

# Sustainability Report 2015





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# Boards, Management, Auditors

## SUPERVISORY BOARD

Chairman	Giovanni BAZOLI
Deputy Chairpersons	Mario BERTOLISSI Gianfranco CARBONATO
Directors	Gianluigi BACCOLINI Francesco BIANCHI Rosalba CASIRAGHI Carlo CORRADINI Franco DALLA SEGA Piergiuseppe DOLCINI Jean-Paul FITOUSSI Edoardo GAFFEO Pietro GARIBALDI Rossella LOCATELLI Giulio Stefano LUBATTI Marco MANGIAGALLI Iacopo MAZZEI Beatrice RAMASCO Marcella SARALE Monica SCHIRALDI*

## MANAGEMENT BOARD

Chairman	Gian Maria GROS-PIETRO
Senior Deputy Chairperson	Marcello SALA
Deputy Chairperson	Giovanni COSTA
Managing Director and Chief Executive Officer	Carlo MESSINA <sup>1</sup>
Directors	Stefano DEL PUNTA Carla Patrizia FERRARI <sup>2</sup> Piera FILIPPI Gaetano MICCICHÉ <sup>1</sup> Giuseppe MORBIDELLI <sup>3</sup> Bruno PICCA

### MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

Fabrizio DABBENE

### INDEPENDENT AUDITORS

KPMG S.p.A.

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<sup>1</sup> General Managers

<sup>2</sup> Resigned as from 14 July 2015

<sup>3</sup> Resigned as from 16 March 2015

\* Suspended herself as from 10 February 2016

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## Letter to the Stakeholders

The attention given to stakeholders is an essential part of the way Intesa Sanpaolo carries out its banking business. In 2015, in line with the past, we have shown how the underlying principles of our social responsibility permeate our choices, so as to ensure that the objectives that we set as part of the 2014-2017 Business Plan are able to generate value for all stakeholders.

The economic context in which Intesa Sanpaolo has operated during 2015 was characterized, in Italy, by signs of economic recovery which have been consolidated for the first time after three consecutive years of recession. The gradual recovery in the real economy was supported by the positive trend in internal demand and, according to preliminary estimates, the annual growth rate of industrial production returned to positive ground for the first time since 2011.

2015 closed with positive performance of all income margins. The increase in revenues as a result of the trend in fee and commission income, profits on trading and the reduction in net adjustments to loans drove net income for the year to 2,739 million euro, doubling the income of 2014. An achievement that seems even more positive when considering that operating expenses were posted for the contributions to the European Single Resolution Fund and deposit guarantee schemes. If we consider the soundness of the capital ratios (after proposed dividends, fully loaded CET 1 ratio of 13.1%), the liquidity ratios (already in line with Basel 3 requirements for 2018), and the low risk profile of our business model, we can state that the results for 2015 are particularly significant.

Ours is a bank undergoing continuous transformation, rooted in the past but looking towards the future, with an extraordinary, proven ability to anticipate trends. As all organisations that have a history, our way of banking has changed over time, but has always remained consistent with the goal of creating a reliable financial system that is worthy of investors' trust. Transparency, soundness, careful risk management and integrity underlie our decisions and our every day work.

On the other hand, Intesa Sanpaolo is aware of its responsibilities as a financial institution providing banking services to millions of customers worldwide, with a widespread network of branches that covers the entire national territory and an international network that ensures its presence in the main hubs where the growth of the global economy can be seen.

Indeed, this understanding has led to our participation in initiatives organized by major international organisations such as the UN Global Compact, an initiative launched to promote environmental protection, respect for human rights and the fight against corruption, as well as the Equator Principles, guidelines based on the World Bank standards to assess and manage impacts on the environment and communities in project financing. In this context we engage in projects and initiatives that support the principles and the broader goals of the United Nations.

The 2015 Sustainability Report sets out the views of stakeholders in the value creation process. The use of capital available to the company, the increase in wealth that such use generates, and the consequences of its actions are presented through agreed metrics and comparable results.

With regards to its customers, Intesa Sanpaolo continued to support businesses and households. In 2015, the bank was the main source of financing for the national economy, with over 41 billion euro, an increase on the previous year of approximately 50% in credit granted to Italian customers. The quality in providing the service has been central to our growth policies with the aim of being able to respond, through every relationship channel, to the need for trust and closeness expressed by customers.

The valuing and motivation of the people working in Intesa Sanpaolo is a key point of the Business Plan. The sense of belonging is, indeed, an essential leverage in achieving the Group's strategic objectives. In 2015 more than 1.3 million training days were devoted to our people to consolidate their professionalism and enhance their adaptability to the way the approach to banking evolves according to new customer needs. The corporate welfare system provides an integrated approach for balancing the professional and business life. In 2015 more than 3,000 people have joined the "flexible work" project, showing how a different way of working can improve the quality of work as well as personal and family life.

In terms of environmental protection, in a context where the management of risks and opportunities related to climate change is of growing importance, Intesa Sanpaolo has been committed for years to promoting responsible resource management in order to reduce its ecological footprint and the impacts generated by its activities. Its initiatives monitor and improve energy efficiency through the provision of "green" products and services, including credit orientation on the basis of environmental and social sustainability criteria.

The Group's commitment to the community has continued with a long-term vision. We supported – alongside local players, Shareholders' foundations and local non-profit associations – microcredit projects to help the most vulnerable social groups, as well as life choice and entrepreneurship projects for the young. We have guaranteed our support to the third sector through funding and the development of initiatives. We have invested resources and energy into financial education initiatives for young people and the not-so-young. Many were the sponsorships in support of cultural and research initiatives. Equally numerous were the donations to projects in favour of those hit most severely by the economic crisis. Attention to art and culture continued to be a priority element that drives our commitment to the community. Indeed, Intesa Sanpaolo believes that these initiatives firmly express the active role of the Bank in the life of the country.

The framework of initiatives we have outlined testifies to our efforts in achieving the objectives we had set ourselves. This Sustainability Report speaks of us with great transparency, accounting for our activities through the many indicators that render our commitment tangible. What we want to do is to give voice to our stakeholders, whom we meet on our journey of continuous involvement and listening. Their suggestions and criticisms stimulate us to reach objectives that increasingly meet your and our expectations.

Giovanni Bazoli



Gian Maria Gros-Pietro



Carlo Messina



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# Introduction

The selection of topics of Intesa Sanpaolo's Sustainability Report and their presentation, with the goal of making the arguments transparent and comparable, took into account the principles and the metrics defined by the Global Reporting Initiative in its most recent edition as the reference international standard. In the chapter on the analysis of materiality and the activities relating to stakeholder engagement we explain how we defined our priorities for action on the issues that may affect the decisions of our stakeholders and the development of our business. The table of GRI indicators allows the reader to assess our sustainability performance exposed according to internationally accepted criteria.

The structure of the report is arranged by material arguments and by capitals used to create value in the short, medium and long term (financial; social and relational; human; intellectual and infrastructural and natural) based on the principles of the International Integrated Reporting Framework. The purpose is to provide more comprehensive information on the process of corporate value creation capable of generating results for the business, with positive impact on the community and the stakeholders as a whole. This is achieved not only through financial resources, but also thanks to a business model that makes Intesa Sanpaolo a real economy bank and a business strategy that looks to the future.

The reporting on the activities refers to 2015, the year after which Intesa Sanpaolo chose a different governance model, transitioning from a dual system to a one-tier governance system. The chapter on corporate governance and the references to this in the Sustainability Report refer to the dual model in force in the reference year.

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## LEGEND

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# Key factors in the value creation process

## THE 2014-2017 BUSINESS PLAN

With the new Business Plan approved March 2014, the Intesa Sanpaolo Group introduced the 2014-2017 objective of pursuing a new growth phase based on an innovative strategy which, focusing on employees and adopting a clear and effective business model, aims at increasing profitability in a sustainable manner, optimising capital and liquidity.

The new strategy is based on certain priorities in the genetic make-up of Intesa Sanpaolo, which aims to consolidate its reputation as a real-economy bank, supporting households and businesses, leveraging a sound balance sheet and leadership, satisfying a robust credit demand and responsibly managing the financial wealth of customers. Intesa Sanpaolo wishes to be a Bank with sustainable profitability, in which the operating results, productivity, risk profile, liquidity and solidity/leverage are carefully balanced.

The Plan defines actions in the following areas:

- **New Growth Bank**, to develop revenues with innovative growth drivers capable of identifying new market opportunities;
- **Core Growth Bank**, to capture the untapped revenue potential of existing business, in terms of revenue development, reduction in operating costs, and credit and risk governance;
- **Capital-Light Bank**, to optimise the use of capital and liquidity, deleveraging the bank's non-core assets;
- **People and Investments**, as key enablers to maximise the contribution of each of the three Banks to the Group's result.

A number of initiatives were implemented from both the organisational standpoint as well as with regard to product innovation, improvement of customer service and development of Intesa Sanpaolo's human capital (see 2015 Financial Statements, pages 32-35 [\[i\]](#)).

Over its duration period, the Business Plan proposes the generation of a return higher than the cost of capital both at overall Group level and at individual Business Unit level. Achieving these objectives will allow the creation of shared value for all stakeholders.

These were our objectives for stakeholders and the progress made in 2015 since the launch of the Business Plan:

Stakeholder	Benefits	2014 results [€ bn]	2015 results [€ bn]	2017 objectives [€ bn]
Shareholders	Dividends	1.2	2.4	~10
Households and businesses	New medium/long-term credit granted to the real economy	34	48	~170
Third sector	New medium/long-term credit granted to social businesses	0.2	~0.2	~1.2
Employees	Personnel expenses	5.1	5.3	~21
Suppliers	Procurement and investments	2.6	2.7	~10
Public sector	Direct and indirect taxes	~2.7	~2.5	~10



## INTESA SANPAOLO GROUP PROFILE



# The Intesa Sanpaolo Group

The Intesa Sanpaolo Group, with 11.1 million customers and more than 4,100 branches in Italy, is the country's leading banking group. It is also one of the top banking groups in Europe. The Intesa Sanpaolo Group is the leading provider of financial products and services to both households and businesses in Italy. This includes banking intermediation (with a market share of 15% in customer loans and 16% in customer deposits), asset management (21%), life insurance premiums (with a market share of 21%), pension funds (22%), and factoring (29%).

The Group also has strategic operations in central and eastern Europe and in middle eastern and north African countries. It is among the top players in several countries with 8.2 million customers and a network of approximately 1,200 branches. Through its local subsidiaries, the Intesa Sanpaolo Group ranks first in Serbia, second in Croatia and Slovakia, fourth in Albania, fifth in Egypt, seventh in Bosnia and Herzegovina, Slovenia and Hungary.

As at December 31<sup>st</sup> 2015, the Intesa Sanpaolo Group had total assets of 676,496 million euro, customer loans of 350,010 million euro, direct deposits from banking business of 372,183 million euro and direct deposits from insurance business and technical reserves of 132,948 million euro.

The Group operates through seven Business Units (The Banca dei Territori division, the Corporate and Investment Banking division, the International Subsidiary Banks division, the Private Banking division, the Asset Management division, the Insurance division and the Capital Light Bank) which serve different types of customers. In addition there are the Governance Centres comprising: Chief Governance Officer, Chief Innovation Officer, Chief Financial Officer, Chief Operating Officer, Chief Lending Officer e Chief Risk Officer for guidance, coordination and control of the whole Group.

The detail of Intesa Sanpaolo's organisational structure is available on the Group's Internet site [\[i\]](#).

## A presentation of the Group - Italian Leader with a European scale

### ITALY

4,144 Branches

### OTHER EUROPEAN COUNTRIES

1,063 Branches 4 Representative Offices

### AMERICA

3 Branches 2 Representative Offices

### ASIA

5 Branches 6 Representative Offices

### AFRICA

171 Branches 3 Representative Offices

### OCEANIA

1 Representative Office



Data: February 2016



## Vision and values

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

*Our growth strategy aims at creating solid and sustainable values from economic and financial, social and environmental standpoints, built on the trust of all our stakeholders and based on our values.*

(from the Code of Ethics [\[i\]](#))

Integrity, excellence, transparency, respect for specific qualities, equality, values of the individual and responsibility in the use of resources: these are the values, stated in the Code of Ethics, on which the Intesa Sanpaolo Group bases its banking methods and its relations with stakeholders.

The Group is also committed to complying with sustainable development principles and has adopted important international initiatives that promote dialogue between companies, international organisations and civil society and pursue respect for the environment and human rights.

### CORPORATE SOCIAL RESPONSIBILITY IN CORPORATE ACTIVITIES

In its implementation methods, the Code of Ethics sets out the management model which is centred around the concept of direct responsibility: every company function is called upon to guarantee its commitment to ensuring that business activities remain consistent with the values stated and that the improvement objectives expressed in the Sustainability Report are gradually achieved.

Corporate Social Responsibility (CSR) provides support to Top Management in defining sustainability strategies and policies designed to generate value for stakeholders. Through the Chief Governance Officer, CSR reports to the Managing Director and CEO, the Chairman of the Management Board and the Chairman of the Supervisory Board.



The CSR Delegates network is made up of more than 70 employees working in the various entities in Italy and abroad, who cooperate with the CSR Unit to manage the relations with the reference stakeholders, implement projects and define the improvement objectives, manage non-compliance with the Code of Ethics, and monitor and report the activities undertaken.

## CSR IN CORPORATE GOVERNANCE

The values and principles of the Code of Ethics are referred to in the Code of Conduct. In addition, the CSR Unit takes action to ensure that the social responsibility criteria become a characteristic element of the entire regulatory framework and that specific policies are issued when business activities could have a significant impact on society and the environment.

The Bank's governance bodies are periodically informed by the Corporate Social Responsibility Unit on significant issue and their integration into business activities (see Chapter "Control of social and environmental risks in the governance processes", page 53).

## DIALOGUE WITH STAKEHOLDERS

For the Intesa Sanpaolo Group, the stakeholder engagement is a key listening and dialogue activity in order to understand the stakeholder level of satisfaction in relation to the work carried out by the Bank. Structured dialogue is arranged every year, using different engagement approaches: multi-stakeholder forums, focus groups and online questionnaires for employees and the Trade Unions, interviews with shareholders, customers and Non-Government Organisations, customer satisfaction surveys and surveys with suppliers. Stakeholder expectations, within the corporate business strategies, allow Intesa Sanpaolo to identify the improvement objectives.

## ACTIVITY MONITORING

Monitoring of the effectiveness of the Bank's social responsibility commitment is conducted through two integrating processes: on the one hand, that originating from dialogue with the most significant stakeholders, leads to the definition of improvement objectives followed by monitoring through KPIs of the implementation status of commitments and, lastly, by reporting in the Sustainability Report; on the other hand, using ISO 26000 Guidelines as a basis, that leading to assessment of the level of integration of Code of Ethics values into the business activities, through a self-assessment performed by the structures, followed by an independent third-party verification where the self-assessment brings to light potential aspects of reputational risk.

# Business model



# Effectiveness of the governance system

Intesa Sanpaolo adopts the dual management and control model, consisting of a Supervisory Board and a Management Board.

Detailed information on the corporate governance system is provided in the “Report on Corporate Governance and Ownership Structures – Remuneration Report” [\[i\]](#).

## THE SUPERVISORY BOARD

In addition to the supervisory duties – which under the traditional management and control model would be the responsibility of the Board of Statutory Auditors – the Supervisory Board also performs tasks that traditionally lie with the Shareholders' Meeting, such as the appointment and removal of members of the Management Board, taking responsibility-related action with regard to members of the Management Board and approval of the Parent Company financial statements.

As regards strategic supervision, the Supervisory Board is entrusted with other functions that strengthen its steering duties and recognise the joint involvement of its members in the main governance decisions of the Bank and the Group.

At least quarterly, reports are submitted to the Supervisory Board on operations during the period and comparison with the system, on significant balance sheet, income statement and financial transactions, and on transactions with related parties.

## THE MANAGEMENT BOARD

This Board has sole responsibility for corporate management. It ensures the implementation of strategic guidelines and risk governance policies defined and approved by the Supervisory Board, with which it cooperates, to the extent of its own duties, in performing the strategic supervisory role. For this purpose, the Management Board resolves on all transactions considered useful or appropriate in achieving the corporate purpose, relating to both ordinary and extraordinary administration. The Management Board is responsible for certain matters of greater importance, beyond those strictly envisaged in the regulations. On such matters, joint decision-making makes it possible to actively involve Board Members who therefore participate with independent judgement in the Bank's key operational governance issues.

## INTERNAL COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board is governed by the legal and regulatory provisions and by the Articles of Association. For effective implementation of these duties, the Supervisory Board receives support from internal Committees and, more specifically:

- Risk Committee supporting the strategic supervision function;
- Internal Control Committee and Surveillance Body pursuant to Legislative Decree 231/2001 to support the control function, which is also vested with the functions of Surveillance Body, pursuant to the Organisational, management and control Model governed by Legislative Decree 231/2001;
- Nominations Committee;
- Remuneration Committee;
- Committee for transactions with related parties of Intesa Sanpaolo and associated entities of the Group.



### Characteristics of the Supervisory Board and its Committees (2015 figures)

Body	N° of members	Independent*	% of women	Age ≤30	Age 30-50	Age >50	N° of meetings	Attendance
Supervisory Board	19	16	26%	0	3	16	14	97%
Internal Control Committee	5	5	40%				48	98%
Remuneration Committee	3	3	0%				17	100%
Nominations Committee	5	3	0%				5	96%
Risks Committee	5 (1 alternate)	4	33%				38	93%
Related Party Transactions Committee	5	5	40%				15	95%

\* Independence requirements met according to the Corporate Governance Code.

The Chairman of the Supervisory Board is non-executive and is independent pursuant to criteria established in the Consolidated Law on Finance, and is non-independent pursuant to the Corporate Governance Code. All the Supervisory Board members are non-executive. The Supervisory Board remains in office for three financial years.

### Characteristics of the Management Board (2015 figures)

Body	N° of members	Executive	% of women	Age ≤30	Age 30-50	Age >50	N° of meetings	Attendance
Management Board	8*	6**	12,5%	0	1	7	21	100%

\* The Board was appointed by the Supervisory Board, at its meeting on 9 May 2013, which set at 10 the number of members; effective as from - respectively, 16 March 2015 and 14 July 2015 - Giuseppe Morbidelli and Carla Ferrari resigned from the post of Member of the Management Board.

\*\* Includes the Managing Director as Chief Executive Officer and in relation to his/her role as head of operational management of the Bank and the Group, three Executive Members from the Group's Management and two "external" Deputy Chairpersons, whose executive status derives from their participation, with voting rights, in the Group's managerial committees and from assignment to specific duties.

The Chairman of the Management Board – independent according to Consolidated Law on Finance criteria – qualifies as a non-executive member: in fact he/she does not have assigned operating powers and the current organisation of the Bank keeps his/her duties separate from those of the Managing Director.

## LEADERSHIP AND MEMBER DUTIES

High quality leadership is Intesa Sanpaolo's trump card. Our Group is governed by a team of top level Members whose quality and expertise are a source of inspiration for top management and the other managers.

As regards the **Supervisory Board**, four Members are entered in the auditors' register and have exercised auditor activities for at least three years. In general terms, the duties of the Board – relating to banking and/or insurance and/or financial business, the structure of the economic and financial system, regulation of financial activities and markets, risk management and control methods, accounting and financial issues and remuneration policies, internal control and corporate organisation – are all complementary and ensure

adequate resources for the size and complexity of the Bank and the Group. In reference to risk management, the Supervisory Board approves the definition of the maximum acceptable risk level for the Group (its "risk appetite") and the correlated system of limits at the level of overall risk and specific risks (the "Risk Appetite Framework"). For this activity, the Board receives support from in-depth studies performed by the Committees, each to the extent of their duties. In terms of the professional experience of Members, five of these have held this office since 2007, three have gained experience since 2010 and one member joined the Board in June 2012.

As regards the **Management Board**, all Members have overall experience of at least three years in qualified professional activities suitable for such office.

The Chairman has more than five years' experience (he held other offices in leading listed Italian companies), whilst the Managing Director has specific managerial experience having held management role in various functions of the Bank (Head of the Planning and Control Department, Head of the Risk Management Department, Head of the Value Governance Area, Chief Financial Officer, etc.). In addition, the presence of executive Members from the Group's management has contributed to increasing Board professionalism, with particular regard to banking business, the structure of the economic and financial system, banking and finance regulations and risk management and control methods.

## TRAINING AND UPDATING OF MEMBERS

Once again in 2015, members' attendance at Board and Committee meetings was high and constant, ensuring a systematic contribution to all activities and an increased business and corporate awareness of the Bank and the Group, as well as the main new legal and regulatory aspects.

In this perspective, at the initiative of the Chairmen of the Supervisory and Management Boards, specific in-depth seminar sessions were held, which included insights pertaining to the architecture review process of the Bank's corporate governance.

## GOVERNANCE BODY SELF-ASSESSMENT

In continuity with the previous financial year, the Boards decided to make use of a specialist external advisor appointed to provide support to the governance Bodies in reviewing the self-assessment processes used thus far and their formalisation into specific internal Regulations which were later adopted. The Self-Assessment Regulations were prepared in application of the Supervisory regulations and in compliance with European Banking Association "Guidelines on Internal Governance" and "Guidelines on the Assessment of the Suitability of Members of the Management Body and Key Function Holders", issued in September 2011 and November 2012 respectively, which also take into account national and international best practices on this matter.

The self-assessment process is divided into a preparatory stage to survey the operating, efficiency and effectiveness profiles of the Body and opportunities for improvement. The information gathered at the preparatory stage is then processed and consolidated into a document showing the qualitative and quantitative results of the self-assessment, the compliance and performance levels and the areas of excellence and for improvement indicated by Members. This document is then submitted to the Boards for examination and joint discussion.

Details of the successful outcome of the 2015 assessment can be found in the "Report on Corporate Governance and Ownership Structures – Remuneration Report" [i].

## THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control system has been designed to achieve constant identification, governance and control of the risks involved in our activities. It is structured on three levels:

- the first is represented by the line controls which are carried out by the operational structures, are built into our procedures and are part of back-office activities;
- the second is entrusted to the Chief Risk Officer and, in addition to the legal area, includes controls on risk management, compliance with standards, anti-money laundering risk, credit granting process, and internal validation;
- the third is the internal audit, carried out by the Internal Auditing Department, that operates independently and separately from the operational structures, to identify anomalous trends, violations of procedures and regulations, and to assess the good order of the overall internal control system.

Also taking into account the Management Board's proposals and making use of the support of specific Committees, the Supervisory Board defines and approves the risk governance policies at Group level and the guidelines for the internal control system, including those relating to values and principles of the Code of Ethics, whilst both Boards make use of the Chief Risk Officer's action, reporting directly to the Chief Executive Officer.

The Supervisory Board and the Management Board also approve the Sustainability Report, which reports to stakeholders on activities carried out during the year and demonstrates the Bank's ability to pursue its objectives in line with stated values and with corporate development plans. The Report illustrates the results of stakeholder engagement activities and the materiality matrix, which represents the "significant" areas of operations resulting from the integration into corporate strategic plans of considerations of an economic, social and environmental impact.

## REMUNERATION

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

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

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

## OPERATIONAL STRUCTURE

*Divisions and Business Units, Governance Areas and Head Office Departments*

In terms of organisational logic and to ensure that Group governance has the necessary coherence, the Parent Company is divided into seven Business Units, comprising the aggregation of business lines with similar characteristics in terms of products and services provided and in terms of the regulatory framework, six Governance Areas, Head Office Departments and Staff Units under the direct responsibility of the Managing Director and CEO that carry out steering, coordination, control, support and service duties at Group level. [i].

### THE NEW ARTICLES OF ASSOCIATION OF INTESA SANPAOLO APPROVED

Intesa Sanpaolo's Extraordinary Shareholders' Meeting of 26 February 2016 approved the new Articles of Association for the adoption of the one-tier governance system, based on a Board of Directors consisting of a minimum of 15 to a maximum of 19 members, of whom 5 also forming part of the Management Control Committee.

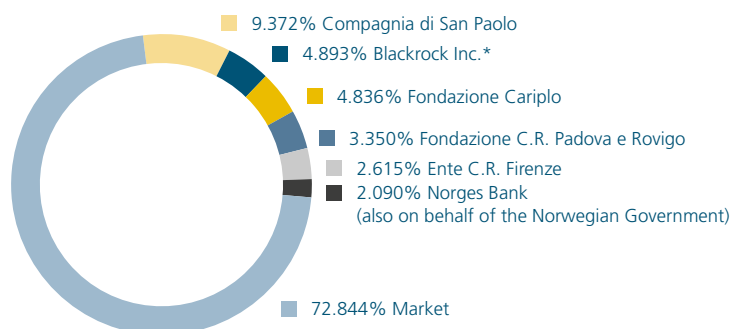
The Articles of Association will enter into force with the renewal of the corporate bodies by Intesa Sanpaolo's Ordinary Shareholders' Meeting of 27 April 2016.

Nine years on from the adoption of the dual governance model, the Bank's shareholders have embraced the opportunity for change, especially in light of the outcomes of the self-assessment processes carried out by the two Boards and of the works of the Commission especially set up within the Supervisory Board which, in the first half of 2015, analysed the benefits and advantages underlying the different governance models. The Management Board and the Supervisory Board have therefore identified the one-tier governance model as the most suitable to actually ensure management efficiency and the effectiveness of Intesa Sanpaolo's controls. For more details on Intesa Sanpaolo's new corporate governance system, please refer to the documentation made available to the shareholders at the Extraordinary Shareholders' Meeting of 26 February 2016.

## SHAREHOLDER BASE

As at 31/12/2015, share capital subscribed and paid-in totals 8,731,874,498.36 euro, divided into 16,792,066,343 shares of a nominal value of 0.52 euro each, of which 15,859,575,782 ordinary shares (equal to 94.44% of share capital) and 932,490,561 non-convertible savings shares (equal to 5.56% of share capital).

As at 31 December 2015, Intesa Sanpaolo's shareholder base is composed as follows (holders of shares exceeding 2%):



\*for asset management

## RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY

In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on correct and timely communication.

During 2015, in a still very difficult economic scenario, communications with the financial community continued to focus on sustainable profitability and the Group's solidity as a safe point of reference for stakeholders. To guarantee access to all, again in 2015 this information was made available quickly, easily and economically through a number of channels: Internet, conference calls via a toll-free number and the free distribution of financial statements on request. The Investor Relations section of the website [\[i\]](#) has a well-organised content and theme updates, always providing stakeholders with extensive, systematic information. In order to contribute to the creation of sustainable value over time, regular and frequent meetings were held with the financial community that consolidated long-term relations based on mutual trust.

## SHAREHOLDERS' MEETING

For Intesa Sanpaolo the Shareholders' Meetings are one of the main opportunities for contact and dialogue with its shareholders, as well as an occasion for the disclosure of news, in accordance with the principles of non-selective disclosure and rules on price sensitive information.

The Meeting is called by the Management Board or upon request by the shareholders in accordance with the law, through a notice published on Intesa Sanpaolo's website and, in abridged form, in at least one national newspaper (generally "il Sole 24 Ore" and other national and international newspapers).

### Right to attend and vote

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



## Materiality analysis

The 2015 Sustainability Report concentrates on the issues that are most material to our core business and the Group's stakeholders. Identification of the issues was performed through a materiality analysis, a process structured according to the "G4 Sustainability Reporting Guidelines" of GRI, the main reference standard for sustainability reporting and the <IR>, the international reference framework for integrated reporting, promoted by the IIRC (International Integrated Reporting Council), which allows to identify organizational and strategic factors and solutions that are the basis of the current and future ability of the Group to create value. Therefore, the aspects that "reflect the significant economic, social and environmental impacts of the organisation or that could substantially influence assessments and decisions taken by stakeholders" are considered "material".

In this regard, the materiality analysis was integrated with the IIRC reporting framework that encompasses:

- the introduction of the six capitals (financial, social and relational, intellectual, infrastructural, human and natural), to highlight how the value creation process is the result of synergies between financial and non-financial capital;
- elements of prospective nature, megatrends, in order to give new interpretations to issues considered as "material" and increase the Group supervision on the evolution of the external environment.

The process recommended by the GRI involves three steps:



### IDENTIFICATION OF MATERIAL ISSUES AND STAKEHOLDERS

The identification of any relevant issue for Intesa Sanpaolo's business and the stakeholders considers the strategic vision of the top management, the outlook on the evolution of the external environment and the Group's reference sector as well as the stakeholders' perspective.

In order to integrate the Topic Tree diagram with additional topics of interest, including in relation to any major megatrend that could have an impact on the Group, the documentary analysis of internal and external sources that was conducted in previous years, this year was integrated with the "critical" reading of the following documents:

- documentary sources within the Group, including the 2014-2017 Strategic Plan, top management communications, Shareholders' Meeting minutes, communications to shareholders, ESG rating agency questionnaires, Sustainability Reports for the last three years, policies adopted by the Group and complaints on the Code of Ethics;
- external documentary sources, including the reference reporting standards for sustainability performance (G4, <IR>, SASB);
- Sustainability Reports of other Italian and international financial groups;
- sources from national and international institutions (World Bank, ISTAT, World Economic Forum etc.) for the identification of general and specific megatrends of the banking sector.

The issues identified which make up Intesa Sanpaolo's Topic Tree diagram were the subject of listening activities and dialogue with stakeholders during 2015.

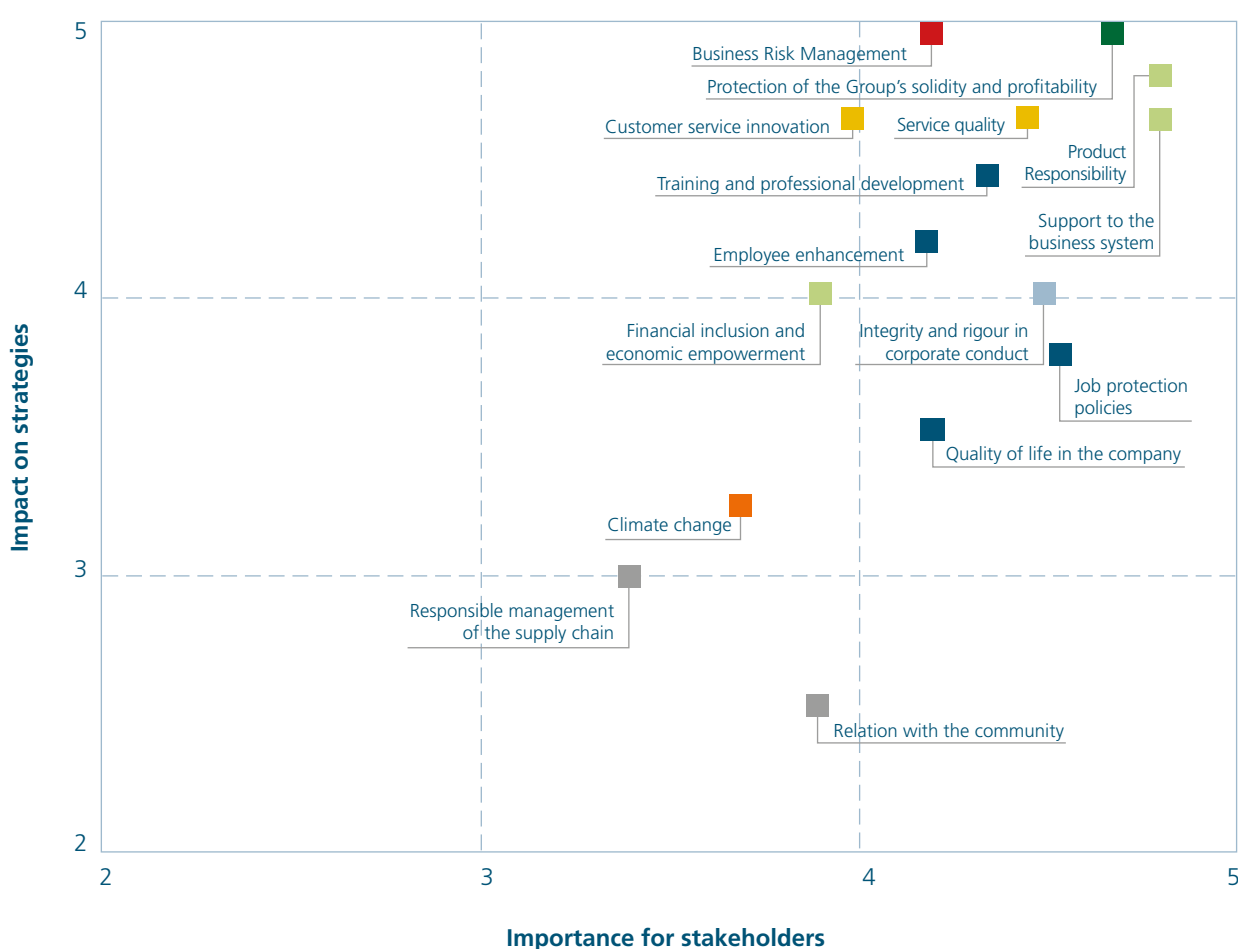
## PRIORITISATION AND DEFINITION OF THE MATERIALITY MATRIX

Also for 2015, the stakeholder engagement and listening process represent the core of the materiality analysis. To prioritise the issues identified, each issue was assessed, on the one hand in relation to its significance to business strategies and commitments defined in the Business Plan and, on the other hand, in relation to the degree to which it represents the interests and expectations of stakeholders: these two aspects are represented by the two axes of the materiality matrix, which is presented hereunder.

The two aspects respond to the need to identify, for each topic:

- the degree of commitment that the company has taken or plans to take on each issue according to the perception of the potential to generate risks and opportunities for the short, medium and long-term strategic objectives;
- the relevance perceived by the stakeholders on the same issues assessed through a variety of listening and engagement initiatives implemented by Intesa Sanpaolo during 2015.

## THE 2015 MATERIALITY MATRIX



The areas considered to be priorities for 2015, on which the Sustainability Report discusses the related matters in detail, the management method, significant indicators and the relationship between said issues and the Business Plan progress are:

- Protection of solidity and profitability
- Business Risk Management
- Access to credit and savings management
- Integrity and rigour in corporate conduct
- Offering a valued service to customers
- Human resource development and management
- Climate change

The main differences compared to the 2014 materiality matrix concern the issues which are mostly related to the launch of the Banca dei Territori Service Model, included in the 2014-2017 Business Plan and effective since January 2015. In this context, issues related to the quality of customer relations and of the products and services offered become more and more relevant. Similarly, Professional Training and Development have been identified as key factors for the implementation of the Group's new service model.

Another issue perceived as particularly relevant is innovation towards customers, which was achieved through the continued evolution of service towards integrated multi-channel operations, and the establishment of the Chief Innovation Officer Area.

In addition to being a fundamental leverage for Italy's growth, support to the business system continues to be a success factor for the Bank.

Relations with suppliers and the community do not qualify as material issues, but Intesa Sanpaolo recognises their high social and environmental value and therefore provides detailed disclosures on the website [\[i\]](#) and in single-issue papers [\[i\]](#) [\[i\]](#).

A summary disclosure is in any event provided in the Sustainability Report.

## MATRIX VALIDATION

To define the scope of the issues identified, all impacts – positive and negative – that the issue might have on stakeholders or in the reference context of its own value chain were considered. In particular, the risks and opportunities deriving from the issue were taken into account, as were the potential to influence Group strategy in the long term, with a view to assessing the broader sustainability context.

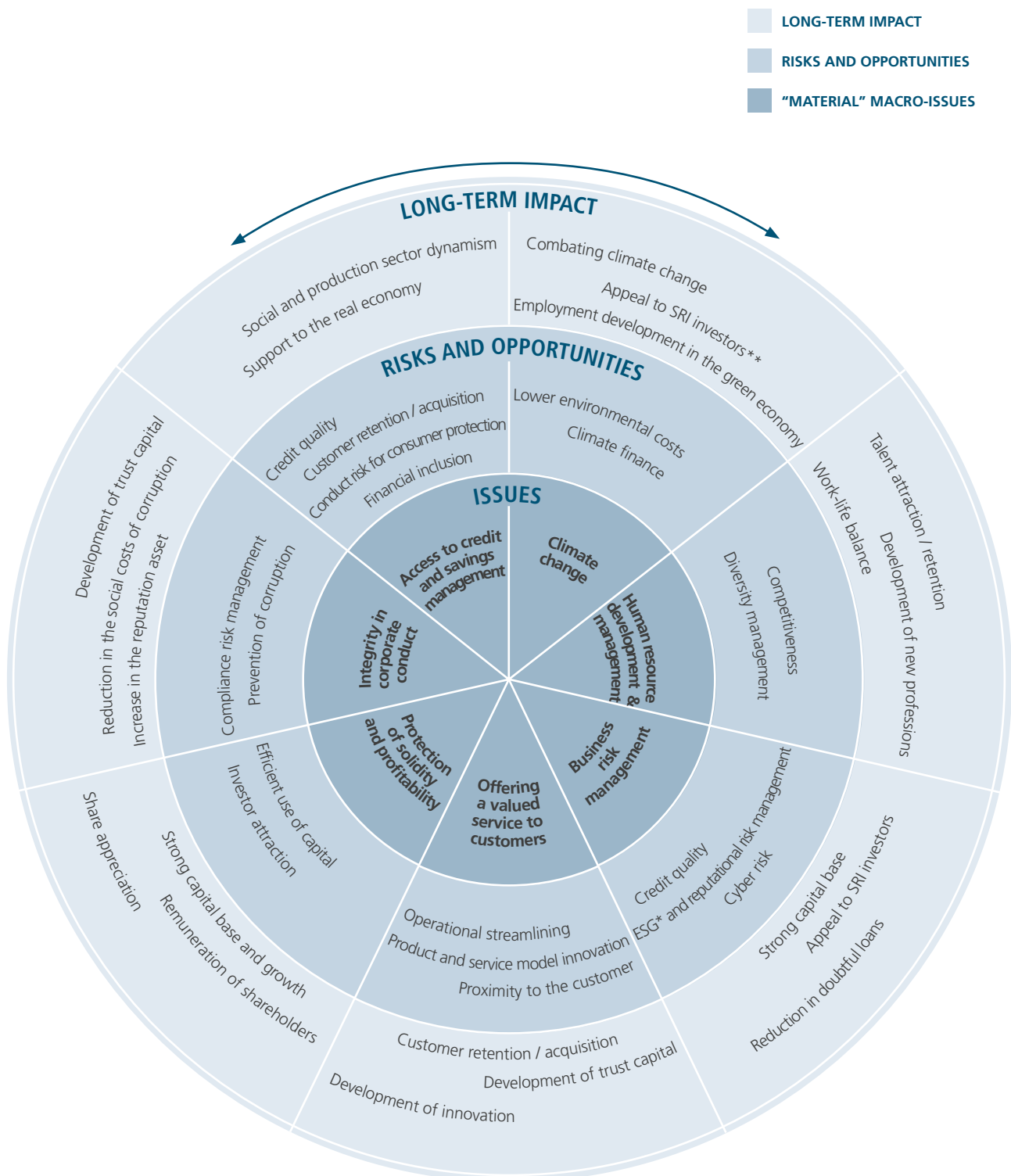
The assessments were shared with the Delegates from the Chief Risk Officer Governance Area, identifying the reporting structure and management disclosures associated with each issue (both within the Bank and in the external environment), with the aim of providing all stakeholders with a comprehensive representation of our performance (see GRI - Impact boundaries, page [196](#)).

## ANALYSIS OF MATERIAL ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

In the presentation of the Report's contents, Intesa Sanpaolo aims to show how business activities help to improve or deteriorate social, economic and environmental conditions in a local, regional or global framework. To this end, it presents a concentric chart that shows the seven "material" macro-issues, that are the most significant ones according to the materiality analysis in relation to:

- risks and opportunities associated with each issue, which could have cross-cutting impacts on the strategies and business of Intesa Sanpaolo in the medium and long term;
- positive impacts that could generate shared long-term value for the Group, the environment and society in general.

## IMPACT, RISKS AND OPPORTUNITIES



\* ESG refers to Environmental Social and Governance Risks

\*\* SRI (Social Responsible Investments) investors: investors that not only assess the financial performance of businesses, but also their commitment to society and the environment



# Protection of solidity and profitability

## WHY THIS ISSUE IS SIGNIFICANT

The Group's priority objective is to preserve the sustainability of results in a macroeconomic scenario which is showing a slight improvement. Considerable attention – in addition to profitability targets – is given to actions aimed at further strengthening the capital solidity and improving the risk and liquidity profiles. The capital base remains high, whilst the risk profile remains relatively low. Being a solid bank with growing profitability means that we can make a positive contribution to the interests of shareholders and all stakeholders. With the 2014-2017 Business Plan, we have achieved some important results that demonstrate the ability to live up to the commitments made with the markets, to keep our promise to protect employment of staff and to be alongside our customers, even those experiencing potential problems, by activating internal processes and structures to avoid deterioration of credit fundamentals.

## HOW IT IS MANAGED

All the company departments are involved in implementing business solidity and profitability protection policies.

Among other things, the Management Board of the Parent Company is responsible for: formulating proposals on general planning and strategic guidelines of the Bank and the Group, to be submitted to the Supervisory Board for approval; preparing business and/or financial plans and the budget of the Bank and the Group, to be submitted to the Supervisory Board for approval; periodically monitoring the implementation of strategic, business and/or financial plans of the Bank and the Group; proposing risk management guidelines and policies, to be submitted to the Supervisory Board for approval.

The corporate policies take into consideration the analysis and economic debate of Italy's main structural problems and of issues relating to the international economy important to the Group. The aim is to continue being a reference Bank for the country's real economy, with the reciprocal benefit of long-term growth.

## DEPARTMENTS/FUNCTIONS IN CHARGE

The Supervisory Board is responsible for guidance, strategic supervision and control of the Bank and, taking Management Board proposals into account, decides on the general planning and strategic guidelines of the Bank and the Group, approves the business and/or financial plans and the budget of the Bank and the Group, along with any amendments, authorises strategic transactions and approves the strategic guidelines and policies on risk management.

## RELATED TOPICS

Economic and financial performance	page 51
Management of business risks	page 53
Relations with the community	page 103

### RESULTS ACHIEVED IN 2015

The consolidated results at the end of 2015 recorded strong profitability growth, above the 2014-2017 Business Plan targets, proposed cash dividends amounting to 2.4 billion euro to be distributed to shareholders, very strong capital base with coefficients largely above regulatory requirements, net income of 2.7 million euro, with a positive trend in net interest income and strong growth in net fee and commission income, strong asset management performance and reduction in provisions reflecting an improving credit trend. Intesa Sanpaolo continued to be an accelerator of the growth of the real economy: 48 billion euro of new medium and long-term loans to households and businesses in 2015. In Italy, 20,000 companies were brought back to performing loan positions in 2015 (29,000 in 2014).

The economic results achieved also enabled Intesa Sanpaolo to allocate 12 million euro to charitable activities carried out by the Parent Company and the Banks in Italy. Furthermore, there was also a number of initiatives in the social and cultural sphere and other actions taken through social and cultural contributions made by the Parent Company by using the charity funds constituted in previous years. Intesa Sanpaolo's philanthropic strategy in 2015 was characterised by a focus on national and local projects with a significant social impact in favour of the most vulnerable people and those hit most severely by the economic crisis.

### PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 results	2015 results	Objective Cumulative value 2014-2017
Growth in revenues	+3%	+2%	4% *
Percentage of Net fee and commission income/Total revenues	40%	44%	43%
Cost/Income	51.1%	51.4%	46.1%
Cost of credit	1.35%	0.94%	0.80%
CET1 – Fully Loaded	13.3%	13.1%	12.2%
LCR and NSFR	>100%	>100%	>100%
Financial Leverage **	17.3%	17.4%	17.4%
Overall contribution to the community *** (millions)	60.2	56.6	Support and cooperation with the territories and the communities in which the Bank operates for the development of projects in areas in difficulty

\* CAGR 2013-2017

\*\* Total Tangible Assets/Total Return on Tangible Equity, including Net Income, net of dividends paid or payable and excluding Goodwill and other intangible items.

\*\*\* Measurement according to the London Benchmarking Group model, which includes cash contributions, in-kind contributions, time contributions and management costs.

# Business risk management

## WHY THIS ISSUE IS SIGNIFICANT

The Intesa Sanpaolo Group attaches great importance to risk management and control as conditions to ensure reliable and sustainable value creation in a context of controlled risk.

Intesa Sanpaolo has a moderate risk profile in which capital adequacy, a sound liquidity position and a strong reputation are the key factors to protecting its current and prospective profitability.

The risk management strategy aims to achieve a complete and consistent view of risks, given both the macroeconomic scenario and the Group's risk profile, by fostering a culture of risk-awareness and enhancing the transparent and accurate representation of the risk level of the Group's activities. Such management also includes measurement of the social and environmental variables in lending activities, particularly when the customers' business projects are implemented in developing countries, for which local regulations do not offer suitable safeguarding clauses, and in "sensitive" sectors, i.e. those for which the external output generated has a greater probability of negative social and environmental impact on the community.

With regard to employees, risk monitoring includes a health and safety management system, as well as commitment to protect and safeguard employees and customers by taking action to prevent the risk of robbery at branches and to manage employees in emergency situations.

## HOW IT IS MANAGED

The Group has implemented specific processes and responsibilities to understand and manage risks in such a way as to ensure long-term soundness and going concern assumptions, extending the benefits to its employees, customers and investors.

The Group sets out these general principles in policies, limits and criteria applied to the various risk categories and business areas with specific risk tolerance sub-thresholds, in a comprehensive framework of governance and control procedures.

The main risk-acceptance strategies are summarised in the Group's Risk Appetite Framework (RAF), proposed by the Management Board and approved by Supervisory Board. The RAF, introduced in 2011 to ensure that risk-acceptance activities remain in line with shareholders' expectations, is established by taking account of the Intesa Sanpaolo Group's risk position and the economic situation.

## DEPARTMENTS/FUNCTIONS IN CHARGE

The definition of the Risk Appetite Framework and the resulting operating limits for the main specific risks, the use of risk measurement instruments in loan management and operational risk control processes, and the assessment of capital adequacy within the Group represent fundamental milestones in the risk strategy, defined by the Supervisory Board and the Management Board along the Group's entire decision-making chain, down to the single business units and single desks.

The Supervisory Board relies on the activities of, among others, the Internal Control Committee and the Risk Committee. The Management Board relies on the action of, among others, the Group Risk Governance Committee. Both Corporate Bodies receive support from the Chief Risk Officer, who is a member of the Management Board and reports directly to the Chief Executive Officer.

The Corporate Social Responsibility Unit participated in the social and environmental risk assessment processes for loans covered by the scope of application of the Equator Principles.

## RELATED TOPICS

Control of social and environmental risks in the governance processes	page 53
Reputational risk assessment and management	page 55
Value of the brand	page 55
Management of social and environmental risks in loans	page 56
Health and safety risk management	page 59
Climate change: management of potential environmental risks and impacts	page 127

## RESULTS ACHIEVED IN 2015

The usual close oversight of the risk-acceptance strategies summarised in the Group's Risk Appetite Framework (RAF) was maintained. On the occasion of its annual update, a specific RAF on credit risk (Credit Risk Appetite) was introduced. In line with the provisions contained in the Supervisory Regulations, the control and management processes designed to allow proper ex ante assessment of any transactions that are potentially relevant in terms of risk profile and that could have a significant effect on the Group's stability (Most Significant Transactions) were further implemented. In view of a changing economic scenario, the Bank has taken steps to implement latest generation rating models, dedicated to Italian businesses, to measure the sector and competitive variables.

The monitoring of environmental and social risks in project finance continued with screening activities according to the "Equator Principles" and the training activities provided to colleagues in charge of the application of the new Operating Guidelines for the implementation of the Principles.

As regards reputational risks, in July 2015 the Reputational Risk Office was set up, as part of the Enterprise Risk Management Department; such a structure is in charge of ensuring a structured monitoring of reputational risk also through the integration and enhancement of the contributions made by the corporate functions monitoring corporate reputation.

The Bank continued to work on the constant monitoring of the health and safety of employees, workplaces, risk warnings, accidents, incidents as well as the annual risk reduction plan. The assessment of work-related stress was updated with reference to the branches operating with extended working hours. People's physical security management continued with the systematic prevention of risks and mitigation of vulnerabilities, as well as activities for upgrading and innovating the technological security measures, the creation of information tools for the development of a culture of integrated security and publication of operating procedures.

## PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicators	2015 results
Definition of systematic monitoring to manage Most Significant Transactions (MSTs)	A dedicated unit was set up for the purposes of providing a preliminary opinion on the consistency of each proposed transaction with the desired risk profile and the Group Guidelines for the governance of Most Significant Transactions were issued.
Breakdown of Group RAF limits on Divisions and Subsidiaries with a high contribution to risks and/or specific local features.	RAF limits defined as specific to Banca IMI, Intesa Sanpaolo Vita and the International Subsidiary Banks
Projects subject to the Equator Principles screening and relative percentage of total project financing	19 projects worth 1.7 billion euro, equal to 14.9% of the loans granted for project finance activities (equal to approx. 11.4 bn)
Definition of systematic monitoring of reputational risk management and mitigation	Set up the Reputational Risk office within the scope of the Enterprise Risk Management Department; issued the Guidelines for the governance of the Group's reputational risks
Investments in training on Health and Safety issues in Italy/No. of internal accidents (Italy)	€ 604,000 / 211 accidents (217 in 2014)
Investments in personnel training on aspects of prevention and management of the risk of robbery / Number of robberies	€109,062 / robberies have gone down by 56% since 2013. There were 54 in 2015

# Integrity and rigour in corporate conduct

## WHY THIS ISSUE IS SIGNIFICANT

The Intesa Sanpaolo Group recognises the strategic importance of activities to ensure compliance with internal and external regulations and codes of conduct, in the belief that respecting standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust. The view is that compliance with standards encourages the creation and maintenance of a soundly competitive economic context, in which merit can be measured and shared value can be created, contributing to the area and community development. Intesa Sanpaolo aims to be a reliable, qualified contact for the regulators, relating with these in a transparent manner and helping to develop the regulatory context through the identification of common objectives for banks and stakeholders. The Group actively supports the United Nations' Global Compact principles that envisage the development of activities to combat corruption and to protect rights in the global context.

## HOW IT IS MANAGED

Intesa Sanpaolo pursues the respect for standards through synergic operations between all company functions. The operating and business units are required to abide by company processes and procedures, verifying their application with suitable controls, with a view to full compliance with applicable regulations and standards of conduct. The Compliance Guidelines provide a detailed description of the compliance risk management processes. Rules to prevent corruption form an integral part of the internal regulatory sources: Code of Ethics, Internal Code of Conduct, Organisational and Control Model pursuant to Italian Legislative Decree 231/2001; company processes potentially instrumental to committing corruption-related crimes are identified and specifically regulated. The Compliance and Audit departments constantly verify the consistency between the control and conduct principles stated in the 231 Model, including those relating to corruption, and the internal regulations in force, and guarantee compliance with these.

## DEPARTMENTS/FUNCTIONS IN CHARGE

The Parent Company Corporate Bodies are responsible, each to the extent of their own duties and prerogatives, for ensuring suitable monitoring of compliance risk to which the Group is or could be exposed.

Chief Compliance Officer, a permanent and independent department with its own resources and duties, reports directly to the Corporate Bodies. For specific regulatory areas the risk monitoring activities are assigned to specialised functions, required to adopt the methods envisaged in the Compliance Guidelines. The Antitrust Affairs and Strategic Support Service, the Safety and Protection Unit, the Anti-money Laundering Service, the Administration and Tax Department and the Employment Policy Department operate to guarantee the correct application of the specific regulations. For all areas, the Internal Auditing Department performs controls on the regular nature of operations and on monitoring adequacy and efficiency, proposing any corrective action required.



## RELATED TOPICS

Prevention of corruption	page 85
Prevention of money laundering	page 86
Compliance with tax regulations and Intesa Sanpaolo's fiscal contribution	page 86
Protection of privacy	page 87
Protection of free competition	page 87
Fraud prevention	page 87
Litigation	page 88

## RESULTS ACHIEVED IN 2015

Intesa Sanpaolo has adopted strict internal procedures over time to prevent the risk of corruption and extortion. During the year activities continued in that regard and, with the "Anti-Corruption Project", special monitoring measures will be further enhanced from a "worldwide" Group point of view. Internal regulations have been enacted aimed at identifying reference principles and operational criteria to ensure that products and services offered to customers and the structured transactions, together with the consulting activity, comply with the tax rules. Moreover, the commitment has continued to combat operations in little-transparent countries and/or through particularly complex corporate structures with limited transparency in terms of ownership structures. For this purpose, a tax department responsible for checking tax compliance processes was set up.

A document was issued at the end of 2015 which puts in place a "reporting system by the Personnel of actions or circumstances that could constitute violations of the rules governing the banking business (whistleblowing).

The monitoring of the risk of compliance with competition protection rules has been further expanded and strengthened, to include EU Rules on State aid and the Italian standards to support the competitiveness of the Italian system.

In terms of fraud prevention, for the Group's Italian banks and for some of its International Subsidiary Banks, Intesa Sanpaolo has activated an anti-fraud system that analyses all transactions carried out via Internet Banking in real time and identifies those considered to be questionable so that they may be verified by a specialised unit. The Computer Emergency Response Team was also defined in order to manage cyber-type critical events to external stakeholders, thus allowing to optimize procedures, expertise, investments, reaction times and ensure the compulsory communication with stakeholders established by legal or sector-specific regulations.

Also with regard to the protection of privacy, Intesa Sanpaolo ensures that personal data are collected and processed in accordance with the legal provisions and the principles expressed in the Code of Ethics. All Group personnel participated in training and updates on this issue, through mandatory initiatives online, as well as through classroom meetings and activities focused on specific areas.

## PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED:

Indicators	2014 results	2015 results
Specialist training to prevent corruption and money laundering	53,504 employees (60.2% of total)	38,806 trained employees (44.3% of total)

### Associated risks

- the process and procedural changes to adapt to regulatory requirements could cause discontinuity that has a potential impact on service to customers;
- the impact of regulatory changes can force an increase in operating costs
- cases of non-compliance and failure to adapt can result in fines and penalties

### Opportunities

- thorough a careful advocacy activity, by interacting with authorities and regulators, helps to identify common objectives for the Group and for stakeholders
- adaptation to all consumer protection requirements guarantees that our processes are designed to deal with our customers honestly and fairly, supporting our ability to acquire and retain them.

# Human resource development and management

## WHY THIS ISSUE IS SIGNIFICANT

The 2014-2017 Business Plan has identified human resource enhancement and motivation, as well as strengthening of their sense of belonging, as the key forms of leverage for achieving the Group's strategic objectives. Through a new and more balanced internal cohesion, the managers are required to create an environment that is motivating, facilitating, based on trust and encouraging individual engagement, enhancing diversity. Training, made accessible to all, plays a crucial role in supporting development, company reorganisation and improved customer service, including the necessary expertise for the assessment of the social and environmental impact of our operations. Intesa Sanpaolo promotes listening and dialogue with employees and bases industrial relations on the principles of fairness and respect for the roles with the aim of finding joint solutions aimed at growth, competitiveness and sustainability. Important among the Business Plan objectives is the reallocation of 4,500 human resources in order to achieve the strategic plans, without cutting jobs.

## HOW IT IS MANAGED

Through an integrated system of transparent internal regulations, widely-distributed multichannel communications and effective training at all levels of knowledge and awareness, human resources are supported through their current and future career paths. The trade unions are involved and informed about relevant business projects in a timely fashion and by disseminating information with an approach that goes beyond the mere fulfilment of the current regulations and is aimed at developing an overall view and shared awareness with a view to identifying converging solutions. The ongoing dialogue that characterises industrial relations has led to the setting-up of a joint company-trade union body – the Welfare, Safety and Sustainable Development Committee, with the aim of developing joint solutions that make it possible to improve employees' welfare and business productivity.

## DEPARTMENTS/FUNCTIONS IN CHARGE

The Chief Operating Officer is responsible for defining Group Human Resources guidelines and policies. The structure specifically in charge is the Human Resources Department which, recently implemented, includes the following components: "Personnel Management and Selection", "Performance Systems, Remuneration and Labour Cost Service", "Employment Policies", "Intra-group Mobility" and "Executives and Talent Management" to which "Training, Managerial Development and Managers' School" and "Personnel Administration" functionally report.

## RELATED TOPICS

The quality of life in the Company	page 95
Job protection	page 108
Employee enhancement	page 108
The value of diversity	page 111
Training	page 111

## RESULTS ACHIEVED IN 2015

Intesa Sanpaolo consolidated the implementation of development and reorganisation programmes designed to protect employment and strengthen its market competitiveness, also through service and product innovation. On the issue of human resource development, the Bank has worked on the evolution of the performance assessment system and the extension of the scope of application of the On Air management and development platform and the 180° Feedback Project, aimed at strengthening the leadership styles.

With the signing of the second level collective labour agreement, new paths of professional development were defined at the Banca dei Territori Division and the Variable Result Bonus was introduced on an experimental basis and for the first time in the industry, aggregating in a single instrument the Company Bonus and the Incentive System involving the employees in the achievement of the Group and Division/ Company results, in accordance with principles of transparency and inclusion.

Training continued to be a landmark not only for the transfer of skills, but also for the strengthening of awareness and the creation of a culture through ongoing training (before, during and after the classroom) and the progressive integration of teaching channels and methods.

Welfare was confirmed as another priority area on which action should focus in order to support human resource motivation and involvement in terms of flexibility, efficiency and productivity. Between March and December 2015, the large-scale trial of "Flexible Work" was launched, that is, the possibility to work from home, from business areas of one's choice, other than one's own office and specifically set-up by the company or by the customer. The project, which received the "Smart Working Award" of the Smart Working Observatory of Milan Polytechnic University, aims to achieve a more rational and effective synthesis between the demands of work and private life.

Moreover, as part of the second-level collective labour agreement, a comprehensive series of innovative welfare instruments has been introduced. Among others, we recall the "Time Bank", to cope with serious personal and/or family situations and the actions taken to encourage the involvement of fathers in family care. The agreements with the Trade Unions also launched the process of rationalisation of the Social Security Funds within the Group and fixed the path for the creation of a single defined contribution Pension Fund.

## PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 results	2015 results	2017 objectives cumulative value 2014-2017
Personnel expenses	5.1 billion	5.3 billion	~21 billion
Human resources reabsorbed in the professional reallocation	2,600	1,630	4,500
Training and teaching days (classroom, mentoring, distance learning and Web TV)	1,220,824	1,309,039	5 million training days
Development: Assessments carried out	2,649 in total	2,023 in total (46.8% are women)	Career advancement paths for employees to be assigned to coordination duties
<ul style="list-style-type: none"> <li>Flexible work no. of members</li> <li>Members of ALI</li> <li>Services provided by the Health Fund</li> </ul>	<ul style="list-style-type: none"> <li>100,000 ALI members</li> <li>135M of Health Fund contributions</li> </ul>	<ul style="list-style-type: none"> <li>Flexible Work: over 3,000 members</li> <li>ALI members: 117,000</li> <li>137M of Health Fund contributions to over 200,000 people</li> </ul>	Promoting work-life balance for greater cohesion among people, innovation development and service excellence

# Offering a valued service to customers

## WHY THIS ISSUE IS SIGNIFICANT

Offering an excellent service and ensuring differentiated support to the various types of customers allows us to contribute to the welfare and progress of the communities where we operate. Enhancing relations with our customers, through in-depth and systematic listening and effective complaint handling is fundamental in achieving our overall growth strategy and in responding to the needs of trust and proximity expressed by our customers.

The service models adopted by the Business Units aim to guarantee a high degree of customer protection and excellent quality of the products and services offered, and allow us to remain close to customers as and when they wish. The commercial model based on advisory services allows us to tailor the product mix according to the needs of customers, raising purchase awareness. The Group operates with a truly multi-channel model to make banking services increasingly available, in a simple, efficient, flexible manner and at lower cost, providing multiple virtual contact points and greater accessibility of services. We promote development and research and analyse innovative solutions available on the domestic and international markets to identify opportunities for growth, also through partnerships with universities and research centres.

