenues of approximately 4.5% of GDP), in a context that is recording a growing decline in public intervention in terms of welfare. Since 2008, our presence in the sector has been predominantly through Banca Prossima, which has been the only rating provider for all non-profit counterparties of the Group since 2011. Banca Prossima had 22,000 customers at the end of 2012 (+32% compared to 2011), two-thirds of which new, approximately 4.3 billion euro in deposits (nearly 1 billion direct) and 1.5 billion euro in loans (of which approximately 1 billion used). In 2012, Banca Prossima created a specialised sales structure for this segment, with the objective of improving relations with religious orders and communities. Among the many initiatives, it developed the "Fondazione per l'Innovazione del Terzo Settore" (FITS!) (Foundation for the Innovation of the Third Sector), which does not have disbursement functions but is responsible for selecting, combining and linking the various players able to provide services for sustainable development of the sector.



## Environmental products and services

Intesa Sanpaolo has developed a wide range of financing products for households, businesses and public entities to encourage energy efficiency and the use of renewable energy. Through targeted investments and project financing, it takes active part in the construction of plants for the production of energy from renewable sources. It also undertakes strategic investments in leading Italian companies in the renewable energy sector and supports Start-ups working on innovations in the environmental field.

Of significant interest in 2012 was the financial partnership of Leasint, company of the Intesa Sanpaolo Group, and Su SCioffu, resulting in the creation of the world's largest photovoltaic greenhouse, with 20 MW of power, able to satisfy the annual requirements of approximately 10,000 homes and avoiding 12,000 tonnes of carbon dioxide emissions. Intesa Sanpaolo developed advisory services in the environmental field as well, covering both credit and advisory services with respect to new technological trends. In 2012, Mediocredito Italiano's Energy Desk assessed electrical generation, co-generation and generation-thermal recovery projects, mainly involving photovoltaic sources, biomasses and hydroelectric power, with the total amount of loans requested amounting to approximately 1.1 billion euro and 513 MW of new installed power. Another key service established with the objective of creating synergies between the Bank, businesses and market demands is the IMPRES@MBIENTE portal which contains, in addition to the green products and services offered by corporate customers, information and sector studies, news updated daily and a summary of the products and services offered by Intesa Sanpaolo in favour of the environment. This is the first initiative of its kind in the banking world: approximately 12,000 visitors viewed the issues of the green offer in 2012, which currently involves about 200 customers.

## Proximity to production

The economic crisis has highlighted the weaknesses of the Italian entrepreneurial system: its small size and consequent difficulty in innovating and entering foreign markets, access to credit and collection difficulties. For several years Intesa Sanpaolo has developed a project involving dialogue with SMEs to maintain the vitality of its relations with the community and to act as partner on the path to overcoming the crisis.

The areas of action have focused on the issues of growth in size, support for the creation of business networks – forms of company aggregation to create synergies – human resources, energy efficiency and environmental sustainability, innovation and internationalisation.

## Agreements with the key trade associations

In November 2011, a new and important agreement was signed with Confindustria Piccola Industria, which followed the mutual project launched in 2009. The objective was to use operational tools to support the recovery and growth of small and medium-sized enterprises, also through enhancement of the specific local characteristics. The agreement provides members with a credit line of 10 billion euro to invest in strategic areas to support the competitiveness of Italian businesses.

Also important was the signing in 2012 of the "New measures relating to credit for SMEs", the institutional agreement that provides the option of suspending mortgage and leasing repayments, extending mortgages, bank advances and leasehold property loan due dates, and the granting of loans related to increasing the equity achieved by small and medium enterprises. As of December 2012, over 19,600 applications for the suspension and extension of payments on the principal amount of loans were approved, for a residual debt of over 6.3 billion euro.

In support of the building industry, particularly hard hit by the economic crisis, Intesa Sanpaolo also signed an agreement with the National Association of Construction Companies which provides member companies with a credit line of 2 billion euro to develop construction projects, with specific focus on enhancing the value of and renovating existing real estate assets.

From 2007 to 2011, Intesa Sanpaolo financed 37.5% of the green investments in Italy (approximately 7.5 billion euro).

Leasint maintains its position as leader in the sector of renewable energy financing in Italy, accounting for over 46% of the market (+6% compared to 2011).

## BUSINESS NETWORKS, A NEW FORM OF AGGREGATION:

Intesa Sanpaolo offers targeted financial and advisory services. A National Observatory and Regional Laboratories were created to work alongside businesses and identify aggregation potential in the specific local contexts.

## Innovation, research and development

Intesa Sanpaolo strives to support customer companies as they grow and internationalise, choosing technology as the driver to generate sustainable change in the system. Our offer includes financing, assistance and advisory services through specialised dedicated structures. Our lines of action aim to build a distinctive network of partners to ensure businesses have access to exponential technologies, facilitating the opportunity to invest in innovation and to give rise to technology-related deals.

### Nova+:

The R&D financing programme for Italian businesses has disbursed a total of over 1.2 billion euro since its inception, for approximately 800 projects since November 2008.

### Technological Opportunity Proposal:

Over 350 investment opportunities offered to the top 60 Italian and European companies.

### Start-up Initiative:

Of around 1,700 start-ups involved, 450 took part in training courses and 330 met with over 4,000 Italian and international investors.

### Eurodesk:

Participation by Intesa Sanpaolo in the Enterprise Europe Network (EEN), the largest assistance services network for the competitiveness and innovation of SMEs.

The **Nova+** financing programme supplements the traditional credit rating analysis with a technical and business assessment of the investment plans, conducted by a Mediocredito Italiano team of engineers specialised in the various product sectors which makes use of partnerships with a number of reputable Italian universities to assess the technological risk of the more complex and ambitious projects. Over 290 loans for almost 370 million euro were disbursed in 2012.

A specialised **Technological Opportunity Proposal** desk is dedicated to large businesses, presenting corporate customers with investment opportunities in companies producing innovative technologies and which are in the growth phase. In 2012, the field of specialisation was expanded from Cleantech to the ICT and Media sectors, involving 60 of the leading Italian and European companies. Approximately 350 investment opportunities were sent to the customers involved, after an analysis of over 2,000 target companies. This initiative therefore enabled our customers to conduct no less than 90 meetings with the proposed companies, aimed at concluding commercial agreements or joint research projects.

In order to create business development and acceleration opportunities for the most promising technological start-ups, we also launched the **Intesa Sanpaolo Start Up Initiative**: a structured and continuous process of research, training, selection and presentation to investors of high-tech start-up companies. In three years it has reached 50 editions, increased the number of countries, technologies and business sectors, and developed partnerships worldwide with the Global Venture Competition of Berkeley University and in Italy with the Università Cattolica/Altis and the San Michele Valore Impresa association. Of around 1,700 start-ups involved, 450 took part in training courses and 330 met with over 4,000 Italian and international investors. For the businesses, these meetings generated more than 2,000 statements of interest from potential investors, achieving 55 "success stories" among the companies they met.

In May 2012, the **Fondazione Ricerca e Imprenditorialità** was launched with a number of leading Italian industrial groups (Telecom Italia, Enel, Finmeccanica) and top research centres (Italian Institute of Technology (IIT), Fondazione Politecnico di Milano, Scuola Superiore Sant'Anna di Pisa), in order to support the growth of companies in the high-tech sectors, through entrepreneurial training, development and tutoring.

**IntesaSanpaolo Eurodesk** is the Intesa Sanpaolo Group company based in Brussels and Milan which provides assistance and advisory services to companies wishing to access European Union financing opportunities, with a particular focus on research and development and technological innovation. The company also acts as partner in the research and innovation projects financed by the European Commission, so that Intesa Sanpaolo takes part in the project ideas right from the initial stages of development and is able to better evaluate the relative risks and potential. This activity aims to facilitate the dialogue between the financial, business and academic world.

