

The image shows the interior of a circular building. The ceiling is made of curved wooden planks. The floor is made of brick with a herringbone pattern. In the foreground, there are several concentric circular steps or a platform. To the right, there is a large, textured stone wall. In the background, there is a large opening or doorway leading to another room with a table and chairs. The lighting is warm and dramatic, with strong shadows and highlights.

SOCIAL RESPONSIBILITY IN THE MONTEPASCHI GROUP

REPORT

31 December 2011

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REPORT

31 December 2011



Banca Monte dei Paschi di Siena S.p.A.

Share capital € 7,484,508,171.08, fully paid in

Siena Companies' Register no. and tax code: 00884060526

Member of the Interbank Deposit Protection Fund. Banks Register no. 5274

Monte dei Paschi di Siena Banking Group, Registered with the Banking Group Register

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REMARKS FROM THE CHAIRMAN AND THE CEO

The extraordinary market environment, characterized by a gradual slowdown in economic growth and the exacerbation of the sovereign debt crisis in the Eurozone, strongly affected the activity of the banking system. This scenario consequently affected the capital and income performance of the Group and therefore our ability to generate earnings for the period to the benefit of our shareholders and other stakeholders.

Despite this difficult situation we confirmed our substantial approach to Corporate Social Responsibility (CSR) by implementing our commitments and continuing to support, to the extent of our responsibility, the specific guidelines set by the European Commission and the principles of business ethics set by the United Nations.

We managed to pursue with continuity a series of projects aimed at combining business processes with careful monitoring of sustainable development issues that are most relevant to the business and our stakeholders. In particular, the revision and progressive development of the CSR strategy initiated in 2010 continued, consistently in keeping with the bank's strategic planning.

This activity covered all major opportunity and risk areas related to the various aspects of CSR. First of all, human resources development and customer care: our training efforts were significant and involved almost all the employees for a total investment of 5.4 million euros; the indicators of equal opportunities between men and women improved on several fronts, from hiring to professional growth, demonstrating the Group's continuing attention to these issues with a view to reconcile productive efficiency goals with personal and family needs; we engaged to prevent and reduce customers' complaints (-12% over the previous year) and to provide more rapid responses, almost halving our average response times compared to 2010.

Also this year, a series of initiatives were carried out, which could indirectly generate additional value for the company, and aimed at contributing to sustainable growth within our business sectors. The measures adopted to counter the crisis effects on customers were confirmed, by giving many retail customers and businesses the opportunity to suspend their mortgage payments. The products and services offered by the bank and especially designed for customers with low earning power, youth and immigrants were further developed, in keeping with some socio-economic developments that have caused a greater part of the population to fall into the category of people who are at risk of social and financial exclusion. Micro-credit activities in favour of "unbankable" people were intensified. Through ConsumerLab we continued working with consumer associations, which this year specifically focused on protection and social security, and more generally on consumers and young people financial education. The mutual funds offered by the Group were independently assessed to verify the sustainability profiles of issuers in the portfolio and further qualify the investment for the benefit of customers. Collaboration within the bank association was commenced, including as a result of specific agreements between ABI, Confindustria and the Ministry of Economic Development, aimed at identifying potential CSR metrics to be used in assessing the SMEs' creditworthiness and, in early 2012, some experimental applications were started. The supplier evaluation and qualification process was supplemented with the analysis of the possible social and environmental impacts related to the life-cycle of products and services purchased by the Group. Greenhouse gas emissions generated by the business were in line with 2010 and lower energy (-2%), paper (-13%) and water (-4%) consumption was recorded as well as a reduction in waste (-38%). The sector known as "green finance" grew with 1.35 billion funding for renewable energy and the environment (+31% in a year), and the launch of additional products.

Finally we are proud about the bank stock being included again this year in the Dow Jones Sustainability Index, the FTSE4Good and other financial markets indices, which include companies that demonstrate the best performance in managing sustainable development.

This is some of the information included in this Report, which is intended for all those who want to learn about our approach to CSR, check the consistency of our work and achievements.

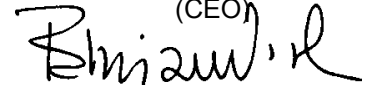
Remarks from the Chairman and the General Manager

These are facts and figures of non-financial nature that marked the year and that, as further evidence of the importance they have for the overall performance of the Group's management, were presented together with the traditional financial values in the Consolidated Financial Report at 31.12.2011, in continuation of a process that will see us engaged in 2012 in further enhancing the synergy between CSR and the group's financial and operating management.

Giuseppe Mussari
(Chairman)

Handwritten signature of Giuseppe Mussari in black ink, featuring a large, stylized initial 'G' and a long horizontal flourish at the end.

Fabrizio Viola
(CEO)

Handwritten signature of Fabrizio Viola in black ink, with a cursive style and a prominent 'F' at the beginning.

1. STRATEGY AND ANALYSIS

The opportunities and risks related to each area of social responsibility of MPS Group (Customers, Human Resources, Environment, Society) are identified through a process of collection and analysis of the following inputs:

- Business strategies.
- Data relating to the socio-economic scenario and their impact on the banking industry.
- Perception of stakeholders' expectations.
- Rating agencies' assessments.
- Industry best practices.
- Analyses developed by organizations operating in the CSR field.

We thus defined, in keeping with our corporate values, the priorities to be pursued in the short and medium-long term in order to gradually improve the Group impact on sustainable development issues that are most relevant for the banking industry and the effects of the Group's actions on stakeholders.

The progress made in the achievement of targets and the related performances are verified also by monitoring a specific set of indicators (called the Sustainability Tree).

CUSTOMERS

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> ▪ Distrust of banks due to inadequate levels of transparency and customer relationships that are not always in line with the rules of ethical behaviour. ▪ Compliance and reputational risks associated with issues raised by customers that are not always managed effectively. 	<ul style="list-style-type: none"> ▪ Simple and substantial transparency could be further enhanced and become a key strength of the Group. ▪ Opportunity to capture important improvement ideas from customers' feedback on quality and service usefulness. ▪ Further enhancement of ConsumerLab (the collaboration laboratory with consumer associations on major issues of bank-customer relationships) in the field of financial education, in support of customer acquisition and full potential strategies. ▪ Opportunity to increase market share in the distribution of socially responsible investment products, a segment that in Italy has no strong leadership.

2011-15 OBJECTIVES	2011 ACTIVITY (PAGES IN THE REPORT)	IMPACT ON SUSTAINABILITY	EFFECTS ON STAKEHOLDERS
Maximise simplicity and transparency in customer communications.	72, 73	<ul style="list-style-type: none"> ▪ Increased market transparency and fairness. ▪ Increased widespread financial literacy. ▪ Increased dissemination of socially responsible investments as a lever to promote CSR in the markets. 	<ul style="list-style-type: none"> ▪ Increased customer satisfaction. ▪ Better understanding of banking products and services. ▪ Better savings management.
Increase customer awareness in the choice and management of products.	72, 73		
Improve customer relations and management of feedback on service levels.	23, 24, 25, 74, 75		

PERFORMANCE	TARGET		
Indicators	2010	2011	2015
▪ Customer Perception Index (scale 20-100) *	80.6	78.6	85.0
▪ Retention (%)**	95.3	95.8	97.0
▪ Acquisition (%)***	5.7	5.0	6.2
▪ Complaints (no.)	11,586	10,176	--
▪ Complaints-average response time (days)	43	24	15

* Quality of products / services perceived by customers of Banca Monte dei Paschi di Siena.

**Customer retention rate(%)

***Customer acquisition rate (%)

HUMAN RESOURCES

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Reduced effectiveness of corporate initiatives due to a limited involvement of human resources (empirical evidence shows strong correlations between CSR, employee involvement and corporate reputation). 	<ul style="list-style-type: none"> Continue to invest in skills development to support the Group's competitiveness. Develop the Group's "social policies" in terms of value creation (health and safety, CSR and work environment, equal opportunities, work-life balance, policies on active aging, etc.).

2011-15 OBJECTIVES	2011 ACTIVITY (PAGES IN THE REPORT)	IMPACT ON SUSTAINABILITY	EFFECTS ON STAKEHOLDERS
Increase the efficiency of work organization and human capital development policies.	54, 55, 56, 57, 62, 63	<ul style="list-style-type: none"> Development of the skills base in the labour market. Greater availability of social services supplementing public welfare. Establishment of equal opportunities. 	<ul style="list-style-type: none"> Greater job satisfaction. Opportunity to undertake personalized professional growth paths. Increased availability of corporate services to meet needs outside the workplace.
Improving the quality of bank-employee relationship.	54, 55, 58, 59		
Pay more attention to the needs of personnel and their families.	46, 47, 64, 65		

PERFORMANCE	TARGET		
Indicators	2010	2011	2015
<ul style="list-style-type: none"> Employee Perception Index (scale 20-100) * Voluntary resignations (%)** Days of absence due to illness and accidents (%) *** Training, per capita (hours) Women holding positions of responsibility (%) 	69.2	68.9	79.0
	0.36	0.46	--
	3.88	3.93	--
	48	49	Minimum target 35
	35.1	37.3	--

* It measures the satisfaction of Banca Monte dei Paschi di Siena branch personnel with respect to working conditions and tools available to serve customers.

** This indicator is calculated in relation to the overall workforce.

*** This indicator is calculated in relation to the total average of working days per year.

ENVIRONMENT

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Loss of competitiveness and reputation damage in case of lack of constant and growing attention to environmental protection issues. 	<ul style="list-style-type: none"> Opportunity to increase market share in the green economy sectors that have significant growth prospects in the coming years in Italy. Supporting cost management objectives through a progressive reduction in resource consumption and the related environmental impacts by strengthening cooperation with suppliers in this field.

2011-15 OBJECTIVES	2011 ACTIVITY (PAGES IN THE REPORT)	IMPACT ON SUSTAINABILITY	EFFECTS ON STAKEHOLDERS
Develop businesses in the green economy.	33, 34	<ul style="list-style-type: none"> Conservation of non-renewable natural resources. Effectively combating the causes of climate change. Lower polluting emissions and improved environmental quality in urban and local areas 	<ul style="list-style-type: none"> Greater protection for the community and future generations about the possibility of a better quality of life.
Reduce consumption of resources and the environmental impacts of operations	43 - 53		

PERFORMANCE	TARGET		
Indicators	2010	2011	2015
<ul style="list-style-type: none"> Loans in the energy and environment sector (millions of Euros) Energy consumption (GJoule per employee) Direct CO₂e emissions (Kg per employee) * Paper consumption - internal use (kg per employee) Paper consumption - external use (kg per employee) Sustainability rating of suppliers (scale 1-10) Spending on eco-friendly products and services (%) 	1,031	1,351	--
	36.5	36.1	--
	823	830	750
	67	59	--
	0.36	0.44	--
	4.7	4.6	5.0
	4.0	4.9	8.0

*Greenhouse gas emissions in "scope 1" and "scope 2" according to the international GHG Protocol. Data are expressed in terms of CO₂ equivalent amounts.

SOCIETY

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> ▪ Loss of revenues and decreased competitiveness for failure to and/or delay in adjusting supply in relation to socio-economic developments, such as: aging population, immigration, poverty, unemployment, etc.. ▪ Decreased development opportunities in the "youth" customer segment due to job insecurity and rising unemployment rates. 	<ul style="list-style-type: none"> ▪ Opportunity to innovate the products and services offered in order to acquire, retain and develop the numerous customers belonging to "weak" population categories with a view to implement financial inclusion and social protection/progress (the elderly, youth, immigrants, temporary workers, micro-businesses, non-profit organizations, etc..). ▪ Further develop microcredit activities through the subsidiary Microcredito di Solidarietà Spa, thus supporting the company's goals of integration into the region. ▪ Opportunity to enhance CSR risk/ opportunity analysis in lending and commercial relations with business customers within a specific program promoted by ABI, in agreement with Confindustria and the Ministry of Economic Development.

2011-15 OBJECTIVES	2011 ACTIVITY (PAGES IN THE REPORT)	IMPACT ON SUSTAINABILITY	EFFECTS ON STAKEHOLDERS
Extend the Group's activities in the microcredit field on a national scale.	31, 32, 33	<ul style="list-style-type: none"> ▪ Lower levels of social exclusion. ▪ More effective fight against poverty and other causes of over-indebtedness and usury. ▪ Greater attention to social and environmental impacts also by small and medium enterprises. 	<ul style="list-style-type: none"> ▪ Significant progress in ensuring sustainable access to credit and main banking services to low income, "less sophisticated" customers who are in particular economic difficulties and have very specific needs.
Encourage financial inclusion of vulnerable sections of society.	31, 32, 33, 69		
Promote corporate sustainability through commercial and lending activity.	26, 27, 28, 34, 35		

PERFORMANCE	TARGET		
Indicators	2010	2011	2015
▪ Microloans (no.)	711	869	1,500
▪ Immigrant customers (%)	5.2	5.5	--
▪ Sponsorships and grants for social purpose projects (millions of Euros)	43.6	44.1	--

2.ORGANIZATIONAL PROFILE

2.1 -2.5 Main activities

The Montepaschi Group (hereinafter identified as "Group") is one of the leading Italian banking poles. Commercial banking, which is characterized by a specific retail focus, is the Group's core business. Operations are carried out through the distribution networks of Banca Monte dei Paschi di Siena, Banca Antonveneta and Biverbanca (in which MPS holds a 60.42% stake) which cover the whole Italian territory with 2,915 branches, 276 specialized centres and 143 financial promotion offices (the group activity can also count on the support of Banca Popolare di Spoleto, in which MPS owns a 26.005% stake).

The Group also operates through product companies specializing in business areas such as leasing, factoring, consumer credit, corporate finance and investment banking. The pension-insurance business is covered, in terms of distribution, by a strategic partnership with AXA, while the asset management business consists of the sale of independent third-party investment firms' products to our customers. Foreign operations (foreign banking) mainly take place in the following geographical areas: France, Belgium, UK, Central Eastern Europe, USA, China, North Africa and India. They are focused on supporting foreign investment and trade of our Italian business customers, and concern the major international financial markets and some emerging countries that have business relations with Italy.

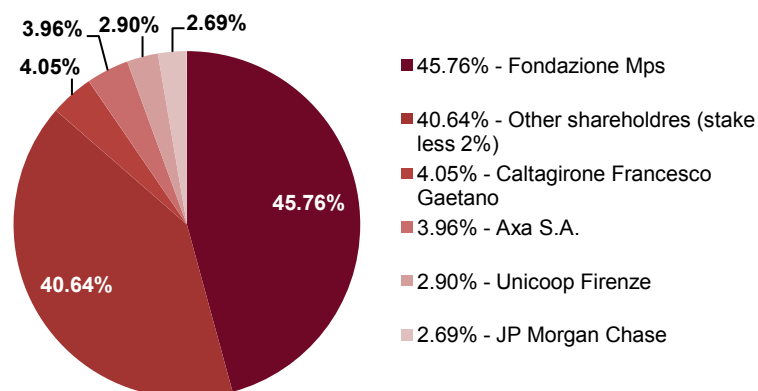
BUSINESS AREAS	ACTIVITIES	MAIN GROUP COMPANIES
Retail and Commercial Banking	<ul style="list-style-type: none"> ▪ Lending ▪ Traditional banking services. ▪ Insurance and pension products offered through our strategic partnership with AXA. ▪ Financial advisory. ▪ Wealth management. ▪ Offer of Investment products through investments in associates with AM Holding. 	<ul style="list-style-type: none"> ▪ Banca Monte dei Paschi di Siena ▪ Banca Antonveneta ▪ Biverbanca ▪ Banca Popolare di Spoleto ▪ MPS Fiduciaria
Leasing	<ul style="list-style-type: none"> ▪ Offer of integrated leasing and factoring packages for business, artisans and professionals. 	<ul style="list-style-type: none"> ▪ MPS Leasing & Factoring
Consumer loans	<ul style="list-style-type: none"> ▪ Special-purpose loans, personal loans, credit cards (option and revolving). 	<ul style="list-style-type: none"> ▪ Consum.it
Corporate Finance	<ul style="list-style-type: none"> ▪ Medium-long term credit facilities, corporate and project finance, capital markets and structured finance. 	<ul style="list-style-type: none"> ▪ MPS Capital Services
Investment banking and proprietary finance	<ul style="list-style-type: none"> ▪ Finance, trading, global market. 	<ul style="list-style-type: none"> ▪ Banca Monte dei Paschi di Siena ▪ MPS Capital Services
Foreign banking	<ul style="list-style-type: none"> ▪ Products and services supporting expansion and investments of Italian businesses.. 	<ul style="list-style-type: none"> ▪ Banca Monte dei Paschi di Siena ▪ MP Banque ▪ MP Belgium
Business Support	<ul style="list-style-type: none"> ▪ IT and telecommunication systems. ▪ Management of non-performing loans (NPL) ▪ Value creation from Group real estate. 	<ul style="list-style-type: none"> ▪ Operating Consortium ▪ MPS Gestione Crediti Banca ▪ MPS Immobiliare

2.6 Ownership structure

The parent company role is performed by Banca Monte dei Paschi di Siena SpA (hereinafter identified as "Bank" or "Parent"), with headquarters in Siena. Founded in 1472 as a pawnshop (Monte di Pietà), the Bank is listed on the Italian Stock Exchange and is included in the FTSE MIB40 (the main benchmark index of the Italian stock market).

The Bank's major shareholders own an overall 59.36% of the ordinary capital.

Breakdown of Banca Monte dei Paschi di Siena share capital as at 31.12.2011 *



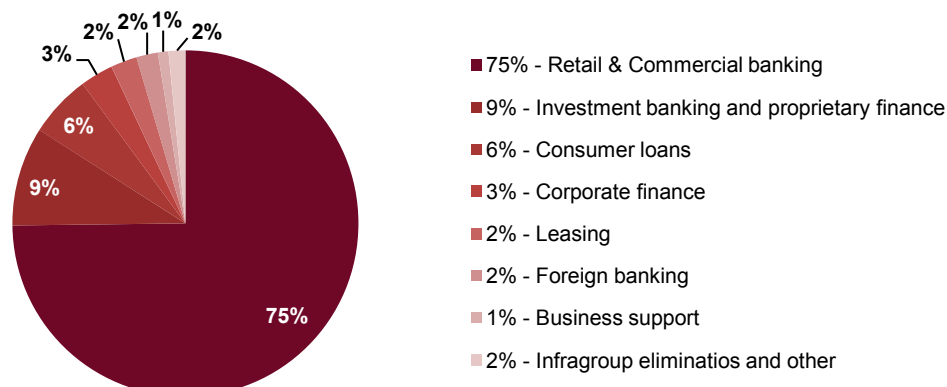
* For an updated overview of BMPS shareholders, please visit the www.mps.it website [Investors&Research section of the](#)

2.7, 2.8 Size and markets served

SIZE PARAMETERS AT 31.12.2011

- Employees, approximately 31,200.
- Customers, approximately 6.2 million (mainly retail customers).
- Total assets, approximately 240.7 billion euros.
- Shareholders' equity, approximately 10.8 billion euros.
- Market capitalization, approximately 3 billion euros.
- Income (margin from financial and insurance activities), about 5.5 billion euros.

Breakdown by business area of the 2011 Group revenues



MARKETS SERVED

- In Italy (where most of its turnover takes place), the Group can count on a distribution network consisting of 2,915 branches, 276 specialised centres (for small/medium businesses, public entities and private customers), 143 financial offices and 3,614 ATMs.
- It is present abroad with 4 branches (London, New York, Hong Kong, Shanghai), 11 representative offices (in the EU "target areas", Eastern and Central Europe, North Africa, India, China) and 2 subsidiary banks under foreign law: MontePaschi Banque, in France, and MontePaschi Belgium.

Breakdown by Region of the Group's branches in Italy as at 31.12.2011 - Total = 2,915



2.9 Significant organisational changes

In 2011 there were no significant changes with regard to the size, structure and ownership of the Group.

Information on all major corporate events of the year is shown in the [Financial Report at 31.12.2011 \(pages 13, 14\)](#).

2.10 Recognition and awards received

FINANCIAL REPORT OSCAR

The Bank received the 2011 Oscar from the Italian Public Relations Federation for the Best Annual Report in the Major and Leading Banking and Financial companies category.

The Oscar was awarded for the quality of the Bank corporate communications through the Social Responsibility Report and the Consolidated Financial Report at 31.12.2010.



Oscar di Bilancio
Maggiori e Grandi
Imprese Bancarie,
Finanziarie

**WINNER
2011**

AWARDS FOR PRODUCT INNOVATION

- Cerchio d'Oro Financial Innovation for the "Zip Account".
- ABI Lab Award for Innovation in banking services - "regional support" special mention for the anti-crisis measures implemented through the product "Time Out".
- Milano Finanza Award to "Mutuo Natura", the mortgage loan for the purchase or renovation of buildings according to green building principles.

RANDSTAD GLOBE 2011

Special Award in the category "Work-Life Balance" because the Bank was able to "communicate to potential job candidates the image of a company that supports its employees in finding a balance between professional development needs and the pace of everyday life".

PENSION FUNDS & SUSTAINABLE INVESTMENT STUDY 2011

Indicated by Eurosif (European Sustainable Investment Forum) as Best European Practice for socially responsible management of company's supplementary pension plans.

BMPS STOCK IN THE SUSTAINABILITY INDICES

- Confirmed for the third year in the Dow Jones Sustainability Index World and for the fourth year in the DJSI Europe.
- Confirmed for the tenth year in the FTSE4Good (Europe and World).
- Confirmed for the eighth year in the ETHIBEL "Excellence" and "Pioneer" investment registers.
- Confirmed for the fourth year in the ASPI.
- Included in the FTSE ECPI Italy (by ECapital Partners and Ftse Group).
- Included in the STOXX Global ESG Leaders (by STOXX and Sustainalytics).
- Included into the Carbon Disclosure Leadership Index (CDP 2011 Italy 100).



FTSE4Good



3.REPORT PARAMETERS

3.1 -3.11 Profile, objective and scope of the report

The Report presents a study of the off-balance-sheet aspects which largely characterised the activity of the Group in 2011, giving substance to the notion of creating sustainable value for the company and for its stakeholders.