## HOW IT IS MANAGED

Through internal rules and operating guidelines, which also comply with current regulations, dedicated processes and service models, we monitor and manage customer relations, customer satisfaction, complaints and multichannel platforms, monitoring the results over time.

The issue of innovation is governed by the Chief Innovation Officer department, which defines the strategies and guidelines and identifies development opportunities for the Group and for its customers. The department coordinates the implementation of the portfolio of innovation initiatives, seeks and analyses the innovative solutions available on the national and international market, acts as a driver and enabler of innovation initiatives in the territory also through its network of specialists, building partnerships and relationships with businesses, start-ups, incubators, Research centres and national and international Universities.

## DEPARTMENTS/FUNCTIONS IN CHARGE

The marketing functions of the Business Units define the commercial model for customer relations and the methods for analysing satisfaction, complaint handling and the development of new initiatives. The Head Office Department Services provide support to the Business Units' activities to the extent of their responsibilities.

The Savings Working Group is the Intesa Sanpaolo Group technical body that plays a reporting and decision-making role, focused on issues of asset management for retail customers.

## RELATED TOPICS

Customer proximity through all relational channels	page 88
Accessibility	page 90
Support to businesses seeking to grow abroad	page 90
Customer experience: a new approach to the design of products and services	page 91
Innovation for growth	page 116
Multi-channel bank	page 117
Process innovation	page 123
Culture of innovation	page 124

## RESULTS ACHIEVED DURING 2015

The new service model, characterised by the strategic guidelines of the Business Plan, provides excellent services designed on the different types of customers. The new branch model, launched in mid-2015 in three pilot cities, has been developed with the aim of making people feel "at home", offering open and flexible spaces and integrating the consulting activities with digital channels.

In 2015 the programme "Insieme per la Crescita" (Together for Growth) was spread across the entire sales network. The program consists of management change measures aiming at improving the network's performance through a stronger focus on customer relationships, thereby increasing customer and employee satisfaction and generating pervasive, permanent change.

The multichannel integration was also further developed with the increase in the products available for purchase through the Internet, mobile banking and remote offering. The contract dematerialisation project continued. This new method of signing documents for the sale of banking, financial and insurance products and services eliminates the need to print documents and contracts to be delivered to customers and filed.

With regard to digital platforms, among the different initiatives worthy of note is Tech Marketplace, the digital platform that provides open innovation opportunities and brings together businesses, SMEs and innovative start-ups, which has already recorded over 5.000 subscriptions.

The Intesa Sanpaolo Project for Expo 2015 has made available to the public over 110 cultural events organised by the Bank, a financial support consisting of a credit line of 15 billion euro available to businesses and the realization of events and presentations which have enabled more than 400 Italian companies to present themselves to the public, to their clients, prospects and to international buyers.

A value service offering could not be achieved without a careful analysis of customer experience, which in 2015 was strongly innovated. The SElok quality system, now redesigned, provides a synthetic indicator that measures service quality and three families of indices to facilitate the identification of areas for improvement.

## PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 results	2015 results	2017 objectives
Insieme per la crescita	Launched the management change plan on 1,400 branches	The plan was extended to the whole Network: approximately 4,300 branches. Customer satisfaction: average level equal to 43/100 Branch barometer: synthetic gauge vote 7.3. Over 100,000 questionnaires in one year	Customer and employee satisfaction and performance improvement
Customer Experience systematic surveys	E-mail surveys on Branch sales (cards, accounts, mortgages, loans and small business loans) and Advisory Services to Retail Customers. ■ 656,000 target customers ■ 83,000 opinions expressed ■ 6,400 customers contacted by Contact Unit Net satisfaction index: 38	E-mail and SMS surveys on sales (cards, accounts, mortgages, loans and small business loans) and Advisory Services and cash operations to Retail Customers. ■ approximately 6 million target customers ■ approximately 450,000 opinions expressed Net satisfaction index up from 2014: 41	Measuring the satisfaction perceived by customers on all customer-bank points of contact and on all channels (branch, online, telephone and chat) Improving customer experience on all contact and customer relationship areas using the customer's voice to implement improvement plans for the processes and services provided.
Maintenance of the average response times to customer complaints and claims (Parent Company) in line with reference regulations (R/R)/internal regulations (I/R)	45 days for complaints on investment services and activities vs. 90 days R/R 20 days for ordinary complaints vs 30 days R/R 22 days for customer complaints vs 30 days (I/R)	46 days for complaints on investment services and activities vs. 90 days R/R 19 days for ordinary complaints vs 30 days R/R 21 days for customer complaints vs 30 days (I/R)	Keeping performance indexes high when listening to customers
Digitalisation of contracts	Project started	On all Personal branches and sub-branches and in over 500 Retail branches for the contracts and documents of numerous services.	Customer experience improvement, reduction in waiting times and simplification of processes
Integrated multichannel development *	4.923 million multichannel customers (approx. +500,000)	5.385 million multichannel customers (+ 460,000 approximately; + 955,000 since 2013)	7.879 million multichannel customers
Creation of the Chief Innovation Officer Governance Area	The Department was set up and the activities were launched	The Department is fully operational	Helping to push ahead the Bank's ranking in the national and international scenario

\* referred to the Italian boundary and natural persons

# Access to credit and savings management

## WHY THIS ISSUE IS SIGNIFICANT

Access to credit and the financial inclusion of individuals, businesses and entities are an essential leverage in guaranteeing profitable and sustainable business for the Group in the long term. The correct allocation of resources and the ability to identify local players with whom agreements and synergies can be developed to facilitate inclusion also for vulnerable people, preferring counterparties that meet requirements in terms of repayment capacity, guarantee the correct flow of resources to the real economy and allows development and growth.

Asset management activities also expect to see great innovation in the development of customer services, both with a view to the investments offered and in the forms of protection and welfare, becoming an increasingly determining factor in the long-term well-being of households. The Intesa Sanpaolo portfolio of solutions makes available funds that apply SRI (Social Responsible Investment) selection criteria in compliance with the principles of the Code of Ethics also with the aim of activating sustainability dynamics in businesses and customer choices.

## HOW IT IS MANAGED

Intesa Sanpaolo has set out codes of conduct in relation to credit risk acceptance, in order to prevent excessive concentrations, limit potential losses and ensure credit quality, thereby guaranteeing risk monitoring and constant monitoring of trends.

In the credit granting phase, coordination mechanisms have been introduced – from the Granting and Management Powers and Rules to the detailed Operating Guides – with which Intesa Sanpaolo exercises its direction, governance and support of the Group. With regard to Third Sector customers, a version of the rating model has been developed that is better suited to the characteristics of this type of customers. The offer of ethical investment funds envisages clear and articulated positive and negative selection criteria for securities to be included in the portfolio and the supervision of a Sustainability Committee (external and independent).

## DEPARTMENTS/FUNCTIONS IN CHARGE

The Corporate Bodies play a crucial role in risk governance and control, ensuring adequate coverage, setting strategic guidelines and risk management policies, verifying that they remain constantly efficient and effective and assigning tasks and responsibilities to the company functions and units involved in the processes.

The current organisational structure includes, in addition to the Business Units, important central responsibility areas. These areas – suitably segregated – guarantee that the management duties are carried out and the risk control activities are implemented.



## RELATED TOPICS

Support to the business system	page 62
Financial inclusion and economic empowerment	page 72
Loans and services for the green economy	page 129

### RESULTS ACHIEVED IN 2015

In 2015 Intesa Sanpaolo disbursed 48 billion euro to households and businesses. In an economic context that is starting to show signs of an improvement, the initiatives that confirm the traditional vocation of being a Bank in the real economy continued. Among the most important: an integrated plan of action for all needs related to house purchases, from consultancy and trading to financing and protection products. Participation in the Guarantee Fund for Main Home Purchasing of the Ministry for the Economy and Finance, which helps households also for the energy efficiency projects of their first home and the Agreement between ABI and the consumer associations for the 12-month suspension of loan instalments to households in difficulty; the range of new loans for young people with loans of honour to enhance the talents who will make up the world of tomorrow.

The activity to support the Third sector and the social economy continued with new medium and long-term loans in support of social enterprises for about 200 million euro. Banca Prossima has continued to develop the innovations proposed in recent years, in particular "social finance" products.

The offer targeted at companies has seen the launch of "Programma Filiera", which defines a new collaboration model between the Bank and companies by improving credit access conditions with investments in industrial supply chains and a new risk assessment approach which takes into account qualitative elements. On the subject of innovation, consolidated activities continued in favour of customers and start-ups with the Intesa Sanpaolo Start-Up Initiative programme, which in recent years has recruited and trained more than 900 start-ups. As for loans to Italian companies investing in innovation and research, the "Nova+" program continued, supplementing the traditional credit rating analysis with a technical and business assessment of the investment plan.

With regard to the offer of ethical funds, Eurizon Capital has strengthened its active role of investor responsible for the companies present in the portfolios, developing a structured monitoring dedicated to corporate governance activities by adhering to the Stewardship Principles.

### SELECTION OF THE MAIN PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 results	2015 results	2017 objectives cumulative value 2014-2017
Households and businesses: New medium/long-term credit granted to the real economy	34 billion euro	48 billion euro	Approx. 170 billion euro
Third sector: New medium/long-term credit granted to social enterprises	200 million euro	~200 million euro	Approx. 1.2 billion euro
Financial inclusion: Credit granted to the vulnerable social groups	More than 3.6 billion euro	More than 3.2 billion euro	Support to vulnerable social groups
Nova+ loans to business innovation	From 2011 more than 1.3 billion euro	From 2011 almost 1.4 billion euro	Support to companies that create innovation

# Climate Change

## WHY THIS ISSUE IS SIGNIFICANT

The impact of climate change goes well beyond the environmental issue and involves different aspects, from the economy to technology, from safety to respect for human rights, with potentially significant repercussions on customers, the community and consequently on our operations.

Intesa Sanpaolo is fully aware of the importance of pursuing a clear and effective strategy to combat climate change and set qualitative and quantitative targets to prevent and limit the impact of this phenomenon.

Through climate finance activities and the development of innovative products and services we help customers reduce the environmental footprint and respond effectively to the pressure of environmental challenges. Environmental catastrophes can cause damage to the properties in which we work, generate business discontinuity and consequently increase operating costs. Careful planning and a more sustainable management of these buildings allow us to simultaneously reduce the risks and impacts on the environment, reducing energy consumption and greenhouse gas emissions.

## HOW IT IS MANAGED

The Rules on environmental and energy policy and the specific sub-policies define Intesa Sanpaolo's commitment towards environmental protection and the focus on climate change. The scope refers to both direct impact on the environment deriving from the Bank's operations, for which the roles of Energy Manager and Mobility Manager were established, and indirect impact deriving from our customers and suppliers.

An interdepartmental working group promotes the innovation of products and services and specific guidelines define evaluation processes for loans in sectors with significant environmental impacts through the application of the Equator Principles. The monitoring processes for the Code of Ethics and the Sustainability Report make it possible to assess the risks associated with climate change and identify objectives and action plans for their management and mitigation. Specific objectives were published in the SEAP (Sustainable Energy Action Plan).

## DEPARTMENTS/FUNCTIONS IN CHARGE

The Chief Governance Officer is responsible for the strategy on combating climate change, reporting to the Chief Executive Officer of Intesa Sanpaolo, the Management Board and the Supervisory Board. He/she receives support in this duty from the Corporate Social Responsibility Unit, which acts as the coordination centre at Group level on this issue.

## RELATED TOPICS

Climate change: management of potential environmental risks and impacts	page 127
Loans and services for the green economy	page 129
Reduction of atmospheric emissions	page 134
Consumption and energy efficiency	page 136
Paper, waste and water	page 140

## RESULTS ACHIEVED IN 2015

The Group continued to provide financing in the field of renewable energy, energy savings, sustainable agriculture and environmental protection with measures in support of individual customers, enterprises and the Third Sector. 1.4 billion euro was granted in 2015. As regards consultancy activities, Mediocredito Italiano Energy Desk continued to operate as a specialist unit for project analysis and transfer of know-how about renewable energies in support of the Group's Network Banks. As for the supervision of environmental risks in financing activities a working group was set up, which extends the scope of application of the Equator Principles (see the "Risk Management" chapter page 53).

As for direct impacts, in 2015 certification of approximately 200 operating units involved in the Environmental and Energy Management System (SGAE) pursuant to the ISO 14001 and ISO 50001 standards continued, along with certification of these sites' greenhouse gases emissions in accordance with the ISO 14064 international standard.

In Italy, electricity guaranteed to be energy from renewable sources is used at all possible sites and actions continued to reduce energy consumption through a number of initiatives targeting improved overall energy efficiency.

Even heat consumption decreased, particularly in the branches covered by the SGAE system: in the last four winter seasons these sites achieved overall heat energy savings of approximately 24%, corresponding to around 54,000 euro.

The procurement of environmentally friendly paper has now reached a high percentage of the total purchased, and the Group's commitment in 2015 has been particularly focused on digitisation of documents, thanks to which it was possible to avoid the use of about 1,800 tons of paper, corresponding to lower CO<sub>2</sub> emissions by over 3,300 tons.

With regard to employee training, in 2015 the "Ambientiamo" e-learning platform underwent updating of the contents with new modules specifically dedicated to Climate Change.

## PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 results	2015 results	2016 objectives*
Reduction in electricity consumption in Italy compared to 2012	15% reduction	15.4% reduction	17% reduction in electricity consumption
Purchase of environmentally friendly or recycled paper in Italy	93% of purchases	94% of purchases	Environment-friendly or recycled paper to account for 98% of purchases
Reduction in "indirect emissions" potentially generated by the Group – Scope 2 compared to 2012	12.7% reduction	12.8% reduction	13% reduction in "indirect emissions" potentially generated (Scope 2)
Extension of "other indirect emissions" reporting (Scope 3)	Scope 3 reporting includes, in addition to indirect emissions from the purchase of paper, emissions relating to waste and office equipment	Reporting of Internet Banking operations was integrated with the previous ones in 2015	Gradual expansion of the scope and improvement in reporting
Environmental certification	UNI EN ISO 14001, UNI CEI EN ISO 50001 and UNI EN ISO 14064 certification on a significant sample of sites was already achieved several years ago	The certifications already attained on a significant sample of locations continue	Maintaining environmental certifications on a significant sample of locations, implementing all of the required regulatory updates
Environmental loans	643 million euro: more than 2.3% of total loans	1,495 million euro: 3% of total loans	Continue to support the renewable energies, agriculture and environmental protection sectors

\*The SEAP (multi-year Sustainable Energy Action Plan) was prepared for the period 2012-2016

## Adoption of international standards and commitments



### Global Compact [i]

A UN initiative that aims to promote corporate social responsibility through the adoption of ten fundamental principles relating to human rights, labour rights, environmental protection and the fight against corruption.



### Equator Principles [i]

Guidelines for social and environmental risk assessment and management in project financing, based on criteria recommended by the International Finance Corporation, a World Bank organisation.



### UNEP Finance Initiative [i]

The UN Environmental Programme that promotes dialogue among financial institutions on economic performance, environmental protection and sustainable development.



### Global Reporting Initiative [i]

Intesa Sanpaolo is accredited as a GRI Organisational Stakeholder and supports its mission for the development of guidelines on sustainability which are globally recognised through a multi-stakeholder process.



### CDP [i]

An independent non-profit organisation that holds and manages the most extensive database worldwide of information on climate change in the corporate sector. Membership of the Carbon Disclosure Project requires commitment to making public the emissions of greenhouse gases and corporate strategies implemented to manage the issues regarding climate change.



### London Benchmarking Group [i]

An international recognised reporting standard on the investments in the community by businesses.

# Global Compact: the 10 principles of the United Nations

Intesa Sanpaolo participates in the Global Compact Advanced Programme and reports on actions taken in compliance with its commitments in the “Advanced Level” disclosure available on the Global Compact website.

	The 10 Principles	Performance Indicators
<b>Human Rights</b> [i]	1. Promote and respect the protection of internationally proclaimed human rights within their spheres of influence	Human Rights: G4-HR2 (Investments), G4-HR8 (Indigenous Rights), G4-HR9 (Assessment), G4-HR12 (Human Rights Grievance Mechanisms) Society: G4-SO1, G4-SO2 (Local Communities)
	2. Ensure that they are not complicit, albeit indirectly, in human rights abuse	Human Rights: G4-HR1 (Investment)
<b>Job protection</b> [i] [i]	3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	Organisational profile: G4-11 (Employees covered by collective bargaining agreements) Human Rights: G4-HR4 (Freedom of Association and Collective Bargaining) Labour: G4-LA4 (Labour/Management Relations)
	4. Eliminate all forms of forced or compulsory labour	Human Rights: G4-HR6 (Forced or Compulsory Labour)
	5. Ensure the effective abolition of child labour	Human Rights: G4-HR5 (Child Labour)
	6. Eliminate all forms of discrimination in employment and occupation	Organisational profile: G4-10 (Employees by type) Economic: G4-EC5, G4-EC6 (Market Presence) Labour practices and decent work: G4-LA1, G4-LA3 (Employment); G4-LA9, G4-LA11 (Training and Education); G4-LA12 (Diversity and Equal Opportunities); G4-LA13 (Equal Remuneration for Women and Men) Human Rights: G4-HR3 (Non-discrimination)
<b>Environmental</b> [i]	7. Support a precautionary approach to environmental challenges	Economic: G4-EC2 (Economic Performance) Environment: G4-EN1 (Materials); G4-EN3 (Energy) G4-EN8 (Water); G4-EN15, G4-EN16, G4-EN17, G4-EN21 (Emissions); G4-EN27 (Products and Services) G4-EN31 (Overall)
	8. Undertake initiatives to promote greater environmental responsibility	Environment: G4-EN1, EN2 (Materials); G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7 (Energy); G4-EN8, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN21 (Emissions, G4-EN23, (Effluents and Waste); G4-EN27, (Products and Services); G4-EN29 (Compliance); G4-EN30 (Transport); G4-EN31 (Overall); G4-EN34 (Environmental Grievance Mechanisms)
	9. Encourage the development and diffusion of environmentally friendly technologies	Environmental: G4-EN6, G4-EN7 (Energy); G4-EN19 (Emissions); G4-EN27 (Products and Services); G4-EN31 (Overall)
<b>Corruption</b> [i] [i]	10. Promote initiatives to work against corruption in all its forms, including extortion and bribery	Ethics and Integrity: G4-56, G4-57, G4-58 Society: G4-SO3, G4-SO4, G4-SO5 (Anti-corruption); G4-SO6 (Public Policy)

# Intesa Sanpaolo's commitment to the Sustainable Development Goals of the United Nations

2015 was a pivotal year for all entities operating on a global level: the new Sustainable Development Goals of the United Nations were adopted in September, 17 commitments aimed at tracing the development priorities until 2030. Recognising the close connection of some of these objectives with the Bank's business, Intesa Sanpaolo has identified the most significant projects and activities already in progress, witnessing their contribution to the generation of a positive change at a global level.



## BANK THE UNBANKED

Over the years, Alexbank has developed several products dedicated to individuals who would have no access to banking to improve living and working conditions in the poorest areas of the country. This commitment has been included within the scope of a dedicated project – "Bank the Unbanked" – which provides for the development and integration of three lines of intervention for this type of customers: micro-deposit, which includes the offer of new savings products at attractive rates, a dedicated debit card, and the halving of the commissions on all additional services (more than 600 accounts opened); expansion of the micro business, with a network of local supporting specialists; creation of a mobile wallet platform. Moreover, the offer to support small and very small businesses, available since 2008 with several dedicated branches, operating in close contact with these individuals to help them develop their business, continued. On the whole, micro-credit activities led in 2015 to the granting of around 45.6 million euro. See page 77

**Material issue:** financial inclusion and economic empowerment

**Business issue:** access to financial services



## USE OF RENEWABLE SOURCES

The Group has consolidated the use of electricity produced from renewable sources wherever possible at all sites.

In Italy this type of supply, mainly generated by hydroelectric plants exceeded 95% of electricity consumption (over 125,000 tons of annual CO<sub>2</sub> emissions avoided), which are flanked by CO.FER certified supplies and a limited self-production from co-generation at the Parma CED. Furthermore, innovative or large photovoltaic systems have been installed at some sites including the Turin Headquarters. See page 136

**Material issue:** climate change

**Business issue:** renewable energy



## INTESA SANPAOLO'S EMPLOYMENT PROTECTION

Employment is one of the priority areas in which we are working to motivate and engage people in terms of flexibility, efficiency and productivity.

In 2015 the Group recruited 2,842 people (792 in Italy and 2,050 abroad). At Group level the number of women reached 53.2% and the investment in the future through the introduction of new resources continued in line with company objectives. See page 108

**Material issue:** job protection policies

**Business issue:** employment

## EMPLOYMENT, TRAINING AND PROMOTION OF THE NEW ENTREPRENEURSHIP

Intesa Sanpaolo is a strategic partner to Piccola Industria Confindustria in the "AdottUP" project for the adoption of start-ups. It turns the best entrepreneurial ideas into sustainable businesses thanks to the training provided by established companies which become their "tutors" and guide them through their development. Among the lending tools in support of new enterprises, Intesa Sanpaolo also makes the "Neolmpresa Loan" available, specifically for medium/long-term financing to start-ups. Loans for 6.9 million euro were disbursed in 2015. See page 66

**Material issue:** support to the business system

**Business issue:** youth employment





### TECH-MARKETPLACE

It promotes interaction between start-ups, SMEs and large companies, allowing technological start-ups and SMEs to offer their innovations to larger firms, thereby facilitating the meeting of supply and demand for technological innovation, with the aim of creating partnerships, commercial agreements and acquisitions. Over 5,000 Tech Marketplace contracts were signed and approximately 60 start-ups and companies were matched, both on platform and offline. See page 121

**Material issue:** support to the business system

**Business issue:** research and development

### ADOPTION OF THE EQUATOR PRINCIPLES IN FINANCING

Voluntary international guidelines which support the financial institutions that adopt them in the management of social and environmental risks deriving from infrastructure financing. Applying these in a structured, integrated manner in a bank's operations also allows emerging risks to be managed in countries that are vulnerable from a social and environmental viewpoint and in sensitive sectors. Being ready to face these unquestionably offers a competitive advantage, including in the long term. See page 56

**Material issue:** management of business risks

**Business issue:** infrastructure investments



### THE MANAGEMENT OF ENVIRONMENTAL EMERGENCIES

Intesa Sanpaolo integrates within its strategy a series of measures of adaptation to climate change which has already taken place. In recent years we have witnessed extreme atmospheric events at global level that have had considerable impact on the Bank's structures and on the activities and daily lives of our corporate and retail customers. Knowing how to assess and manage these risks is therefore increasingly important. In particular, Intesa Sanpaolo supports families and economic operators damaged by bad weather and climatic emergencies, through specific loans on favourable terms (the different sums allocated in Italy in 2015 reached a total of 185 million euro) and the suspension of repayments on existing loans. See page 129

**Material issue:** climate change

**Business issue:** risks and opportunities deriving from climate change

### LOANS FOR THE GREEN ECONOMY

Despite the reduction in incentives to the sector, the offer of loans targeting the corporate, small business and retail customer segments wishing to invest in energy savings and renewable sources continued in 2015. In 2015 they amounted to 1.495 million euro, 3% of total loans. See pages 129

**Material issue:** climate change

**Business issue:** risks and opportunities deriving from climate change



### PREVENTION OF CORRUPTION

The Bank has adopted strict internal procedures over time to prevent the risk of corruption and extortion. In addition to what is specifically envisaged by the Code of Ethics, the Group's Internal Code of Conduct and by the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 on the administrative liability of entities, there is a detailed set of internal regulations – which all personnel must know and comply with – which outline the corporate processes potentially leading to the commission of this type of crime. The Compliance, Audit and Internal Control Departments must ensure ongoing consistency between the control and conduct principles set out by the 231 Model in terms of corruption and the internal regulations in force, also ensuring compliance with said principles. See pages 85

**Material issue:** integrity and rigour in corporate conduct

**Business issue:** anti-corruption

## Awards and inclusion in indexes

Intesa Sanpaolo is present in several sustainability indexes, where the selection of securities is based not only on financial performance but also on social and environmental responsibility (ESG analysis, Environment, Social, Governance).



### DJSI World and DJSI Europe. [\[i\]](#)

Selection is dependent on an annual assessment carried out by Robeco SAM, with a best-in-class criterion based on three aspects: economic and governance, social and environmental. For its sustainability performance, in January 2016 Intesa Sanpaolo was included in the Sustainability Yearbook 2016 of RobecoSAM and received the Bronze Class Sustainability Award 2016.



### FTSE4Good Global and FTSE4Good Europe. [\[i\]](#)

The analysis conducted uses only publicly available information on the three ESG areas, with assessment in 14 sectors and the use of approximately 350 indicators.



### "A list: The CDP Climate Performance Leadership Index 2015" [\[i\]](#)

Includes 113 listed companies selected for their advanced approach to climate change mitigation.



### Italian Climate Change Disclosure Leadership Index 2015 [\[i\]](#)

Selects those Italian companies that demonstrate a strong commitment for the completeness and transparency of the information provided in their responses to the CDP questionnaire. Intesa Sanpaolo achieved the highest score (100).



### MSCI Global Sustainability [\[i\]](#), with assessment based on the three ESG areas MSCI Low Carbon, for which carbon emissions are assessed.



### Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120. [\[i\]](#)

Inclusion is based on an assessment conducted on the three ESG areas and also includes analysis of any disputes.



### Ethibel Excellence Investment Register - Ethibel Excellence Index Global and Europe [\[i\]](#)

Inclusion in the indexes is based on the assessment conducted by the rating agency Vigeo sustainability on the three ESG criteria and also includes the analysis of any disputes.



### The UN Global Compact 100 stock index [\[i\]](#)

Includes the 100 companies adhering to the **the ten principles of the UN Global Compact** and which stood out at the global level both in terms of their attention to sustainability issues and in terms of their performance in the financial sector.



### Standard Ethics Italian Banks [\[i\]](#), with assessment based solely on corporate governance Standard Ethics Italian on corporate social responsibility and corporate governance. The title is assigned a rating equal to EE on a scale from EEE to E-.



### ECPI Indices [\[i\]](#)

The assessment is based on an analysis of public information on the three ESG areas and also assesses risks and any disputes.

Intesa Sanpaolo gained numerous awards. For its activities in the environmental field, it was awarded the Green Globe Banking Award, "Direct impact" category, with the project for the New Headquarters and the first prize in the "Physical Distribution" category of the Distribution & Marketing Innovation Awards 2015 for the "Zero Paper Branch" project. As for the commitment to employees, it received the Smart Working Award and was once again awarded the "Diversity & Inclusion Award Diversitalavoro 2015". Within the scope of the Feiea Grand Prix (the European Association for Internal Communication) the project "A multi-national, multilingual Corporate WebTv as part of an international Internal Communication Strategy" was assigned an award in the categories "Best multi-national communication strategy" and "Best audio-visual communication".



## THE OPERATING CONTEXT



## Economic and social scenario

### ECONOMIC TRENDS IN 2015

In 2015, the global economy was marked by moderate growth, low inflation, weakness in commodity prices and accommodating monetary conditions in advanced countries. Confidence was rocked in the spring by a new crisis in Greece, which then subsided, and subsequently by the collapse of the Chinese stock markets. Throughout the year there were signs of a sharp slowdown in the economy in numerous emerging countries. The greater uncertainty on the global economic outlook and signs of suffering in the US manufacturing sector in relation to the strengthening of the US dollar led the Federal Reserve to procrastinate in executing the expected raise in official interest rates until December. In the Eurozone, economic growth gained strength, increasingly driven by internal demand, and, specifically, by household consumer spending. The positive reflections of the recovery on employment reduced the unemployment rate. There continued to be no inflationary pressure.

In March, the European Central Bank launched a Public Sector Purchase Programme (PSPP) integrating the two previous programmes dedicated to covered bonds and ABSs. At the end of the year, the duration of the programme was extended to March 2017. The ECB also cut the rate on deposits to -0.30%. On money markets, the negative level of the rate on deposits and the excess reserves further drove down interest rates, pushing them to negative values. Government bond yields declined sharply with the launch of the ECB purchase programme and subsequently recorded significant fluctuations. For ten-year Italian bonds, the annual average spread with the Bund dropped from 165 basis points in 2014 to 119 basis points. The Euro depreciated quickly against the US dollar in the initial months of the year. It then gained ground, closing 2015 at 1.0922, well below the figure of 1.2261 at the end of 2014.

In Italy, economic recovery was confirmed further. In the fourth quarter, the gross domestic product grew by 1.0% on the same period of 2014, while average annual growth came to 0.7%. GDP growth, the first after three consecutive years of declines, was the result of internal demand, while the trade balance was still penalised by the weak performance of demand in emerging countries. Investments resumed growing, although only moderately. The pace of expansion in industrial production remained modest, but growth has been expanding at sector level.

Employment grew for the second consecutive year and, along with the recovery in real wages, supported consumer spending. The unemployment rate dropped

significantly from January (12.2%) to December (11.7%), also reflecting the one-off effects of the reforms and tax incentives on the demand for labour. The rate of youth unemployment decreased further, at 38.6% in December for the 15-24 age group (from 41% earlier this year), a value which, however, remains very high. Reforms and fiscal incentives resulted in an employment shift in favour of that permanent contracts.

At the end of 2015 the government's borrowing requirements had fallen significantly on 2014, a decrease in the deficit/GDP ratio but a new increase in debt. The government reduced the objectives of tax consolidation planned for 2016, while confirming the further reduction in the deficit and the start of a process of reducing the debt/GDP ratio.

### THE CREDIT MARKET

In 2015, the improvement in the trend in bank loans to the private sector continued, with signs of resumed growth in several operating segments, specifically in loans to consumer households and loans to the manufacturing industry. For loans to non-financial companies, the gradual rise from the recessive cycle was driven by medium-term loans, which have resumed growth since the beginning of the year. However, as a result of the ongoing decline in short-term loans, the aggregate of loans to non-financial companies continued to decrease on the whole, though at a more moderate pace than in the previous year. For loans to households, the improvement in the market scenario gained strength, with the easing of conditions for residential mortgages under way for over two years. After an upturn near mid-2015, in the second half the stock of loans to households confirmed slight growth. This recovery is driven by the significant trend in the disbursement of residential mortgages, only partially due to the renegotiation of existing loans. Specifically, the sharp growth in the disbursement of fixed-rate mortgages continued, justified by the very low levels of interest rates applied and a smaller spread between the fixed and floating rates. The performance of loans was driven by the recovery in demand, in addition to the easing of supply conditions. According to the credit survey conducted by the Bank of Italy on banks, from the second quarter 2015, demand from businesses confirmed its increasing trend, for the first time since 2011. Applications for loans from households confirmed their increase, both for the purchase of homes and for consumer credit. Among credit supply factors, competitive pressure continued to significantly encourage the easing of credit access conditions,

whereas banks continued to show reduced concern with the perceived risks. Companies' opinions on credit access conditions also confirmed their improvement. Concerning credit quality, the growth in the stock of doubtful loans decreased its pace. There was an even more significant slowdown in the flow of the ratio of new non-performing loans to total loans, thanks to the improvement in economic activity.

The easing scenario is witnessed by the reduction in banking interest rates, which reached new lows. As regards new loans to non-financial companies, the rates have reached historically low levels both for loans below 1 million euro and loans above the same amount. Rates on loans to households for the purchase of homes reached new lows at the end of the year, both for fixed-rate mortgages and for floating-rate mortgages. The favourable lending environment is also clear from a comparison between Italian rates on new loans to businesses and the average rates for the Eurozone. During the year, spreads decreased significantly. Specifically, the spread calculated on rates for new loans of over 1 million euro began declining in mid-2015 to negative values, highlighting conditions that are relatively more advantageous for Italian borrowers than the average in the Eurozone. For this size class of loans, the spread with German interest rates also reached negative ground.







## SAVINGS AND BANK DEPOSITS

The growth in real disposable income supported the savings rate of Italian households also in 2015. Along with the positive contribution of the financial markets, flows of savings therefore resulted in an increase in financial assets. In terms of investment approaches, the trends confirmed on the basis of the ongoing investors' asset restructuring. In a context of very low interest rates, household investments were mainly focused on asset management instruments and bank current account deposits continued to grow very strongly, due to the low-cost opportunities of holding liquidity. Conversely, also as a result of banks' reduced funding needs, the collapse of bonds continued and time deposits confirmed their downturn. Similarly to the three previous years, divestments of government securities – penalised by low yields – continued. The context was therefore also favourable to the asset management industry, which recorded a new inflow record. The year began with particularly high net inflows which, in the second half were lower while remaining highly positive. Therefore, the financial portfolio of households saw an increase in the incidence of mutual funds and insurance and pension products.

## Competitive positioning

Intesa Sanpaolo is the leader in Italy with a European dimension: its strength is based on a long-term relationship with customers.

### Ranking in Italia

1°	Deposits <sup>1</sup>		15.7%
1°	Loans		15.4%
1°	Collected premiums for life policies		21.4%
1°	Capital mutual funds Promoted		20.5%
1°	Open-end pension funds		21.5%
1°	Factoring - Operating turnover		28.8%

Figures as at 31/12/2015.

<sup>1</sup> deposits and bonds.





## PERFORMANCE



# Financial capital



This capital includes funds made available from deposits and investments, net interest income, fee and commission income, income from trading and profit generated from our business activities. Financial capital is used to implement our services to customers.

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Financial inclusion and economic empowerment	page 72

## RESOURCES

Direct deposits from banking business: 372 billion  
 Direct deposits from insurance business: 133 billion in 2015  
 Due to banks: 59 billion in 2015  
 Shareholders' equity: 48 billion

## RESULTS FOR THE BUSINESS

Total assets: 676 billion, with liquid assets worth 117 billion  
 Loans to customers: 350 billion  
 Net income: 2.7 billion (1.2 billion in 2014)  
 Operating income 17.1  
 Operating margin: 8.3 billion  
 Reduction in adjustments to loans: -28% vs. 2014  
 Economic value generated: 15.6 billion  
 Stock Exchange mid-cap: 52 billion  
 Average listed price for the period: 3.109 euro

Management of social and environmental risks in lending activities  
 Group brand value, indicatively close to 6 billion  
 Minimisation of risk factors for the health and safety of employees: (~20% during 2015 and - 40% compared to 2014)  
 Work-related stress risk in low-end  
 Reduction of the average INAIL rate by 5% thanks to the Health and Safety Management System \*

## IMPACTS ON STAKEHOLDERS

New medium and long-term loans to households and businesses: 48 billion  
 New medium and long-term loans to social enterprises: ~200 million  
 20,000 Italian companies back to performing loans from non-performing loan positions  
 Environmental loans for approximately 1.5 billion euro  
 Loans for initiatives with high social impact amounting to 3.2 billion euro (6.7% of new MLT loans)  
 56,500 renegotiations of mortgage loans to financially vulnerable households for a total residual debt value of over 5,558 million  
 Economic value distributed: 14.1 billion  
 Dividends 2.4 billion

Reduction of social and environmental costs resulting from the financing of potentially harmful activities  
 Monitoring of health and safety of employees  
 Rate of accidents at work \*: - 2.8%  
 Number of robberies: - 13.9%

\* Italian boundary

## ECONOMIC AND FINANCIAL PERFORMANCE<sup>1</sup>

In a still difficult economic context, in 2015 the Intesa Sanpaolo Group achieved economic results marked by significant growth. The consolidated income statement for 2015 reported net income of 2,739 million euro, a sharp rise on 1,251 million euro in 2014, not only due to the positive trend in operating income, but also due to the decreased need for adjustments to loans. More specifically, a significant contribution was made to operating income by net fee and commission income, as well as by profits on trading and, to a lesser extent, income from insurance business. The positive trends in these segments absorbed the downturn recorded in net interest income and the marginal growth in operating costs, as well as the significant charges related to the new resolution mechanisms for banking crises and deposit guarantee schemes and the bail-ins of four Italian banks placed in receivership. In relation to the dynamics described above, the operating margin increased by 1.4% compared to 2014, while the decreased need for adjustments and provisions, above all for credit risk, enabled growth by approximately 41% in income before tax from continuing operations.

As to balance sheet aggregates, loans to customers amounted to 350 billion euro (+3.2% compared to the end of 2014).

On the funding side, direct deposits from banking business increased, reaching 372 billion (+3.4% compared to the end of 2014), along with direct deposits from insurance business (+12%, to approximately 133 billion).

As at 31 December 2015, indirect customer deposits reached 494 billion euro, up 6% over the end of 2014, despite fluctuating financial market performance, almost entirely attributable to asset under management (+26 billion, approximately equal to 8.7%), thanks to the positive net inflows, with a positive performance recorded for both portfolio management and mutual funds.

The persisting headwinds in the macroeconomic environment and the financial markets' volatility require constant control of the factors enabling the Group to pursue sustainable profitability: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations.

Group liquidity remains high: as at 31 December 2015, both regulatory indicators envisaged by Basel 3 (LCR and NSFR), adopted also as internal liquidity risk measurement metrics, had reached a level well above fully phased-in requirements. At the end of the year, Central Banks eligible liquidity reserves came to 117 billion euro (105 billion euro at the end of December 2014), of which

78 billion euro, net of haircut, was unencumbered (70 billion euro at the end of December 2014). The loan to deposit ratio at the end of 2015, calculated as the ratio of loans to customers to direct deposits from banking business, came to 94%.

In terms of funding, the widespread branch network remains a stable, reliable source: 70% of direct deposits from banking business come from retail operations (262 billion euro). Moreover, during the year, 6.5 billion euro in eurobonds was placed on the wholesale market (of which 2.25 billion euro in covered bonds) and 1 billion USD of Additional Tier 1. In 2015, 15 billion euro of funding was obtained from the targeted longer-term refinancing operation (TLTRO) programme launched by the European Central Bank, in addition to approximately 12.6 billion euro in 2014.

Intesa Sanpaolo Group leverage (6.8% as at 31 December 2015) continues to be at the top levels recorded in the sector and among the best in Europe. The capital base also remains high: the total capital ratio stood at 16.6%, while the ratio of the Group's tier 1 capital to its total risk-weighted assets (tier 1 ratio) was 13.8%. The Common Equity Tier 1 ratio stood at 13.0%.

## INTESA SANPAOLO STOCK PERFORMANCE

Intesa Sanpaolo's ordinary share performance in 2015 recorded a trend correlated with that of the banking sector indices, with a downturn in the first ten days of January, when it reached its low point, followed by a strong upward trend until the end of the first quarter, a fluctuating performance in April, a subsequent recovery in the following two-month period and significant volatility in the second half, which resulted in the stock reaching a peak in July to then decline, ending the year with a value slightly lower than the one recorded at the end of March and an increase of 27.5% compared to the end of 2014. The price of Intesa Sanpaolo savings shares increased by 37.6% at the end of 2015 compared to the end of 2014. The discount with respect to ordinary shares decreased to approximately 8% at the end of 2015 from 15% at the end of 2014.

Intesa Sanpaolo's capitalisation rose to 51.6 billion euro at the end of 2015, from 40.3 billion euro at the end of 2014.

## REMUNERATION OF SHAREHOLDERS

The Management Board will propose to the Shareholders' Meeting to allocate a unit amount of 0.140 euro on ordinary shares and 0.151 euro on savings shares, totalling approximately 2.4 billion euro.

1. The figures and comments refer to the reclassified consolidated income statement published in the 2015 Financial Statements of Intesa Sanpaolo; annual percent changes were calculated based on restated 2014 figures, where necessary, in order to take into account the changes in the scope of consolidation. Amounts are in millions of euro. For additional details or information, see the 2015 Consolidated Financial Statements of Intesa Sanpaolo.

## CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

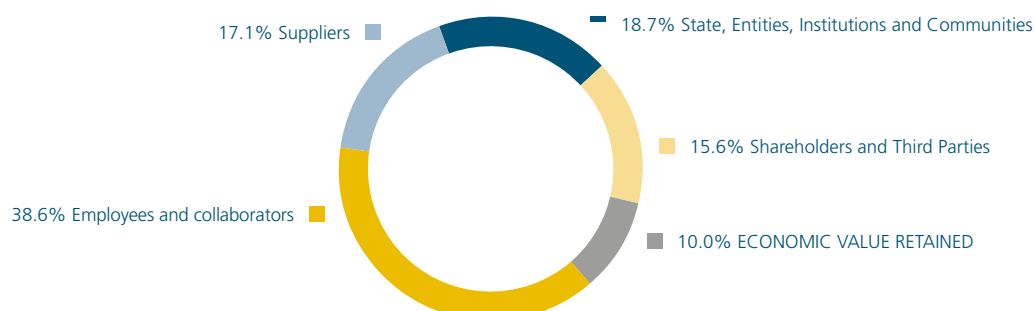
In 2015 the economic value generated by the Intesa Sanpaolo Group<sup>1</sup> exceeded 15.6 billion euro. This amount expresses the value of the wealth produced, most of which distributed among the stakeholders with which the Group interacts in various ways on a day-to-day basis. In particular:

- employees and other staff benefited from over 38% of the economic value generated, for a total of 6 billion euro. In addition to staff pay, the total also includes payments to the network of financial advisors;
- suppliers received approximately 17% of the economic value generated, for a total of 2.7 billion euro in payment for goods and services;
- the State, Organisations and Institutions recorded a total flow of funds of approximately 2.9 billion euro, equal to around 19% of the economic value generated and referring for approximately 1.5 billion to current income taxes, for over 900 million to direct and indirect taxes and for 516 million to costs related to the new bank resolution mechanisms, deposit guarantee schemes and to the bail-ins of four Italian banks placed in receivership. In addition to the specific income allocation by the Parent Company and certain Group companies to Charity Funds as well as to donations and gifts (12 million euro in total), there were numerous social and cultural initiatives and measures taken through Charity Funds and social and cultural donations set up by the Parent Company in past years;
- approximately 16% of the economic value generated was allocated to Shareholders and minority interests, largely in terms of the proposed dividend, for a total of 2.4 billion euro;
- the remaining amount, about 1.6 billion euro, was withheld by the corporate system. This refers to deferred tax assets and liabilities, amortisation, and provisions for risks and charges. Self-financing is considered an investment that other stakeholder categories make each year to maintain efficiency and allow development of the Bank as a whole.

<sup>1</sup> The economic value generated is calculated in accordance with ABI instructions and consistent with international reference standards. The calculation is made by reclassifying consolidated income statement items recorded in the financial statements, as required under Bank of Italy Circular no. 262.

ECONOMIC VALUE	MILION EURO	[%]
ECONOMIC VALUE GENERATED	15,649	100.0
ECONOMIC VALUE DISTRIBUTED	- 14,087	90.0
Employees and collaborators	- 6,031	38.6
Suppliers	- 2,676	17.1
State, Entities and Institutions, Community	- 2,932	18.7
Shareholders and Third Parties	- 2,448	15.6
ECONOMIC VALUE RETAINED	1,562	10.0

### Economic value generated in 2015



## MANAGEMENT OF BUSINESS RISKS

During 2015 the usual tight oversight of risk-acceptance strategies was maintained. Such strategies are summarized in the Group's Risk Appetite Framework (RAF). On the occasion of its annual update, a specific RAF on credit risk (Credit Risk Appetite) was introduced, which constitutes a new framework for credit risk management by identifying portions of the portfolio featuring potential growth in loans and portions to be monitored. It operates through a standardized approach based on risk/return and the use of tools such as rating and statistically predictive indicators such as the sector outlook, the competitive positioning of the company, international sales and possession of certifications, trademarks and patents (certifications on quality management systems, environmental management systems, health and safety management systems, EMAS, FSC etc.). The Credit Risk Appetite anticipates the new rating model for large companies that was developed during 2015 and is currently being examined by the Supervisory Authority.

In 2015 a project was also launched allowing to identify a series of qualitative information such as success factors for SMEs (sector, innovation, certifications, patents, brands, training, awarding of legal rating etc.), their competitive positioning (performance, sales trend, etc.), aspects connected to the presence of risks, investment policies adopted and forecasts, and membership in networks and supply chains.

These factors were identified by the internal structures of the Bank (Risk Management, Credit and Marketing) and are currently being examined by the Regulator to be included, with full entitlement, in the new rating model in order to affect both the credit granting methods and the pricing.

In line with the Supervisory provisions, a systematic monitoring of the Most Significant Transactions was introduced, namely of transactions that may result in a potential significant change in the Group's risk profile. These include: acquisition or disposal extraordinary transactions which significantly alter the scope of Group risks, with a potential impact on the overall risk profile as defined in the Risk Appetite Framework (RAF); transactions that have an impact on the specific risks identified in the RAF and, finally, any other transactions specifically characterised by the presence of potential risks which cannot be regularly quantified ex ante, or for the high risk relating to each individual transaction (e.g. renegotiation or credit restructuring transactions).

## CONTROL OF SOCIAL AND ENVIRONMENTAL RISKS IN THE GOVERNANCE PROCESSES

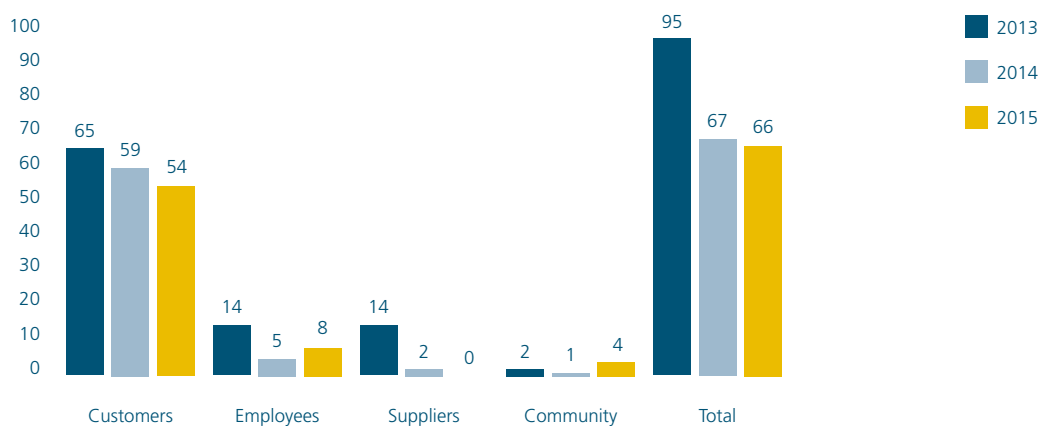
The Internal Control Committee monitors the implementation of the Code of Ethics – the regulatory reference for the integration of social and environmental considerations in the corporate processes, practices and decisions – and reports to the Supervisory Board. The Committee receives periodic reports from the Corporate Social Responsibility (CSR) Unit on the outcome of control activities performed in line with provisions of the Group Compliance Guidelines and in reference to the UNI ISO 26000 standard. The control process of the Code of Ethics – integrated with the management processes underlying the Sustainability Report (stakeholder engagement and listening, definition of improvement objectives, monitoring implementation via KPIs and, lastly, reporting) – envisages an evaluation and a third-party assessment. The statement on the CSR governance level in the Intesa Sanpaolo Group provides an illustration of the method applied and the results, with separate assessment of respect for human rights. Following the controls, CSR also reports on the corrective measures implemented by the departments and on any serious non-compliance and anomalies, where necessary in agreement with the Compliance and Internal Auditing Head Office Departments.

The control process for the application of Italian Legislative Decree 231/2001 also envisages that the reporting of the crimes referred to in the Decree – including corruption, money laundering, terrorism-related crimes – must be (by employees) or can be (external staff: advisors, suppliers, trade partners) sent, also in anonymous format, directly to the e-mail address of the Supervisory Authority or via the Internal Auditing Department, both independent control bodies, thus implementing a complementary whistleblowing procedure to that for the Code of Ethics.

The management of reports of non-compliance with the Code of Ethics is regulated by company regulations and protects those who make the reports in good faith from any form of retaliation, discrimination or penalisation, ensuring the utmost confidentiality without prejudice to legal obligations. The CSR Unit receives and processes the reports, which can be submitted by any stakeholder and, after assessing them, takes action in collaboration with the departments affected by the reports.



## Reports of non-compliance with the Code of Ethics



In 2015, 66 reports of non-compliance with the Code of Ethics were received: 53 refer to Italy and 13 abroad. The absolute number has declined compared to the previous year, confirming the trend over the past three years that, by now, has seen this evidence category decrease. The majority of these reports (54) was from customers and the highest frequency of issues was associated with branch and service accessibility, often in relation to population ageing, and with the expected responsible conduct in the credit granting, management and recovery in subjective and fragile situations. In this regard, during the year a test was conducted on three particularly critical reports, encouraging further attention in maintaining the credit in the event of particular difficulties in the customer's life. Every report was assessed in cooperation with the departments responsible to verify their accuracy and a response was provided to each one. All the formal complaints

from employees received during 2015 were managed before the end of the year. Generally speaking, non-discrimination issues are constantly and carefully monitored. In 2015 the Code of Ethics mailbox received one report complaining of discrimination, as such attributable to the issue of human rights and concerning a case of alleged discrimination in the workplace. An in-depth study was conducted that excluded discriminatory intent, reaching a satisfactory conclusion for the interested parties. Through a message sent to the Code of Ethics mailbox, a request was received to adopt a responsible approach in assessing loans to companies that are not environmentally-friendly. In relation to environmental issues, no formal reports were received by the Code of Ethics mailbox.

## REPUTATIONAL RISK ASSESSMENT AND MANAGEMENT

Intesa Sanpaolo considers its relationship of trust with customers and with the market to be a key asset to the sustainability of its business activities. Considering the increased awareness on business ethics and the growing interest of investors in the measurement of intangible assets, the Group has developed a model to actively manage its reputation with all stakeholders with a view to preventing and minimising potential negative effects. In this context the corporate values and the principles of conduct to adopt with stakeholders, expressed in the Group Code of Ethics, are an important reference for all employees.

The corporate bodies and functions of Intesa Sanpaolo directly involved in the reputational risk management process, with separate roles and responsibilities, perform strategic supervision and control duties.

Intesa Sanpaolo's reputational risk governance model envisages that reputational risk management and mitigation are pursued through systematic and independent monitoring by the corporate structures with the specific duty of protecting reputation and through transversal monitoring across the various departments using a Reputational Risk Management process.

As regards the transversal monitoring implemented by the Reputational Risk Management process, the main figures provided by the various company functions involved in the process of safeguarding the corporate reputation allow the Enterprise Risk Management Head Office Department – in agreement with the Chief Compliance Officer in relation to compliance risks – to identify and define the main risk scenarios to which the Group is exposed and submit these for company management assessment with a view to identifying, where necessary, suitable communication strategies and specific mitigation measures.

The identification stage of the main critical areas uses the results of the corporate processes that assess the reputational component of compliance risk management, internal and external communication activities, monitoring of antitrust regulations, communications with investors and rating agencies and the Corporate Social Responsibility function.

In particular, the CSR Unit makes available the results of two processes, essentially the Sustainability Report management activities with stakeholder engagement and materiality analysis, and the activities associated with monitoring application of the Code of Ethics (see chapters: "Relations with stakeholders: engagement and listening" and "Control of social and environmental risks in the governance processes").

Reputational risk mitigation and management activities are performed to guarantee consistency between the Group's risk appetite and business developments, and the prioritisation of action on the various critical issues and related proposals.

In order to strengthen, even in terms of organisation, the monitoring of reputational risks, in July 2015 the Reputational Risk office was set up, as part of the Enterprise Risk Management Department; such a structure is in charge of ensuring a structured monitoring of reputational risk also through the integration and enhancement of the contributions made by the corporate functions monitoring corporate reputation.

## VALUE OF THE BRAND

In the banking sector, where products and services are intangible, the image and reputation of a bank have a great importance in influencing decisions and perceptions of consumers. Aware of the fact that the brand is a major strategic asset, Intesa Sanpaolo is always focused on the measurement, enhancement and protection of the image and reputation of its brand.

For this reason, Intesa Sanpaolo has for some time adopted a Group brand image monitor to assess developments over time among all targets (the population, small business, SMEs, corporate and opinion leaders), also considering the social, political and economic scenario and the reference sector.

2015 saw a continuous improvement in the image, both with customers and non-customers, which stood at the top of the banking system and above the average market image. Despite the fact that the banking sector's health has been very compromised at the end of the year by the events which concerned the four local banks and the "salvabanche" (bank bail-in) decree, Intesa Sanpaolo continued to be perceived as a solid bank, with a range of quality services, focused on supporting social and cultural initiatives.

The brand, as a corporate asset, is also economically quantified each year by the Bank's internal bodies in order to measure its value. To this end, an average of three important international estimation models is used: Brand Finance, Hirose and Royalty Relief. This value is also compared with synthetic brand equity indices calculated by leading research institutions based on: visibility, image and ability to attract new customers.

The Bank pays special attention to image and reputation monitoring also on the Internet, where web listening platforms monitor participation in online discussions, the main discussion sources, the buzz share in the sector and the issues and sentiment of these conversations. In 2015 Intesa Sanpaolo ranked among the top 5 players for its conversation share, maintaining the first position of the conversation share relating to communication activities and the customer service area.

Aware of the fact that every opportunity for contact with the brand helps to form a corporate image, both with customers and with non-customers, Intesa Sanpaolo also monitors the effects of sponsorships

and cultural activities on its image and reputation. In 2015 Intesa Sanpaolo sponsored Expo Milano 2015, as Official Global Banking Partner, interpreting this role beyond the simple provision of banking services and participating as a protagonist through its own pavilion from which it offered visitors a full calendar of events, cultural activities, artistic performances, presentations of companies and much more. The visibility obtained thanks to this sponsorship on the media and on social networks has rewarded this choice, making Intesa Sanpaolo the first Expo partner remembered spontaneously in the "no food" sector and the "no food" brand deemed most suitable to sponsor Expo. The impact on the image and reputation has been very positive, with a large image gap between those who remembered the sponsorship and those who did not know about it. Actually, according to an IPSOS survey, for 43% of the Italian population the image of Intesa Sanpaolo

has improved; this percentage rises to 55% among those who have visited Expo and 61% among the Group's customers.

Participation in Expo has thus contributed to the improvement of the Bank's image, while its reputation improved also among those who were aware of the partnership.

Even the so-called "people of the web" welcomed the Bank's partnership in Expo and the sentiment of the conversations on Intesa Sanpaolo in connection with Expo has been largely positive, helping to increase the positive sentiment of all conversations about Intesa Sanpaolo.

The positive experience in Expo, marked by the sharing of experiences and emotions, is continuing in the new branch model and in other projects, whose repercussions on the Bank's image and reputation will be measured during the year.

### VALUE OF THE INTESA SANPAOLO BRAND

Taking into account the Brand Finance assessments and applying other internal models based on the Hirose and Royalty Relief approaches, values attributable to the Intesa Sanpaolo Group brand come close to 6 billion euro, on the basis of 2015 figures. These values, given the correlation with observable stock market prices, can be indicative although they too suffer the peculiar level of current financial market variables.

### MANAGEMENT OF SOCIAL AND ENVIRONMENTAL RISKS IN LOANS

The assessment of environmental and social risk in the granting of loans is integrated not only in the assessment of big projects that fall under the scope of application of the Equator Principles, but also applies to loans granted to all types of Bank customers. The rating assessment model includes a question on the exposure of the company to social and environmental risks. In addition, since January 2016, following a pilot phase carried out in 2015, environmental risks will be considered and integrated in the credit facility application as qualitative elements – with an effect on the assessment of the creditworthiness – through an analytical questionnaire which must be completed and recorded by the customer company's manager. For 2016 the integration of a blocking control in the credit facility application is envisaged that will make the completion of the questionnaire mandatory for companies belonging to the sectors most exposed to environmental risk.

A careful assessment of the environmental risks also helps mitigate the risk of environmental offences being committed by customers. Actually, Intesa Sanpaolo's 231/2001 Model has included environmental crimes as a sensitive area for some time, acknowledging that the illegal acts sanctioned by criminal law to protect the

environment imply administrative liability of the relative entities and, consequently, indirect liability of the Bank with regard to the activities of its customers.

### THE EQUATOR PRINCIPLES

The evaluation and management of social and environmental risks also concern loans for large industrial and infrastructural projects. In this area, the Bank also operates in countries where human rights are often not guaranteed and local communities do not have suitable means to protect their rights, and where the use and consumption of natural resources call for careful, forward-looking assessment.

Monitoring these risks also means guaranteeing that the Bank's operations and its reputation are protected.

To monitor this risk, Intesa Sanpaolo has adopted the Equator Principles (EP or Principles), a set of voluntary international guidelines to support financial institutions adopting them in managing the risks resulting from the financing of such projects. Applying these Principles in a structured, integrated manner in a bank's operations also allows emerging risks to be managed in countries that are vulnerable from a social and environmental viewpoint and in sensitive sectors. This unquestionably offers a competitive advantage, including in the long term.

The Principles, based on criteria of the World Bank's International Finance Corporation – the Performance

Standards, refer to the protection of natural resources, health, human and labour rights, cultural heritage and biodiversity as well as the fight against climate change and specifically refer also to respect for local communities and indigenous rights. They envisage the assignment of a risk category (A, B, or C, where C indicates a low risk level) to projects to be financed, based on variables such as the socio-environmental characteristics of the country, the industrial sector and the characteristics of the project in question.

Members of the EP Association, also with the drive of the civil society and non-governmental organizations that closely monitor the actions of financial institutions in terms of environmental protection and human rights, have decided to expand the scope of application of the Principles beyond the original scope of Project Finance. As a result, today the Principles also cover loans to businesses, if these are intended for the development of an infrastructure project with a total amount equal to or greater than 100 million USD.

The current version of the Principles (Equator Principles III), launched in 2013 and entered into force in 2014 for all the Members of the Association, is based on the Performance Standard version published in 2012.

### THE INTEGRATION OF THE EQUATOR PRINCIPLES IN THE CREDIT GRANTING PROCESS

The "Operating Guidelines for implementation of the Equator Principles" currently in force at Intesa Sanpaolo were issued in 2014, integrating and replacing the one published in 2010, in order to meet the new requirements of the third version of the EPs, which asks the members of the Association for a greater effort than in the past.

Compared to the previous version, the Operating Guidelines are more integrated into the Group's credit policies. In fact, given the expansion of the scope of application of the Principles, reference to the new Guidelines is now present in all other lending procedures in order to detect, right from the application phase, all loans included in the scope of application of the Equator Principles.

This integration ensures that the assessment process adopted by the Credit Department evaluates the loan based on financial as well as social and environmental considerations. In addition, a business committee – the Engagement Committee – assesses consistency between certain "Significant" transactions and the business strategy defined for Corporate and Investment Banking Division customers. The committee, which does not replace the normal lending process, preliminarily ensures that – in addition to legal aspects, compliance and risk management – for the transaction in question, aspects relating to the assessment of reputational risk and the Equator Principles are also covered.

### SOCIAL AND ENVIRONMENTAL RISK ASSESSMENT

The "Operating Guidelines for implementation of the Equator Principles" is an instrument which, through a process that integrates the Principles' requirements, provides support to the Bank in identifying environmental and social risks associated with the customer's ability to manage them and with the sector related to the project, in addition to the characteristics of the project itself.

The Guidelines require higher-risk projects, and medium-risk projects if necessary, to be assessed by an independent advisor who identifies the main social and environmental impacts. The results of this independent due diligence provide suggestions and recommendations in the event that the work performed has to be integrated with in-depth studies or mitigation measures to ensure that the project meets the requirements of international standards.

Information emerging from the due diligence is integrated into the contractual obligations and monitored with a frequency based on the level of risk identified.

Customers are required to submit regular reports demonstrating implementation of the mitigation measures required by the Bank and which may be verified also via on-site inspections. In the event of non-compliance with the agreed conditions, the Bank reserves the right to exercise the appropriate measures for assessment on a case-by-case basis.

Part of the assessment process also envisages involvement of the local communities, in order to understand the possible social impacts and identify further mitigation measures. In fact, the Equator Principles imply an ongoing relationship with stakeholders, from the design phase and throughout the entire project, via a structured and culturally suitable stakeholder engagement and grievance mechanisms.

In 2015, the amount agreed for projects following the Equator Principles assessment process, as outlined in the Operating Guidelines, was of 1.7 billion euro, equal to approximately 14.9% of the total amount agreed for loans in the reference scope.

In order to ensure accessibility of the Guidelines and all support documentation to all the Bank's departments, in Italy and abroad, the full set of documents is available in Italian and English.