In 2012, among other things, it provided support for Intesa Sanpaolo's participation in the Enterprise Europe Network (EEN), the largest assistance services network for competitiveness and innovation of SMEs, established in 2008 by the European Commission's Directorate-General for Enterprise and Industry.

## Quality of relationship with customers

Gaining customers' trust and knowing their level of satisfaction, expectations and needs are key to our business. With this objective in mind, Intesa Sanpaolo launched the SElok Programme to measure and improve the quality of branch services.

### The SElok quality management system

SElok stands for "Intesa Sanpaolo System of Excellence", a process management system designed to constantly improve customer service. The portal monitoring the quality of service provided at branches was developed between 2010 and 2011 with the fine-tuning of 36 quality indicators. In 2012 the indicators recorded a gradual improvement in quality and an increase of more than 18% in the overall average results compared to similar readings in 2010/2011.

### Customer satisfaction surveys

In 2012, Intesa Sanpaolo also carried out surveys on the level of customer satisfaction with the Group's banks (Branch Customer Satisfaction) as well as a survey on the account holder population in Italy (Benchmark Survey).

The Branch Customer Satisfaction survey, completed by around 68,000 telephone interviews with individual and small business customers, recorded positive levels of satisfaction for these segments.

The benchmark survey, ongoing for around ten years now and for which over 14,000 individual Italian customers have been interviewed (of which 2,667 of the Intesa Sanpaolo Group and 11,440 of other Banks or BancoPosta) indicated an overall "rationale" and a "propensity to recommend its own bank stronger than that recorded in 2011: the NSI (Net Satisfaction Index) increased from 44 to 53, while the index indicating the propensity to recommend its own bank or IPS (Intesa Sanpaolo Promoter Score) rose from 28 to 35.

Even with respect to its large corporate companies, Intesa Sanpaolo has been implementing listening and dialogue initiatives for a number of years now, in order to understand the true needs of its customers and share the challenges and opportunities along the path to mutual growth. In 2012, two surveys were conducted on over 1,400 companies by specific product type and service. The response rate was 27% online and 69% via phone. Customers demonstrated a strong willingness to open ongoing contact with the bank: approximately 59% of customers interviewed were willing to be contacted again for further information on improving the quality of services offered.

### The Contact Unit and complaint handling

Quality of service means the capacity to listen to customers in order to satisfy their requests for clarification on products and services, to work alongside them in difficult situations or to identify timely and transparent solutions in terms of complaints. These are the objectives of the Contact Unit Service, which can be contacted through a toll-free number, and of the Customer and Complaints Service. New online channels of dialogue were also added: the Customer Service Facebook page and the Superflash site, where it is possible to request information on initiatives for young people.

The number of complaints in Italy showed a slight decline in 2012 (-2.6% compared to 2011) and the amount of time required to handle complaint letters also declined further.

### The customer satisfaction culture at the International Subsidiary Banks

2012 saw the continuation of the "Listening 100% Education Programme", the project designed to raise the awareness of colleagues at the International Subsidiary Banks on customer satisfaction improvement.

The new phase of the Education Programme aimed to consolidate awareness on the strategic importance of customer satisfaction and the more important results achieved, the dissemination of best practices and the generation of new ideas for creating a unique and positive customer experience among International Subsidiary Bank customers. The adopted approach saw the involvement of all levels and roles within each bank with specific events arranged according to top-down logic: Empathic Design Event for the central offices, Improvement Leadership Event for the regions and Cascade for the network personnel.

SElok, the quality management system for in-branch services, recorded a gradual improvement in quality in 2012, with an average overall increase of over 18% compared to the corresponding survey in 2010/2011.

CUSTOMER SATISFACTION SURVEYS: in 2012, nearly 72,000 customers were surveyed in order to measure the level of satisfaction with respect to Intesa Sanpaolo products and services in Italy.

1 - NSI= Net Satisfaction Index, equal to the percentage satisfied (rating of 8-10) less the percentage dissatisfied (rating 1-5).

2 - IPS= Intesa Sanpaolo Promoter Score, equal to the percentage of promoters (giving a rating of 8-10 in relation to the probability of recommending the bank) less the percentage of detractors (rating 0-5).



# Productivity

Intesa Sanpaolo is committed in its belief that despite the critical economic scenario, new opportunities for growth arise from greater efficiency and productivity. Social and environmental responsibility offers new opportunities in this realm as well: innovation in processes, careful management of energy resources, development of a culture of excellence and motivation of people who work at Intesa Sanpaolo are key factors in this belief.



## Operating efficiency

For a number of years now, Intesa Sanpaolo has devoted further attention to achieving objectives of greater simplicity and innovation, in order to encourage better customer service and higher internal efficiency throughout the organisation. With their experience and suggestions for operational improvement, employees are the key participants of the “**Ascolto Rete**” project, which has involved over 10,500 colleagues since 2009. In 2012 alone, some 3,650 suggestions were received and 175 initiatives for streamlining processes approved.

In order to offer customers a new method for relations with the Bank, complementary to and in synergy with the branch, the “**Offerta Fuori Sede**” (Out-of-branch offering) project was launched: a commercial advisory and development service provided at the customer’s home or workplace. The “**Banca Estesa**” (Extended Bank) project was launched at the beginning of 2013 in order to make the Bank’s branch services and advisory support available to customers in branches at extended business hours. The first 93 branches were activated in January and another 242 branches were activated from 25 February until the beginning of April, on a weekly schedule.

The “**Filiale Paperless**” (Paperless Branch) project was also implemented with the objective of simplifying branch operations and reducing the amount of paper produced and filed, with a significant economic and environmental impact. In approximately 5,500 branches, some 10.8 million customers now sign for transactions with an electronic signature on a tablet, replacing the traditional paper slips. This has led to a reduction in paper consumption of approximately 337 tonnes, with a consequent reduction in CO<sub>2</sub> emissions of over 600 tonnes.

A complete overhaul of the **credit processes** for small business customers was completed during the last year as well, reducing the required documentation and streamlining the internal procedures. The average response times for credit facility applications decreased by more than 50% overall. An innovative process dedicated to cases involving small amounts allows a decision to be made on the credit facilities normally within 2 business days (almost 20% of cases were decided in just one day).

A number of trends in the small business segment during the period confirm the positive signs: total cumulative medium/long-term loans and Credit Guarantee Consortia short-term loans grew by 585 million euro during the first half of 2012, and default rates are systematically lower compared to the ordinary process. Customer satisfaction is confirmed by the relative indices, which show significant improvement as a result of the reduction in response times.

## Energy efficiency and reduction in CO<sub>2</sub> emissions

A number of years ago, with the aim of responsibly managing the environmental and energy impacts related to its business, reducing its environmental impact and cutting costs, Intesa Sanpaolo adopted an Environmental Management System in 189 sites distributed throughout Italy (in accordance with UNI EN ISO 14001) and, from April 2012, became the first Italian bank to adopt an Energy Management System (in accordance with UNI CEI EN ISO 50001).

Thanks to the quality procedures of this System and to implementation of the “Sustainable Energy Action Plan in Italy 2009-2013”, a total economic savings estimated at over 48 million euro was achieved from 2009 to 2012.

Among the various initiatives, which include interventions to optimise the management of technological systems and significant electricity savings obtained by the remote switch-off procedure for almost all PCs at the branches during the night and holidays, a policy was adopted to gradually replace all office equipment with more energy-efficient models. Implementation of this policy has generated a cumulative reduction in electricity consumption of 18.8 GWh since 2008.