The Report is drawn up in accordance with the "Sustainability Reporting Guidelines & Financial Services Sector Supplement" as defined by the Global Reporting Initiative (GRI) in 2008, and its subsequent updates (GRI G3.1). In order to ensure comparability of data, especially among Italian banks, we also took into account the "ABI specifications for the preparation of sustainability reports according to GRI G3.1" issued in November 2011.

The topics covered in the Report were chosen based on criteria such as:

- Compliance with these guidelines.
- Their relevance for business and banking strategies.
- Perception of stakeholders' expectations.
- Information required by rating agencies and by socially responsible investors.
- Benchmarking analysis and research, both internal and developed by organizations operating in the CSR field.

The information is presented concisely. In order to allow direct access to more detailed information, the links to additional resources available in the Bank's website and other websites are appropriately indicated in the text.

The aim of this Report is primarily to verify internally the developments of our CSR strategy. It is also addressed to the stakeholders who use the data contained therein for professional and research purposes; the Report is made available to all other stakeholders as a further possible reference to learn about the activities of the Group.

The Report is annual. It includes the activities and data relating to the financial year closed at 31 December 2011 and the most significant events for the first quarter of 2012, concerning the Montepaschi Group (as defined in our Consolidated Financial Report excluding Banca Popolare di Spoleto, Montepaschi Ireland and other companies that by size and industry are not considered relevant for the purposes of this Report).

The following activities are also excluded from the reporting scope :

- The insurance segment (AXA MPS Assicurazioni Vita and AXA MPS Assicurazioni Danni), which is under the management responsibility of the AXA Group.
- The asset management sector, over which the Montepaschi Group does not have operational control (in 2010, through an agreement with the Banca Popolare di Milano and Clessidra Sgr, AM Holding was established and the respective shareholdings defined - the latter being a leading independent operator in the asset management sector in Italy).

The data presented in the Report are mainly identified through:

- Extraction from corporate IT systems: general accounting, management control, loans and products reporting, customers' database, complaints application, staff data management platform, electronic procurement system, etc..
- Invoices and other statements produced by suppliers, for example in the case of some environmental data such as energy consumption and waste.
- Questionnaires and surveys to measure customer satisfaction, employee perception, suppliers' sustainability, etc..

Part of this information, for which there is currently no unified Group management, has been taken from corporate and local sources and then aggregated centrally by the appropriate Parent Company departments.

In order to give an accurate representation of the Group's performance we have favoured the inclusion in the Report of directly measurable information, avoiding as far as possible recourse to estimates which, where used, were made on the basis of the best available methodologies.

To ensure suitable comparable periods we also provided data as at 31.12.2009 and 31.12.2010.

LIMITATIONS IN THE SCOPE OF DATA AT 31.12.2011 *

Human resources	The indicators are developed in relation to a number of employees equal to 31,127 (99.7% of staff on the payroll) as they do not include the Bank staff employed under local contracts at the branches and representative offices abroad. Furthermore, data on training and accidents in the workplace, and related processing, do not include foreign banks staff.
Environment	Data do not include branches and foreign banks.
Suppliers	Data do not include BiverBanca, branches and foreign banks.

* Unless otherwise indicated, these limitations apply to the remainder of the document.

3.12 Level of application of GRI indicators

The Report has been prepared with a level of application of the GRI Guidelines G3.1 equal to A+ (highest level in a scale of C, C+, B, B+, A, A+).

The Report's Table of contents coincides with the organization of the indicators as required by the Guidelines. In addition, to allow tracking of the Report's contents that meet these requirements and evaluate the specific implementation of the Guidelines, a reconciliation schedule is presented below, which includes, inter alia, for each indicator, the degree of coverage compared with the guidelines and an explanation of any limitations or exclusions in the Report.

GRI INDICATORS		LEVEL OF APPLICATION		
Code	Primary	Coverage	Pages in the Report	Notes
Strategy And Analysis				
1.1	YES	Complete	5, 6	
1.2	YES	Complete	7, 8, 9	
Group Profile				
2.1	YES	Complete	10	
2.2	YES	Complete	10	
2.3	YES	Complete	10	
2.4	YES	Complete	10	
2.5	YES	Complete	10	
2.6	YES	Complete	11	
2.7	YES	Complete	11, 12	
2.8	YES	Complete	11, 12	
2.9	YES	Complete	12	
2.10	YES	Complete	12, 13	
Report Parameters				
3.1	YES	Complete	14, 15	
3.2	YES	Complete	14, 15	
3.3	YES	Complete	14, 15	
3.4	YES	Complete	ii	
3.5	YES	Complete	14, 15	
3.6	YES	Complete	14, 15	
3.7	YES	Complete	14, 15	
3.8	YES	Complete	14, 15	
3.9	YES	Complete	14, 15	
3.10	YES	Complete	14, 15	
3.11	YES	Complete	14, 15	
3.12	YES	Complete	15, 16, 17, 18	
3.13	YES	Complete	18	

GRI INDICATORS		LEVEL OF APPLICATION		
Code	Primary	Coverage	Pages in the Report	Notes
Governance, commitments, stakeholder engagement				
4.1	YES	Complete	19	
4.2	YES	Complete	20	
4.3	YES	Complete	20	
4.4	YES	Complete	20	
4.5	YES	Complete	21	
4.6	YES	Complete	21	
4.7	YES	Complete	21	
4.8	YES	Complete	22	
4.9	YES	Complete	22	
4.10	YES	Complete	22	
4.11	YES	Complete	23	
4.12	YES	Complete	23	
4.13	YES	Complete	23	
4.14	YES	Complete	23, 24, 25	
4.15	YES	Complete	23, 24, 25	
4.16	YES	Complete	23, 24, 25	
4.17	YES	Complete	23, 24, 25	
Social And Environmental Aspects Of The Financial Sector				
Disclosure on management approach		Complete	26, 27, 29, 29	
FS1	YES	Complete	26	
FS2	YES	Complete	27, 28	
FS3	YES	Complete	28	
FS4	YES	Complete	28	
FS5	YES	Complete	29	
FS6	YES	Complete	30, 31	
FS7	YES	Complete	31, 32, 33	
FS8	YES	Complete	33, 34	
FS9	YES	Complete	34	
FS10	YES	Complete	34, 35	
FS11	YES	Complete	35, 36	
FS12	YES	Complete	36	
Economic Performance				
Disclosure on management approach		Complete	37	
EC1	YES	Complete	37, 38	
EC2	YES	Complete	38	
EC3	YES	Complete	39	
EC4	YES	Complete	39	
EC5	NO	Complete	39	
EC6	YES	Complete	39, 40	
EC7	YES	Complete	40	
EC8	YES	Complete	40, 41	
EC9	NO	Complete	42	
Environmental Performance				
Disclosure on management approach		Complete	43	
EN1	YES	Complete	44	
EN2	YES	Complete	44	
EN3	YES	Complete	45	
EN4	YES	Complete	45	
EN5	NO	Complete	45, 46	

GRI INDICATORS		LEVEL OF APPLICATION		
Code	Primary	Coverage	Pages in the Report	Notes
EN6	NO	Complete	46	
EN7	NO	Complete	46, 47	
EN8	YES	Complete	47	
EN9	NO	Not covered	48	Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.
EN10	NO	Not covered	48	Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.
EN11	YES	Complete	48	
EN12	YES	Complete	48	
EN13	NO	Not covered	48	Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.
EN14	NO	Not covered	48	Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.
EN15	NO	Not covered	48	Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.
EN16	YES	Complete	48, 49	
EN17	YES	Complete	49	
EN18	NO	Complete	50	
EN19	YES	Complete	50	
EN20	YES	Not covered	50	Given the business carried out, this indicator is not considered relevant.
EN21	YES	Complete	50	
EN21	YES	Complete	50	
EN23	YES	Not covered	51	Given the business carried out, this indicator is not considered relevant.
EN24	NO	Complete	51	
EN25	NO	Not covered	51	Given our business and the areas in which we operate, this indicator is not considered relevant.
EN26	YES	Complete	51, 52 53	
EN27	YES	Not covered	53	Given the business carried out, this indicator is not considered relevant.
EN28	YES	Complete	53	
EN29	NO	Complete	53	
EN30	NO	Complete	53	
Human resources				
Disclosure on management approach		Complete	54, 55	
LA1	YES	Complete	55, 56, 57	
LA2	YES	Complete	57, 58	
LA3	NO	Complete	58, 59	
LA4	YES	Complete	59	
LA5	YES	Complete	59	
LA6	NO	Complete	60	
LA7	YES	Complete	60, 61	
LA8	YES	Complete	61	
LA9	NO	Complete	61	
LA10	YES	Complete	62, 63	
LA11	NO	Complete	63	
LA12	NO	Complete	63	
LA13	YES	Complete	64, 65	
LA14	YES	Complete	65	
LA15	YES	Complete	65	
Human Rights				
Disclosure on management approach		Complete	66	
HR1	YES	Complete	67	
HR2	YES	Complete	67	

GRI INDICATORS		LEVEL OF APPLICATION		
Code	Primary	Coverage	Pages in the Report	Notes
HR3	NO	Complete	67	
HR4	YES	Complete	67, 68	
HR5	YES	Not covered	68	Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.
HR6	YES	Not covered	68	Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.
HR7	YES	Not covered	68	Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.
HR8	NO	Not covered	68	Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.
HR9	NO	Not covered	68	Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.
Society				
Disclosure on management approach		Complete	69	
SO1	YES	Complete	69	
FS13	YES	Complete	69	
FS14	YES	Complete	69	
SO2	YES	Complete	70	
SO3	YES	Complete	70	
SO4	YES	Complete	70	
SO5	YES	Complete	71	
SO6	NO	Complete	71	
SO7	NO	Complete	71	
SO8	NO	Complete	71	
Product Liability				
Disclosure on management approach		Complete	72	
FS15	YES	Complete	72	
FS16	YES	Complete	72, 73	
PR1	YES	Complete	73	
PR2	NO	Complete	73	
PR3	YES	Complete	73	
PR4	NO	Complete	74	
PR5	NO	Complete	74, 75	
PR6	YES	Complete	75	
PR7	NO	Complete	75	
PR8	NO	Complete	76	
PR9	YES	Complete	76	

3.13 External assurance

The Italian version of the Report was audited by the auditors Reconta Ernst & Young S.p.A.

The audit was undertaken following the procedures defined in their report, and it gave us a number of ideas for improvement of the reporting process and in relation to more effective implementation of our CSR policy.

The limited assurance report is available in the Italian version of the Report which remains the definitive version.

4. GOVERNANCE, COMMITMENTS, STAKEHOLDER ENGAGEMENT

4.1 Governance structure

Information on corporate governance is published in the [Report on Corporate Governance and the Shareholding Structure](#) which is prepared annually in accordance with the Code of Conduct for Listed Companies issued by Borsa Italiana.

Some of aspects of Corporate Governance that are more relevant for CSR purposes are presented in this chapter and the following ones.

The Group's approach to Corporate Governance is based on the principles of transparency, integrity and prudence. This is consistent with:

- The Code of Ethics and the system of corporate values.
- The long-term vision that characterizes the bank strategies and behaviour.
- The core business of the Group which is geared to the traditional banking business.

The Administration and Control model chosen by the Bank is traditional as this was considered as most appropriate to ensure the implementation of the bank's corporate governance approach and efficient operations management (checks, relationships between corporate bodies and the bank's management, etc.); it essentially consists of:

- A Board of Directors (BoD) responsible for policy and strategic oversight. The BoD is collectively elected every 3 years. The current BoD will remain in office until the approval of the Bank's Financial Report at 31.12.2011.
- A Board of Statutory Auditors which monitors compliance with law, both regulatory and statutory, proper administration, organisational appropriateness, and administrative/accounting auditing of the company, the ways of correctly implementing the rules for corporate governance, by exercising its powers in an autonomous and independent manner. The current Board of Statutory Auditors will remain in office until the approval of the Bank's Financial Report at 31.12.2011.
- The Shareholders' Meeting, can pass resolutions in ordinary and extraordinary meetings on such matters as:
 - The appointment and removal of members of the BoD and the Board of Statutory Auditors, and the related remuneration and responsibilities.
 - Approval of the financial statements and the allocation of profits.
 - Mergers, demergers, capital increases and any amendment to the Articles of Association.
 - The appointment of the Independent Auditors.
 - Remuneration policies and compensation schemes based on financial instruments for directors, employees and staff (not directly employed) of the Bank

The following Committees are established within the BoD:

COMMITTEE	MEMBERS Total no. (independent members)	RESPONSIBILITY
The Committee for Corporate Social Responsibility	3 (2)	It supports the BoD in the definition and verification of corporate social responsibility policies (see p. 24).
The Remuneration Committee	3 (2)	It makes proposals to the BoD regarding the remuneration of directors with special duties and the remuneration of senior management.
The Internal Control Committee	3 (2)	It supports the BoD in establishing and maintaining an adequate system of internal controls.
Committee of Independent Directors	3 (3)	It plays an advisory role regarding transactions with related parties and activities concerning the BoD self-assessment.

4.2, 4.3 Independent and/or non-executive directors

The independence requirements of directors are established by specific rules set out by Legislative Decree 58/98 (Consolidated Finance Law) and by the Code of Conduct for Listed Companies.

On the basis of these criteria, the BoD has ascertained the independence of 3 directors out of 12.

On the other hand, all the directors are non-executive, in that:

- The Chairman of the Board of Directors of the Bank has not been granted any authority by the BoD itself, nor does he play a specific role in formulating corporate strategies; at the same time he does not hold the position of "Chief Executive Officer".
- No Managing Director (a position provided for by the Articles of Association) has been appointed.
- The Executive Committee (a body provided for by the Articles of Association) was not established.
- There are no directors carrying out management functions in the Bank.

 [Report on Corporate Governance and the Shareholding Structure \(pages 18,25\)](#)

4.4 Mechanisms available to shareholders and employees to provide recommendations to the BoD

SHAREHOLDERS PARTICIPATION IN BUSINESS DECISIONS

It is ensured through the exercise of the following provisions in the Articles of Association:

- Limits on stock ownership - no shareholder, except the MPS Foundation, may own ordinary shares in excess of 4% of the Bank share capital.
- The limit on the voting powers of the MPS Foundation which in any Ordinary Shareholders' Meeting can participate for a number of shares that is least one share less than the total shares held by the other shareholders attending.

Furthermore, although the Articles of Association do not provide mechanisms that permit shareholders to make proposals and recommendations with respect to the activities carried out by the BoD:

- The shareholders who, even jointly, represent at least one-fortieth of the capital with voting rights, may request additional items to be included in the meeting agenda, indicating in the request the additional subjects proposed for discussion.
- In the Meeting each shareholder can speak on the items on the agenda.

Online participation in the shareholders' meetings and online access to voting by shareholders are not envisaged.

TOPICS COVERED IN 2011 MEETINGS, RELEVANT IN TERMS OF CSR

- The financial results, with the approval of the Bank's Financial Report and the Consolidated Financial Report.
- Remuneration systems and the approval of related remuneration policies and share-based compensation schemes for the Bank's directors, employees and staff (not directly employed).

The Social Responsibility Report, approved by the Board of Directors, while not having been voted upon by the Shareholders' Meeting, was given to the attendees so that they could also comment thereupon.

 [Report on the Corporate Governance and the Shareholding Structure \(pages 7-10, 52-54\)](#)

EMPLOYEE PARTICIPATION IN BUSINESS DECISIONS

The employees holding ordinary shares in the Bank may exercise their voting rights and take part in the Ordinary and Extraordinary Meetings.

Employees' interests are also represented by Trade Unions vis à vis the company as part of the industrial relations (see p. 59).

4.5 Link between remuneration and performance

The Group's remuneration policies in force were approved by the Shareholders' Meeting on 29 April 2011.

The implementation of these policies is intended to attract/retain resources with professionalism and skills adequate to the complexity of the business and to support the achievement of value creation targets over time.

Particular attention is therefore paid to:

- Ensuring wage treatments that are compatible with market values and commensurate with the specific roles in terms of distinctive competencies, impact on results, strategic goals, as well as individual characteristics (critical skills, experience, professionalism).
- Not encouraging excessive risk taking.
- Avoiding significant remuneration differences between the various professional categories, with a view to preserve internal consistency and protect employee cohesion inside the company.

The performance-related pay systems include the Group companies' option to pay an Annual Performance Bonus based on the achievement of a predetermined minimum value of consolidated net profit, such as to generate the strengthening of the capital and an adequate return on invested capital.

The total amount of variable compensation is defined accordingly, to be paid to employees according to commercial, income and operating targets that are assigned to each Entity through the annual budgets and, in the case of top management, at the individual level.

In this context, the long-term and "risk adjusted" indicators of economic performance play a significant role: the RAROC (Risk Adjusted Return on Capital), the quality of the loan portfolio, the liquidity financial ratio.

For more information on this subject please see the [👉 Remuneration Report](#), prepared pursuant to Article 123-ter of the Consolidated Finance Law.

4.6 On-going activity by the BoD to ensure that no conflicts of interests arise

Pursuant to the Italian Civil Code, the industry legislation and the collective labour agreements, the Bank's directors and employees must behave at all times in such a way as to avoid damaging the company as a result of conflicts of interest.

In particular, with regard to Related Party Transactions, the Bank operates in compliance with the specific rules, as amended by Consob Regulation no.17221 of 12 March 2010, through the application of a [👉 Procedure for transactions with related parties](#), which is overseen by the Committee of Independent Directors, who exercise advisory functions vis à vis the BoD.

[👉 Report on the Corporate Governance and the Shareholding Structure \(Pages 46-48\)](#)

4.7 Directors' qualifications

The directors are elected by the Shareholders' Meeting through a list-based voting system. The CVs of the candidates for the position of director, including their appointments in other companies, are communicated to shareholders for due evaluation prior to voting.

The requirements are: professionalism, integrity and, for at least two directors, independence. These requirements are subject to checks by the BoD after the appointment.

The directors shall also possess the authority such as to ensure a high level of discussion within the body and contribute significantly to shaping the body's decisions.

The average age of members of the BoD is 61 years old. There are no women directors.

[👉 Report on the Corporate Governance and the Shareholding Structure \(Pages 13-17\)](#)

4.8

Mission, values, codes of conduct and principles

The Corporate Social Responsibility (CSR) is the corporate factor that encourages the Group to constantly seek the point of equilibrium between regulatory compliance, competitive choices, consistency with corporate values and the various points of view of the stakeholders. Underlying the Group's approach to CSR is the prompt implementation of the legislation and regulatory guidelines.

Our CSR ambition and commitments, defined on a voluntary basis, are expressed through the following guidance documents:

- The [Mission](#): “to create value for shareholders both in the short and long term, giving priority to satisfying customers, the professional growth of people, and the interests of all the stakeholders”.
- The [Charter of Values](#): ethics of responsibility, customer-orientation, readiness for change, entrepreneurial and pro-active approach, a drive for professional skills, team spirit and cooperation.
- The [Code of Ethics](#) – sets forth the corporate values in a compendium of the commitments which should guide the Group in their implementation, with the constant and careful consideration of stakeholders' expectations.
- The [Theme Policies](#) - develop the aims of the Group in specific CSR areas.
- Various procedures and codes of conduct, also defined in consistent implementation of external provisions (the Model of corporate governance, the Procedure regarding transactions with related parties, the organizational model in accordance with Legislative Decree No. 231/2001 on corporate administrative liability, the remuneration Policies, the internal Directive on anti-money laundering etc..).

4.9

Procedures for identifying and managing economic, environmental and social performance

In order to oversee the CSR at the highest level of the organization, the BoD has established an internal Committee for Corporate Social Responsibility.

DUTIES OF THE COMMITTEE FOR CORPORATE SOCIAL RESPONSIBILITY

The Committee has advisory and propositive functions vis à vis the Board of Directors regarding measures aimed at safeguarding the environment, customer satisfaction, professional growth of people and protecting the interests of all stakeholders. It therefore supports BoD's actions with particular regard to:

- The definition of CSR policies and objectives.
- The assessment of CSR risks and opportunities.
- The analysis of environmental and social performance through verification of the Social Responsibility Report.

TOPICS COVERED BY THE COMMITTEE IN 2011

The Committee met 2 times to analyse the Report and to investigate areas for improvement in the management of CSR highlighted in particular by the rating agencies.

4.10

Process for assessing the performance of the highest governance body

At least once a year the BoD verifies the adequacy of its size, composition and professional skills as well as its own functioning and ability to adopt suitable initiatives.

The self-assessment process consists of:

- Filling out ad hoc questionnaires.
- Analysis of questionnaires and possibly interviews-further analysis by the Committee of Independent Directors.

The following indicators are also taken into account: the number of meetings during the year (27 in 2011) and the average rate of participation (89% in 2011).

Regarding long-term or sustainability performance, the BoD verifies the validity thereof through the analysis of the Social Responsibility Report and the remarks made by specialized rating agencies.

[Report on the Corporate Governance and the Shareholding Structure \(Pages 18, 20-23\)](#)

4 Governance, commitments, stakeholder engagement

4.11 Method of applying the precautionary approach

The rules of corporate governance and the Group organizational structure are defined so as to ensure sound and prudent management. In this respect, the following measures are in place:

- The [Code of Ethics](#).
- The internal control system which constantly adapts to the changing organizational / legal context and best standard of reference.
- Effective risk management: there is a Risk Committee in place; the Head of Risk Management, reporting directly to the General Manager, functionally reports to the BoD, is hierarchically independent from the CFO, with whom he/she has a functional connection with regard to producing reporting flows in support of decision-making ([Consolidated financial Report at 31.12.2011, pages 69-72](#)).

4.12 Endorsement of external codes and standards

The Group endorses various international Codes and Charters in the area of CSR on a voluntary basis, supporting their goals within its sphere of responsibility.

The United Nations [Global Compact](#) (since 2002).



[UNEP Finance Initiative](#) - UN Declaration on "Finance and Sustainability" (since 1998).



[The European Alliance on CSR](#) - European Commission Communication no. 136 of 22 March 2006.