## THE TRAINING PROGRAMME

The entry into force of the new obligations of the Equator Principles III made it necessary to schedule a new training plan, this time much more extensive and structured than that completed in 2012. The mixed composition of classrooms, in terms of business function and geographical origin, was decisive in that the discussion fuelled by the topics involved facilitated the understanding of social and environmental risk management in its broader sense. As regards the contents of the training sessions, these focused on the application of the new Operating Guidelines in force at the Parent Company to finance real projects.

While in 2014 the first two days of the training package were held, in 2015 the project was completed with the other three scheduled sessions. The 2015 training plan consisted in 630 hours of teaching and involved a group of 42 employees.

At the same time, the Corporate Social Responsibility Unit created, with the help of the Training Department, a webinar held in Italian and English on the same content of the classroom course, but with a less technical language, intended for the employees that are not involved in the first place in applying the Principles. The webinar lasts approximately one hour and is aimed to disseminate the knowledge of the new Operating Guidelines for the implementation of the Equator Principles and its annexes. The webinar was launched at the end of 2015 and involved approximately 1,500 persons both in Italy and abroad.

## PARTICIPATION IN THE INTERNATIONAL DEBATE

Adoption of the Equator Principles also means participation in the association activities and the international debate conducted by the EP Association. Once again, in 2015 Intesa Sanpaolo participated in annual events dedicated to members and in conferences with other member banks, and also meetings with our stakeholders – mainly the IFC, NGOs and the industry business associations. Lastly, the Bank continued to make its contribution to discussions on the issue of biodiversity, as part of the specific Work Group created in 2013 (Cross Sector Biodiversity Initiative).

## PROJECTS COMPLETED IN 2015

There have been 301 loan applications since 2007, which also underwent the Equator Principles screening. The reference area regards all Intesa Sanpaolo departments involved in project finance covered by the scope of application of the Principles, in Italy and abroad, and two International Subsidiary Banks: VÚB Banka and Alexbank.

The table below shows the number of projects that were financially closed in 2015, with breakdown by category:

	Total	Category A	Category B	Category C
Project finance	17	4	13	0
Business loans associated with projects	2	2		



## CONTROVERSIAL SECTORS

With a view to responsible management, the banks are called upon from multiple parties to be answerable for the decisions they make when granting loans to controversial sectors such as arms, nuclear energy, fossil fuel extraction, etc. In particular, pressure campaigns and public opinion and customer awareness campaigns are becoming more frequent, aiming to steer banks' decisions.

Intesa Sanpaolo is aware of the importance of correctly and responsibly allocating credit, and focuses specifically on the in-depth study of issues associated with the most sensitive sectors.

In recent years in-depth studies of the coal, waste-to-energy and water industries have been conducted and circulated within the Group (the water study also made available abroad).

Among the sensitive sectors monitored by the Bank on an ongoing basis, production and trade of military weapons hold particular importance.

In 2015 a new industry policy was issued.

*"In keeping with the values and principles expressed in the Code of Ethics and aware of the need to support national and European defence, together with the allied countries in NATO, the Intesa Sanpaolo Group will not support operations (loans and transactions) that relate to the production and trade of weapons and weapons systems, although permitted by applicable law, in countries that do not belong to the European Union or NATO.*

*It reaffirms the prohibition to engage in any kind of banking activity related to the production of and trade in controversial weapons and / or banned by international treaties and in particular: nuclear, biological and chemical; cluster bombs and munitions; weapons containing depleted uranium; landmines.*

*With the exception of operations concerning controversial weapons and / or banned by International treaties mentioned in the introduction, transactions and loans related to production, domestic trade, import, export and transit of weapons produced, traded and used definitively by the armed forces and related agencies, as well as by local police, are permitted in the following cases: a) in and between countries within the European Union and NATO; b) regardless of the country of production and / or origin of the weapons, if the end user is a Ministry, an Italian Governmental Authority, Italian armed forces or police.*

*Any operations outside the scope of reference may be authorized on an exceptional basis by the Managing Director and CEO. The Bank will provide annually a public and comprehensive reporting on the transactions carried out in the Sustainability Report and on the Internet Sustainability pages."*

In 2015 the total number of transactions reported to the Ministry of Economy and Finance between loan disbursements and payments amounted to 363,143,420 euro.

## HEALTH AND SAFETY RISK MANAGEMENT

In compliance with the regulations in force and with the most important national standards, Intesa Sanpaolo adopted an Occupational Health and Safety Management

**REDUCTION OF  
RISK FACTORS  
BY 20%**

System, identifying within its organizational structure, responsibilities, procedures, processes and resources for implementing the corporate policy on the protection of employees. The risks to the health and safety of employees are evaluated according to a multidisciplinary approach, considering the combined effect of the environment, processes and equipment with the subjective conditions of workers.

The constant workplace monitoring, the reporting of risks, accidents and incidents and the annual program for risk mitigation allowed the Risk Assessment Document to be kept up to date and available to all employees.

The management process for risks at Group offices, which was implemented in close cooperation with the relevant company functions, allowed to achieve a reduction in greater risk factors by approximately 20% during 2015 and by 40% compared to 2014.

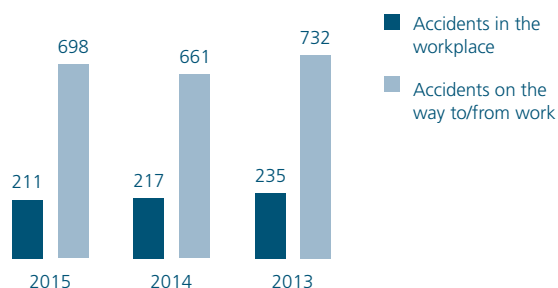
In relation to the new branch concept, the Prevention and Protection Service has evaluated all the impacts of the adopted solutions in terms of employee health and safety. In particular, the issues connected with environmental factors related to microclimate, lighting and noise as well as to ergonomics of new workstations were assessed.

The assessment process, which had begun in the concept phase of the project, continued with the field evaluation of the pilot branches in Milan, Rome and Turin, using highly specialized personnel. The evaluation of ergonomics led, on the one hand, to the verification of compliance with regulatory requirements, and on the other to the submission, to the employees of the pilot branches, of a questionnaire on the in-depth perception of the ergonomics of workstations. Compliance with the microclimate requirements was also assessed through environmental monitoring at the pilot branches.

This approach made it possible to translate the evidence emerged into concrete proposals for improvement, which in turn have been shared with the working group and in particular with the department in charge of property planning. The identified solutions have been adopted in the new concept branches under construction. This field assessment will continue in the first half of 2016 in the branches included in the first Implementation plan, focusing both on the ergonomic and microclimate aspects, sharing evidence and solutions with the work group.

An activity to adapt reception workstations which do not meet the improvement requirements and assessed from the point of view of ergonomics has been launched; this allowed to identify about 500 workstations, installed before 2014, that need to be upgraded. At the end of 2015 about 80% of work stations had been upgraded.

## Accidents



As part of the **"support after robbery"** programme, 58 specialized interventions by qualified physicians and psychologists of the University of Milan were carried out. The support actions consisted in a first "counselling" meeting with the application of the "debriefing" techniques for the management of potential trauma suffered by employees, and a second "follow-up" meeting to verify the return to the pre-event emotional

and psychological condition. In order to identify and pay special attention to individuals involved in more robberies, a database has been created since the beginning of 2015, continuously updated after each robbery event, which will keep the information on the staff involved in robberies also in the event of transfer to other branches. This detailed analysis, not only on the branches struck by criminal events, but also on the employees affected by these events, enables the Bank to schedule customised support actions paying closer attention to situations that could more easily lead to the manifestation of post-traumatic stress disorder. For very severe cases, because of injury or severe involvement by employees, specialist psychologists of the University of Milan are called in immediately to provide an even more structured support program. In all cases, the local qualified physician is available to employees who request their intervention for medical examinations to verify the suitability to work of colleagues following the traumatic event.

## ASSESSMENT OF WORK-RELATED STRESS RISK

The assessment of the work-related stress risk was updated. In particular, a new assessment on homogeneous groups (directors, managers, customer service assistants) of branches adopting extended working hours was carried out. The "Preliminary" assessment carried out using the INAIL method allowed a classification of the "risk level" in the "Low-risk" range.

The assessment was supplemented by a second phase (the so-called "In-Depth" assessment) which collects data on the perception of employees also through psychological/social techniques. The method used by the Department of clinical sciences and community health of the University of Milan provided for a project structure in which the survey itself was preceded by a series of meetings between specialists of the Occupational Health Clinic, the Employer, the Head of the Prevention and Protection Service and the employees of the Prevention and Protection Service, the Qualified Physician Coordinators and the Workers' Representatives in charge of safety. The meetings were intended to illustrate and agree on the methods for approaching the issue, as well as the purpose and methodology of the survey. The field assessment was conducted by means of meetings with small groups of employees (up to 15 people), lasting about 3 hours each and structured in three phases: 1) training / information: this part included a classroom session during which the meaning of work-related stress, its health consequences, the project objectives and the recognition method were explained. A final space for any clarification at the request of the participants was allocated; 2) submission of the standardized questionnaire: this part included the completion of the questionnaire in the presence of a researcher to clarify any doubts related to questions; 3) focus group: at the end of the questionnaire, the organisational gaps were analysed in details in a focus group.

The general conclusions of the In-Depth Assessment, while highlighting some critical areas emerging from the assessment, report that *"In relation to the risk factors examined, no significant differences in the geographical macro-area were identified. With regard to gender, women experience a greater effort and higher levels of work-home interference, without reaching critical scores. No risk factor is ultimately related to the age of individuals. With regard to the mental and physical health outcomes potentially associated with stressful work conditions, no issues were identified, except a moderate presence of anxiety at work experienced by managers and customer service assistants, possibly linked to this phase of adaptation to the new banking model. In relation to the elements which have emerged, it is highlighted that the problems reported by survey participants appear related to the degree of comfort at work and job satisfaction, and not to their physical and mental health."*

An analysis of the results of the preliminary assessment and of the in-depth assessment was conducted with regard to the occurrence of the problems that emerged in the two phases, the degree of agreement and correlation shown, the consistency between the results and the level of discomfort associated with the issues raised by the two phases. This comparison indicates a high level of overlap between the qualitative results of the two phases.



Regarding the overall evaluation concerning work-related stress situations at the Intesa Sanpaolo Group and in order to identify any mitigation measures, the results of the epidemiological report of the last three years, which considered the general health of more than ten thousand employees (in 2015 only, competent physicians have performed more than 4,150 health inspections and in 99.8% of cases these inspections were closed with a judgement of suitability to carry out the specific task) were also taken into account, as well as the 2014 climate survey.

To mitigate the stress-related risk arising from the critical areas that have emerged following the various assessment activities (Preliminary and In-Depth), specific measures were also identified, which were summarized in the Risk Assessment Document by context area and by work content area. In this context, reference has been made to the agreements signed in October 2015 by Intesa Sanpaolo and the Trade Unions, including, in particular, the following, which contain important measures aimed at ensuring the wellbeing of employees: "Roles, professionals and professional development paths", which defines, for the colleagues of the Banca dei Territori Division, the new system of roles and related indemnities as part of the service model launched in January 2015; "Commercial policies and company climate", which, in line with the Code of Ethics and the Code of Conduct, defines positive actions and measures to promote the smooth and effective implementation of trade policies and coordination of persons; "Regulations aimed at work-life balance", which introduces a complex system of measures to support the wellbeing of employees and their families, with the identification of innovative work-life balance solutions, such as the "Time Bank" and the voluntary suspension from work (see chapter "Quality of life at the Company", page 95).

#### ROBBERIES FELL BY HALF SINCE 2013

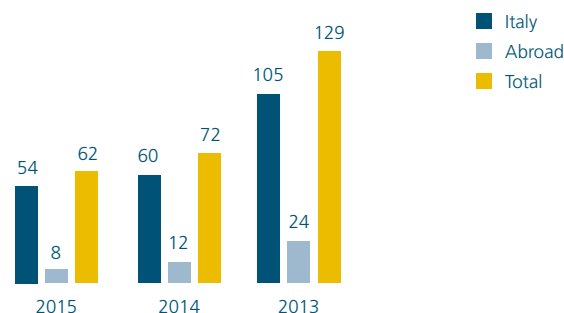
With regard to the protection of employees and customers by taking action to **prevent branch robberies** and to manage employees in emergency situations, personal protection continued to be the key principle behind all initiatives undertaken to protect branches from the risk of robbery. A number of activities were carried out for the systematic prevention of risks and the mitigation of existing and potential vulnerabilities, as well as activities for upgrading and innovating the technological security measures supported by the creation of information tools and the development of a culture of integrated security together with the publication of operating procedures. Innovative solutions to support new branch models (extended opening hours and new layout) have been specifically designed.

An in-depth analysis was completed on the risks of branch robberies, supported by a new model for calculating and assessing the effectiveness of security measures: the risk situations of specific branches were

analysed enabling improvements in the security systems, in the assessment of the level of protection at high risk sites and completing the plan for the centralisation and adjustment of alarm systems.

Notwithstanding the continued reduction in the number of robberies, confirmed by the decline registered in 2016 too, there has been a more limited reduction in "professional" robberies carried out by criminal groups more willing to take risks.

#### Number of robberies



To counter this type of robberies, specific action plans have been launched aimed at modernising the branch protection systems, with specific attention to branches that guard vaults and safety-deposit boxes.

The development of a safety culture has been reflected both by setting up a security expert network and by renovating and enriching the contents of classroom safety courses with experimental methods. Moreover, in collaboration with the Online Bank, solutions aimed at enriching the relationship with customers with security content were also developed.

Again in 2015, the Data Warehouse of physical security, an agile information system based on reliable and certified data, was developed and the "Physical Safety Rules" were published, defining the processes and behaviours to operate safely in order to better respond to new criminal trends while simplifying consulting procedures.

The maintenance and strengthening of supervision, business continuity solutions and of crisis management mechanisms enabled the Bank to profitably ensure service continuity and the safeguarding and protection of employees and customers during particular environmental and social crises during 2015 as well.

## SUPPORT TO THE BUSINESS SYSTEM

### 48 BILLION EURO IN NEW MEDIUM AND LONG-TERM LOANS TO HOUSEHOLDS AND BUSINESSES

Intesa Sanpaolo has never stopped believing in Italy and provides support to those wishing to relaunch; that is why in 2015 it has earmarked 48 billion euro of new medium/long-term loans for households and businesses. Of these, 41 billion in Italy (+54% compared to 2014) with 20,000 companies back to performing loan positions (29,000 since 2014). During the year the activities aimed at the full implementation of the **Proactive Credit Management Processes** dedicated to managing customers in potential difficulty were completed; these allowed,

through the timely identification of the first signs of tension and proactive actions, to reduce by 21% during 2015 the changes from performing to non-performing. Even on the issue of **reducing loan granting time** a project within the Business Finance Hub, covering all product lines (MLT Loans, Leasing and Factoring), has been developed. The project includes cross-functional activities, among which the most significant are the activation of the loan granting time monitoring system, a phase of digitization of the records and dossiers from the Commercial Department to the Credit Department and the introduction of a "preliminary examination" aimed at speeding up the processing of real estate dossiers.

## PROGRAMMA FILIERE

Intesa Sanpaolo developed "Programma Filiera", a new model of collaboration between banks and businesses that focuses on the relationship between the company and suppliers, created with the aim of encouraging the growth of production chains of excellence in the Italian entrepreneurial system by improving credit access conditions and defining a range of custom products for companies with production-related dealings.

The "Programma Filiera" is based on three pillars.

- Investments: access to credit under improved conditions, discounts on products and services, and training for participating companies;
- Innovation: new criteria for access to credit including the identification of the industrial production chain and signing of a specific contract – the production chain agreement – with the lead company;
- New approach to credit granting: formalisation of the production chain, with a risk assessment that takes account of qualitative elements, establishment of a production chain limit, and tailor-made commercial offerings dedicated to both companies and their employees.

Looking ahead, the overall potential of the "Programma Filiera" may have significant repercussions on the Italian industrial system. At year end, the number of the lead companies was more than 270, for a potential credit ceiling of about 17 billion euro, involving about 15,000 suppliers from three primary sectors (fashion, agri-food and metalworking-mechanics), which employ a total of 80,000 employees for a total turnover of 50 billion euro per year.

Among the lead companies that first joined the programme are: Brunello Cucinelli, Azimut, Prima Industrie, Engineering, Alberta Ferretti/Moschino, Valvitalia, Antinori, Conserve Italia, La Doria, Cimbali, Bonfiglioli. These are coupled by numerous medium-sized companies, rooted throughout the entire country.

As part of the "Programma Filiere", in 2015 the Business Finance Hub launched the operational and commercial works for the activation of "**Confirming**", an evolved form of indirect factoring that allows the lead companies to implement a more efficient management of trade payables and payments to businesses, and introduces decidedly favourable credit access terms and conditions for suppliers. The service stems from an agreement between the lead company (customer) and Mediocredito Italiano through which the customer entrusts Mediocredito Italiano with the management of payments of trade payables to suppliers within the Supply Chain when due in the invoice.

Thanks to the agreement signed, suppliers in the supply chain who decide to join the proposal have the possibility to request, on a dedicated online portal, with maximum flexibility and simplicity, an advance payment of all or part of the receivables managed by Mediocredito Italiano on behalf of the customer.

**Mortgage renegotiation** is another highly important issue to production, for this reason since 2013 Intesa Sanpaolo has adopted specific processes and procedures that offer mortgage renegotiation to SMEs in temporary financial difficulty, facilitating the sustainability of the loan by extending the duration of the repayment plan for the residual debt in order to adjust the commitment to the actual available cash flows of the customer. This tool allows prompt and proactive monitoring of the positions which, despite being affected by temporary financial difficulties, show solid prospects of positive development. During 2015 mortgages with payment arrears were renegotiated for over 2,500 Corporate customers and Retail Companies. In addition, 363 lease agreements for Corporate customers and 311 for Retail Companies were reviewed.

## AGREEMENTS AND SOLUTIONS FOR BUSINESS GROWTH

Again in 2015 the Intesa Sanpaolo Group concluded and strengthened important agreements with trade associations for the sustainable growth of businesses.

The relationship with **Confindustria Piccola Industria** is currently regulated by the 5th Agreement signed on 17 July 2014, expired on 31.12.2015, recently extended until September 2016. "**Una crescita possibile**" (Possible Growth), aims to invest in the growth potential of Italian entrepreneurship, encouraging dynamism, growth and competitiveness. The partnership envisaged the allocation of a further 10 billion euro, already exceeded by actual disbursements, in addition to 35 billion euro allocated under the previous agreements, as well as a programme focusing on measures targeting growth, innovation and start-ups, exports and internationalisation, supported by the services and business opportunities that Intesa Sanpaolo, as Official Global Banking Partner of Expo 2015, offered corporate customers for the entire duration of the event.

Among the various elements leading to the signing of this agreement, from the qualitative factors of credit and their inclusion in the rating model, from the "Progetto Filiere" up to training initiatives to promote internationalisation and digitisation, last September a specific addendum was signed in Florence on innovation with regard to the opportunities made available to SMEs through the Investment Compact which envisages:

- conducting a survey focused on disseminating, through the production system, a greater awareness of the policies for innovative SMEs, to identify best practices to promote locally and help companies to better "communicate" the innovation achieved, thus increasing the audience of SMEs that can benefit from the facilities by subscribing to the special Section of the Companies' Register;
- sharing with Confindustria the "Tech Marketplace" Web platform, developed by Intesa Sanpaolo to promote contact between innovative firms – including start-ups – and facilitate the matching between demand and supply of innovation (see chapter "Intellectual and Infrastructural Capital", page 115).

Among the tools developed to encourage dialogue between corporate customers and the Bank, amongst others, the "**Modello diagnostico di autovalutazione finanziaria**" (Financial Self-Assessment Diagnostics Model), an online tool available to all Confindustria members, which provides companies with a personal risk profile to identify the best growth strategies, is still available. Since its launch in October 2010, more than 7,800 users have accessed the diagnostics model, with 244 new users in 2015.

The **Italian Banking Association (ABI) Credit Agreement**, aiming to guarantee the availability of sufficient funds to SMEs which, despite reporting liquidity tensions, indicate positive prospects for development or going concern, was terminated in June 2015. This agreement allowed access to certain benefits with loan suspension and extension measures and two targeted credit lines: "**Progetti Investimenti Italia**" (Investment Projects in Italy) dedicated to SMEs which, despite the economic crisis, have continued to make new investments, and "**Crediti della Pubblica Amministrazione**" (Credit of Public Administration), through which participating banks made specific credit lines available for the provision of advance or discounting transactions. From early July, the new "**2015 Credit Agreement**", signed on 31 March 2015 by the Italian Banking Association and the main trade associations, replacing the previous agreement in force became operational.

The agreement provides for three initiatives.

- "Imprese in ripresa" (Recovering companies), with the possibility for all SMEs "in good standing" to suspend principal payments on their loans for a maximum of twelve months and extend the amortisation schedules of their mortgages and due dates of their short-term loans and credit for farm activities;

- "Imprese in sviluppo" (Developing companies), in support of the entrepreneurial projects of SMEs;
- "Imprese e P.A." (Companies and the Public Administration), for the factoring of companies' claims on the Public Administration.

With reference to both Agreements, overall in 2015 the transactions suspended numbered 4,106 for a total residual debt of 1.414 billion euro and 169 million euro in deferred debt. For the extensions, the accepted applications were 455 for a total residual/deferred debt of 112 million, while recapitalisation loans were 35 for a total amount of over 7 million euro. In 2015 Intesa Sanpaolo disbursed 865 loans through the initiatives "Progetti Investimenti Italia" and "Imprese in sviluppo", for over 300 million euro.

To support the real economy of the country, the Business Finance Hub has signed two new agreements with the **European Investment Bank** making available 650 million euro of funds. The first, worth 150 million euro, to finance investment projects of SMEs, Mid-Cap companies, consortia and business networks throughout the country active in the agri-food sector. The second, worth 500 million euro, to finance investment projects and to support the permanent need for working capital related to the production activities of SMEs belonging to all productive sectors.

#### **SUPPORT TO THE PUBLIC ADMINISTRATION AND SOLUTIONS TO GUARANTEE LIQUIDITY TO CREDIT COMPANIES**

In order to promote the paying down of the amounts due from the Public Administration, Intesa Sanpaolo commenced non-recourse trading activities in certified amounts due from the Public Administration to businesses, professionals, entities and associations. A special credit line has been developed which will allow the non-recourse acquisition of amounts due from Public Administration Entities and held by suppliers. Upon termination of the ABI Credit Agreement, in June 2015, 265 SME applications were received relating to

the factoring of Public Administration receivables for a total of 10.2 million euro. Under the new agreement in effect since July, another 22 applications were accepted for 1.3 million euro, for a total of 287 applications and more than 11.5 million euro.

#### **AGREEMENTS WITH CONFIDI AND TRADE ASSOCIATIONS TO AID CREDIT ACCESS**

Intesa Sanpaolo cooperates with the major Confidi organisations that issue guarantees (with 50% coverage on average) in favour of the Bank, facilitating businesses' access to short-term and medium/long-term financing to business and production activities. In 2015, 17,200 loans guaranteed by Confidi were granted for a total of over 1.2 billion euro.

The role of Confidi with regard to the use of the Guarantee Fund pursuant to Italian Law 662/96 is important. The acquisition in the form of counter-guarantee of a State guarantee of last resort allows a reduction in capital absorption for Banks and Confidi, with a positive impact in terms of price and/or greater volume of credit granted.

The Intesa Sanpaolo Group's International Subsidiary Banks are also very active in supporting the local production with services and subsidised lending to small business and SME customers. The initiatives are often carried out in partnership with multilateral banks for regional development (e.g. The European Bank for Reconstruction and Development) and through local economic development programmes (e.g. The Ledib program for the development of the Balkans) or government funds aimed at ensuring the growth of small businesses and the development of high value-added activities.

Altogether, new medium-term funding was disbursed for nearly 7 billion euro to households and businesses by the International Subsidiary Banks.

#### **BUSINESSES OPERATED BY WOMEN: COMPETITIVE STRATEGIES AND PERFORMANCE DIFFERENTIALS IN THE ITALIAN MANUFACTURING SECTOR.**

The topic of female enterprises has been the focus of much debate in recent years, both internationally and nationally. Although Italy is still perceived at a disadvantaged position in terms of gender equality, in comparison with other European countries, the country has moved proactively in recent years to encourage greater participation of women in corporate management.

In a recent contribution, the Intesa Sanpaolo Research Department has set itself the goal of highlighting the specificities of female entrepreneurship in Italy. The analysis shows that, in the Italian manufacturing context, businesses operated by women spread over a plurality of sectors, including those with high capital intensity and research and development, and mainly concern smaller businesses. Despite the small average size, the strategic profile shows a significant propensity of businesses operated by women for international projection, accompanied by increased attention to marketing and (limited to larger companies) innovation. However, no different trend in turnover and profitability compared to the rest of the Italian manufacturing sector emerged [i].

## THE OFFER FOR FEMALE ENTREPRENEURSHIP

As part of an international agreement which offers a framework of action to facilitate access to credit for female businesses in the various phases of a company's lifecycle or the working life of freelance professionals, with a range of services known as "**Business Gemma**", we allocated a total of 600 million euro credit line – available until 31 December 2017 – for businesses run by women and for women freelance workers. 657 loans for almost 16 million euro were disbursed in 2015. The "Business Gemma" loan also offers the chance to freely benefit from the special segment guarantee of the "SMEs Guarantee Fund" dedicated to female businesses and to request, once during the repayment period, up to twelve-month suspension of the instalment repayment of the loan principal amount in the event of maternity leave, serious illness (also of the spouse and children) or disabling illness of a parent, blood relative or relative by marriage up to the third degree who lives with the applicant. The Business Gemma services also include an insurance policy that offers insurance cover and welfare services aimed at addressing the problems of balancing private and professional life. The areas of action envisaged are maternity, assistance, aid and legal protection in times of difficulty of the private life of the business woman and illness. The new policies underwritten during 2015 were 66.

The Intesa Sanpaolo Group's International Subsidiary Banks are also active in supporting female entrepreneurship. Banca Intesa Beograd in Serbia has developed a credit line at special conditions for female entrepreneurs in the province of Vojvodina. The credit line includes loans to purchase equipment for setting up small businesses and for the development of start-ups created by unemployed women. In 2015 the range was expanded with lines of credit for female entrepreneurs in cooperation with the EBRD. In all, the Bank granted over 1.9 million euro to 180 women.

In Croatia, the collaboration continued between Privredna Banka Zagreb and Adria Women Association for the development of female enterprises through dedicated training initiatives, online magazines and weekly newsletters. The Bank sponsors events, participates in training sessions and contributes to the preparation of e-learning materials. In 2015 it has also participated in the organization of the "*best women entrepreneur reward*".

In cooperation with the "Impact Hub" start-up incubator and the "Evita" magazine, VÚB Banka has organized an intensive corporate training course lasting three days. Seminars, workshops, opinion leaders and motivation, these were the expectations of participants in the "Ladies Business Academy 2015". The 20 participating women entrepreneurs had the opportunity to become familiar with the fundamentals of working techniques, pricing and marketing, and to work on their business plan under the supervision of experienced professionals.

The best were rewarded with a 1-year mentoring course and the opening of free business account for two years at the Bank.

## YOUTH EMPLOYMENT AND INNOVATIVE START-UPS

The EIB and Intesa Sanpaolo have signed the first joint loan in Italy dedicated to creating new jobs for young people in small and medium enterprises, mid-caps and innovative start-ups.

Making available a total of 240 million euro, the transaction responds to the request in June 2013 from the European Council in Brussels to activate "without delay" all possible means to combat the growing phenomenon of unemployment, especially among young people. The transaction includes a credit line of 120 million euro for the creation of new jobs for young people aged 15 to 29 in SMEs and mid-caps and in support of the creation and development of innovative start-ups. In this area, 100 million euro was granted in 2015. Another 120 million euro credit line was allocated to finance investments by small and medium enterprises in the social sector (healthcare, education and urban renewal). 20 loans totalling 50 million euro were granted in 2015 (see the chapter "Third sector and local area", page 78).



## TRAINING AND PROMOTION OF NEW ENTERPRISES

With regard to the promotion of new high quality enterprises, the AdottUp project, created in 2013, continued to operate also in 2015.

This is the Piccola Industria Confindustria programme for the adoption of start-ups, of which Intesa Sanpaolo is a strategic partner. AdottUp turns the best entrepreneurial ideas into sustainable businesses thanks to the training provided by established companies which become their "tutors" and guide them through their development.

Intesa Sanpaolo gathers business idea applications, submits them to a joint Committee (Intesa Sanpaolo and Confindustria) which evaluates them, selects them and provides high level training and work areas, and creates the "Vetrina delle migliori idee" (showcase of the best ideas) [i] a dedicated area on Confindustria's website which provides members with an overview of the best projects, thus enabling them to review the selected ideas and apply to become their "tutors".

With the 2014-2015 Intesa Sanpaolo-Confindustria agreement, AdottUp was relaunched with a view to expansion envisaging action not only on supplying innovation but also on the demand side, facilitating matching between innovative SMEs (not just start-ups) and the SMEs that need such innovation to increase their competitive levels.

Among the lending tools in support of new enterprises, Intesa Sanpaolo also makes the "NeolImpresa Loan" available, specifically for medium/long-term financing to start-ups. Loans for 6.9 million euro were disbursed in 2015. For 2016, the AdottUp project will be coupled with the "Tech Market Place" project so as to act as a reservoir to supply and integrate the innovation dedicated platform.

Also in 2015 the **business school** of the Intesa Sanpaolo Group continued to provide business skills aimed at those who are launching a start-up or are ready to launch it on the market. "Officine Formative" delivers educational courses through the online acceleration and mentoring platform to support more mature start-ups. In 2015 it involved an audience of over 4,000 visitors in various events to promote the new enterprises. The various initiatives include the collaboration with the National Association of Biologists to form the winner start-ups of the Bio Plugin award. At the end of the year 5 new on-line courses that will implement the offer of distance education were developed.

With the "SKILLS4BUSINESS" project (see Chapter "Intellectual and Infrastructural Capital", page 115), training programs were also launched, focused on internationalisation issues (Think International) and on the acquisition of the necessary skills to innovate products and processes, grow on new markets and in new sectors and develop e-commerce projects (Think Digital).

The issue of youth employment and support for the development of start-ups is important also for the International Subsidiary Banks of Intesa Sanpaolo. Banca Intesa Russia has introduced a new free on-line service "**The world of your opportunities**" to launch business ventures [i]. The site contains several documents that help to register companies. Users can also benefit from special conditions for the Bank services. About 40 customers a month are registered as individual entrepreneurs or limited liability companies using this service.

CIB Bank has also developed a **Start-up Guide** that is delivered at the opening of a new account. The document

provides guidance for the development of business plans, funding, state subsidies, business operation as regards tax, accounting and insurance issues, legal aspects and ordinary business transactions. Another useful tool is the Revol software, a programme that simplifies invoicing, which is provided free of charge to the new small business customers of CIB Bank.

In Albania, the Bank financially supports the launching of projects of a value ranging between 15,000 and 50,000 euro, thanks to the opportunities created by the programme developed by the Italian and Albanian governments. In this context, the Bank invites potential customers to participate in the training sessions organized by the Italian Cooperation for Development in order to improve knowledge on the possibilities of access to funds in the framework of the Programme for the "development of the Albanian private sector through a credit line for SMEs and the relevant technical assistance".

## FINANCING AND SERVICES FOR COMPANIES INVESTING IN INNOVATION

The Nova+ financing programme continued to support Italian companies investing in innovation and research. As known, Nova+ supplements the traditional creditworthiness analysis with a technical and business assessment of the investment plans, conducted by a team of engineers specialised in the various product sectors and with in-depth knowledge of technology trends. In this regard, Mediocredito Italiano continues to make use of partnerships with a number of reputable Italian universities which offer their technical and

OVER 1,000  
LOANS WORTH  
1.4 BILLION  
SINCE 2011

scientific support to assess the technological risk of the more complex and ambitious projects.

Overall, over 1,000 projects were financed in the period 2011-2015 for a total of almost 1.4 billion euro.

#### Nova+ loans

Year	Projects financed	Granting [€/000]
2011	244	467,618
2012	291	369,140
2013	333	360,091
2014	90	108,337
2015	55	90,506

#### START-UP INITIATIVE



The aim of the Intesa Sanpaolo initiative, which since 2009 has become a recognised player of the ecosystem, is the acceleration of international start-ups on exponential technologies to put them in contact with investors and corporate customers.

In 2015 12 events linked to "Start-Up Initiative" were developed, along with their related training and selection paths. The over 100 finalist start-ups, selected among 170 trained start-ups, introduced themselves to over 1.000 guests, including investors (Seed/Venture Capital and Angel Investors funds), corporate customers (including Barilla, Lavazza, Nestlé, Telecom Italia) and operators of the innovation ecosystem. Four of the above events took place at the Intesa Sanpaolo Pavilion at Expo 2015, as part of a cycle dedicated to technological innovation in the agri-food sector (FoodTech). The event dedicated to the Digital and Mobile sector was hosted by SMAU, thus continuing – also in 2015 – the cooperation with the Italian key event for digital innovation.

VÚB Banka has developed a line of credit, "Profi Loans", with cash collateral suited to the start-up loan, which allows them to secure the financing of the business operational and investment needs of the customer. This type of loan does not require a minimum period of operation. So far, loans totalling over 109 million euro were granted. Another initiative of the Bank is the one developed in collaboration with "Impact Hub", the international co-working network for the incubation of innovative business ideas and start-up projects. Impact Hub is a laboratory for innovation, a business incubator and a community that inspires and empowers people to realize ideas featuring sustainable impact. The incubation program is dedicated to business projects in the fields of education, innovation and green technology products. It also supports social innovation. Training courses,

workshops and mentorship are provided free of charge to a selected group of young entrepreneurs. These can also submit their ideas to investors as well as establish contacts with experts and successful entrepreneurs. Participating start-ups have acquired know-how in the field of soft and hard skills, finance, planning, business plans and communication strategies.

#### NEW SOCIAL ENTERPRISES

With a view to promoting new enterprises with strong social and/or environmental significance, support was again given in 2015 to the Italian version of the Global Social Venture Competition, the international competition designed and promoted by the Berkeley University-Haas School of Business and organised by Altis, the Postgraduate School of Business and Society of Università Cattolica del Sacro Cuore of Milan.

A particular focus was placed on the quantitative assessment of social impact generated by the candidate enterprise initiatives, based on three fundamental criteria:

- clarity of the statement of social and/or environmental value of the social venture and identification of the three key social/environmental impact indicators;
- consistency and accuracy of the Social Returns on Investment (SROI) and related value assessment;
- innovative nature of the social venture's approach in reference to the context it will affect.

Intesa Sanpaolo has provided training on business plan preparation and on assessment of the social and environmental impact of the business idea in question; coaching on drafting the Business Plan; networking to facilitate access to a network of investors, companies and players from the innovation ecosystem.

2015 saw the admission of 16 start-ups to the training phase, of which 7 presented to investors. The two winning start-ups were invited to participate in the global final in Berkeley, California: Solwa, which develops environmental solutions including greenhouses for desalination with application in countries affected by drought and Horus Technology, which has developed a wearable device for the visually impaired that converts visual stimuli into sound signals, thus improving their autonomy.



## ACTIVITIES FOR THE PROMOTION AND MANAGEMENT OF THE GROUP'S INSTITUTIONAL RELATIONS

Intesa Sanpaolo monitors the most important international initiatives and fora where decisions are made on some of the most current topics having an important impact for the socio-economic stakeholders on the international scene. Among the many initiatives are:

### ROME 2015 – MED MEDITERRANEAN DIALOGUES – BEYOND TURMOIL, A POSITIVE AGENDA

Intesa Sanpaolo participated and sponsored the work of the MED 2015 – Mediterranean Dialogues, an event organized by the Ministry of Foreign Affairs and International Cooperation and ISPI, under the high patronage of the Presidency of the Italian Republic. Key focus of the discussion between the international institutions was the debate on the Mediterranean area, to be re-established as a reference point and meeting place for cultural exchanges and trade. In the debate on the necessity to ensure sustainable development in the region, the emphasis was placed on the attention to young people, and on the need to foster growth not only in the economic field, but also in the ability to provide education, training and social cohesion. The need to rethink migration policy beyond the humanitarian crisis and the project to nurture growth that necessarily include security and development were the most commonly shared points, taken as program objectives.

### AMCHAM REPORT "SUSTAINABLE TECHNOLOGIES, AN OPPORTUNITY TO BOOST GROWTH AND EMPLOYMENT"

Intesa Sanpaolo contributed to the drafting of the report presented in Milan in October, in the presence of the Consul General of the United States Philip T. Reeker. The publication highlighted the initiatives that the Group – through the launch of the Start-up Initiative, the targeted actions of the "Atlante Mezzogiorno" venture capital fund and the investment in Novamont S.p.A. – has put in place to support the development of innovative, responsible and sustainable technologies over time.

## OFFERING INVESTMENTS BASED ON SUSTAINABILITY CRITERIA

The Intesa Sanpaolo Group's product offering is completed by the ethical funds made available by Eurizon Capital SGR, the company specialising in asset management for retail and institutional customers, and by Banca Fideuram whose operations target high profile customers.

The ethical funds are mutual funds which invest in the financial instruments of issuers (companies, supranational organisations and governments) with a high social and environmental profile.

### THE "ETHICS SYSTEM" OF EURIZON CAPITAL

Since 1997 Eurizon Capital SGR has been the leading operator in Italy offering ethical funds that envisage clear, well-defined positive and negative selection criteria of the securities to be included in its portfolio (listed in the Prospectus and the Fund Management Regulations), a Sustainability Committee (external to and independent from the SGR) and the donation of revenues. The experience gained in managing these products has led to managers' fine-tuning their selection criteria over the years and, in 2002, adopting ethical benchmarks in order to provide objective financial measurement of the results. Eurizon Capital's range of ethical funds is now made up of an equity fund and two bond funds, all Italian. These products have the aim of gradually increasing the value of capital subscribed by implementing an investment policy based on strict ethical principles. All the products form part of the "Ethics System" and envisage the donation of revenues.

Investments in ethical funds are selected on the basis of positive criteria (inclusive principle) to identify the presence of good social and environmental governance in companies or institutions under analysis and negative (exclusive principle) for those areas of activity that are considered to be in contrast with the ethical principles asserted by the funds. The "best in class" principle is also used to identify companies that, in certain markets at risk, stand out for their social-environmental initiatives. Environmental screening is entirely subject to the "best in class" principle given that all major listed companies have a notable impact on the environment, and this principle facilitates the selection of the most "virtuous" securities.

During 2015, the application of these criteria led to a change in the investable universe, and consequently the inclusion or exclusion of certain issuing bodies from the fund portfolio. The reasons for inclusion include programmes to reduce greenhouse gases, the protection of biodiversity, the use of clean technologies, the involvement of suppliers and protection of minorities in the workforce. The reasons for exclusion include involvement in the arms sector, the breach of anti-trust rules, accounting fraud and discrimination in the granting of loans. Exclusions for 2015 regarded companies involved in environmental issues (Volkswagen) and disputes on labour law, human rights and social aspects (Rio Tinto, Goldcorp, Barrick Gold). In 2015 Eurizon Capital supported its own institutional customers through the management of assets with environmental, social and governance (ESG) criteria, providing assistance in choosing among the available

solutions and according to the expectations, needs and awareness of these issues of each customer. Eurizon manages 6 institutional mandates with various ESG approaches.

### FONDITALIA ETHICAL INVESTMENT

Fonditalia Ethical Investment is the new socially responsible investment solution of the Fideuram Group which integrates income objectives with financial sustainability and social value aspects. The sub-fund invests in the bonds of those States that stand out for the special focus on social and environmental issues, in bonds issued by Supranational Bodies in favour of developing economies and in funds specialised in microfinance, fair trade funds, equity funds and shares with a positive impact at social and/or environmental level.

An Ethics Committee composed of managerial and other professionals with proven experience in social, economic, environmental and financial sustainability, including qualified academic professionals, is tasked with verifying consistency between the actual fund portfolio composition and the ethical principles characterising the same, thereby formulating, where applicable, its own opinions on the ethics of investments.

A further element characterising the ethics behind the sub-fund is given by its commitment to supporting scientific research, through the placement of share units and through the donation in favour of the AISM and its Foundation (FISM), the amount of which is proportional to the fund fees. The sub-fund assets as at 31/12/2015 amounted to 32.3 million euro.

### ADOPTION OF INTERNATIONAL STANDARDS

Eurizon Capital strengthens its active investor role responsible towards the companies in its portfolio, by developing a structured and dedicated monitoring of corporate governance activities. Therefore, the company proves to be particularly attentive to the policies implemented by the issuers in which it invests, in the belief that the adoption of sound and efficient corporate governance practices, incorporating environmental, social and governance issues, encourages the creation of value for shareholders in the long term. The commitment on these issues has been confirmed with the adoption of the **Stewardship Principles**, to which Eurizon Capital was one of the first signatories in Italy. The Italian Stewardship Principles for the exercise of management and voting rights in listed companies, were defined by Assogestioni, in line with those contained in the "Code for External Governance", approved by the European Fund and Asset Management Association (EFAMA), which lead to assume the role of responsible active investors. As a signatory to the Stewardship Principles, Eurizon Capital promotes continuous and pro-active interaction with the companies in which it invests. Moreover, it was the first asset management company in Italy to

define a structured process for the implementation of these principles, in particular with the implementation of the "Strategy for exercising voting rights linked to financial instruments within managed UCIs" aimed at ensuring that these rights are exercised in the exclusive interest of UCI investors. The adoption of this strategy provides for constant monitoring of relevant corporate events attached to the securities in the portfolio and a targeted approach to the dialogue on a regular basis on governance issues with companies in which the asset management company invests, fostering active participation in the shareholders' meetings. In this context, Eurizon Capital is acting through the exercise of voting rights by intervening in the meetings of the companies which it deems most "relevant" for their importance within the portfolio and for the effects that the quality of their corporate governance has on the system. The company exercises its voting rights with utmost transparency, in the interest of the portfolio subscribers and of market integrity, while maintaining a strong focus on limiting the potential conflicts of interest.

Eurizon Capital remains committed to pursuing a Socially Responsible management activity, also with the signing of the **Principles for Responsible Investment (PRI)**. The company, as co-Chair of the European Task Force (former co-Chair of the Investment Commission and Treasurer) of UNEP FI, has contributed to the formulation of these guidelines by participating in the round tables since their launch in 2005. UNEP-FI is a network of international investors working in collaboration with the UN to share a set of principles inspired by the understanding of the mechanisms of sustainability of the investments through attention to environmental, social and governance (ESG) factors and their integration in the investment process. Eurizon Capital, upon delegation by Intesa Sanpaolo, has been actively participating in the UNEP FI activities since 2002.

The Intesa Sanpaolo Group Pension Fund has also adopted the Principles for Responsible Investments for more effective action, and has become a member of the **CDP**, the international non-profit organisation that promotes the reduction of greenhouse gases and the improved management of water resources.

## SHARE OWNERSHIP ACTIVITIES AND ADOPTION OF INTERNATIONAL STANDARDS

Share ownership targets large institutional investors that request them. This activity translates mainly into soft engagement practices involving direct communication with the management boards of investee companies, posing questions and notes on topics of particular interest on social, environmental and corporate governance issues.

The Intesa Sanpaolo Group Pension Fund – one of the primary pension funds of Intesa Sanpaolo personnel – is the first in Italy to adopt a share ownership strategy, interacting directly with a number of large companies included in the portfolio. The dialogue focused on the chain of suppliers and allowed assessment of the companies' conduct and recommendations of improvement measures.

The Fund's equity and corporate portfolio in 2015 included 459 issuers. The engagement initiatives undertaken were 9, covering approximately 2% of the

number of companies and 6% of the portfolio value.

Since 2015, in order to give greater visibility to soft engagement activities, the Fund has decided to also exercise voting rights in relation to some pilot companies, making its own choices public through appropriate communications aimed at explaining voting decisions. In particular, the Fund has intervened, through providers specialising in proxy voting, in the general meetings of Facebook, Amazon and Microsoft, focusing on the information technology giants' sector.

Eurizon Capital's share ownership activities launched at the end of 2015 (in addition to those carried out on behalf of institutional clients), have been carried out as follows:

- 4 companies by voting at the meeting
- 2 collective engagements (through Assogestioni)
- 1 collective engagement
- 2 direct meetings

## CUSTOMER PROTECTION AND RESPONSIBLE SALES

### TRANSPARENCY TO CUSTOMERS:

Transparency requirements are managed in accordance with the law, in order to make the dissemination of information to our customers clearer and more comprehensible in all stages of the relationship with the Bank. Simplicity of language, information transparency and alignment of conditions within the various transparency documents relating to the same product/service are ensured.

In July 2015 new transparency provisions were issued, aimed at simplifying the reports. These provisions apply to all **banking and financial products**, with the exception of investment services, **with impacts – both in terms of documents and methods of sale** – on commercial processes in the pre-contractual, contractual and after-sales stages.

**Customer protection** is strengthened and the Bank is also required to implement a series of conducts and measures aimed at:

- offering understandable products in terms of their structure and characteristics;
- making a business proposition aligned to customer needs;
- providing answers to complaints within 30 days of receipt of the complaint by the Bank;
- informing the customer of the possibility of taking advantage of the various forms of extra-judicial protection available.

In implementing these principles, the Bank has adopted **internal procedures** to ensure specific **supervision** for the protection of Retail customers with specific reference to **Product development, their Marketing and the Remuneration of the sales network**.

**Information Sheets** [!\[\]\(84f47badaad7772cd95667a7c387a639\_img.jpg\)](#) A section of the Bank's Internet website presents the main transparency documents of the offer. In particular, the Information Sheets of the products and services offered, the specific Guidelines (The Current Account, the Home Mortgage, The Consumer credit) and the Reports on the conditions offered to customers are available at the branches and in this section of the website, so that they can be viewed, saved and printed.

### INVESTMENTS: OUR ADVISORY SERVICE

On 1 November 2007 the EU directive on investment services (MiFID) came into force, introducing new rules to better protect investors. The MiFID Directive has established the criteria by which banks are required to classify their customers – retail and professional – and set the rules of conduct to apply with respect to them.

In line with the MiFID Directive, Intesa Sanpaolo has decided to offer all its customers the possibility to choose the advisory service in order to provide them with personalised advice in making their investment decisions. The MiFID Directive has recognised advice as the investment service featuring the highest level of protection for customers. Offering advice means reflecting on the needs of customers and their assets as a whole, proposing customised recommendations consistent with their Financial Profile.

To support the investment choices we have developed the **Recommended Portfolios** that stem from a process of analysis that selects and combines the products and services offered by the Bank according to the consistency with the market scenario and the customer risk profiles. The combination of products and services present in the Recommended Portfolios seeks to ensure diversification by market and by instrument, using both asset management and assets under administration products/services.

If the customer chooses to make use of the "Investment advisory service", the Bank carries out the assessment of adequacy of all investment/disinvestment transactions proposed to the customer or requested by the latter on its own initiative against the customer's Financial Profile emerged during the profiling stage. If the Bank deems that an investment transaction requested by the customer and concerning a financial product or an investment service falling within the scope of the Advice is "inadequate", the Customer will not be able to complete the requested transaction.

In 2014, Directive 2014/65/ EU (so-called MiFID II) and Regulation no. 600/2014 (MiFIR) were enacted, bringing significant changes to the applicable regulations. In order to adapt the organizational and procedural system to the new regulations, the Bank launched the MiFID II project.

## INVESTMENTS PROFILING

During 2015 the Bank carried out a complete overhaul of its profiling questionnaire aimed at obtaining, in advance from the customer, information related to knowledge and experience in the field of investment, financial situation and investment objectives. Indeed, the new questionnaire, released last July, resulted in a significant revision of the profiling methods adopted by the Bank as the process for acquiring customer information:

- has changed from an assessment system based on self-declarations to a logic of exploiting the information already available to the Bank, both in terms of customer experience, and of its financial situation;
- provides for the formulation of questions which are not self-assessing, with questions mainly based on "objective" parameters (such as educational qualifications, profession, dependent family members, income, etc.).

## RELATIONS WITH THE CONSUMER ASSOCIATIONS

Intesa Sanpaolo has been developing for a long time an open and constructive dialogue with all the Consumers' Associations recognised as representative at national level, starting from listening to requests and finalizing the collaboration at a design, technical and operational level.

During 2015 a plenary meeting was held between the Bank's top management and all consumer organisations to plan joint actions, implement those in progress and update each other on the activities in the banking sector.

The best results can be summarised, at project level, in terms of a renewed strong commitment to the growth of the economic, banking and consumer culture through the "Mettere in Comune Competenze" (Sharing Expertise) project<sup>1</sup> and in terms of "Conciliazione Permanente" (Standing Conciliation): the extra-judicial dispute resolution instrument adopted and managed together with the Associations in order to strengthen the relationship of trust with customers over time and offer an additional opportunity to ensure and protect customers' full satisfaction with the quality of the products and services used.

The conciliation procedure, which concerns products offered to retail customers (current accounts and linked payment cards, mortgages and personal loans), is simple, free and fast, with maximum case resolution times of 60 days. Customers may decide to participate, at no cost and without compromising any other procedures they may wish to take subsequently, in order to protect their own interests. A total of 344 claims were received as at 31 December 2015.

Concerning the technical debate on specific issues of global significance, the Bank offered to establish technical working groups focused on credit, savings, digitization and new products: the most important products offered to household customers are widely debated with the Associations prior to their marketing.

<sup>1</sup> For further information, please refer to the chapter "Growing with our stakeholders: financial culture for informed choices".

## FINANCIAL INCLUSION AND ECONOMIC EMPOWERMENT

Credit management has a direct impact on financial capital, the use of which allows us to remain faithful to our traditional vocation, being a real economy bank, for households and businesses. For a bank, encouraging financial inclusion and business idea growth means supporting recovery. This is the key factor for economic, environmental and social sustainability of the community and, at the same time, represents growth opportunities and corporate development.

Intesa Sanpaolo meets the different needs of consumers with a marketing focus and different approaches according to the customer segment, with the aim of accompanying customers through their personal lifecycle, developing a new way of banking and of looking to the future.

### HOUSEHOLDS AND PAYMENT SOLUTIONS FOR HOME MORTGAGES

For some time the Bank has envisaged means of renegotiating mortgage terms in order to meet the needs of households asking to adapt instalments to their changed income-generation capacity. Over 56,500 renegotiations were completed in 2015, for a corresponding residual debt amount of more than 5,558 million euro.

A solution launched in 2014 and updated in 2015 is "**Rata Leggera**", a plan allowing customers who have contracted mortgage loans, for which the repayment began at least 12 months earlier and who have not defaulted on their payments, to suspend their principal payments for a maximum of 12 months, to cover unexpected expenses and overcome temporary hardship or as a means of freeing up funds in the household budget to be used in consumer goods and lifestyle improvement investments. There were 3,226 suspensions in 2015 for a total residual debt of 557.6 million euro.

The Group also participated in the Guarantee Fund for Main Home Purchasing, established by the 2014 Stability Law to facilitate access to credit by households for the purchase and energy efficiency of their main residence. Thanks to the Memorandum of Understanding between ABI and the Ministry of Economy and Finance, signed in October 2014, the beneficiaries – mostly young couples, single-parent families with minor children, young people under the age of 35 who hold an atypical employment contract and tenants of public housings owned by IACP – can get a guarantee on the principal amount of their loan (up to 50%). The lending Bank undertakes not to request additional guarantees besides the mortgage on the property and to apply, free of charge, the flexible options connected to the mortgage. Since its activation, which took place in February, 393 loans were disbursed, for a total of 42.3 million euro.

As part of the Solidarity Fund for first home mortgages, set up at the Ministry of Economy and Finance, 322 new requests for suspension were accepted during the year. Total suspensions, at the end of 2015, included about 3,500 mortgages for a total residual debt value of approximately 300 million euro.

A further agreement for the suspension of loans to households between ABI and the main Consumer Associations, following the provisions of the 2015 Stability Law, forms part of the banking system initiatives, consistent with the economic and regulatory scenario, aimed at ensuring support for families in need, allowing the suspension of payment of the loan principal for a maximum of 12 instalments. Since its activation, at the end of May, nearly 400 applications were approved, for a total residual debt value of nearly 12 million euro and deferred debt of over 3 million euro.

The topic of home purchase is of great importance in our country, and to deepen the analysis devoted to the trends of residential mortgages in Italy, and to their market, in 2015 a new quarterly publication of the Intesa Sanpaolo's Research Department was launched called "Il monitor del mercato dei mutui" (The mortgage market monitor). The publication follows the dynamics of bank loans to households for house purchase and the conditions of access to credit, in particular the interest rates charged by banks and the evolution of demand and supply factors in this market. To complete the context analysis, it analyses the key indicators of the property market, i.e. prices, transactions and expectations of the sector operators. The analysis at the national level is coupled with the examination of the dynamics of regional markets, with details by region on the trend of residential mortgage loans to households, prices and transactions in residential properties [i].



Aware that real estate sector is an important pillar for the recovery of the country and that the house is a fundamental value for Italians, already in 2014 Intesa Sanpaolo launched "Casa Insieme", an initiative aimed at stimulating the real-estate market that enhances the saleability of newly-built properties financed by the Bank by bringing together buyers and sellers of new homes. In 2015 this commitment led - as part of the new process of developing and expanding the services offered to customers, aimed at meeting customers' comprehensive home needs - to the establishment of "**Intesa Sanpaolo Casa**", the new Group company with the objective of buying and selling residential real estate. By year end, real-estate agencies operating in Italy were thirteen, spread across Milan, Rome, Turin and Monza, managed by employees and set up as "shops in shops" within bank branches. Other agencies will be opened in major Italian cities during 2016.

Cutting edge services for home research, purchase, renovation and furnishing are being offered thanks to the agreements reached with two start-ups: CoContest, which puts property owners in touch with a network of architects to develop an interior design and property valuation project, and Habitissimo, which allows, through its online platform for professional services (carpenters, plumbers, electricians, movers, painters, etc.), to request and compare up to four quotes, and benefit from the support of user reviews. At year end, there were about 1,000 customers interested in buying or selling a home, assisted by the new company.

In relation to the establishment of Intesa Sanpaolo Casa, all agreements relating to the "Casa Insieme" initiative have expired on 31 December 2015, with no possibility of renewal.

In this period of economic crisis, Italian companies continue to have recourse to extraordinary lay-off payments and employees often receive the indemnity from INPS, the Italian Social Security Authority, after 7/8 months following the request. Since 2005, as support for laid-off employees, Intesa Sanpaolo has made use of the "**Anticipazione Sociale**" product.

Anticipazione Sociale offers the opportunity to open a time-release credit facility with particularly favourable terms. It can be used until INPS credits the worker's current account with the salary integration. Through agreements signed with the Authorities and local institutions in Lombardy, Piedmont, Emilia Romagna, Tuscany and Veneto, the worker does not bear any charges as these are covered by the project partners. In 2015 approximately 6 million euro were disbursed and about 3.3 million were used for over 1,300 households.

Finally, the Intesa Sanpaolo Group has joined the social initiative project promoted by Adiconsum designed to prevent usury. "**Prestito Adiconsum**", the loan guaranteed by a fund financed by grants that the Italian State has made available through Law No. 108 of 7

March 1996 and entrusted to Banca Prossima, is for all persons and households who, despite having recovered repayment ability, because of previous negative positions do not have access to legal credit.

The verification and pre-selection of loan applicants is carried out exclusively by professional staff at the Adiconsum National Headquarters. The loan, in place since October, is a medium-term loan repaid in monthly instalments, for an amount of 2,000 to 30,000 euro, and a maximum term of 84 months.

The International Subsidiary Banks, in turn, have developed solutions to meet the needs of families.

Since 2014, **Intesa Sanpaolo Bank Albania** has been offering a mortgage loan for young people for first home purchase, which foresees the possibility to postpone the payment of instalments for three times, each for a maximum of six months, during the entire life of the loan, so as to deal with any work or family-related problems. Moreover, in 2015 the interest rate applied was adjusted downward and 155 loans were granted for a total of 7.5 million euro.

The "Fleximortgage young" line of Slovakian **VÚB Banka** offers discounts on the instalment interest rate borne by the Bank and the Slovakian Government, payment suspension options or restructuring of instalments. Approximately 272 million euro were granted in 2015. The Bank has also created a loan for small construction companies which, in partnership with municipal authorities, envisages the construction of flats for rent with support from a state housing fund set up for social housing initiatives. In 2015, the Bank granted approximately 4.5 million euro.

Already since 2013 **Banca Intesa Beograd** in Serbia has been making loans available with insurance against job loss or disability. The loan offers the option of delaying payment of the instalment five times during the repayment period. 54.8 million euro were granted in 2015.

In Slovenia, **Banka Koper** proposes, in the case of people with financial difficulties due to job loss, a debt moratorium of up to one year, with the possibility of extending the repayment period to avoid too high rates. Finally, **CIB Bank** in Hungary does not collect the December instalment of personal loans to ease the economic burden on customers during the Christmas period.

As part of a specific course of action aimed at offering customers simple and concrete protection solutions, Intesa Sanpaolo offers a wide range of products.

A new "**ProteggiMutuo**" policy was made available by Intesa Sanpaolo Assicura for non-life insurance, and by Intesa Sanpaolo Vita for life insurance, which can be combined with real estate mortgage loans to individuals granted by the Group Banks, which, through its modular structure, protects the borrower from serious events that may hinder his ability to repay the loan, through three guarantees: Life insurance, Total permanent disability and Job-loss.

"**Mi Curo dei Miei**" of Intesa Sanpaolo Vita is dedicated to the protection of the family, in the event of predecease. This measure has led to a better understanding of the need to ensure coverage of the weak family member and the consequent subscription of an appropriate insurance coverage.

"**Tu Dopo di noi**" is an insurance product designed to protect a disabled beneficiary on the death of the insured. A lifelong product giving priority to the value of capital invested, as a result of prudential separate management, mainly in bonds. "Tu Dopo di noi" targets those with a disabled family member and wishing to protect their future by guaranteeing protected capital that continues to provide them with real, secure support.

161 new policies were taken out in 2015. Previously our portfolio contained a similar product with the same characteristics, "Alfa Dopo di Noi", and therefore as at 31 December 2015 a total of 895 contracts were in force.

## LOOKING TO THE FUTURE: YOUNG PEOPLE

In socio-demographic terms, the situation for young people shows personal and professional instability as well as financial dependence, often still significant, from their families, uncertainty about the future and a rise in the provisional nature of living conditions even after the age of 30. Nevertheless, Intesa Sanpaolo continues to focus on those representing our leverage of the future.

**The Superflash product** is an "umbrella" brand characterising not only products, services and solutions for young people between the ages of 18 and 35, but also a new communication language at Branches and online, with a dedicated section of the Bank's website and presence on social networks.

Superflash is made up of a dedicated product line with extremely limited costs, designed to meet the main needs of young people: prepaid cards, current accounts, loans, mortgages and savings. In 2015 the "PerTe Prestito Facile Superflash" loan allowed the granting of over 487 million euro to more than 43 thousand young customers (303 million euro to 27,000 customers in 2014). With regard to mortgages, the amounts granted are significant, with over 1.5 billion euro to over 14 thousand young people, a strong increase compared to 2014 (almost 840 million euro granted to 8,700 young people).

As regards welfare, the Group considered it important to offer subsidised terms to young people. The two solutions launched at the end of 2012 – an open-ended pension fund, "Il Mio Domani", and an individual welfare plan, "Il Mio Futuro" – offer under-25s a discount on the annual management fee. The total subscriptions in 2015 numbered more than 62,000.

## PER TE PRESTITO CON LODE

To give university students an opportunity to fund their studies under particularly favourable conditions Intesa Sanpaolo had been granting its "Prestito Bridge" loan for years, targeting students enrolled at one of the participating universities, and the requirements – taking no account of household income – were based solely on regular university attendance and performance, with no personal guarantees required.

Since the second half of 2015 the "Prestito Bridge" loan has been developed to become the new "**Per Te Prestito con Lode**", confirming the continued commitment of the Bank in favour of the training and university career of young people.