The Action Plan pays particular attention to the renovation and new fit-outs of the branches and buildings. The measures implemented over these last few years, mainly involving replacement of the condensation boilers, heat pumps and high-performance refrigeration units, as well as replacement of the windows with low-E glass, enabled the Group to take advantage of total tax deductions of approximately 16.1 million euro from 2008 to 2011. The most significant interventions include the renovation of the Moncalieri technology hub, upgraded

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from energy class “E” to “C”, and the new “Gallerie d’Italia” Museum in Piazza della Scala, Milan, which as a result of the new air conditioning and lighting systems will offer an annual savings of around 550,000 kWh of electricity and approximately 90,000 m3 of gas.

Of particular interest is the construction of the first “Filiale ad energia quasi 0” (Almost zero energy branch) inaugurated in June 2012 in Marghera, Venice, which in addition to self-production of electricity from photovoltaic plants, envisages a series of actions to reduce the property’s energy consumption (insulation of building exterior including insulated windows, geothermal heat pumps and low-energy lights), leading to a 50% reduction in electricity consumption and zero consumption of gas for heating.

For some time now, in order to reduce CO<sub>2</sub> emissions, the Intesa Sanpaolo Group has used power generated from renewable sources for 95% of its consumption in Italy (over 165,000 tonnes of CO<sub>2</sub> emissions avoided per year). The Group also constructed a number of photovoltaic plants in key Italian sites: 330 MWh of electricity were produced during the second half of the year, following an investment of approximately 1.7 million euro. This decision was key in the pursuit of a reduction in the ecological footprint, considering that the electricity consumption of the Intesa Sanpaolo Group corresponds to that of a modern city of approximately 500,000 inhabitants.

## Leadership and management quality

### Culture of excellence

Intesa Sanpaolo strives to attract the best professionals and develop the leadership capabilities of its employees, who are committed to achieving the company’s objectives on a daily basis: creating value for customers, shareholders and the community in which the Bank operates.

Employer Branding strategies are implemented thanks to constant cooperation with the main Italian universities and business schools, with stories and participation in classes by the Bank’s managers, to a widespread presence across the territory by participating in career day, and to the assignment of scholarships to enhance the academic journey of young talents.

Individual motivation, the enhancement of diversity and the setup of “high-potential communities of talent” are the distinguishing features of the “ON Air” professional development model adopted by the Bank in 2011. Important goals were achieved in terms of enhancing individual motivation, thanks to the self-nomination method: some 6,000 colleagues of three areas of the Banca dei Territori Division participated in the pilot phase. In 2012, 45.2% of employees in the Head Office Departments decided to face the challenge in submitting their candidacy for enhancement paths. The Emerging and Talent communities, differentiated by age, implement personalised growth programmes dedicated to the young managers of the future and envisage training courses in collaboration with SDA Bocconi School of Management: nearly 200 colleagues participated in the Master’s Degree in Banking & Business Administration and in the Executive Program in Banking Management.

Many initiatives involve managers of the Group, for the development of innovation, international vision and the capacity to face an increasingly complex scenario. Among these, mention goes to the ETHOS project, in which 140 managers participated: a management development process that aims to combine ethical values and business obligations, increasing the quality of decision-making processes. In terms of enhancement of differences, the Training Department launched initiatives regarding female empowerment and a type of management promoting gender, age and culture diversities.

Also worthy of mention is the Singularity University, set up in Silicon Valley with support from NASA and Google. This is a new university concept which, as a result of the potential offered by exponentially developed technologies, proposes to find solutions to the enormous challenges faced by the human race (water, diet, climate change, sustainability, etc.). After an initial experience that saw the involvement of more than 70 managers, the initiative was opened up to a number of large companies with a one-day seminar in which Intesa Sanpaolo customers had the chance to learn of the opportunities offered by exponentially developed technologies and their impact on society in the years to come.

The first “Filiale ad energia quasi 0” (Almost zero energy branch) in Marghera, Venice, was equipped with a system for self-production of electricity from photovoltaic sources and actions to reduce energy consumption. Electricity consumption decreased by 50% and consumption of gas for heating was eliminated.

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One million days of training, involving nearly 86,000 employees in Italy and abroad. These are significant figures, constantly accompanied by results showing the effectiveness of training.

Significant professional and individual interest by colleagues in environmental issues. From 2010 to date, over 89,000 accesses to the training modules available on the "Ambientiamo" platform.

### **Disseminating culture and fuelling innovation**

Intesa Sanpaolo training is increasingly designed to develop innovative methodologies and has specifically focused on chances to measure the effectiveness of its activities through the pilot introduction of an analysis of the "Return on Expectations" concept, which allows monitoring the results achieved and the economic return on training projects.

Amongst others, this methodology was applied to a team building project for employees in the staff organisations in Emilia Romagna, Marche, Abruzzo and Molise. The aim was to increase interaction skills among staff of the regional banks and to improve results in Foreign, Tourism and Agribusiness areas. Results in relation to growth in volumes and the acquisition of new customers were achieved in all these three areas.

The new "Learning Experience Design" protocol was applied extensively in 2012, the guidelines of which allow educational initiatives to be transformed into a learning experience that goes beyond the classroom, optimising resources and results: it focuses on an integrated approach, identifying real training needs and the planning of post-training commitments. This protocol was applied, among the many, to a project that involved 130 Branch Managers of a number of Italian regions, with a course aimed at improving skills in the management of employees. Each participant was able to complete the course upon drafting a list of management commitments to be implemented with the supervision and support of the Human Resources Department, aimed at maximising integrated effectiveness.

The training legally required by the ISVAP legislation was also conducted with a strong educational slant and with complex training products (online tips, communities, webinars, forums, etc.), which ensured very high effectiveness and a significant reduction in direct and indirect costs.

### **Environmental culture**

Environment is a strategic issue that involves all the operational areas of the Bank, in order to reduce the environmental impacts of a company located throughout the entire country, as well as to contain the costs of using energy and natural resources like water, improve the management of waste and reduce the consumption of paper and material. Consequently, the Ambientiamo training project was launched in 2010 and has become a true virtual container of "online objects" on environmental learning since then. The intranet page is always available and includes the section "Mobilityamo", fully dedicated to disseminating culture and good practices on the topic of sustainable mobility. Among other things, Ambientiamo also offers social networking tools: in fact, in "Ecopost", colleagues can exchange information and share knowledge on "green" topics of interest.

Colleagues in the Branches certified according to the Environment and Energy System have access to an ad hoc course that illustrates the bank's commitment on the environmental issue and which explains in detail the specific procedures of the Management System. Suppliers working with the certified Branches are also trained on the procedures adopted by Intesa Sanpaolo and in turn agree to raise awareness on the issue among their own employees.

The environmental issue is fundamental for a Bank both to reduce its ecological footprint and, in particular, to manage credit granting activities, even where the risk of a creditworthiness assessment that does not consider environmental and social impacts could lead to operational and reputational risks.

Since 2007, Intesa Sanpaolo has adopted the Equator Principles, sustainability guidelines of the World Bank applied to project finance transactions, such as large facilities like energy plants, oil refineries, mines, and transport and telecommunications infrastructure. The operating Guidelines for implementation of the principles into the credit processes of Intesa Sanpaolo were distributed with various communications initiatives and a specific training course dedicated to project finance specialists, with sessions held between 2011 and early 2012 at the offices in Milan, Rome, London, New York and Hong Kong.



## Cohesion and productivity

Intesa Sanpaolo faced problems in the overall international economic scenario by taking action in terms of internal cohesion and the search for solutions in agreement with the Trade Unions. The guidelines, already adopted by the collective labour agreement, concerned the recovery of profitability, growth of productivity, support for employment and enhancement of generational solidarity, together with a sustainable pay policy.