4.13 Memberships in associations

The Group supports and takes part in the activities of Italian and international organisations promoting the CSR, including:

- [Italian Banking Association](#) (ABI) - the Bank Chairman is also the President of ABI; the General Manager of the Bank is a member of ABI Executive Committee; the Group takes part with its representatives in the committees and thematic working groups, including activities in CSR .
- [Forum for Sustainable Finance](#) - the Bank participates in the association governance as an ordinary member; it is also involved in all relevant initiatives of the association to promote the culture of social responsibility in the financial investment practice.
- [CSR Europe](#) - the Bank participates in the association governance as an ordinary member and is involved in some of the projects.
- [Carbon Disclosure Project \(CDP\)](#) - The Bank is a signatory to the CDP and is also a partner of the organization, of which it supports the activities in Italy also in terms of funding; as from 2012 it participates in the Carbon Action.

4.14 -4.17 Stakeholder engagement

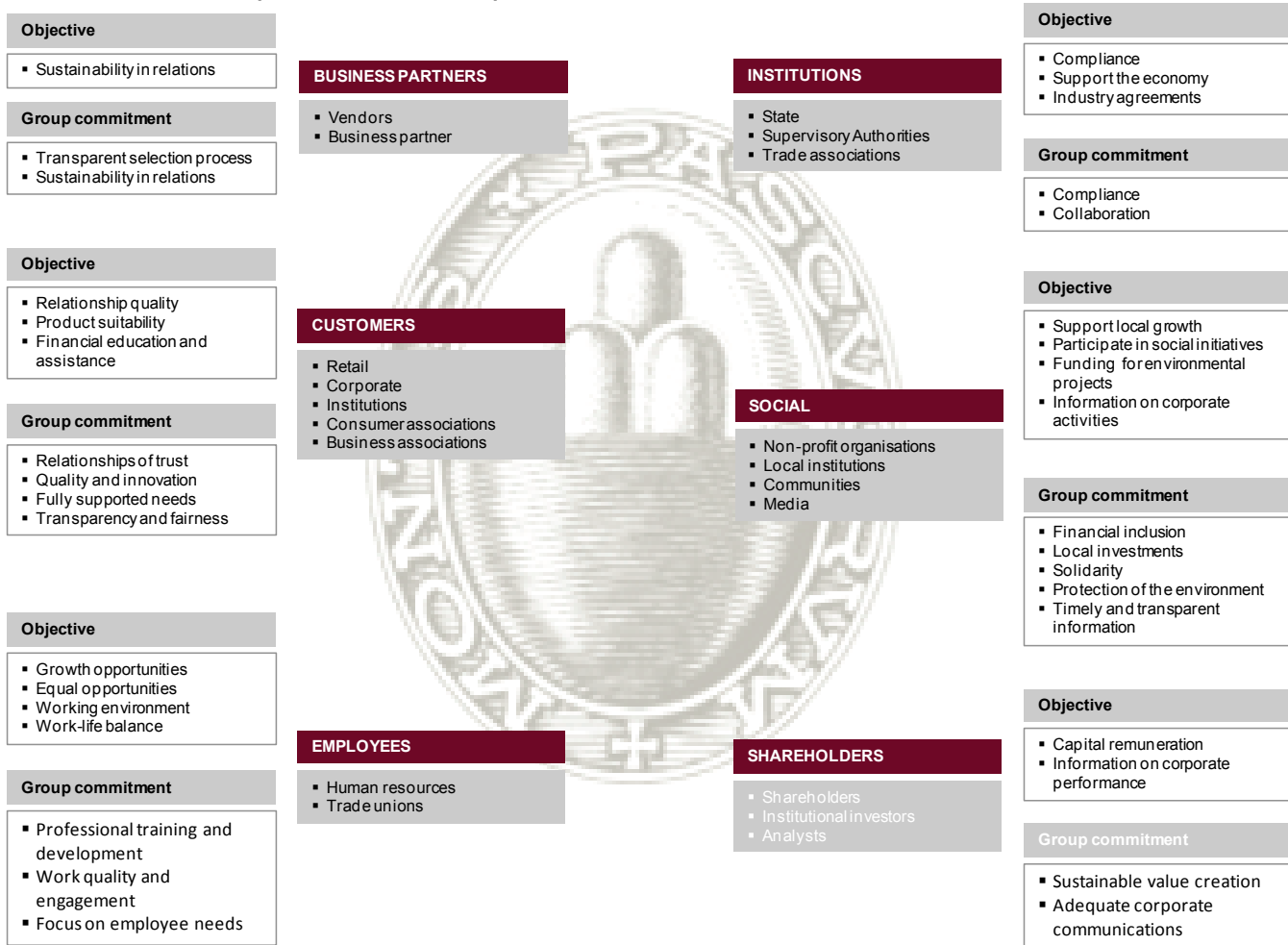
The principles observed by the Group to identify its stakeholders and to define the most appropriate approaches to managing the relative engagement are listed in the specific [Policy on stakeholder engagement](#).

IDENTIFICATION OF STAKEHOLDERS

The Group considers as its stakeholders those who:

- Help implement the corporate mission.
- Can influence the achievement of business objectives with their decisions (spending, investment, cooperation, regulation and control).
- Are influenced by the company's choices and activities.

The main stakeholders' expectations and the Group's commitments to them



STAKEHOLDER ENGAGEMENT

The Group is committed to continuously increasing the quality of the relationship, refining methodologies for engagement and giving every counterparty some listening time and an opportunity for discussion.

MAIN WAYS AND ACTIVITIES FOR ENGAGING STAKEHOLDERS

STAKEHOLDERS	TYPE OF RELATIONSHIPS AND ENGAGEMENT	QUESTIONS DEALT WITH IN 2011
Employees		
<i>Human resources</i>	Annual employee perception surveys through questionnaires filled out by branch employees. The "Paschi Risorse" management model, for an annual collection of feedbacks on skills development paths Check training courses' compliance with expectations through evaluation forms filled out by participants. Questionnaires and focus groups. Gathering feedback on various corporate initiatives through internal communication and interaction tools accessible from the intranet with typical social networks methodologies (forums, comments, ratings, etc.).	Perception of branch employees on working conditions and the instruments available to serve customers (see pages 74,75). Skills gaps and future growth plans (see pages 54, 55). Content and format of training courses (see pages 62,63). Sustainable mobility (see pages 46, 47). Various corporate initiatives.
<i>Trade Unions</i>	Industrial Relations Periodic meetings of Bank/Trade Unions joint bodies.	Corporate reorganisations and company development; remuneration; training; recruitment; promotions and assessment systems; transfers; etc. (see page 59). Health and Safety; equal opportunities; working climate; environmental sustainability; drawing up CSR Report.

4 Governance, commitments, stakeholder engagement

MAIN WAYS AND ACTIVITIES FOR ENGAGING STAKEHOLDERS		
STAKEHOLDERS	TYPE OF RELATIONSHIPS AND ENGAGEMENT	QUESTIONS DEALT WITH IN 2011
Customers		
<i>Retail customers</i>	Continuous business relations through the branch networks, also supported by the advisory platform.	Customer expectations/needs and financial adequacy of products/services offered.
	Cycle of meetings/debates in the regions.	Analysis of the Italian economic situation, possible solutions in terms of savings and insurance protection.
	Annual check on customer satisfaction through telephone interviews.	Satisfaction with the relationship (see pages 74, 75).
	Complaints analysis.	How does the service compare with our commitments to customers and their expectations; response times; etc. (see pages 74,75)
	Gathering feedback through the Bank accounts on major social networks.	Various bank's initiatives and aspects of banking activity.
<i>Corporate customers</i>	Continuous commercial relations with SMEs through specific regional offices.	Access to credit and valuation systems; level of capitalisation; effects of the crisis and solutions implemented by the Group.
	Cycle of meetings/debates in the regions.	Possible solutions to improve companies capitalization levels (see p. 29).
	Discussions at public meetings.	Development of renewable energy (see page 29).
<i>Institutional customers</i>	Continuous commercial relations through specific regional offices.	Public finance; development of renewable energies; etc. (see pages 40,41).
<i>Consumer associations</i>	ConsumerLab.	"Hot topics" related to the bank/consumer relationship. (www.mps.it/consumer+lab)
<i>Business associations</i>	Definition of commercial agreements.	Access to credit and banking conditions.
	Working with ABI for integrating CSR indicators in credit assessment procedures.	See page 29.
Institutions		
<i>Supervisory authorities</i>	Exchanges over ways and means of adoption of regulatory provisions and operational instructions.	Remuneration systems; transactions with related parties; risk management; transparency; etc.
<i>Trade associations</i>	Participation in ABI Executive Committee and various technical commissions.	CSR issues addressed: integrating extra-financial information in the assessment of small and medium enterprises; specifications for preparing social reports according to GRI Guidelines in banking; observatory on green banking; bank services brochure for foreigners, etc..
	Participation in various multi-stakeholder organisations promoting CSR.	See page 23.
Shareholders		
<i>Shareholders and institutional investors</i>	Shareholders' meetings; road shows; conference calls; individual meetings.	Financial and CSR reports; risk management and shareholders' equity; credit quality; remuneration systems; CSR profile of the Bank; etc.
<i>Analysts</i>	Road shows; conference calls; individual meetings; etc.	Risk management and shareholders' equity; credit quality; remuneration systems, etc.
	In-house workshops (corporate briefing); conference calls; valuation and rating questionnaires.	CSR profile of the Bank and gap analysis.
Trading partners	Individual meetings with suppliers; questionnaires; sharing of improvement plans, etc..	Sustainability of the supply chain (see pages 51, 51, 53).
Community		
<i>Non profit organisations.</i>	Cooperation in the microcredit sector; counselling centres; etc.	Possible financial solutions to manage special difficulties encountered by "unbankable" persons.
	Cooperation in gathering funds for charitable purposes.	See pages 40, 41.
	Meetings with representatives of not-for-profit sector.	Financial needs of the not-for-profit organisations.
<i>Media</i>	Dissemination of information on corporate events; meetings/interviews with Bank representatives; monitoring of the Bank's exposure in the media; etc.	Main corporate events.
	Cooperation in meetings/debates in the region.	Asset management, insurance and social security.

FS. FINANCIAL SERVICES SECTOR SPECIFIC SOCIAL AND ENVIRONMENTAL ISSUES

DISCLOSURE ON MANAGEMENT APPROACH

For information on environmental and social policies applied to the business and relating implementation procedures, see the following indicators from FS1 to FS5.

FS1
Environmental and social policies applied to the business

In conducting its business, the Group also takes into account environmental and social criteria. These criteria are explained in the Code of Ethics and sometimes, more specifically, in internal policies and guidelines.

CODE OF ETHICS

The [Code of Ethics](#) provides inter alia:

- that the Group considers the conduct of the organisations with which it deals directly or indirectly, in terms of seriousness and reliability, paying attention to their possible involvement in activities that are illicit, infringe on human rights, or are harmful to the health and safety of man and nature.
- The accessibility of banking services.
- Customer support for an informed and mindful management of savings.
- Responsible credit management and the prevention of over-indebtedness.
- Attention to the needs of the weakest members of society (see pages 31, 31, 33).

INTERNAL POLICIES AND DIRECTIVES

CSR issues that are regulated by internal policies and procedures include:

[Involvement in the armament industry](#) - avoid involvement in financing and brokering operations attributable to the production of and trade in arms, as per Law 185/90.

[Protecting the environment](#) - developing credit policies that also take into account the potential environmental impacts of corporate clients and their projects.

[Climate Change](#) - Support and promote investment in renewable energy and in the development of low-emission technologies.

[Socially Responsible Investments](#) - help raising investors' awareness about investment options in products characterised by ESG-related (Environment, Society and Governance) securities in the portfolio.

Loans to “controversial” sectors and countries (i.e. those which are subject to particular scrutiny by the public) - ensure adequate disclosure of the Group's exposure to operations in these areas.

Subjects with high social implications which have a significant impact on banking operations- ensuring regulatory compliance and effective management of such issues as fighting usury, bank transparency, consumer protection, investment services and implementation of MiFID, administrative liability pursuant to Legislative Decree 231/2001, anti-money laundering and countering terrorism, market abuse, transactions with related parties, privacy.

POLICY	PROCEDURE
Code Of Ethics	The Code foundation is to implement the law while conducting our business, with particular regard to environmental and social standards (environmental impact assessment, legislation on employment contracts and health and safety in the workplace, etc..). All business Functions apply, within their responsibilities, the Code's principles and the provisions contained in the related internal rules.
Involvement in the armament industry	The compatibility of loan applications (or other banking assistance) is assessed on a case by case basis with respect to the exclusion criteria provided for by the Policy (i.e. all transactions regulated by Law 185/90 concerning the import and export of armaments).
Environmental protection	<p>The qualitative questionnaire, used to determine the rating of companies with a turnover exceeding 500 million euros, also includes the analysis of potential environmental damage produced by the activity, and in a positive perspective, any environmental certifications held.</p> <p>Project financing and corporate financing transactions by the subsidiary Mps Capital Services are submitted to Environmental Impact Assessment in the cases provided for by the law. In any case, they are submitted to environmental screening which covers: the danger of the activity and the legal obligations of the sector, the dimension of the activity – as an approximation of the potential harm for the environment) and the possession of environmental certificates. The transactions are rated from A (low risk) to D (high risk) and this rating is one of the creditworthy assessment criteria.</p>
Climate Change	The Marketing and Product Development functions monitor the green economy markets and implement the necessary innovations in the product and services offered by the Group.
Socially Responsible Investments	<p>Funds with "ethical" features are selected from those offered in the market and included in a specific segment of the product catalogue available to customers.</p> <p>All the major funds in the Group products catalogue are subject to periodic independent screening to evaluate the ESG profile (Environment, Society and Governance) of issuers in the portfolio. A synthetic ESG rating is then assigned, which, if it exceeds a predetermined threshold, is reported to customers.</p>
Loans to “controversial” sectors and countries	The data on loans to "controversial" industries and countries are published in the Social Responsibility Report as this information is considered of possible interest to certain stakeholders, with specific regard to analysts and investors in "ethical" businesses.
Anti-usury	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ Monitoring regulatory compliance. ▪ Interest rates updating and checks on their correct application.
Bank transparency	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ The simplification of communications to customers. ▪ Listening to customer needs. ▪ The continuous adjustment to legislative developments.
Consumer protection	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ CRM systems (Customer Relationship Management) and verification of customer satisfaction. ▪ Cooperation with consumer groups. ▪ The handling of complaints from the perspective of continuous service improvement.
Investment services and MiFID implementation	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ Customer profiling. ▪ Proper contractual agreements. ▪ Application of appropriate procedures to avoid conflicts of interest.

POLICY	PROCEDURE
Administrative liability pursuant to Legislative Decree 231/2001	<p>A specific organizational model is in place providing for:</p> <ul style="list-style-type: none"> ▪ Rules and procedures to prevent the offenses included in Decree No. 231/2001. ▪ Processes for managing and controlling financial resources in at-risk activities. ▪ A supervisory body (the Internal Control Committee) to ensure that the model functions properly and is constantly updated. ▪ Employee training. ▪ Reporting systems and penalties.
Combating money laundering and terrorism.	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ Proper customer identification using specific questionnaires. ▪ The registration/verification of information and relevant documents. ▪ The identification and reporting of any suspicious transactions to the competent authority. ▪ Limiting the use of cash.
Market abuse	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ The application of the Regulation on Internal Dealing. ▪ The definition of accepted market practices. ▪ Reporting to Consob transactions that can involve market manipulation and/or abuse. ▪ Keeping a register of persons who have access to privileged information. ▪ Procedures for shares purchasing and related market communication.
Transactions with related parties	Procedure for transactions with related parties
Privacy	<p>The management approach includes:</p> <ul style="list-style-type: none"> ▪ The use of appropriate management tools and the protection of personal data. ▪ Data recovery procedures.

FS3

Processes for monitoring clients' implementation and compliance with socio-environmental requirements

In project financing and in loans granted to large firms specific clauses are provided, differentiated depending on the type of investment, which commit the firm receiving the loan to observe the laws, the regulations set forth by local authorities and any other standards regarding environmental protection, health and safety in the workplace, labour practice and transparency in tender contracts. Compliance with the agreed standards can be verified before, during and afterwards, using the documentation provided by the customer or through due diligence carried out by external consultants.

In case of non-compliance with these agreements, the Bank reserves the right to withdraw the loans.

FS4

Processes for increasing personnel competency to implement social and environmental policies and procedures as applied to business lines

Training plays a strategic role for the Group which therefore invests for the development and continuous updating of the skills necessary to pursue our corporate objectives (see pages 62, 63). We also pay special attention to the training of personnel involved in the management of social and environmental policies applicable to the business (see pages 43, 66, 70, 72). In 2011 a specific CSR Training Plan was launched, financed by the Banks and Insurance Companies Fund. The Plan is hinged on the fundamental elements for the development of knowledge, awareness and participation among employees, encouraging discussion about the tools that are available to each employee, and more generally the whole company, so that CSR values and approach can be applied in everyday operations.

FS5

Interaction with customers and business partners regarding environmental and social risks and opportunities in the business

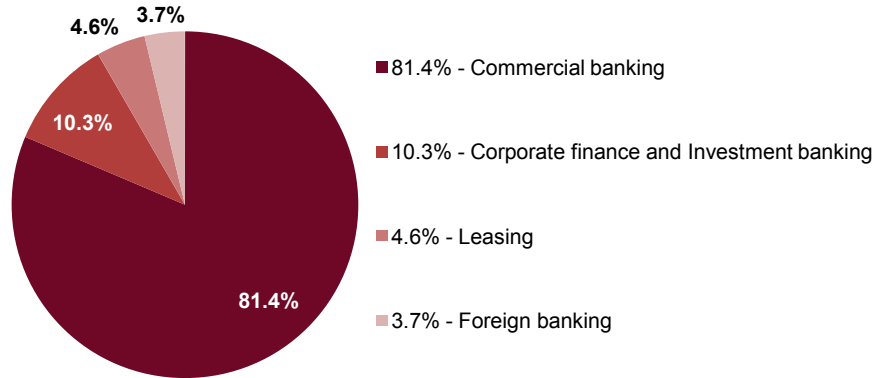
CUSTOMERS/PARTNERS	MODES OF INTERACTION	ISSUES DEALT WITH	ACTIONS TAKEN
Consumer associations (Consumer Lab)	Cooperation with the initiative "Consumer Lab at your house"; setting up a stand in 10 cities for three days. The stand was manned by an employee of the Bank and by representatives of the consumers' associations.	<ul style="list-style-type: none"> Critical issues and opportunities for banks in the region. Supplementary pension schemes. 	Clarifications were provided to consumers to help increase their knowledge of the functioning of key banking products and services and their rights/obligations.
	Participation in the initiative "MPS and associations listen to consumers" The goal: listening to consumers' requests by setting up a stand at 15 group locations for about a month.	Banking and financial issues of major concern for consumers.	Clarifications were provided to consumers to help increase their knowledge of the functioning of key banking products and services and their rights/obligations.
	Product Laboratory: comparison and cooperation to identify products suitable for consumers and the socio-economic environment, with specific focus on the "weaker" bank customer categories.	Possible services and products relating to insurance and social security.	New tools and products were implemented to constantly provide customers with better support in managing their pension investments.
Retail customers	Road shows and debates were organised in the region.	Savings and insurance protection.	Clarifications were provided on topics of interest.
Private Customers	Meetings/events with customers	Analysis of the macroeconomic situation and major trends in the financial markets.	Technical and specialized insights were provided.
Corporate customers	Road shows and debates were organised in the region.	Low capitalization of Italian firms.	The possible role of private equity and other financial instruments was examined.
	Participation of Bank representatives in specialised conferences.	Renewable energy and energy efficiency: analysis of specific public incentives and projects loan eligibility criteria.	Ideas for further development of the Group's special offers.
Business associations	Discussions with Confindustria Cultural Commission within the Working Group set up in ABI in order to implement the Agreement between ABI, Confindustria and the Ministry of Economic Development, aimed at promoting the sustainable development of small and medium-sized Italian companies.	Using CSR indicators in credit assessment procedures.	Defining a specific assessment questionnaire; this is currently being tested.

PRODUCT AND SERVICE IMPACT INDICATORS

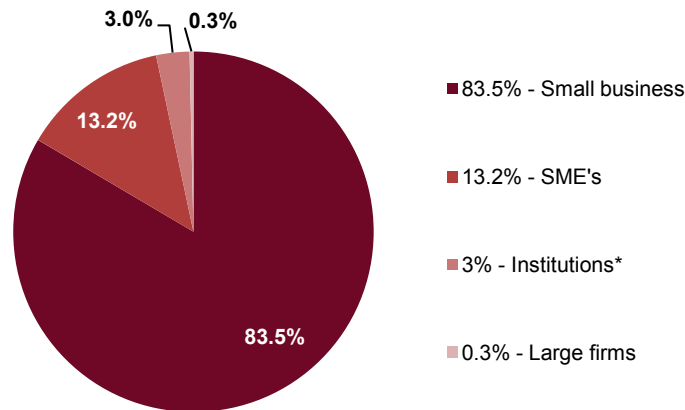
FS6
Corporate customers portfolio by business line, region, size and sector

The Group offers its products and services to approximately 6.2 million customers, with total loans (loans to customers net of impaired loans) and revenues (net income from financial and insurance activities) which in 2011 amounted respectively to about 133,128 and 5,507 million euros. The most significant social and environmental implications are those inherent in our business relationships with corporate customers. In order to provide the necessary contextual parameters to assess the Group's potential exposure to the related opportunities and risks, we present below some data characterizing this segment.

Breakdown by business line of net income from financial and insurance activities carried out with corporate customers in 2011 - Total = 2.94 billion euros

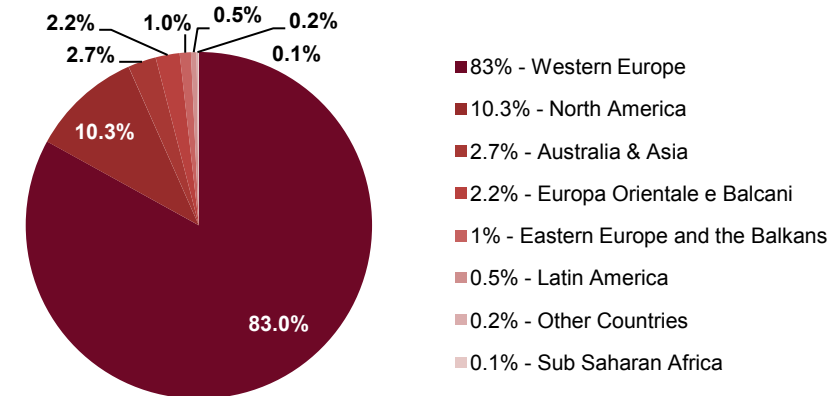


Breakdown by size of corporate customers at 31.12.2011 - Total = 472,554 business customers



* Public administration, local authorities, financial institutions, non-profit organizations, etc..