"Per Te Prestito con Lode" expands the audience of potential recipients also to students who attend post-graduate (master) courses and is aimed at young people, on track with their exams, not necessarily linked to a university, but for whom the guarantor and certification body may be a Foundation, a guarantee Fund in general or a company within its own welfare program. It offers higher amounts and longer terms of repayment plans, according to the provisions of the individual agreements, providing a flexible and customizable management by each guarantor having an agreement.

399 new loans for over 4.6 million euro were disbursed in 2015.

In 2016, the new Per Te Prestito con Lode will be offered to all Italian universities, the Ministry of Education and the Italian companies, as a corporate welfare program.



In **Bosnia ed Erzegovina** our Bank offers students dedicated current accounts providing greater availability in terms of overdraft. At the end of the studies, or when the student turns thirty, the current account is automatically converted to a regular account and the availability of the overdraft is cancelled. Almost 4,900 current accounts were opened in 2015.

The Croatian **Privredna Banka Zagreb** granted loans at subsidised terms to young people, for approximately 834 thousand euro, to cover university fees and board and lodging costs. Again for students, the Bank created a product line (Index plus package) that includes a current account, a credit and debit card, and Internet banking. The package offers limited costs for basic banking services and no-fee current accounts. In 2015 more than 6,500 Index plus packages were opened (for a total of more than 36,000 since the initiative was launched at the end of 2006). In April 2015 the American Express Start Card for students was re-launched as part of the package: it is a credit card with a spending limit and the possibility to repay in instalments at no additional cost. By subscribing the American Express Start Card for students, holders will automatically enter a dedicated savings program. In 2015 the new customers were over 8,500 (over 31,000 since the product was launched).

Even **Banca Intesa Beograd** offers special debit cards to students, Intesa Visa Electron Easy Travel Card (ETC) and Maestro ISIC, with opening and management of current account at no fee. These cards also include benefits and discounts for students.

In **Albania**, the Group Bank has a diversified offer for this type of customers:

- My Prepaid Card, a card dedicated mainly to new customers (students and people with limited funding availability) who request financial control and a high level of security. The card is offered with no activation fee for young people aged 18 to 23 years;
- a guaranteed account for young Albanians studying in Germany: thanks to an agreement with the German Embassy, and to facilitate the issuing of visas for these young people, Intesa Sanpaolo Bank Albania acts as a guarantor, certifies the financial resources of the students thanks to the deposited funds and schedules their use with the Embassy;
- "EDU-Kredi", the student loan launched in December 2015, in order to cover the costs to complete the studies;
- "Student Package", a product line dedicated to students. The offer includes a local currency current account, a prepaid card, mobile banking and SMS alerts, as well as reduced costs for some operations (e.g. utility payments, card top-ups, etc.).

## SENIORS: THE VALUE OF RELATIONS WITH THE BANK

The products and services dedicated to this type of customers take into consideration the specific needs of simplicity and enhancement of relations with the Bank that have consolidated over time. The Intesa Sanpaolo offer features three lines of dedicated products: "Carta Pensione", "Libretto Pensione per te" and "Conto Facile" that, for account-holders and their joint holders over 65, provides, in addition to the conditions valid for all customers, the opportunity to join the free "Senior Health" programme.

As at 31/12/2015 the following products had been subscribed to: 4,037 "Carta pensione" cards, 23,863 "Libretto pensione" accounts and there were more than 240,000 over 65 joint holders of the "Conto Facile" account.

The range dedicated to Senior customers is completed by the **Basic Account**, created to comply with regulations introduced in 2012 for financial inclusion purposes. The account is dedicated to customers with limited banking needs and envisages low management costs, particularly for socially disadvantaged customers. Given the aims of this product, Intesa Sanpaolo chose to make its Basic Account product even more convenient, guaranteeing more transactions free of charge than the limits established in regulations.

As at 31 December 2015, 11,671 Basic Accounts had been opened, of which: 1,210 by socially disadvantaged customers, 4,041 by holders of pensions of up to 18,000 euro per year and 6,420 by customers not belonging to these categories.

The main banking component of the product range, with services that are simpler and more transparent and meet protection needs, was backed by a non-banking component relating to health, welfare and recreation, for example including: protection for unforeseen events, doctors and healthcare facilities accessible at preferential terms, social, welfare and tax-related services at subsidised conditions or even free of charge, and opportunities to purchase recreational products and services at bargain prices.

In a scenario of rising healthcare costs for households, the "Riconoscimento Salute Senior" service was consolidated, which provides access to medical, dental and physiotherapy services at subsidised rates from more than 280 partner healthcare facilities. Moreover, a free telephone booking system is available for medical services (visits, tests, etc.) at participating facilities and additional paid services, such as home delivery of test results, a Second Opinion, a medical and pharmaceutical advice service, ambulance or taxi service and the ability to request a house call by a general practitioner. During the year, more than 53,000 customers over the age of 65 accessed this programme.

The offer of the International Subsidiary Banks targeting this customer segment is diversified.

Current accounts dedicated to pensioners are part of the offer of Intesa **Intesa Sanpaolo Bank Romania** (over 3,500 accounts), **Alexbank** (over 5,000 accounts) and **VÚB Banka** (over 7,700 accounts).

The Croatian bank **Privredna Banka Zagreb** provides current accounts to pensioners on favourable terms (over 174 thousand accounts for seniors/retired customers, of which about 7,300 open in 2015) and dedicated loans (in 2015 around 4,128 million euro were disbursed).

Specific products for pensioners are offered in **Serbia** too, with loans for 43 million euro, in **Bosnia Erzegovina**, where loans in 2015 reached over 17 million euro and in **Slovenia** with over 240,000 euro granted.

### A BRIDGE CONNECTING THE WORLD: REMITTANCE MANAGEMENT

In 2015, Intesa Sanpaolo continued its focus on immigrant customers, recording over 984 thousand customers (+4.4% compared to 2014). The money transfer services offered include three complementary services which in terms of characteristics and costs make the product range complete and competitive: **Getmoney to Family**, which enables the sending of

money to the migrants' main countries of origin thanks to agreements entered into with local banks; **Express to Family**, designed to transfer money to Intesa Sanpaolo Group Banks located in Albania, Egypt, Romania, Serbia and Ukraine and **Money Transfer Western Union**, which thanks to its widespread agent network enables the receipt of money worldwide.

In 2015 almost 131,000 remittances were executed amounting to more than 63 million euro in all, on the increase compared to 2014.

The increase referred mainly to the Western Union service, supported by promotional actions focused on reducing the cost of remittances. Through this service, in 2015 over 112,000 transfers were made, totalling 35 million euro (in 2014, almost 88,000 transactions about 27 million euro).

As for the other two services, almost 5,800 transactions for about 9.2 million euro have been handled by Express to Family and more than 13,200 worth more than 19 million euro by GetMoney to Family.

To integrate the offer for the sending of money, the bearer rechargeable **Flash People** prepaid card, which allows the holder to make purchases and withdrawals abroad, has been made available.

### FOREIGN ENTREPRENEURSHIP IN ITALY

Foreign entrepreneurship has acquired an increasingly important role in our country in recent years. According to data from Infocamere, in 2014 immigrant businesses were 476,033, 9.2% of the total of active enterprises in Italy, a further increase compared to 2011 (7.9%). However, there is no systematic evidence of the evolution in Italy of these companies in terms of revenue growth and profitability.

To better understand a phenomenon that is likely to gain increasing importance over time throughout Italy, the Intesa Sanpaolo's Research Department has created an original database of about 216,000 manufacturing and service companies, classified taking into account the nationality of the company owner. Therefore, it was possible to highlight the best evolution of the turnover of foreign enterprises in the 2011-2013 period, thanks to greater sacrifices in unit margins. There is also a core of successful medium-sized enterprises that have managed to grow and, at the same time, strengthen their industrial profitability.

When comparing them with Italian companies it was possible to also observe a good competitive position of immigrant businesses in international markets, which, in perspective, may favour them in terms of growth. In fact, they show good presence abroad with export activities and proprietary brands, possibly favoured - in this respect - also by their ties with their countries of origin [i].

## MICROFINANCE SOLUTIONS FOR VULNERABLE SOCIAL GROUPS

Our willingness to play a part in the social growth of the communities where we operate has resulted in numerous microcredit projects and initiatives aimed at the prevention of usury, which involved us as partners of local players, Shareholders' foundations and local Onlus associations.

### Il Prestito della Speranza

In March 2015 the "Prestito della Speranza" has been renewed in an exclusive partnership with the Italian Episcopal Conference (CEI). The aim is to disburse 100 million euro of loans guaranteed by a 25 million euro CEI fund entrusted with Banca Prossima, and distributed under the joint aegis of VoBIS-Volontari Bancari per le Iniziative nel Sociale (Volunteer Bankers In Society) and the diocesan Caritas network. The new Prestito della Speranza 3.0 is not only for the needy, but sets two targeted categories which are the object of dedicated initiatives: life choice projects and entrepreneurship for the young as well as start-up businesses. The loan is structured either as a Social Loan (Credito Sociale) to families up to a maximum amount of 7,500 euro, disbursed in 6 bi-monthly instalments as an income top-up; or as a Business-builder loan (Credito fare impresa) to micro-enterprises which are either new or have a low capital base, with disbursal in one payment of a maximum of 25,000 euro.

Following the complete renewal of the agreement with the CEI, now Intesa Sanpaolo not only is the leader bank of the whole initiative, which brokered 46% of applications coming from the diocesan offices, but it is also the only bank of reference for the new applications. In 2015 Intesa Sanpaolo managed applications for a total value of about 23 million euro, granting almost 10 million euro.

Other significant initiatives include Intesa Sanpaolo's participation as partner to Fondazione Lombarda Antiusura and Fondazione Welfare Ambrosiano.

**La Fondazione Lombarda Antiusura** has been operating since 1997 to defend individuals or small businesses in financial dire straits or at risk of usury. The Foundation, set up by Cariplo S.p.A. in collaboration with Fondazione Cariplo and Caritas Ambrosiana, has provided the guarantees required to cover the credit granted free of charge. The selection of the applications takes place through sector experts, employees or retired members of the Group, who act as a listening and guidance centre in identifying the financing solutions required to remedy critical situations. Thanks to the work of the Foundation – acting as guarantor or to cover interest – 600 entities have been able to gain access to Intesa Sanpaolo loans for a total of almost 9.4 million euro since it was set up.

**La Fondazione Welfare Ambrosiano**, an entity financed by the Municipality of Milan, which also

involves the participation of Fondazione Lombarda Antiusura, entails microfinance initiatives both of a "social" nature, to provide income support to households in temporary difficulties, and of a business nature, for the creation of micro and small enterprises. The catchment area is essentially the Milan area. Intesa Sanpaolo is one of the four financial partners involved.

Several other projects have been developed in collaboration with locally-active Foundations:

- the "Finanziamento a valere sul Fondo Regionale di garanzia per il Microcredito – Regione Piemonte assistito da garanzia FINPIEMONTE", dedicated to newly set-up small businesses and self-employed workers with operational headquarters in Piedmont, for the business start-up phase. The loans are backed by a guarantee of 80% of the capital issued; this guarantee is released by the regional investment company;
- the agreement with **Fondazione San Patrignano**, which entails microfinance activities for the integration of the San Patrignano Community youth in the job market. Thanks to a guarantee fund of 250,000 euro established by Fondazione San Patrignano and assigned to Banca Prossima, Intesa Sanpaolo has allocated a maximum of 750,000 euro to grant loans in favour of residents of the Community who wish to start up businesses. The project entails a training stage with the support of Bocconi University and guidance through the first business experience with the 250 "Credit Angels" of the VoBIS association;
- **Fondo Famiglia Lavoro of the Archdiocese of Milan** envisages the start-up of microfinancing activities to provide support to business activities through action by Fondazione San Bernardino and based on specific agreements with the participating banks. The activities envisaged by the Fondo Famiglia Lavoro also include a special focus on households that have lost their main source of employment income (due to dismissal or redundancy) or self-employment income (due to business closure or suspension), but which still have a form of income, albeit modest, from at least one of the other household members. Fondazione San Bernardino, the guarantee fund manager on behalf of the Diocese, arranges assessment of the applications and grants them access to the guarantee fund, allowing Intesa Sanpaolo to issue loans at favourable terms.

In addition, also the Group Banks focus on the weaker segments of the population.

Over the years, **Alexbank** has developed several products dedicated to individuals who would have no access to banking to improve living and working conditions in the poorest areas of the country. This commitment has been included within the scope of a dedicated project – "Bank the Unbanked" – which provides for the development and integration of three lines of intervention for this type of customer:

- micro-deposit, which includes the offer of new

savings products at attractive rates, a dedicated debit card, and the halving of commissions on all additional services (more than 600 open accounts)

- expansion of the microbusiness, with a network of local supporting specialists
- creation of a mobile wallet platform.

Moreover, the offer to support small and very small businesses, available since 2008 with several dedicated branches, operating in close contact with these individuals to help them develop their business, continued.

On the whole, micro-credit activities led in 2015 to the granting of around 45.6 million euro.

In Slovenia, **Banka Koper** has continued in 2015 a microfinance initiative under the "European Progress Microfinance Facility programme", developed in agreement with the European Investment Fund. The aim of the loan is to facilitate access to credit for individuals who would otherwise have no access to banking (start-ups, young self-employed, social enterprises, women business owners, etc.) to combat social exclusion. Loans were granted for around 880 thousand euro.

### THIRD SECTOR AND LOCAL AREA

Intesa Sanpaolo attributes a great deal of importance to the Third sector, which represents a significant part of the economy and of Italian companies. These customers are assisted by Banca Prossima, which creates positive social impact through its lending activities. Its greater and more targeted credit with lower costs once again in 2015 supported the Third sector in terms of inflows-outflows balancing, job creation and capacity to reach the ultimate beneficiaries. The Bank has achieved significant results in recent years. At the end of 2015 it had over 55 thousand customers, with 6.9 billion euro in deposits (of which 2.7 billion euro direct) and around 1.6 billion euro in loans. In 2015 the company reported revenues of 69 million euro (+31.2% on 2014). These are major milestones that demonstrate the ability to monitor a socially important segment, above all in the current context where Public Administration has partially withdrawn from its involvement in welfare matters.

In 2015 new medium and long-term loans in support of social enterprises was granted for 200 million euro.

In many of the initiatives launched, the collaboration with VoBIS, a national non-profit association comprising former bank employees who offer their expertise to citizens and non-profit organisations, providing applicants with mentoring and tutoring activities, proved to be particularly valuable.

For Banca Prossima, operating close to the community has also translated into promotion, in partnership with certain shareholders' foundations and Third sector entities, of the "Fiducia e nuove risorse per il Terzo Settore" Manifesto (Confidence and new resources for the growth of the Third sector), which aims to build a network of operators providing financing sources at a moderate cost in order to support non-profit investments [i].

To consolidate and further strengthen the bank's leading role for the non-profit sector, new products, services and initiatives were created and business agreements aimed exclusively at non-profit firms were developed. In particular: "A scuola con Prossima", the range of financial solutions dedicated to officially recognised private pre-schools and elementary schools managed by non-profit organisations; "Doppia Fiducia" an initiative addressed to organisations whose financial statements feature past due loans from the Public Administration; "Energy efficiency programme" in partnership with Federesco, which allows organisations to request a free preliminary energy audit to identify possible efficiency-enhancing measures within their structures and to implement them out also through a loan by the bank.

As part of non-financial services, it is worth mentioning two initiatives, "iNProspettiva" launched in partnership with Intesa Sanpaolo Formazione, to plan and deliver training to the organisations which are customers of the bank and "NPsupport", for consultancy to non-profit organisations on issues such as legal, accounting, tax and administrative advice, start-ups and the evaluation of the economic and financial sustainability of the initiatives.

In 2015, seven stages of a road show, "Daterzoaprimo tour", which allowed Banca Prossima to meet key local stakeholders, its customers and over 400 colleagues in the area, were developed to promote the centrality of the Third sector and its willingness to invest in economies with high social impact.

#### Subsidised loans to the Third sector

Banca Prossima has gradually launched a series of initiatives to grant subsidised loans to the Third sector. These loans are sustainable for the Bank through a number of low-cost deposit methods. The benefit for the Bank of lower cost of deposits fully translates into lower lending rates.

Essentially, this mechanism was adopted in three areas: use of loans from the European Investment Bank (in 2015 approximately 50 million euro was disbursed for a total of 20 loans), fundraising through the Terzo Valore crowdfunding portal, and issue of "Serie Speciale Banca Prossima" bonds.

**Terzo Valore [i]**, is a crowdfunding portal which allows anyone to lend money or to directly fund non-profit organisation projects, without intermediaries and with principal repayment guaranteed by the Bank. Terzo Valore has so far financed 70 projects with loans granted by external subscribers for about 6 million euro, plus 500,000 euro donations.

Two "**Serie Speciale Banca Prossima**" bond issues were performed, in October 2013 and in June 2014. The Bonds are issued at lower rates than those normally adopted for securities with the same characteristics in terms of rate type and maturity. The total funding was used as loans to the Third sector: amounting to approximately 45 million euro, divided among 218 projects of various types of organisation, primarily social cooperatives, associations and religious organisations.



In order to sustain the implementation of social enterprise ideas encouraging access to employment for deserving university students, also through self-financing methods, Fondazione San Patrignano – in partnership with Banca Prossima – has launched the Social Start-Up award “**Giovani idee per il social business**” (Young ideas for social business), an ideas competition addressed to university students and young people enrolled in a master's course or a Ph.D. (not older than 35 years of age). The competition is designed to award the best three social enterprise projects with a loan up to 25,000 euro, granted by Banca Prossima, guaranteed by a fund set up in 2013 by the Foundation. Through this initiative, Fondazione San Patrignano and Banca Prossima aim to activate business culture operating in the social field, assisting emarginated or excluded people and making itself known on the market to guarantee – in addition to transparency, responsibility and environmental protection – real economic sustainability. In February 2016 the third edition was launched.

One of the most significant partnerships with the Third sector is that with **Consorzio SPIN-Sport Insieme**, a non-profit entity deriving from the collaboration with the leading sports Promoting Entities at national level (ACSI, AICS, ASI, CSI, ENDAS, LIBERTAS, PGS, UISP, USACLI) to build new sports facilities, renovate or adapt the existing ones to promote sports activities in Italy. The SPIN credit access model is innovative: the association takes on the risk by investing its own capital (minimum

20% of the amount) and undertakes a project study and analysis process together with the Consorzio. Banca Prossima's credit decisions are supported by SPIN's certification, which investigates some aspects, such as the investment's economic and financial sustainability, the cost adequacy and the necessary authorisation process, which are key factors for the success of the project. In 2015 19 projects were analysed and assessed for a total value of approximately 10 million euro and 6 were financed for an amount of about 2.4 million euro.

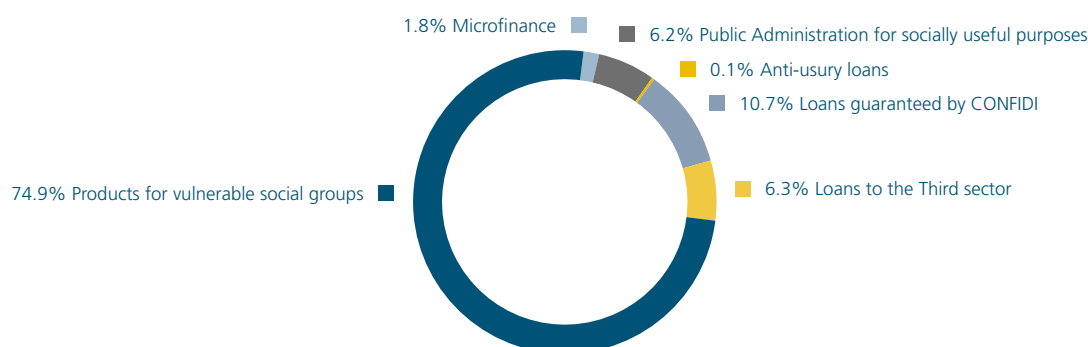
Among the International Subsidiary Banks, **Intesa Sanpaolo Bank Albania** applies favourable terms to NGOs with half the cost for opening a second account and reduced costs related to internet banking.

In Serbia, **Banca Intesa Beograd** issued the first payment card that includes a devolution of part of the fees due to the Bank to the Paralympic Committee of Serbia (Visa Classic Paralympic). It is the first initiative of its kind in the country, aimed at establishing a stable and independent mechanism to ensure long-term care for athletes with disabilities and develop Paralympic sport in Serbia. In 2015, Banca Intesa Beograd has collected and donated almost 42 thousand euro to the Committee.

For several years **VÚB Banka** has developed a similar initiative in Slovakia: thanks to the introduction of special “Good Angel” credit and debit cards, the Bank contributes 1% of the sum spent by users to families with children in which one member is a cancer victim. Approximately 33,200 euro was donated in 2015.

## INITIATIVES WITH HIGH SOCIAL IMPACT

In 2015, the Intesa Sanpaolo Group issued new loans for high social impact activities amounting to over 3.2 billion euro (6.7% of the total new loans granted), helping to create business and employment opportunities as well as assist people in difficult situations in several ways: microfinance; anti-usury loans; loans to the Public Administration to develop socially useful services and activities; credit facilities granted to small and medium enterprises belonging to CONFIDI (consortia or cooperatives for collective credit guarantee); products and services addressed to Third sector associations and entities; products dedicated to the most vulnerable social groups to support their financial inclusion.



## GROWING WITH OUR STAKEHOLDERS: FINANCIAL CULTURE FOR INFORMED CHOICES

Intesa Sanpaolo Group is particularly involved in the dissemination of knowledge related to economic and financial issues, to make people more aware (especially the young generations) of their choices. The Bank undertook numerous initiatives by providing, without marketing purposes, the experience and advice of its employees and specialists.

Since 2008, in order to encourage education opportunities for young people, in partnership with Osservatorio Permanente Giovani-Editori, Intesa Sanpaolo has promoted the project "**Cultura finanziaria a scuola: per prepararsi a scegliere**" (Financial culture at school: get ready to make choices), which aims to provide useful knowledge to individuals on how to make reasoned decisions about their future. Dedicated to high school students, in 2015 the project involved approximately 500,200 students and over 19,000 classes. The "**Young Factor**" project was launched in 2014. Involving Intesa Sanpaolo, Unicredit and Monte dei Paschi di Siena, until school year 2020-2021 this project will include a series of initiatives to encourage the highest level of economic and financial education in Italian students.

### MUSEO DEL RISPARMIO (SAVINGS MUSEUM)

The Museo del Risparmio (Savings Museum) was opened in 2012 in Turin by Intesa Sanpaolo. It is the first interactive multimedia museum dedicated to the economy, with the aim of encouraging thoughts about savings and teaching the basic concepts about investments.

In 2013 the Bank founded the International Federation of Finance Museums in collaboration with the Museum of Global Finance in Beijing, the Museum of American Finance in New York, and the Global Financial Literacy Excellence Center in Washington. On the occasion of the 2015 Annual General Meeting, which brought together museums from 15 countries, the presidency of the Federation has been assumed by the director of the Museo del Risparmio, in coordination with the Chinese founder of the IFFM (International Federation of Finance Museums). In these years the activity was mainly addressed to young people, to raise their awareness on the issue and provide basic knowledge essential for their future life. In 2015 Expo Milano provided an opportunity to talk about savings not only from a financial point of view, but also from the point of view of resources. Therefore, the Museum carried out a series of initiatives to make us think about food waste, its impact in terms of costs and how to combat it.

Thanks to the development and consolidation of an effective partnership with the bodies that – at national and international level – operate in the field of financial education, various partnership initiatives for children and students have been developed. In addition, several projects were carried out with schools, both for pupils

with dedicated laboratories and for secondary education teachers, for whom, in collaboration with Assonebb (National Association for the Encyclopedia of the Bank and the Stock Exchange), a series of 10 web seminars on financial education topics was launched. As part of the Turin International Book Fair, in collaboration with the local office of the Bank of Italy, joint initiatives for students were organized.

During the year, the Museum organised or participated in numerous events to raise awareness on this issue.

Finally, a lot of work has been done to monitor the effectiveness of financial education to young people and share good practice on the issue: as a partner, the museum has joined the project for the monitoring of financial education initiatives in Italy, a project coordinated by Fondazione Rosselli, in collaboration with the Bank of Italy, Consob, Covip, Ivass and the Foundation for Financial Education and Savings; it has contributed to the realization of an experiment for evaluating the effectiveness of workshop activities aimed at teenagers, conducted in collaboration with the Istanbul Isbank Museum and Museo Interactivo de Economía (MIDE) of Mexico City; it was involved in the FIN-KIT project "Financial Literacy: a Key Tool to Improve People's Life Cycle", co-funded by the European Commission and coordinated by CeRP – Collegio Carlo Alberto, which aims at sharing good practices in financial education and at devising new teaching and dissemination tools. Moreover, a partnership with leading national Universities has been launched on the monitoring techniques aimed at measuring the effectiveness of the educational activities carried out by the Museum itself. For further information please visit the Website [\[i\]](#).

### CONSUMER ASSOCIATIONS

In partnership with the Consumer Associations, the project "**Mettere in comune le competenze**" (Skills pooling) was launched in 2011 with a long-term time frame, with the aim of improving the mutual knowledge and collaboration skills to the benefit of customers and consumers. The project is divided into four activity sectors: training of Consumer Associations' middle managers; development of a training plan targeted at all Intesa Sanpaolo employees; initiatives for the training and information of the local structures of the Associations; meetings with Intesa Sanpaolo Group top management and middle and junior managers of the Associations to combine skills and proposals in the main operating areas. 2015 was marked by the scheduling of activities in the plan and the mutual will to implement the project through a joint brainstorming on the possibilities of change in the relationship between Banks and Associations. A series of seminars on insurance and social security issues and the involvement of the Lombardy regional administration in the local training project has been scheduled for 2016.

# Social and relational capital



This chapter includes the value of relations with key stakeholders; the trust that Intesa Sanpaolo has developed and intends to protect, enhancing its image and reputation.

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## RESOURCES

Customers: 19.3 ml  
 Employees: 87,642\*  
 Investments for the Corporate Welfare System: 5% of the overall labour cost  
 Suppliers in Italy: 40,195  
 Direct and indirect tax: approximately 2.5Bn

## RESULTS FOR THE BUSINESS

Customer service synthetic index\*\*:

- 79% of Retail branches met the target
- 98% of Personal branches met the target
- 84% of Corporate branches met the target

Average duration of relations (15 years in Italy and 9.4 abroad)

Turnover rate (-1.36)  
 Flexible work project: work quality improvement

No. of employees who received anti-corruption training 38,806  
 % of employees who received training on anti-corruption regulations: 44.3%  
 Fraud: blocking of fraudulent transactions amounting to € 7.1M

## IMPACTS ON STAKEHOLDERS

Customer satisfaction synthetic index:

- 66% of Retail branches met the target (INS 36)
- 44% of Personal branches met the target (INS 50)
- 65% of Corporate branches met the target (average INS 19)

Better customer experience in the contact with the Bank

Employment stability: 1.630 employees reabsorbed in the professional reassignment initiative  
 Flexible work project: life quality improvement, over 3,000 participants  
 Services provided by the Health Fund €137M estimated to over 200,000 people

Purchases and investments amounting to 2.7Bn  
 Support to weak social groups, culture and sport: contributions to the community: 56,7M  
 Fully secure customer operations on online channels  
 Reduction in social costs arising from corruption activities

\* Sustainability Report scope.

\*\* The target in the "Customer service" category was not specified since the individual KPIs within the category have a target, whereas the category only shows the arithmetic mean of the underlying KPIs.



## RELATIONS WITH STAKEHOLDERS: INVOLVEMENT AND LISTENING

To identify areas of interest and the expectations of stakeholders, the Group has developed a structured stakeholder engagement process that actively engages all Bank Departments that manage relations with stakeholders. Synergies have been consolidated to define areas of collaboration and identify listening and dialogue activities that will lead to results of interest to all.

These results come from the requests and expectations of stakeholders and contribute to defining the improvement objectives for each department, in line with the strategies of the Business Plan<sup>1</sup>.

## STAKEHOLDER MAP

The stakeholder map represents the Bank's relations, and the summary results of engagement activities in 2015 are presented in order to highlight the most urgent topics that emerged, with a view to materiality analysis.



1. For greater detail on the results of engagement activities, see the publication "Stakeholder Engagement and Improvement Objectives. The results of dialogue initiatives with our stakeholders in 2015".

## ENGAGEMENT INITIATIVES AND ISSUES DISCUSSED

Listening method		Issues discussed
<b>EMPLOYEES</b>		
Network employees	<ul style="list-style-type: none"> <li>■ 5 Focus Groups with the employees of the three “commercial local areas” (Personal, Retail and Corporate)</li> <li>■ 1 Focus Group with the Area Managers</li> </ul>	<ul style="list-style-type: none"> <li>■ Customer service Quality and Innovation: quality of the products and relations with customers and multi-channel system</li> <li>■ Product responsibility: transparency and correctness in commercial communications</li> <li>■ Employee development and Professional training and development</li> <li>■ Quality of life at the company: welfare and work-life balance</li> </ul>
Trade unions	<ul style="list-style-type: none"> <li>■ 1 focus group</li> </ul>	
Employees from the business Divisions and various units	<ul style="list-style-type: none"> <li>■ 21 Focus groups, 35 telephone interviews, 40 ad hoc surveys, numerous individual and collective meetings</li> <li>■ Communication and engagement initiatives in the Subsidiaries aimed at gathering innovative ideas</li> </ul>	
<b>CUSTOMERS</b>		
Corporate Customers	<ul style="list-style-type: none"> <li>■ 10 telephone interviews to Mediocredito Italiano Corporate customers</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening of enterprise competitive skills in terms of the Bank's support on the subject of business innovation and internationalisation</li> <li>■ Assistance to companies in accessing financing channels</li> <li>■ Support to strategic business projects</li> <li>■ Support to the green economy</li> <li>■ Customer service Quality and Innovation: quality of the products and relations with customers and multi-channel system</li> </ul>
New entrepreneurs	<ul style="list-style-type: none"> <li>■ 7 face to face interviews to start-ups of the Cleantech and renewable energy sectors</li> <li>■ 1 face to face interview to a large company playing the role of start-up incubator / accelerator</li> </ul>	<ul style="list-style-type: none"> <li>■ Expectations of young and/or highly technological entrepreneurs on specific banking and non-banking support services with respect to their requirements (Intesa Sanpaolo Start-Up Initiative project)</li> <li>■ Support and services offered by the Bank to businesses and investors interested in start-ups in terms of creating networks and organising events dedicated to meeting entities interested in innovation</li> </ul>
Retail, Personal and Small Business Customers	<ul style="list-style-type: none"> <li>■ Customer Satisfaction Surveys: approximately 45,000 businesses and over 5 million individuals</li> <li>■ Approximately ten Customer Experience surveys on the relation between the bank and the customers which involved almost 79,000 employees</li> <li>■ Analysis of the needs through surveys that involved the Bank's customers and prospects</li> <li>■ Mystery shopping in almost 3,000 Retail and Personal branches involved in the “Insieme per la Crescita” (Together for Growth) project</li> <li>■ Focus groups and interviews to employees and customers from the Personal segment on Digital factory, innovation and digitisation of the Bank</li> <li>■ 26 intensive groups of customers and providers for the analysis on the development of the Corporate Retail and Personal segments</li> </ul>	<ul style="list-style-type: none"> <li>■ Customer service Quality and Innovation: quality of the products and relations with customers and multi-channel system</li> <li>■ Financial inclusion and economic empowerment of the elderly, young and foreign population and involvement of the Community, Associations, and Organisations in the relationship with the Bank</li> <li>■ Financial literacy and promotion of a culture of responsible asset management</li> <li>■ Product responsibility: transparency and correctness in commercial communications</li> <li>■ Strengthening of enterprise competitive skills in terms of the Bank's support on the subject of business innovation and internationalisation</li> </ul>
<b>SHAREHOLDERS</b>		
Small Shareholders' association	<ul style="list-style-type: none"> <li>■ Telephone interview to E.di.va.</li> </ul>	<ul style="list-style-type: none"> <li>■ Major social and environmental issues for the Group and of relevance for all stakeholders</li> </ul>
SRI investors	<ul style="list-style-type: none"> <li>■ Questionnaires of SRI analysts (Sustainalytics, Imug, MSCI ESG Research Inc., Oekom research) who rate the company on sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengths and areas of improvement for the Intesa Sanpaolo Group</li> </ul>

Mapping of the stakeholder engagement activities carried out by the International Subsidiary Banks was also conducted in 2015. The goal was to identify shared points but also specific characteristics of their approach as well as to identify the most involved stakeholders and the methods used in the various companies. Stakeholders with respect to which the majority of engagement activities were carried out were Customers and Employees (see "Stakeholder Engagement Activities 2015" on the website for details on the results [\[i\]](#)).

## SUMMARY OF ISSUES EMERGING FROM THE STAKEHOLDER ENGAGEMENT PROCESS

The issues emerging from engagement are summarised below transversally, and the various stakeholders involved provided input on some of the seven issues identified as material.

### Protecting the Group's soundness and profitability

The issue of the protection of the Group's soundness and profitability emerges as one of the most important topics in 2015 not only for investors, but also for the community at large, especially in connection with the introduction of the European Bank Recovery and Resolution Directive (BRRD), applicable in Italy from November 2015, which governs the management of banking crises, thereby restricting the possibility of public State interventions.

In this context, Intesa Sanpaolo is perceived as sound, reliable and able to face future challenges. Moreover, E.di.va. particularly appreciated the investment made by Intesa Sanpaolo for the introduction of 300 specialists in the proactive credit management.

### Business risk management

SRI analysts focused their attention on risk management, in particular reputational risks, thereby issuing a positive opinion on the control system of the Code of Ethics, which ensures the continuous and systematic verification of its implementation.

In a context that is increasingly evolving towards the digitization and dematerialisation of information, another area of particular interest, especially for SRI investors, within the scope of business risk management is IT risk management and control and the issue of data security.

### Integrity and rigour in corporate conduct

In terms of integrity and rigour in corporate conduct, the stakeholders, particularly investors, especially appreciated Intesa Sanpaolo's commitment to the management and prevention of the risk of corruption and the promotion of free competition. In the era of virtualisation of services, SRI investors and customers consider the issue of privacy protection to be of utmost importance and require greater communication by the Group on the subject.

### Development, management and enhancement of human resources

Training is perceived as one of the key areas of the employees' development and enhancement policies. In this context, a request has emerged to strengthen specialised (product) training linked to one's role.

The employees perceive a growing commitment

on the part of Intesa Sanpaolo in the enhancement of female talent and in its involvement in inclusion actions aimed at people with disabilities. However, the issue of intergenerational enhancement (junior-senior employees) remains an area which requires a more proactive approach by the Group.

Given the recent agreements the Group signed with the Trade Unions, welfare is considered a strength, especially as regards the policies in support of the well-being of employees and their families, health and social security, mobility and work-life balance.

### Offering valued service to customers

After a year from its launch, the new Banca dei Territori's service model focused on 'commercial local areas' (Personal, Retail and Corporate) is considered by customers an added value that enables to respond more specifically to customer needs.

Aspects particularly appreciated by customers were the evolution towards an increasingly advisory approach in customer relations and the Group's commitment towards innovation, which is perceived mainly thanks to the growing integrated multi-channel service.

In terms of innovation, service virtualisation is appreciated by younger customers, who are more accustomed to using new technologies. Conversely, older customers find it hard to adjust to new tools, albeit supported.

### Access to credit and savings management

In a context where the difficulties in the economic recovery remain, the most vulnerable stakeholders such as the elderly, young people and immigrants require more options to access financial services and products geared towards specific features.

The elderly who have a greater propensity to save expect an increasing development of investment products for capital protection purposes to support family plans, face future retirement and invest the liquidation. In this sense, this type of customer particularly appreciated the service focus that allows more "targeted" investment advice (including long-term investments).

As regards start-ups, young people and/or entrepreneurs with a high rate of "innovation", the main difficulties encountered in the realisation of their business idea are linked to the difficulty in accessing credit-related products and services (soft loans, calls for the granting of funds etc.) and in the continuity of the network with investors (development of ad hoc channels) within the scope of the Intesa Sanpaolo Start-up Initiative.

From the in-depth examination of the issue of transparency and correctness in commercial communications it has

emerged that the majority of customers has confidence in the Group thanks to the clarity and comprehensibility perceived in commercial relations.

### Climate Change

SRI investors have particularly enjoyed the 2015 performance with regard to the reduction in direct environmental impact related to the Group's environmental management policy and systems.

Client companies and SRI investors are requesting that more attention be paid to the management of social and environmental risks in the assessment of creditworthiness along with the requirements of net worth, profitability and financial strength in the investment policies.

Finally, the E.di.va Association is asking Intesa Sanpaolo to increase its commitment in the "green" Finance sector, thereby promoting social impact investments and guiding investors with new financial instruments geared towards the support of the country's real economy.

## INTEGRITY AND RIGOUR IN CORPORATE CONDUCT

The Intesa Sanpaolo Group adopts an approach that recognises the strategic importance of activities to ensure compliance with internal and external regulations and codes of conduct, in the belief that respecting standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust. Moreover, we are aware that we hold specific responsibility in the fight against corruption, money laundering and financial crime, to prevent the banking system from being used for illegal purposes.

We apply the Code of Ethics and Code of Conduct that envisage high standards for all personnel.

To monitor the various regulatory areas, there are procedures in place; their application is verified through risk-assessment valuations and an internal control system whereby respect of the rules is achieved by all corporate components working together.

## PREVENTION OF CORRUPTION

The Bank has adopted strict internal procedures over time to prevent the risk of corruption and extortion. In addition to what is specifically envisaged by the Code of Ethics, the Group's Internal Code of Conduct and by the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 on the administrative liability of entities, there is a detailed set of internal regulations – which all personnel must know and comply with – which outline the corporate processes potentially leading to the commission of this type of crime. The Compliance, Audit and Internal Control Departments ensure ongoing consistency between the control and conduct principles set out by the 231 Model in terms of corruption and the internal regulations in force, also ensuring compliance with said principles.

The required attention to the prevention of corruption risks is very high across all Group companies, both in Italy and in the International Subsidiary Banks, particularly those operating in countries that have specific "anti-corruption" laws. In countries without such regulations, the subsidiaries are in any event expected to apply the Parent Company guidelines and perform controls in areas of greater risk. To complement and further strengthen the measures for prevention of corruption already in place as part of the Model 231/2001 and anti-money laundering safeguards, a specific "Anti-Corruption Project" was launched in 2016.

A regulatory document was issued at the end of 2015 which puts in place a "reporting system by the Personnel of actions or circumstances that could constitute violations of the rules governing the banking business (so-called whistleblowing)". The Internal Auditing Department is the entity appointed to evaluate and manage the reports.

In the second half of 2015, as evidence of the Group's

constant attention towards prevention and training activities on the matter, employees were given the opportunity to participate in an e-learning course focused on the culture of risk and controls.

Finally, during 2015, the Model 231/2001 was adjusted following the introduction into Italian law of the new "self-launders" offence which was included within the scope of "predicate" offences, the commission of which by an employee entails administrative liability also on the part of the relevant company.

## PREVENTION OF MONEY LAUNDERING

The Group's governance system to combat money laundering and the financing of terrorism is based on Guidelines that constitute a systematic and functional reference framework, with active collaboration by the Group in preventing said illegal activities. Specific and appropriate processes and procedures have been drawn up and are in place in terms of obligations of adequate verification of customers, reporting of suspicious transactions, recording of relations and transactions, storage of documents, assessment and management of risk, internal control and guarantee of compliance with all of the relevant provisions to prevent and impede the completion of transactions connected to money laundering or financing of terrorism. The global approach to money laundering risk at Group level, which is at the basis of its assessment and subsequent mitigation, involves the adoption of general standards and principles by the parent company for identification

of and information on customers, which must be adopted and implemented by the individual companies in proportion to the characteristics and complexity of the activity carried out, size and organisational structure. Therefore, without prejudice to specific provisions of the host countries, the individual Group companies (secondary offices and branches) must respect the set standards, ensuring that information is shared at the consolidated level, with the sole limitation of any existing privacy restrictions and banking confidentiality at the local level.

Moreover, procedures that provide automatic checks on the Group's register and transactions have been active for some time now, in order to mitigate the risk of having among its customers individuals or identities included in the list of entities (black list) subject to restrictions or freezing of assets. Lastly, the Group has envisaged broader policies of a general and overall nature, beyond mere compliance with the regulations, envisaging more detailed assessments under the credit and reputational aspects that prevent the Group's involvement, in any capacity, in transactions with counterparties or countries under embargo, even if the transaction is among those permitted by the restrictive provisions issued by the international authorities.

## Specialised training to prevent Corruption and Money Laundering in 2015

	Italy	Abroad	Group
No. of employees trained	31,234	7,572	38,806
Training hours	128,170	29,829	157,999
% of employees trained	48.6	32.3	44.3

## COMPLIANCE WITH TAX REGULATIONS AND INTESA SANPAOLO'S FISCAL CONTRIBUTION

The Intesa Sanpaolo Group complies with the tax laws as a duty of citizenship and in the belief that this is a fundamental contribution towards the community in which it operates. Intesa Sanpaolo's positive impact in this respect is confirmed by the disclosed forecast in the Business Plan of a total contribution from 2014

to 2017 of approximately 10 billion euro, an amount comparable to a stability law.

During 2015, the Group, in addition to indirect taxes of around 919 million euro, recorded accrued direct taxes for the year of 1,594 million euro, for the most part in Italy, where the majority of operating income was earned, as per the table below.

Direct taxes in 2015	Italy	Europe	Rest of the world
Tax contribution	1,245	300	49
Operating income	13,311	2,909	929

Intesa Sanpaolo implemented special internal rules aimed at strengthening the commitment to combat activities in tax havens, envisaging the introduction of specific supervisory measures upon entry of the Group into new markets, with assessment of tax risks connected to operations in legal systems with little transparency and/or through particularly complex corporate structures with limited transparency in terms of ownership. Moreover, new rules for the management and monitoring of tax risks connected to the transactions of customers established in Italy were defined. The Tax Control office, in charge of tax process monitoring and assurance was also set up.

## PROTECTION OF PRIVACY

The Company Safety – Privacy Unit ensures that personal data are collected and processed in accordance with the legal provisions and the principles expressed in the Code of Ethics. All Group personnel participate in training and updates on this issue, through mandatory initiatives online, as well as through classroom meetings and activities focused on specific areas.

The privacy policies found on the Group's Internet sites were updated during 2015 in order to comply with the requirements contained in the specific provision entered into force in June with reference to the use of the so-called cyber cookies while browsing. All parties concerned can find, on the sites of the Group companies, the abbreviated cookie policies and decide whether or not to provide their consent, where necessary.

In the same period, the Data Protection Authority filed 6 requests/reports to other companies belonging to the banking Group: all the necessary inspections were carried out.

The audit and control activities on the subject of monitoring will be strengthened further during 2016, and some specific insights will be conducted on the checks carried out and the inspections relating to the activities of the system administrators and the activities carried out at the head office departments.

## PROTECTION OF FREE COMPETITION

The International and Regulatory Affairs Department is constantly committed to managing relations with institutions and organisations, in monitoring existing regulations and in conducting attentive advocacy on any bills that could impact the activities of the Group and of its stakeholders at the national, European and international level, with a view to limiting legal, economic and reputational risk and developing new opportunities.

The Department constantly monitors and promotes free competition, working to ensure that the international, European and national rules and procedures on competition are effectively applied and complied with. Furthermore, it is committed to disseminating a culture of compliance with the antitrust regulations at all levels of the Group and with third-party stakeholders, trade

partners, suppliers and customers.

With a view to further strengthening monitoring activities, a partial review was launched with regard to the Policy of Compliance with European Union Competition Law – adopted in 2009 – in order to incorporate some regulatory innovations and new legislative and case law guidelines regarding promotion and acknowledgement by the Supervisory Authorities of antitrust compliance programmes, merger rules, corporate governance, state aids and unfair commercial practices.

Consequently, the scope of activities was extended not only with regard to the most traditional antitrust forms (mergers, abuses of dominant positions and agreements), but also regarding EU regulations on state aids and the recent Italian regulations in support of Italy's competitiveness. The choice to adopt an actual Antitrust Compliance Programme, which goes beyond regulations, involves the adoption of higher standards of conduct, in respect of which the Unit continued carrying out a series of information and training activities involving its internal and external stakeholders, in the belief that protection and development of competition benefit all.

With regard to antitrust proceedings involving the Group companies, one proceeding in Italy and two in Hungary are currently pending before the competent Authorities. With regard to antitrust proceedings involving different Group companies, in Italy the proceeding involving MasterCard and some licensee banks (including Intesa Sanpaolo) for an alleged agreement restricting competition in the field of credit card payments was concluded. The Council of State, ruling on the substance of the case, definitively revoked the measure by which the Italian Competition Authority (AGCM) had sanctioned MasterCard and its Italian licensees in November 2010, thus ascertaining the propriety of Intesa Sanpaolo's operations vis-à-vis MasterCard. At present two proceedings are pending before the competent authorities in Hungary.

## FRAUD PREVENTION

**BLOCKING OF FRAUDULENT TRANSACTIONS AMOUNTING TO OVER 7.1M EURO** For the Group's Italian banks and for some of its International Subsidiary Banks, Intesa Sanpaolo has activated an anti-fraud system that analyses all transactions carried out via Internet Banking in real time and identifies those considered to be questionable. Such transactions are then centrally verified by a specialised unit. Suspicious transactions are promptly verified to ascertain their truthfulness and accuracy, through direct contact with the customer and – when possible – those not recognised and not yet completed are revoked. If the customer cannot be contacted by telephone, the branch is notified immediately in order to find another contact method. In the event of ascertainable fraud or fraud attempt, the customer is also assisted in filing a report with the relevant authorities. All customers are informed on the rules of conduct for proper



and safe use of online tools (e.g., updated antivirus software, detection of phishing emails, correct use of personal codes, etc.). An initiative was launched with Banca dei Territori aimed at defining a series of actions designed to inform customers about the risks present in e-banking, in particular with regard to phishing emails and specific e-mail communications to customers were activated. Constant monitoring of fraud resulted in the blocking of over 4.6 million euro in fraudulent transactions for retail customers and over 2.5 million euro for corporate customers.

As from 2015 onwards, the Intesa Sanpaolo Group's CERT (Computer Emergency Response Team) was launched with the goal of becoming the operational interface for critical cyber events in respect of external stakeholders, thus optimising methods, skills, investment, response times and ensuring the mandatory communication with stakeholders required by legal provisions or sector regulations.

The Group's CERT is now operating on several fronts such as collaboration with the Postal Police forces, Cyber Threat Intelligence services (FS-ISAC, Abi-Lab, BitSight, Recorded Future), internal (banks and Group companies) and external (national CERT, comprising sector CERTs, other CERTs) information sharing services and reports to the supervisory authorities in the event of serious IT security incidents.

During the year, new value-added security solutions were then issued for customers with regard to digital signature, alternative storage and certified electronic mail (PEC) services. Worthy of note is the start of the analysis activities on the initiative of citizens' digital identity management included in the government digital agenda (SPID) and those on cryptocurrencies. Finally, as in the previous years the Bank continued to commit itself to achieving and maintaining third-party certifications of its own security and quality assurance activities as well as the adequate monitoring of the services provided [i].

## LITIGATION

In terms of legal disputes, there were a total of 18,000 disputes pending as at 31 December, for a total of 7,916 million euro.

The Parent Company and the network banks have pending disputes for a total amount of 6,319 million euro. More specifically, the disputes pertain to:

- bankruptcy revocatory actions (382 million euro);
- settlements in insolvency proceedings (544 million euro);
- investment services (291 million euro);
- extra-legal interest and other conditions (820 million euro);
- banking product disputes (227 million euro);
- credit position disputes (1,361 million euro);
- criminal procedures and operational irregularities (113 million euro);
- transferred credit positions (548 million euro);
- other civil and administrative disputes (2,033 million

euro). There are also labour disputes, for which the appeal often does not quantify the amount sought by way of remuneration/damages.

Other disputes for a total amount of 1,192 million euro are related to other Italian subsidiaries and foreign subsidiaries for an amount of 405 million euro.

The issues with the greatest social impact are:

- anatocism;
- investment services;
- class action suits by Altroconsumo.

With regard to compliance with environmental regulations, for damage caused to the environment following the bank's operations over the last three years, no sanctions of over 3,000 euro were imposed. Even with regard to compliance with regulations on health and safety, no reports or significant sanctions were received or imposed. For details on disputes in 2015 and a detailed description of the most significant civil and fiscal lawsuits, see the Consolidated Financial Statements (pages 379-386 [ii]).

## OFFERING VALUED SERVICE TO CUSTOMERS

Best meeting the new needs of customers, offering a better experience in line with what has been tested in other areas of consumption, building a solid and lasting relationship through a higher level of expertise and quality consulting are the distinctive elements of Intesa Sanpaolo's strategy to become the reference bank and preferred commercial partner of current and potential customers.

Thanks to this approach, in 2015 Intesa Sanpaolo attained some certifications of excellence from the Istituto Tedesco Qualità Finanza, a European leading institute in market research in the field of quality. The Group was awarded Quality Seals as "Excellent bank with branches", "Excellent" online banking and "Top" in terms of quality/price ratio. Intesa Sanpaolo also won "First gold prize" as the best bank in Italy to offer the financial advice service within the scope of the survey "Best in Italy – Service champions".

## CUSTOMER PROXIMITY THROUGH ALL RELATIONAL CHANNELS

The service model adopted is focused on specialisation at the service of various types of customers, from private individuals to SMEs and large companies for which the reference contact remains that of the relationship managers who are in charge of the overall coordination of the offer and are specialised by sector and by sub-industry, offering specific advisory services.

The extension of the multi-channel approach ensures proximity and a quality service by offering the opportunity to interact with the Bank through the preferred channel and at the desired time.

During 2015, the "Integrated Multichannel" project saw the introduction of many innovative solutions that enable simpler and more immediate use of all existing

functionalities. In addition, new services have been proposed that will allow customers to replicate online almost all transactions that can be implemented in-branch and the payment solutions that best fit their needs and convenience (see chapter "Multichannel Bank" page 117).

### INSIEME PER LA CRESCITA

Intesa Sanpaolo has sought to take effective action on business conduct through the "**Insieme per la Crescita**" (Together for Growth) programme, which entails management change measures and new ways of engaging employees. The idea is to improve network performance through greater attention to behaviours, increasing the satisfaction level of customers and employees and thereby generating widespread and permanent change. During 2015 the programme was extended to the entire Network, involving over 38,000 colleagues in approximately 4,300 branches. The mandatory behaviours, according to the different types of customers, include customer support at the time

of entering the branch, all-round advisory activities and, for companies, the definition of new roles and instruments in support of the business method to strengthen credit capabilities and make commercial actions on customers more effective. Insieme per la Crescita measures its results in terms of customer satisfaction (average customer satisfaction level equal to 43/100) and employee satisfaction (branch barometer: synthetic barometer vote 7.3 with more than 100,000 questionnaires collected in one year). The intense online communications activities on a daily basis prompt the community of the bank's employees to reflect on the issues of change, business processes and digital innovation through news, tests, training courses and direct exchange of views. Each community user is a source of content that is gathered and logged into the system through other users' feedback. Over 600 colleagues were involved in training activities such as the recognition for the commitment made to the application of the programme. Further information is found in the chapter "Human Capital" page 107.

### THE NEW BRANCH MODEL

After the revolution of the opening and closing times, the revolution of the spaces has now begun: the physical location where the customer is met changes, the branch becomes open and flexible with common living spaces and lounges for dedicated meetings and event proposals. The new branch layout, designed in 2014 also by listening to customers, was completed during 2015 with the opening of the first pilot branches in Milan, Rome and Turin, which were followed by another 30 throughout the country. An additional 50 openings are already planned in 2016 with the objective of reaching approximately 1,000 in the next few years. The spaces change according to a different way of banking that wishes to make people feel "at home" by focusing on reception and relationship, and combining a service that is more suited to the new demands from customers with the Bank's multi-channel strategy. The new branch is an open place addressed to all where there is no longer access through double locked doors, but through sliding glass doors. It is a "real economy square", a place of dialogue, a meeting place between supply and demand and intermediation targeted at families, businesses, professionals, start-ups and young people. The space is modular, so as to be able to organise events and host activities of an artistic and cultural nature and related to the third sector in order to give a chance to those who visit the bank to live an unforgettable experience. An aspect that is not only meant for the big cities, but also and above all to bring the Bank where the citizens are and therefore also in the small towns and suburbs.

The new branch combines digitisation and physical relationship with the customer: the latest technology at the reception desk favours immediate customer recognition and fosters a relationship with the bank thus allowing operators to direct customers towards specialist advice or offer assistance, for example in the use of self-service cashier desks. The technology is a constant, but discreet presence: wi-fi, lockers for e-commerce purchases, tablets available to customers, information monitors and videoconferencing facilities complete the space.

The **Banca Estesa** project also continues, which makes its customer services and consultancy available to customers during extended branch business hours as well as on direct channels. The new proposed model revolutionises the methods to access banking services, allowing customers to go to the bank during times more compatible with their personal and professional commitments. At the end of 2015 there were 496 Group Retail branches and 495 Personal Branches open in the early evenings, on Saturdays or during the lunch break, adapting the business hours to the modern lifestyles of customers. During the year, 1,700,000 meetings were held with customers during extended business hours. In addition

to extended business hours and flexible spaces there is another initiative, already active for some years, aimed at meeting customer requirements more effectively: it is the "**Offerta Fuori Sede**" (out-of-branch offering) project, which envisages extension of the consulting services and sales development at customers' homes or workplaces. During 2015 the base of professionals dedicated to the development of this service was extended further: at year-end there were 3,474 employees in possession of a financial advisor mandate, of which 561 heads of Personal branches and 1,091 Private Corporate Retail Managers of Personal branches.

## ACCESSIBILITY

### 5,500 ATMS EQUIPPED WITH VOICE GUIDE FOR THE VISUALLY IMPAIRED

To allow visually impaired or blind people to withdraw cash, view their account balance or top up their mobile phone at ATMs, Intesa Sanpaolo has partnered with Unione Italiana Ciechi (Italian

Association for the Blind) and developed an initiative that allows them to operate autonomously and safely. All the ATMs of the network of branches in Italy (around 6,400 ATMs) are equipped with an interface featuring an easy-to-read graphics making operations easier for the visually impaired, while the blind can listen to a voice guide on approximately 5,500 machines with the use of ordinary headphones. Online banking services also are accessible via the mobile banking platform. In Serbia and Slovenia, local banks have developed online applications adapted to the needs of the visually impaired and the blind. With the goal of increasingly expanding accessibility of the documents published on the Internet site as well as on the company's intranet, Intesa Sanpaolo also collaborates with the LIA Foundation (Libri Italiani Accessibili or Accessible Italian Books), which has been working with Associazione Italiana Editori and with the Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) for years now (for further information, see "Human Capital, the Value of Diversity", page 111). In terms of physical accessibility, the new layout project for Intesa Sanpaolo branches was recognised by the FIABA (Fondo Italiano Abbattimento Barriere Architettoniche or Italian Fund to Eliminate Architectural Barriers), which recognises its total compliance with the requirements for accessibility and use by the physically challenged.

Within the foreign scope, about 27% of the Banca Intesa Beograd network (Serbia) is accessible by the disabled and 70% of workstations are suitable to serve this type of customers; it is now possible to locate accessible branches on the new corporate website of the bank – with additional features for visually impaired and blind people – and via the mobile banking application. At Banka Koper (Slovenia) and CIB Bank (Hungary), all branches are without barriers and accessible by the disabled. From the point of view of territorial accessibility, the Albanian bank has signed an agreement with the local Post Office to allow customers to pay loan instalments at the partner's branches in areas where the Bank is not present through its own branches, while the Egyptian bank has renewed and extended, during 2015, the mobile ATM network to offer services to customers also in remote areas not covered by its network of branches.

For details on the accessibility of banking services through the new channels, see "Multi-channel Bank", page 117.

## SUPPORT TO BUSINESSES SEEKING TO GROW ABROAD

Internationalisation is a key factor and an indispensable engine for business growth.

In 2015, the Bank has further expanded its presence abroad through the opening of business units in the countries with which Italy is the primary trading partner: a subsidiary was established in Brazil, based in Sao Paulo and a Representative Office in Washington and a Private branch in London were opened. Intesa Sanpaolo's branch in Istanbul, open in 2014, is now fully operational.

Intesa Sanpaolo has a dedicated structure, the Internationalisation Office based in Padua, which aims to facilitate and promote access to foreign markets for Italian companies. A team of professionals divided into five geographic desks work to support business managers and specialists of Banca dei Territori, to provide companies with qualified and timely advice. Among the activities implemented in 2015, worth mentioning are: 50 events with the participation of about 3,000 companies; 3 new regional agreements, entered into in agreement with the Regional Departments and in close cooperation with trade associations, chambers of commerce and other institutional bodies; a continuous presence at Expo Milano 2015 to support events with Italian and foreign operators; about 700 meetings with customers from the geographic Desks associated with internationalisation projects in the various markets; assistance to some 100 foreign companies for incoming activities; 7 new agreements within the scope of the Open Horizons project<sup>1</sup> which currently, with 44 partner Banks, covers 77 countries and hence integrates the possibilities offered by the international network of Intesa Sanpaolo, already present in over 40 countries.

For large companies, teams of specialists in Italy and abroad work alongside the relationship managers, offering qualified consulting service in the cross-border growth processes. A dedicated team supporting the internationalisation of companies analyses the foreign potential markets, opportunities for growth and partnerships in the new area in order to assist companies right from the beginning of their development and investment process.

## EXPO

Intesa Sanpaolo was Official Global Partner of the World Trade Exhibition, Expo 2015. In terms of services, the Group provided the organisers of Milan, Italy, the participating countries and the tens of millions of visitors from around the world with innovative electronic payment instruments, thereby making a real contribution to the Smart City experience. In particular, the EXPO Flash Card was created, of which 60,000 were distributed; it is a prepaid card where it

1 The project involves partnerships with correspondent banks in foreign countries where the Intesa Sanpaolo Group does not operate directly for the provision of preliminary and specific advisory services, within the regulatory framework and in the context of basic banking services.

was possible to load the admission ticket. The Group also provided the ticketing platform and an articulated distribution network consisting of the physical network and direct channels, which together allowed the issuance of 650,000 tickets, as well as the financing of the company Expo SpA and treasury services for Participating Countries and organisers. The volume of transactions carried out through the branch and ATMs in the exhibition site was equal to 130 million euro.

Intesa Sanpaolo's commitment was reflected within the Expo area with a multifunctional space visited by over 700,000 people. The Bank's Pavilion "The Waterstone" was enlivened with educational activities for the youth, entertainment for children, shows and laboratories as well as a series of meetings dedicated to social, art and cultural aspects, and numerous artistic performances organised with Group partners. There were more than 110 cultural events produced by the Bank which had as their central theme the concept of sharing, i.e. sharing experiences, emotions and stories capable of generating value both for families and businesses.

The business events were particularly relevant: with the "Ecco la mia impresa" (Here's my business) initiative, 530 companies and 35 innovative start-ups, of different sizes and business sectors, but sharing the same quality production, attention to sustainability and a business success story, were the key players of events and presentations targeted at the Expo audience, current and potential customers and international buyers. Examples of the Made in Italy quality, the hosted companies were selected by the Bank in the various territories and within the scope of the product sectors related to the Expo themes (Food, Fashion, Design and Hospitality), and involved over 3,000 Italian and international companies for business meetings. Intesa Sanpaolo also made available to companies a financial support consisting of a credit line of 15 billion euro.

Thanks to an independent editorial staff, the Bank worked on all of its traditional and non-traditional communication channels, spreading images, videos, news and testimonials. Over 1 million views were recorded on the dedicated website [expo.intesasanpaolo.com](http://expo.intesasanpaolo.com) [i] where visitors were able to share, even outside the pavilion, experiences, ideas and success stories; +450% fanbase on the Facebook page, 112 videos on Youtube with over 15 million views, more than 4,500 articles on media and media organisations and dozens of television and radio services.