One of the key phases of this approach was the signing with Trade Unions of the Employment and Productivity Protocol, which introduced a series of solutions to improve productivity and increase corporate efficiency, also through greater flexibility of services and working hours as a condition to meet the European sector standards. The extension of branch hours was particularly innovative for the sector and has already been applied in a significant number of branches.

Cost measures were identified in order to limit the impacts on employees: block on overtime, use of residual leave and reduction of service by 4 to 6 days in total over a 3-year period. This combination of measures enabled the achievement of employment objectives: 12,000 recruitments since 2007, almost all of which young people.

With a view to promoting Group welfare, the company bonus was disbursed as a result of an innovative understanding that envisages a form of "Company Social Bonus" allowing the company to reimburse integrated health services and/or supplementary welfare benefits also in favour of family members and for children's education, without prejudice to the option of requesting payment of the bonus in traditional format (included with salary).

Integrated health services, with over 200,000 members and contributions and services for over 100 million euro per year, and the private pension scheme with approximately 100,000 members and annual contributions of approximately 500 million euro, are the historic pillars of proximity and cohesion through the values of solidarity, mutuality and sustainability as an opportunity for strengthening the Group's identity.

The company welfare system, which represents approximately 5% of the Group's staff costs, is significantly integrated with the People Care and Mobility Management services, which implement measures to support employees and their families, acting on the key factors to balance private and professional life, also in terms of diversity management: over 25,000 users registered on the various platforms benefit from socially useful and sustainable mobility services.

The most significant balancing initiatives in 2012 included the launch of the "Welcare Family" project, a multichannel service also accessible from home and which provides information and services on home care and support and management of bureaucratic, administrative, welfare and tax procedures at discounted rates or for free. A number of initiatives are in place to support families and children's services, ranging from company crèches (in Milan, Florence, Naples and Turin Moncalieri) to socially useful products and services for the children of employees.

The recent Agreement signed with the Trade Unions to create the new Group Recreation Association – which will be operational from 1 January 2014 – will allow a process of standardisation, enhancement and dissemination of the best experiences for social and cultural growth and provision of services to individuals.

### PROXIMITY AND COHESION:

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# Risk control

It is now evident that global events such as climate change, labour protection, the safeguarding of human rights and the implementation of policies against corruption are increasingly significant, not only for the wellbeing of the community but for the proper operation of companies and markets as well.

In the assessment of risks, Intesa Sanpaolo strives to include environmental and social variables in activities involving the relation with customers, our employees, the community and suppliers.



## Control of social and environmental risk in the governance process

The Control Committee, reporting to the Supervisory Board, also supervises social and environmental risks, in accordance with the principles and values of the Code of Ethics. It receives a regular report drawn up by the Corporate Social Responsibility Unit – based also on information gathered by the Internal Audit and Compliance Departments – on the outcome of controls, internal processes of adjustment by each corporate unit, the management of corrective actions and anomalies and non-compliances which are deemed to be serious.

During 2012, the new Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, approved by the Management and Supervisory Boards, added environmental offences as a sensitive area, recognising that the crimes under the environmental legislation imply an administrative liability by entities and, consequently, an indirect responsibility of the Bank with respect to the actions of its customers.

Intesa Sanpaolo monitors this risk in its major projects through the Equator Principles assessment process and is working on other internal credit processes in order to apply more stringent assessment criteria and more effective operating methods in the management of environmental risks connected to the disbursement of loans to all production customers.

## The fight against corruption and regulatory compliance

The Code of Ethics, the Internal Code of Conduct and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 are the internal regulatory sources that enable mitigation of the risk of corruption.

In reference to the risks of administrative liability introduced by the Decree, the Compliance Department guarantees the existence of operating rules, procedures and practices to effectively prevent violation or infringement of the regulations in force. It also provides support to the Surveillance Body in monitoring.

The Compliance Risk Assessment process conducted annually in order to identify residual risk and prioritise mitigation measures evaluates the level of existing controls.

The Internal Audit Department provides direct support to the Surveillance Body in monitoring respect and adequacy of the rules contained within the Model. If any critical issues are identified during its activities, it notifies the relative department in order to implement the appropriate mitigation measures.

Special emphasis is also placed on training initiatives. In 2012, a new remote learning course was introduced, along with various classroom initiatives for employees who work with Public Administration, as well as for company executives.

## Management of reputational risk

The Group places great importance on reputational risk which, within the legal framework under the responsibility of the Compliance Department, is assessed within the system overseeing the risk of non-compliance, with the conviction that respecting standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust.

### CSR and reputational risk

Through its Code of Ethics, Policies, Sustainability Report and adoption of international standards, Intesa Sanpaolo has voluntarily undertaken commitments towards its stakeholders: any failure to comply with these commitments exposes the Bank to reputational risk. For this reason, specific tools have been developed to monitor the quality of the relationship with stakeholders in terms of effectiveness of projects and activities carried out and accounted for in the Social Report and the efficiency of organisational processes aimed at ensuring continuity in implementing the principles of the Code of Ethics.

Two assessment dashboards have been created by applying the methods of companies specialised in these areas: AccountAbility (AA1000 standards), which defines the purpose, method and techniques of stakeholder involvement in

**TRAINING TO PREVENT CORRUPTION:** over 212,000 hours of training were provided in 2012, more than double the 2011 figure.

corporate activities, and Vigeo, the largest European agency for the analysis of financial commitment that evaluates the effectiveness of the company in terms of social responsibility.

The dashboard findings provide a clear picture of risks and opportunities arising from commitments made by the Bank to its stakeholders, permitting the definition of improvement objectives based on objective criteria and development of a plan for continuous monitoring of the priority areas.

## Management of social and environmental risks in loans

Intesa Sanpaolo adopts the Equator Principles, a set of international standards issued in 2003 by a group of 10 banks which, based on the World Bank's criteria for the protection of natural resources, health and human rights, cultural property and biodiversity, provide the tools to identify, assess and manage the potential risks deriving from the projects it finances. The Principles are applicable to the financing of projects with a capital cost equal to or greater than 10 million U.S. dollars and provide their categorisation based on three levels of risk (A, B and C, where C is the lowest risk).

Assignment of the level is impacted by variables such as the country's social-environmental characteristics, the business sector and the specific characteristics of the project in question.

According to the evaluation process adopted by the Bank, the Credit Department resolves to issue a loan on the basis of financial as well as social and environmental considerations. A poor assessment of the latter could, in fact, increase the exposure to credit risk deriving, for example, from an interruption in operation of a plant or from the payment of fines and penalties by the customer as a result of environmental damage, or even from the large investments required in order to prevent damage in the future.

The Bank strongly encouraged the Principles implementation process by issuing specific Operating Guidelines in 2010 and organising training sessions for Project Finance specialists at the Italian headquarters (Milan and Rome) and foreign offices (London, New York and Hong Kong) operating in this field. To understand the extent of the risk screening activity, consider that since 2007, there have been 234 requests for loans assessed based on the Equator Principles.

In 2012, the International Subsidiary Banks Division issued the Rules for Implementation of the Equator Principles, which will gradually be implemented and adopted by the individual International Subsidiary Banks active in the project finance field. In order to guarantee consistency at Group level, an engagement path for Banks was launched by means of a series of seminars on application of the Principles and on the approach adopted by the Parent Company.

Since 2007, 234 applications for loans have been assessed based on the Equator Principles of the World Bank.