Breakdown of loans in foreign countries at 31.12.2011 * - Total = 12.263 billion euros



*Loans to these countries are due largely to transactions with local banking counterparties and in support of trade exports by our Italian customers

FS. Social and Environmental Aspects of the Financial Sector

LOANS IN ETHICALLY "CONTROVERSIAL" COUNTRIES AT 31.12.2011 (Loans to these countries are due largely to transactions with local banking counterparties and in support of trade exports by our Italian customers)

	(MILLIONS OF EUROS)	% OF TOTAL LOANS
Countries with high rates of corruption (*)	340	0.26
Countries with poor human rights records (**)	2.8	0.002
Tax haven countries (***)	0.5	0.0004

* Countries with CPI - Corruption Perception Index values <= 3, as defined by Transparency International.

** Countries with poor human rights records (Countries subject to arms embargos and/or countries violating human rights).

*** Countries in the OECD Grey List (updated at 15.11.2011).

BREAKDOWN OF CORPORATE CUSTOMERS BY BUSINESS SECTOR AT 31.12.2011 (%)

Commerce, shops, etc.	19.4
Construction industry and building installations	11.6
Credit and insurance, services for businesses	10.8
Food, textile, leather and clothing industries	8.9
Wholesale trade	8.7
Public administration, public/private services	7.7
Manufacturing, metal-working, precision instruments industries	6.7
Agriculture, hunting and fishing	5.0
Transport and communications	3.3
Extractive industry, chemicals and minerals processing	1.8
Energy, gas and water	0.6
Unclassified	15.5

LOANS IN "CONTROVERSIAL" SECTORS AT 31.12.2011

	(MILLIONS OF EUROS)	% OF TOTAL LOANS
Sectors with high environmental impact *	28,634	21.51
Arms production and trading **	131	0.10
Tobacco production and trading	174	0.13
Production and trading in alcohol	336	0.25
Production and trading in furs	214	0.16

* Oil, pharmaceutical, energy, mining, steel, construction, transportation, paper, textiles, water services, waste disposal.

** Data include the values of intermediated flows relating to import-export transactions of armaments regulated by Law 185/90 and loans granted to companies that derive only part of their turnover from armaments production.

FS7 Products and services with social goals

MAIN PRODUCTS	SOCIAL PURPOSES	BENEFICIARIES
Measures to counter the effects of the economic crisis on customers		
Fight the Crisis - Mortgages	Support customers in financial difficulty, owing for example to the loss of employment, allowing to suspend mortgage payments up to 12 months with no additional administrative costs.	Approximately 6,000 retail customers benefited from this measure in 2011.
Fight the Crisis - Personal Loans	Support customers in financial difficulty, owing for example to the loss of employment, allowing to suspend instalment payments on personal loans up to 6 months with no additional administrative costs, except for specific cases.	Approximately 5,000 retail customers benefited from this measure in 2011.
Time-out	Support small and medium Italian enterprises in coping with the negative effects of the economic crisis by suspending payment of principal instalments of medium to long term loans, up to 12 months.	Approximately 4,000 corporate customers benefited from this measure in 2011.

FS. Social and Environmental Aspects of the Financial Sector

MAIN PRODUCTS	SOCIAL PURPOSES	BENEFICIARIES
Measures to counter the effects of the economic crisis on customers		
Prorogatio	Support small and medium Italian enterprises in coping with the negative effects of the economic crisis by extending the time limit of advances on receivables from the Public Administration, up to 6 months.	Corporate customers.
Montepaschi for growth	Finance companies' capitalisation projects as a measure necessary to undertake growth projects, after the emergency phase related to the economic crisis is overcome.	Corporate customers.
Measures to help customers affected by the effects of natural disasters		
Urgent measures	Alleviate the economic problems of customers affected by natural disasters, both by suspending the payment of loan instalments and by making available loans at subsidized terms to meet the costs of basic necessities.	Customers resident in the territories affected by the floods that occurred in Italy in 2011.
Offering accessible banking products and services which meet the needs of "weaker" customer categories.		
Basic bank account	Allow low cost access to the main banking services.	Retail customers with low earning capacity.
Zip Italian account - basic	Allow low cost access to the main banking services.	Retail customers who carry out a limited number of transactions (mainly at the counter).
"Conto italiano per me"	Promote the use of banking services by young people, by offering low-cost products and services focused on online channels.	Young people from 18 to 30 years old
"Tuttofare Giovani":	Support young people education through personal loans on favourable terms.	College students, students enrolled in master and postgraduate courses.
"Diamogli Futuro"	<ol style="list-style-type: none"> 1) Supporting young people education. 2) Facilitate the purchase of a first home by young people with fixed-term employment contracts. <p>These aims are pursued within the framework of an agreement between ABI and the Ministry of Youth, and special guarantee funds.</p>	<ol style="list-style-type: none"> 1) Young people from 18 to 40 years old enrolled in courses of study (university, master and post-graduate courses). 2) Young people (with children) and young couples.
Pension Account	Crediting pension entitlements on the current account on special affordable costs.	Pensioners.
"Paschi senza frontiere"	Promote immigrants inclusion in Italy through a range of banking and insurance products and services on special low-cost terms. One of the pillars of this offer is free remittance up to 250 euros per transaction.	Immigrants living in Italy. There are about 293,000 Group's customers from countries with high emigration rate (5.5% of total customers).
Products and services for the non-profit sector	Support the social goals of non-profit organizations through a range of basic low-cost services and a network of 55 specialist centres in the region.	Approximately 25,000 non-profit organisations are customers of the Group.
Solutions to manage pensions		
Open pension funds AXA MPS Previdenza	Support customers in building up a supplementary pension, with innovative product features such as "Life Cycle" which allows to automatically adapt the investment to the remaining retirement period, progressively moving from more aggressive funds to other more conservative ones.	All customers.

FS. Social and Environmental Aspects of the Financial Sector

MAIN PRODUCTS	SOCIAL PURPOSES	BENEFICIARIES
Anti-usury		
Anti-usury protocols pursuant to law 108/1996:	Help combat usury, making sure that customers in need are granted loans in a short time and at sustainable interest rates, in agreement with the institutions (Confidi, trade associations, prefectures, etc..).	The Group has committed credit lines for this purpose amounting to approximately 50 million euros.
Microcredit		
Microcredito di Solidarietà SpA	Help people in need. The Company, in which the Bank has a 40% stake (the bank also supports the administrative costs, provides loans, collects the repayments, etc..) provides loans for amounts up to 7,500 euro, repayable in 5 years at a fixed interest rate of 2% and with no need to provide guarantees. www.microreditosolidale.eu	"Non-bankable" people in Tuscany. In 2011, 220 loans for an overall amount of 674,650 Euros were granted by the Company.
"Fondo nuovi nati"	Support families for birth/adoption costs, by providing loans up to 5,000 euro, repayable in 5 years at a fixed interest rate (APR) no to exceed 50% of the Average Overall Effective Rate (Italian TEGM) on personal loans. The loans enjoy a 50% guarantee from a specific national fund.	Families with children born/adopted in the year preceding the loan application. In 2011, 574 loans for an overall amount of 2,809,550 Euros were granted by the Group.
ABI-CEI Microcredit	Help people and small businesses in difficulty. The Group is a member of the national microcredit program defined by an agreement between ABI and the Italian Episcopal Conference (CEI) and provides low interest rate loans, partially guaranteed by a specific fund.	People and small businesses in difficulty. In 2011, 28 loans for an overall amount of 175,100 euro were granted by the Group.

FS8 Products and services with environmental goals

MAIN PRODUCTS	ENVIRONMENTAL GOALS	BENEFICIARIES
Welcome Energy	Support the production of energy from renewable sources. The Group finances the installation of photovoltaic systems for amounts up to 2 million euro and amortization periods of up to 18 years.	Small and medium enterprises. In 2011, 1,077 loans for an overall amount of 668,817,661 euro were granted by the Group.
Clean Energy	Support the production of energy from renewable sources mainly through project financing photovoltaic, wind, biogas, cogeneration plants, waste incineration, etc..	Corporate customers. In 2011, 59 loans for an overall amount of 339,181,550 euro were granted by our subsidiary MPS Capital Services.
Energy Leasing	Support the production of energy from renewable sources through lease financing for the purchase/construction of energy production plants from renewable sources.	Corporate customers. In 2011, 148 loans for an overall amount of 296,014,082 euro were granted by our subsidiary MPS Leasing & Factoring.
Prestisole	Support the production of energy from renewable sources. The Group finances the installation of small photovoltaic systems for amounts up to 50 thousand euro and amortization periods of up to 15 years.	Retail customers In 2011, 1,214 loans for an overall amount of 27,623,000 euro were granted by the Group.
Loans within framework agreements	Support the production of energy from renewable sources in cooperation with leading industry players. Projects in the photovoltaic sector are eligible for amounts up to 50 thousand euro and amortization periods of up to 15 years.	Retail customers In 2011, 422 loans for an overall amount of 9,217,000 euro were granted by the Bank.

MAIN PRODUCTS	ENVIRONMENTAL GOALS	BENEFICIARIES
Terramica	Support the agricultural sector enhancing policies aimed at curbing the environmental impact. Eligible investments are, for example, the purchase of "non-OGM" seeds, high-tech low-environmental impact machinery and investments for the improvement of animal husbandry structures with a view to animal well-being.	Companies in the agricultural sector. In 2011, 199 loans for an overall amount of 10,322,607 euro were granted by the Group.

During the year, the supply of products with environmental goals has been expanded with additional products, that would lead to further increase revenues arising from green finance strategy.

New products of this kind include:

- "Mutuo Natura" - financing for the purchase or renovation of buildings with high energy classification and in compliance with green building standards. The product won the 2011 award for Product Innovation in the contest sponsored by the magazine "Milano Finanza".
- "Tuttofare Natura" - personal loan for property renovation projects to improve energy efficiency (installation of photovoltaic systems, solar thermal systems, devices using renewable energy, condensing boilers) and for the purchase of "green" cars (euro5, hybrid, LPG, natural gas).
- "Montepaschi Energie Pulite" - loans (up to 80% of the investment value and up to 5 million euro) for companies that install equipment for the production of alternative energy other than photovoltaic (wind, biogas and biomass, geothermal, etc..) and benefit from the specific public incentives.

FS9
Audit to assess implementation of social-environmental policies and risk assessment procedures

Our internal control approach is "risk based" and the related management system, which is structured on three levels, is such as to ensure an independent assessment of processes effectiveness and efficiency

As part of routine inspections conducted by the Internal Audit function (see page 70) attention is also paid to the effective implementation of the commitments contained in the Code of Ethics and Internal Policies and Guidelines that focus on topics with high environmental and social implications (see pages 26, 27, 28).

In 2011 a total of 1,403 audits were conducted, in addition to specialized controls, both internal and external, on the operation of certified management systems : ISO 14001 for the environment (about 80) and OHSAS18001 for workers health and safety protection (about 150).

FS10
Relations with investee companies on social and environmental programmes

The companies in the Group have adopted the Code of Ethics and carry out their business in conformity with the internal Policies and Directives focusing on topics with significant social and environmental implications. The same references are used in dealing with business customers (see pages 26, 27, 28).

INVESTMENTS IN SOCIALLY AND ENVIRONMENTALLY ACTIVE COMPANIES

The Group holds equity investments in businesses, organizations and associations engaged in regional development and the promotion of social and environmental sustainability. In most cases, through its own representative, it participates in the governing bodies of these organizations/associations, and takes part in the definition of objectives and strategies.

As at 31.12.2011 there were approximately 30 investments of this type, for a corresponding amount of about 200 million euro, accounting for approximately 2% of the Bank's total equity investments.

FS. Social and Environmental Aspects of the Financial Sector

INVESTMENTS IN COMPANIES ENGAGED IN SOCIAL AND ENVIRONMENTAL SECTORS AS AT 31.12.2011- FINANCIAL STATEMENTS AMOUNTS (millions of Euros)	
Financial companies with a social mission	117.8
Renewable energy producers	64.4
Water management companies	10.1
Environmental management companies	7.4
Bio-technological research companies	0.6
Regional development entities	0.8
Microcredit Companies	0.4
Total	201.5

SOCIAL AND ENVIRONMENTAL EVALUATIONS IN THE RELATIONSHIPS WITH CORPORATE CUSTOMERS

Social and environmental issues are also subject to assessments within the relationships with corporate customers, with special emphasis on the environmental risks inherent in the credit process and the critical issues, including reputational risks, which may arise when providing financial services to companies in the armament industry (see pages 27, 28); the main data on this issue are shown below.

LOANS' ENVIRONMENTAL RISK- LOANS ASSESSED	2011	2010	2009
Specialised credit – Mps Capital Services			
Projects (no.)	212	259	215
Amounts (millions of Euros)	2,542	3,499	2,151
Firms with turnover exceeding 500 million			
Customers (no.)	479	416	470
Amounts (millions of Euros)	17,509	17,976	18,355

LEVELS OF ENVIRONMENT RISK OF PROJECTS ASSESSED BY MPS CAPITAL SERVICES IN 2011	PROJECTS		AMOUNTS	
	No.	%	(MILLIONS OF EURO)	%
Low (A)	72	34	114	4
Medium (B)	75	35	1,818	72
Significant (C)	33	16	249	10
High (D)	32	15	361	14

OPERATIONS IN THE ARMAMENT INDUSTRY (Millions of euro)	2011	2010	2009
Law 185/90 - intermediated flows with regard to armaments import-export transactions	6.5	12.0	16.3
Loans granted to firms in the armaments industry.	130.7	162.9	145.4

FS11 Assets subject to environmental and social screening

With regard to asset management of investment products included in the product range available to its customers, the Group has sought to characterize the products offered also in terms of socio-environmental impact, through the following measures:

- Within the funds-SICAV product range there are 25 products classified as "sustainable" by virtue of their investing in companies that pay particular attention to the values of environmental protection and business ethics.
- All the major funds-SICAV that are offered to our customers, are subject to a periodic screening by the rating agency Vigeo in order to assess the ESG profile (Environment, Society and Governance) of portfolio issuers and identify products that on average, invest more in securities of socially responsible companies and/or public entities. A synthetic ESG rating is then assigned which, if it exceeds a predetermined threshold, is reported to customers (the ESG rating calculation does not take into account any specific social and environmental policies adopted by the products management company). As at 31.12.2011, 84 of the 239 products assessed meet such requirements.

FS. Social and Environmental Aspects of the Financial Sector

- The Group places on the market investment products that focus on the returns of companies with the best sustainability performance. In 2011 we issued the "Credit Suisse Green Economy", structured bond, indexed to the performance of a basket of shares representative of companies in the renewable energy sector, and the formula fund "Prima Protetto 100 Energia Pulita", which is based on the underlying performance of the "S & P Global Clean Energy" index, composed of 30 companies operating in the clean energy business.
- There are no specific policies regarding voting rights in investee companies.
- The active shareholder participation in the asset management business is not relevant as in 2009 we sold the controlling interests in all the companies that were previously part of the Group.

FS12
Social and
environmental policies
in exercising voting
rights in third party
companies

EC. ECONOMIC PERFORMANCE

DISCLOSURE ON MANAGEMENT APPROACH

The Group's foremost responsibility is to create value for the shareholders, mainly through the establishment of a solid and lasting relationship with customers based on the quality of services offered, and to distribute value to all stakeholders by paying salaries to employees, sustaining the savings achieved and meeting our fiscal responsibilities etc..([Code of Ethics](#)).

Economic and financial management is achieved through solid planning systems, control and reporting supervised by the Chief Financial Officer.

The management of the financial impacts on stakeholders and local economic systems follows specific company policies on topics such as:

- Human resources management (see pages 54, 55).
- Financial inclusion (see pages 31, 32, 33).
- Environmental protection and combating climate change (see p. 33, 34, 38).
- Sustainability of the supply chain (see pages 39, 40, 51, 52, 53, 67).
- Investment in the community economic and social growth (see pages 40, 41).

ECONOMIC PERFORMANCE

EC1
Direct economic value
generated and
distributed

The extraordinarily difficult market environment, characterized by a progressive slowdown in economic growth and the exacerbation of the sovereign debt crisis in the Eurozone, strongly affected the activity of the banking system. This context significantly impacted on the assets and liabilities and income performance of the Group, of which the main indicators are shown in the table below.

MAJOR ASSETS & LIABILITIES AND INCOME INDICATORS	2011	Change over prev. year
Assets and liabilities figures	millions of Euro	%
Deposits from customers	280,874	-7.2
- Direct funding	146,324	-7.2
- Indirect funding	134,550	-7.2
Loans to customers	146,608	-5.6
Income statement figures (Income statement reclassified for management purposes)	millions of Euro	%
Income from financial and insurance activities	5,507	-1.2
Profit/Loss from continuing operations before income taxes	150	-89.9
After tax profit/loss from continuing operations	-99	Not significant
Net profit/loss for the year *	-4,685	Not significant
Ratios	%	Basis points
Tier 1 ratio	11.1	+270
Cost/Income Ratio	63.6	+200

* The figure includes in particular the effects of the impairment of goodwill and intangible assets of significant amount (4,479 million euro) made in compliance with International Accounting Standard "IAS 36".

The trend of the financial and income performance is also reflected in the Group's ability to deliver value to the benefit of stakeholders and local economies. The Economic Value Generated in the year, calculated on the basis of the financial statements data through the specific methodology proposed by ABI, amounted to about 4 billion euro.

BREAKDOWN OF ECONOMIC VALUE GENERATED (thousands of euro)	2011	2010	2009
Economic value generated	4,058,005	5,268,407	4,422,092
Economic value distributed	4,447,304	4,334,536	4,244,800
-to employees and staff	2,271,033	2,272,195	2,391,621
-to suppliers	1,150,820	1,135,010	1,246,599
-to the central and peripheral administration	1,022,797	749,478	590,226
-to the community and the environment	6,119	109,477	11,851
-to shareholders	0	66,890	3
-to non-controlling shareholders	-3,465	1,486	4,500
Economic value retained	-389,299	933,871	177,292

* To analyse the full version of the "Statement of value added calculation" in accordance with the methodology proposed by ABI in December 2010 please see [Our Values section in www.mps.it website](#).

For more information on the financial and earnings performance of the Group during the year 2011 please see the [Consolidated Financial Report at 31.12.2011](#).

EC2
Financial implications,
risks and
opportunities
associated with
climate change

Banks, compared to industrial companies, can ensure the continuity of their service without depending significantly on fossil fuels.

Nevertheless, even in the Group's activity there are risks and opportunities linked to climate change that have financial implications:

- The risks are primarily of a physical nature, in relation to natural disasters that can cause damage to the bank operations both directly (structural damage, business interruption, etc..) and indirectly (damage to customers affecting their ability to repay their debt), with considerable financial implications (costs for recovery of operations, impairment losses and lost revenue in lending, development costs, management of emergency and business continuity systems, insurance costs, etc..).
- Opportunities, also conditioned by the regulatory environment, include the opportunity to reduce operating costs through eco-efficiency projects and increase revenues with product innovation in the field of the so-called green finance.

For these reasons, the Group, in continuity with its Environmental Policy, has undertaken the implementation of a [Climate Change Strategy](#) developed on several fronts:

- In marketing, for example, through research and tailored financial products to support the development of renewable energies.
- In property management, with the gradual adjustment to eco-sustainability criteria of the workplace, technical equipment and Information Technology facilities.
- In business mobility through the rationalization of business travel and an optimization, including from an environmental standpoint, of the mix of vehicles used.
- In the procurement of goods and services for operational needs, with an increasing control of the environmental impacts of their life cycle.

The Group's attention to the issue of climate change is also evidenced by:

- The partnership in Italy with the Carbon Disclosure Project (CDP) – the bank cooperates in the production and communication of the Italy Report.
- Our positive response to the CDP's annual request to major companies worldwide to make public their policies and performance for coping with climate change.
- The disclosure on performance and the systems implemented by the Group to manage climate change risks and opportunities- every year the specific [CDP questionnaire](#) is completed and disclosed.
- Participation in the [Carbon Action](#).

EC3
Coverage of the defined benefits plan obligations

The Group companies have provide their employees with a corporate supplementary pension plan in order to ensure that their members, or their beneficiaries, are provided with pension services supplementary to the basic mandatory system. The amounts of the related liabilities are posted in the [Consolidated Financial Report at 31.12.2011 \(pages 244-247\)](#).

The company contribution, where required, amounts to 2.5% of the total annual gross salary of each employee.

The management is carried out through two closed contractual funds, with total assets of about 2 billion euro.

The asset allocation policy is based on traditional investment assessments supplemented by ESG indicators (Environment, Society and Governance). To this end the specific rating provided by the specialized firm Vigeo are used with regard to securities in the portfolio. As at 31.12.2011 the average ESG rating of the funds is equal to 46.1/100 and above the benchmarks monitored by Vigeo.

EC4
Significant financial assistance received from the Government

In 2011 the Group companies did not receive any significant contributions from the Government.

MARKET PRESENCE

EC5
Average personnel wages and entry-level wage

AVERAGE ANNUAL GROSS REMUNERATION (euro)	2011	2010	2009
Senior management	142,362	143,376	134,974
Middle management	54,769	56,655	55,523
Professional staff	36,106	38,094	36,993

Gross annual salary including only the fixed component of remuneration provided for by contract and the company's contributions.

Annual Gross Remuneration of Group personnel is in line with average rates in the sector. Newly-hired personnel is employed under a professional training apprenticeship contract pursuant to Legislative Decree 276/03, with an average annual compensation of about 30,000 euro and an initial 3rd employment level of the 2nd Professional Area. Furthermore, according to their contract their compensation package provides for more favourable terms than those established by law:

- At the end of the contract, the employment is normally converted into permanent employment, with an employment level going from the initial level to the next level (1st level of the 3rd Professional Area). In 2011, in one case only the relationship ended by decision of the employee, at the end of the apprenticeship period.
- After the first 18 months of the contract, the entry-level employee is granted - on a temporary basis - the scheduled financial payment corresponding, net, to that established for the end-of-contract employment.