## CUSTOMER EXPERIENCE: A NEW APPROACH TO THE DESIGN OF PRODUCTS AND SERVICES

In the course of 2015, Intesa Sanpaolo embarked on a path of innovation of services, products and processes that will lead to a radical change in the relationship with its customers with the adoption of a new way of "design thinking" that starts from listening in order to draw a consistent experience in line with customer needs. The activity is divided into four phases which are retraced through a Test & Learn approach until the achievement of the best customer experience for customers:

- Need analysis: interviewing customers in order to identify their needs;
- Service design: creation of new products and services based on research evidence;
- Detail design: design alignment with business requirements;
- Prototyping: repeat process to be in line with customer expectations.

After the launch, the listening continues at a stage of fine-tuning and measuring the customer experience in all of the customer contact and customer relations areas (touchpoint).

2015 was the first year of application of this approach both for the design of new products and services and for the review of all processes and touchpoints comprising the bank-customer interaction.

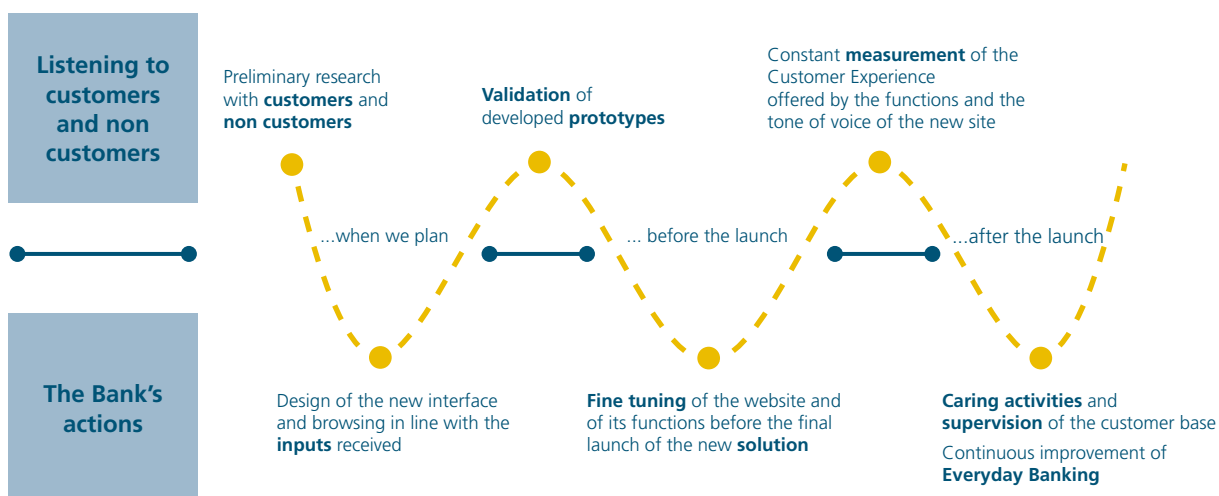
Colleagues who work in direct contact with customers were also involved in this new process. Previously these measurements were sporadic and on specific aspects of the products offered or focused on internal services: during 2015 a dozen surveys were carried out which primarily involved the managers (in 90% of cases); a total of 77,597 interviews were proposed and 47,460 responses were collected (61%).

As from 2016, the surveys will become regular and closely connected with the processes under review, so as to enable the collection of actual pre-review critical issues, as well as the continuous monitoring of the effectiveness of the review itself.

Examples of application of the new way of working include the design of the new branch layout, the thorough review of internet banking and the new mobile app, the definition of the new mortgage loan process and the development of the proximity payment solution.



## The approach we have adopted for the development of the new Internet Banking



### INTERVENTION AREAS STARTING FROM EVERYDAY BANKING

The process review has been activated starting from everyday banking, i.e. the services offered by the Bank to meet the customer needs, whether banking or non-banking, in managing "every day" operations. The aim was to facilitate a quick and simple relationship between the customer and the Bank, also through new digital channels and regardless of the originating Branch but always in complete safety and to ensure continuous support including through new customised business proposals tailored to customer needs. During 2015, 29 macro intervention areas were identified, related to debit/ credit cards and current accounts, with over 40 project themes submitted to the attention of working groups that involved many of the bank's functions.

Around two-thirds of these initiatives were already launched in 2015 and will result, among other things, in a comprehensive review of the process associated with the shipping and delivery of the cards, innovative methods for their activation, the implementation of new messages via sms/app notifications for the transactions carried out and an improvement of the experience in cases of fraud. Over half of these have already seen a definition of the plan for the release of concrete solutions and 12 additional initiatives will be launched during 2016.

### NEEDS ANALYSIS

The needs and expectations analysis was conducted through surveys involving the Bank's customers and prospects belonging to different customer segments. Innovative survey techniques were used such as

individual interviews, ethnographic, telephone and online interviews, usability tests, focus groups and creative workshops with the collaboration of the leading players in the market research industry. The purpose was to:

- identify unmet needs and perceptions on the financial world of foreign ethnic groups present in Italy, upper affluent customers and non-customers, small entrepreneurs and professionals, young and very young (12-35 years);
- identify patterns of behaviour useful to address, among other things, the design of the new advisory model;
- assess the level of appreciation and understanding of new products and services or their positioning in terms of pricing;
- identify critical issues and opportunities within the complex user interaction scenario with different channels, both physical (such as the new branch model) and virtual (e.g. usability on new internet banking platforms and apps);
- analyse customer experience on some processes such as the disbursement of mortgage loans or succession management.

The survey activities also included the results of the "mystery shopping", which provided feedback on the behavioural areas of "Together for growth" relating in particular to reception, development, relationship and transactional areas. 2,754 mystery shopping surveys were conducted, 2,331 on Retail Branches and 423 on Personal Branches. The evaluations provided on the experience had by potential customers provided important insights for the adoption of common and standardised tools and approaches at Group level, which can be useful to best support the Network and offer a service that can be our hallmark.

## CUSTOMER SATISFACTION SURVEYS AND BENCHMARK OBSERVERS

Intesa Sanpaolo has launched structured projects for survey of Customer Satisfaction which, by adopting internationally recognised methodologies, offer a true picture of customer perception in every interaction with the Bank, thus making it possible to identify the critical areas on which to intervene with priority. As regards the **retail** segment, almost 5 million emails or sms were sent in 2015 and over 450 thousand evaluations were received following interactions with the Bank. The survey aimed at identifying the satisfaction of **business** customers involved about 45,000 contacts and the sample size made it possible to read the results up to the individual Corporate branch level.

### BENCHMARK SURVEY ON RETAIL CUSTOMERS

For the Retail and Personal Benchmark survey, more than 14,000 telephone interviews were conducted with a representative sample of Italian banking customers thereby measuring the level of satisfaction of customers of the banks that make up the Italian competitive landscape.

The analysis, conducted anonymously, shows a gap in the evaluations of Intesa Sanpaolo Retail and Personal customers compared to the system:

- the Net Promoter Score<sup>1</sup> is therefore equal to 8 compared to a System average of 16;
- the Net Satisfaction Index<sup>2</sup> on the relationship with the Branch stands at 24 compared to a market average of 26;
- the Net Product and Service Satisfaction Index is equal to 8 compared to a System figure equal to 13;

which confirms the opportunities for the major investments that our Bank has started and will continue to put in place in order to strengthen the relationship.

### BENCHMARK SURVEY ON CORPORATE CUSTOMERS

The Corporate Benchmark survey was conducted through 8,000 telephone interviews with entrepreneurs, administrative and financial managers, thereby measuring the degree of satisfaction compared to their main Bank.

The results of the research, conducted anonymously, show a leadership position of Intesa Sanpaolo in the marketplace in terms of willingness to recommend the Bank and the satisfaction of business customers:

- the Net Promoter Score<sup>1</sup> for Intesa Sanpaolo is equal to 3.4 compared to a System average of 0.5;
- the Net Satisfaction Index<sup>2</sup> in terms of the Relationship with the Branch of Intesa Sanpaolo customers is equal to 13.1 compared to a system average of 9.6;
- the Net Satisfaction Index on the last contact Experience with the Branch stands at 28.1 for Intesa Sanpaolo compared to a market average of 24.3.

As confirmation of the increasing importance given to the satisfaction with the experiences had by the customer with the Bank, as from 2015 the customer feedback results will help determine the outcome of the Branches' incentive system.

## NPS (NET PROMOTER SCORE): NEW WAYS OF LISTENING TO CUSTOMERS

NPS stands for Net Promoter Score and is an indicator used internationally to measure the propensity to recommend a company by customers and is based on customer loyalty and business results.

This indicator is simple, it allows comparison with other companies and is predictive.

For these reasons, the NPS, after being measured through the above-mentioned benchmark surveys, as from 2016 will be used as the main indicator to measure the quality perceived by Intesa Sanpaolo customers and will be included among the KPIs on which the Performance Assessment System of the Branch Network employees is based.

## CUSTOMER SATISFACTION SURVEY ON LARGE CORPORATE CUSTOMERS

During 2015, the Corporate and Investment Banking Division structured and conducted a new research on large corporate customers who use or have used the Transaction Banking products and services with focus on the Cash Management and Trade Finance area.

The analysis, which involved 1,126 customers, was submitted online and is part of a line of surveys on the transactional world thus allowing constant monitoring of satisfaction trends over time and guidance for future strategic choices. The response rate was 22% with 135 customers agreeing to disclose the feedback and 53 available to be contacted again. The Net Promoter Score (NPS<sup>3</sup>) index is equal to 11.21% and the overall satisfaction index (CSI<sup>4</sup> – Customer Satisfaction Index) is equal to 76 out of 100.

The customer satisfaction was evaluated compared to the products/services, the relationship, the evolution in the quality of the offer and service, any disservices and the related solution. Indications on the competitive scenario were obtained and areas for improvement were identified on the basis of the suggestions and feedback received.

1 Net Promoter Score (NPS): difference between the percentage of promoter customers and the share of detractor customers

2 Net Satisfaction Index (NSI): difference between the percentage of Satisfied customers and the percentage of Dissatisfied customers

3 Percentage of promoters (rating 9-10) less percentage of detractors (rating 1-6).

4 The index was calculated using a structural equation model with latent variables, specifically the "Partial Least Squares – Path modelling" (in literature, PLS-PM). The outputs of the model include the measurement, through a synthetic index, of the overall satisfaction level (CSI – Customer Satisfaction Index).



## MANAGEMENT OF COMPLAINTS

A careful and timely management of complaints, which may come from customers or people who get closer to the bank's services, is important to promptly detect the cause responsible for the dissatisfaction. From this corrective actions can stem actions designed to reduce operational, reputational and legal risks and to enhance the bank–customer relationship. The project "Evolvere la gestione reclami" (Developing complaint handling) continued in 2015 with the aim to optimise the process of managing complaints and improve the quality of customer response in terms of content and timeliness, by intervening on the application system used.

As for the number of complaints, petitions and appeals received in 2015, 50.106 were received in Italy while 50.059 written complaints and 434 petitions and appeals were received abroad (page 156).

## THE SERVICE QUALITY MONITORING SYSTEM: SEIOK

SEIok is the tool that allows the Network and Department to monitor the Service Quality index on a monthly basis, investigating all the different items that make it up and making it possible to intervene effectively to solve critical issues. SEIok provides a synthetic indicator that measures service quality and three families of indices to facilitate the identification of areas for improvement: the compliance index which provides an indication of compliance with the relevant rules on the conduct of the banking and brokerage business, management of conflicts of interest, transparency and consumer protection regulations; the Customer Service synthetic index indicating the efficiency and quality of the service provided and the Customer Satisfaction synthetic index, which allows to evaluate customer satisfaction (perceived quality), detected through feedback requests at specific times of contact with the Branch.

For 2016 SEIok renews and grows to become an aggregator for branches around the objective of excellence: service excellence alone allows to have such happy customers as to become the bank's promoters. For this reason, the Net Promoter Score, the index that represents the intensity of the relationship between the customer and the brand, plays a very important role in the Branch Excellence (weighing between 30% and 40%).

## THE QUALITY OF LIFE IN THE COMPANY

### COMMUNICATION AND LISTENING

Developing a common culture based on corporate values and fostering a sense of belonging among colleagues: these are the main objectives of the internal communication activities. An integrated system of tools, such as the Intranet, Corporate TV, the house organ, the collaborators' structured listening, promotes the dissemination of new business and professional models providing personnel with adequate information and motivations that facilitate involvement, the sharing of objectives and active participation in the changes.

During 2015, a widespread and specific listening was conducted for the various business structures and divisions, with surveys and other ad hoc initiatives. The listening organisation through focus groups was also extensive: 21 meetings that involved over 200 colleagues. Another qualitative listening tool are in-depth telephone interviews, involving mainly the heads of the bank's structures. In 2015, they concerned 21 Commercial Managers of the Banca dei Territori and 14 Branch Managers.

Ad hoc surveys and feedback collection are initiatives undertaken with and for the different company departments. Over 40 were conducted in 2015.

Furthermore, colleagues are regularly involved in the collection of ideas and suggestions or are called upon to express their level of satisfaction with top management Web TV interventions. A regular information activity was also ensured to all Group colleagues, in Italy and abroad, on the progress of implementation of the Business Plan in the different business sectors of the Group. The communication and information activities targeted at people working in the company, with regard to both services and industrial relations continued: in this context, an in-depth multimedia communication was carried out on the second-level collective bargaining agreement entered into by the company and trade union organisations in October 2015.

In the Insurance Division, the "Progetto di Ascolto" (Listening Project) was conducted through management, individual and collective meetings with the aim of accommodating colleagues' requests, needs and dreams: 30 collective meetings per Structure and 495 individual meetings managed and conducted by the Head of the Division.

Communication and listening initiatives designed to stimulate the generation of ideas from employees were also carried out at international subsidiaries. Typically, the collection of ideas was of two types: on the one hand free and therefore open to proposals from different thematic areas, on the other hand focused around specific themes of corporate life, such as products, services, improvement of internal processes, resolution of specific problems, communication, working environment, social responsibility activities,

volunteering, corporate image. A further distinction consists of the duration of the initiatives, which could be either ongoing or specifically open for defined periods of time.

VÚB Banka boasts the longest running project, "Zapni": in 2015, 125 ideas were collected, 7 of which were implemented, bringing to 137 the ideas implemented from 2009, the year of launch. On the other hand, the programme "Fresh Ideas", aimed at collecting ideas to improve internal processes, create new products, use new technologies and propose new business partnerships to various stakeholders, has been active in Intesa Sanpaolo Bank Albania since 2014. 16 ideas were received in 2015, while 12 proposals coming from the collection that took place in 2014 were implemented. Alexbank continued, also in 2015, two initiatives focused on the collection of reports and proposals from colleagues relating to CSR and volunteer work projects aimed at bringing aid to certain disadvantaged regions of the country, "CSR 4 My People" (year of launch: 2012) and "Those who need us" (2014). In particular, in the context of this second initiative, 24 ideas were submitted in 2015, 16 of which were implemented.

### AN ADVANCED AND ENGAGED WELFARE

Intesa Sanpaolo has chosen a corporate welfare model that operates within an integrated system and includes: the Supplementary Pension, Supplementary Health Care, the cultural, recreation and sports association for Intesa Sanpaolo Group employees (ALI) and the set of mobility management activities and those focused on the attention to the needs of people and work-life balance.

Starting from constant, structured listening to employee needs, it proposes to act on the main elements of better balancing home life and working life of employees and their families with the aim of promoting sustainable solutions and projects consistent with their expectations. Since its inception, the Group has been characterised by a complex welfare system developed upon consultation with the trade unions; the Group-wide institutions are integrated with those regulated by national collective labour agreements, offering colleagues a complex system of guarantees – through supplementary pension funds and the one for supplementary health care – flexibility for work-life balance purposes – through permits, leave, flexible working hours both morning and afternoon, part-time options, etc. – and subsidies and economic contributions, such as benefits for families with disabled children, out of the workplace accident policies, loans, mortgages, meal vouchers and study grants.

With the 2014-2017 Business Plan, the debate with the trade unions on welfare issues was enhanced through the setting-up of a joint company-trade union body – the Welfare, Safety and Sustainable Development Committee with direct involvement in the illustration and joint examination of the various issues also of the corporate technical functions that follow them specifically. Innovative measures emerged and were

jointly developed from the works of the Committee, which were incorporated into as many agreements that put the Group at the forefront in terms of welfare issues. Among these we acknowledge "Premio Sociale Aziendale" (Corporate Social Bonus) that consists of a sum by way of reimbursement of certain types of expenses, such as children's education, supplementary health care and/or supplementary pension also in favour of families, for colleagues with an annual salary of less than 35,000 euro. A solution that balanced cost sustainability and the enhancement of corporate welfare, notwithstanding the possibility for recipients to access the sum also in the traditional form of payroll payment.

Finally, the second-level Collective Bargaining Agreement also intervened on the subject of business policies and business climate defining measures designed to promote a balance between effective implementation of business policies and integrity and respect for people and to encourage the reporting of situations that are not consistent with the code of ethics and the code of conduct.

## FUTURE SUSTAINABILITY

Great attention was maintained on expectations of those who think about the future after the Company and of young new recruits. With regard to supplementary pensions, the process of rationalisation of the Social Security Funds within the Group was continued and the path for the creation of a single defined contribution Pension Fund was fixed through the aggregation of the Funds/defined contribution sections existing within the Group. This path allows important benefits for the business community, including the reduction of operational and financial risks, the simplification of structures, the expansion of investment opportunities, as well as the gradual increase in the contribution to be borne by the company in favour of new employees and colleagues on duty.

In order to facilitate access to credit for young people recruited within Intesa Sanpaolo, the Bank has provided the opportunity for young people under 35 to apply for loans up to 100% of the property value and with maturities of up to 40 years.

## THE COLOURS OF HEALTH

The focus on health, in addition to the traditional provision of services to more than 200,000 people with 137 million of healthcare benefits paid, has seen the Health Fund engaged in the development of the cardiovascular prevention campaign as part of the "I Colori della Salute" (The Colours of Health) initiative. The project addressed its members and their families between the ages of 40 and 69 years and, through the responses provided to each of the questions in an online questionnaire on health condition and lifestyles, in addition to the results of certain clinical tests, it allowed each participant to know their level of cardiovascular risk. Upon the emergence of a high risk (IV, V and VI level of the model proposed by the Institute of Health), the Fund made available to the patient a free "prevention package": targeted blood tests (blood sugar, total cholesterol, HDL and triglycerides), stress ECG, cardiology visit. The initiative recorded a significant participation which enabled the completion of about 13,000 questionnaires and the use of about 600 free diagnostic packages. The Fund, at the end of the campaign, also with a view to additional prevention measures, conducted a survey among the members which returned positive feedback on the appreciation of the initiative and on the perception of the health benefits that the same demonstrated for the patients. The online questionnaire on risk levels will remain available as a permanent diagnostic tool outside of the campaign calendar. The campaign resulted, in parallel, in the creation of an articulated communication plan aimed at raising awareness among the members and their families on the main risk factors and on the right health lifestyles to adopt in order to limit the occurrence of any acute events. In this regard, the different communication channels were constantly monitored in order to reach each of the potential targets: during the implementation of the campaign, the Fund directly reached its members by sending them, on different occasions, 73,000 emails and 13,000 letters for information purposes. At the end of the campaign, 65,000 views of the publications disseminated on the various channels and online sites were recorded.

In 2015, an agreement was signed which introduces interesting changes to the Fund's Articles of Association and Regulations on the exclusion criteria of beneficiaries, temporarily reopening the deadline for the registration of employees who at the time had not completed or had withdrawn their registration. Moreover, the methods for calculating the share of contributions of the recipients of survivors' pensions were revised more favourably for the persons concerned. Finally, performance improvements

were made for dental expenses, eye wear for households with many family members and for the reimbursement of the latest drugs. In any event, the measures are of an experimental nature to be confirmed after one year.

In the Insurance Division, the "Incontri Sana Alimentazione" (Healthy Nutrition Meetings), were held. This is an information and interactive discussion initiative organised in collaboration with the Hospital San Raffaele Resnati designed starting from the

principle according to which feeling good in the office is a prerequisite for feeling good about ourselves and those around us. The meetings, lasting two hours, were held by a nutritionist and a psychologist and addressed the topic of food education, wellness and beauty and psychological factors associated with eating disorders. 102 colleagues were involved altogether with a concrete response that updated and extended the set of best practices in the field of health promotion.

The health focus is an aspect that is widespread also within international banks. Alexbank introduced a new package of complementary health services, which provides, through insurance, valuable services and programs for employees provided by Al Ahly Medical Company – one of the largest and most efficient healthcare companies in the country – which can rely on a large network of doctors and has consolidated expertise in support of the banking sector. CIB Bank (Hungary) implemented CIB Spirit Health, a health screening pilot programme. Privredna Banka Zagreb (Croatia) pays health checks for trainees and new recruits, as well as tests and preventive medicine for all employees every two years, flu vaccines, support to employees on maternity leave or on extended leave due to their child's sickness for the purchase of drugs and the payment of medical care. Banca Intesa Russia has provided health insurance for employees with a full range of medical services.

## HEALTH ON THE PLATE

As part of the "Gusti Giusti" project, launched in 2008 in collaboration with the Slow Food Association and active today in all eleven canteens of the Group, Intesa Sanpaolo has developed various activities and projects with the aim of promoting and disseminating the principles of good, tasty and sustainable nutrition. A questionnaire sent to more than 4,000 potential users of the canteens of Moncalieri (TO) and Milan collected the views of the colleagues making use of the company canteens and allowed to take stock, after many years after its launch, on the Gusti Giusti project. More

than 1,700 colleagues answered, providing useful information about the perception of the characteristics of the company's offer on the subject of catering and insights into possible interventions in the field of chef training and the interest in investigating aspects of food culture. In particular:

- refresher courses were held for the chefs of the company canteens of Milan-Montebello, Milan-Piazzetta Dell'Amore, Moncalieri and Turin-headquarters, alongside Slow Food experts, in order to develop new menu suggestions and always in line with the principles of the Gusti Giusti Project
- in collaboration with the Intesa Sanpaolo Workers Association – the Laboratori del Gusto (Taste Workshops) continued with four events dedicated to food which took place in Milan, Turin, Moncalieri (TO) and Parma. In the spaces of the company canteens, the Slow Food experts explained to an audience of colleagues the characteristics of proper nutrition and guided the participants to discover the organoleptic properties and the methods of choosing, cutting, processing and cooking horticulture products.

In 2015, an internal initiative was launched aimed at celebrating international culture as a component enriching the Group: "Taste the World". The project, born out of the collaboration between the International Subsidiary Banks Division, the CSR Unit, the Welfare Office and the General Services Office, provided for the involvement of colleagues from International Subsidiary Banks, but working in Italy, in the proposal and collection of recipes from the local culinary tradition to be offered in company canteens on dedicated thematic days. The first phase of the project ended in mid-2015 with the collection of 44 recipes and the second phase, including the launch of the initiative within a pilot canteen in Milan, started in October 2015 and will continue until June 2016 with 10 dedicated days.

## A VEGETABLE GARDEN IN THE COMPANY

In 2015, the "Orto Urbano" (Urban Garden) project implemented in the Milan office of the Insurance Division became fully operational. It is a multi-year project, born out of the idea of some colleagues and developed in collaboration with Slow Food, inspired by the values of "good clean and fair".

In detail, the activities carried out were the creation and maintenance of an agri-ecological garden especially created on the terraces of Viale Stelvio in appropriate containers and a series of learning sessions for the group of employees who look after the garden on a regular basis. A "slow" garden aims to be respectfully productive, visually pleasing and functional, malleable and able to adapt within city and metropolitan contexts and, above all, to be an opportunity of meeting, education and social inclusion. Interested colleagues periodically meet in order to devote themselves to activities linked to the seasonal cycle of growing vegetables (planting, watering, harvesting, fertilizing, etc.). Moments of engagement, including remotely, of colleagues from other offices of the Insurance Division are planned for 2016, with the aim to disseminate the "spirit" of the project, even beyond the direct involvement in the activities.

## THE VALUE OF TIME: BALANCE BETWEEN PRIVATE AND PROFESSIONAL LIFE

With the second-level Collective Agreement of the Intesa Sanpaolo Group, signed with the trade unions in October 2015, a comprehensive set of measures was put into effect, including the **"Time Bank"** that is, an annual "pool" of hours of paid leave in favour of those employees who, in order to deal with serious and verified personal and/or family situations, require a further allocation of permits to that to which they are entitled. This pool will be fed by the company with an allocation, which for the year 2016 is fixed at 50,000 hours, to be increased by way of voluntary donations from employees, and in equal measure, from the company.

The Group has also undertaken to pay an allocation of hours usable by colleagues by way of paid leave to carry

out **"voluntary work"** activities on specific projects/ initiatives for social purposes targeted outside the Group, also promoted by external bodies, selected through the Intesa Sanpaolo Foundation Onlus and/or Banca Prossima. The Bank has also introduced the option for employees to use up days of work suspension, without the need to justify their use, for a maximum of 15 working days in respect of which the Company will pay a salary equal to 35% of pay; a comprehensive set of measures aimed at encouraging the involvement of fathers in family care (including the integration of the remuneration provided for parental leave in the event of use by the employed father). Permits have been provided for specialist visits for the benefit of employees suffering from serious diseases as well as permits to support home schooling activities for children with specific learning disabilities.

## FLEXIBLE WORK: BENEFITS FOR BOTH PEOPLE AND THE COMPANY

The "Lavoro Flessibile" (Flexible Working) project, a large-scale trial of smart working was launched in March 2015, to give colleagues the option to work from home, from a corporate hub or at the customer's office, rather than from their office desk. The project is aimed at establishing a better balance between employees' lifetimes and production requirements. In 2015 more than 3,000 colleagues, in 12 different Group companies, joined the project.

The managers were key in deciding to include their own structure in the trial: they believed in their people and in a new way of dealing with their daily work. But the greatest success came from colleagues. They showed how a different way of working can improve the quality of work as well as personal and family life, increasing motivation and productivity.

The trial took place on the voluntary membership of individual colleagues and is based on the inclusion criteria, meaning that it is open to all people from the identified structures who satisfy some basic requirements. The project is particularly advanced because it allows people to work from home up to 8 days a month, also divided up, while flexible working from the hub and at the customer's office does not have specific limits. The positive feedback emerging in terms of both satisfaction and business productivity, after being presented to the trade unions, have led to a collective agreement that established the transition of the project, from 2016, to the fully operational phase as well as its extension to other structures.

Alongside this flexible work trial, Intesa Sanpaolo participated in the "Flexible Work Day" initiative by the Municipality of Milan. The initiative is aimed at private companies and public authorities to try alternative working methods. The objective is to improve flexibility

of the organisation and productivity, as well as reduce the time spent on commuting from home to work, thereby contributing to improving individuals' quality of life and reducing environmental pollution.



## EXCELLENCE ALSO FOR THE LITTLE ONES

A significant family support action is represented by as many as five company crèches - our "baby nurseries" operating in Milan, Florence, Naples and Torino Moncalieri and, starting in September 2015, the one based in new Turin Headquarters, accommodating 255 children in total. Quality is a fundamental element that accompanied the setup of crèches: in fact, they meet the requirements of the PAN Consortium's Quality Manual, prepared by a Scientific Committee, which covers all aspects of educational and organisational management. High education standards are accompanied by the

construction of facilities in line with environmental sustainability principles that make preferential use of FSC (Forest Stewardship Council) and PFEC (Programme for the Endorsement of Forest Certification) certified materials.

To integrate the service, a number of agreements are in place with the national PAN Consortium and, with a view to enhancing the options offered under intercompany agreements, the pilot project for a corporate crèche shared with Telecom Italia continued in Milan for Intesa Vita staff.

## ALI FOR COLLEAGUES



A series of platforms – some of which are managed directly by the ALI – offer services and initiatives for work-life balance, with measures aimed at achieving sustainable balancing of work and home life, given the extent of the area covered, the organisational complexity and the different needs of the corporate workforce.

ALI promotes personal services insofar as it responds to the needs of work-life balance and the quality of life. In particular, for families with children of school age, it promotes initiatives for the organisation of summer holidays for children with a broader age range of between 4 and 17 years of age, with campuses proposed throughout Italy and abroad, accessible at preferential rates thanks to direct contribution of the Association. In addition, the Association has introduced a contribution for families who use the summer camps out of free choice. More than 1,200 children have benefited from the numerous structures in the city, in Italy and abroad affiliated with ALI, which turned out to be very successful as evidenced by the survey that involved more than 65% of users; over 2,400 families who did not find an answer to their needs in a partner Junior Campus were granted a weekly contribution for enrolment in a summer camp in a city of their free choice. Families with children with special needs were also granted the doubling of the contributions provided for attendance at both partner Junior Campus City and Junior Campus Italy and those of free choice. The Association made available to members from all over Italy at a very competitive price over 63,000 EXPO tickets, and other forms of spending support made it possible to provide members with over 140,000 cinema tickets and 42,000 book vouchers and to distribute about 1,500 free tickets thanks to agreements with several theatres and cultural associations.

"We Are Intesa Sanpaolo Group" is a programme of initiatives for colleagues of International Subsidiary Banks and their children, which is aimed at the creation of a sense of belonging to the Group, the sharing of experiences and the strengthening of the cohesion among people internationally.

Among the main initiatives implemented in 2015, worthy of note are three sporting events that involved more than 600 people overall.

- The ISBD Running Event, which was held on 12 April through Koper, Isola and Portoroz (Slovenia) involved more than 100 colleagues from 7 different countries.
- The ISBD Junior Sports Event, dedicated to the children of colleagues, held in Osijek, Croatia, between 8 and 10 May, involved more than 200 children from 6 countries.
- The ISBD Sports Event, held in Timisoara, Romania, between 11 and 13 September, involved more than 300 colleagues from eight countries.



## RELATIONS WITH THE SUPPLY CHAIN

Intesa Sanpaolo is aware that the increasing competitive pressure caused by globalisation and the increasing power of the stakeholders' influence on the global market call for a corporate approach aimed at identifying opportunities and threats arising from Corporate Social Responsibility issues and geared towards promoting, with an approach also based on environmental protection and respect for human and labour rights, the adoption of similar policies also on the part of its Suppliers. Thus, it is in this context that the Group Procurement Guidelines and the related Implementing Rules were issued in 2013, transversally integrating social and environmental responsibility criteria.

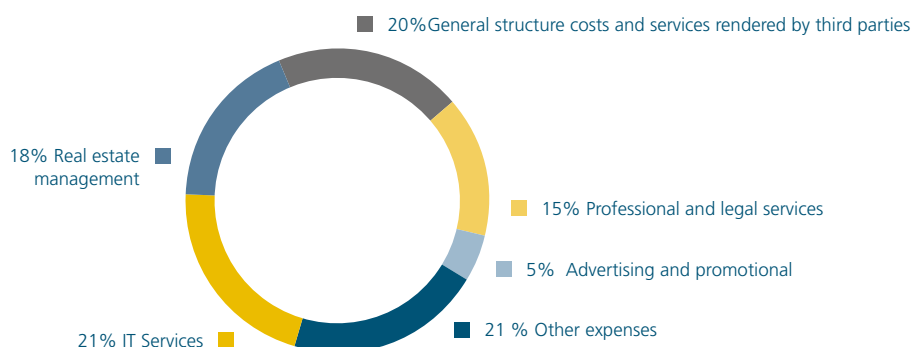
These guidelines include, within the scope of the "centralised procurement" model, some "local" product

categories which draw from local supplies in the case of goods or services for which the procurement market is typically local or closely tied to the specific market. Furthermore, they combine social and environmental responsibility criteria in a transversal and well-structured manner and require all the departments involved to take them in due consideration during the sourcing process, from the request for quotation to the request for the offer and supporting information.

In addition, with the main intention of unifying the rules and the purchasing processes and apply a standardised model to all the Intesa Sanpaolo Group companies, since 2012 it has been decided to centralise the group purchases by gradually integrating Banks, Italian Companies and almost all International Subsidiaries of the Group.

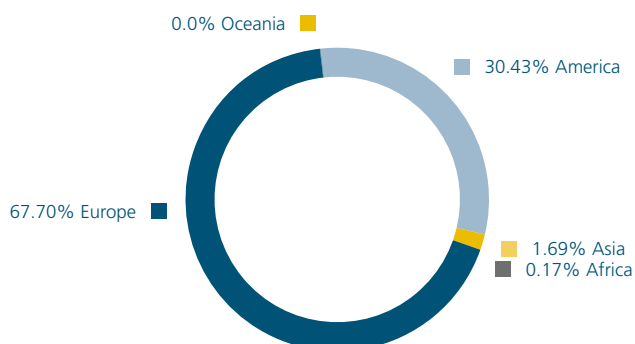
In 2015, the overall expenses incurred by the Intesa Sanpaolo Group totalled over 3.2 billion euro, broken down as follows:

### 2015 breakdown of administrative expenses by category [%]



It is also noted that the contracts made by Intesa Sanpaolo and Intesa Sanpaolo Group Service appear to have been entered into for the most part with European suppliers:

### Suppliers by continent [%]



## EQUALITY AND TRANSPARENCY IN RELATIONS WITH SUPPLIERS

The principles of transparency and fairness laid down in the Code of Ethics adopted by the Intesa Sanpaolo Group and set out in the Group Procurement Guidelines, were the guiding principles of the Procurement management process reform initiated during 2015.

In particular, worthy of note is the setting up of the Procurement Operating Support Office, as the department in charge of the centralised administrative management of the orders, which allowed to strengthen both substantive and formal checks, in terms of coherence and consistency between ordered, authorised and contracted volumes, separating the issuance of orders from those held for trading.

The use of the e-sourcing Portal continued also in 2015 in order to ensure transparency and fairness principles: a platform that provides an online trading system and allows to impartially compare – with regard to the same purchasing event – a wealth of offerings, differentiating the evaluation of the technical and/or administrative part from the purely economic one. Thus, each supplier, through a special section, can view the status of the purchasing procedures and review the documents available, as well as post their offers.

In this perspective, the market benchmark ("Tenders") is currently the standard purchasing procedure, both in Italy and abroad, since it is the only one capable of allowing greater fairness and transparency in the management and consequent awarding of the purchasing event.

In Italy, the cases of use of "Direct negotiation" permitted only in cases of unplanned urgency or confirmed absence of a number of bidders and, in any case, subject to prior authorisation, were then regulated. During 2015 the total amount awarded through the use of direct negotiations decreased by about 44%.

## ASSESSING THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF SUPPLIERS

The feedback regarding the Suppliers' social and environmental responsibility was used as a parameter in the suppliers' pre-qualification and qualification stage. The e-sourcing Portal involves a registration phase in which candidates are asked to view Intesa Sanpaolo's Organisational, Management and Control Model (Legislative Decree 231/2001), Internal Code of Conduct and Code of Ethics. Should the registered members then become our suppliers, the contractual clauses to be signed include the Supplier's commitment to adhering to the principles contained in the abovementioned documents. During the registration process, the supplier is required to complete a questionnaire dedicated to social and environmental responsibility and upload the appropriate documentation to certify the fulfilment of the stated commitments.

At the end of 2015, there were 7,511 suppliers registered in the Portal in Italy, up by 40% compared to 5,300 in 2013. The suppliers who completed the registration and answered the questions on socio-environmental issues were: 4,366 in Italy, 238 in Croatia, 417 in Serbia and 175 in Slovakia.

An in-depth analysis of answers on social and environmental responsibility showed the following: 11% declare publication of a social and environmental report, 3% hold SA 8000 certification, 18% have a code of ethics or policies describing their social commitment, 12% hold environmental certifications and 7% have an environmental policy. Data in Italy all on the increase compared to 2014 that in any event show how the awareness raised by our Group on the subject for many years has now pushed our suppliers to be more sensitive to these issues. In foreign countries, although it started later in the awareness of its suppliers, it shows a good percentage of coverage of CSR issues.

### Situation of answers to the social and environmental questionnaire as at 31/12/2015 Italy

	No. of suppliers	[%]
The company publishes a social, environmental or sustainability report	477	10.9%
Presence of SA8000 certification	147	3.3%
The company has a code of ethics or policies describing its commitment	802	18.3%
The company holds environmental certifications	540	12.3%
The company has an environmental policy	324	7.4%

### Situation of answers to the social and environmental questionnaire as at 31/12/2015 Slovakia, Serbia and Croatia

	No. of suppliers	[%]
The company publishes a social, environmental or sustainability report	140	16.9%
Presence of SA8000 certification	9	1.1%
The company has a code of ethics or policies describing its commitment	238	28.7%
The company holds environmental certifications	121	14.6%
The company has an environmental policy	150	18.1%

In 2015, all Italian suppliers surveyed received a letter urging them to update the information and documentation uploaded on the Portal to prove the achievement of the commitments undertaken in the social, environmental and ethical area. The declarations made by suppliers and subcontractors were verified through a sample tracking system that focused on the contracts deemed most critical and/or important. The checks on compliance with social criteria required on the one hand, the review of the documentation certifying the technical suitability of the companies (registration in the Chamber of Commerce, Trades and Agriculture, submission of the Chamber of commerce company registration, the Certificate of Social Security Compliance) and on the other hand, the review of economic and capital strength and the absence of prejudicial events pending upon the Supplier.

The investigations on the fulfilment of the environmental commitments undertaken, such as energy efficiency, were instead aimed at verifying compliance with the contractual clauses following the regulatory changes.

Another line of action, which contributes to strengthening the broader activity of supplier monitoring, regards technical assessment of performance in the realm of ICT supplies of the ICT Systems Department. The initiative, based on a survey conducted internally within the same Department, is in its fifth year of operation and extends to a group of suppliers that in 2015 represented approximately 86% of orders by ICT Systems Department, for a total of approximately 283 suppliers assessed. The process involved the submission to 145 colleagues of a questionnaire for the assessment of suppliers in electronic format, distinguishing the evaluation on the basis of four categories according to type of service / product purchased (application services, infrastructure services, hardware and maintenance, software licences and maintenance). The answers to the questionnaires helped to identify any areas for improvement and to rethink the relationship with the supplier from a strategic point of view. In parallel, in the cases where the findings showed a failure to meet the contracted service levels, specific warning letters were sent to suppliers (57 letters in 2015).

At the level of office equipment purchases, it should also be mentioned that the Rules for the purchase of office equipment provide as a tender awarding criterion that the supplier be in possession of an environmental certification such as ISO 14001, ISO 9001 and EMAS. Compliance with the requirement is verified by a statement issued by the manufacturer and/or by the documentation accompanying the product targeted at the user which shows the availability of certification for the Company. Alternatively, a copy of the certification from the accredited certifying body is accepted.

It should be noted that, in view of the recent reorganisation of the Procurement Department, participation in training seminars organised by the consortium ABC Procurement and Cost Management

were planned with the aim to investigate, including in the form of thematic insights, the issues of Corporate Social Responsibility and Corporate Sustainability. In 2015 sixteen colleagues attended the workshop dedicated to social, environmental and ethical responsibility, called: "Responsabilità e pensiero sistemico" (Responsibility and systemic thinking), which will be replicated during 2016.

Lastly, the assessment of suppliers who register with the Portal has allowed us to set the bases for an approach increasingly oriented towards mitigation of the risk deriving from management of the supply chain. In 2015 a pilot project was conducted with the company EcoVadis specialising in the evaluation of social responsibility and environmental performance of the supply chain aimed at triggering a virtuous suppliers' qualification process. The project involved 57 suppliers belonging to different product categories for a total turnover of around 668 million euro. The response rate was very good, and none of the suppliers assessed were found to be exposed to "high risk" according to the EcoVadis framework.

Based on this positive experience it was decided to launch an internal working group, coordinated by the Supplier Qualification Coordination and Monitoring Office, aimed at integrating the e-sourcing Portal with a section devoted to the evaluation of socio-environmental risks, which allows to rank suppliers according to these types of risk and its monitoring over time.

In 2016, a contract board review will be launched to update the contractual clauses to the regulatory changes in the social, labour law and environmental areas and to standardise the contract templates on the basis of the newly defined product categories.

The International Subsidiaries also are increasingly sensitive to these issues in relation to their local suppliers. Banca Intesa Beograd, for example, has introduced a CSR questionnaire in the tender invitation letters, divided into 5 areas: governance, customer relationship, workplace, environment and community. The scores obtained in CSR practices are of key importance in the supplier selection process.

Banca Intesa Russia, on the other hand, uses a preliminary CSR questionnaire whose answers, combined with the other criteria, form the supplier's overall rating.

The Hungarian CIB Bank, during the supplier selection process, in the event of equivalent offers, gives priority to suppliers with better practices from an environmental responsibility point of view. This approach is communicated to the supplier upon invitation to tender. For some contracts, based on the procurement type, it requires suppliers to make their operations transparent in terms of employment and payment practices. For other types of supply, occasional inspections are envisaged, when needed.

## HEALTH AND SAFETY OF SUPPLIERS OPERATING ON OUR PREMISES

The activities of Intesa Sanpaolo's Prevention and Protection Department refer not only to employee protection but also to the protection of suppliers conducting their activities on Bank premises. The activities consist in sharing current Health and Safety rules with them, ensuring that their employees operate according to suitable standards and guaranteeing that no risks arise from interference between the activities of the various suppliers and those of Bank staff.

In 2015, in order to reduce the risks to the health and safety of the personnel working on contract for the Bank, an inspection was conducted on about 400 properties associated with credit impairment and recognised as held until their permanent disposal. The results of that inspection, carried out on site, led to the drafting of a document for each site containing the accident and environmental risks, which was delivered to both maintenance work contractors and, for the first time, to the firm in charge of the inspection service. At the same time, a specific course to this end was attended by the Bank employees who will be required to accompany the maintenance operators in their works.

Finally, a new initiative is being planned with the aim to integrate the formal verification system of the technical and professional suitability of businesses and self-employed workers, with substantial elements identified through the reports of the officers in charge and the audits conducted on the field by the Prevention and Protection Service.

## RELATIONS WITH THE COMMUNITY

The Intesa Sanpaolo Group takes a responsible and active role in support and collaboration within the local areas and communities in which it operates. It also promotes and implements international projects in areas in difficulty.

The Group's commitment in the community takes on various forms, such as: donations, aimed at handling temporary situations of difficulty in the regions as well as for long-term solidarity interventions; sponsorships supporting various projects; substantial investments in art and culture; volunteer initiatives and programmes involving employees of some of the Group's International Subsidiaries.

### 2015 CONTRIBUTION AND BREAKDOWN

In 2015, the Intesa Sanpaolo Group recorded overall contributions to the community, measured based on the model of the London Benchmarking Group (LBG), of 56.7 million euro, representing 1.23% of the income before tax from continuing operations<sup>1</sup>.

The majority of the contribution is paid in cash and the 2015 amount was 53 million euro (93.6%), while 0.1% consists of time contributions and 6.3% of management costs (personnel, administrative and communication expenses).

Total contributions to the community by type in 2015	[thousands of euro]
Monetary contribution to the community	53,031
Goods and services donated to the community	2
Time contributions	70
Operating costs	3,550
<b>TOTAL</b>	<b>56,653</b>

Cash contributions are classified based on the reason and broken down as follows:

- 40.9% consists of commercial initiatives (mainly sponsorships) with community benefit, contributing to social causes while simultaneously promoting the Intesa Sanpaolo brand and business.
- approximately 51.2% consists of community investments – contributions characterised by long-term plans and/or strategic partnerships and/or of significant amounts – up 16 percentage points from 2013, as concrete evidence of the increasingly strategic activity of the Group, oriented toward long-term collaborations that ensure a real benefit and value for the local area.
- the remaining 7.9% consists of charitable gifts, of an occasional nature and for small amounts, including match giving initiatives (donations by the Bank during fund collection campaigns, combined with the donations of employees or customers).

<sup>1</sup> Income before tax from continuing operations, totalling 4,597 million euro, presented in the reclassified income statement of the Intesa Sanpaolo Group.

## SUPPORT TO CULTURE

### PROGETTO CULTURA

Attention to art and culture is a priority element of the strategy that drives the community supporting activities. Progetto Cultura, a strategic reference framework containing the multi-year planning of the Bank's cultural initiatives, has several objectives. On the one hand, it aims to encourage use by an increasingly large public of its important artistic, architectural, publishing and documentary heritage, coming from the history and tradition of patronage of the financial institutions that have become part of the Group. On the other, it aims to contribute to safeguarding Italian cultural heritage. Promotion of the Bank's artistic heritage is implemented along various lines: study and scientific cataloguing of the works; restoration activity; museum projects creating permanent displays of a part of the collections; planning and organisation of temporary exhibitions; support of scholarships for training opportunities and the search for youth in collaboration with the Universities; loan of works to temporary exhibitions.

As regards exhibitions, "The Great War" has seen the involvement of the three museums of the "Gallerie d'Italia" of Milan (Art and artists on the front), Naples (Society, Propaganda, Consent) and Vicenza (Injured places and art). With more than 450 works exhibited globally, many of which have never been shown to the public, coming from more than 50 public museum institutions and 30 private collections, it provided an insight into the artistic themes of the historical period that preceded, comprised and followed the conflict and established itself as one of the most impressive initiatives proposed at the national level and on the scenario of the activities dedicated to the celebration of the centenary of the First World War.

The exhibition on Francesco Hayez at the "Gallerie d'Italia" of Milan entailed a display of about 120 works from about fifty public museums and thirty private collections, and is the most comprehensive and updated exhibition dedicated to the artist over the last thirty years.

The Galleries of Palazzo Leoni Montanari presented the exhibition "Dionysus. Myth, ritual and theatre", a new selection of Greek and Great Greek ceramics from the fifth and fourth centuries BC which are part of the Intesa Sanpaolo's collection.

The "Portrait of a Man", a masterpiece by Antonello da Messina, was displayed to the public at the Galleries of Palazzo Zevallos in Naples.

Also in 2015, the Gallerie d'Italia proposed many **paths and initiatives dedicated to disadvantaged and vulnerable groups**: free guided tours dedicated to people with visual impairment, Alzheimer's patients, people with cognitive disabilities, visits and educational workshops for immigrant mothers with their children, refugees from various backgrounds, pupils of primary schools in high social risk areas, with a focus on integration and intercultural inclusion initiatives (together with FAI). The Milan museum became part of the list of "accessible" regional museums and the museum staff participated in the "AccessibilMente" regional training programme in order to develop specific skills.

With reference to the educational commitment of Progetto Cultura, the Gallerie d'Italia have renewed the free offer to schools for cultural guided tours, which also include workshops and recreational activities. It is worth noting in particular, on the part of the Gallerie d'Italia - Palazzo Leoni Montanari, the activation of some courses dedicated to hospital schooling and the continuation of a series of proposals dedicated to families, including games and creative activities, as well as the thematic itineraries "Art and memory" dedicated to the elderly.

Of great importance was also the commitment to the promotion and preservation of national cultural heritage, developed for twenty-five years, with the **Restituzioni Project**, which to date has enabled the recovery of more than a thousand works preserved in our country with the involvement of competent public protection bodies as partners in the programme, along with local authorities, universities, academic departments, ministries, research institutions, to promote Italian excellence in the field of restoration. In the field of national cultural heritage protection of particular relevance is the radical restoration, financed by Intesa Sanpaolo, on the house where Alessandro Manzoni lived from 1813 to 1873, in Milan between Piazza Belgioioso and Via Morone.

**The Historical Archive**, with the aim of involving an increasingly wide audience - increasing both remote use and access to the study room - has opened a multimedia section and digital library and expanded the range of guided tours, lectures, professional seminars and conferences.

The cultural development objectives implemented by the Historical Archives were focused on accessibility goals (with a further enhancement of access to sources), enhancement and prevention of dispersion/new acquisitions (with extensive activities of protection of territorial inventory archives and restorations).

Work also continued for the acquisition of documents, photographs, videos and objects and also valuable private funds.



Equally significant is the work in the **publishing and music industry**, with the aim of spreading knowledge of the library assets and the various musical genres, also with targeted initiatives at educational level. Among the most important publishing projects, the multimedia Vox Imago series, dedicated to spreading the knowledge of opera, the historical and architectural study guides of the Group's historic sites and the "Musei e Gallerie di Milano" series, scientific cataloguing of the city's artistic heritage. As regards education, numerous courses were organised for disabled children and teenagers and study meetings open to the public.

In parallel to the Vox Imago series, since 2012 the Bank has supported an innovative educational project for teachers, which aims to introduce young people to opera with historical and musicological insights to be included in new interdisciplinary courses in the ministerial educational programming. The training project, which involved more than 600 teachers of lower and upper secondary schools in different cities, attained recognition from the Ministry of Education, University and Research in 2015.

In addition, a new editorial series was launched for young boys and girls in Italian and English, namely ArtèGioco, with a first publication devoted to Hayez, narrated and richly illustrated with the aim of making the younger audience more familiar with the Group's artistic heritage.

With the aim of contributing to a wider dissemination of musical culture, Intesa Sanpaolo's support in favour of recognized entities and associations for the organization of festivals and concert seasons continued. These initiatives included programs and projects that ideally run through the different musical genres, from ancient, to classical up to contemporary, with a specific focus on education initiatives for the community.

## DONATIONS

84% OF  
CENTRAL  
NATIONAL  
SUBSIDIES IN  
FAVOUR OF  
VULNERABLE  
GROUPS

In terms of donations from the Intesa Sanpaolo Charity Fund, the Plan approved annually by the Group's Supervisory Board defines, both in terms of quality and quantity, the areas of action and the priority donations, whether non-recurring or classified as investments in the community. In

particular, the 2015 Plan confirmed the strategic focus on national and local projects with a significant social impact in favour of more fragile individuals, hit hardest by the economic crisis, with the objective to allocate over 80% of national contributions. In 2015 this target was amply exceeded and, net of the international intervention in favour of poor countries, the national central subsidies went for more than 84% in support of vulnerable and weak groups (basically in line with what was achieved in 2014, and up from 77% in 2012) and entailed different types of action: aid for the disabled,

solidarity, social inclusion, fight against poverty, training and employment opportunities for disadvantaged people and health initiatives in the field research and assistance to the sick.

Also at the level of territorial donations, the same shares exceeded the targets set (over 60%), with an incidence on the total amount equal to over 65%.

The commitment to the community thereby contributes to reducing the social and economic inequalities that are increasingly common in communities where the Group operates, due to the economic and financial crisis. The objective is to reinforce a social cohesion model that is also functional to the long-term results of the Group.

Moreover, there was a strong focus on local donations, managed autonomously by the Regional Departments of the Banca dei Territori Division, which allow branches of Intesa Sanpaolo and banks without their own charity fund (or with a fund characterised by insufficient resources) to integrate the traditional role of "territorial bank" with a considerable philanthropic, social and cultural commitment.

Among the various initiatives, there was an experimental project on the area of Milan (with possible extension to other territories), for combating social fragility, which is characterised by the possibility of channelling resources to increase the number of meals for the benefit of needy people and, in the medium term, to activate systems to enable reintegration into employment of disadvantaged individuals. The initiative involved numerous non-profit organisations dedicated to charity and to support those in need in the Milan area in order to enable, in a medium-term perspective, the generation of 100,000 new meals a year for poor people thanks to the contribution offered by the Group, by employees and the citizens and entrepreneurs adhering to this social responsibility commitment.

In addition to this was the commitment made towards six particularly active Associations in the Milan metropolitan area in tackling the food emergency problems of the poorest, selected with the help of the Foundation for Innovation in the Third Sector - FITS in order to create social value and ensure the most effective impact on the welfare of the community.



## COMMERCIAL INITIATIVES WITH COMMUNITY BENEFIT

Also for 2015, Intesa Sanpaolo's commitment in the context of commercial initiatives targeted at the community takes place in the context of close synergy and trust with local and national bodies and institutions for the implementation of initiatives and events in the cultural, artistic, social and sporting field. This commitment confirms the belief of being able to intervene on the community in a positive way, not only on the classic economic drivers of business competitiveness, but also in terms of support to the cohesion and vitality of the territories and also in the inclusion of young people and women in the job market.

The Group's activities were mainly aimed to pursue the following objectives:

- safeguarding and enhancing the country's cultural heritage, by promoting and sharing the Group's artistic heritage with the public, supporting the main cultural and music initiatives and making them accessible to a wide and varied audience. These activities include, for example, collaborations with theatres and cultural festivals - including the MITO International Music Festival and the project The Places of the Heart made with the FAI-Italian Fund for the Environment which in 2015 triggered a series of activities that led to the identification of 23 interventions in 10 Italian regions on places of the heart reported by the 2014 survey;
- supporting research to promote new opportunities for economic and social development through collaborations with leading foundations and institutions like the Toniolo Institute with the 2015 Youth Report, the Einaudi Center and the Community Media Research for LaST research (Laboratorio sulla Società e il Territorio), a survey designed to record values, guidelines and expectations of Italian people towards quality of life, good citizenship, forms of social and community cohesion;
- promoting sustainability as a value for businesses and a confidence factor for customers through participation in initiatives within the scope of Corporate Ethics and Social Responsibility;
- supporting social hardship through targeted initiatives such as the Giornata della Colletta Alimentare (Food Collection Day) that the bank has supported for years and which in 2015 collected 8,990 tons of food distributed to more than 8,000 charitable organisations for support to about 1 and a half million people in need;
- promoting the inclusion of women in the workplace through the support of the innovative WorkHER web platform that facilitates the interaction between women and work (see the Internet site "Support for production");
- promoting the value of sport, mainly among young people, highlighting the importance of universal values like dedication and commitment in exceeding one's limits, principles shared also by the best business culture. In 2015 we report the partnership with Progetto Junior of Armani Basket Milano and the support to the University Master's Degree, level I, in Sports Business Strategies organized by Verde Sport in collaboration with Ca' Foscari University of Venice.

# Human capital



This capital includes the expertise, skills and experience of the people that work for Intesa Sanpaolo. The motivation to innovate, the sharing of ethical values and the commitment to improving our processes and customer services are fundamental for our Group.

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## RESOURCES

87,642 employees\*  
 36,665 university graduates  
 46,642 women  
 31.9 million euro invested in training  
 Professional development platforms

## RESULTS FOR THE BUSINESS

Personnel expenses: 5.3 billion euro  
 Training hours: 4.1 million  
 Overall, 2,023 employees took part in the assessments, 46.8% of which women

## IMPACTS ON STAKEHOLDERS

85,152 employees with permanent contracts  
 2,842 new hires  
 1,551 new hires under 30 years of age  
 6,006 promotions  
 23% of all management staff female  
 Development of personal skills  
 47.1 hours of training per employee

\*Sustainability Report Boundary

## JOB PROTECTION

Employment is one of the priority areas in which we are working to motivate and engage people in terms of flexibility, efficiency and productivity.

In 2015 the Group, which has over 87,600 employees, recruited 2,842 people (792 in Italy and 2,050 abroad). At Group level the number of women reached 53.2% and the investment in the future through the introduction of young resources, over 1,550, continued in line with company objectives.

The Group workforce turnover rate of -1.36% is in line with the planned structural action.

In terms of job protection, one of the goals of the Business Plan is the reabsorption of 4,500 employees between 2014 and 2017 onto priority initiatives; 4,230 had already been reabsorbed by 2015 (95% of the 2017 goal), on the understanding, however, that the reabsorption process can only be considered as consolidated when the Business Plan income and asset goals have been achieved. For Intesa Sanpaolo, the speed of the requalification and reassignment process is very important so that those in new roles can begin to play an active role in helping to achieve the goals of the Business Plan.

## EMPLOYER BRANDING AND RECRUITING

The Bank's partnerships with leading Italian universities in the area of career guidance and recruitment continued in 2015. Numerous Employer Branding activities were carried out in Italy and abroad with the aim of supporting students and graduates as they take their first steps in the working world: internships and career guidance placements, the career days, the meetings and workshops held by employees from the various Group companies and the sponsorships and study grants for specialist post-graduate Master's degrees are the main ways in which the Bank supported talented young adults entering the job market in Italy and abroad.

More specifically, 50 initiatives were organised at academic institutions and on Bank premises, in Italy and abroad, with the involvement of around 80 employees from the various Group companies in the role of Employer Ambassador. Furthermore, 175 internships were offered. The activities to strengthen Intesa Sanpaolo's reputation as an excellent place to work in Italy and abroad continued on LinkedIn, as suggested by the strong growth in the number of followers of the company page (+ 75% in 2015 compared with 2014). During the year, 644 expert candidates identified via this channel were assessed during the recruitment phase.

Intesa Sanpaolo was the leading bank in the "InDemand" Top 50 Employers ranking, which classifies the most sought-after companies on the basis of the interactions of professionals registered on LinkedIn. The areas considered include: level of engagement, interaction with internship and job opportunities published, and the number of people reached by the content.

## EMPLOYEE ENHANCEMENT

The Business Plan identified the development and motivation of people and the strengthening of their sense of belonging as some of the key levers for meeting the Group's strategic objectives. This approach materialised through the free issuing of Intesa Sanpaolo shares and the possibility of accessing investment plans (LEICOP Plans) that enable employees to participate in sharing the value created during the course of the Business Plan. A significant commitment was also made to investing in actions and processes to drive the engagement and motivation of people, developing concrete ways of promoting merit, professionalism and expertise with targeted growth projects and paths for motivated and talented people. Value was created through an industrial relations system capable of maintaining social cohesion and developing innovative, sustainable solutions focused on the enhancement of the integrated welfare system for employees and their families. Finally, we continued to invest in ongoing training, focusing on important projects in support of the Bank's strategic decisions.

## ENHANCING AND MOTIVATING

### ONAIR: 1,475 PROFESSIONAL DEVELOPMENT PLANS

The "On Air" platform for the professional management and development of the Group has been extended to all employees in the Parent Company Head Office Departments and Banca dei Territori Division. On Air promotes employee motivation through a structured process of self-nomination for assessment procedures, which are followed by personalised enhancement and empowerment plans aimed at stimulating professional growth and development. The platform ensures the constant monitoring and enhancement of people as part of a process to develop employees so they can cover managerial roles in the future.

Individual motivation is therefore the distinctive feature of On Air, the basis for identifying merit and launching professional development paths that respect the values of inclusiveness and promotion of diversity. In 2015, the assessment activities involved over 1,300 people with the launch of 1,475 development plans (also relating to assessments carried out in 2014). Managerial assessment activities continue in parallel.

In response to the evolution of the context and the appearance of new roles, and thanks to the mapping of the expertise, skills, motivation and attitudes voluntarily made available by people in On Air, the "Direct Job Offering" process became fully operational and made it possible to carry out targeted job search campaigns based on the profiles of open positions and the expertise required in the Company. According to a "corporate job market" logic, it was possible to create cross-department growth opportunities for interested and motivated employees. In 2015, 2,046 employees were contacted.

A Managerial Assessment project, primarily aimed at

second line managers of the International Subsidiary Banks, was also carried out in all the International Subsidiaries within the scope of consolidation, for a total of 286 managers. The results of the assessments have already been communicated to all the companies that took part. The aim of the project was to highlight the target population's compliance with the new Group managerial expertise model and define development initiatives in line with the improvement areas underlined by the assessment at both individual international bank and cross-country level. In line with the action taken in Italy, in order to locally support managerial development, the International Subsidiary Banks were given a tool, called 'International Consequence Management', which makes it possible to create courses to strengthen the expertise considered improvable by the Assessments.

Through a specific dedicated structure, it is possible to contribute to developing and disseminating throughout the Group a culture of recognising and promoting merit and talent, making today's managers aware of the importance of respecting the growth and development of tomorrow's managers. To this end, a **Group Talent Management System** is being developed with the aim

of contributing to the identification and development of the next generation of managers through specific training initiatives and development paths, also at the international level, designed to create highly expert specialist and managerial figures. In this initial phase, the system will focus on enhancing talented individuals with specific qualities already present in the Group, guiding them towards more complex roles.

Human resources development continued in the business Divisions in 2015 also by way of specific initiatives. As regards the Corporate and Investment Banking Division, the attention was focused on projects to enhance areas of excellence ("Compass" project), and individual development programmes ("360° managerial feedback") with around 200 assessments carried out in all. 2015 also saw the continuation of the empowerment and career guidance project for younger members of the Division ("Imagine"), with the involvement of around 45 employees, their managers and the Division's Human Resources team. Since 2009, the year the initiative was launched, more than 500 people have been involved in the project.