Sector	A	B	C	N.A. (*)	Total
Oil&Gas	1			3	4
Petrochemical		2			2
Wind power		1	7	1	9
Hydroelectric power	1				1
Photovoltaic energy			10	1	11
Biomass energy			1	1	2
Energy	1	1		1	3
Infrastructures	1	5	4	4	14
Other	3	1			4
Total	7	10	22	11	50

\* category not assigned because the project is in the preliminary phase

## Environmental and social screening process in project finance with application of the Equator Principles

Application	Project review	Approval and covenants	Reporting
<ul style="list-style-type: none"> <li>▪ Request for preliminary information</li> <li>▪ Project categorisation and identification of applicable requirements</li> <li>▪ Assessment of reputational risks</li> <li>▪ Information to customers on application of the Equator Principles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assignment of due diligence</li> <li>▪ Coordination of due diligence</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project approval</li> <li>▪ Definition and monitoring of covenants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Periodic reporting</li> </ul>

Authorised transactions in the arms sector have progressively decreased over the years, dropping down to essentially zero in 2011.

### Arms sector

The sensitive sectors monitored carefully by the Bank include that of production and sale of military weapons, which is viewed as particularly important. In fact, it is a complex and controversial issue and Intesa Sanpaolo decided to handle it with a restrictive internal policy since 2007. All transactions involving the import and export of weapons authorised under Law 185/90 have been suspended, with definition of the operating methods to be following in managing the disbursement of loans and other financial services to companies in this sector. Intesa Sanpaolo has also specified certain particularly controversial sectors with which it intends to refuse business, particularly those relating to controversial arms and/or arms banned by international treaties, such as nuclear, biological and chemical weapons, cluster and shell fragmentation munitions, weapons containing depleted uranium and anti-personnel mines.

Actual application of the policy envisages a number of exceptions, in order to take into account the interests of national defence, as well as with a view to integrated European defence. A decision was therefore made to support existing inter-governmental programmes in countries that comply with democratic principles and to authorise imports and national business in favour of the national armed forces and related governing authorities.

### The health and safety management system

The Bank has adopted a management system in accordance with the leading certification standards (UNI EN ISO 9001 – UNI-INAIL ISPESL). The risk management activity is divided into several steps to allow risk identification, identification of prevention and protection procedures, definition of a plan of action and actual implementation of the actions.

Over 5,000 inspections to assess the health and safety risks of employees were conducted in 2012.

Over 5,000 inspections were conducted in 2012, leading to an updated “Risk Assessment Document” made available to all staff for each Bank and Company of the Group in Italy. The document also analyses the work-related stress risk, demonstrating that the organisational conditions do not result in significant work-related stress and identifying areas for improvement and control to raise the levels of wellbeing.

The number of robberies in Italy decreased by over 20% compared to 2011, along with the number of colleagues and customers involved in robberies, dropping by 16%.

The findings are consistent with the indicators of the “Epidemiological report of the staff under medical surveillance” for the period 2008-2011, which shows that a majority of employees are judged to be in good and excellent state of health (91%).

Three strategic lines of action were implemented in terms of protection of physical safety: reducing appeal, restricting access and ongoing training. Constant investment in technological solutions continued as well. The selection of the branches and devices on which to intervene was determined through the risk analysis methods and tools developed by the Bank.

## Management of environmental and social emergencies in 2012

Intesa Sanpaolo consolidated the mechanisms required to guarantee service continuity and safeguard employees and customers in crisis situations.

For example:

- the earthquake in Emilia Romagna, with the development of commercial initiatives to the benefit of customers hit by the disaster and the recovery of service to customers through mobile branches and “twinning” with other Group branches;
- the heavy snowfalls in Northern Italy last winter, where the coordination efforts of all players and services involved allowed normal services to customers to be guaranteed;
- Hurricane Sandy, with support provided to the New York branch to guarantee the safety of colleagues and the monitoring of operations.

## Management of risks along the supply chain

### Screening of supplier compliance with social and environmental criteria

The Suppliers' Portal project was launched in 2009 and consists of a modular platform that envisages an online bidding system: candidates are required to register online, where, if invited to take part in a bid, they can follow all the stages of the process in a transparent manner. Portal registration includes a questionnaire to be filled out by the suppliers and which also regards social and environmental responsibility aspects.

The responses classify suppliers on the basis of technical, economic and financial parameters, as well as of social and environmental responsibility criteria. This provides an initial mapping of the risks that may derive from conducts that are not compliant with the Group's policies and allows for implementation of appropriate mitigation measures. Furthermore, Portal subscribers must view the Code of Ethics which, among other principles, includes the principles on protection of human rights.

The statements provided by suppliers during the mapping phase are verified through a sample monitoring system which focuses on the product categories most at risk. The verification of compliance with the social criteria is conducted by in-house staff and refers to property service specifications (plant and system maintenance) and to persons (cleaning staff). However, for investigations into compliance with environmental criteria – for example, energy efficiency, the use of cleaning products that meet regulatory standards and contractual clauses relating to compliance with environmental regulations – site inspections are performed by either in-house staff or by external companies and always refer to property services and to persons.

### Monitoring of Health and Safety risks generated by suppliers

The Prevention and Protection Department activities evaluate and manage health and safety risks as regards employees and suppliers operating on Bank premises. Suppliers must agree to abide by the Health and Safety rules and ensure that their employees operate according to suitable standards. Management activities must guarantee that no risks arise from interference between the activities of the various suppliers and those of Bank staff.

The activities in this respect are also described in the Risk Assessment Document, subdivided into three levels: the first is assigned to the Heads of the organisational units, who must notify the employer of any dangers, including those resulting from suppliers carrying out ordinary and extraordinary maintenance work.

The second level is carried out by the Prevention and Protection Department, through verification of the safety levels adopted by suppliers (e.g., presence of waste, quality and quantity of products stored). Furthermore, in the event of assessments at “temporary and mobile work sites”, the presence of external personnel is also envisaged.

The third level reports to the Internal Audit Department, which monitors the effectiveness of the procedures envisaged by the two prior levels and by the external Certifying Board.

To facilitate this activity, in 2012 the Department launched a project that aims to improve the operations of suppliers working on Bank premises. This is a training initiative, the first phase of which targets employees that interact with the suppliers, which will then be extended to the suppliers themselves through a dedicated website.





# Culture

Intesa Sanpaolo has always recognised the value of activities to support and enhance culture and knowledge as a concrete expression of the Bank's involvement in the life of the country.

The objective is to trigger a virtuous circle that combines creativity and innovation, crucial factors for the country's growth, fuelling economic development and growth and allowing the Bank to establish and consolidate constructive relations with the various entities operating across the territory.



## **Triptych with histories of the Passion**

Created in Nottingham, second half of the 15th century  
105/165 x 306 cm.; alabaster, inlaid painted wood, églomisé glass  
Naples, Capodimonte Museum  
Detail from the left-hand panel, after restoration



website: [www.gallerieditalia.com](http://www.gallerieditalia.com)



#### **PALAZZO LEONI MONTANARI:**

Over 52,000 visitors, of which 3,700 participated in musical events, 3,457 in educational activities and 7,199 in cultural events.



#### **PALAZZO ZEVALLOS STIGLIANO:**

Over 46,000 visitors, of which 797 attended concerts, over 1,800 attended educational workshops and approximately 1,600 attended cultural events.



#### **PIAZZA SCALA:**

Over 200,000 visitors in just over a year since it opened. These included students of 110 schools that attended the 178 educational programmes offered, 45 teachers and 66 group leaders who benefited from specific training. 572 guided tours, of which 171 offered by Intesa Sanpaolo.

## **Progetto Cultura**

Our commitment to the protection of the country's cultural heritage is demonstrated in the XVI edition of "Restituzioni", the restoration programme promoted and organised by Intesa Sanpaolo, in collaboration with the architectural, archaeological and art history offices. This edition will end in the spring with a large exhibition in Naples at the Capodimonte Museum and at Palazzo Zevallos Stigliano. The public will admire 43 series of works of art (for a total of 250 individual works) dating from the 8th century to the 19th century b.C., which have undergone careful restoration works.