EC6
Policies, practices and proportion of spending on locally-based suppliers at significant locations of operation

The Group has an extensive supply chain that includes about 19,000 companies in Italy. The procurement processes and supplier relationships are managed according to centralized strategies and organizational systems, which ensure uniform levels of quality and effectiveness of supplies in all the Group's structures ([Policy of sustainability in the supply chain](#)). The vendor selection is made at the conclusion of an assessment process that is based on price and on such factors as the quality of supply, the reliability of the supplier, the overall commercial and financial reciprocal relationship with the counterparty, performance sustainability (see pages 51, 52, 53, 67), with particular attention to small businesses and, locally, to the regions where the Group's activity is traditionally rooted.

Breakdown by Region of the costs of purchasing goods/services at 31.12.2011 (%) - Total = 1,152 million euro



EC7
Local hiring of staff

- Hiring of entry-level staff is made through the use of suitable selection procedures and trying to ensure that the office assigned is in the geographical area nearest to the area where the young employee resides. It is also contractually established that all new employees who are first assigned to a workplace in a town other than the one of residence should receive an additional allowance for 13 months.
- With regard to the recruitment of senior management, there are no specific policies taking account of the place of residence of the person concerned. These recruitments are aimed at acquiring particular professional skills, that are not present or that cannot be developed internally in the short term and that are generally placed in the operational offices of the central structures of Group companies.

INDIRECT ECONOMIC IMPACTS

EC8
Support for investments in infrastructure and services in the public interest, donations and pro bono activities.

The Group takes part in the development of the social and economic context in which we operate ([Code of Ethics](#)), by supporting programs for the community development and protection, through:

- Cooperation with local institutions. Through specific offices for the management of local markets (55 specialized Centres in Italy) we ensure an on-going relationship with the local administrations and full support which includes among other things, advising on public finance and funding works and services in the public interest (104 transactions totalling 205 million euro during 2011).
- Direct contributions to organisations and projects in the cultural, scientific, social and environmental fields.
- The promotion of fundraising for charitable initiatives, making it possible for customers, employees and all interested persons to make a donation through the branches, the ATMs, prepaid cards, Internet banking and other on-line options.
- Equity investments in companies engaged in social and environmental areas (see pages 34, 35). In some cases, the Bank supports their business by contributing additional financial and non-financial resources, as it is the case in particular with Microcredito Solidarietà SpA (see pages 31, 32, 33).

DIRECT CONTRIBUTIONS

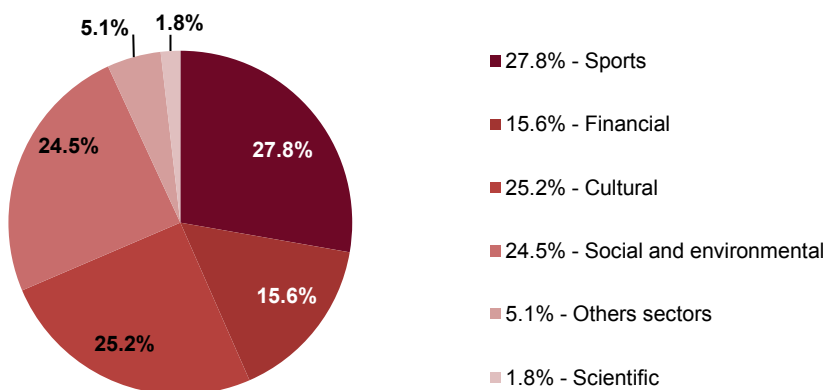
In line with the specific [Policy of Social Involvement in the Communities](#) the Group also directly supports the community through:

- Sponsorships - 652 initiatives for approximately 36 million euro.
- Donations - voluntary contributions given for charitable purposes (3.8 million in 2011).
- Contributions granted to projects with social aims established by Local Entities in the context of cash and treasury services. In 2011 the expenditure was approximately 4.3 million.

DIRECT CONTRIBUTIONS TO THE COMMUNITY (millions of euro)	2011	2010	2009
Sponsorships	36.0	35.0	34.7
Donations*	3.8	3.1	5.6
Contributions to local government agencies as part of treasury and cash services	4.3	5.5	6.1
Total contributions	44.1	43.6	46.4

* They include donations made by Group companies, either directly or in support of the Foundation Banca Antonveneta and Banca Agricola Mantovana.

Breakdown of the number of sponsorships made in 2011, by purpose



FUNDRAISING PROMOTION

In 2011, 7 such initiatives were carried out, through which the Group raised over 400,000 euro for socially useful projects in Italy and abroad. In particular:

- The collaboration with ACRA - Rural Cooperation in Africa and Latin America for the development of projects to defend the right to water in Senegal.
- The "Fabbrica del Sorriso", an initiative by Mediafriends NPO to support projects in favour of the neediest children.
- The traditional Christmas fundraising to support care and assistance projects (aimed mainly at children and young people in difficulty) developed by various non-profit organizations in Italy.
- The collaboration with UNICEF's campaign to combat infant mortality "We want Zero".
- Support people affected by natural disasters.

Several non-profit organizations have also received the amounts collected through the use of specific prepaid cards.

For more information on charitable initiatives supported by the Group please see

[Solidarity section of the www.mps.it website](#)

EC9

Analysis of the main indirect economic impacts

Because of the intrinsic nature of the banking activity, the Group operations can impact on the development of the socio-economic fabric. The Group's commitment is to ensure that our intervention may benefit the Bank, the economy, the community and the environment.

Contributing to sustainable development is the guiding principle of the Group's CSR Policy, which we apply through financial solutions capable of serving market needs and meeting the general interests of the community.

The areas of general interest with an indirect economic impact on which the Group's concentrate its efforts include:

- Financial inclusion (see pages 31, 32, 33).
- Environmental protection and combating climate change (see pages 33, 34, 38).
- Sustainability of the supply chain (see pages 39, 40, 51, 52, 53, 67).
- Investment in the community economic and social growth (see pages 40, 41).

EN. ENVIRONMENTAL PERFORMANCE

DISCLOSURE ON MANAGEMENT APPROACH

POLICY

The Group is committed to managing activities which can have negative or positive impacts on the environment in an organised and increasingly efficient way.

The most significant environmental aspects mainly concern:

- Internal operations – i.e. the consumption of paper, energy and water, refuse and other polluting emissions linked to office work, to property management, information technology, transportation and business mobility, logistics and procurement procedures.
- Market relations – in particular any negative effects on credit caused by the low level of environmental friendliness of the company or the financed project (see pages 27, 28), and the contribution to eco-efficient business and technological activities achievable through the bank's offered products (see pages 33, 34)

The general reference principles are indicated in the [Environmental Policy](#).

OBJECTIVES AND PERFORMANCE MONITORING

Environmental performance objectives are set every two years including through discussions with trade unions within a specific Working Group with the Bank. The objectives for the 2011-12 period include:

- The energy efficiency of workplaces and technical installations.
- The reduction in energy consumption of IT systems.
- Improving the environmental quality of the corporate vehicle fleet.
- The increase in the rate of use of eco-friendly products and services.
- The reduction in paper consumption.

Performance is monitored as part of the ordinary activities of operational departments and the results are made available to senior management and the BoD to check their consistency with predefined targets. Some indicators are calculated by using parameters and transformation coefficients indicated by specific standards and also included in the "ABI specifications for the preparation of sustainability reports according to GRI G3.1".

MANAGEMENT AND CONTROL SYSTEMS

Organizational and procedural systems are in place to manage the Group's environmental impacts; they are coordinated by a central function which is supported by appropriate regional offices. These systems are certified according to the international ISO14001 in the Parent and MPS Capital Services (about 80% of the Group's assets/offices). Their effective implementation is monitored through periodic checks and any non-compliances are addressed through appropriate improvement plans.

TRAINING

The skills required to conduct business while protecting the environment are developed and updated mainly through:

- Training courses on general aspects of the Environmental Policy aimed at new employees and technical courses for the staff more involved in environmental management at the operational level (approximately 500 participants in 2011).
- The content published in a specific intranet section and news on the Group's initiatives disseminated through other internal communication channels.

RAW MATERIALS

EN1 Use of raw materials

The consumer products most widely used and having significant environmental impacts in their life cycle are paper and toner.

CONSUMPTION *	2011	2010	2009
Paper internal use (t) **	1,806	2,079	1,897
Consumption per employee (Kg)	59	67	62
A4 paper (sheets per employee per day)	47	51	41
Paper external use (t) ***	2,721	2,227	-
Consumption per customer (Kg)	0.44	0.36	-
Toner (no.)	18,424	27,819	34,620

*Data estimated on the basis of purchase orders

**Internal use: for printing and photo-copying working documents in management offices and the branch network (mainly A4 and A3 format paper).

***External use: for communications sent to customers (despatch of account statements, securities files and other periodic information), for the management of some banking transactions (pre-printed forms, carbonless copy paper, etc.), for advertising materials (brochures and leaflets), for printing the corporate accounts and publications given free to customers.

REDUCTION IN PAPER CONSUMPTION

The goal of reducing paper consumption, both for internal and external use, is pursued through a comprehensive program of structural and process measures designed at optimizing documents management with a paperless approach; these measures include: on-line tools for an increased digitization of internal and commercial documents; development of a Documentation Centre for electronic storage, the use of digital fax service, the Document on-line project to allow internet banking customers to receive the Bank periodic communications in electronic format only; etc..

REDUCTION IN TONER CONSUMPTION

A centralised system is in place to control network printers which is enabling optimisation of the printing quality and therefore the consumption of toner, achieving up to 25% toner and cost savings per year.

EN2 Products made with recycled materials

The products most widely used made with recycled materials include:

- Paper for internal use, 18% of the total. In 2011, for the first time, we introduced the A4 recycled paper in the purchase catalogue of the electronic platform (e-procurement).
- Toner, 90% of the total - a "closed cycle" collection process is in place for the reconditioning and re-use of exhausted toner.
- Various stationery products (folders, propelling pencils, sticky notes, etc..).

RECYCLED PRODUCTS (%)	2011	2010	2009
Paper internal use	18	0	0
Toner	92	69	59

ENERGY

EN3
Direct energy
consumption, by
source

DIRECT ENERGY CONSUMPTION *	2011	2010	2009
Methane gas (m ³)	8,002,099	7,709,735	7,121,917
Fuel oil (litres)	755,200	806,338	1,056,638
Heating energy (GJ)	301,349	293,157	281,968
Fuel oil (litres)	1,867,695	1,826,992	1,361,825
Gasoline (litres)	22,609	74,273	84,490
Corporate vehicle fleet energy (GJ)	60,009	60,388	45,955
Total energy (GJ)	361,358	353,545	327,922
Renewable (%)	0	0	0
Total energy per employee (GJ)	11.8	11.4	10.4

* To calculate consumption in gigajoules (GJ) we used the coefficients defined by the Italian Greenhouse Gas Inventory 1990-2009 - National Inventory Report 2011 and Legislative Decree No. 28/2011.

The increase in direct energy consumption recorded in 2011 is mainly due to the increased use of methane gas in heating systems, only partly offset by the sale of some fuel-oil boilers.

EN4
Indirect energy
consumption, by
source

INDIRECT ENERGY CONSUMPTION *	2011	2010	2009
Electrical energy (kWh)	206,873,975	214,989,269	232,329,385
Total energy (GJ)	744,746	773,961	836,386
Renewable (%)	96.9	96.5	82.0
Total energy per employee (GJ)	24.3	25.0	26.6
<i>Primary energy (GJ)*</i>	<i>49,929</i>	<i>58,090</i>	<i>328,058</i>

* Estimated consumption of non-renewable energy used for the production of electricity purchased from the grid. Coefficient shown in DCO2/08 Authority for Electricity and Gas.

EN5
Energy saved due to
conservation and
efficiency
improvements

DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ)	2011	2010	2009
Direct energy	361,358	353,545	327,922
Indirect energy	744,746	773,961	836,386
Total energy	1,106,104	1,127,506	1,164,308
Total energy per employee	36.1	36.5	37.1

The energy savings targets are pursued through a comprehensive efficiency program in operating areas such as:

- Operating property management (restructuring and new branches).
- Maintenance of installations.
- Implementation of information systems.
- Management of the corporate vehicle fleet

OPERATING PROPERTY

In 2011 the guidelines for the development and restructuring of the branches were updated with the best available technology, with a particular focus on energy efficiency. The guidelines include:

- Installation of heating and air conditioning systems in compliance with best technical and energy efficiency standards.
- The design of lighting systems based on the principle "the light where needed and when needed", and the installation of lighting with LED technology.
- The use of windows and glass components with better energy performance coefficients than those established by law for the different climatic zones.

In 2011, these specifications were implemented in 82 branches.

MAINTENANCE OF PLANT

Since 2011, the maintenance system provides that maintenance companies in charge of managing the systems in place in branch offices implement a general renovation plan of these systems including from an energy standpoint.

During the year maintenance was carried out on about 60 plants with energy saving targets. The main maintenance operations concerned:

- The transformation of fuel-oil boilers to more efficient methane gas condensing boilers and heating pumps, also in a combined configuration.
- The installation of heat pumps with built-in air handling units and heat recovery, equipped with digital control and energy optimization algorithms.
- The workplace lighting restructuring, with the use of low energy light bulbs, LED lighting and lighting control systems, with detectors for both the presence and intensity of available light.

IT SYSTEMS

A plan to gradually improve IT technology and energy efficiency is in place.

In 2011 this plan resulted in about 33,000 GJ of energy savings.

The main maintenance operations concerned:

- Replacement in the offices of about 16,000 PCs and 12,000 LED monitors.
- The optimized use of about 400 servers.
- The use of the Ghiron software that automatically activates the PC stand-by mode at night and on holidays.
- The use of a software for the centralized management of the printers stand-by status.

CORPORATE VEHICLE FLEET

The plan to improve the overall and energy efficiency of the corporate vehicle fleet was implemented in 2011 with the following initiatives:

- The management of company cars available at the Siena, Florence, Padua and Mantua offices. The internal directive provides that these cars, characterized by high fuel efficiency, are used by employees as a first option when carrying out business trips.
- The replacement of part of the fleet with more efficient vehicles also in terms of energy.
- Working with the rental companies to verify the fleet environmental impacts and identify possible actions for improvement.
- Supplementing the fleet with 5 electric cars.

For information on additional initiatives on business mobility through other means than company cars see indicator EN7 (pages 46, 47)

EN6

Initiatives to provide products and services which are energy-efficient or based on renewable energy

For information on the Group's products and services designed to support customers' investments in the environmental and energy sectors see indicator FS8 (pages 33, 34).

EN7

Initiatives to reduce the consumption of indirect energy

In 2011 the Group carried out a series of initiatives designed to reduce "indirect" energy requirements related to:

- Business trips (the so-called business mobility).
- Employees home-work commuting
- Transportations carried out by suppliers for the delivery of purchased products.
- The manufacturing of products used internally, such as paper, for which specific plans to reduce consumption are in place (see page 44).

BUSINESS MOBILITY

The main initiatives implemented by the Group to reduce indirect energy consumption in business trips include:

- The application of internal guidelines providing for the selection of more efficient transport systems such as company cars and public/collective transport as a first travel option.
- The selection of hotels, also based on logistic criteria to minimize the need for local travel (reduced distance from city center, stations, metro and bus stops, etc..).

HOME- WORK COMMUTING

The company's measures designed to increase the sustainability of employees home-work commuting include:

- A corporate shuttle service linking the headquarters of the Bank in Rome, in Via Pedicino, to the nearest stop for local public transport.
- Free charging points for electric vehicles.
- Agreements with local public transport companies for discounts on annual subscriptions.

The analysis of internal surveys and the results of some focus groups, which ended in 2011, regarding employees' home-work commuting (the activity involved 11,000 employees in offices in Siena, Rome, Florence, Padua, Milan, Lecce and Mantova) led to the identification of 130 additional improvement actions. These actions will be implemented over the next year as part of specific Home-Work Commuting Plans and will focus on:

- Additional support by the company to increase the sustainability of home-work commuting (shuttle services, car-pooling, contributions towards the cost of public transport, etc..).
- Internal communication and raising staff awareness.
- Support services to employees for needs outside the workplace (such as on-line shopping and support to mothers).
- Collaborations in the region to help identify solutions for improving local mobility.

TRANSPORTATION OF SUPPLIES

Deliveries of products purchased by the Group are optimized, with a significant reduction in journeys and cost savings. This, by virtue of the decision to concentrate this service under a single vendor: formerly there was a delivery for each type of product purchased from different suppliers; the deliveries are now grouped by the sole supplier, with a single trip for various types of products.

WATER

EN8
Water consumption,
by source

WATER CONSUMPTION *	2011	2010	2009
Total water (m ³)	1,068,192	1,114,581	1,031,768
Water per capita per day (litres)	139	144	133

* The data are estimated on the basis of the expenditure and do not include water consumption included in condominium expenses of some buildings as these are not quantifiable.

Water is used primarily for health and sanitary purposes and for the cooling of air-conditioning systems.

The water is supplied primarily by mains water. There are a few wells in use to cool installations and to water green areas next to our buildings.

EN9
Water sources affected by water withdrawal

Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.

EN10
Water recycled and reused

Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.

BIODIVERSITY

EN11
Location and size of land owned, leased or managed in protected areas or in areas with high biodiversity

The Group is the owner of 1,150 hectares of farms in Liguria and Tuscany in areas of natural beauty but which are not classified as "protected areas". The farms are managed by a dedicated company, MPS Tenimenti for olive oil and wine production.

EN12
Impacts of activities products and services on biodiversity

The Group does not operate directly in protected areas or those with high biodiversity. For information on environmental policies applied to the business and the implementation procedures, see the indicators FS1, FS2, FS10 (page 26, 27, 28, 34, 35).

EN13
Protected or restored habitats

Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.

EN14
Action strategies for managing impacts on biodiversity

Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.

EN15
Protected species present in areas where the organization operates

Given our business and the areas in which we operate with offices and staff, this indicator is not considered relevant.

EMISSIONS, EFFLUENTS AND WASTE

EN16
Total direct and indirect greenhouse gas emissions

EMISSIONS OF GREENHOUSE GASES	2011	2010	2009
CO₂e Emissions (t)	25,448	25,453	38,050
Scope 1 (t)	22,803	22,376	20,671
Scope 2 (t)	2,645	3,077	17,379
CO₂e Emissions per capita(Kg)	830	823	1,211

* To calculate CO₂e we used the coefficients defined by the Italian Greenhouse Gas Inventory 1990-2009 - National Inventory Report 2011. Consequently 2009 and 2010 data were recalculated compared to the amounts reported in financial statements at 31.12.2010. Data are expressed in terms of CO₂ equivalent amounts.

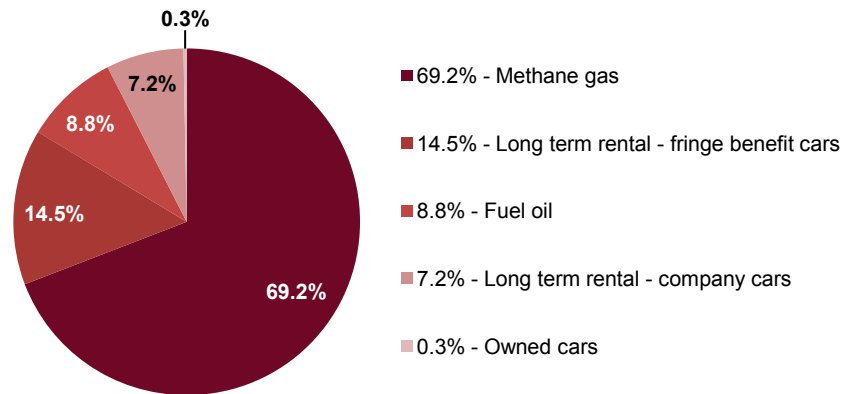
The greenhouse gas (GHG - Green House Gases) emissions mainly attributable to the Bank come from office heating, use of company cars (Scope 1 type according to the GHG Protocol classification) and partly related to the consumption of electricity and the quality of

the fuel mix for its production (Scope 1 type according to the GHG Protocol classification). A specific system to monitor greenhouse gas emissions (direct and indirect) and the activities originating them is in place, in line with the GHG Protocol principles and ISO14064 standard (Carbon Footprint).

In 2011 25,448 tonnes of CO₂e overall were emitted (about 830 kg per capita) in line with 2010 figures, with the following details:

- Scope 1 emissions - emissions relating to the use of company cars (whether long-term leases or fringe benefits) have increased, as has gas consumption. Emissions from fuel oil boilers have instead diminished.
- Scope 2 emissions- they declined further mainly due to lower electricity consumption.

Breakdown by source of Scope1 CO₂e emissions produced in 2011



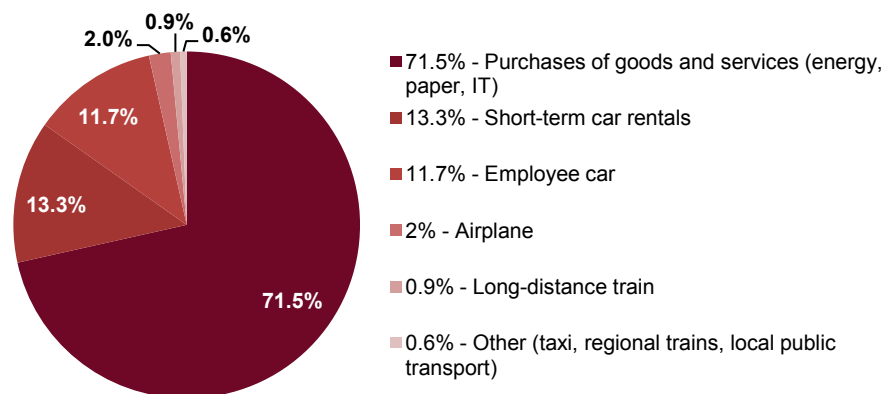
EN17
Other indirect emissions of greenhouse gas

The indirect emissions of greenhouse gases (Scope 3 type according to the GHG Protocol classification) are attributable to:

- Business trips effected by means other than company cars.
- The procurement of goods and services (especially paper and Information Technology tools).
- Employees home-work commuting
- The extraction and refining processes for the fuels used (methane gas and fuel-oil for heating; petrol and diesel for vehicles).