### INTERNATIONAL CAREER PATHS

Intesa Sanpaolo seeks to develop and motivate its people also through the creation of international and inter-departmental career paths. International mobility is therefore currently regarded as a strategic management tool both for the development of the skills and expertise of resources and for the strengthening and consolidation of a common culture at Group level.

2015 saw the continuation of the "**Brain Swap**" project, a 15-day cultural and professional exchange experience for people belonging to the Corporate & Investment Banking Division. Brain Swap is a training initiative that increases sharing, business collaboration and synergies between the head office structures and the international network. Since 2012, the year the initiative was launched, 75 participants and 48 Tutors have been involved.

2015 saw the final on-the-job training courses of the "Mlpath" project, which aims to create and implement international training and development courses dedicated to employees of the International Subsidiary Banks. A total of 45 courses were held as of 2014. Following the same format, a number of individual courses were held for Department Heads in the International Subsidiary Banks Division, in line with the organisational review aimed at implementing the service model.

### PERFORMANCE ASSESSMENT

The new "PerfoRmer 2.0" performance assessment system is based on qualitative performance indicators that are more concrete and in tune with the less technical language of our employees. The indicators are expressed on a qualitative scale with five levels of effectiveness. A new assessment form for departmental managers is also available: Branch Managers and Area Managers of the Banca dei Territori Division Network, Office Managers in the Head Offices, Divisions, Business Units and Product Companies.

Also new is the People Portfolio Management which, through a matrix dedicated to the Manager, associates

performance (final summary judgment) with leadership styles: the aim is to support and guide the managerial actions of Managers towards the issues of the evolution and growth of employees and to strengthen the importance of the dialogue between the Manager and their Staff, which is key to their professional development.

PerfoRmer 2.0 was presented to the Trade unions in late 2015 and will be operational from January 2016 right across the Group, including the international HUBs. To this end, a specific IT platform that adopts all of these evolutions has been developed and the training provided to managers and human resources

specialists on the principles, processes and tools of the new assessment system is now nearing completion. In the International Subsidiary Banks, the “Global Performance System” has gradually been implemented to assess performances in the various employee segments: Managerial, Non Managerial and Network. The system is inspired by principles of impartiality, merit and the long-term sustainability of the results achieved, and aims to promote the dissemination of a culture of performance based on the assessment and recognition of individual merit.

The monitoring and support phase for the implementation of the system, which currently manages all the employees of the International Subsidiary Banks, ended in 2015.

## LEADERSHIP STYLES

The aim of the “**Feedback 180**” project is to strengthen leadership styles and generate widespread long-term involvement by entrusting people with responsibility. This stems from an understanding that, as well as strategic choices, nowadays success is connected to people’s ability to change and adapt their behaviour, making decisions based on the customer’s needs and accepting challenges and responsibility. The “Feedback 180”

project is a development course focused on leadership skills that has made it possible to define and acquire an understanding of the prevalent leadership styles, supporting managers in the evolution of their leadership approaches to make them more consistent and effective with regard to business challenges. In 2015 the project was extended to the first line managers of the Banca dei Territori Division (Department Heads and Regional Managers), Sales Managers and Area Managers as well as to the Legal Affairs Head Office Department - ISGS Group General Counsel, with the aim of developing a culture of ongoing and structured dialogue between managers, providing precise indications on possible actions for improving management style and the factors that impact on corporate efficiency. “Feedback 180” involves an initial cross-assessment phase (assessment and self-assessment) relating to the quality of leadership actions and how these impact on corporate efficiency. This is followed by a look at the results and a discussion on the strengths and the areas for improvement that emerged. The course then involves the definition of individual and group development and empowerment plans, and monitors the changes and improvements that occur over time in terms of leadership styles and corporate efficiency.

## IMPARTIALITY AND VARIABLE REMUNERATION

The preliminary meetings for the definition of the Variable Results Bonus were held in 2015 and ended in October with the signing of a specific agreement included in the Intesa Sanpaolo Group second-level collective labour agreement. The Variable Results Bonus was introduced on a trial basis for the 2015 financial year, replacing the Company Bonus and the Incentive System for Clerical Staff and Middle Managers on permanent contracts and including apprenticeship contracts. The main goal of the Variable Results Bonus is to recognise everybody’s contribution to the achievement of the 2014-2017 Business Plan, connecting productivity and profitability at Group and Division level more closely with the variable remuneration of each resource also on the basis of role or seniority. The Variable Results Bonus comprises three amounts:

- the base bonus, primarily designed to reward all Group employees for their collective contribution to achieving the results outlined in the Business Plan, as well as to support those with lower salaries as part of an internal equality policy. Given its “participatory” nature, the base bonus is independent of the contractual agreement and the professional role held or the seniority accrued;
- the additional bonus that recognises the contribution made “by role” to the results of the relevant department and varies according to the role or seniority and the professional category;
- the excellence bonus, which rewards individual merit and the distinctive contribution made to achieving the team’s results.

### 1,000 NEW MANAGERIAL ROLES IN THE BANCA DEI TERRITORI DIVISION

In the Banca dei Territori Division over 1,000 new managerial roles have been created offering professional growth opportunities to the Bank’s employees, who have been promoted to roles with greater degrees of responsibility and with

important performance and customer development goals. This was also possible thanks to the new service

and organisational model that made it possible to focus more closely on the market, strengthening customer relations. In each of the seven existing regional governance centres, three specialised “commercial areas” – Retail, Personal and Corporate – have been identified to improve service levels, maximising the specific skills of employees.

## THE VALUE OF DIVERSITY

The Intesa Sanpaolo approach revolves around inclusion and non-discrimination. These values underpin various corporate projects and instruments developed to improve the company's performance, promote female talent and contribute to the life-work balance of all Intesa Sanpaolo employees. It represents an informed approach to the management of diversity in the business place, whether these differences relate to culture, ethnicity, age, gender or different abilities. The diligence with which the practice of including persons with disabilities is managed has gained recognition from Italy's leading national organisations and associations: in March 2015 Intesa Sanpaolo was rewarded with the "Diversity & Inclusion

Award DiversitaLavoro", which is given to companies that promote policies to provide work for persons with disabilities, aiming at enhancing talent and skills.

In this context, the "Sexual orientation and identity diversity regulations" have been adopted, which require the relevant Departments to define operating procedures, beginning with unions between people of the same sex, in registered partnership situations or situations regulated by legal systems recognised by the Italian system, to provide them with the benefits foreseen by company regulations or similar benefits, also offering paid casual leave to employees in same sex unions or registered partnerships.

### THE INCLUSION WORKING GROUP

Promoted by the Corporate Social Responsibility Unit, this working group, which involves various company departments, sought to integrate the management processes and work tools with an acknowledgment of the diversities present within the Bank in order to identify potential new action areas. As a result, it was possible to share the needs, good practices and new solutions relating to visual impairment. Many initiatives were adopted for the inclusion of employees with disabilities. More specifically, visually-impaired or blind employees can take advantage of a technology platform designed to support their activities that allows them to independently access their email, browse the Internet and use office automation products; courses were held to meet the training needs that emerged following an analysis of the requirements of employees with disabilities, with two workshops on the service model involving 153 colleagues (63 with hearing disabilities and 90 with visual impairment). Training initiatives were held to raise the awareness of specialist staff on the theme of inclusion and to combat possible prejudice, conflict and marginalisation. Twenty-six employees took part. The collaboration with the LIA Foundation (Libri Italiani Accessibili or Accessible Italian Books), which has been working with Associazione Italiana Editori and with the Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) for years, continued. In addition to making all the main social responsibility documents - Code of Ethics, Sustainability Report and the 'Quaderni' workbooks - accessible, in collaboration with the LIA Foundation, the Bank structured and ran a training course for 8 colleagues on the path towards accessible communications.

The Insurance Division developed initiatives to optimise the skills of senior employees, who acted as internal speakers on issues of particular interest: products, pension schemes, payslips and time cards. 328 employees took part in the initiative.

## TRAINING

In accordance with the Business Plan, the 2015 Training activities focused on updating the skills necessary for the ongoing consolidation of the company's expertise, and specific support for change, with projects designed to support the evolution of the banking sector and the needs of customers without neglecting the expectations of all stakeholders. In fact, the Bank continued to invest in the organisation of custom training initiatives dedicated to enhancing the skills of all Group employees, in Italy and abroad, through constant support for the evolution of the roles in the various professional areas and the focus on improving the ability of the people to adapt to continuous change and the new service requirements.

In 2015 the LED protocol was once again applied as the standard for planning all new courses included in the permanent and custom training catalogue with the ongoing monitoring of the management and development of social learning platforms supporting the various "learning" communities (Managerial and Professional). This was accompanied by an evolution of the distance training methods with the continued production of single teaching units that could be freely chosen by users as required ("ready to use"), also developed in association with the users themselves through the "rapid learning" lessons. In addition, some courses recreate virtual situations in which colleagues can verify their knowledge/behaviour before examining in greater depth only the content deemed necessary based on their answers in an adaptive learning context. In 2015 the remote classroom became a regular training channel and more investments were made for the recording and production of training videos. Through the remote classroom channel it is also possible to



hold seminars with a maximum of 250 participants in training rooms with 30 participants with high levels of interactivity (shared blackboard, surveys etc.) and with synchronised and non-synchronised video lessons.

The "Flexible Work" project (see "The quality of life in the company") was supported by special training that was provided to all managers and resources involved in the trial. Half-day classroom sessions were held for managers, while online training based on informative tips, the in-depth analysis of different themes and educasts was provided for all employees (over 3,000 at the end of 2015). The courses were preceded by a number of in-depth project focus groups (around 40 people were involved in two classroom days).

### FOR A BANK SERVING HOUSEHOLDS AND BUSINESSES

ABOUT 4,400 PEOPLE INVOLVED IN A CHANGE MANAGEMENT TRAINING PLAN

Many training initiatives have supported the development of the skills required to improve the quality of the service provided to Household and Corporate customers.

2015 saw the continuation of the training and change management programme "Insieme per la crescita" for the spread of excellent service practices across the Banca dei Territori Division, which can improve both customer satisfaction and the satisfaction of the employees directly involved. A team formed of Network personnel identified indispensable, virtuous and ethically responsible behaviour to develop and promote with customers. The practices identified stemmed from a process of definition and sharing with the people affected by the change of the model, through specific focus and exchange workshops. The behaviour identified takes account of five macro activities that take place in branches: welcoming, transactions, relations, development and management/coordination. As well as classroom training activities, the project is supplemented with the online "Pro" platform dedicated to the Network professionals who, in this initiative, help participants to effectively implement what they shared and learned, and to explain and discuss good practices. The aim is to improve business results and customer and employee satisfaction, and to this end constant monitoring is carried out using specific indicators. In 2015 the model was extended to all remaining branches. In 2015 there were 28,500 unique accesses to the platform.

To refocus the service model on the Retail, Personal and Corporate areas a change management training programme was launched, which involved around 4,400 people.

In fact, the strong emphasis on innovation and the multi-channel approach, as well as the significant managerial exchange introduced by the new model required a development of a new operating method both within the Regional Governance Centres and among the various areas and the Bank's customers. In this context, the training initiatives were personalised, in terms of method and content, for the various Banca dei Territori managerial figures: Regional Managers, Area Managers, Sales Managers and Branch Managers. More specifically, Branch Managers received three days of training each: the first two were entitled "Working together to serve the customers" and focused on leadership and the need to adopt managerial practices in tune with the ongoing transformation of the market, labour and customers; the third, called "Me and my team", focused on the need to plan staff relations on a daily basis, adopting management styles that fit with their professional growth and maturity and with commercial action requirements.

Again focused on serving the customers, the "Integrated multi-channel approach" project is designed to strengthen the integration between branch activities and the digital channels, and transfer the ability to provide customers with new remote services and products. All the new instruments available were examined through specific online training lessons. A social learning platform then made it possible to widely disseminate the training content (making written communication more effective) and, through chats and social instruments, to share successful and widespread "multi-channel" experiences. The PRO platform on integrated multi-channel issues was accessed 16,661 times.

5,000 PEOPLE INVOLVED IN A CHANGE MANAGEMENT TRAINING PLAN

## VIVIDIGITALE - SPREAD OF DIGITAL CULTURE

The growing digitisation of customer interaction, a process that has been ongoing for some time in all sectors, calls for new service models and an important evolution in the role of the Bank. The 2014-2017 Business Plan will enable the Bank to be competitive in the new macroeconomic scenario, confirming its leading role in Italy, the Group's key market, and strengthening its competitiveness in the most important international markets. To support these goals, it is necessary to invest in the ongoing development and improvement of the digital skills of our people and customers. In April, a working group was set up which, through a brainshop, defined initiatives that were launched in the Banca dei Territori Division in the second half of the year with the aim of supplying training activities that supplement traditional activities with new methods of engagement in order to increase the ability of Branch network employees to exploit digital services and technologies and, at the same time, helping customers to become more familiar with the Bank's digital services.

As regards the extension of the training offer to the International Subsidiary Banks, in 2015 the initiatives aimed at developing innovative global management skills continued, fostering the integration of corporate behaviour throughout the Group and breaking down cultural barriers with classroom and remote initiatives. More specifically, in 2015 the two focus issues were credit, through the "Advisory Opinion" course which involved 195 employees from all the International Subsidiary Banks, and language training, with the "WEnglish" initiative, a 6-month programme that includes e-learning activities and live sessions with coaches. The initiative involves 10 international banks and 211 employees. As regards the development of courses on the e-learning platform in the four Subsidiaries that use the Group platform, 92 local courses were held on various subjects - Anti-money laundering, Risk, Credit, Products and Services, Commercial Approach etc. - and 5,748 people took part. The use of the managerial catalogue also continued, even in support of the post-managerial assessment phase. Indeed, it was extended and now covers 20 courses consistent with the Group's model of expertise.

## A CULTURE OF RISK AWARENESS

The culture of risk governance and the risk control system has strategic importance and must occupy an increasingly important position on the company's scale of values. The culture of risk awareness and controls does not only regard the company departments dedicated to monitoring this area, but involves the entire company (governing bodies, structures, organisation levels, employees). To spread this culture and increase the awareness of these issues, various training initiatives were planned with the aim of involving all the company employees in a gradual and targeted way. The initiatives are supported and enhanced by a special section dedicated to risk awareness and control systems on the Regulatory Training portal. Alongside the permanent offer, available through the two "learning gateways", the Management School and MiaFormazione, the employees of the various

Bank Departments were involved in over a hundred custom projects. Multiple managerial and behavioural themes were addressed, including, for example: business collaboration, leadership, teamwork, ageing, managing complexity, wellbeing and resilience.

In 2015, "Master Class" - the skills acceleration and development project that involved 22 colleagues - focused on Compliance themes and was developed in association with SDA Bocconi (School of Management). The project consists of a 6-month accelerated training and development course, structured into a dynamic sequence of technical and on-the-job training with periodic sessions to monitor the level of learning and proficiency demonstrated during the field activities and projects in the Departments. At the end of the course SDA Bocconi awards participants a certificate attesting the skills they have acquired.

"Dimensione Impresa" is a modular training plan designed to accompany the introduction of the new service model for businesses. It is designed to foster significant growth in technical expertise and "advanced" management behaviour in relations with Corporate customers. The ultimate goal is to generate a virtuous advisory and business cycle that benefits all stakeholders and spread a culture that is able to detect the extent of risk in preventive as well as final terms. For this purpose, training projects were launched in the Banca dei Territori Division that enable Managers to continuously provide entrepreneurs with partnership services aimed at anticipating both risks and opportunities in complex and dynamic contexts.

## THE CULTURE OF RESPONSIBILITY

With a joint project between the CSR Unit and the Training Department, the activities to transfer knowledge and develop the awareness of specific sustainability issues, with a focus on disabilities, the supply chain, the Equator Principles and the environment (see "Natural Capital", page 126), continued in 2015 as well. In terms of disabilities, courses were organised directly for interested parties and, more specifically, employees with visual and hearing disabilities, to satisfy the training needs flagged up by a survey: workshops dedicated to the Bank's new service model were held, involving 153 employees (63 with hearing disabilities and 90 with visually impaired employees).

Again in relation to disabilities, 26 specialist employees from the Human Resources Department were invited as speakers for an experience designed to raise awareness on the theme of inclusion and combat possible prejudices, conflicts and marginalisation. Together with the LIA Foundation, which has been working with Associazione Italiana Editori and with the Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) for many years, a training initiative dedicated to 8 communication specialists was organised so that they could learn how to produce accessible documents.

With a view to developing a systemic ability to interpret contexts and complexities and fostering a culture rooted in the ethical and responsible management of the supply chain, a pilot project involving 16 colleagues from the Procurement Department (10 buyers, 2 focal points and 4 staff) was launched: the method employed focused on the analysis of concrete cases to make the approach shared in the classroom immediately applicable to day-to-day activities. To mark the entry into force of the new provisions of the Equator Principles III, a specific training programme was organised with three classroom training sessions on the application of the Operating Guidelines in force at the Parent Company to the financing of real projects. At the same time, a webinar was held in both Italian and English using a less technical language. Around 1,500 people took part in Italy and abroad.

Following the 2015 assessment on the implementation of the Code of Ethics according to the ISO 26000 Guidelines together with the International Subsidiary Banks Division, a number of areas of improvement were identified in terms of coordination, the extension of common instruments and the strengthening of monitoring activities, as well as the continuation of activities to spread the culture of responsibility among managers. The improvement initiatives launched towards the end of 2015 included the gap analyses, audits designed to strengthen the supervision of health and safety in the workplace, which between December 2015 and January 2016 involved two International Subsidiary Banks (Banka Koper and Intesa Sanpaolo Bank Albania), and initiatives for the integration of ethical issues in processes for the management of customer complaints. The project, which initially involves Privredna Banka Zagreb as a pilot bank, provides for training activities for the teams of the complaints office, which are scheduled to take place in the first half of 2016.

Launched in 2013, the CSR Drops training project, dedicated to the Group's International Subsidiary Banks, uses the storytelling method to explain the Intesa Sanpaolo Group CSR model with day-to-day examples along four pillars of CSR which have been turned into four short films: Our decisions, The seven values, Dialogue with stakeholders and The culture of responsibility.

# Intellectual and infrastructural capital



This capital includes intellectual assets connected with the value of knowledge and infrastructural assets such as the technology and branch networks that enable Intesa Sanpaolo to be present all over the different local areas and close to its customers. The ability to develop innovation is reflected in internal organisation methods and the ability to identify and support the value of industrial projects that stem from research and development.

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RESOURCES	BUSINESS RESULTS	IMPACTS ON STAKEHOLDERS
<p>No. of branches: over 5,200</p> <p>No. ATMs: over 7,000</p> <p>Investment in technology*: € 663 million</p> <p>Structure dedicated to innovation and network of Specialists across the local areas served</p>	<p>No. customers with multi-channel contracts: 6.3 million**</p> <p>Proximity to customers: branch market share of at least 12% in most Italian regions.</p> <p>Digital Factory fully operative with the goal of innovating and improving priority operating processes</p> <p>Innovative range of products and services and possibility of cross- and up-selling;</p> <p>Innovation consultancy and support for business customers in their strategic choices, supporting their competitiveness in the medium and long term;</p> <p>Creation of growth opportunities for customers, leading to sales agreements, partnerships, technology transfer, business acquisitions</p>	<p>Better customer experience, meeting of new requirements and consolidation of relations;</p> <p>Contribution to the innovation of the country's businesses, particularly SMEs;</p> <p>Development opportunities for Start-ups and innovative SMEs, uniting the ecosystem and involving the trade associations;</p> <p>Support for new businesses and creation of new jobs and economic development</p> <p>Loans for corporate innovation (Nova+): starting from 2011, almost 1.4 bn euro</p>

\*Capital and financial account

\*\* Italy, natural persons and legal entities

## INNOVATION FOR GROWTH

The Business Plan seeks to transform the Bank's business model via a significant investment plan that focuses in particular on innovation.

To this end, the Chief Innovation Officer (CIO) Governance Area was set up; this Area, reporting directly to the CEO, is tasked with identifying, analysing and developing innovation activities together with the other Group functions. The Chief Innovation Officer Area is based in the Intesa Sanpaolo tower in Turin, which was also conceived as the physical Centre of Innovation within the Group.

This structure coordinates the **Innovation Portfolio**, i.e. the main series of initiatives that the Group plans to support in relation to the predominant emerging trends, identifying the action plan, schedule, dedicated investments and expected returns for each one. The consistency of the initiatives in the Portfolio is guaranteed and the performances and economic and qualitative return for the Group are monitored. The new initiatives to add to the Portfolio are periodically verified together with the competent structures. The monitoring of the Portfolio initiatives is essential for checking the results achieved and assessing the Group's financial and image return. The details gathered during the monitoring phase act as a guide for the Top Management.

The CIO Area supports and accelerates the Group's business innovation capacity through the research, analysis, conception and promotion of solutions on the domestic and international market that can lead to new commercial opportunities and the development of the local community and economy in both the banking and non-banking sectors. The cornerstone of this activity is the **"Innovation Monitor"**, which analyses and carries out research on the main trends and ideas, and assesses the areas of applicability of the innovative solutions. The

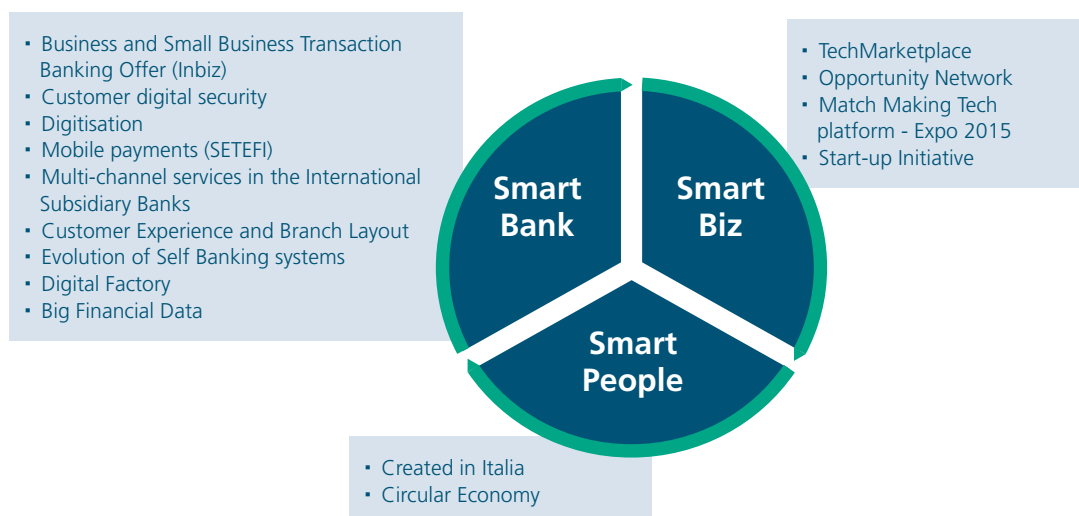
Monitor carries out its role through collaboration with the other Group structures and through relationships and partnerships with research centres, universities, and start-up and innovation incubators.

The Chief Innovation Officer Area has also set itself the objective of developing the technological innovation mix for businesses in synergy with the relevant Group departments. Included among the activities to disseminate innovation are: the range of consultancy services on sectors and technologies of excellence; support for development projects in the local areas and the local economy; support for start-ups with a high potential to grow and contribute to the Group and the business system in general. Proposing the use of digital matchmaking platforms, the structure acts as the link between companies, bringing together the "innovation creators" and the potential users.

Finally, the CIO Area guarantees the spread of the **culture of innovation**, acting via the Innovation Network and organising initiatives and events aimed at stimulating the creativity of employees and promoting new developments and transformations in accordance with the most advanced trends to internal and external stakeholders.

Thanks to the projects launched, Intesa Sanpaolo received a special mention as "innovative bank of 2015" following a survey carried out by AIFIn (Italian Financial Innovation Association), a body which each year certifies the ability of intermediaries to drive or anticipate changes in the market, launching innovative and stimulating initiatives in their sector of reference.

Below is a graphical representation of the innovation initiatives launched. This chapter provides a description of the main ones.



**SMART BANK** - initiatives aimed at the growth of the Intesa Sanpaolo Group: research into innovative solutions for the development of products, services and processes in the banking sector

**SMART BIZ** - initiatives aimed at the growth of businesses in the local area

**SMART PEOPLE** - initiatives to improve people's quality of life

## MULTI-CHANNEL BANK

In a quickly and profoundly changing market, technology is revolutionising banking, calling for increasing levels of flexibility and versatility. Today, the customer experience is formed at all moments and through all points of contact with the bank. The bank is no longer just a physical place the customer enters but a series of services that can be accessed anytime, anywhere. It is the bank that goes to the customer and it is the customer that chooses the type of relationship and the level of service they require.

A multi-channel model is the response to these new requirements: the integration of all channels, physical and virtual, makes it possible to create a continuous bank-customer dialogue and guarantees an excellent experience thanks to the simplification of processes and more efficient and effective communications (see also the chapter “Human Capital - Training”, page 111).

## BRANCHES

The branches of Intesa Sanpaolo remain an important part of the distribution network, a physical place where customers can get personal support and assistance, particularly with regard to more complex operations. Given the diversification of solutions across the various channels, local branches must increasingly guarantee a focused, personalised and high value-added service.

In Italy, Intesa Sanpaolo supplies its services via a network of over 4,100 branches distributed throughout the country. The Group also has a selective presence in Central-Eastern Europe, the Middle East and North Africa thanks to around 1,200 branches of its international subsidiaries operating in retail and commercial banking in 11 countries. It also has an international network specialised in providing support to corporate customers in 28 countries

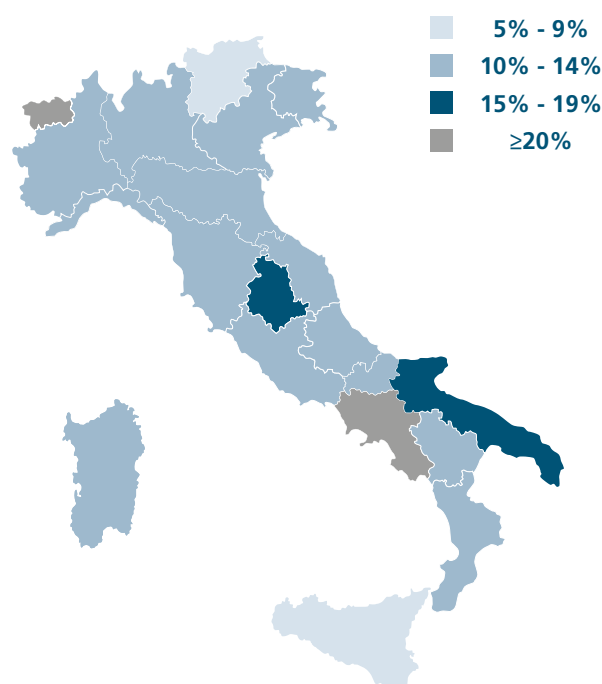
In Italy, where the Group carries out most of its business, the number of branches has fallen over the years with the banking services made available through other distribution channels. In any case, Intesa Sanpaolo's presence in the various regions of Italy remains significant, with market shares of at least 12% in most Italian regions.

With the introduction of the new Banca dei Territori Division service model in 2014, operations in the branches were diversified in order to support customers in the best possible way and direct them to the quickest and most suitable channel for their needs. There are now three types of branches in the territory:

- **TRADITIONAL BRANCHES:** open until 1 p.m. and equipped with ATMs. At the end of 2015 around 1,500 branches had been converted to this type;
- **HUB BRANCHES:** with traditional counter services open all day, self-service staff-assisted interactive banking and ATMs. At the end of 2015 there were around 1,000 branches of this type;
- **ADVISORY POINTS:** employees provide advisory services to customers who can also carry out transactions using ATMs. At the end of 2015, 150 branches were already exclusively dedicated to advisory.

The aim is to allow colleagues to dedicate all their experience and energy to providing advisory and specialist support to increasingly demanding customers looking for new solutions to meet their needs.

The branches have also been physically transformed, creating open places for meetings, dialogue, communication and work. The new branch layout received the “Cerchio d’Oro Award for Financial Innovation” from AIFIn for the redesign of the branch model (1<sup>st</sup> place in the “Distribution channels and customer experience” category). For more information see “Offering a valued service to customers”, Box “The new branch model”, page 89.



Updated in December 2015



## DIGITALISATION OF CONTRACTS

2015 saw the continuation of the project to digitalise contracts, which introduces a new way of signing documentation for the sale of banking, finance and insurance products and services that eliminates the need to print documents and contracts to send to customers and to file away. In fact, customers can use their tablets to view all of the documents relating to the operations they wish to carry out and can sign them using one of two types of paperless signature: with a regular signature made on an electronic tablet or with a Remote Digital Signature, which can be used by holders of multi-channel contracts that have activated their digital signature certificate (O-Key and PIN). Customers can then view the signed documentation, whenever they want, in their Internet Banking or email accounts.

The contracts and documents relating to numerous bank services, including the ordering of payment cards, services via the Internet, mobile phone and telephone, fund transactions, the purchase of Group bonds, investment certificates, treasury bill auctions and Government bonds, have already been digitalised in all Personal branches and sub-branches and in over 500 Retail branches.

This innovation makes it possible to improve the customer experience, reducing waiting times and simplifying processes. By digitally archiving all investment documents, it is estimated that, when fully functional, this practice will save Intesa Sanpaolo 7-10 million euro a year. The operating risks connected with checking the necessary signatures is also reduced immediately thanks to what is now an automatic procedure, while the ability to trace all contractual documentation is also guaranteed.

In 2015 the initiative received the international EFMA Accenture Innovation Award in the Physical Distribution category.

## ATM TERMINALS AND SELF-SERVICE STAFF-ASSISTED BANKING

OVER 7,000  
AUTOMATED  
TERMINALS IN  
ITALY

At the end of 2015 Intesa Sanpaolo had a network of more than 7,000 automated terminals in Italy (ATMs, MTAs and staff-assisted self service points).

Customers are provided with a vast range of services, from withdrawals using all card types to account and card queries, mobile phone top-ups, payment of the most common utility bills and taxes, BEU (Bonifico Europeo Unico – SEPA bank transfer) and the top-up of transport season tickets issued by the main Italian transportation companies (e.g. Mimuovo, ATM Milano, Trenord, GTT Torino). The “Donations” function is active on all ATMs, allowing customers to make donations to the bank’s main partner non-profit associations.

In 2015, the possibility of activating debit, credit and prepaid cards directly from ATMs was introduced, integrating this function with the service already available on the online banking site.

Since 2014 new self-service staff-assisted banking terminals have been installed in bigger branches to meet a number of specific customer requirements. Similar to ATM terminals but always located inside branches, these terminals allow users to make withdrawals, deposits and direct debit payments. There are various advantages to using the self-service terminals: they make it possible to deposit and withdraw large sums of cash (also coins) in quick time, as well as to choose the denomination of the banknotes you want to withdraw. You can also make deposits and withdrawals without using a card thanks to the assistance of an operator, who is available to support customers where necessary.

## ON-LINE BRANCH

The On-line Branch operates via 7 branches located across Italy with almost 500 people.

Previously focused on the management of incoming traffic and the service, the On-line Branch has now become a commercial management venue that proposes products and services: operating via direct channels (telephone, chats, video calls, email and social networks), it provides customers with consultancy, making commercial proposals relating to cards, loans and investments. In fact, from late 2014 and throughout all of 2015, a new commercial interaction method, service-to-sale, was developed, with commercial proposals made to customers that call to request assistance. Thanks to Customer Relationship Management systems, the On-line Branch is able to solve customer problems and, at the same time, provide information or propose products. During the year over 6,200 sales of all products were directly finalised. These were joined by the contributions made to the sales of branches, achieved with meetings and quotes finalised by colleagues in branches, with over 23,000 products sold in 2015.

At the end of 2015 the “New Telephone Channel” project was launched for the management of unanswered calls in branches and for 2016 new functionalities in digital channels are in the pipeline.

## INTERNET BANKING

Intesa Sanpaolo is the leading multi-channel bank in Italy (services via the Internet, mobile phone and telephone) with around 80% of its products available via the multi-channel platform, and in 2015 it recorded a 50% increase in the number of transactions carried out via direct channels compared with 2014.

OVER 6.3  
MILLION  
CUSTOMERS  
WITH MULTI-  
CHANNEL  
CONTRACTS \*

In 2014 the "Il Mio Gestore" ('My Manager') section was added to the Internet banking home page through which customers can quickly and instantly communicate with the branch, booking and changing meetings or contacting their bank manager directly through the site.

In 2015 Intesa Sanpaolo launched **co-browsing**, which enables it to provide assistance relating to the browsing of its online services in a completely secure and comprehensive manner. Customers that log onto the website can share the content of their reserved area online with a manager thanks to the "remote assistance" function; the manager, seeing the same screen as the customer, provides operational support on all sections and functionalities and guides the customers in real time and in total security as they carry out their transactions. Intesa Sanpaolo is the first bank in Italy to offer this service.

The bank has also introduced new tools that, thanks to an automated process, allow customers to **directly and conveniently acquire credit cards<sup>1</sup> and loans** via Internet Banking or through remote offers, also using mobile devices. In order to guarantee the safety of online transactions, customers can only carry out operations in their private area and if they are in possession of a valid digital signature certificate.

The key elements of the new card methodology are the automatic checking of the customer's credit rating and the allocation of a maximum credit limit on the basis of their rating. Intesa Sanpaolo is the only bank in Italy and one of the few in Europe that assesses the credit limit it can offer a customer on an individual basis. New functionalities have also been introduced for the cards that allow customers to directly manage a series of services in the event of urgent or sudden requirements, such as, for example, the need to increase their credit limit during a holiday, cancel a lost card or change its usage settings when abroad.

As regards personal loans, the new credit process logic results in diversified paths and responses according to the customer's rating and the amount requested, and makes it possible to provide a personal loan in just a few minutes. Before signing the contract, the customer also has the chance to carry out a product simulation and associate an insurance policy connected with the

repayment of the debt.

Another important function added to the customer's home banking site and the bank's corporate website regards the possibility of carrying out your own **mortgage simulations**, modifying simple data such as the amount and the length of the loan, and the value of the property. The simulations can be reviewed or saved and used to make an appointment with your manager in a branch.

The Group has also further developed the **Masterpass** functionality in association with Mastercard, which allows for the digitalisation of payment cards (except for ATM cards) in a virtual wallet which, as well as information on the cards, also contains delivery addresses. Customers can therefore make online purchases with a few simple clicks of their mouse just by accessing their private area and selecting Masterpass as their payment method. This mechanism increases the security of transactions, redirecting payment functionalities to the Bank's secure servers.

All in all, over 6,800 proposals for remote services (debit cards, prepaid cards, credit cards except for the Platinum card, loans and some investment services) were signed and subscribed to in 2015. "Digital" sales account for 3% of the Cards world and 10% of Per Te Prestito In Tasca loans.

<sup>1</sup> With a limit equal to or below 5,000 euro or equal to the amount automatically proposed by the system.

\* Italy, natural persons and legal entities

## MOBILE BANKING

### 2.9 MILLION DOWNLOADS OF THE "LA TUA BANCA" APP

Intesa Sanpaolo offers mobile banking services through the "La tua banca" app and an optimised mobile site. At the end of 2015<sup>1</sup>, the app had totalled 2.9 million downloads and 1.7 million unique users had logged in (app and mobile site).

A simplified version of the "La tua banca" app is now available for mobile phones that use the Windows Phone operating system.

Group customers can use the app to check their account and card balances and movements, and manage their payment cards (change of Geocontrol profile for use abroad and temporary change of debit and credit card limits), make bank transfers, top-up their mobile phones and prepaid cards, pay bills, consult useful bank phone numbers and get quick access to information services.

In 2015 the Intesa Sanpaolo Group took a significant step forward in terms of electronic payments using mobile phones. In fact, with the introduction of the **JiffyPay** service, customers can now transfer small sums of money from their smartphone at the speed of an SMS and at no extra cost (no activation charge and no commission for transfers up to 50 euro), simply by choosing the recipient from their address book<sup>2</sup>.

This service is designed to facilitate the transfer of small sums, transactions normally carried out using cash, the added advantage being its immediacy: the money exchanged in real time, cutting out bank transfer processing times.

Still in the area of Mobile Payments, a new service based on Host Card Emulation (HCE) technology has been introduced that allows card payments to be made using mobile phones in total security. Customers with a next-generation smartphone with NFC ("Near Field Communication") technology can make **near-field payments** simply by placing their phones close to contactless POS thanks to the digitalised cards associated with their HCE service profile. The security of the transactions is guaranteed by servers protected with cryptography in which the information related to the cards is stored.

In terms of security, for mobiles with iOS operating systems and biometric sensors it is now possible to access the reserved area of the "La tua Banca" app simply by using fingerprint recognition technology. In this way access is quicker and easier for customers, who don't always have to carry their username and PIN with them, also eliminating the risk of these credentials being lost.

### "YES, I TAP"



TAP refers to the act of placing an NFC smartphone close to a reader to make a transaction. The "TAP MOB" project was launched with the aim of evaluating the acceptance of Mobile payments and the knowledge of this payment method among store owners, and of enabling employees to experience innovative payment methods in first person. The initiative involved over 150 colleagues for

around two months. Organised into 14 teams in 3 cities (Milan, Turin, Rome), the TAP MOB ambassadors went head to head, TAPPING away to see how many purchases they could make with their mobiles. This project enabled the employees involved to promote the service to co-workers and customers and the Bank to get the thoughts of users on this new service. In just two months, between May and July, over 4,300 transactions were made for a total outlay of over 75,000 euro. The TAPS took place in over 1,300 points of sale with 40 new participating stores. The Bank has also developed Wikipayments, an interactive tool to develop a culture around new methods of Mobile payments, created on the basis of the feedback from employees and customers during the project.

<sup>1</sup> Starting from the publication date of the individual apps in stores.

<sup>2</sup> To receive and send money customers have to activate the service on their online banking account or by using the "La tua banca" app.

## MULTI-CHANNEL SERVICES FOR COMPANIES

**INBIZ** is the name of the tool available to corporate customers for managing their financial, accounting and administrative activities online. Through a single online platform, customers can access the bank's entire range of services, interfacing with the Intesa Sanpaolo Group's national and international network, and, in Italy only, also make use of the interbank Corporate Banking services.

The new "Anticipo fatture Italia Web" service ('Online advance on invoices Italy') was launched on the portal in 2015 enabling customers to directly manage requests for advances on invoices in euro issued to debtors based in Italy. Also launched was "Inbiz Trade Services", an innovative service to carry out trading activities in Italy and abroad with regard to the management of credit and import/export documents against payment, domestic and international guarantees.

Customers that use Inbiz service can access a set of mobile functions from the M-site portal. Completely free of charge, the service makes it possible to manage the authorisation and delivery of flows, to view account transactions and the results of submitted orders, and

provides an overview of liquidity. It also makes it possible to find your nearest branch or ATM.

Since the end of 2015 Kiara Cloud, a software and hardware package – customisable for the fashion, catering and fast-moving consumer goods categories – designed to manage the business of SMEs, as well as the specific needs of small-scale professionals, has also been available. Thanks to this package, customers have an innovative point of sale equipped with an advanced cash register with all necessary functions for sales and the centralised control of their stores. Kiara Cloud is associated with the mobile POS for transactions made with payment cards.

## WEB PLATFORMS FOR BUSINESSES

Intesa Sanpaolo wanted to exploit the potential of the Web to allow Italian companies to develop their business and take advantage of new development opportunities. To this end, partnerships and collaborations were launched with numerous counterparties 2015 and various digital business matching platforms were made available.

Platform	Functions	2015 Results
<b>Tech-Marketplace [i]</b>	<p>Platform developed by Intesa Sanpaolo that promotes interaction between start-ups, Tech SMEs and businesses, helping to match the supply and demand of technological innovation with the goal of fostering partnerships, business agreements and acquisitions.</p> <p>With regard to businesses, it supports the exploration of technologies and new solutions for their business challenges. For start-ups and SMEs that supply technology, it facilitates the search for potential stakeholders within a select network.</p>	<p>In 2015 Intesa Sanpaolo received over 5,000 contracts signed by Business and SME customers.</p> <p>At 31 December 2015, the platform had over 5,000 Businesses on the demand side and over 500 profiles of domestic and international start-up and Tech SME technology suppliers, segmented into around a dozen different sectors including energy, software, telecommunications, transport, agri-food and fashion.</p> <p>The platform is co-promoted as part of the "Una Crescita Possibile" (Together for Growth) agreement with Confindustria Piccola Industria .</p> <p>(* See also "Financial Capital", "Agreements and solutions for business growth" chapter page 63).</p>
<b>Opportunity Network [i]</b>	<p>Allows companies from any sector and country to confidentially share business opportunities with select company partners at international level. The aim is to foster development opportunities abroad, attracting investment and identifying new business partners.</p>	<p>Intesa Sanpaolo is the only partner bank in Italy. The platform registers a daily business countervalue of 66 million dollars with the presence of companies from 75 countries.</p> <p>At 31/12/2015, over 2,300 Intesa Sanpaolo business customers had subscribed with over 1,200 connections and various successful case studies.</p>
<b>Created in Italia [i]</b>	<p>E-commerce portal created by Intesa Sanpaolo. Promotes Italian excellence in the food and tourism sectors. It enables the Bank's business customers to take advantage of a space for visibility and promotion on the national and international digital markets, in both Italian and English, for the publication of information and multimedia content on their activities. The initiative is aimed at leading companies in the sectors of Italian excellence: food, fashion and design.</p>	<p>At the end of 2015 it contained a catalogue of almost 2,300 Italian food and tourism products that could be purchased online, had 25,428 registered users and had registered 185,000 euro of transactions.</p> <p>In 2015 a partnership was forged with Mercato Metropolitano - a company involved in the distribution of top-quality Italian culinary products - that will make it possible to combine its online presence with a physical presence (promotion and sale of Created in Italia products in Mercato Metropolitano sites).</p>

During Expo Milano 2015, Intesa Sanpaolo was the only bank to sponsor **Expo Business Matching**, an online platform promoted by the Milan Chamber of Commerce, Promos, Fiera di Milano and Pricewaterhouse Coopers to foster B2B matching processes and the development of networking between Italian and international businesses. It also

supported the **Digital Solution for Smart Cities** platform in association with Marker, XYZ Architects and Accademia di Belle Arti Aldo Galli - IED Como to promote “digital” initiatives aimed at young creatives from all over the world, with the aim of promoting artistic talent applied to the major challenge of smart cities.

### SKILLS4BUSINESS

A training programme for business customers supplied via a dedicated web platform [1], Skills4Business seeks to support companies in their strategic choices, transferring to them knowledge in multiple areas, such as internationalisation, the digital world, efficiency projects and the growth of new markets and sectors. Developed via Intesa Sanpaolo Formazione, the programme offers customisable solutions that can be used by small and larger businesses alike.

There are currently two training courses available to companies:

- **“Think International”**, focused on internationalisation issues and aimed at introducing entrepreneurs to new business areas, enabling them to acquire the necessary skills and knowledge to project themselves into the international arena;
- **“Think Digital”**, in partnership with Netcomm, the Italian Consortium of Electronic Commerce, which brings together the most important companies in the sector. The training course, which will involve two thousand companies, is designed to assist them in their strategic decisions, providing them with the necessary skills to innovate in the area of products and processes, to grow in new markets and sectors, and to develop e-commerce projects, managing all of their various aspects, from strategic decisions to planning, management to logistics, including all legal aspects as regards online sales.

### MULTI-CHANNEL SERVICES IN THE INTERNATIONAL SUBSIDIARY BANKS

**Digital** In order to fully implement the goals of the Business Plan, the **DigiCal** (“digital channels + physical branches”) programme was developed, which seeks to strengthen the integration between the physical and the digital channel in order to provide Retail and Small Business customers of the International Subsidiary Banks with a new way of accessing products and services and getting in contact with the bank. The programme seeks to provide a standardised and unique product range to customers of the subsidiaries and help the banks to improve their digitalisation model.

Digital involves the introduction of new distribution channels based on new technologies (Internet banking and Mobile Banking App); the creation of new digital expertise in traditional channels, such as the Digital Desk used by affluent managers and the Digital Posters for the promotion of bank products and services in branch waiting areas; an increase in the number of products and services dedicated to old and new digital customers.

The following results were achieved in 2015:

- Internet banking: launch of a pilot at Alexbank;
- Mobile Banking: launch of a pilot platform at CIB Bank;
- Digital Posters: introduced at Privredna Banka Zagreb;
- Digital Desks: introduced at Privredna Banka Zagreb.

As regards the local initiatives of the International Subsidiary Banks, Intesa Sanpaolo Bank Albania launched a new Mobile Banking platform in February 2015 which was integrated with additional functionalities in May (payment of electricity bills). The bank also measured the satisfaction level of its customers via its Call Centre, registering good results.

In 2015 Banca Intesa Beograd, already active in the digital channels for years, introduced new methods of customer authentication (mToken and one time passwords<sup>1</sup> via SMS). It also launched a completely new version of its mobile application (m-suite), which offers the same functionalities as internet banking. During the year the number of mobile transactions carried out trebled, coming to a total value of almost 100 million euro. The bank recorded a growth in both retail customers and companies registered and active in the e-banking area, as well as an increase in the transactions (number and value) carried out online.

Croatian bank Privredna Banka Zagreb is particularly active in the digital channels. In 2015 almost 30,000 customers activated its online services, around 10% of all customers with an Internet banking contract. The bank improved the security systems for online transactions and introduced new functionalities, including an innovative micro-deposit system (e-Kasica) that enables customers to develop money-saving habits in a simple, automatic and customised way.

1 Password valid for just a single access session or transaction.



As regards mobile banking, the application was also made available for mobile phones with the Windows system. Over 60,000 new mobile customers were registered in 2015, around 34% of all of the bank's customers in this segment. The "Wave 2 Pay Sticker" initiative also continued. This new contactless payment solution consists of a label containing a chip and an antenna that can be applied to Android, iOS and Windows mobile phones; almost twice as many customers activated this functionality compared with 2014. The subsidiary also continued to pilot another innovative form of contactless payment that allows customers to make purchases directly from their mobile phones by downloading a special application through which they can securely access their credit cards, which are saved in a virtual wallet.

Another bank that focuses closely on the digital channels is VÚB Banka. In 2015 the Slovakian subsidiary launched the "iAdvisor" programme, which involves the appointment of "digital ambassadors" in branches (at least one per branch) whose role it is to explain the nature and benefits of online services (mobile banking and digital payments) to customers and teach them how to use them in their everyday lives, beginning with the installation of the applications on their mobiles. The digital ambassadors have a smartphone and receive dedicated updates and training. The online sale of pre-approved consumer credit also began in 2015: customers create the product on their tablet, choosing the various parameters to apply (sum, duration etc.) and approve the purchase with a digital signature. The process is speeded up in this way, customers are more involved and paper savings are also made. Given the encouraging results of the pilot project, the functionality was also extended to mobile banking. VÚB Banka is also the first subsidiary to have developed InBiz, the corporate business banking platform already available to business customers in Italy, at local level. The platform enables Slovakian corporate customers to directly access the Group's international services via a modern and easier to use interface. The pilot phase began in late 2015 and the migration of the bank's 3,000 corporate customers is expected to be concluded in 2016.

## PROCESS INNOVATION

Redesigning the Bank's main operating processes from scratch on the basis of the needs of the customer: this is the aim of the "**Digital Factory**" initiative, launched in 2015 to modernise the Group's operating model, accelerating innovation and digitalisation, and to switch from processes designed by the Bank for the Bank to processes designed with Customers for Customers. The project forms part of the digital transformation procedure undertaken by Intesa Sanpaolo in recent years that aims to digitalise processes, keeping a close eye on containing costs and continuously improving efficiency.

The activity focuses on 40 of the Bank's priority processes which currently involve 80% of colleagues and which were chosen on the basis of two main factors: business potential and digitalisation potential. As such, the relevance for the customer in terms of needs and requirements was taken into account, as was the complexity of the process and its real automation potential.

The redesign of each process combines four key objectives: providing the best possible customer experience, radically transforming the process through simplification and digitalisation, quickly developing the necessary technology to disseminate a new working method.

The activities are organised in phases: each process is reviewed over a period of 16 weeks, at the end of which a "Minimum Viable Product" (MVP) is issued - a first set of priority functions that are then gradually incremented until the process is completed. Customers are involved in all phases of the project through surveys and feedback: need assessment through the organisation of targeted focus groups, interviews and surveys; definition of KPIs for the monitoring of results in terms of customer satisfaction; testing of the solutions developed through workshops in which prototypes can be tried together with customers.

The review of each process involves multidisciplinary work teams that include resources from all company departments impacted by the specific process being redesigned who share physical work spaces and timetables for a set amount of time. This makes it possible to assess the professional expertise within the Group, favouring the generation of ideas and reducing planning and realisation times to a minimum.

The redesign of the processes for the authorisation and renegotiation of private loans was completed in 2015, reaching account of important customer experience improvement goals and carrying out the automation and rationalisation of some phases. In 2016 the redesign of the inheritance process will be completed with the aim of speeding up and simplifying the actions incumbent on the customer at such a delicate time, beginning with the digitalisation of the required documents and the possibility of managing the process in any Group branch, guaranteeing that it is tracked at all times. Activities on the proactive credit management process for Businesses and Corporate are also ongoing with the aim of identifying critical positions in good



time, defining the necessary actions to recover them, and simplifying the work of Managers, guaranteeing a structured view of the portfolio as well as an individual customer-level view.

The “Digital Factory” project was awarded with the “Cerchio d’Oro Award for Financial Innovation” by AIFIn, with a special mention in the “Operations, Organisation, IT and HR” category.

### A NEW WAY OF MANAGING DATA

In a challenging context that requires increasingly extensive and intensive recourse to data, Intesa Sanpaolo has launched the “**Big Financial Data**” project with the aim of improving the structural management of all the Bank’s data through technology and organisational measures. The focus goes beyond merely financial data to encompass all of the Bank’s information assets (“Big Data”) and produce benefits on multiple levels: from the strengthening of risk control to the improvement of commercial effectiveness.

As part of the project, in association with academic institutions and innovative companies, the Big Data Development Laboratory was launched, a physical and technology-driven site for the permanent innovation of data where the first Intesa Sanpaolo data scientists work. The “Intesa Sanpaolo Data Academy”, a training course for Bank resources, was introduced to further expand the activities of the Laboratory, and partnerships were launched with top Italian universities for the intake of resources at the end of dedicated post-graduate courses.

## CULTURE OF INNOVATION

### INNOVATION NETWORK

The creation of the Innovation network was launched in 2015 with the appointment of **Innovation Specialists**. These colleagues, identified in each Regional Department, have the task of spreading innovative initiatives and services, facilitating the meeting of supply and demand for technology solutions, and developing local partnerships, acting as “ambassadors” for the Innovation Centre.

The main focus of the Specialists in 2015 was the promotion of the Tech Marketplace platform and the implementation of innovation supply and demand contracts by business customers and start-ups. All in all, 3,000 managers were involved, around 1,500 businesses and 1,700 start-ups were met across the country, and over 5,000 Tech Marketplace contracts were signed. Around 60 start-up-business matches were made, on the platform and offline.

In their meetings and interaction with the main protagonists of the local research and innovation ecosystem, in 2015 the Innovation Specialists contributed to the conclusion of 80 agreements with universities, incubators, accelerators and research centres.

### INNOVATION EXPRESS



An initiative involving all Intesa Sanpaolo colleagues was launched in 2015 for the development of the Created in Italia portal, known as “Innovation Express”.

Between October and November Group employees were able to propose – via a dedicated portal – quality producers in the food sector and interesting tourism experiences across Italy, which were then voted on by the employees (over 34,000 votes cast). The best teams, accompanied by the entrepreneurs whose product or service they illustrated, presented their ideas to a jury of experts who selected 4 finalists. To finish, the finalist teams prepared multimedia content (videos, web pages, banners etc.) to present their proposals in their best possible light on Created in Italia. All in all, thanks to the research and promotion activities carried out by over 6,000 participating employees, around 1,600 businesses that can contribute to the further development of the portal were identified.

## SPREADING INNOVATION

A series of formats for spreading and promoting the culture of innovation to stakeholders were designed and developed at the Innovation Centre:

- Innovation Coffee: events reserved for internal guests in which issues related to innovation are discussed. Eight events were held in 2015, dealing with issues such as Digital payments, the Sharing economy and Fashion tech;
- Innovation Talk: monthly meetings in which prestigious international guests from the world of innovation (including the country managers of Twitter and Facebook) present their vision of the evolution of the market and business models. Five talks were organised in 2015 with the presence of hundreds of colleagues from various departments of the Bank;
- Events at branches with the New Layout: entrepreneurs, start-ups and figures from the innovation ecosystem, such as universities and accelerators, discuss the trends and the most interesting innovative solutions already available on the market and used by the Bank's customers.

The events organised at the Innovation Centre included the Fintech Innovation Lab involving 7 start-ups which presented numerous technology projects applied to finance to the audience and the top managers of the Group's Business Units.

Another tool for spreading innovation is the Innovation Intranet, further developed in 2015 in terms of both audience and content.

## PARTNERSHIP FOR INNOVATION

Key to the development of innovation is the work carried out in partnership with entities active in this area. In 2015 numerous collaborations were launched, including: the agreement with the Ellen MacArthur Foundation for the Group's admission into the "Circular Economy 100", a programme that seeks to support organisations in the development of opportunities according to the new business model of the circular economy (for more details see "Natural Capital"); new agreements with Startupbootcamp Fintech Singapore and Startupbootcamp Insurance London, start-up accelerators specialising in the Asian fintech and insurance market; "Out of the Box Lab", a work group dedicated to developing solutions aimed at guaranteeing the competitiveness of the Intesa Sanpaolo Group in the face of its new digital competitors, as part of a partnership with the University of Turin.

# Natural capital



This capital includes all environmental processes and resources, both renewable and non-renewable, that enable the Bank to carry out its activities and that contributed, and still contribute, to its past, present and future success as a financial intermediary.

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RESOURCES	RESULTS FOR THE BUSINESS	IMPACTS ON STAKEHOLDERS
Electricity consumption: 467,845 MWh Paper consumption: 7,992 tonnes Production of renewable energy: 1,050 MWh	750,000 euro of reduced energy costs in Italy for the production of electricity and heat  1,204,000 euro of reduced paper costs in Italy thanks to digitalisation measures  220,000 euro of reduced energy costs in Italy for the production of renewable energy	Potential CO <sub>2</sub> emission reduction by 18,000 tonnes thanks to energy consumption reduction  CO <sub>2</sub> emission reductions by 200 tonnes thanks to reduced paper consumption  Potential CO <sub>2</sub> emission reduction by 360 tonnes thanks to the production of renewable energy

**Summary table of Group environmental data**

	Unit of measurement	2015	2014	2013
Environmental loans	Millions €	1,495	643	1,165
Electricity	MWh	467,845	469,131	506,459
Heat energy	MWh	219,714	229,731	267,894
Paper	ton	7,992	8,093	8,485
Waste	ton	3,534	3,245	3,045
Water	mc	2,381,310	2,140,026	2,480,507

## CLIMATE CHANGE: MANAGEMENT OF POTENTIAL ENVIRONMENTAL RISKS AND IMPACTS

Intesa Sanpaolo considers environmental protection as an integral part of its business strategy and for years it has been committed to promoting responsible resource management in order to reduce its carbon footprint and evaluate – with the utmost care – the consequences of its economic activities on the environment.

An approach to natural capital based on the understanding of risks, impacts and interdependencies, which translates into an appropriate business strategy, specific policies and operational responses, may help minimize risks and maximize opportunities, both in terms of economic and financial benefits and in terms of preservation of the natural capital. This approach reflects both the interest to thrive as a company, given the dependence on natural resources, and the responsibilities of the Bank related to the impacts generated by its activities.

In this context, the management of risks and opportunities related to climate change is of particular and growing importance. The agreement reached in Paris with the COP21 – the culmination of six years of international negotiations – has profound implications for the Bank and for its customers and business partners.

Domestic mitigation and adaptation commitments will involve the introduction of new public regulations and policies in a context of transition, which is currently unpredictable in the medium and long term. Given that it operates at international level, the Bank will have to monitor and observe the different approaches to climate change that will emerge in different countries, as the Paris Agreement did not define a clear road map but leaves the responsibility to the individual countries to set their own commitments to achieve the common goal of limiting the increase in global temperature "well below" 2°C.

The transition to a low greenhouse gas emissions economy will see an acceleration in the next decade and the change will focus on the energy sector, where many of the Bank's customers operate, with an increasing role of renewable energy and new green technologies and an increasingly marginal role of coal plants in OECD countries.

The following table shows the main risks, impacts and actions on climate change (for the complete mapping, please refer to the Intesa Sanpaolo Carbon Disclosure Project questionnaire [i]).

Potential risks	Potential impacts	Actions
Introduction of new environmental regulations	<ul style="list-style-type: none"> <li>costs for adapting the procedures relating to certification processes in the event of changes to international standards and regulations</li> <li>possible fines in the event of non-compliance with new regulations</li> </ul>	<ul style="list-style-type: none"> <li>constant and precautionary monitoring of possible changes to regulations;</li> <li>participation in training courses and specific workshops</li> <li>participation in the ABI (Italian Banking Association) Green Work Group to define lobbying actions in favour of the environment</li> </ul>
Uncertainty surrounding environmental regulations	<ul style="list-style-type: none"> <li>negative impact on the possibility of implementing new products and services with environmental benefit</li> </ul>	<ul style="list-style-type: none"> <li>active collaboration with policy makers to highlight the need for a stable and clear regulation and to be kept up-to-date on ongoing changes (e.g. participation, as part of an ABI working group, in the definition of the demands for the new version of the Italian incentive for thermal energy ("Conto Termico"))</li> </ul>
Obligation to report emissions	<ul style="list-style-type: none"> <li>voluntary reporting is based on shared standards that may not, however, be considered by legal obligations</li> <li>reporting adjustment costs</li> </ul>	<ul style="list-style-type: none"> <li>investment in the transparency and accuracy of data</li> <li>participation in GRI (Global Reporting Initiative) working groups to contribute to defining guidelines and Italian Banking Association working groups to define sector benchmarks</li> </ul>
Regulations and incentives on renewable energy	The scenario, characterized in Italy by uncertainty and a net reduction in government incentives for renewable energy, has a strongly negative impact on the Bank's loans to customers wishing to invest in renewable energies.	Intesa Sanpaolo offers advisory services to customers on the new regulations and incentives aimed at energy efficiency sectors. For example, through the Energy Desk of Mediocredito Italiano, several pilot projects on energy efficiency were funded
Management of extreme atmospheric events	<ul style="list-style-type: none"> <li>damage to our infrastructure</li> <li>increase in costs related to the change of the average external temperature</li> <li>interruption of banking activities</li> <li>financial implications related to the default risk of businesses seriously damaged by extreme atmospheric events</li> </ul>	<ul style="list-style-type: none"> <li>adoption of a business continuity plan</li> <li>adoption of measures to prevent physical damage to our structures</li> <li>offer of insurance products</li> <li>suspension of repayments of loans and allocation of specific funding at special conditions in favour of damaged customers</li> </ul>
Reputational damage	<ul style="list-style-type: none"> <li>reputational crisis generated by the involvement with customers / projects perceived as negative for climate change by the public, the media, shareholders and other stakeholders</li> <li>reputational risk in the event the Bank's environmental performances stop showing a positive trend</li> </ul>	<ul style="list-style-type: none"> <li>monitoring of reputational risks through the management tools for the application of the Code of Ethics and the Sustainability Report process</li> <li>dialogue with investors, analysts and NGOs with particular attention to climate change issues</li> <li>participation in working groups and initiatives related to the climate and the environment (UNEP FI, Italian Ministry of Environment, the Global Compact Environment Work Group)</li> </ul>
Instability of socio-economic conditions	<ul style="list-style-type: none"> <li>greater investment due to the new European regulation that requires States and their citizens to pay more attention to the environment</li> <li>reduced wealth of citizens due to the damage caused by environmental disasters</li> </ul>	Intesa Sanpaolo supports families and economic operators in the event of climatic emergencies through specific loans and the suspension of repayments on existing loans

In addition to the actions of mitigation, the Bank integrates within its strategy a series of measures of adaptation to changes in the climate which have already taken place. In recent years we have witnessed extreme atmospheric events at global level that have had considerable impact on the Bank's structures and on the activities and daily lives of our corporate and retail customers. Knowing how to assess and manage these risks is therefore increasingly important.