The activities supporting the initiatives promoted and organised by third parties have for several years now been accompanied by an ambitious cultural project that aims to analyse, protect and disseminate knowledge of Intesa Sanpaolo's art collection, which is the unique result of a series of collecting experiences, each linked to the history and tradition of patronage of the various banks of the Group.

This wealth of enormous cultural value is made available to the public and to scholars in various ways: online disclosure of information on the collections already catalogued scientifically; publication of printed catalogues; planning and organisation of temporary exhibitions; permanent public exhibition of an increasingly greater portion of the proprietary artistic heritage in the Bank's own museums, the Gallerie d'Italia; loans of works for exhibitions organised by prestigious national and international institutions.

### **Gallerie d'Italia**

In 1999, the Gallerie di Palazzo Leoni Montanari were opened in Vicenza, containing a permanent exhibition of ancient Russian icons, considered by scholars one of the most important in the Western world, along with a collection of 18th century Venetian paintings. A second museum was added in 2007, the Gallerie di Palazzo Zevallos Stigliano in Naples, home to Caravaggio's masterpiece "The Martyrdom of Saint Orsola" and important 18th and 19th century views of Naples and of the Campania region by Dutch artists Gaspar van Wittel and Anton Smink Pitloo.

Finally, the Gallerie di Piazza Scala were inaugurated in November 2011 in Milan, with an exhibition of works of Fondazione Cariplo and Intesa Sanpaolo dedicated to the Italian 19th century, particularly the Lombardy region, starting with thirteen extraordinary plaster casts by Canova and ending with a number of pre-futuristic masterpieces by Boccioni, the ideal bridge towards *Cantiere del '900* which, one year after its inauguration, completed the ambitious cultural project.

The Gallerie di Piazza Scala are located within a prestigious architectural complex of 18th and 19th century buildings in the heart of Milan, Palazzo Anguissola Antona Traversi and Palazzo Brentani, as well as in the historic headquarters of Banca Commerciale Italiana, designed in the early 20th century. This last location, in fact, accommodates *Cantiere del '900*, in 16 rooms distributed throughout 3 halls, with 189 works, including paintings, sculptures, photographs and other artistic techniques explored during the last century. In addition to the works on exhibit, approximately 500 paintings will be stored in the former Bank's vault, once used to store the safety-deposit boxes containing valuables and now converted into an equipped facility to store works of art. In the future, guided tours of this area will also be available.

There are numerous educational programmes dedicated to the discovery of 19th and 20th century art, offered free of charge to schools and groups, including adults, suffering from particular disabilities or difficulties. These are part of welcoming, individual enhancement and social inclusion projects that optimise on the potential offered by the extraordinary world of art.

## Initiatives in favour of culture and music

In 2012, the commitment to organising and disseminating projects for the in-depth study of art, music, history and local traditions continued, in accordance with the important tradition of editorial and musical initiatives promoted by the banks that joined the Group.

In particular, the editorial and music project Vox Imago, created in 2004 and dedicated to opera, was enhanced with a new edition dedicated to Mozart's "Die Zauberflöte". Memorable among the various editorial initiatives are the "Musei e Gallerie di Milano" series, characterised by scientific aims and the safeguarding of the local artistic heritage, and the Guides on historical sites, dedicated to Palazzo Beltrami di Piazza Scala in Milan and Palazzo del Banco di Napoli in Naples.

The Bank's commitment to promote cultural growth within the territory is also evident in its donations and sponsorships supporting third-party initiatives: among others, we recall the partnership with the leading Italian theatres and the collaboration with FAI (Fondo per l'Ambiente Italiano - Italian Environmental Fund) in its "I luoghi del cuore" project, aimed at disseminating a culture of respect of the artistic and natural heritage of Italy. The bank played an active role in the project as a channel for promotion and collection of reports on "places to save", as well as in the identification of assets and places requiring protection or restoration works. The project extended beyond the Italian boundaries into Serbia and Slovakia, thanks to the support of Banca Intesa Beograd and VUB Banka.

However, the cultural and social development of a community cannot disregard the historical memory of the events suffered in the past. For this reason, our Bank decided to support a project proposed by Fondazione Memoriale della Shoah, which envisages the transformation of "Track 21" at Milan Central Station, from which the trains of deportees headed to the concentration camps departed, into a place to pay homage to the victims and in their memory. It will also be a place for study, research and dialogue activities to prevent another Shoah-like event.

## History of the Group's banks

The history of the Intesa Sanpaolo Group has very ancient origins, and the many entities that comprise it have developed deep-rooted ties over the centuries, along with different ways of interacting with their territories. With its renovated exhibition space and the web pages accessible from Intesa Sanpaolo's corporate website, the Historical Archive is a precious tool to preserve its historical memory and to become acquainted with and share the positive development and initiatives implemented across the territory.

Within a project aimed at protecting, sorting and cataloguing the archives relating to the personnel of the banks that joined Intesa Sanpaolo, the volume "Employees: Work and professional identity in 1823-1928 Cariplo documents" was published in 2012.

## Museo del Risparmio

A commitment which falls within the realm of the Intesa Sanpaolo Group's expertise is the dissemination of knowledge related to economic/financial issues, to make people more aware of their financial choices. This commitment led to the establishment of the Museo del Risparmio (Savings Museum) in the historic centre of Turin, an initiative aimed at building a modern and dynamic space dedicated to financial education and providing youth and their families with the possibility to discuss, through entertainment, topics often considered difficult and boring.

Special educational programmes for students and their teachers were implemented at the beginning of the school year, differentiated according to type and level. During the summer, the museum welcomed the youth of the summer camps free of charge, and from mid-October approximately 650 students visited the museum during school trips.

Between 2010 and 2012, the Group invested nearly 176 million euro in Italy and abroad, and over 56 million in 2012 alone, on donations and sponsorships.

## I LUOGHI DEL CUORE ("Places of the Heart"):

In 2012, FAI and Intesa Sanpaolo launched eleven renovation projects in order to provide a future for the places identified in the past edition of the Census.



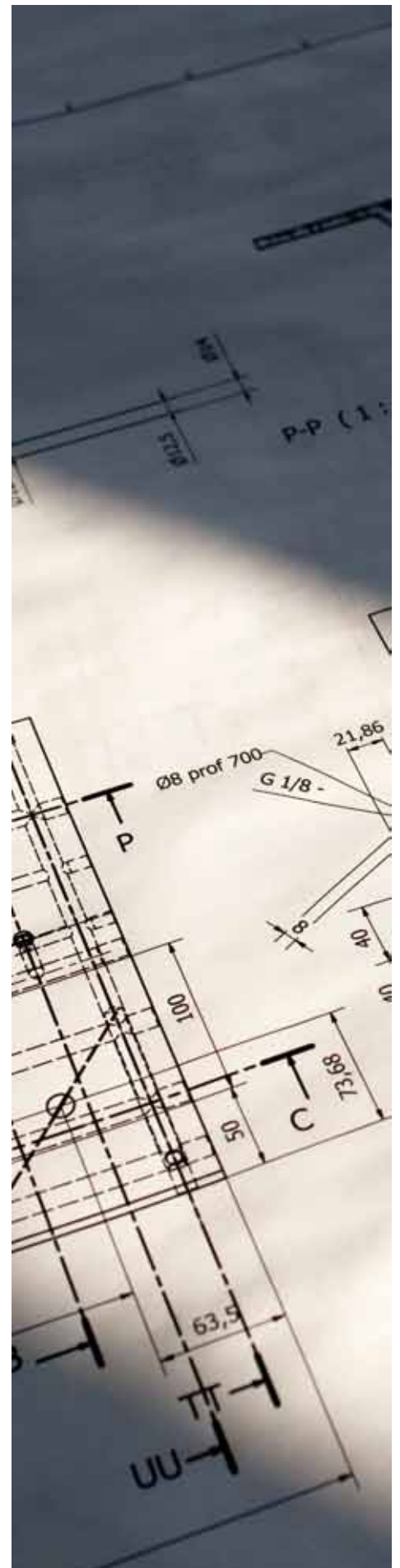
MUSEO DEL RISPARMIO:  
Approximately 6,700 visitors from June to 31 December 2012.