In 2011 emissions of this type amounted to 33,781 tonnes.

Breakdown by source of Scope3 CO₂e emissions produced in 2011*



The graphic does not consider emissions linked to employees' home-work commuting which, on the basis of the results of the studies carried out on a sample of approximately 10% of the Group's employees, is estimated to be in the order of 50,000 tonnes.

EN18
Initiatives to reduce greenhouse gas emissions and results achieved

In 2011 the CO₂e emission volumes confirmed the levels recorded in 2010 and in sharp decrease compared to previous years due to a progressive increase in the share of electricity from renewable sources and a series of initiatives to save energy which are still on-going and expanding (see pages 45, 46, 47).

EN19
Emissions of ozone-depleting substances

In accordance with legislative provisions (EC Regulation 2037/2000) a plan to phase out R22 gases used as refrigerants in air conditioning systems has been launched. At 31.12.2011 there were approximately 1000 systems employing the R22 and half of them contains less than 3 kg each.

Controls on the plants consist of:

- Periodical checks by maintenance companies.
- Inspections by the Group's technical staff.
- Possible checks by employees.

Any malfunctions are reported to the Group structure which deals with the company's property management, to carry out any necessary interventions

EN20
Other significant emissions into the air

There are no other important emissions.

EN21
Water discharges

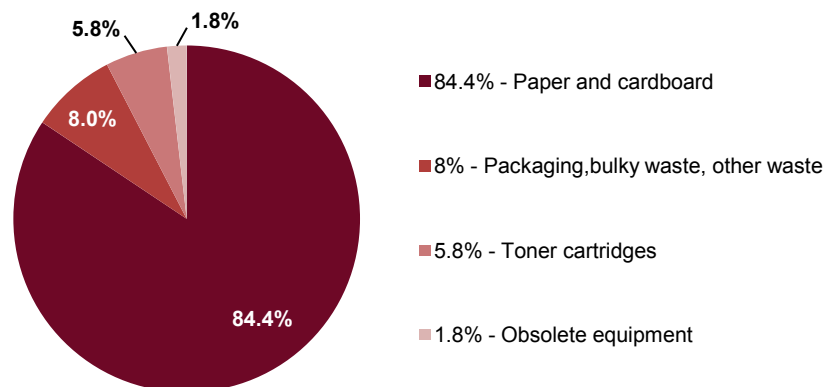
Water discharges from the Bank's business are similar to those from homes and hence go into urban sewerage systems. The volumes and data on the chemical, physical and biological characteristics are not available.

EN22
Total weight of waste by type and disposal method

In 2011 the quantities of waste produced by the Group were reduced by 38% over the previous year and, in particular, the waste of paper and cardboard has almost been halved.

PRODUCTION OF SPECIAL WASTE	2011	2010	2009
Total waste (Kg)	1,495,122	2,428,745	3,066,253
Waste per capita (Kg)	48.8	78.6	100.0
Waste sent for recovery (%)	90.4	94.1	69.7

Breakdown of special waste produced in 2011 per type



Additional quantities of waste classified as urban waste are managed by local collection systems and therefore we do not have specific reporting.

In almost all of the offices in Italy, a selective paper collection system is in place. The system will be gradually expanded, through the implementation of a specific project, to manage in a more sustainable way additional recyclable materials such as glass and plastic.

EN23
Pollutant discharges

Given the business carried out, this indicator is not considered relevant.

EN24
Hazardous waste

In 2011 2,060 kg of hazardous waste were disposed of, down compared to 2010 (5,500 kg) They mostly consist of obsolete equipment containing hazardous components (83% of the total). Other hazardous waste products during the year consisted of 280 kg of fluorescent tubes and 70 kg of lead batteries.

EN25
Wetland habitats significantly affected by the reporting organization's discharges of water and runoff

Given our business and the areas in which the Group operates, this indicator is not considered relevant.

PRODUCTS AND SERVICES

EN26
Initiatives to mitigate the environmental impacts of products and services

The indirect environmental impacts of the Group are mainly attributable to customers and suppliers activities.

With regard to customers, the Group has started assessment procedures of the environmental component when determining credit risk (see page 27, 28); it has developed a range of financial products and services to encourage renewable energy and protection of the environment (see pages 33, 34) and internet and telephone channels (the so called remote banking) to carry out banking transactions without visiting the bank counter. In the latter regard, the contracts for remote banking services increased by 4.1% over the previous year (1,625,000 at 31.12.2011) as has the number of active users (802,540 customers at 31.12.2011; +12%).

The Group's environmental commitment is also implemented through specific controls in the supply chain: suppliers are evaluated in terms of CSR and their sustainability performance and, where possible, priority is given to purchasing more eco-friendly products.

SUPPLIERS CSR EVALUATION AND QUALIFICATION

The general suppliers evaluation and qualification system includes:

- The analysis of CSR processes implemented by suppliers and measuring the resulting sustainability levels achieved.
- The identification of possible improvement actions to be taken in a partnership perspective.

A specialized rating agency (Ecovadis) is in charge of the rating which includes 21 criteria based on international standards and guidelines in the following CSR areas:

- Environment (energy and water consumption, waste production, etc.).
- Society (health and safety of workers, working conditions, relations with trade unions, career management, forced and child labour, anti-discrimination policies, human rights).
- Ethics (corruption and exploitation, anti-competitive practices, marketing manager).
- Supply chain (environment, working practices and human rights).

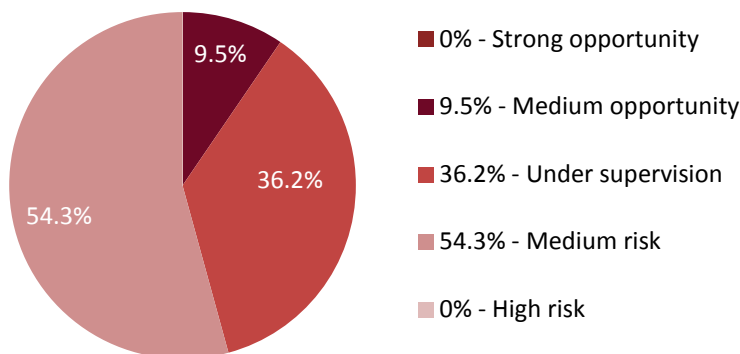
The data used for this purpose are disclosed in part by the suppliers through an internet portal and supplemented with information gathered by Ecovadis from media research and other public sources.

The result is a summary score variable in a scale from 1 to 10 (CSR rating), going from profiles that require careful monitoring to situations that may represent opportunities for further collaboration in view of improving the overall performance.

CSR RATING - ASSESSMENT CATEGORIES		
Rating	Category	Description
9 -10	Strong Opportunity	<ul style="list-style-type: none"> Structured and proactive approach to CSR issues Tangible actions on all points with detailed information on implementation CSR Reporting on performance indicators and objectives Innovative practices
7 -8	Average opportunity	<ul style="list-style-type: none"> Structured and proactive approach to CSR issues Tangible actions on the main issues with detailed information on implementation CSR Reporting on performance indicators and objectives
5-6	Under supervision	<ul style="list-style-type: none"> Structured and proactive approach to CSR issues Tangible actions over the main issue No significant reporting implementation or performance indicators
3-4	Average risk	<ul style="list-style-type: none"> No approach or proactive development programme for the CSR Some tangible actions on specific issues (reactive and minimal) Some certification but no documentation or measurements have been provided in support of this
1 -2	High risk	<ul style="list-style-type: none"> No statement of interest in CSR No action with regard to CSR issues Evidence of breaches in some cases

Suppliers so far evaluated with this methodology are 199 (corresponding to 60% of the total expenditure).

Breakdown of the number of suppliers by CSR rating category



The average supplier CSR Rating at 31.12.2011 is equal to 4.6, higher than the Ecovadis benchmark in all domains of analysis.

Improvement plans are in place by the suppliers involved. The plans were shared following a series of individual meetings to analyse the issue, and their progress is monitored regularly by the Bank.

PURCHASES OF ECO-SUSTAINABLE PRODUCTS AND SERVICES

The green procurement policy is generally based on market studies aimed at identifying the procurement opportunities that optimise the relationship between requirements and sustainability and the total cost of use and ownership of products and services.

The main products and services with these characteristics are: the supply of electricity from renewable sources, ecological paper, train journeys, supplies from e-procurement catalogues, leasing of energy saving hardware, hotel expenses at hotels demonstrating they have in place an effective environmental management.

In particular:

- Among the office supplies (paper, stationery, toner, etc..) there are 215 products with "green" characteristics (approximately 11% of products in the e-procurement catalogue).
- 95% of paper consumption for internal use is certified FSC and PEFC, i.e. from forests under controlled management and in some cases is also recycled and Ecolabel certified. Some of the Bank Communication products (diaries, calendars, financial Report and part of communications to customers) have similar characteristics.
- PCs and other IT components are also selected on the basis of energy efficiency criteria and other eco-compatibility parameters.
- The office cleaning service is characterized by the ISO14001 environmental certification of suppliers, the use of Ecolabel branded products, the training of personnel in charge for a safe and ecologically sustainable usage of the products.
- The hotels used for business trips are selected on the basis of their environmental performance management.

In 2011 the cost of environmentally sustainable products and services amounted to 56.7 million euro (about 4.9% of total expenditures).

EN27

Recycling of products sold and their packaging

This indicator is not considered relevant to our business.

COMPLIANCE

EN28

Significant fines and non-monetary sanctions for failure to comply with environmental standards

In 2011 the Bank was charged with a penalty for failure to submit a report for the purposes of TARSU determination (fee for the disposal of municipal solid waste) of around 54,000 euro.

TRANSPORT

EN29

Significant environmental impacts of the transport of products and goods/materials used for the business and for personnel travel

For information on the environmental impacts associated with transportation of products purchased and employees home-work commuting see the indicators EN7 and EN17 (pages 46, 47, 49).

OVERALL

EN30

Expenditures and investments for environmental protection

At present we do not have a precise and overall quantification of expenditures and investments in the environmental field.

In 2011, at a qualitative level, the higher expenses and investments of this type were the following:

- Personnel employed in environmental management activities (about 100 people in all, whom in part carry out these activities on a full-time basis).
- Training activity that involved approximately 500 employees.
- Energy efficiency interventions (see pages 45, 46).
- External certification of environmental management systems.
- External services, for example for suppliers CSR assessment (see pages 51, 52, 53) and the investments ESG rating (see pages 35, 36, 39).
- Purchase of electric cars and other expenses for the renewal of the corporate vehicle fleet (see pages 46, 47).
- Waste management (10.5 million euro).

LA. LABOR PRACTICES

DISCLOSURE ON MANAGEMENT APPROACH

STRATEGIES

The Group's development strategies for human resources are implemented through a system which is hinged on differentiated planning approaches and instruments on the basis of professional families and communities.

The system, based on enhancing the characteristics of individual persons, balancing corporate requirements (current and prospective) and individual aspirations, can be described as follows:

- Raising the level of professionalism of front-line resources with specific reference to the ability to manage relationships with customers and developing a proactive approach to customers.
- Ensuring the best coverage of critical roles for the business, through professional, training and career approaches, with specific attention paid to young people.
- Formulating plans for the constant development and renewal of management, starting from the formulation of a new behavioural model contributing to the achievement of our strategic objectives and the related complete and systematic mapping of managerial qualities.
- Implementing specific reorientation and retraining programmes for resources "freed up" by the reorganisation projects, to further improve the relationship between front office and back office roles.

The implementation of human resources development along these lines is supported by skills training and management (see pages 62, 63).

WAYS OF ENGAGING EMPLOYEES IN THE BUSINESS AND IN THE ACHIEVEMENT OF BUSINESS OBJECTIVES

Industrial relations (see page 59) and internal communication play an important role in encouraging employees participation in business goals and their motivation/job satisfaction.

As regards internal communication, there are various tools in place providing employees with readily available and constantly updated information useful for their work, for socialization purposes and the sharing of corporate events:

- The corporate intranet which provides employees with the national collective bargaining contracts, internal regulations, communications on operating aspects, service applications (such as tax assistance, management of health insurance), links to the training portal and to CRAL (Corporate Recreational Clubs) and the Cassa di Mutua Assistenza dedicated sections. In late 2011, the intranet was renovated and enhanced with additional features typical of social media, thereby increasing the opportunities for employees to share experiences and be more involved in business management.
- Two Corporate TVs: Montepaschi Channel, for all employees, MPS PF Channel, reserved for financial advisors.
- Newsletter with various targets and aims: targeted at all employees; to provide communication by senior management; to support commercial campaigns; focused on sectorial topics. The acceptance ratings are high, with an average number of accesses to the news of about 87% of recipients.
- Press releases.

Additional tools, which encourage employees' involvement in their job through a direct dialogue with company's representatives, are:

- PaschiRisorse - human resources development and management system, which, as part of periodic audits of employees' skills and their adequacy to established roles/profiles, provides the opportunity for the employee, in a face-to-face meeting with his/her direct superior and through a specific form, to express his/her professional expectations and make comments about the set of skills possessed and the related development path.

- The Human Relations Manager (GRU) profile has been developed since 2009. Within the Branch Network Operating Departments he/she implements the management, development and training policies for the resources belonging to the relevant structures, as mandated by his/her own manager. The GRU, in particular: 1) Identifies any internal problems in every organisational unit; 2) supports the monitoring activity on the knowledge, skills and development paths of employees (PaschiRisorse), also through tutored work experience aimed at raising the quality of the operational processes; 3) ensures the correct implementation of Professional Career Paths and Development Plans, including by managing the planned periodic meetings; 4) conducts managerial and motivational face-to-face meetings with the employees; 5) is in charge of liaising with local trade unions; 6) monitors the functionality, efficiency and effectiveness of corporate processes concerning the related areas.
As at 31.12.2011 there are 62 GRUs and each of them follows on average about 300 employees.
- The HQ Human Resources Director (Drus) - a company figure created in 2011 to oversee the operating management and development processes of human resources assigned to the Bank's Central Functions (mobility, evaluation, professional and career paths, training) with a view to enhance human capital, improving individual performance and capitalizing functional synergies. Drus should also assist the Group companies in defining and implementing their human resource management policies.

MANAGEMENT SYSTEMS CONCERNING SPECIFIC CSR TOPICS IN PERSONNEL POLICIES

As part of the implementation of personnel policies, the managing systems on the topics described below, have particular relevance in terms of CSR:

- The health and safety in the workplace, including the protection of workers from criminal acts (see pages 60, 61).
- Equal opportunities and reconciling work with private and family needs (see pages 64, 65).

EMPLOYMENT

LA1
Personnel profile,
employment dynamics

NUMBER OF EMPLOYEES	2011	2010	2009
Payroll	31,212	31,537	32,047
Effective Workforce*	31,170	31,495	32,003

*Figures obtained excluding from payroll personnel seconded to companies outside the Group and cleaning staff.

EMPLOYMENT CONTRACTS (%) *	2011	2010	2009
Open-ended contracts	98.3	97.4	97.3
Fixed term contract and professional apprenticeship	1.7	2.6	2.7

*The 2010 data were recalculated from the values shown in the Report at 31.12.2010 due to the accounting reclassification of certain types of contract.

COOPERATION CONTRACTS (No.)	2011
Project contracts	10
Stage	38

TYPE OF EMPLOYMENT (%)	2011	2010	2009
Full time	92.7	92.8	93.1
Part time	7.3	7.2	6.9

BREAKDOWN OF STAFF (%)	2011	2010	2009
By level			
Senior management	1.6	1.7	1.8
Middle management	37.9	37.1	35.4
Professional staff	60.5	61.2	62.8
By age (years)			
<30	8.7	10.7	11.7
31-40	27.7	28.3	28.4
41-50	34.4	34.0	34.5
>50	29.2	27.0	25.4
By length of service (years)			
<10	28.0	32.7	31.2
11-20	25.7	24.5	24.5
21-30	28.6	27.7	27.9
>30	17.7	15.1	16.4
Education level			
Degree	30.1	30.8	30.8
High school graduate	62.0	58.7	59.5
Other	7.9	10.5	9.7

* 2009 figures have been recalculated from the values shown in the Report at 31.12.2010 due to some accounting adjustments made necessary as a result of the merger processes occurred in the 2008-09 period.

GEOGRAPHICAL DISTRIBUTION OF STAFF (no.)	2011	2010	2009
Italy	30,656	30,931	31,419
Abroad	514	564	584

Breakdown by Region of the Group's staff in Italy as at 31.12.2011 (%)



WORKFORCE CHANGES

After the reduction of 2,693 people in the 2008/10 period (- 2,221 people net of asset disposals) and concentrated in Central Structures, in 2011, the Group's workforce recorded a further decrease of 325 resources over the previous year, reaching in terms of workforce 31,170 employees, with 507 terminations (of which over 70% in the General Management structures), 241 new employees (almost entirely allocated to the branches) and 59 "changes in scope" due to asset disposal (the companies Monte Paschi Monaco and MPS Venture SGR exited the consolidation scope).

REORGANIZATION PROCESSES

In 2011 the Bank reorganisation project continued through a set of initiatives aimed at improving the operational effectiveness (governance, local presence, competitive ability) and efficiency (streamlining the central functions , shortening operating chains).

The Bank Parent Company restructuring (which now includes the activities previously carried out by the Bank Network Department) was associated with the reorganization of the network and the creation of the Regional Market Departments in order to: 1) enhance market presence, 2) enhance relationships with businesses and families, 3) develop and extend the Group's action in the reference social and economic contexts.

Efficiency activities also continued aimed at increasing operating efficiency, through the comprehensive review of processes, from an industrial perspective, in order to curb costs and improve resource allocation and service to customers in terms of quality, speed and transparency.

MANAGING THE IMPACTS OF REORGANIZATION PROCESSES ON STAFF

The Bank reorganization process was carried out consistently with business needs and the goals of organizational efficiency, in a manner consistent with:

- The established principles of professional enhancement, including by implementing, where necessary, adequate retraining programs.
- Management criteria based on shared decision-making approach, the assessment of the skills possessed, the availability and preferences expressed by the employees concerned.

With regard to labour tensions associated with the Central Structure's reorganization process, we examined the possible solutions to be implemented in order to preserve the bank's human and professional resources. To this end, in agreement with trade unions, the "Solidarity Fund" was identified as the most appropriate tool to achieve the objective of staff reduction while "providing support to income, employment and retraining of lending personnel" In particular, with effect from 1.7.2011, we planned the termination of employment of all Central Structures' employees, who by then had become entitled to the pension payment (the so-called Mandatory Termination). The workers involved were given the option to choose between the mutually agreed termination of employment, with the payment of a sum by way of incentive to termination, or continuation of employment at the Branches of the Bank.

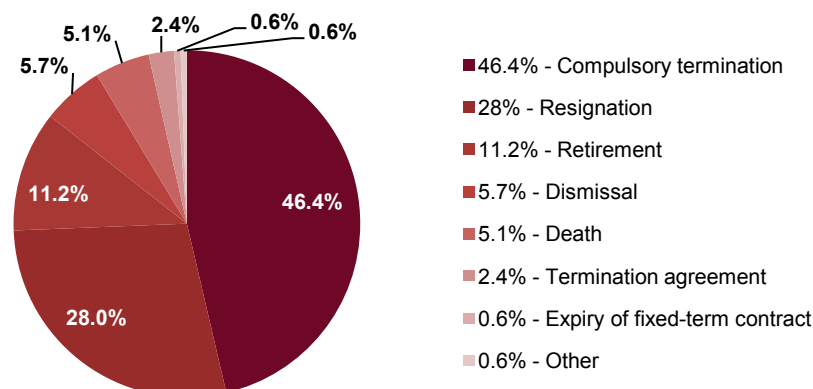
LA2
Employees turnover rate

HIRES AND TERMINATIONS		2011	2010	2009
Hires (no.)		241	496	639
Turnover (%)		0.77	1.58	2.0
Terminations (no.)		507	616	1,636
Turnover (%)		1.63	1.96	5.13
Voluntary resignations (no.)		142	112	145
Turnover (%)		0.46	0.36	0.45

2011 HIRES / TERMINATIONS BY LEVEL AND AGE (%)	Hires	Terminations	Resignation
By level			
Senior management	0.20	7.92	1.78
Middle management	0.19	2.18	0.64
Professional staff	1.16	1.11	0.30
By age (years)			
<30	6.41	0.89	0.70
31-40	0.58	0.82	0.62
41-50	0.15	0.59	0.47
>50	0.02	3.83	0.22

For data on hires and terminations by gender see LA13 (pages 64, 65).

Breakdowns of employment terminations in 2011, by type



The Group operates overwhelmingly in Italy (98.3% of the total workforce) Since there are no substantial differences among the various regions in social and economic terms, we do not consider it useful to monitor data indicating the geographical distribution of personnel turnover.

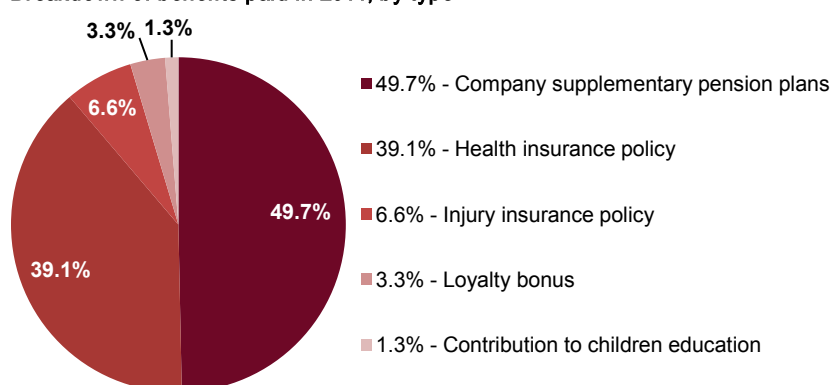
LA3
Benefit and additional contributions provided to employees

In addition to both fixed and short-term variable remuneration the Group companies, in application of specific contractual provisions and by their own independent decision, provide their employees with some benefits which in practice increase employees remuneration from a structural viewpoint. These include:

- Corporate contribution to the Supplementary Benefits Fund, provided for all employees at the rate of 2.5% of annual gross salary.
- The health insurance policy (valid also for retired employees).
- The accident policy.
- The contributions to educations costs both of employees and their children.
- The loyalty bonus and a gold medal for achieving respectively 25 and 35 years of service.