In particular, Intesa Sanpaolo supports families and economic operators damaged by bad weather and climatic emergencies, through specific loans on favourable terms (for more than 8.8 million euro) and the suspension of repayments on existing loans. International Subsidiary Banks too have also launched subsidized loan programs for households and retail customers damaged by bad weather, and in particular by the floods that have affected the populations in Albania in 2015, and in Bosnia and Herzegovina and Croatia in 2014.

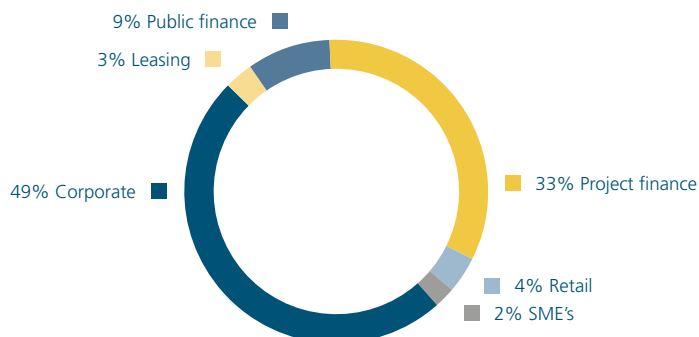
## LOANS AND SERVICES FOR THE GREEN ECONOMY

In order to boost and support the green economy, over the years Intesa Sanpaolo has developed a wide and diversified range of financing and advisory products dedicated to all types of customers, whether in Italy or abroad.

According to the most recent ABI Report on Banks and the Green Economy, from 2007 to 2014 the Italian banking system financed around 27 billion euro worth of projects related to the production of renewable energy and geared to energy efficiency, to which the Intesa Sanpaolo Group contributed approximately 11 billion euro.

In 2015, 3% of all Intesa Sanpaolo loans regarded environmentally-friendly projects including renewable energy, energy efficiency and environmental services, for a total of around 1,495 million euro. The figure is on the rise compared to 2014 both due to an increase in this type of loans to businesses, and to improved reporting methodology on the corporate segment, which introduced a more detailed classification of the purposes and environmental interventions to report and provided for a collection of ad hoc data on this segment thanks to managers' reports.

### Loans for environmental purposes [%]



In general, loans for renewable energies are showing a downward trend as a result of both the difficult economic period and the dramatic reduction in state incentives.

As for personal loans to individuals, disbursements for environmentally-friendly purposes continued in 2015 through the product "Prestito Facile esigenze ecologiche". As regards professionals and businesses, the short- and medium/long-term loans continued in support of projects associated with the use of photovoltaic panels, biomass plants, hydroelectric plants and energy efficiency works.

As part of the Sustainable Energy and Leasenergy programme, Mediocredito Italiano, the Intesa Sanpaolo Group bank that brings together medium/long-term loans, lease and factoring services, provides "tailor-made" financial solutions and specialist advisory services dedicated to businesses that invest in plants for the generation of energy from renewable sources or in energy efficiency processes.

The Energy Desk of Mediocredito Italiano continues to focus on energy efficiency, by also participating in work groups to discuss the issue with competent institutional authorities and structuring partnerships on dedicated financial proposals with leading Italian operators. The



Mediocredito medium/long-term loans for renewable energies are always supported by an examination of the project which constitutes consultancy for the customer and support for the bank's credit assessment at the same time. Moreover, a new credit policy was defined, with the aim of encouraging investment in energy efficiency and energy-saving, supported both by energy-consuming companies and by ESCOs (Energy Service Companies) in favour of private individuals and the Public Administration.

In 2015 the "Sustainable Energy" dedicated loans were 47, for a total of 140 million euro.

In the lease area, the decline of the Leasenergy product (7 new contracts worth 48.5 million) continues in line with the lease energy sector in Italy. A total of almost 1,800 existing lease contracts is in place, which contributed to the construction of plants for the production of over 2.2 Gigawatts of energy from renewable sources. The new 2015 lease contracts will result in annual emission savings estimated at 16,220 tonnes of CO<sub>2</sub>.

In the area of non-profit organisations, Banca Prossima provides credit support for energy efficiency projects with solutions that help customers optimise the financial flows generated by the investment and thus reduce financing costs. Moreover, in 2015 it renewed the existing operating agreement with Federesco (National Federation of ESCOs) designed to activate the energy redevelopment process within the Third Sector. The agreement allows customers of Banca Prossima to request a free pre-assessment of their plants and an overall analysis of their energy situation by the Energy Service Companies associated with Federesco and certified Unicei 11352, evaluate possible savings derived from specific energy efficiency actions, carry out the suggested actions thanks to loans with repayment instalments in line with the expected savings and consequently contribute to increasing the overall sustainability of their social practice. During 2015, in order to assist its customers throughout this process, Banca Prossima has trained, on the topic of energy efficiency, 22 employees of the Bank throughout the country, who are therefore, for the non-profit clients, the contact persons on savings and energy efficiency issues.

In addition to the dedicated products and advisory services, the green economy is supported by specific local conventions. In 2015 Carisbo, Cassa di Risparmio di Forlì e della Romagna and Banca Monte Parma (now Intesa Sanpaolo) signed the Convenzione Fondo Energia Emilia Romagna (Emilia Romagna Energy Fund Convention) to support investment for improving energy efficiency, the production of energy from renewable sources and the construction of technological systems that allow for the reduction of energy consumption from traditional sources by the Emilia Romagna region companies.

The Group's International Subsidiary Banks also provide a wide range of products and services in support of the green economy.

In Serbia, Banca Intesa Beograd works with the German development bank, Kreditanstalt für Wiederaufbau (KfW) to grant loans to small businesses and small enterprises for energy efficiency, environmental protection and renewable energy activities. In collaboration with the Green for Growth Fund (GGF), it offers loans to households and small and medium enterprises to improve energy efficiency. Additional funding to SMEs for energy efficiency are provided with the support of the European Bank for Reconstruction and Development.

The Croatian bank PBZ offers loans to individuals wishing to purchase or build class A+, A, B residential buildings or to those wishing to implement energy efficiency measures in existing buildings through the insulation of building enclosures and re-roofing, as well as for the installation of solar panels or geothermal plants.

In Slovakia, VÚB Banka provides support to renewable energy through co-financing for their development in cooperation with the European Investment Bank (EIB) and the EBRD, as well as financing for energy efficiency in the renovation and reconstruction of residential buildings.

The Slovenian Banka Koper, which has always been actively engaged within the area of loans for energy efficiency and renewable energy, provides funding to private customers on the basis of the agreement with the Slovenian Environmental Public Fund - Eco fund, with the aim of facilitating investment in environmentally friendly buildings. Eco Fund is the largest Slovenian financial institution and promotes investments that comply with the national action plan for the environment and the European Union's environmental policy.

Intesa Sanpaolo Romania provides financial support, including through state and European funds, to small and medium-sized farms in the seasonal phases and supports young people and start-ups in rural areas.

Banca Intesa Russia offers its customers a line of credit for the treatment of waste water and the modernization of compressed air systems.

Finally, Intesa Sanpaolo Albania has entered into an agreement with IFC (International Finance Corporation), with the aim of developing the Albanian market of renewable energy, with special focus on small hydro power plants. It is also significantly developing the agribusiness sector, supporting the growth of local agricultural supply chains (from producer to distributor) with advisory services and loans.

In an especially difficult economic context that is increasingly depleting the resources available to individual States for infrastructure and social measures, the availability of Structural Funds has acquired an increasingly strategic importance and their timely and efficient use has become more and more challenging. EQUITER is among the Group companies that have been taking on this challenge for some years now: aside from

committing its own venture capital in the environment, infrastructure and utilities sectors, it also manages three closed-end funds, established with a capital base of approximately 190 million euro from the European Regional Development Fund, dedicated to financing urban development and energy retrofit projects. As part of the Jessica initiative, set up with support from the European Investment Bank and the regional authorities of Sicily, Sardinia and Campania, EQUITER selects projects capable of repaying the capital financed by helping to overcome market inefficiencies and failures that inhibit access to sufficient funding. The projects can include a wide array of measures: urban redevelopment, the revitalisation of disused or deteriorated areas, the upgrade of mobility systems, the creation of urban parks and social gathering centres, or the improvement of energy efficiency. However, it is important that these are implemented in strict compliance with the values that characterise EU measures: social inclusion, sustainable growth, environmental protection, and the dissemination of legal, safety-conscious actions.

2015 saw the continuation of the constructive dialogue on the environment and renewable energy of the "Green Table", an interdepartmental work group coordinated by the CSR Unit which discusses current topics and offers the opportunity to share new regulatory measures and internal best practices. In 2015, three meetings were held: in the first one the "Waste to Energy" study was presented by the CSR unit to the other functions, in order to better understand the social and environmental risks of loans in the area of waste processed to produce energy; in the second one the new internal policy dedicated to Energy Efficiency was presented by Mediocredito. Finally, in November a meeting was dedicated to the contribution of the "green" loans of Intesa Sanpaolo to the development of the country based on the analysis made by the Italian Banking Association, and to the approach of the Group on the issue of circular economy.

## THE CIRCULAR ECONOMY

The Circular Economy unties economic growth from the consumption of exhaustible natural resources through the efficient use of the current stock of raw materials and products and promotes the recovery of natural capital. The goal is to avoid the destruction of value inherent in the current model, constructed according to the linear sequence of supply-production-sales-consumption-waste and to contribute in an immediate and concrete manner to combat climate change.

The three key principles of Circular Economy are:

- optimization of the yield of productive resources through the re-design of products and services placed on the market so that the components are reusable (potentially endlessly) at the end of the cycle of use;
- conservation and recapitalization of natural capital thanks to the exclusive use of renewable energy;
- minimization of negative external output with the ambition to gradually get, thanks to mechanisms for recovery, reuse and recycling, to zero-waste production scenarios.

Intesa Sanpaolo cooperates with the Ellen MacArthur Foundation, the reference institution at international level in the field of Circular Economy. In June the Bank became member of the Ellen MacArthur Foundation to enter the Circular Economy acceleration sharing platform and in December it became a global financial partner of the Foundation. In its role as a global partner, Intesa Sanpaolo intends to help redefine the business strategies and business models of its customer companies, to make them evolve in an innovative and sustainable way and to ensure financial support for investments in support of the re-design of the industrial system.

## STUDIES AND RESEARCH ON THE GREEN ECONOMY

Intesa Sanpaolo has always been committed to the development of study and research projects in the environmental field.

In 2015 the Bank contributed to the Start City project, the analytical study on Italian metropolitan cities promoted by the National Association of Italian Municipalities (ANCI) and carried out by The European House-Ambrosetti.

The study analyses the drivers and vocations for the sustainable development of the Italian metropolitan cities and supports the importance of a more widespread application of the logics and principles of the circular economy within the framework of policies to support growth.

In December 2015, the Intesa Sanpaolo's Research Department, in collaboration with Assobiotech, the association of biotech companies, presented in Turin the Second Report on Bio-economy in Europe. The study describes an important aspect for the Italian economy: the estimates show that the bio-economy is already worth more than 244 billion euro in production, equal to 7.9% of the national total, and employs about 1.5 million workers.

Moreover, it features high growth potential in the coming years, also thanks to the presence of a core team of players in the downstream supply chain of bioindustry. The development of an economy that grows while respecting the environment and reducing dependence on non-renewable resources must be a priority for our country, also because it triggers more innovation.

To achieve this goal, biomass production, which in recent years has declined in Italy both in absolute terms and per capita, will become increasingly crucial. It will be important to increase productivity, but also to reclaim used land and, above all, to better use the waste from current processes, as part of a supply chain rationale and with a view to increasing the circularity of production systems.

## ENVIRONMENTAL CULTURE

Raising awareness both inside and outside of the Bank as to the importance of protecting the environment and promoting good practices is one of the primary objectives of Intesa Sanpaolo's Environmental and Energy Policy.

Through the "Ambientiamo" platform, which promotes good practices to be implemented both in the office and at home, the "Climate Change" training project was implemented in 2015. Through edugames, videos, documentaries and support material, the four platform modules delve into the impacts that climate change may have on the present and future generations. Of particular interest is the contribution to the course of the Meteorological Service of the Italian Airforce. From 2010 to date, there have been over 90,000 accesses to the training modules available on the "Ambientiamo" platform.

For the employees who work at the operating units and the head office structures that fall within the scope of application of the Environmental and Energy Management System, the Bank has committed to provide specific training on the System objectives, the requirements of the international reference standards and management and operational procedures through which they are incorporated into the Intesa Sanpaolo Group. This training, which initially included classroom courses and that from 2011 is available through an online platform dedicated to environmental issues, was delivered to a total of more than 1,400 employees. Awareness-raising on these issues also involves providers of goods and services regularly operating on the Bank's premises. In addition to meetings (33 in recent years) organized with the managers of contractors during the periodic internal audits in accordance with System procedures, good practices and objectives are shared, in particular with the operators of the maintenance area for the more technical content and the operators of the cleaning area for the aspects related mainly to waste management.

Other awareness-raising actions, targeted at a wider audience, are conducted through the participation in initiatives promoted by entities or organisations both in Italy and abroad. In 2015 Intesa Sanpaolo adhered to the "M'illumino di meno" initiative with a symbolic gesture: on 13 February the approx. 15,000 signs of all Intesa Sanpaolo Group branches were turned off from 4 p.m. to midnight to generate savings of around 7.2 tonnes in atmospheric emissions of CO<sub>2</sub>. During the "World Environment Day" the "Digitalisation of contracts" project was launched and trees were given away to the employees as part of the initiative "Un albero del Parco in Banca (A Park tree at the Bank)". Finally, Intesa Sanpaolo also joined the "European Week for Waste Reduction" with customer communication campaigns carried out through ATMs, the website and at the Branches.

International Subsidiary Banks also promoted training and communication initiatives and projects on environmental matters. Upon participating in the "World Environment

Day" each bank chose its commitment: some have focused more on training and communication activities, others have taken the opportunity to implement simple but concrete actions, such as, for example, the reduction of paper consumption. In the case of Banca Intesa Beograd, for example, employees have had the opportunity to join in volunteer activities within the project "Nas Beograd" (Our Belgrade), and on 30 May they took part in the maintenance and cleaning activities of the green areas in the Bezanijska Kosa district. Other initiatives have focused on the recovery of materials or on the involvement of children and grandchildren of employees in Alexbank. Another theme chosen by some Banks was that of food, sustainable agriculture and food waste reduction. Within VÚB Banka, for instance, a "mini EXPO" area was set up in which issues such as responsible behaviour, waste reduction and targeted purchases have been addressed. Intesa Sanpaolo Bank Albania, on the other hand, organized an information session on organic farming and typical regional products at a farm near Tirana.

The Earth Hour campaign promoted by the WWF was also highly popular in terms of participation: one example was the switching off of office lights at Banca

Intesa Beograd, Banca Intesa Russia, CIB Bank and Intesa Sanpaolo Bank Romania.

On the theme of education worth mentioning is the initiative of Intesa Sanpaolo Albania aimed at promoting energy efficiency initiatives at the office, through the provision of specific "information tables" located in the offices of the headquarters and at the bank branches. This initiative involved about 500 employees, in addition to the personnel of companies in charge of physical safety.

## SUSTAINABLE EVENTS

The implementation of the Rules governing sustainability for the organisation of Group's events, issued in 2010, is becoming an established practice, as shown by the 2015 reports, submitted by the International Subsidiary Banks and Group departments. As an example, invitations and documents in electronic format are used in over 90% of events, locally grown products and washable dishes are increasingly requested and catering with environmental and social sustainability characteristics has been introduced.

### SUSTAINABLE EVENTS AT EXPO

An important example among all the others was the organization of the events within the Expo Waterstone pavilion. The topic "Feeding the Planet, Energy for Life" prompted everyone to address conscious and responsible development, taking care of the planet for future generations. Within this context, the Intesa Sanpaolo pavilion stood out for its strong personality and a clear focus on sustainability and environmental impact issues.

Indeed, within the Waterstone pavilion preference was given to materials processed with low environmental impact: in particular it should be noted the use of shingles as a way of architectural freedom of expression and natural shading system in favour of energy savings needed to cool the interior of the pavilion.

During all the events short supply chains, washable dishes, sustainable providers, accommodation facilities with environmental features were used and, above all, a lot of attention was paid to electronic invitations and the use of environmentally friendly paper.

Moreover, 19 events with companies focusing on the environment were organized, boosting participation of over 2,500 people. These events had different kinds of formats: some were live, where companies told stories of excellence on sustainability, research and innovation, but also artisan tradition and social responsibility. The Exhibition format which provided for visibility spaces dedicated to content and/or company products in the area open to the visitors of Expo; the Networking format that allowed companies to submit commercial offers to prospects and customers, organize workshops, business meetings, networking activities or to share strategies with its own sales force and the Meeting format with meetings and business appointments, featuring the organisation of workshops, networking activities and the sharing of strategies with one's own sales force. All companies were chosen through the public initiative "Candida la tua impresa" (Nominate your company) aimed at business customers belonging to EXPO-related sectors.

## REDUCTION OF ATMOSPHERIC EMISSIONS

A notable reduction in CO<sub>2</sub> equivalent emissions deriving from electricity and heat consumption was recorded in 2015 as well. This reduction - of around 7.4% - was largely due to management saving and plant efficiency actions carried out during the year, and the favourable climate trend, with milder temperatures at the end of the year, for heat consumption. Part of the reduction in CO<sub>2</sub> equivalent emissions - around 1.5% - can be traced back to the update of processing factors following the evolution of energy production systems which, in addition to greenhouse gases directly traced in CO<sub>2</sub> equivalent (GWP), also take into account the most significant gases involved in an indirect manner: sulphur dioxide (SO<sub>2</sub>) and nitrogen oxides (NOX). The overall net reduction in CO<sub>2</sub> equivalent emissions for electricity and heat consumption is equal to approximately 5.9%.

In 2015 the CO<sub>2</sub> equivalent emissions directly generated by the company (Scope 1: gas and diesel oil for the independent heating system and petrol and diesel oil for the company fleet) fell by around 3%, due to the particularly favourable climate for heat consumption and the lower use of the company fleet, with the consequent streamlining of the number of vehicles in favour of more sustainable means of transport and communication in terms of emissions.

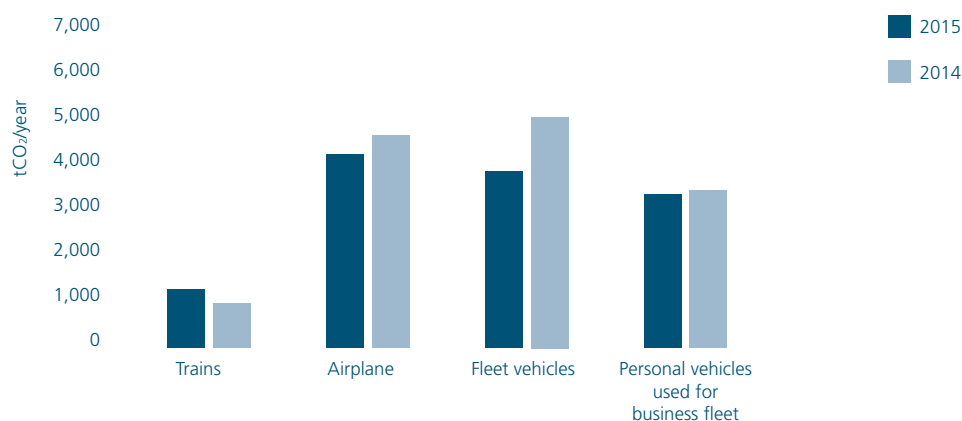
Indirect emissions (Scope 2: natural gas and diesel oil for centralized heating system and purchased electricity) fell by about 13%, corresponding to approximately 6,000 tons of CO<sub>2</sub> equivalent emissions. Considering only the use of electricity from traditional sources, and therefore without the contribution of Garanzia d'Origine (Guarantee of Origin) renewable energy certificates as stipulated contractually, the emissions attributable to the Intesa Sanpaolo Group would register a potential reduction of over 20,000 tons of CO<sub>2</sub> equivalent.

For other indirect emissions (Scope 3: other indirect emissions and mobility, excluding the corporate fleet already reported under Scope 1), the scope of reported activities was further expanded in 2015 to include indirect emissions stemming from the purchase of paper and office equipment and the production of waste, already included in 2014, as well as indirect emissions from customers from the use of internet banking services; as such, the 2014 and 2015 figures are not directly comparable. An analysis of Scope 3 compared with the same scope in 2014 shows a moderate increase, of approximately 4%, mainly due to the replacement of office equipment, and the related increase in both the production of waste and the purchase of new equipment, which was offset by a reduction in emissions related to the purchase of paper and mobility.

### Summary table of environmental emissions

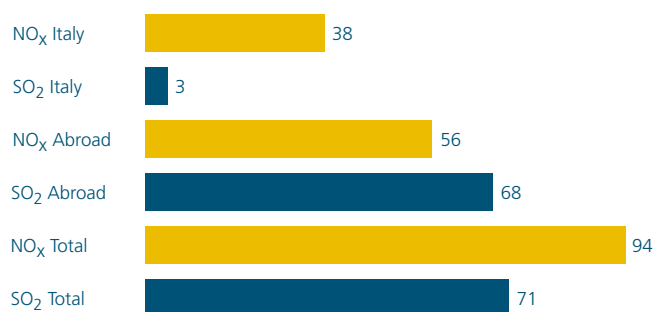
	2015	2014	2013
Scope 1	43,930	45,277	59,041
Scope 2	40,225	46,207	52,696
Scope 3	27,297	25,365	26,639
<b>CO<sub>2</sub> performance indicators (Scope 1 and 2)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
tCO <sub>2</sub> per million euro of net operating income	4.907	5.414	6.877
tCO <sub>2</sub> per m <sup>2</sup>	0.023	0.025	0.029
tCO <sub>2</sub> per full time employee	0.923	0.997	1.169

## CO<sub>2</sub> EMISSIONS FROM COMPANY MOBILITY IN ITALY 2015/2014 [tCO<sub>2</sub>/year]\*



\* Data only refer to Italy.

## NO<sub>x</sub> SO<sub>2</sub> emissions [t/year] 2015



### A PARK TREE AT THE BANK

To contribute to the ecosystem preservation and to spread the culture of sustainability, an agreement between Intesa Sanpaolo, the Province of Turin and the Municipality of Piosasco has been signed since 2010. The agreement features a programme of interventions launched to clean up the green area and restore the nursery garden located in the Monte San Giorgio Park (approx. 400 hectares at an altitude of between 300 and 837 metres). The nursery garden trees are used to reforest areas without vegetation, but a part of them - about 200 specimens of hornbeam, mount maple, field maple and wild cherry - have been made freely available to the employees who have requested them. The project was carried out by Intesa Sanpaolo in collaboration with La Bottega s.c.s. ONLUS, which has been working for fifteen years on the social and employment integration of people with intellectual disabilities; La Bottega has launched an innovative project, called "Il Club dei 100" (The Club of the 100), a solidarity-based support towards autonomy for persons with disabilities, organised at the Nursery Garden of Monte S. Giorgio.



## ENERGY CONSUMPTION AND EFFICIENCY

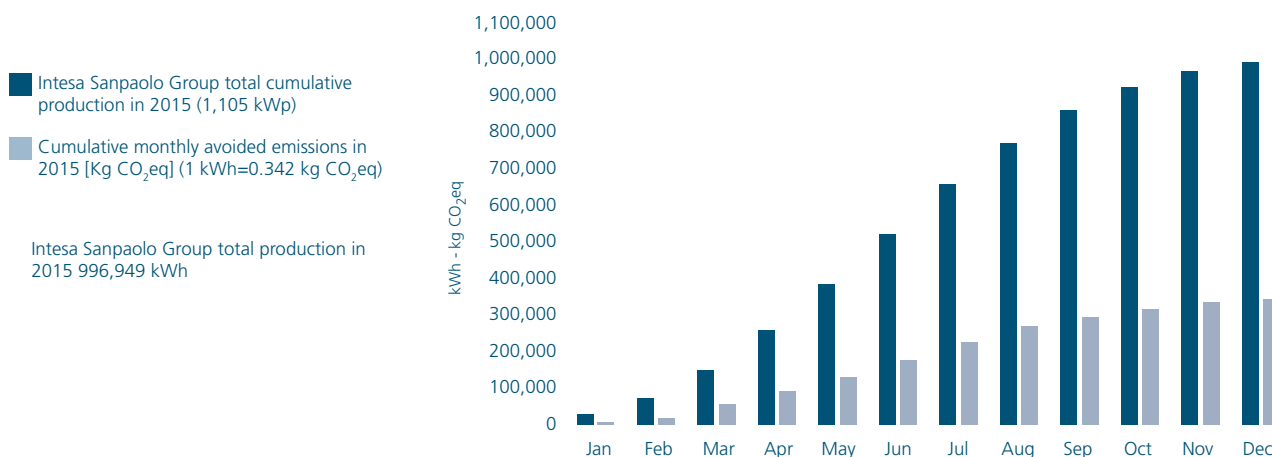
### USE OF RENEWABLE SOURCES

Committed to gradually reducing its dependence on fossil sources, the Intesa Sanpaolo Group has long consolidated its purchase of electricity in Italy from sources certified as renewable (Guarantee of Origin) at all sites where this is possible with a percentage exceeding 95%. Moreover, although with limits due to architectural barriers and the limited availability of appropriate buildings, expansion of the photovoltaic facilities for the self-generation of electricity continued in 2015, with the construction of two photovoltaic plants in Cagliari and Caserta and, in September, the connection of the plant of the New Turin Headquarters. Four large plants are therefore currently operational (>100 kWp), along with ten small ones (≤20 kW). The total installed peak capacity reached around 1,105 kWp with expected annual production, when fully operational, of 1,041 MWh. In 2015, taking into account the partial operation of the new plants, the expected annual production was 925 MWh, while the production was actually 997 MWh (+7.7% vs. estimate). Thanks to the state incentive provided through the "conto energia", since 2012 we have had an economic return of over one million euro from our three biggest photovoltaic plants.

With regard to the self-generation of electricity, there is also a small cogeneration plant at the accounting centre in Parma (which covers approximately 37% of the electricity needs of the Parma complex and 3% of the overall needs of the Intesa Sanpaolo Group in Italy), in addition to the self-generation of energy from renewable sources through heat pumps used for heating which, in line with Legislative Decree 28/11 transposing Directive 2009/28/EC, corresponds to an additional 2,100 tonnes of CO<sub>2</sub> emissions avoided per year. In fact, based on these regulations, the heat (thermal energy) produced by a heat pump that exceeds the quantity of energy required for its operation is considered to be a renewable source.

The commitment to renewable energy continues in the International Subsidiary Banks as well, despite the limitations imposed by national legislation in a number of countries: 15% of the electricity purchased by VÚB derives from a renewable source; since 2014 Banka Koper has been purchasing all of its energy from renewable hydroelectric sources, which join the two photovoltaic plants in Slovenia that generated around 53.5 MWh. Finally, all the electricity consumed by Bank of Albania, although coming from the national grid, is renewable.

### Intesa Sanpaolo Group photovoltaic plants - 2015 Production (kWh) and Avoided Emissions (kg CO<sub>2</sub>eq)



## CONTAINMENT OF ENERGY CONSUMPTION

The Intesa Sanpaolo Group continued to limit its energy consumption in 2015 too. It is worth mentioning that in Italy, due to the high level of automation and widespread use of heat pumps, the consumption of electricity, the energy most widely used by the Group in Italy, accounts for 80% of the Group consumption. The 2015 consumption in Italy increased slightly (+0.9%) when compared with 2014. However, at Group level, they continue the downward trend for a total of -0.3% thanks to the actions carried out by foreign subsidiaries that only recently have launched activities to reduce electricity consumption.

Nevertheless, the Intesa Sanpaolo Group's commitment in this regard must be analysed in a long-term perspective, as the Group has been carrying out, in Italy, optimization and energy efficiency activities for some time. Therefore, if we analyse the 2010-2015 period, electricity consumption in Italy fell by about 26% and by

24% when analysing the Group figures: a very important achievement that puts the Intesa Sanpaolo Group among the leading companies in Italy and a milestone which is often now used as a sector benchmark.

These savings were also possible thanks to the preparation of various long-term plans, the last of which, the "2013-2016 Sustainable Energy Action Plan" has set, starting from a 2012 baseline, targets for 31 December 2016, for reducing consumption and implementing improving actions which have now been almost all achieved.

Generally speaking, the activities launched in 2015 both in Italy and abroad, focused on the replacement of traditional boilers with condensation boilers, heat pumps and high-yield cooling units, as well as on the modernisation of electrical systems, the replacement of lamps, spotlights and lights in the various rooms with new LED technologies, the remote switching off of PCs and the replacement of systems containing ozone depleting gases.

Below are some of the initiatives, included in the SEAP, launched to improve overall energy efficiency:

Project	Description	Forecast annual savings
Measurement of electricity consumption Investment: 182,000 €	In 2015 around 91 dataloggers were installed. Managed via the web, they allow the activation of programmes for switching lighting and air conditioning systems on and off.	Energy Saving: 160,000 kWh Cost Saving: 32,000 € CO <sub>2</sub> Reduction: 56 t
Installation of photovoltaic plants Investment: 210,551 €	In 2015 two new photovoltaic plants were installed in Cagliari and Caserta.	Energy Saving: 46,000 kWh Cost Saving: 10,120 € net of government incentives CO <sub>2</sub> Reduction: 15.7 t
Relamping interventions on Buildings Investment: 3,574,000 €	Relamping and replacement of lighting systems with LED on 3 buildings (Mi Bisceglie, Assago, Mi Monte di Pietà).	Energy Saving: 1,700,000 kWh Cost Saving: 368,874 € CO <sub>2</sub> Reduction: 573 t
Replacement of systems containing gases which are harmful to the environment Investment: 6,797,296 €	During 2015, in accordance with regulatory requirements, 235 plants containing R22 gas have been replaced with refrigeration units containing R410A gas, also providing increased energy efficiency.	Energy Saving: 298,000 kWh Cost Saving: 65,560 € CO <sub>2</sub> Reduction: 102 t
LED replacement (Alexbank) Investment: 44,653 €	Thanks to an agreement with the Egyptian Ministry for Electricity and the United Nations, the Bank is currently replacing all its lighting system with new LED technology in the head office of Alexbank and in 7 bank branches.	Energy Saving: 57,552 kWh Cost Saving: 24,307 € CO <sub>2</sub> Reduction: 25 t
UPS replacement in the head office of Petrezselyem in Hungary (CIB Bank) Investment: 2,433 €	Replacement of all UPS units in the head office of CIB Bank located in Petrezselyem with considerable energy savings.	Energy Saving: 53,728 kWh Cost Saving: 7,453 € CO <sub>2</sub> Reduction: 15 t
Replacement of air conditioning systems (Privredna Banka Zagreb) Investment: 29,856 €	Efficient air conditioning systems were installed in the Branches of Slavonski Brod and Porec.	Energy Saving: 12,400 kWh Cost Saving: 1,200 € CO <sub>2</sub> Reduction: 9 t

In terms of heat consumption, however, despite the non-accuracy of the figure based on the bills and not on the actual consumption for most of the offices and of headquarters, Italy registered a consumption reduction of about 4%. However, it should be noted that as of the 2010/2011 winter season the Group has experienced, in some buildings and branches in Italy covered by the SGAE system, the application of the Building Heat Check-up (CTE) procedure: a web solution to monitor and limit the consumption of heating systems thanks to the actual readings of meters. This application enables the Bank to check the suitability of the installed thermal capacity and the proper management of the heating system in relation to the level of thermal insulation. Thanks to its use, significant savings were achieved: by comparing the savings of the 2010/2011 season with the 2014/2015

season, the sites where the CTE was applied achieved overall heat energy savings of approximately 20%, corresponding to around 400,000 euro.

In addition, in line with the contents of the internal policy on sustainable branches, renovated or newly built sites were fitted out in accordance with criteria for improving energy efficiency and management. As a result of measures taken in recent years, mainly associated with the replacement of traditional boilers with condensation boilers, heat pumps and high-yield cooling units, and the replacement of windows with low emissivity glass, the Group has been able to claim tax deductions, securing an economic return of around 22 million euro between 2009 and 2015.

The most representative example of the Group's commitment to build sustainable buildings is definitely the New Turin Headquarters.

### THE NEW TURIN HEADQUARTERS: A COMMITTED EFFORT TO SUSTAINABILITY

The most ambitious realization in recent years has been the construction of the new Headquarters of Intesa Sanpaolo. Designed by architect Renzo Piano, the skyscraper is 166 meters high and is laid out on 38 floors above ground, 27 of which are intended to serve the Bank's operations offices. The project is particularly attentive to the containment of overall energy consumption and has made the skyscraper one of the tall buildings with the highest sustainability standards in the world, as evidenced by the process of obtaining certification according to the international LEED (Leadership in Energy and Environmental Design) Platinum level protocol.

The façades facing east and west are characterised by two glass windows about 2.5 meters apart equipped with shutters whose opening and closing is managed by a centralised system that can be programmed according to different climatic conditions. The lighting system was also designed with a view to energy saving. The system that produces the air conditioning fluids uses only electricity coming from groundwater drawn from wells located at the edges of the park adjacent to the building.

Finally, in the south façade of the building a photovoltaic plant is installed of more than 1,600 m<sup>2</sup>.

The development of the workspaces, occupied during 2015, also took into account comfort and efficiency: the air conditioning operates with radiant type standalone systems suspended from the ceiling and the layout is characterised by the search for the maximum flexibility.

It is also important to remember that Intesa Sanpaolo has an Environmental and Energy Management System which, at the end of 2015, counted approximately 210 operating units in Piedmont, Lombardy, Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Emilia Romagna, Puglia and Sardinia, but is progressively extending and aims at gradual improvement. The two standards (UNI EN ISO 14001:2004 and UNI CEI EN ISO 50001:2011) specify the requirements that enable an Organization to develop, maintain and implement adequate procedures in order to respectively manage the most significant environmental aspects and energy uses of its business. In the same operating units, since 2013 the Bank has decided to quantify and report annually even its greenhouse gas emissions (GHG), certifying them in accordance with the UNI EN ISO 14064:2012 standard. To this end, a methodology was identified, examining emissions from: production and consumption of thermal energy, electricity consumption, air conditioning systems, paper consumption and corporate fleet; in this respect it should be noted that in 2015 negligible emissions of ozone depleting

substances (ODS) have been recorded. The systems are certified by an international independent body that ensures an impartial application of the requirements of the standards and evaluates the effectiveness of the procedures and practices adopted through an annual review which provides audits at the headquarters and at a representative sample of operating units.

The Group's International Subsidiary Banks have also launched major energy efficiency measures in the various branches and main offices, and some have adhered to the SEAP, setting themselves important goals. In general, the measures launched have regarded the replacement of cooling systems, the introduction of LED or high-efficiency lights in the branches and signage, the introduction of the automatic night time switch-off of computers, the introduction of automatic light adjustment and on/off light switching systems, new printing methods with a reduction in the use of electricity, the installation of thermostatic valves, and initiatives to reduce the temperature where it is too high.

## ENERGY AUDITS

Legislative Decree no. 102/2014, transposing Directive 2012/27, established that, by 5 December 2015 and subsequently every four years, large companies, including the Intesa Sanpaolo Group, perform an energy audit at the production sites located throughout the entire country.

The multi-site businesses have had to perform the audit on a number of proportionate and sufficiently representative sites to allow to draw a true picture of the overall energy performance of the Company and to reliably identify the most significant opportunities for improvement.

Hence, 32 sites have been identified in Italy where energy audits were carried out: 15 Branches and 17 Buildings and CEDs distributed throughout the country.

The first analyses highlighted, on a limited number of branches, the possibility of achieving savings through simple management actions, such as changing the cooling or heating hours and improving the regulation of winter or summer set point temperatures.

With regard to buildings, possible improvements against short to medium-term investment were identified; these concerned the modernisation of UPS units, boilers, air treatment units and lighting systems (replacement with LED lights).

Most of the proposed actions, instead, have too long return times (over 10 years) to be seriously taken into account.

## MOBILITY

Intesa Sanpaolo confirmed its commitment to the issue of sustainable mobility in 2015 as well, seeking and proposing solutions for people's mobility needs. Commitment continues with regard to implementation of the Home-Work Commuting Plans, which, apart from the regulatory requirements, represent a significant opportunity for organisational improvement and management of the personnel mobility.

The most significant actions carried out in 2015 regarded the following:

- the increase in the number of partnerships with local public transport companies, also extended to Trenord for Milan and currently being defined with Atac in Rome.
- the monitoring of the use of shuttles, a fundamental tool for collecting data on their actual use and consequently evaluating initiatives to promote their use or, alternatively, modify routes and times;
- the launch, thanks to the collaboration with the Intesa Sanpaolo Employees' Association (ALI), of a partnership with the car sharing service Car2go to facilitate public mobility in the cities of Milan, Florence and Rome; the National Convention from 1 January 2016 with BICInCittà, a Bike sharing operator active in Turin, with [TO]Bike, and in many other Italian cities such as Cuneo, Como, Lecco, Treviso, Padua, Venice, La Spezia, Carrara and Rimini; the granting of contributions to the expenditure on subscription to bike sharing and subscriptions to public transport made on the Mobility Office enterprise platform;
- the constant monitoring of the data relative to the model used to report the Corporate Mobility environmental sustainability indicators for Italy and abroad;

- the launching of a first phase for the realization of a preliminary feasibility study on the management system for road safety in accordance with Standard ISO 39001 - Road Traffic Safety Management System.

With regard to the mobility measures launched by the international subsidiaries, corporate bike sharing is active in four banks (Intesa Sanpaolo Bank Romania, CIB Bank, Banka Koper and Intesa Sanpaolo Bank Albania) and in nine cities – Arad, Bucharest, Budapest, Koper, Debrecen, Isola, Ljubljana, Pécs and Tirana. Moreover, in the case of CIB Bank and PBZ, areas equipped with dressing rooms have been allocated, where employees who arrive by bicycle can change and, if necessary, take a shower. In other three banks, where bike sharing is not active, specific areas have been reserved for the parking of employees' bicycles (Banca Intesa Russia, Privredna Banka Zagreb and VÚB Banka). Finally PBZ and CIB Bank have launched initiatives to promote cycling among employees; in particular, CIB Bank has joined the initiative 'Bike to Work' with a participation of more than 150 employees: at CIB Bank 5,149 km worth approximately 1 tonne of CO<sub>2</sub> saved were cycled.

Company cars improved too: Banca Intesa Beograd, Banka Koper and Intesa Sanpaolo Bank Albania have a car fleet made up of less polluting models while CIB Bank has launched a pilot project for the online booking service of company cars in order to optimize their use and related consumption.

## PAPER, WASTE AND WATER

### PAPER

As required by the sustainability policy for the purchase and use of paper, environmentally-friendly paper now accounts in Italy for the majority (around 95%) of all paper purchased, with a 2% increase compared to last year. Preference is given to high post-consumption recycled fibre content products, followed by a great amount of paper of certified origin rather than traditional paper: in 2015 the latter decreased by 9% at overall Group level, a proof that even International Subsidiary Banks are increasing their sensitivity in that respect.

In addition to this commitment to using more and more very low environmental impact paper, for years Intesa Sanpaolo has been involved in a programme to reduce as much as possible the consumption of paper, and the resulting CO<sub>2</sub> emissions, in favour of digitalisation activities and electronic reporting that led to a reduction, in Italy in 2015, in paper purchase by almost 3%.

In 2015 the "Zero Carta" (zero paper) project, as part of our training initiatives, allowed to save over 28 tonnes of paper, equal to approximately 53 tonnes of CO<sub>2</sub>. Other internal initiatives related to the reduction of data sheets for internal use have allowed a further annual saving of 477 tonnes CO<sub>2</sub>.

With regard to customers, for the past years the Bank has been implementing the dematerialisation of various printing stages (direct debits, credit transfer statements, receipts for loan payments by standing order) in addition to the Online reporting service and Internet points through which customers can consult the information sheets on Banking Transparency, meaning that they do not need to be produced in paper form. All these actions have allowed avoiding the use of 1,260 tonnes of paper, corresponding to more than 2,490 tonnes of CO<sub>2</sub> emissions avoided. The use of digital signatures for the main operations that can be carried out at the branches has now become customary and is very popular with the Bank's customers: the print-outs avoided led to savings of 247 tonnes of paper (corresponding to around 250 tonnes of CO<sub>2</sub> not emitted into the atmosphere considering the use of recycled paper).

In 2015 the digitisation of all in-branch contracts was launched and this activity is expected to be concluded in 2016. The test was launched in May 2015, with a first saving of 57 tonnes of CO<sub>2</sub>; it provides for the possibility for the customer to no longer print the contracts that he/she enters into at the branch but to receive them directly on his/her PC at home. The signature methods authorized in this regard are the advanced electronic signature, which enables customers to sign on the tablet and offers an experience similar to the paper signature and the digital signature (O-Key Più) that is affixed using the digital signature PIN and the O-Key code. The digitisation process was also developed in the interest of customers because electronic signatures

provide greater security, simplicity in document storage and management and greater protection of the environment, thanks to the reduction of CO<sub>2</sub> emissions. With regard to international subsidiary banks, paper consumption has generally increased, also due to better reporting, along with the use of certified paper, in particular FSC certified paper (+17%). Worth noting is the excellent performance of Intesa Sanpaolo Bank Albania, Privredna Banka Zagreb, Banka Koper and Banca Intesa Russia which no longer buy traditional paper thus helping to protect the environment. Good results were achieved also at CIB Bank, VÚB Banka and Intesa Sanpaolo Bank Romania where the use of recycled paper has increased.

There are also many initiatives aimed at reducing the use of paper such as, for example, the gradual adoption of front and back printouts. In 2015 some interesting initiatives continued: the Banca Intesa Russia project that provided remote training, without printouts, to approximately 80 employees; the Banca Intesa Beograd project that led to the digital signing of all documents adopted by the Executive Committee and Board of Directors; the Intesa Sanpaolo Bank Albania "New Core Banking System - Flexcube Upgrad", which thanks to the use of tablets for signing forms in the branches for withdrawals and deposits allowed to save approximately 1 tonne of paper. Among the initiatives to promote paperless branches, the Danube Project, currently active at Privredna Banka Zagreb, involves the use of biometric signatures with the elimination of paper media. At the end of 2015 about 1,170 devices were installed and 68% of customers who made a transaction in a branch of the PBZ Group joined the initiative with savings totalling around 92,000 euro.

With regard to other green procurement, also worthy of note was the procurement of environmentally-friendly office materials in Italy, and in particular: 92% recycled pens, 57% recycled pencils featuring NF environment certificates, 100% recycled PVC coin holders, 100% recycled cardboard blue angel certified hanging folders, notepads in recycled paper and three-stud folders in 100% recycled cardboard. As for international subsidiaries, we report the use of environmentally friendly cleaning products in PBZ and the use of environmentally friendly taxis in Bank of Albania.

### WATER

In the Intesa Sanpaolo Group water is predominantly used for hygiene purposes although, in limited cases, it is also used for "technological" purposes, i.e. the generation of cold air for air-conditioning.

In 2015 the amount of water consumed by the Group increased compared to 2014, standing at around 26 m<sup>3</sup>. However, it should be noted that such reporting appears to be related to the payment of invoices and not to the actual use of water during the period.

In order to verify the reliability of the figure, as of 2012 a project was launched to monitor water consumption



for sanitary and hygiene purposes at a sample of branches with independent supplies covered by the SGAE system. The monitoring showed a great deal of variability in consumption patterns in accordance with the different types, organisational models and locations of the branches and it was difficult to be carried out for a number of reasons, including the location of water meters. Despite all the difficulties and the reliability of the figure itself, the results of the project made it possible to establish that the part of consumption associated with sanitary and hygiene purposes accounts for around 50% of the consumption of every employee.

## WASTE

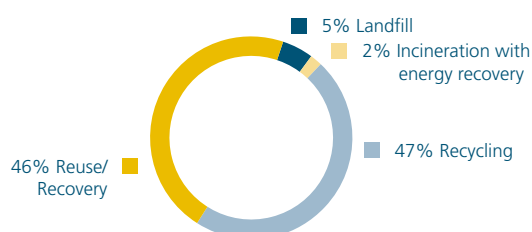
In 2015 the amount of waste produced by the Group increased by 8.9% compared with 2014. The figure, however, must be analysed separately: in fact, on the one hand there has been a considerable increase in waste resulting from the disposal of office equipment due both to the normal process of technological innovation and to the shift to laptops, in particular for the employees migrated to the New Headquarters; on the other hand, this was offset by a sharp decrease in other types of waste. In 2015 the amount of used toner and ink ribbons collected at Intesa Sanpaolo Group sites in Italy came to around 150 tonnes, of which around 95% was collected by an external company before being sent for regeneration. The remaining 5% was disposed of using the waste form and intended for recovery.

Outside of Italy, the amount of used toner and ink ribbons fell by over 50% because of a number of digitisation initiatives (the use of tablets in branches) and the outsourcing of the printing service by some Group banks. In general, the quantity of waste abroad was stable compared to 2014. It is important, however, to emphasize that many International Subsidiary Banks, even where the law does not necessarily require so, have introduced a separated waste collection system for paper, plastic and glass and have started to recycle paper sending it to specific

disposal centres (Intesa Sanpaolo Bank Albania). Banca Intesa Russia has also installed boxes for the collection of used batteries.

In 2015 the study related to the calculation of the Carbon Footprint of the waste produced by the Intesa Sanpaolo Group sites both in Italy and abroad was updated, through a careful analysis of the destination of the waste fractions. The calculation, expressed in kg CO<sub>2</sub> equivalent, takes into consideration the transport of waste from the place of production to the recipient and the end of the life cycle (recovery, disposal in landfill, energy creation etc.). Therefore, the analysis turns out to be more realistic for the Group compared to that carried out in 2014 by classifying these emissions as Scope 3 according to the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD - WRI 2011).

### Total impact of waste by disposal method [%]



## ENVIRONMENTAL MANAGEMENT EXPENDITURE

The Intesa Sanpaolo Group, in order to better meet environmental protection and sustainability needs, invests constantly in the correct management of special waste, the preventive maintenance of facilities, the implementation of management systems or certifications, but above all in training on corporate issues for its personnel and maintenance operators. Below are the details of these expenses.

### Environmental management expenditure [thousand euro]

	2015		2014		2013	
	Italy	Abroad	Italy	Abroad	Italy	Abroad
Management of Special Waste	1,523	359	1,545	410	1,585	314
Training	7	97	53	78	17	66
Maintenance, SGAE and Certification	44,560	19,816	50,407	19,970	30,755	23,886





## IMPROVEMENT OBJECTIVES



# Improvement objectives

## IMPROVEMENT OBJECTIVES: THE GUIDELINES OF THE 2014-2017 BUSINESS PLAN

The commitments undertaken by Intesa Sanpaolo through the 2014-2017 Business Plan are aimed at a solid and sustainable creation and distribution of value. These are the results of our activities as compared with the goals we set ourselves for 2017:

Commitments made	2014 results	2015 results	2017 objectives	Notes
<b>THE BANK AS GROWTH DRIVER</b>				
<b>Creating value</b>				
Net income (Bn)	1.25	2.74	10.4*	Better than Plan forecasts (~2.97 Bn total income forecast for 2014-15)
Dividends (Bn)	1.2	2.4	10*	Better than Plan forecasts (~3.0 Bn total dividends forecast for 2014-15)
<b>Real-economy Bank</b>				
MLT credit for real economy (Bn)	34	48	170*	In line with Plan forecasts (~82 Bn total new credit forecast for 2014-15)
Revenues from proprietary trading (% of total)	0.02 %	-0.04 %	Below 1 %	Revenues from proprietary trading were zero at the end of 2015. The Bank is focused on the greater generation of fee and commission income, which is more stable in time and reflects an intense development of relations with customers
<b>HOW WE DO BUSINESS</b>				
Banca dei Territori Service Model	Launched. Three specialist business areas defined: Retail, Personal and Businesses	Fully operational	Strengthening and simplification of the Banca dei Territori model	In line with Plan forecasts
Corporate simplification	Creation of the SME Finance Hub and reduction of the number of banks belonging to the Banca dei Territori Division to 14	Simplification from 14 to 10 banks	Creation of the SME Finance Hub and reduction of the number of banks belonging to the Banca dei Territori Division to 6	The Hub was created following the merger by incorporation of the Group's leasing, factoring and agribusiness companies in Mediocredito Italiano: target achieved in 2014 (from seven product companies to one)
<b>Local bank abroad for Italian businesses</b>				
	Selective presence in the commercial banking sector of countries in Central and Eastern Europe, the Middle East and North Africa  International network to support the activities of corporate customers abroad	International presence and customer support continues	Leading Italian Bank with a European scale	Opening of the subsidiary in Brazil finalised and new Representative Office opened in Washington DC.
<b>Simple and innovative bank and development of an integrated multi-channel platform</b>				
Customers with multi-channel contract (thousands)	4,923	5,385	7,879	New multichannel processes already successfully tested: increase of ~460,000 multichannel customers in 2015 for a total of ~5.4 million customers

Commitments made	2014 results	2015 results	2017 objectives	Notes
<b>OUR PEOPLE</b>				
Training Days and teaching (classroom, mentoring, remote training and Web TV)	1,220,824	1,309,039	5,000,000 days *	In line with Plan forecasts
Inter-departmental and international career paths	Planning	Brain Swap: 27 Participants and 27 Tutors. Mlpath initiative: 47 paths developed.	To guarantee virtuous processes for the "contamination" and the integration of skills present in the company, and to foster the acquisition and implementation of managerial skills in a process of growth also towards greater levels of complexity.	Development of the skills and expertise of employees and consolidation of a common culture at Group level, assisted by international mobility
Leadership development: growth paths for employees to be assigned to coordination duties; assessments achieved	Overall 2,649	Overall 2,023 (48% women)	Enhancement of talent potential and adoption of systems that reward professionalism and leadership.	Various projects already launched to strengthen and diversify people's skills with proactive engagement methods as part of development paths.
Internal policies and communication to foster a Group culture based on service excellence and support for households and businesses	"Insieme per la Crescita" (Together for Growth), a change management programme for the dissemination of excellent service practices in the Banca dei Territori Division: 1,400 branches and 65% of employees involved	During 2015 the programme was extended to the entire Network, involving over 38,000 employees in approximately 4,300 branches.	To foster, with increasingly engaging methods, the adoption of virtuous and ethically responsible conduct aimed at improving customer and employee satisfaction.	"Insieme per la Crescita" effectively supported the implementation of the new service model
Internal policies for the enhancement of corporate welfare and employment support	ALI: over 100,000 members FSI: estimated 135 M in reimbursed services.	ALI: around 117,000 members FSI: estimated 137 million in reimbursed services. Flexible Work: used by 3,000 employees in 12 different Group companies	An integrated corporate welfare system that interprets and implements new ways of regarding wellbeing and people.	The integrated corporate welfare system was launched in full.
Around 4,500 people involved in professional reassignment and requalification initiatives to support the development of the new business initiatives under the Plan.	2,600	1,630	4,500*	The reabsorption of excess staff can only be considered as consolidated when the Business Plan income and asset goals have been achieved, around 95% of excess resources have been reabsorbed into priority initiatives during the first two years of the Plan
<b>THE BANK IN THE COMMUNITY</b>				
Around 10 billion euro of (direct and indirect) tax will be paid in the four-year period	~2.7 Bn	~2.5 Bn	~10 Bn*	Higher direct and indirect taxes than Plan forecasts (~3.9 Bn total taxes forecast for 2014-15)
Around 1.2 billion euro of medium/long-term loans to support social entrepreneurship initiatives	0.20 Bn	~0.20 Bn	~1.2 Bn*	

\* cumulative value 2014-2017

The document "Stakeholder Engagement and Improvement Objectives - 2014", which presents the stakeholders' requests resulting from the 2014 engagement processes and the objectives pursued by the internal departments, is available in the Sustainability [i](#) section of the Intesa Sanpaolo website.



## INDICATORS





# Main economic and financial indicators<sup>1</sup>

Personnel efficiency indicators [millions of euro]	2015	2014
Loans to customers / Number of employees	3.85	3.65
Operating income / Number of employees	0.19	0.18
Customer financial assets <sup>2</sup> / Number of employees	9.55	8.91
<b>Balance sheet indicators</b>		
Shareholders' equity / Loans to customers	13.6%	13.2%
Shareholders' equity / Customer financial assets <sup>2</sup>	5.5%	5.4%
<b>Capital ratios</b>		
Common Equity Tier 1 (CET1) capital net of regulatory adjustments / Risk-weighted assets (Common Equity Tier 1 ratio)	13.0%	13.5%
Tier 1 (TIER 1) capital / Risk-weighted assets	13.8%	14.2%
Total own funds / Risk-weighted assets	16.6%	17.2%
<b>Profit indicators</b>		
Parent Company net income / Average shareholders' equity	5.9%	2.8%
Operating costs / Operating income (Cost income ratio)	51.4%	51.1%
<b>Risk indicators</b>		
Net doubtful loans to customers / Loans to customers	4.3%	4.2%
Adjustments to doubtful loans to customers / Gross doubtful loans to customers	61.8%	62.8%

1. The indicators were calculated with reference to reclassified statements and figures published in the Intesa Sanpaolo Group's 2015 consolidated financial statements. The 2014 figures were restated where necessary to take into account changes in the scope of consolidation and ongoing divestment activities.

2. Customer financial assets: direct deposits from banking business, direct deposits from insurance business and technical reserves and indirect deposits, after netting, referred to components of indirect deposits which are also included in direct deposits.

# Statement of calculation and distribution of Economic Value

FINANCIAL STATEMENT CAPTIONS		[MILLIONS OF EURO]		
		2015	2014	2013
10.	Interest and similar income	14,148	15,933	17,403
20.	Interest and similar expense	-4,910	-6,116	-7,518
40.	Fee and commission income	8,735	8,058	7,435
50.	Fee and commission expense <sup>1</sup>	-1,049	-1,023	-1,079
70.	Dividends and similar income	378	315	250
80.	Profits (Losses) on trading	285	210	597
90.	Fair value adjustments in hedge accounting	-68	-139	-28
100.	Profits (Losses) on disposal or repurchase of:	1,205	1,074	728
	a) loans	-44	86	1
	b) financial assets available for sale	1,452	1,271	739
	c) investments held to maturity	0	0	-2
	d) financial liabilities	-203	-283	-10
110.	Profits (Losses) on financial assets and liabilities designated at fair value	977	971	492
130.	Net adjustments to/recoveries on impairment of:	-2,824	-4,314	-7,005
	a) loans	-2,751	-4,102	-6,597
	b) financial assets available for sale	-203	-187	-296
	c) investments held to maturity	0	1	0
	d) other financial activities	130	-26	-112
150.	Net insurance premiums	12,418	16,600	11,921
160.	Other net insurance income (expense)	-14,680	-18,805	-13,750
220.	Other operating expenses (income)	934	720	643
240. (partial)	Profits (Losses) on investments in associates and companies subject to joint control (realised gains/losses) <sup>2</sup>	-1	326	2,579
270.	Profits (Losses) on disposal of investments	103	114	15
310.	Income (Loss) after tax from discontinued operations	-2	-48	0
<b>A</b>	<b>Total economic value generated</b>	<b>15,649</b>	<b>13,876</b>	<b>12,683</b>

1. The figures differ from those of the income statement in the Financial Statements as remuneration to the financial advisors networks was reclassified to "Personnel expenses".  
 2. The figures differ from those of the income statement in the Financial Statements due to the exclusion of unrealised gains/losses, now recognised in a separate caption.

FINANCIAL STATEMENT CAPTIONS		[MILLIONS OF EURO]		
		2015	2014	2013
180.b (partial)	Other administrative expenses (net of indirect taxes and donations and charges for resolution funds and deposit guarantee) <sup>3</sup>	-2,676	-2,619	-2,647
	ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-2,676	-2,619	-2,647
180.a	Personnel expenses <sup>4</sup>	-6,031	-5,836	-5,503
	ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES	-6,031	-5,836	-5,503
330.	Minority interests	-67	-59	7
	ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	-67	-59	7
340. (partial)	Parent Company net income (loss) - Share allocated to Shareholders <sup>5</sup>	-2,361	-1,185	-822
340. (partial)	Parent Company net income (loss) - Share allocated to holders of equity instruments <sup>6</sup>	-20	0	0
	ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS AND HOLDERS OF EQUITY INSTRUMENTS	-2,381	-1,185	-822
180.b (partial)	Other administrative expenses: indirect taxes	-919	-952	-879
180.b (partial)	Other administrative expenses: charges for resolution funds and deposit guarantee	-516	0	0
290. (partial)	Income taxes for the year (current taxes) <sup>7</sup>	-1,485	-1,509	-1,693
	ECONOMIC VALUE DISTRIBUTED TO THE GOVERNMENT, ORGANISATIONS AND INSTITUTIONS	-2,920	-2,461	-2,572
180.b (partial)	Other administrative expenses: donations and gifts	-1	-3	-2
340. (partial)	Parent Company net income (loss) - Share allocated to charity funds <sup>8</sup>	-11	-10	0
	ECONOMIC VALUE DISTRIBUTED TO COMMUNITY AND ENVIRONMENT*	-12	-13	-2
<b>B</b>	<b>Total economic value distributed</b>	<b>-14,087</b>	<b>-12,173</b>	<b>-11,539</b>
<b>C</b>	<b>Total economic value retained (withdrawn) by the corporate system<sup>8</sup></b>	<b>1,562</b>	<b>1,703</b>	<b>1,144</b>

3. The figures differ from those of the income statement in the Annual Report due to the exclusion of indirect taxes, donations and gifts and charges for resolution funds and deposit guarantee, now recognised in a separate caption.

4. The figures differ from those of the income statement in the Annual Report as they also include remuneration paid to the financial agents networks.

5. For 2013 the economic value distributed to shareholders was drawn from reserves.

6. Accrued interest related to the coupons on the Additional Tier 1 instruments (AT1), recognized directly in shareholders' equity

7. The figures differ from those of the income statement in the Annual Report due to the exclusion of deferred tax assets and liabilities, now recognised in a separate caption.

8. The figures include amounts allocated to the charity funds operated by Group banks.

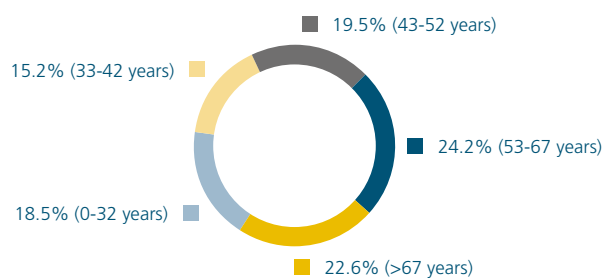
\* Net adjustments to/recoveries and provisions, deferred tax assets and liabilities and consolidated income net of dividends of the Parent Company.