# Governance and Corporate Social Responsibility

In order to be able to guarantee a company's success its governance must bear in mind new social and environmental challenges, which can become determining factors in company competition.

The constant reference to values inspired by long term sustainability is a decisive element in reaching company aims.



## ADOPTION OF INTERNATIONAL STANDARDS



We support the Global Compact of the United Nations. Our commitment to respect the 10 Global Compact principles is reported each year as part of the “Global Compact Advanced Level”.



We actively participate in the United Nations Environment Programme Finance Initiative on the issues of economic development, environmental protection and sustainable development.



We apply the guidelines of the World Bank (International Finance Corporation) in project financing activities.

### CARBON DISCLOSURE PROJECT

We have been disclosing our greenhouse gas emissions and our strategies on climate change since 2007.



We have been accredited since 2010 as an Organisational Stakeholder and we support GRI's mission for the development of guidelines on sustainability which are globally recognised through a multi-stakeholder process.

# CSR Management

## The management model

With adoption of the Code of Ethics in 2007, the charter that expresses the Intesa Sanpaolo Group's identity in terms of values and the principles of conduct in relations with stakeholders, the management model was designed which focuses on the concept of responsibility, requiring that not only individuals but also every corporate department guarantee their commitment to ensuring that business activities remain consistent with the values stated.

## CSR in corporate activities

The CSR Unit, reporting directly to the Managing Director and CEO, collaborates with a network of “CSR Delegates”, around 60 colleagues who act as spokesmen for social responsibility in their respective operating areas.

These provide support to the CSR Unit by opening dialogue with the main stakeholders, defining improvement objectives and supporting their colleagues in implementing projects, and managing non-compliance of the Code of Ethics, monitoring and reporting requirements.

## Dialogue with stakeholders

Since 2007, structured dialogue has been arranged with the main stakeholders each year. A wide range of engagement techniques are used: focus groups and online questionnaires for employees and the Trade Unions, interviews with shareholders, customers and NGOs, customer satisfaction surveys and surveys with suppliers. Stakeholder expectations, within the corporate business strategies, allow Intesa Sanpaolo to identify improvement objectives and evaluate related achievements.

## Local and international commitments

Intesa Sanpaolo is committed to applying the values of its Code of Ethics in all corporate activities and to gradually implementing the commitments assumed in the improvement plan stated in the Sustainability Report. The Group adopts sustainability standards issued by international organisations and is committed to contributing to greater sustainability in a global context of social justice and environmental protection.

## Activity monitoring

The Sustainability Report is the key management process for monitoring activities of social and environmental significance. Listening to stakeholders and the evaluation of trends emerging from the quantity indicators are its driving forces. Two management dashboards integrate the results of stakeholder engagement activities and the assessment of adoption of Code of Ethics values in the corporate processes with a view to assessing trends and defining improvement plans.

## Company regulations system

The values and principles of the Code of Ethics are referred to in the Code of Conduct. In addition, the CSR Unit also takes action to ensure that the social responsibility criteria become a characteristic element of the entire regulations system and in the issue of specific policy where business activities could have a significant impact on society and the environment.

## CSR in corporate governance

The CSR Unit submits periodic reports to the Control Committee of the Supervisory Board on the application status of the Code of Ethics, on the critical elements reported by stakeholders and on corrective measures. Assessment of the critical elements is based on the results of periodic analyses conducted by an independent specialised consulting company to assess consistence of the corporate management processes with the values of the Code of Ethics.

# Governance

Intesa Sanpaolo adopts the dual management and control model, which envisages a Supervisory Board, whose members are appointed by the Shareholders' Meeting, and a Management Board, appointed by the Supervisory Board.

The Supervisory Board oversees the activities of the Management Board and, in particular, is responsible for approving the major strategic initiatives proposed by the Management Board. The latter is responsible for managing the Group in accordance with the strategic guidelines defined by the Supervisory Board. The Managing Director is appointed by the Management Board from amongst its members and also acts as Chief Executive Officer.

In October 2012, in order to ensure greater compliance of the Management Board with a heightened executive capacity, the Extraordinary Shareholders' Meeting approved a number of amendments to the Bank's Articles of Association. The new provisions envisage that from the next renewal of the Board, the Management Board be comprised of a certain number of managers of companies that are part of the Banking Group. The new Board structure will strengthen its executive nature in terms of active participation in the management process and will replace the current operating system based on internal Commissions.

Supervisory Board		Management Board	
Giovanni Bazoli	Chairman	Andrea Beltratti*	Chairman
Mario Bertolissi <sup>1</sup>	Deputy Chairman **	Marcello Sala**	Senior Deputy Chairman
Pietro Garibaldi	Deputy Chairman **	Giovanni Costa**	Deputy Chairman
Luigi Arturo Bianchi <sup>1</sup>	Board Member **	Enrico Tommaso Cucchiani**	Managing Director and CEO
Gianfranco Carbonato	Board Member	Aureliano Benedetti	Board Member
Rosalba Casiraghi <sup>1</sup>	Board Member ***	Paolo Campaioli**	Board Member
Franco Dalla Sega	Secretary ***	Elio Catania*	Board Member
Jean-Paul Fitoussi <sup>1</sup>	Board Member **	Roberto Firpo**	Board Member
Guido Ghisolfi	Board Member **	Emilio Ottolenghi**	Board Member
Giulio Stefano Lubatti	Board Member ***		
Marco Mangiagalli <sup>1</sup>	Board Member **	* Independent Member pursuant to Art. 148 of the Consolidated Law on Finance	
Gianni Marchesini <sup>1</sup>	Board Member **	** Executive Board Member	
Fabio Pasquini	Board Member ***		
Eugenio Pavarani	Board Member ***		
Gianluca Ponzellini <sup>1</sup>	Board Member ***		
Gianguido Sacchi Morsiani <sup>1</sup>	Board Member **		
Marco Spadacini	Board Member ***		
Livio Torio	Board Member ***		
Riccardo Varaldo	Board Member **		
		General Managers	
		Gaetano Miccichè, Head of the Corporate & Investment Banking Division	
		Carlo Messina, CFO	
		Giuseppe Castagna, Head of the Banca dei Territori Division	

<sup>1</sup> Representative of the minority list

\* Auditor

\*\* Independent

\*\*\* Auditor and Independent

## Shareholders' Meeting

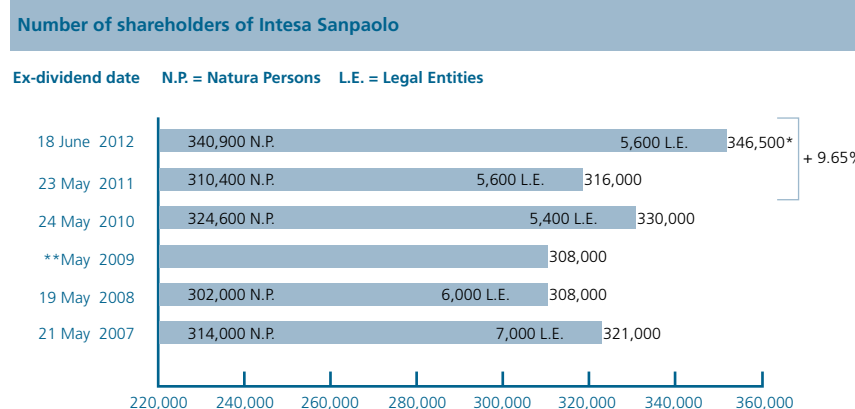
For Intesa Sanpaolo the Shareholders' Meetings are one of the main opportunities for discussion and dialogue with its shareholders, as well as an occasion for the disclosure of information on the Bank's general performance and on the results for the year. The Meeting is called by the Management Board, or upon request of the shareholders in accordance with the law, through a notice published on Intesa Sanpaolo's website and, in abridged form, in at least one national newspaper (generally "Il Sole 24 Ore" and other national and international newspapers).