In 2011, the amounts paid for these categories of benefits amounted to 78,871,067 euro.

Breakdown of benefits paid in 2011, by type



Additional benefits include:

- The long-term disability insurance (Long Term Care).
- The meal vouchers for an amount exceeding the amount provided for under the Collective Bargaining Agreement.
- Favourable terms for banking transactions (savings, loans, service).

Employees with fixed term or part time contracts are granted the same benefits as open-ended and full time employees. With regard to part-time workers, benefits are generally pro-rata to their effective working hours.

SOCIAL PROJECTS

- The Cassa di Mutua Assistenza (Mutual Assistance Fund) and the Associazione di Mutua Assistenza (Mutual Assistance Association), with the support of the Bank's contribution and voluntary payments by its members, pays out substantial grants for health protection (advances for dental treatment, purchase of hearing aids, spectacles lenses and other health issues) and the family (advances for wedding costs, birth and adoption of children). In addition, they also pay advances to their members and children for school expenses and for studying abroad. In 2011 about 5.5 million euro were provided for these purposes. The Fund also provides sureties on grants paid to members by the Bank (68.3 million euro in 2011).
- The Group recreational clubs, with contributions from Group companies (450 thousand euro in 2011), carry out activities designed to promote personnel socialization as well as cultural, artistic, sports and tourism activities, and to provide various types of social services. As at 31.12.2011 there are 57 clubs with approximately 15,700 employees of the Group.

LABOR RELATIONS

Dialogue with the Union Organisations, as representatives of the workers, takes place in a climate inspired by principles of probity, transparency and a sense of responsibility for achieving overall results

In 2011, various trade union initiatives were set up (40 meetings during the year) all of which ended with the signing of specific agreements. In particular, discussions with trade unions concerned the following themes:

DATE OF THE AGREEMENT	SUBJECTS
28.2.2011	Bank's Central Structures reorganization .
29.3.2011	Mandatory termination for redundant resources in Central Structures.
28.4.2011	Reorganization of lending structures and processes aimed at improving risk assessment and control activities and at reducing response time to market.
29.4.2011	2011 productivity tax exemption.
6.7.2011	Reorganization of the Regional Departments which allowed, at the end of the experimental period in Northern Tuscany (agreement of 28.04.2011), the establishment of the Market Regional Departments.
5.8.2011	Corporate Project Lazio Region, aimed at strengthening interaction processes between chains not only within the Bank but also at Group level.
5.8.2011	Launching the first phase of the PaschiFace Platform which in time will replace the current applications in the Single Information System.

UNION ORGANISATIONS	2011	2010	2009
Employees registered	26,701	26,734	27,071

At each production unit, which employs more than 15 employees, workers who belong to the same union, provided they are not less than 8 in number, may, within such unit, establish a plant-level union structure of the trade union to which they belong (Article 15 of ABI -Unions agreement on trade union freedoms of 07/07/2010).

LA4
Employees covered by collective bargaining agreements

100% of employees in Italy is covered by the Collective Bargaining Agreement signed with Trade Unions.

LA5
Minimum notice period for operational and organisational changes

In implementing the merger-related organizational initiatives the Group operates in observance of the national contractual provisions which require notice to be given to the Union Organisations and negotiating procedures to take place within the maximum period of 50 days (unless otherwise agreed by the parties) and in compliance with the "protocol on labour organisation" in force in the Bank.

OCCUPATIONAL HEALTH AND SAFETY

Working environment conditions and the related risks to health and safety of employees are always monitored by the Parent Company's Prevention, Protection and Environment Department, with the support of 98 regional contact points (Organisation, Logistics and Environmental and Safety Contact Points).

There is an operative Workplace health and safety management system compliant with the international standard OHSAS18001. The system is certified in the Bank, at the Operating Consortium level (the company that manages the Group's information systems) and, from 2011, also in Banca Antonveneta and MPS Capital Services; it concerns activities and sites involving over 90% of employees.

The system is subject to regular internal audits: in 2011 there were approximately 150 on site audits, both with specialised internal staff and by the certifying body. The latter had positive outcomes. Suggestions for further improvement were incorporated into the programme of projects to be carried out in the future.

In particular, a comprehensive project (Safety Project) was launched with the following objectives:

- Maximize the economic and strategic value of workers health and safety management.
- Ensure a more effective supervision on legal compliance.
- Reduce the associated operating risks.

With regard to occupational health protection, the relative supervisory/monitoring was carried out through the Group Health Service: in 2011 medical examinations were carried out on 1,847 employees, there were 20 specialist examinations and 106 inspections to assess the suitability of the working environment

LA6 "Health and Safety Committees"

In all the Group companies there were annual meetings pursuant to Legislative Decree 81/08, which were attended by the corporate representatives (Employer and/or a delegated person, the Head of the Prevention and Protection Department), the Company Doctor and the Workers' Safety Representatives (RLS).

In 2011 there were 13 meetings at central level and 18 at local level, focusing on the following subjects.

- Risk assessments
- The situation regarding accidents and occupational diseases and health supervision.
- Decision-making criteria, technical characteristics and effectiveness of personal protection equipment.
- Information and training programmes.

Relative to the robbery risk, a special bank/unions Joint Commission is also active. In 2011 the Committee met once and examined specifically, the issue relating to adjustments under way on safety measures and data relating to criminal events.

LA7 Absences because of workplace accidents and illnesses; absenteeism

The problem of accidents was discussed in the meetings required by Legislative Decree 81/08 (see page 62). These meetings analysed, inter alia, data regarding indices of accidents seriousness and frequency in order to identify any improvement measures to be taken.

WORKPLACE ACCIDENTS	2011	2010	2009
Accidents (no.)	172	238	178
Days lost (no.)	2,575	3,360	2,599
Frequency index*	3.94	4.93	3.56
Seriousness index**	0.06	0.07	0.05

The index calculation observes the criteria stated in the standard UNI 7249:2007 – Workplace accident statistics.

** Number of accidents per million hours worked.*

***Days lost due to accident for every thousand hours worked.*

ABSENCES	2011	2010	2009
Days of absence, per capita (no.)*	8.8	8.7	8.8
Days of absence due to illness and accidents (%) **	3.93	3.88	3.95
Days of absence due to illness of less than 3 days (%) ***	1.61	1.57	1.54

* *Illnesses and accidents.*

***This indicator is calculated in relation to the total average annual working days.*

****This indicator is calculated in relation to the total average annual working days (data for Banca Monte dei Paschi di Siena).*

LA8

Education, training, prevention and control of risks in terms of employee and family health and safety

TRAINING

In 2011 employees' training in health and safety has further increased, due mainly to a major refresher programme intended for all employees. Additional media information was also made available on the corporate intranet, including the new "Handbook for workers' safety".

HEALTH AND SAFETY TRAINING (Hours)	2011	2010	2009
Safety staff *	8,134	28,733	12,392
Emergency staff			
-Fire-fighting	6,328	19,538	3,264
-First Aid	13,992	29,260	5,402
Workers	101,701	-	-
New hires	1,208	1,209	1,446
Video screen operators	243	554	107
Total	131,606	79,293	22,611

* *Figures include training aimed at managers, supervisors, workers' safety representatives and other persons with specific tasks and responsibilities regarding workers' health and safety.*

CONTROL AND PREVENTION OF RISKS TO EMPLOYEES' HEALTH

Health treatment for staff and the prevention of related risk are insured through:

- The Group's in-house Health Service, which in 2011 was the subject of a series of actions designed to further improve the quality of the health service. A specific "after robbery" health intervention protocol was prepared in order to better protect workers potentially involved in robberies from the associated risks, including psycho-social risks.
- Health supervision (concerning mainly "video screen workers", "night staff" and "forklift operators") operates through specialist medical exams and on-site inspections. As regards in particular the "Video screen workers", discussions were initiated between the Bank and the Workers Safety Representatives in order to identify workers falling in this category and update the related assessment criteria.
- "Stress risk" monitoring according to ISPESL methodology and through on-going discussions with ABI Safety Commission. The first surveys of this type of risk indicated an average "low" level of exposure for all categories of workers considered.
- The insurance policy, which covers health expenditure sustained by employees and their families for specialised diagnostic checks and for preventive medicine.
- The Long Term Care policy, which ensures a life annuity in the case of permanent loss of self-sufficiency in the accomplishment of simple tasks in everyday life

LA9

Formal agreements with unions regarding health and safety

In meetings effected pursuant to Legislative Decree 81/08 specific improvements programmes are jointly formalised (see page 60).

TRAINING AND DEVELOPMENT

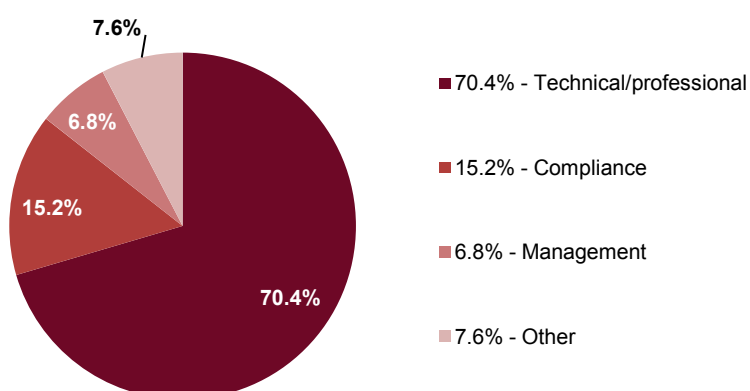
LA10

Annual training per employee and per category of worker

TRAINING	2011	2010	2009
Training, per capita (hours)	49	48	36
Training costs (euro)	5,425,106	5,689,767	4,350,904

BREAKDOWN OF TRAINING BY LEVEL	2011
Senior management	
Per capita (hours)	19
Trained employees (%)	82
Middle management	
Per capita (hours)	49
Trained employees (%)	98
Professional staff	
Per capita (hours)	50
Trained employees (%)	96

Breakdown of training hours completed in 2011, by segment



In 2011 the training involved approximately 97% of personnel, for almost 200 thousand training days. On average, therefore, each employee involved in the training process has participated in approximately 49 hours of training (of which 73% in class and 27% online).

The overall appreciation of the training was found to be positive: from the assessment sheets compiled by participants has emerged an indication of perceived quality equal to 5, out of a maximum value of 6. With regard to specialized technical courses the teaching effectiveness is also measured through a specific learning indicator, calculated as the difference between the percentage of correct answers in the questionnaires at the end of the course and that measured at the beginning. In 2011 this indicator was equal to 35.

The overall financial resources devoted to training amounted to approximately 5.4 million euro. All the main channels for funding training available at system level have been drawn on (e.g. the Bancassurance Fund).

TRAINING POLICIES AND MAIN ACTIVITIES 2011

Training policies are designed in line with strategic objectives and are included in the measures and instruments framework set up by the Group in support of professional development.

In 2011 the training effort focused on the following key aspects:

- Develop quality and distinctive competencies with an entrepreneurial approach through a dedicated specialized and behavioural training.
- Support a new business attitude open to dialogue, to listening and customer support, aimed at strategically strengthening the quality of customers relations.

- Optimize the pursuit of appropriate risk/ return dynamics (constant attention to the cost of loans through a timely monitoring of credit merit valuation procedures and overall supervision of diversification dynamics).
- Use the dissemination of knowledge to the advantage of innovation, the creation of new business opportunities, increased efficiency and productivity of the commercial network, ensuring the growth of professional skills to achieve excellent service levels.
- Accelerate professional development and motivate resources, investing in modular training programmes that alternate different methodologies and are focused on developing industry specific technical and interpersonal skills.
- In monitoring the training processes, ensure high standards of efficiency and effectiveness, putting in place listening initiatives aimed at assessing the participants' perception.

The main lines of action have been:

- Continuous initiatives aimed at strengthening professional skills through:
 - completion of the project "Loan Academy" involving all Branch managers and Small Business and SMEs account managers.
 - the extension and consolidation of training courses aimed at enhancing and developing position-related commercial and interpersonal skills.
- Further focus on the adequate training on health and safety, compliance (AML, MiFID, privacy, transparency, etc.) and qualifying training (ISVAP).
- Implementation of the project "Knowledge Experience" targeting skills development and the enhancement of personnel working in the Parent Company, through initiatives that encourage innovation, proactivity and self-development; the project used a mix of methodologies (including coaching) and instruments with the objective to make the educational experience immediately and tangibly applicable, providing as many incentives as possible to transfer it in daily operations.
- Activation of a CSR training project (funded through a special call for applications by the Banking and Insurance Fund) aimed at strengthening awareness on sustainability issues vis à vis our customers and stakeholders and contributing to greater transparency and uniformity in institutional reporting processes.
- Launching training programmes aimed at updating and disseminating finance skills as a prerequisite for commercial development.
- Continuation of the training course aimed at improving the leadership quality reserved for the key position of Regional Market Managers.

LA11 Plans and systems for skills and professional development

The planned annual skill review in relation to the Bank Network staff was carried out. To this end we used the PaschiRisorse system, the specific planning and monitoring tool that supports all the processes of human resource development. Also through the PaschiRisorse tool we launched the fifth edition of the so-called Professional Paths which regulates the growth towards target-positions (vertical paths) and promote the integration of skills for positions that equally exist in the central and peripheral structures (horizontal paths). These Professional Paths involve a total of about 1,300 professional employees of the Group with an average age of 35 years.

LA12 Percentage of employees receiving regular performance and career development reviews

Pursuant to Article 69 of the Collective Bargaining Agreement, the Group companies annually provide all workers belonging to the categories Professional Staff and Middle Management with overall professional assessments. These assessments are communicated in writing to the employees and then motivated and discussed in a meeting with their direct superior.

WORK-LIFE BALANCE AND EQUAL OPPORTUNITIES

LA13

Employee distribution by category: sex, age, protected category and other diversity indicators

EQUAL OPPORTUNITIES INDICATORS - 2011	WOMEN		MEN	
	No.	%	No.	%
Personnel	14,011	45.0	17,116	55.0
Employment Contracts				
Open-ended contracts	13,751	98.1	16,861	98.5
Fixed-term contract and professional apprenticeship	260	1.9	255	1.5
Employment types				
Full time	11,851	84.6	16,994	99.3
Part time	2,160	15.4	122	0.7
Staff Level				
Senior management	23	0.2	482	2.8
Middle management	3,825	27.3	7,962	46.5
Professional staff	10,163	72.5	8,672	50.7
Positions of responsibility	3,379	37.3	5,668	62.7
Promotions	1,217	47.6	1,340	52.4
Training hours per capita	51	-	48	-
Trained employees	13,373	96	16,292	98
Age brackets				
<30	1,448	10.3	1,251	7.3
31-40	5,016	35.8	3,599	21.0
41-50	4,961	35.4	5,741	33.5
>50	2,586	18.5	6,525	38.1
Length of service				
<10	4,585	32.7	4,122	24.1
11-20	4,056	28.9	3,947	23.1
21-30	3,778	27.0	5,125	29.9
>30	1,592	11.4	3,922	22.9
Hires	120	0.86	121	0.71
Terminations	90	0.64	417	2.44
Days of absence, per capita	9.5	-	8.3	-

The percentages are calculated with reference to the total number of employees by gender (women = 14,011, men= 17,116) except for the indicators "Personnel", "Positions of responsibility", "Promotions" which were related to the total number of employees (31,127).

WORK - LIFE BALANCE

The goals of human capital enhancement and employees motivation are also pursued through the search for possible organizational measures aimed at improving the quality of employees' work life.

These measures concern in particular the reconciliation between work requirements with personal and family needs. Some of the corporate contractual provisions are additional to or improve legal provisions and the national contract, such as:

- Flexible working hours in terms of starting and finishing times and breaks.
- Conversion of jobs from full time to part time with various possibilities of articulating this in horizontal, vertical and mixed arrangements. As at 31.12.2011, 7.3% of employees work on part time basis (15.4% of female staff).
- Paid and unpaid leave at special times in the personal and family life (death of a spouse, births, adoptions, medical treatment and visits, completion of studies).
- Employment of the spouse or orphan of the employee who died, if they meet the requirements for the position.

EQUAL OPPORTUNITIES

As at 31.12.2011, female staff accounted for 45% (from 44.5% the previous year) of the total; this percentage is higher than the industry average (43% - Source: ABI 2011 Report on the labour market in the financial industry).

The other equal opportunity indicators mark an improvement. These include:

- Female presence in positions of responsibility (37.3% compared to 35.1% in 2010), particularly in the branches.
- Promotions of women (47.6% of the total, compared to 45.1% in 2010).

DISABLED PERSONNEL	2011	2010	2009
Disabled personnel	1,555	1,550	1,565

With regard to personnel belonging to the protected categories, we are committed to providing the conditions for the best possible integration, if necessary making special alterations to workstations and instruments, whether structural or IT-related, so that we can achieve full integration of this category of employee into the job context, making them autonomous in their jobs.

All employees with specific diseases are provided with appropriate equipment for their needs.

LA14
Ratio of base salary of men to women by employee category

Base remuneration levels of female personnel, in the Professional areas and Middle Management, do not differ from those of men, on comparable levels of grade and seniority. In 2011 the lower average salaries of women are linked mainly to greater use of part-time by female personnel compared to masculine.

With regard to the senior managers however there are still differences between the remuneration of men and that of women, partly due to a different distribution of the level of grade within this category and the role individually covered by each of them.

GROSS ANNUAL SALARY OF FEMALE PERSONNEL (%) *	2011	2010	2009
Senior management	84	77	78
Middle management	87	87	87
Professional staff	92	93	93

* Gross annual salary including only the fixed component of remuneration provided for by contract and the company's contributions. The data are expressed as the percentage ratio between the average remuneration of female and male personnel.

TOTAL GROSS ANNUAL SALARY OF FEMALE PERSONNEL (%) *	2011
Senior management	81
Middle management	84
Professional staff	90

* Gross annual salary inclusive of fixed and variable components of remuneration as well as benefits (excluding reimbursements, allowances, overtime). The data are expressed as the percentage ratio between the average remuneration of female and male personnel.

LA15
Return to work and retention rates after maternity leave/paternity leave, by gender

During 2011, 1,525 bank employees (1,309 women and 216 men) have returned to work after maternity/paternity leaves. In four cases (2 women and 2 men) the employees decided to terminate their employment in the 12 months following their return.

HR HUMAN RIGHTS

DISCLOSURE ON MANAGEMENT APPROACH

The financial sector plays an important role in economic and social development, in improving the quality of life, in job creation and in achieving and benefiting from fundamental human rights.

The banks can contribute to these objectives:

- Directly, through personnel management policies that ensure non-discrimination, equal opportunities and safe and healthy working environments, and through careful consideration of human rights issues and workers in the supply chain.
- Indirectly, through conducting their business of granting financial support for socially useful projects, promoting financial inclusion of everyone, ensuring that projects are developed and realised in a socially responsible manner and through social investments and initiatives aimed at improving the promotion of human rights.

Within our sphere of influence and in line with the [Code of Ethics](#):

- Since 2002 the Group has been supporting the United Nations [Global Compact](#).
- In employment matters we do not tolerate any form of discrimination, guaranteeing equal opportunity and accessibility for disabled employees. We combat all kind of work exploitation and ensure the safety and health of people in application of the law and the main reference standards, such as OHSAS18001 and SA8000 (see pages 60,61,64,65).
- In the supply chain we make sure that the rights of workers are respected and the social impacts of businesses are managed (see page 67).
- In our business activities the Group pays attention to the needs of the socially disadvantaged, promoting their access to banking services, the informed use of credit and prevention of over-indebtedness (see pages 31,32,33).
- We exercise careful controls on our operations in the armaments sector(see pages 27, 28).
- The Group takes part in the effort of civil and humanitarian institutions and organisations for the protection of basic economic and social rights, such as health, housing, education and work (see pages 40,41).
- The Group avoids any involvement in the financing of terrorist action, while combating also money laundering. ([Group policy for combating money laundering and terrorism](#)).

In this latter regard, in 2011 in line with the directions of the Bank of Italy, we reorganised the company's monitoring activity on money laundering and the fight against international terrorism, and the necessary skills were concentrated in the compliance function of the Parent Company. This activity is carried out with the support of ad hoc IT systems and continuous training of the personnel assigned to them (see page 67).

Following stricter internal monitoring procedures, during the year a significant increase in the number of suspect transactions analysed (7,735 in 2011 against 5,113 in 2010) was recorded. Of these, approximately 30% were reported to the competent authority (the Financial Intelligence Unit).

INVESTMENT AND PROCUREMENT PRACTICES

HR1

Agreements including clauses on human rights or that have undergone human rights screening

- The Group mostly finance firms operating in Italy, where observance of standards on the protection of human rights is guaranteed by the applicable law.
- The policy lines ensure that loans are always used in a correct manner and allocated to useful and sustainable purposes. In this sense, the Credit Committee has carried out its own assessments taking into account also the possible impact of credit on the employment levels of the recipient firms and satellite industries.
- Ethical analysis criteria and special internal regulations, often more far-reaching than those provided by law, are applied, inter alia, in project financing (see page 28) and in brokerage transactions linked to the production and marketing of arms (see pages 27,28).

HR2

Suppliers that have undergone screening on human rights issues

Suppliers must be reliable in business, respect the rights of their workers, invest in quality and responsibly manage environmental and social impacts. ([Code of Ethics](#)).

The Group does business with around 19,000 suppliers. Those with whom we have an on-going relationship and who maintain a significant volume of business with Group companies are assessed through appropriate questionnaires not only in economic and quality terms but also regarding social ethics, workplace and environmental health and safety

Part of these suppliers (up to now they are 199) is also assessed on their CSR performance in order to identify avenues for further improvement in the supply chain (see pages 51,52,53)

With regard to human rights in particular, suppliers are required to sign a commitment to observance of the SA8000 standard (failing to do so, can result in terminating or not starting a commercial relationship). During the year all suppliers have fulfilled this requirement.