### Right to attend and vote

Each ordinary share confers the right to cast one vote. Savings shares, which may be in bearer form, do not confer the right to vote in ordinary and extraordinary shareholders' meetings but entitle the holder only to attend and vote at the Special Meeting of savings shareholders.

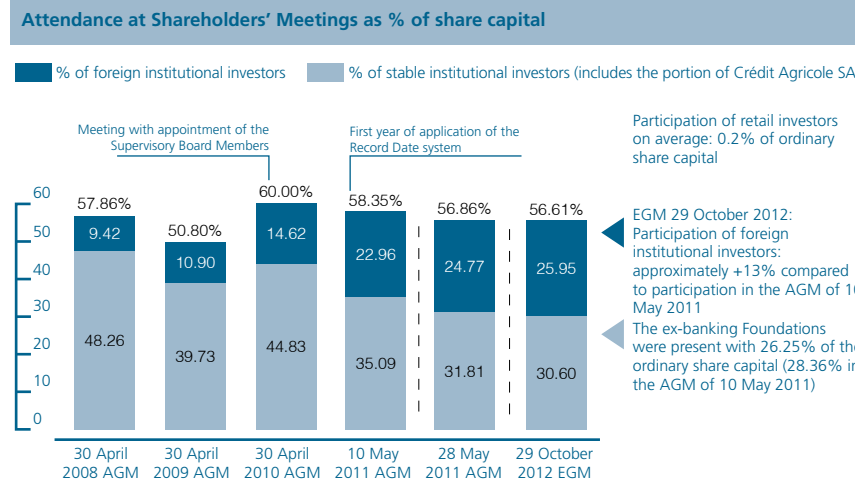
### SHARE CAPITAL OF INTESA SANPAOLO:

8,545,681,412.32 euro consisting of: 16,434,002,716 shares of a nominal value of 0.52 euro each, of which: 15,501,512,155 ordinary shares 932,490,561 non-convertible savings shares.



\* Approximately 157,400 shareholders have securities deposit accounts at the banks of the Intesa Sanpaolo Group

\*\* Figure not updated due to non-distribution of the dividend for the ordinary shares



Processing by the Corporate Secretariat - Intesa Sanpaolo Shareholders' Office

## Duties of the Shareholders' Meeting

The Shareholders' Meeting resolves, among other things:

- the appointment, removal and remuneration of the Supervisory Board Members;
- the responsibilities of members of the Supervisory Board and, without prejudice to concurrent duties of the Supervisory Board, of Management Board Members;
- the allocation of net income;
- the appointment and removal of independent auditors;
- approval of the remuneration policies for Management Board Members;
- the approval of financial statements unless approved by the Supervisory Board.



# Remuneration

All members of the Supervisory Board and the non-executive Management Board Members receive remuneration which is fixed for the entire period of office and not based on financial instruments, nor on incentives related to economic results, in order to guarantee independence in the performance of their activities, which must not depend on expectations of higher remuneration based on the results achieved by the Bank.

## Remuneration to the Supervisory Board Members

[thousands of euro]

Supervisory Board Members	Fixed remuneration	Total remuneration for offices in Subsidiaries and Associates	Remuneration for participation in Committees	Attendance fees	Total
Giovanni Bazoli	1,058			22	1,080
Mario Bertolissi	292			20	312
Pietro Garibaldi	210			136	346
Luigi Arturo Bianchi	125	15		32	172
Gianfranco Carbonato	64			10	74
Rosalba Casiraghi	125	163		152	440
Franco Dalla Sega	250	61	42	28	381
Gianluca Ferrero	48			10	58
Jean Paul Fitoussi	125	183		16	324
Guido Ghisolfi	125			16	141
Giulio Stefano Lubatti	125	155	42	130	452
Marco Mangiagalli	125			58	183
Gianni Marchesini	125			32	157
Fabio Pasquini	125			36	161
Eugenio Pavarani	125	164		32	321
Gianluca Ponzellini	125	153		150	428
Gianguido Sacchi Morsiani	125			32	157
Marco Spadacini	125		42	30	197
Livio Torio	125	203		130	458
Riccardo Varaldo	125			6	131

Notes:

Prof. Bazoli waived his remuneration for the offices of Chairman of the Nomination Committee and the Strategy Committee.  
Mr Ponzellini waived his remuneration for the office of Chairman of the Remuneration Committee.

Effective 1 July 2012, the Supervisory Board Members reduced by one-third their fixed remuneration for their position and personal offices held within the Board. In addition to this reduction, the Chairman of the Supervisory Board waived one-third of the remuneration for the position effective 1 May 2012. The Chairmen of the Nomination Committee, Strategy Committee and Remuneration Committee waived – as in the prior term – the annual remuneration envisaged for this office.

The remuneration policies for Management Board Members are aimed at increasing the Bank and Group's competitiveness, attracting qualified professionals suited to the management requirements, aligning the interests of Members to achieving the objective of creating value for shareholders in the medium/long-term with a view to prudent risk management and responsibility towards all stakeholders and, finally, to promoting sustainability of the remuneration policies over time.

## Remuneration to the Management Board Members

[thousands of euro]

Management Board Members	Executive Board Member	Fixed remuneration	Total remuneration for offices in Subsidiaries and Associates	Remuneration for participation in Committees	Attendance fees	Bonuses and other incentives	Non-monetary benefits	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
Andrea Beltratti		1,083						1,083		
Giovanni Costa	x	350	254			28		632		
Marcello Sala	x	500	25			28		553		
Enrico Tommaso Cucchiani	x	2,300				360	377	3,037	900	
Aureliano Benedetti		150	295					445		
Paolo Campaioli	x	300	10			24		334		
Elio Cosimo Catania		150	306					456		
Roberto Firpo	x	300	72			24		396		
Emilio Ottolenghi	x	300	227			24		551		

Notes:

The Managing Director and other Management Board Members are not currently beneficiaries of any stock option plans.

Remuneration of the executive Management Board Members (the Managing Director and members of the Specialised Commissions) and of top management consists of a fixed portion and a variable portion. Limitations are set based on a fair balance of fixed and variable components and, for the latter, weighting systems for the risks are applied, as well as evaluation mechanisms designed to ensure a connection to effective, long-term performance.

Effective 1 May 2012, the Chairman of the Management Board waived one-third of the remuneration for the position.

In 2012, the executive Management Board Members waived the entire variable portion of remuneration following achievement of the 2011 objectives.

## Remuneration to the General Managers and other Key Managers

[thousands of euro]

General Managers and Key Managers	Fixed remuneration	Bonuses and other incentives	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
Marco Morelli	686		31		717		2,850
Gaetano Miccichè	1,200	240	56		1,496	600	
Carlo Messina	1,000	333	63		1,396	500	
Giuseppe Castagna	477	257	38		772	227	
Key Managers	6,534	1,822	402		8,758	2,181	3,250

Source:

Report on Corporate Governance and Ownership Structures - Report on Remuneration (Table 1 - Remuneration paid to the Supervisory Board and Management Board Members, General Managers and other Key Managers).

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