HR3

Training in human rights promotion policies

The most important training activities with the greatest impact on the promotion of human rights include:

- Protection of health and safety in the workplace (see page 61).
- Combating money laundering and international terrorism. In 2011, 13,128 employees were trained for an overall 65,552 hours.

NON-DISCRIMINATION

HR4

Cases of discrimination and actions taken

DISCIPLINARY MEASURES

DISCIPLINARY MEASURES	2011	2010	2009
Dismissals	29	13	8
Reprimands*	98	58	78

*For example reprimand, temporary suspension from work and from salary

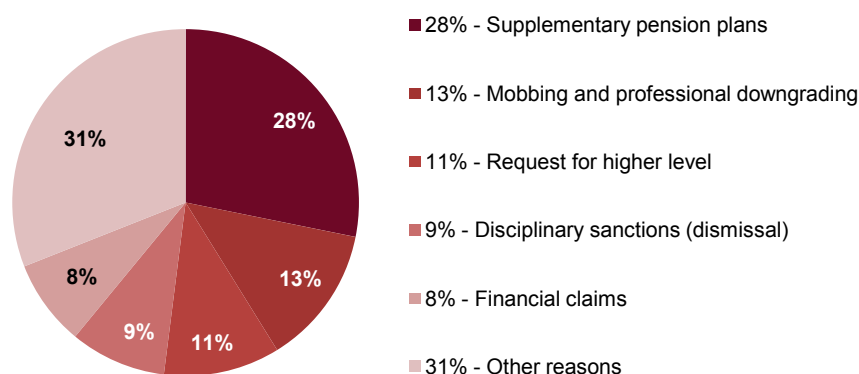
In case of non-observance of these duties or negligence in carrying out assigned tasks, employees are subject to disciplinary measures in proportion to the seriousness of the breaches committed. In 2011, 127 measures of this type have been taken (29 dismissals and 98 reprimands); almost all can be traced back to an "abnormal credit management" by the employees involved.

LABOUR DISPUTES

LABOUR DISPUTES AGAINST THE GROUP	2011
Actions pending	536
Counterparties involved	848

As at 31.12.2011 there are 536 actions (57 open in the year) pending for labour disputes brought forward by counterparties against Group companies (so-called "passive"), involving a total of 848 persons.

Breakdown of labour disputes against the Group at 31.12.2011, by reasons



In implementation of the Company Supplementary Agreement, the Bank and the Trade Unions periodically meet within a specific Business Centre to check the quality of the working life through analysis of relevant data (such as promotions, terminations and their cause).

From these analyses no particular problems emerged, nor was it highlighted the need to perform specific actions for improvement.

HR5
Risks for the freedom of association and collective bargaining

Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.

HR6
Activities with a high risk of recourse to child labour

Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.

HR7
Activities with a high risk of recourse to forced labour

Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.

HR8
Security personnel who received training on human rights

Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.

HR9
Violations of the rights of local communities and actions taken

Given our business and Countries in which the Group operates with offices and staff, this indicator is not considered relevant.

SO. SOCIETY

DISCLOSURE ON MANAGEMENT APPROACH

Compliance with the law and correct and professional ethics are prerequisites in the conduct of the Group and necessary conditions for playing a positive role in society.

The Compliance Function of the Parent Company is responsible for the centralized monitoring of regulatory compliance and the associated risks.

In implementation of the [Code of Ethics](#) the Group considers the possible social and environmental impacts of our business, both positive (see pages 31,32,33,34,40,41) and negative (see pages 27,28), including our relations with institutions and the community; as well as aspects relating to any instances of corruption, for which we have special organisational models, operating tools and training procedure in place.

COMMUNITY

SO1
Activities impacting the community

For a description of the operations performed by the Group in 2011 which required specific analysis of their social and environmental impact in the reference communities, please see the following indicators: FS7, FS8, EC8 (positive impacts, pages 31, 32, 33, 34, 40, 41) and FS2, FS10 (negative impacts, pages 27, 28).

FS13
Branches in low populated or economically disadvantaged areas

One of the particular elements in the Group's [Mission](#) is to "develop a sense of belonging, while at the same time making the most of cultural differences and remaining firmly rooted in the area in which it works".

The Group is present throughout Italy with a dense network of branches and ATMs, which ensure coverage of services, even in small communities and regions with a low development rate.

PRESENCE IN LOW POPULATED OR ECONOMICALLY DISADVANTAGED AREAS IN ITALY	2011		2010		2009	
	Branches	ATMs	Branches	ATMs	Branches	ATMs
Municipalities with less than 5,000 inhabitants(%)	13.0	12.1	13.1	12.0	12.8	12.2
In regions with a lower growth rate (%)*	21.4	23.3	21.4	22.9	21.2	22.1

*Campania, Basilicata, Puglia, Calabria, Sicily, according to the European Union's classification

FS14
Initiatives to improve access to financial services for disadvantaged people

The Group pays attention to the needs of the more vulnerable segments of society, including by:

- Offering products and services to: immigrants; the young; small firms; precarious workers; non-for-profit bodies (see pages 31,32,33)
- Adapting our distribution channels (physical and electronic) to the needs of the disabled.

During the year, with regard to the latter issue:

- A programme continued for upgrading ATMs with the installation of software which allows blind and visually impaired persons to use voice services to carry out essential transactions (at 31.12.2011 accessible ATMs are 93% of the total).
- The use of the electronic key became more widespread among the Group's customers; the key allows blind people to access and make better use of online services (146 devices were distributed).
- In cooperation with the ASPHI (the non-profit organization that promotes projects in Italy to reduce disability through the use of the computer) we verified the full accessibility for the blind and visually impaired to mobile banking services, including the new iPhone application.

PREVENTION OF CORRUPTION

Combating corruption is a commitment the Group maintains within its sphere of responsibility (in line with this commitment since 2002 the Group is member of the United Nations [Global Compact](#)).

To this end a model organization in accordance with Legislative Decree No. 231/2001 on the administrative liability of companies is in place, which provides:

- Rules and procedures to prevent these offences.
- Processes for managing and controlling financial resources in at-risk activities
- A supervisory body (the Internal Control Committee) to ensure that the model functions properly and is constantly updated.
- Employee training.
- Reporting systems and penalties.

SO2

Internal divisions monitored for risk of corruption

In accordance with external legislation and the Internal Control System, the Internal Audit Department of the Parent Company carries out audits and analysis on the functioning of Model 231/2001, on the basis of the guidelines provided by the Supervisory Body (Internal Control Committee).

Audits are appropriately diversified with respect to the scope of audit, and also carried out based on the results of risk assessment conducted by the various business functions.

In 2011 a total of 1,403 audits were conducted, broken down as follows:

- 26 on Group companies
- 18 on the procedures/structures of the Bank's General Management
- 6 on foreign branches
- 1,293 on branches.
- 60 on financial advisors.

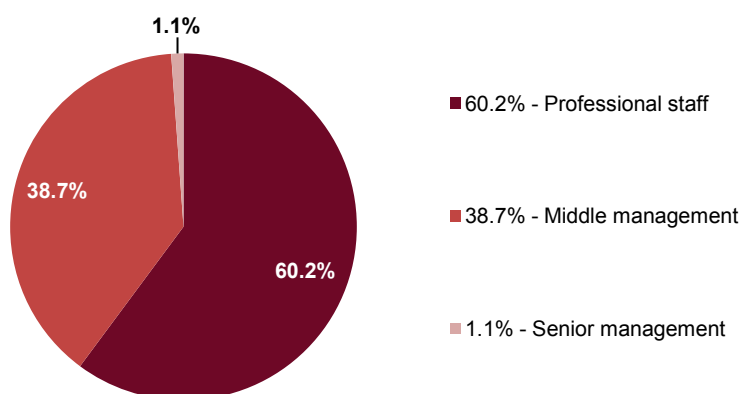
During the year, two detailed audits were carried out on the activities of the Parent Company Planning Function and the Branch Operating Department of the Bank Marche Umbria Regional Area.

SO3

Employees trained in anti-corruption policies and procedures

During 2011 training on anti-corruption procedures was given to 20,422 employees for an overall 46,194 hours, in accordance with the 231/2001 Model.

Breakdown of employees trained in 2011 on the Model 231/2001, by level



SO4

Cases of corruption and actions taken

No cases of corruption were found in 2011.

PUBLIC POLICY

SO5

Participation in the development of collective and public policies

It is in the interest of the Group to carefully follow regulatory trends that might impact on operations and to adopt them readily. Monitoring of community, national and local legislative activities is carried out for this reason. Specifically, at Community level, the Bank is registered since April 2011 in the "European Commission's Register of Interest Representatives", undertaking to respect the related Code of Ethics and to publicly report its lobbying activities.

(http://europa.eu/transparency-register/index_en.htm).

Through its own senior representatives the Group engages in on-going contacts and meetings with the Supervisory Authorities (Bank of Italy, Consob, etc.) and deals with regulatory developments in the sector as member of ABI Executive Committee (the Bank's Chairman is also the President of ABI). On the basis of the Group's Code of Ethics these contacts must be developed in observance of the law and applicable regulations; the reputation and integrity of the firm must be protected in accordance with the guidelines set forth in the Model 231/2001.

Participation in public meetings and events by other less senior representatives are previously assessed and authorised at central level by the Communications Function of the Parent Company to ensure consistency with the Group' policy on brand identity and corporate reputation matters.

The Group also takes part in the various Associations which engage in lobbying with the Institutions on issues linked to CSR (for example, CSR Europe and the Forum for Sustainable Finance).

SO6

Contributions to political parties and relative institutions

No grants may be made to movements or organisations with a purely political purpose. Participation in promotional and marketing efforts associated with programmes promoted by political parties and union organisations is also defined in compliance with current laws, and in the utmost transparency. ([Code of Ethics](#)).
In 2011, 161 thousand euro were donated in this context.

ANTI-COMPETITIVE BEHAVIOUR

In the markets the Group competes based on the quality and safety of its products and services, avoiding agreements and other behaviours that limit competition, the formation of "cartels," the division of markets, etc.. ([Code of Ethics](#)).

SO7

Legal actions for anti-competitive behaviour, anti-trust and monopoly practices

In 2011 no legal action were brought forward against the banks of the Group, in this area. The proceedings opened in previous periods by the Italian Authority for Fair Competition and the Market (AGCM) developed as follows:

- "Mastercard Case" - The Lazio Regional Administrative Court upheld an appeal by Mastercard and the banks involved, including Banca Monte dei Paschi di Siena, which had been sanctioned for alleged anti-competitive behaviour. The matter is now submitted to the Council of State.
- "Loans Portability " - The Lazio Regional Administrative Court accepted the arguments put forward by the defence of the bank and cancelled the penalty. Following the ruling of the Council of State, the Competition Authority was finally ordered to refund the Bank of the amount paid by way of financial penalty.

SO8

Significant penalties for con-compliance with laws and regulations

During 2011 penalties for legislative non-compliance amounted overall to Euro 759,156.

For further details and information on other legal actions please refer to the [Consolidated Financial Report at 31.12.2011 \(pages 386, 387\)](#).

PR. PRODUCT LIABILITY

DISCLOSURE ON MANAGEMENT APPROACH

FS15
Contributions to
political parties and
relative institutions

The [Code of Ethics](#) outlines the Group's commitments on responsible marketing and customer relationships management:

- To serve customers and meet their needs, including by ensuring attention to the most socially disadvantaged.
- To inform customers clearly and thoroughly on the terms and conditions and performance of products and services.
- To promote the informed use of credit and savings management.
- To prevent conflicts of interest in relationships with customers providing products that are at all time in line with their risk profiles.
- To increase customer satisfaction and loyalty.
- To handle customers claims and complaints from the perspective of continuous improvement.

These commitments are constantly monitored through regular internal audits and are implemented through a series of organizational measures which include:

- Procedures for products design and approval. In particular, all investment products are evaluated using qualitative and quantitative methodologies that consider the various market and risk factors. The same assessment is carried out for financial instruments that are purchased directly by customers and are managed by the Bank.
- Procedures to verify the consistency of customers' investment choices with respect to their financial profiles and risk appetite. The activity is carried out in implementation of MiFID, also supported by an ad hoc advisory service.
- A range of "multi-brand" investment products offered to customers that guarantee the customer with regard to the bank's independence and overcoming of conflicts of interest.
- Programs aimed at increasing the simplicity and transparency of product information, such as through the review of communications to customers and contractual documents relating to current accounts and other products, including in accordance with the Bank of Italy guidelines.
- Systems aimed at reducing information asymmetries and ensuring comparability of costs and product characteristics with those of other banks (see page 73).
- The cooperation with consumer groups (ConsumerLab) on "Hot topics" related to the bank/consumer relationship also with a view to increase the levels of citizens financial education (see page 72).
- The range of products and services tailored to the needs of consumers according to economic and social dynamics, with particular focus on disadvantaged groups or those who are temporarily in difficulties (see pages 31, 32, 33).
- Specialized training for the persons in charge of the sales network (among other things in 2011 4,123 hours of training were given concerning MiFID implementation, which involved 1,810 employees).
- Incentives to the sales network also linked to the achievement of customer satisfaction targets.
- Information provided to customers on their rights and the Bank's obligations. Through the collaboration with consumer associations, we were able to offer customers a specific practical guide.
- Customer satisfaction measuring systems and resulting improvement plans (see pages 74, 75).
- Information Technology support to optimize processes relating to the provision of services to customers. In 2011, investments were made amounting to 57 million euro, which, inter alia, concerned initiatives in the field of integrated multi-channel and the CRM project "PaschiFACE".

FS16
Financial education

Among the initiatives implemented in 2011 with the aim of contributing to improving consumers' financial education and young people awareness of the banking world, we should mention the projects carried out in collaboration with consumer groups within the ConsumerLab framework :

- BancAscuola - 12 meetings/events in high schools.

- Consumer Lab at home - 10 events at the branches of the Group to gather employees, consumer associations and customers and discuss on banking and financial issues of special interest to them (the central theme was that of supplementary pension schemes), including through a specific information stand open to the public for three days.
- Monte and the associations listen to consumers - 15 counselling centres at the branches and open to the public for several days, during which an employee and an association representative have been available to customers and all interested people to answer questions and openly deal with banking and financial issues particularly felt by the community.

Other initiatives included:

- "The Byt book", a book game for children aged between 6 and 10 years to help children discover the world of economics and finance. The book was distributed in over 16 000 copies.
- As part of its partnership with Axa, the project "Safe Mind", to teach children and teenagers (aged 6 to 11 years) safety rules at home and in everyday life.

CUSTOMER SAFETY

PR1
Assessment of the
safety of products and
services

Services safety for the protection of customers is dealt with in many ways, with particular regard to:

- The safety of online services and payment systems. With regard to online operations in 2011, 117 customers were affected by a fraud with a loss of 1.5 million euro. In the context of payment systems, there was a 50% reduction over the previous year in the number of debit card fraud (80% less in terms of economic value) as a result of enhanced prevention and monitoring and the migration to chip cards.
- Business continuity in banking services in case of critical events (natural disasters, malicious attacks, cyber-attacks, etc..).
- The prevention of robbery risk - in 2011 there were 169 robberies, equivalent to an index of 5.8 robberies per one hundred branches. The data are in decline over the previous year (188 robberies, equivalent to an index of 6.4).
- The protection of personal data (see page 76).


These activities also need appropriate information technology support: in 2011 specific investments totalling 3.3 million euro were carried out.

PR2
Non-compliance with
voluntary regulations
and codes regarding
safety of products and
services


In 2011 no penalties were charged to the Bank for breach of the laws relating to banking products and/or the provision of financial services and investment activities.

PRODUCT AND SERVICE LABELLING AND CUSTOMER SATISFACTION

PR3
Information on
products and services
required by corporate
procedures

Customers are informed clearly and completely regarding the conditions under which products and services are provided, facilitating their understanding and more informed choices ( [Code of Ethics](#)).

Transparency and the quality of communications are central to the service we provide to customers. They are ensured through:

- Specific internal procedures and related control systems.
- Information schedules in compliance with the Bank of Italy guidelines and appropriate in order to further facilitate client understanding of the product with particular regard to costs (through the use of comparable indicators), commissions charged and risks.
- The implementation of the initiatives promoted by the PattiChiari Consortium and aimed at improving the simplicity, clarity and comparability of information disclosed to clients ( www.pattichiari.it).
- Simplified statements with a "client oriented" approach.

PR4

Non-compliance with voluntary regulations and codes regarding information on products and services

In 2011 no penalties were imposed on the Bank for breaching the rules on transparency of banking products and services.

In connection with disciplinary proceedings initiated in previous years:

- The Rome Court of Appeal confirmed the administrative penalty of 64,555 euro and 15,000 euro against the General Manager for breaches identified in 2008.
- Bank of Italy dismissed the proceedings initiated in 2010.

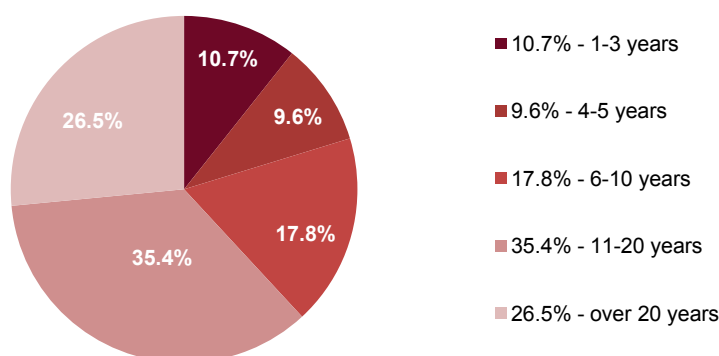
PR5

Practices relating to customer satisfaction including results of surveys aimed at measuring this

The parameters that are monitored to assess the levels of customer satisfaction include: retention, acquisition and retention rates, customer satisfaction and complaints dynamics.

RETENTION

Breakdown of customers at 31.12.2011, by length of relationship

**ACQUISITION AND RETENTION**

ACQUISITION AND RETENTION (%)	2011	2010	2009
Retention	95.8	95.3	94.1
Acquisition	5.0	5.7	5.8

CUSTOMER SATISFACTION

Customer satisfaction surveys are carried out every year to measure:

- The quality of products and services as perceived by customers (Customer Perception Index - CPI). The CPI is calculated on the basis of data collected by telephone survey, for retail and private clients, and through questionnaires for corporate customers. In particular, in 2011 approximately 41,000 retail customers of commercial banks were involved.
- The satisfaction of branch employees with respect to working conditions and the tools available to serve customers (Employee Perception Index - EPI). EPI is determined by internal surveys, which in 2011 involved 7,200 employees.

CUSTOMER SATISFACTION - RETAIL CUSTOMERS	2011	2010	2009
Customer Perception Index (CPI)			
Banca Monte dei Paschi di Siena	78.6	80.6	75.0
Banca Antonveneta	78.7	78.1	-
BiverBanca	77.8	81.2	-
Employee Perception Index (EPI)			
Banca Monte dei Paschi di Siena	68.9	69.2	65.2
Banca Antonveneta	73.3	71.9	-

Data are expressed on a scale ranging between 20 and 100.

In 2011, the quality of service provided to customers was analysed through a specific measurement model called "Tableau de Bord of Quality", comprising about 40 core indicators.

COMPLAINTS

Complaints are handled with sensitivity and constitute opportunities for improvement, to overcome conflicts and regain the customers' trust and satisfaction, including under existing agreements with consumer advocacy groups. ([Code of Ethics](#)).

A specific policy has been defined which spells out the methods, terms and timescales for presenting and dealing with complaints as well as procedures the customer can use to resolve disputes informally (Banking Financial Arbitrator, Consob's Reconciliation and Arbitration Chamber, Ombudsman, etc.). This Policy is provided to the customer and upon his/her request when opening a new account and is accessible on the internet site

(www.mps.it/Reclami/).

In 2011, 10,176 complaints were received (-12% over the previous year). The average response time to complaints was 24 days.

37 customers applied to the Ombudsman while 181 applied to the Financial Banking Arbitrator.

COMPLAINTS	2011	2010	2009
Banking	7,072	8,280	7,925
Investment Products	3,104	3,306	3,851
Total	10,176	11,586	11,776
Total complaints per thousand customers	1.8	2.0	2.0

Figures do not include cases of cloning of credit/debit cards since this phenomenon is not attributable to bank procedures.

MARKETING COMMUNICATIONS

PR6

Compliance with voluntary laws, standards and codes relating to marketing and advertising

Advertising is carried out centrally by the Communications Function of the Parent Company which, where necessary, liaises with the Legal and Compliance Functions in order to ensure compliance with applicable law at all times. Each advertising products (materials and marketing communications addressed to customers, service communications, etc..) is evaluated in terms of consistency of communication and compliance with applicable legislation (Italian Civil Code, the Consolidated Banking Act, the consolidated Finance Law, Isvap legislation) or voluntary codes ([Advertising Code of Conduct](#) sponsored by the Institute of Advertising Self- Governance).

The suitability and compliance of communications to customers and the market are verified by the Parent Communication Function also in cases when the Group banks operate as intermediary for products that are made by third party companies.

PR7

Cases of noncompliance with voluntary regulations and codes referring to marketing and advertising

In 2011 there were no issues raised by the Institute for Advertising Self- Governance, nor penalties or warnings by the Authority for Fair Competition and the Market (AGCM) owing to deceptive or comparative advertising.

CUSTOMER PRIVACY

PR8
Complaints for
breaches of privacy

Information regarding the Group, its customers and others, such as employees, suppliers, directors and shareholders is treated confidentially in compliance with privacy laws. Marketing and advertising efforts are directed only at customers who have given their consent to receive them ([Code of Ethic](#)).

In 2011, 58 requests were made by customers to access personal data and there was an inspection by the Italian Data Protection Authority. No irregularities were found in the processing of data.

There were no cases of failures of the information management system leading to thefts or data loss.

COMPLIANCE

PR9
Penalties for
noncompliance with
laws or regulations
regarding the sale of
products and services

In 2011 we have settled over 10 thousand complaints for approximately 13 million euro.

Other costs were due to judgments relating to suits with customers for the sale of products and services in which the Banca Monte dei Paschi Siena lost and which amounted to 13 million euro.

Refer also to the [Consolidated Financial Report at 31.12.2011 – Provision for risks and charges - item 120 in the Notes](#).

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