# Customers

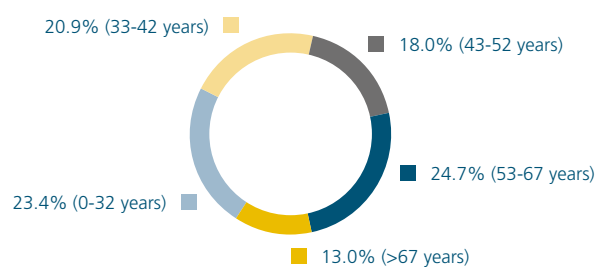
## COMPOSITION

### Retail customers by age group [%]

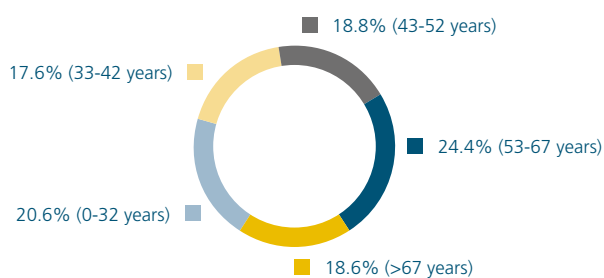
#### Italy



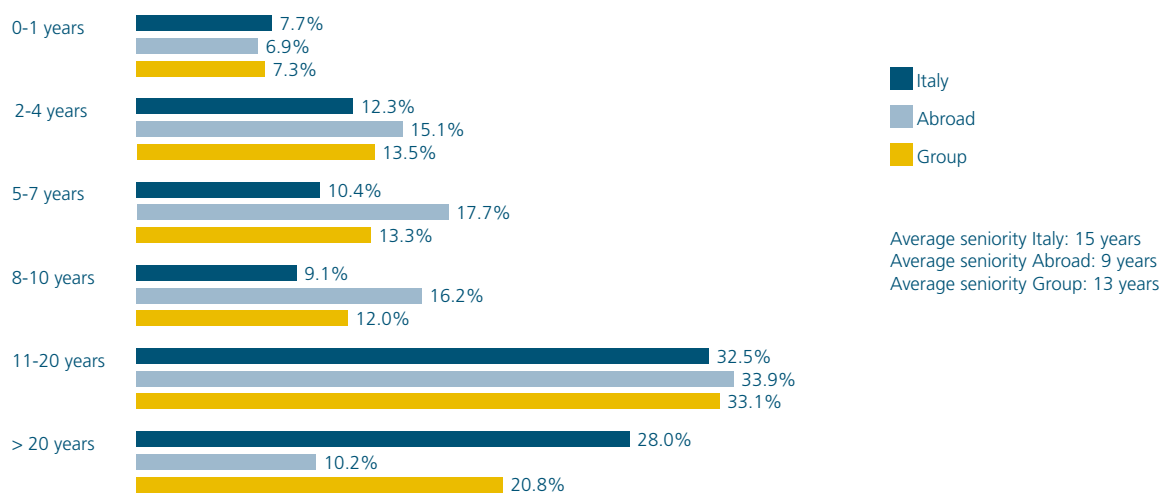
#### Abroad



#### Group



### Retail customers by seniority [years]



Accessibility and distribution channels: Italy	2015	2014	2013
No, multichannel contracts (stock)	6,322,350	5,708,303	5,196,200
No, multichannel contracts (stock)/No, customers	54.7	49.1	39.9
Percentage of bank transfer automation	84.2	81.7	72.4
Total bank transfers executed	45,582,596	33,127,135	39,304,521
Percentage of securities automation	73.6	71.1	75.9
Total securities traded	10,209,665	10,661,303	7,182,268
Remote Banking: No, contracts in force at the reporting date	159,719	163,609	169,547
Remote Banking: No, instructions	142,950,382	162,167,961	208,374,634

Italian boundary, individual and legal entities

Presence in Italian regions with a low density population*	2015		2014		2013	
	Branches	ATMs	Branches	ATMs	Branches	ATMs
Molise	16	24	16	23	15	24
Sardegna	88	153	92	140	94	141
Basilicata	24	30	23	25	26	27
Valle d'Aosta	23	47	26	45	28	46
Trentino Alto Adige	60	82	71	88	73	96

Presence in Italian regions with a low density population [%]*	Change % 2015/2014		Change % 2015/2014	
	Branches	ATMs	Branches	ATMs
Molise	0.0	4.3	6.7	-4.2
Sardegna	-4.3	9.3	-2.1	-0.7
Basilicata	4.3	20.0	-11.5	-7.4
Valle d'Aosta	-11.5	4.4	-7.1	-2.2
Trentino Alto Adige	-15.5	-6.8	-2.7	-8.3

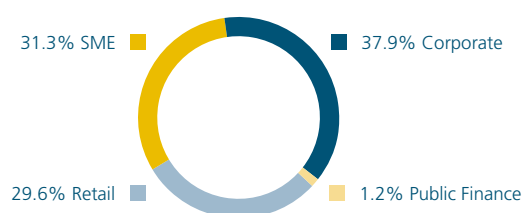
\* Source:  
ISTAT 2015. statistical reconstruction of regional population time series for the period 1/1/2002-1/1/2014.  
The regions considered are those with less than 100 inhabitants per Km<sup>2</sup>.

Presence of Intesa Sanpaolo Group Banks in foreign countries	2015		2014		2013	
	Branches	ATMs	Branches	ATMs	Branches	ATMs
Albania	32	49	32	52	31	55
Croatia	250	870	197	678	203	657
Romania	45	59	71	84	76	88
Serbia	170	260	177	258	192	255
Slovakia	231	572	234	572	239	573
Slovenia	52	98	52	97	52	95
Hungary	83	142	95	156	95	156
Egypt	170	332	170	294	174	275
Russian Federation	50	52	61	59	69	65

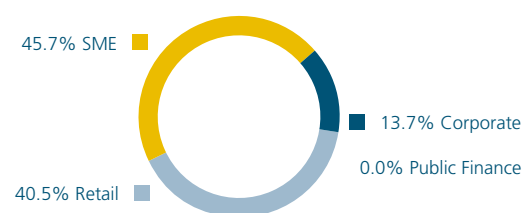
Presence of Intesa Sanpaolo Group Banks in foreign countries	Change % 2015/2014		Change % 2015/2014	
	Branches	ATMs	Branches	ATMs
Albania	0.0	-5.8	3.2	-5.5
Croatia	26.9	28.3	-3.0	3.2
Romania	-36.6	-29.8	-6.6	-4.5
Serbia	-4.0	0.8	-7.8	1.2
Slovakia	-1.3	0.0	-2.1	-0.2
Slovenia	0.0	1.0	0.0	2.1
Hungary	-12.6	-9.0	0.0	0.0
Egypt	0.0	12.9	-2.3	6.9
Russian Federation	-18.0	-11.9	-11.6	-9.2

## Loans to customers by type [%]

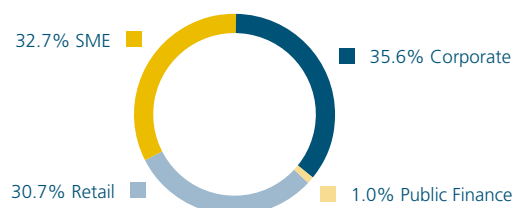
### Italy



### Abroad



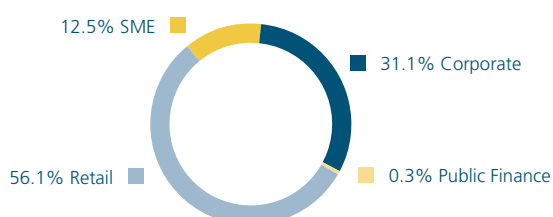
### Group



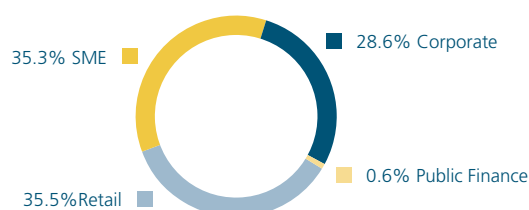


## Due to customers by type [%]

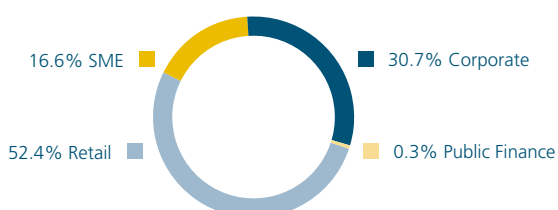
### Italy



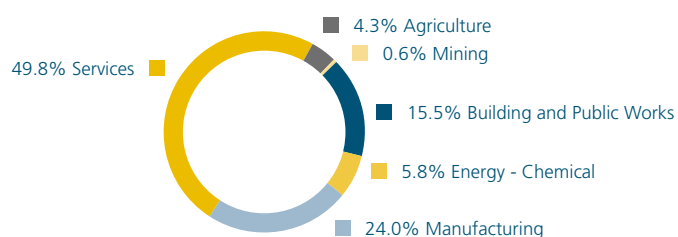
### Abroad



### Group



## Loans by industrial sector: Italy 2015



Eurizon Ethical Funds	2015	2014	2013
Ethical funds: assets [thousands of euro]	823,000	643,473	404,828
Ethical international equity assets [thousands of euro]	105,100	88,783	80,382
Ethical bond assets [thousands of euro]	401,800	420,844	230,235
Ethical diversified assets [thousands of euro]	316,100	133,847	94,211
Ethical international equity performance [%]	13.7	20.6	25.2
Ethical bond performance [%]	1.2	9.9	3.6
Ethical diversified performance [%]	2.9	5.7	6.1
Percentage of ethical funds to total assets of Italian registered funds [%]	1.4	1.2	0.5
Total assets - Ethical Funds managed for third parties (FAPA, etc.) [thousands of euro]	787,000	703,000	-

This is the gross performance of funds.

The Eurizon ethical funds are established under Italian law. Eurizon Ethical Diversified Assets: positive contributions to the performance came from the choices on share geographical allocation and from the tactical management of the weight on shares. Rewarding was also the spread long position on peripheral countries of the Eurozone and currency choices.

Eurizon Ethical Bond Assets: positive contributions to the result came from the overweight choices on European peripheral countries, the allocation to the corporate market and the exposure to the US dollar.

Eurizon Ethical International Equity: in comparison to the benchmark, especially the selection of securities and overweight equity exposure on Europe and Japan positively contributed

<b>Fideuram Ethical Funds</b>	<b>2015</b>	<b>2014</b>
Ethical funds: assets [thousands of euro]	32,356	24,869
Fonditalia Ethical Investment R assets [thousands of euro]	28,470	23,784
Fonditalia Ethical Investment R performance [%]	0.8	4.4
Fonditalia Ethical Investment T assets [thousands of euro]	3,885	1,085
Fonditalia Ethical Investment T performance [%]	0.4	4.1
Percentage of ethical funds to total assets of foreign funds [%]	0.07	0.07

This is the gross performance of funds. Fideuram ethical funds are established under Luxembourg law.

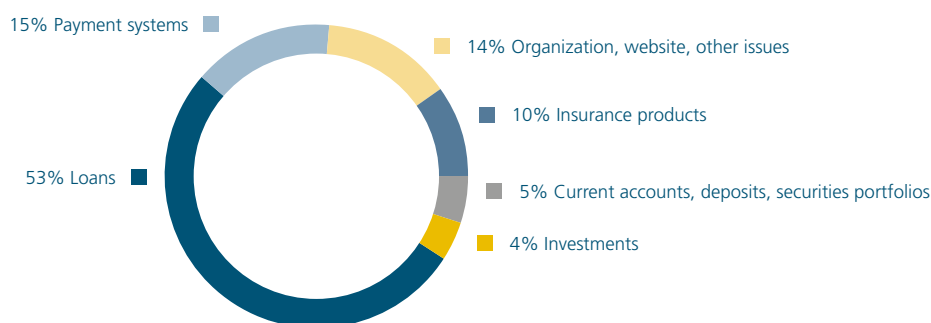
<b>Intesa Sanpaolo Group Pension Fund (FAPA)</b>	<b>2015</b>
No. companies in the FAPA portfolio	459
No. companies in the FAPA portfolio involved in engagement initiatives	9
% FAPA portfolio subject to engagement to the total FAPA portfolio value	6
% FAPA portfolio subject to engagement to the total FAPA portfolio companies	2

## PUBLIC ADMINISTRATION

<b>Loans to socially useful sectors [millions of euro]</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>Italy</b>	<b>Italy</b>	<b>Italy</b>
Water/energy/environment	664	59	53
Local Health Authority and health/assistance/cultural structures	196	51	11
Local public services	0	81	107
Local public transport	6	0	0
Universities	0	4	0
Infrastructure	328	310	315
Other sectors	146	116	10
of which:			
Municipalities	15	108	10
Regions	0	0	0
Provinces	2	2	0
Companies and entities benefiting from state loans	0	0	0
Ministries and other state entities	106	5	0
Other	24	0	0
<b>Total</b>	<b>1,340</b>	<b>621</b>	<b>496</b>
	<b>Abroad</b>	<b>Abroad</b>	<b>Abroad</b>
Water/energy/environment	0	0	0
Infrastructure	113	0	13
State-controlled companies	0	0	13
<b>Total</b>	<b>113</b>	<b>0</b>	<b>26</b>

## COMPLAINTS, PROTESTS AND APPEALS BY CATEGORY<sup>1</sup>

### Italy



With regards to Italy, in 2015 50,106 **complaints, protests and appeals**<sup>2</sup>, were received, broken down as follows:

- **Loans:** they account for 53% of the total. They primarily concern applications lodged by customers or former customers that, in relation to the early redemption of loans with assignment of one-fifth of salary, are claiming the pro-rata refund of fees and/or charges paid at the time of disbursement. To a lesser extent, the applications relating to the applied conditions (including the alleged usurious features and the alleged illegality of compound effects) and reporting errors to the Central Credit Register;
- **Organisational and management issues and functions of Internet sites:** they account for 14% of the total. They concern delays in replying to customers' requests for documentation on transactions carried out over the past decade. There are also operational issues associated with succession management and complaints regarding opening hours, security of premises, waiting times and queues;
- **Payment systems:** they account for 15% of the total. They are generally motivated by errors or delays in the execution of operations, non-acceptance of previous disclaimers, fraud suffered through illicit acquisition of online banking credentials, anomalies in the payment of RID/SEPA Direct Debit, mistakes during the issuance and trading of debt securities;
- **Insurance products:** they account for 10% of the total. The most frequent causes of complaints are due to settlements (conduct of liquidators, payment of insurance benefits) and the problems associated with administrative aspects (customer assistance, time and content of the information during the relationship); worth noting is the significant increase in applications relating to out-of-court claims for the resolution of disputes for compensation for damage caused by the circulation of vehicles or vessels;
- **Current accounts, deposits and securities portfolios and investment:** they account for 5% and 4% of the total respectively. In general, complaints in respect of current accounts concern alleged errors or delays in the execution of customer instructions or the conditions applied to the relationship, while those on investments mainly relate to the trading of derivative products and the placement of funds and insurance policies with financial content.

The data described above include 1,492 requests for clarification, made by the Supervisory Authority after their receipt of complaints lodged by customers and 2,019 claims to alternative dispute resolution Bodies. With reference to the requests made by the Supervisory Authority, it is to be noted that the most common reasons can be traced back, in various ways, to the financing issue. In over 80% of cases the proper conduct of the Bank was confirmed.

In the course of 2015 a total of 49,802 applications were processed (also in the context of ADR procedures), of which 19,027 have been accepted.

The **average processing time** of complaints and response thereto concerning Italy, is on average lower than the applicable reference regulatory provisions.

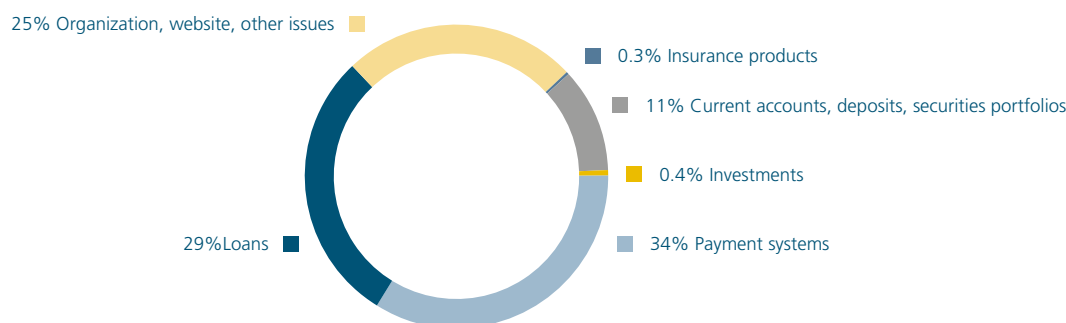
With regards to requests received from customers on the protection of personal data, 198 complaints were received in 2015 **about breaches of the Privacy Code**.

<sup>1</sup> Starting from the 2015 Sustainability Report Intesa Sanpaolo provides information, for greater reporting consistency, on the data concerning complaints, protests and appeals, in accordance with the rules on transparency laid down by the Bank of Italy. For this reason the figures are not comparable with the previous editions which referred to the ABI guidelines. The scope of complaints on foreign subsidiaries includes Praxex Bank

<sup>2</sup> Hereinafter referred to jointly as "applications"

As for the international banks and branches, in 2015 50,059 **written complaints** were received, broken down as follows, and 434 **appeals and protests**:

### Abroad



**Payment systems** (34% of the total) feature the highest number of complaint cases. These applications refer mainly to disputes related to the use of cards (16% of the total), funds transfer operations (8%) and transactions made through ATMs (7%).

Complaints related to **loans** (personal loans and mortgages) account for 29% of the total (up following the provisions issued by the local Parliament of the Hungarian bank in terms of foreign currency loans and unilateral changes on interest rates to the detriment of the customer) while complaints related to **investment and insurance services** remain insignificant in terms of percentage (0.8% of the total), because of the still very limited development of its business by the individual subsidiaries.

Complaints about **organization, website and other issues** account for 25% of the total, while complaints on current accounts, deposits and securities portfolios are limited in number (11% of the total).

As regards the reasons for the disputes, the most common causes are:

- operational errors (including communication and the information given to the customer): 24%;
- errors/malfunctions in the use of the equipment: 20%;
- quality of the service (including the applied economic conditions): 20%;
- the non-fulfilment of obligations to customers: 14%.

In 2015 a total of 49,318 applications were processed (also in the context of ADR procedures), of which 20,815 written complaints have been accepted.

**The average processing time** of dossiers vary depending on the subsidiaries and are largely in line with the local laws and regulations.

With regards to complaints for breaches of the Privacy Code, for 2015 the figure is not indicated because the recognition method has changed. An adjustment for the entire Group is currently ongoing.

## SOCIAL AND ENVIRONMENTAL RISK ASSESSMENT: EQUATOR PRINCIPLES\*

Project financing			
	Total by category Category A	Total by category Category B	Total by category Category C
	4	13	
	Project details by category A	Project details by category B	Project details by category C
<b>Industry</b>			
Oil & Gas	-	5	-
Mining	1	-	-
Energy	1	3	-
Infrastructure	1	4	-
Other	1	1	-
<b>Region</b>			
America	-	7	-
Europe, Middle East and Africa	3	4	-
Asia and Oceania	1	2	-
<b>Type of country</b>			
Designated	-	7	-
Non-designated	4	6	-
<b>Independent audit</b>			
Yes	4	13	-
No	-	-	-
<b>Business loans associated with projects</b>			
	Total by category Category A	Total by category Category B	Total by category Category C
	2	-	-
	Project details by category A	Project details by category B	Project details by category C
<b>Industry</b>			
Energy	2	-	-
<b>Region</b>			
Europe, Middle East and Africa	2	-	-
<b>Type of country</b>			
Designated	1	-	-
Non-designated	1	-	-
<b>Independent audit</b>			
Yes	2	-	-
No	-	-	-

\* The tables refer to the number of projects financially closed in 2015.

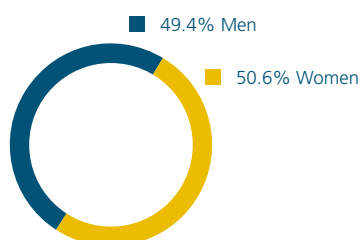
# Employees\*

## STAFF BREAKDOWN

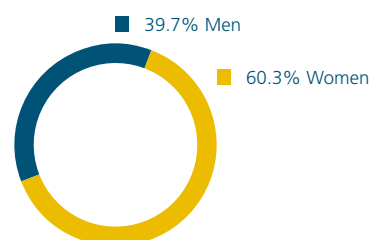
The people of the Intesa Sanpaolo Group	2015		
	Breakdown of employees by country	Men	Women
Italy	64,223	31,713	32,510
Luxembourg	198	124	74
Ireland	27	14	13
Egypt	5,035	4,116	919
Albania	566	197	369
Croatia	4,338	1,236	3,102
Romania	656	183	473
Serbia	3,029	892	2,137
Slovenia	754	190	564
Hungary	2,777	807	1,970
Slovakia	4,417	1,111	3,306
Russian Federation	1,622	417	1,205

### Breakdown of employees by gender

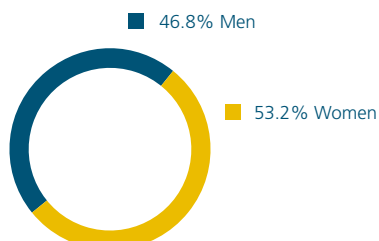
#### Italy



#### Abroad



#### Group



Women employed in the Italian banking system represent 44.7% of total employees, compared to 55.3% of men.

\*All figures referring to the Italian banking system are taken from: ABI (2015) "Rapporto 2015 sul mercato del lavoro nell'industria finanziaria", Bancaria Editrice.



Employees by type of contract and gender [n.]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Permanent contracts	63,999	21,153	85,152	64,360	21,989	86,349	64,294	25,538	89,832
Men	31,619	8,177	39,796	31,978	8,453	40,431	32,074	9,353	41,427
Women	32,380	12,976	45,356	32,382	13,536	45,918	32,220	16,185	48,405
Non-permanent contracts	48	2,187	2,235	44	2,173	2,217	42	2,416	2,458
Men	27	1,074	1,101	23	1,008	1,031	20	922	942
Women	21	1,113	1,134	21	1,165	1,186	22	1,494	1,516
Apprenticeship	167	74	241	257	35	292	422	55	477
Men	65	34	99	103	15	118	162	22	184
Women	102	40	142	154	20	174	260	33	293
New recruits	0	5	5	0	2	2	4	7	11
Men	0	2	2	0	1	1	2	3	5
Women	0	3	3	0	1	1	2	4	6
Contratto per l'occupazione (special contract for safeguarding employment) - apprentices	0	0	0	17	0	17	275	0	275
Men	0	0	0	2	0	2	99	0	99
Women	0	0	0	15	0	15	176	0	176
Contratto per l'occupazione (special contract for safeguarding employment) - permanent	9	0	9	55	0	55	159	0	159
Men	2	0	2	22	0	22	54	0	54
Women	7	0	7	33	0	33	105	0	105

The Contratto per l'occupazione (special contract for safeguarding employment) is an exclusively Italian form of contract.

Employees by type of contract and gender [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Permanent contracts	99.65	90.32	97.16	99.42	90.87	97.10	98.62	91.16	96.37
Men	49.23	34.92	45.41	49.40	34.93	45.46	49.20	33.38	44.44
Women	50.42	55.41	51.75	50.02	55.94	51.63	49.42	57.77	51.93
Non-permanent contracts	0.07	9.34	2.55	0.07	8.98	2.49	0.06	8.62	2.64
Men	0.04	4.59	1.26	0.04	4.17	1.16	0.03	3.29	1.01
Women	0.03	4.75	1.29	0.03	4.81	1.33	0.03	5.33	1.63
Apprenticeship	0.26	0.32	0.27	0.40	0.14	0.33	0.65	0.20	0.51
Men	0.10	0.15	0.11	0.16	0.06	0.13	0.25	0.08	0.20
Women	0.16	0.17	0.16	0.24	0.08	0.20	0.40	0.12	0.31
New recruits	0.00	0.02	0.01	0.00	0.01	0.00	0.01	0.02	0.01
Men	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Women	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Contratto per l'occupazione (special contract for safeguarding employment) - apprentices	0.00	0.00	0.00	0.03	0.00	0.02	0.42	0.00	0.30
Men	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.00	0.11
Women	0.00	0.00	0.00	0.02	0.00	0.02	0.27	0.00	0.19
Contratto per l'occupazione (special contract for safeguarding employment) - permanent	0.01	0.00	0.01	0.08	0.00	0.06	0.24	0.00	0.17
Men	0.00	0.00	0.00	0.03	0.00	0.02	0.08	0.00	0.06
Women	0.01	0.00	0.01	0.05	0.00	0.04	0.16	0.00	0.11

The Italian Industry figures for bank employees are the following: permanent contracts (98.5%), non-permanent (0.5%), apprenticeships (0.9%) and new recruits (0.01%).  
The Contratto per l'occupazione (special contract for safeguarding employment) is an exclusively Italian form of contract.

Non-standard employment contracts and work placements	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Supply contracts	34	161	195	0	95	95	0	57	57
Men	13	38	51	0	50	50	0	29	29
Women	21	123	144	0	45	45	0	28	28
Temporary work contracts	36	0	36	28	0	28	26	135	161
Men	33	0	33	22	0	22	23	4	27
Women	3	0	3	6	0	6	3	131	134
Work placements	90	85	175	57	94	151	46	122	168
Men	50	37	87	34	23	57	27	23	50
Women	40	48	88	23	71	94	19	99	118

Financial advisors	2015		
	Italy		
Financial advisors	5,846		
Men	4,739		
Women	1,107		

Overall workforce	2015		
	Italy	Abroad	Group
Overall workforce	70,229	23,665	93,894
Men	36,548	9,362	45,910
Women	33,681	14,303	47,984

Includes employees and supervised workers (with various contract types)

Employees by category and gender [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers	1.4	2.2	1.6	1.5	2.1	1.6	1.5	2.1	1.7
Men	1.2	1.4	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Women	0.2	0.8	0.4	0.2	0.8	0.4	0.2	0.8	0.4
Middle and Junior Managers	42.7	24.9	38.0	42.3	24.5	37.4	42.2	22.4	36.2
Men	25.7	15.4	22.9	25.6	15.1	22.7	25.5	13.7	22.0
Women	17.0	9.6	15.0	16.7	9.4	14.7	16.7	8.7	14.3
Clerical Staff	55.9	72.9	60.4	56.2	73.4	60.9	56.4	75.5	62.1
Men	22.5	22.9	22.6	22.8	22.7	22.8	22.9	21.7	22.6
Women	33.4	50.0	37.8	33.4	50.7	38.1	33.4	53.8	39.5

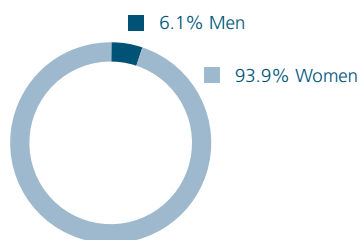
The Italian Industry figures for bank employees are the following: senior managers (2.2%), middle and junior managers (40.9%) and clerical staff (56.8%).

Part-time employees by gender	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Part-time employees/total employees [%]	15.0	0.7	11.2	14.6	0.7	10.8	13.6	0.6	9.7
Breakdown of part-time employees by gender [n.]	9,623	161	9,784	9,420	167	9,587	8,855	169	9,024
Men [n.]	590	19	609	547	18	565	458	18	476
Women [n.]	9,033	142	9,175	8,873	149	9,022	8,397	151	8,548

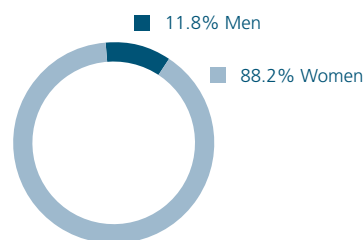
In Italy part-time employees reach 15%, four points above the Italian banking industry figure (10.8%).

## Part-time employees by gender [%]

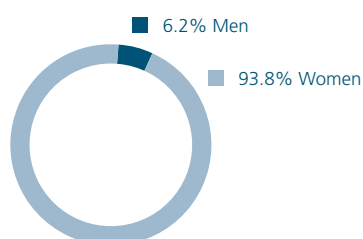
## Italy



## Abroad



## Group



Women represent 95% of all part-time workers in Italy.

Average age of employees	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Average age of employees	46.8	41.2	45.3	46.1	40.8	44.7	45.3	39.7	43.6
Men	48.5	43.3	47.3	47.8	43.0	46.7	47.0	42.3	45.8
Women	45.3	39.8	43.6	44.5	39.3	42.9	43.6	38.1	41.7
Senior Managers	51.6	44.5	49.0	52.1	44.4	49.4	51.4	43.9	48.6
Middle and Junior Managers	49.9	46.3	49.3	49.3	45.9	48.7	48.5	45.1	47.8
Clerical Staff	44.4	39.3	42.7	43.6	38.9	42.1	42.7	38.0	41.0

Intesa Sanpaolo and the Italian Industry figures for the major banks are comparable: average age of employees (45.7), men (46), women (43), senior managers (51.8), middle and junior managers (49) and clerical staff (43.2).

International banks: senior managers hired in the local community	2015		
	No. first line managers	No. first line managers hired in the local community	First line managers hired in the local community/first line managers [%]
Egypt	12	8	66.7
Albania	11	10	90.9
Croatia	20	18	90.0
Romania	12	9	75.0
Serbia	12	10	83.3
Slovenia	11	8	72.2
Hungary	12	9	75.0
Slovakia	10	8	80.0
Russian Federation	16	15	93.8

Employees by level of education and gender [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
University graduates	33.2	65.5	41.8	32.6	63.7	41.1	32.2	66.4	42.5
Men	16.0	28.1	19.3	15.9	27.3	19.0	15.7	25.3	18.6
Women	17.2	37.4	22.6	16.8	36.4	22.1	16.5	41.0	23.9
High school graduates	59.5	28.7	51.3	59.9	30.2	51.8	60.2	28.0	50.5
Men	28.5	7.9	23.0	28.8	8.0	23.1	29.0	7.8	22.6
Women	31.0	20.8	28.3	31.1	22.2	28.7	31.3	20.2	27.9
Other	7.3	5.8	6.9	7.4	6.1	7.1	7.6	5.6	7.0
Men	4.9	3.7	4.6	5.0	3.8	4.7	5.1	3.7	4.6
Women	2.4	2.0	2.3	2.5	2.2	2.4	2.5	2.0	2.3

Intesa Sanpaolo and the Italian Industry figures for academic qualifications in the major banks are comparable: university graduates (37.3%), high school graduates (56.9%), other (5.8%).

Average employee seniority [years]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total average seniority	21.1	13.5	19.1	20.5	13.2	18.5	19.6	12.0	17.3
Men	22.1	15.6	20.6	21.5	15.4	20.1	20.6	14.5	19.2
Women	20.2	12.1	17.8	19.5	11.8	17.1	18.7	10.5	15.8
Senior managers	19.1	11.9	16.5	20.0	11.8	17.1	19.2	11.8	16.5
Middle and junior managers	24.4	19.0	23.5	23.8	18.6	22.9	23.0	17.8	22.1
Clerical staff	18.7	11.6	16.4	17.9	11.4	15.8	17.1	10.2	14.6

Employees belonging to protected categories [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Disabled	4.7	1.3	3.8	4.6	1.0	3.6	4.5	1.2	3.5
Men	2.8	0.6	2.2	2.8	0.6	2.2	-	-	-
Women	1.8	0.6	1.5	1.8	0.5	1.4	-	-	-
Protected categories	1.6	0.1	1.2	1.6	0.1	1.2	1.6	0.6	1.3
Men	0.9	0.0	0.7	0.9	0.0	0.7	-	-	-
Women	0.7	0.1	0.5	0.7	0.1	0.5	-	-	-

Figures by gender were first recorded in 2014.

Breakdown of employees by age group [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
<=30	3.2	15.4	6.5	4.2	17.1	7.7	5.5	21.8	10.4
Men	1.4	5.1	2.4	1.7	5.3	2.7	-	-	-
Women	1.8	10.3	4.1	2.5	11.8	5.0	-	-	-
31-50	58.0	62.1	59.1	60.0	61.3	60.3	62.3	59.2	61.4
Men	24.7	21.8	23.9	26.1	21.8	24.9	-	-	-
Women	33.3	40.3	35.2	33.9	39.5	35.4	-	-	-
>50	38.8	22.5	34.4	35.9	21.6	32.0	32.2	19.0	28.2
Men	23.3	12.8	20.5	21.8	12.0	19.2	-	-	-
Women	15.5	9.7	13.9	14.0	9.6	12.8	-	-	-

The Italian Industry figures for the percentage breakdown of bank employees by age group are: <=30 (5.13%), 31-50 (59.9%) e >50 (34.9%).

Recruitments by gender and age group	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	792	2,050	2,842	477	2,209	2,686	346	2,400	2,746
Men	447	760	1,207	281	794	1,075	214	741	955
Women	345	1,290	1,635	196	1,415	1,611	132	1,659	1,791
<=30	410	1,141	1,551	256	1,351	1,607	174	1,576	1,750
31-50	366	860	1,226	206	812	1,018	159	769	928
>50	16	49	65	15	46	61	13	55	68

Recruitments by gender and age group [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	1.2	8.8	3.2	0.7	9.1	3.0	0.5	8.6	2.9
Men	1.4	8.2	2.9	0.9	8.4	2.6	0.8	8.0	2.5
Women	1.1	9.1	3.5	0.6	9.6	3.4	0.7	9.0	3.6
<=30	19.8	31.7	27.4	9.5	32.6	23.5	4.9	23.4	16.0
31-50	1.0	5.9	2.4	0.5	5.5	1.9	0.5	4.7	1.7
>50	0.1	0.9	0.2	0.1	0.9	0.2	0.1	0.8	0.2

Terminations by gender and age group [n.]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	1,257	2,793	4,050	979	2,537	3,516	1,504	3,443	4,947
Men	834	926	1,760	592	931	1,523	955	1,184	2,139
Women	423	1,867	2,290	387	1,606	1,993	549	2,259	2,808
<=30	103	794	897	87	840	927	92	1,413	1,505
31-50	326	1,339	1,665	358	1,170	1,528	297	1,583	1,880
>50	828	660	1,488	534	527	1,061	1,115	447	1,562

Termination rate by gender and age group [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	2.0	11.9	4.6	1.5	10.5	4.0	2.3	12.3	5.3
Men	2.6	10.0	4.3	1.8	9.8	3.7	2.9	11.5	5.0
Women	1.3	13.2	4.9	1.2	10.9	4.2	1.7	12.8	5.6
<=30	5.0	22.1	15.8	3.2	20.3	13.5	2.6	23.2	15.5
31-50	0.9	9.2	3.2	0.9	7.9	2.8	0.7	9.5	3.3
>50	3.3	12.5	4.9	2.3	10.1	3.7	5.3	8.4	5.9

Terminations by reason [n.]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Employment terminations during the year	1,257	2,793	4,050	979	2,537	3,516	1,504	3,443	4,947
Terminations due to resignation	383	737	1,120	405	662	1,067	310	1,372	1,682
Terminations due to retirement	27	212	239	9	218	227	8	158	166
Terminations due to exit incentives	651	0	651	385	0	385	991	0	991
Other terminations - with financial incentives	27	452	479	13	306	319	15	277	292
Other terminations - without financial incentives	145	1,212	1,357	135	1,167	1,302	136	1,425	1,561
Terminations due to contract expiry	24	180	204	30	184	214	42	211	253
Termination of Contratto per l'occupazione (special contract for safeguarding employment) - apprentices	0	0	0	2	0	2	2	0	2
Termination of Contratto per l'occupazione (special contract for safeguarding employment) - permanent contract	0	0	0	0	0	0	0	0	0

The Contratto per l'occupazione (special contract for safeguarding employment) is an exclusively Italian form of contract.

Turnover by gender and age group	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	-465	-743	-1,208	-502	-328	-830	-1,158	-1,043	-2,201
Men	-387	-166	-553	-311	-137	-448	-741	-443	-1,184
Women	-78	-577	-655	-191	-191	-382	-417	-600	-1,017
<=30	307	347	654	169	511	680	82	163	245
31-50	40	-479	-439	-152	-358	-510	-138	-814	-952
>50	-812	-611	-1,423	-519	-481	-1,000	-1,102	-392	-1,494

Turnover rate by gender and age group [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	-0.7	-3.1	-1.4	-0.8	-1.3	-0.9	-1.7	-3.6	-2.3
Men	-1.2	-1.8	-1.3	-1.0	-1.4	-1.1	-2.2	-4.1	-2.7
Women	-0.2	-3.9	-1.4	-0.6	-1.3	-0.8	-1.3	-3.3	-2.0
<=30	17.5	10.7	13.1	6.7	14.1	11.0	2.3	2.7	2.6
31-50	0.1	-3.2	-0.8	-0.4	-2.4	-0.9	-0.3	-4.7	-1.6
>50	-3.2	-10.4	-4.5	-2.2	-8.4	-3.4	-5.0	-6.9	-5.4

## EMPLOYEES' ENHANCEMENT

Number of promotions by gender	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	4,417	1,589	6,006	3,658	1,396	5,054	949	1,655	2,604
Men	1,863	853	2,716	1,448	760	2,208	588	783	1,371
Women	2,554	736	3,290	2,210	636	2,846	361	872	1,233
Employees promoted [%]	6.9	6.8	6.9	5.7	5.8	5.7	1.5	5.9	2.8

Basic average gross salary by category and gender [thousands euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers	142.4	67.4	116.7	139.0	66.5	115.4	138.8	61.1	109.3
Men	145.5	74.3	125.3	142.7	74.3	124.7	141.8	68.1	118.8
Women	124.0	54.8	85.5	115.6	52.8	80.3	120.7	48.8	77.0
Middle and Junior Managers	55.4	23.1	49.8	52.7	22.9	47.5	52.4	22.2	46.8
Men	58.2	23.2	51.9	55.6	22.9	49.6	55.1	21.4	48.8
Women	51.2	22.9	46.5	48.5	23.0	44.2	48.3	23.5	43.9
Clerical staff	36.3	12.3	28.6	34.0	12.4	27.0	33.8	11.7	25.9
Men	38.2	13.4	31.3	35.8	13.4	29.6	35.5	12.8	28.8
Women	35.1	11.8	27.0	32.9	11.9	25.4	32.6	11.2	24.2

Within the Group, the minimum remuneration applied for new recruits is that laid down by the national collective bargaining agreement (CCNL) for the various personnel categories. Abroad, the minimum remuneration is linked to the particular country's own regulations, as well as to the relative cost of living. Basic pay levels for female staff are not different, in comparable grade or seniority terms, from those of male staff.



Remuneration by category and gender* [thousands euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Male Senior Managers	189.7	88.7	161.1	156.8	79.0	136.4	178.7	79.4	147.6
Female Senior Managers	152.6	63.5	103.0	123.7	56.4	85.9	146.6	56.4	91.7
Male Middle and Junior Managers	61.6	25.7	55.2	55.6	24.7	49.9	57.9	23.4	51.4
Female Middle and Junior Managers	53.6	25.5	48.9	48.5	24.7	44.5	50.1	25.3	45.7
Male clerical staff	38.7	14.6	32.1	35.8	14.4	29.9	36.0	13.7	29.5
Female clerical staff	35.6	13.3	27.8	32.9	13.2	25.8	33.1	12.2	24.9
Average annual remuneration of all employees	48.2	18.1	40.2	43.8	17.5	36.7	45.0	15.8	36.0

\* Includes the basic gross average remuneration and the variable component.

Salary comparison women/men	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Basic salary comparison: Senior Managers - women vs. men	0.9	0.7	0.7	0.8	0.7	0.6	0.9	0.7	0.6
Basic salary comparison: Middle Managers - women vs. men	0.9	1.0	0.9	0.9	1.0	0.9	0.9	1.1	0.9
Basic salary comparison: Clerical staff - women vs. men	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Remuneration comparison: Senior Managers - women vs. men	0.8	0.7	0.6	0.8	0.7	0.6	0.8	0.7	0.6
Remuneration comparison: Middle Managers - women vs. men	0.9	1.0	0.9	0.9	1.0	0.9	0.9	1.1	0.9
Remuneration comparison: Clerical staff - women vs. men	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8

The basic salary is annual, before tax. Remuneration is salary plus any bonus/award system.

Performance appraisal	Abroad		
	2015	2014	2013
Employees subject to the annual performance appraisal [%]	94.1	92.1	72.1
Men	97.4	97.7	85.4
Women	92.0	88.6	64.4
Employees subject to the annual performance appraisal [n.]	22,047	22,296	20,200
Men	9,043	9,255	8,794
Women	13,004	13,041	11,406

In Italy all employees are subject to the performance appraisal.

Breakdown of branch employees by category and gender [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Managers	12.2	10.4	11.8	9.9	9.9	9.9	10.5	10.3	10.5
Men	8.1	4.2	7.1	6.9	4.1	6.2	7.3	4.4	6.5
Women	4.1	6.2	4.6	3.0	5.8	3.7	3.2	5.9	3.9
Family bankers	60.4	45.0	56.7	64.3	48.5	60.6	62.1	53.3	59.7
Men	20.8	13.5	19.1	24.3	14.0	21.9	23.6	12.4	20.6
Women	39.6	31.5	37.6	40.0	34.4	38.7	38.4	40.9	39.1
Other	27.4	44.6	31.6	25.8	41.6	29.5	27.4	36.4	29.8
Men	14.7	15.6	14.9	12.7	14.1	13.0	13.1	11.4	12.7
Women	12.7	29.0	16.6	13.1	27.5	16.5	14.3	25.0	17.2

## TRAINING

Training by content [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Managerial	13.2	16.4	13.7	12.6	9.6	12.1	8.1	11.0	8.6
Commercial	10.2	13.6	10.8	6.4	14.3	7.8	4.1	16.4	6.6
Operative	16.0	19.0	16.5	11.8	22.7	13.7	11.3	23.9	13.8
Credit	3.9	9.5	4.8	9.2	10.3	9.4	9.0	10.2	9.2
Finance	27.7	6.6	24.5	31.9	5.7	27.2	37.4	4.4	30.8
Abroad	0.1	0.3	0.2	0.2	0.1	0.2	1.0	0.3	0.8
Computer	1.1	6.0	1.8	0.8	6.7	1.9	3.0	10.1	4.4
Specialist	23.1	20.7	22.7	23.7	25.4	24.0	22.4	19.0	21.7
Linguistic	4.6	7.9	5.1	3.5	5.2	3.8	3.8	4.6	4.0

Subsidies and benefits received related to employees [thousands euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad*	Group	Italy	Abroad*	Group
Total subsidies and benefits received related to employees	8,632	0	8,632	6,100	1,154	7,254	13,257	2,051	15,309
Funded training (Italy only)	5,792	0	5,792	5,768	0	5,768	12,917	0	12,917
Other	2,840	0	2,840	332	1,154	1,486	341	2,051	2,392

\*Refers only to Banca Intesa Russia.

Specific anti-corruption training	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers [%]	25.4	6.8	18.6	42.4	14.3	32.5	24.6	7.7	18.2
Middle and Junior Managers [%]	49.6	33.3	46.8	74.8	49.2	70.3	41.6	33.4	40.1
Clerical Staff [%]	48.5	32.8	43.4	62.1	39.5	54.7	43.9	30.8	39.1
Participants [%]	48.6	32.3	44.3	67.2	41.4	60.2	42.7	30.9	39.1
Total hours for specific training [n.]	128,170	29,829	158,000	162,611	40,254	202,865	52,246	55,069	107,315
Hours for specific training/Total training hours[%]	3.7	4.7	3.8	4.7	5.3	4.8	1.6	6.8	2.6

Training by category and gender [average hours]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers	42.8	28.6	37.6	38.6	41.7	39.7	34.9	44.8	38.6
Men	41.7	30.4	38.3	38.0	38.0	38.0	33.7	33.9	33.8
Women	49.3	25.4	35.4	42.3	48.1	45.7	42.1	63.7	55.3
Middle and Junior Manager	60.3	26.6	54.4	59.7	30.3	54.4	55.6	34.8	51.7
Men	59.4	24.0	53.1	58.9	24.2	52.6	54.3	31.6	50.0
Women	61.6	30.7	56.4	60.8	40.2	57.2	57.7	39.9	54.4
Clerical staff	50.1	27.3	42.8	50.2	31.7	44.1	46.5	26.9	39.3
Men	48.3	27.8	42.8	46.8	28.4	41.8	43.2	25.3	38.0
Women	51.3	27.0	42.7	52.4	33.2	45.5	48.8	27.6	40.1

Training by type	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Classroom training [% of training hours]	37.3	81.3	44.1	40.4	77.6	47.1	42.8	81.0	50.4
Remote training [% of training hours]	62.7	18.7	55.9	59.6	22.4	52.9	57.2	19.0	49.6
Number of participants [n,]	63,555	18,689	82,244	63,593	20,092	83,685	64,306	21,131	85,437
Training hours provided (classroom + remote)* [n,]	3,492,143	635,087	4,127,230	3,495,843	764,664	4,260,507	3,270,443	814,345	4,084,788
Training hours per employee [n,]	54.4	27.1	47.1	54.0	31.6	47.9	50.2	29.1	43.8

\* Does not include Web TV training.

Hours of training on health and safety	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Number of hours of training on health and safety	114,938	18,271	133,209	53,745	15,042	68,787	115,599	15,109	130,708
Health and safety training costs [thousands of euro]	604	40	644	689	39	728	1,047	45	1,091
Health and safety training hours per employee	1.8	0.8	1.5	0.8	0.6	0.8	1.8	0.5	1.4

Training costs [thousands euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Training costs	26,156	5,730	31,886	27,608	5,671	33,279	25,400	5,300	30,700
Training costs per employee	407	245	364	426	234	374	389	185	329

## INTERNAL COMMUNICATION

Internal communication	2015	2014	2013
Web TV: total accesses*	1,019,751	600,021	637,161
"House organ": total online accesses**	783,426	694,818	590,444

\* The average daily individual accesses to the Bank's Intranet in 2015 amounted to 64,412.

\*\* Since 2013 the House Organ is online only.

Working environment	2015		2014		2013	
	Italy	Abroad	Italy	Abroad	Italy	Abroad
Analysis of environment (% participating in selected sample)	-	-	51.0	51.0	57.0	40.4
Index of employee satisfaction [%]	-	-	67.0	78.0	43.8	73.5
Change in employee satisfaction index from the previous period	-	-	23.0	4.5	-9.3	-1.3
Number of environment analyses [n.]	-	-	1	1	1	1
Number of internal communication events [n.]	110	153	110	165	143	201
Number of focus groups [n.]	29	5	31	7	49	19
Participants in focus groups [n.]	251	93	330	763	543	2,617

During 2015 there were no analysis of environment

## UNION LEAVE AND DISPUTES

Union leave	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Percentage of employees belonging to a union [%]	76.2	35.7	65.3	76.3	35.8	65.3	76.1	31.4	62.6
Days absent due to union activities (all leave granted to union organisers) [n.]	81,581	332	81,913	75,257	570	75,827	80,493	703	81,196
Days absent due to meetings/strikes (even if not union organisers) [n.]	55,334	125	55,459	19,132	117	19,249	44,600	197	44,797
Days absent due to strikes [n.]	38,229	0	38,229	10,791	0	10,791	36,229	0	36,229
Days absent due to meetings [n.]	17,104	125	17,229	8,342	117	8,459	8,371	197	8,568

The industry National Collective Contract covers all Group employees in Italy.

Disciplinary measures against employees	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Written censure and verbal or written reprimand	310	166	476	312	325	637	335	440	775
Reduction in remuneration	0	238	238	6	138	144	0	94	94
Suspension from work with subtraction of remuneration (from one to ten days)	223	2	225	229	1	230	256	2	258
Justified dismissal	37	215	252	34	229	263	36	235	271
Disciplinary sanctions on employees for corruption	0	0	0	0	0	0	0	0	0
Dismissals for corruption	0	3	3	0	1	1	0	1	1

In Italy, in cases of significant company restructuring, collective bargaining provides for timely information and prior consultation with employee representatives under a procedure lasting a total of 45 days and, for restructuring at a Group level, the period is extended to 50 days.

Court cases involving employees	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Termination of employment	23	125	148	32	119	151	40	145	185
Establishment and development of work relations	120	3	123	92	6	98	96	12	108
Duties and qualifications	48	33	81	32	43	75	40	38	78
Welfare and assistance	3	2	5	5	3	8	11	2	13
Economic treatment	165	47	212	168	26	194	131	24	155
Anti-union behaviour	0	0	0	1	1	2	3	0	3
Active (undertaken by the Bank against employees)	3	198	201	5	97	102	11	94	105
Mobbing lawsuits	0	0	0	0	0	0	0	0	0
Other	16	46	62	27	53	80	25	62	87
Requests received from the Provincial Employment Office	1	0	1	53	0	53	51	0	51

## CORPORATE WELFARE, HEALTH AND SAFETY

Contributions for employees [thousands euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Insurance and accident policies	10,730	1,620	12,350	6,883	1,899	8,782	4,388	1,702	6,090
Loyalty bonus	23,518	303	23,820	17,813	209	18,022	13,203	233	13,437
Contributions for children/students	3,066	111	3,177	2,892	88	2,981	2,929	78	3,007
Cultural and recreational activities	3,861	154,156	158,017	2,938	1,132	4,070	3,003	1,196	4,199
Grants for disabled children	1,932	28	1,959	1,789	26	1,815	1,783	17	1,800

Medical benefits	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Healthcare policies [thousands of euro]	72,393	3,350	75,742	70,396	3,181	73,577	73,905	2,910	76,815
Medical benefits: beneficiaries	64,213	7,650	71,863	61,962	7,631	69,593	70,867	8,189	79,056
Supplementary retirement benefits [thousands of euro]	129,758	4,083	133,841	121,043	4,393	125,436	126,390	4,675	131,064
Supplementary retirement benefits: beneficiaries	64,535	5,967	70,502	62,076	6,139	68,215	62,387	6,493	68,880

Credit facilities for employees	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Mortgages [n.]	2,859	905	3,764	2,765	817	3,582	2,952	856	3,808
Total mortgages disbursed [thousands of euro]	437,779	52,683	490,462	402,070	44,194	446,264	441,901	38,517	480,418
Loans [n.]	14,999	4,541	19,540	8,074	4,196	12,270	6,177	3,797	9,974
Total loans disbursed [thousands of euro]	140,390	51,859	192,249	103,430	50,304	153,734	102,254	33,477	135,731

Credit facilities offered to all employees with a permanent employment contract, with the exception of subsidised loans, which were also offered to employees hired under apprenticeship contracts.

Parental leave	2015	2014	2013
	Italy	Italy	Italy
Number of employees entitled to parental leave	63,403	63,947	64,394
Men	31,217	31,648	31,906
Women	32,186	32,299	32,488
Number of employees that took parental leave	4,374	4,067	3,490
Men	357	235	111
Women	4,017	3,832	3,379
Number of employees that returned to work after parental leave ended	3,262	2,893	2,515
Men	312	207	107
Women	2,950	2,686	2,408
Number of employees returned to work after parental leave ended that were still employed 12 months after their return to work	3,192	3,740	1,338
Men	278	159	49
Women	2,914	3,581	1,289

Indicator calculated starting from 2013.



Parental leave - Rates [%]	2015	2014
	Italy	Italy
Return to work rate after parental leave*	74.6	71.1
Men	87.4	88.1
Women	73.4	70.1

\* Retention rate of employees that took paternal leave: not available. Because of the variety and the complexity of available parental leaves, in order to calculate the indicator an individual monitoring would be necessary, thus breaching the employees' privacy rights.

Absences by reason and gender Days lost [n.]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total absences	1,024,506	836,883	1,861,389	917,627	800,168	1,717,794	1,002,041	921,284	1,923,325
Illness	468,508	168,547	637,055	409,732	132,103	541,835	446,524	144,332	590,855
Men	218,930	25,840	244,771	187,589	27,038	214,626	0	0	0
Women	249,578	142,707	392,285	222,144	105,066	327,209	0	0	0
Accident	14,558	2,591	17,148	14,204	3,268	17,472	15,325	3,928	19,253
Men	6,763	533	7,296	7,017	578	7,595	0	0	0
Women	7,794	2,058	9,852	7,188	2,690	9,878	0	0	0
Child care	286,316	392,537	678,853	272,834	426,556	699,390	308,069	494,173	802,242
Men	6,228	3,354	9,582	7,527	2,743	10,270	0	0	0
Women	280,088	389,183	669,271	265,307	423,813	689,120	0	0	0
Personal and family reasons	121,076	233,819	354,895	101,901	211,914	313,814	108,028	244,439	352,467
Men	44,111	160,409	204,520	35,048	167,968	203,015	0	0	0
Women	76,965	73,410	150,375	66,853	43,946	110,799	0	0	0
Leave for public duties	7,200	186	7,386	7,935	227	8,162	9,571	225	9,796
Men	5,268	93	5,361	5,785	95	5,880	0	0	0
Women	1,932	93	2,025	2,150	132	2,282	0	0	0
Leave for blood donation and other leave	7,949	119	8,068	7,222	135	7,357	7,869	132	8,001
Men	6,004	27	6,031	5,415	29	5,444	0	0	0
Women	1,945	92	2,037	1,807	106	1,913	0	0	0
Disability	102,985	820	103,805	89,607	856	90,463	92,045	834	92,879
Men	47,462	247	47,709	40,171	282	40,453	0	0	0
Women	55,522	573	56,095	49,436	574	50,010	0	0	0
Other	15,915	38,265	54,179	14,192	25,109	39,301	14,611	33,222	47,832
Men	9,966	6,627	16,592	8,139	5,942	14,080	0	0	0
Women	5,949	31,638	37,587	6,054	19,168	25,221	0	0	0

The days lost are calculated on the basis of calendar working days.  
Figures by gender were first recorded in 2014.

Absences by reason and gender [%]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	7.25	16.24	9.65	6.44	15.03	8.78	6.99	14.95	9.38
Men	2.44	3.83	2.81	2.08	3.84	2.56	-	-	-
Women	4.81	12.42	6.84	4.36	11.19	6.22	-	-	-
Illness	3.32	3.27	3.30	2.88	2.48	2.77	3.11	2.34	2.88
Men	1.55	0.50	1.27	1.32	0.51	1.10	-	-	-
Women	1.77	2.77	2.03	1.56	1.97	1.67	-	-	-
Accident	0.10	0.05	0.09	0.10	0.06	0.09	0.11	0.06	0.09
Men	0.05	0.01	0.04	0.05	0.01	0.04	-	-	-
Women	0.06	0.04	0.05	0.05	0.05	0.05	-	-	-
Child care	2.03	7.62	3.52	1.92	8.01	3.57	2.15	8.02	3.91
Men	0.04	0.07	0.05	0.05	0.05	0.05	-	-	-
Women	1.98	7.55	3.47	1.86	7.96	3.52	-	-	-
Personal and family reasons	0.86	4.54	1.84	0.72	3.98	1.60	0.75	3.97	1.72
Men	0.31	3.11	1.06	0.25	3.16	1.04	-	-	-
Women	0.54	1.42	0.78	0.47	0.83	0.57	-	-	-
Leave for public duties	0.05	0.00	0.04	0.06	0.00	0.04	0.07	0.00	0.05
Men	0.04	0.00	0.03	0.04	0.00	0.03	-	-	-
Women	0.01	0.00	0.01	0.02	0.00	0.01	-	-	-
Leave for blood donation	0.06	0.00	0.04	0.05	0.00	0.04	0.05	0.00	0.04
Men	0.04	0.00	0.03	0.04	0.00	0.03	-	-	-
Women	0.01	0.00	0.01	0.01	0.00	0.01	-	-	-
Disability	0.73	0.02	0.54	0.63	0.02	0.46	0.64	0.01	0.45
Men	0.34	0.00	0.25	0.28	0.01	0.21	-	-	-
Women	0.39	0.01	0.29	0.35	0.01	0.26	-	-	-
Other	0.11	0.74	0.28	0.10	0.47	0.20	0.10	0.54	0.23
Men	0.07	0.13	0.09	0.06	0.11	0.07	-	-	-
Women	0.04	0.61	0.19	0.04	0.36	0.13	-	-	-

Gender figures were first recorded in 2014.

Absenteeism and occupational diseases - Rates	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Absentee rate*	4.65	3.35	4.30	3.85	2.57	3.50	4.29	2.43	3.73
Men	4.50	1.31	3.78	3.61	1.35	3.09	-	-	-
Women	4.79	4.68	4.76	4.08	3.35	3.86	-	-	-
Occupational diseases rate**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\*The absentee rate is the percentage ratio between the number of days lost for illness accidents, public office, leave for blood donation and other leave, disability, meetings/strikes and theoretical working days. The rate by gender was first calculated in 2014.

\*\* The professional disease rate is the total number of claims for professional diseases divided by the total number of hours worked. The calculation methods were modified in 2014 to ensure compliance with the GRI - G4 standard; the values relating to previous years were recalculated to enable comparison. The gender – related figures are not given as the value for the entire 3 – year period was 0.

Injuries per year and by gender	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total injuries per year [n.]	817	92	909	775	103	878	812	155	967
Men	349	20	369	321	17	338	-	-	-
Women	468	72	540	454	86	540	-	-	-
Injury rate*	8.99	2.85	7.37	8.36	3.05	6.93	8.71	3.95	7.29
Men	7.26	1.56	6.08	6.53	1.28	5.43	-	-	-
Women	10.92	3.70	8.61	10.44	4.19	8.38	-	-	-
Days lost [n.]	14,558	2,591	17,148	14,204	3,268	17,472	15,325	3,928	19,253
Men	6,763	533	7,296	7,017	578	7,595	-	-	-
Women	7,794	2,058	9,852	7,188	2,690	9,878	-	-	-
Lost day rate**	0.15	0.07	0.13	0.14	0.08	0.13	0.15	0.08	0.13
Men	0.13	0.04	0.11	0.13	0.04	0.11	-	-	-
Women	0.17	0.09	0.14	0.15	0.11	0.14	-	-	-
Percentage of injuries over total no. employees [%]	1.3	0.4	1.0	1.2	0.4	1.0	1.2	0.6	1.0

\*Injury rate = (total number of injuries during the year / total hours worked) x 1,000,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000,000 (hours worked).

\*\* Lost day rate = (number days lost/ total working hours) x 1,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000 (working hours). Lost days include injuries requiring first aid.

Figures by genere were first recorded as of 2014. The calculation methods were modified in 2014 to ensure compliance with the GRI - G4 standard; the values relating to previous years were recalculated to enable comparison.

Injuries in the workplace and while travelling to/from work	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Injuries in the workplace [n.]	191	20	211	191	26	217	211	24	235
Injury rate in the workplace*	2.10	0.62	1.71	2.06	0.77	1.71	2.26	0.61	1.77
Injuries in the workplace - men [n.]	82	6	88	72	4	76	-	-	-
Injury rate in the workplace - men	1.71	0.47	1.45	1.46	0.30	1.22	-	-	-
Injuries in the workplace - women [n.]	109	14	123	119	22	141	-	-	-
Injury rate in the workplace - women	2.54	0.72	1.96	2.74	1.07	2.19	-	-	-
Injuries while travelling [n.]	626	72	698	584	77	661	601	131	732
Injury rate while travelling**	6.89	2.23	5.66	6.30	2.28	5.22	6.44	3.34	5.52
Injuries while travelling - men [n.]	267	14	281	249	13	262	-	-	-
Injury rate while travelling - men	5.55	1.09	4.63	5.06	0.98	4.21	-	-	-
Injuries while travelling - women [n.]	359	58	417	335	64	399	-	-	-
Injury rate while travelling - women	8.38	2.98	6.65	7.70	3.12	6.19	-	-	-

\*Workplace injury rate = (total number of accidents during the year / total hours worked) x 1,000,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000,000 (hours worked).

\*\*Injury rate while travelling = (total number of accidents while travelling during the year / total hours worked) x 1,000,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000,000 (hours worked).

Figures by genere were recorded as of 2014. The calculation methods were modified in 2014 to ensure compliance with the GRI - G4 standard; the values relating to previous years were recalculated to enable comparison.

Injuries by type	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total injuries	817	92	909	775	103	878	812	155	967
Injuries while driving	381	21	402	363	19	382	344	29	373
Falls/slips	114	39	153	278	43	321	285	80	365
Robberies	7	2	9	8	5	13	20	8	28
Other	315	30	345	126	36	162	163	38	201

Health and safety	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
No. of claims filed due to occupational diseases	6	0	6	3	0	3	7	0	7
No. of serious/very serious injuries	155	3	158	115	19	134	103	15	118

The gender-related figures regarding deaths in the workplace were first recorded as of 2014; no figure is given as the value is 0.

Robberies	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Robberies	54	8	62	60	12	72	105	24	129
Robberies per 100 branches	1.5	0.8	1.3	1.5	1.1	1.4	2.5	1.7	2.3

# Shareholders

Communications	2015	2014	2013
Institutional presentations of the Group	58	62	60
Public financial disclosures	233	259	246
Roadshows	68	40	18
Europe	63	34	13
United States	4	4	5
Asia	1	2	0
Meetings with investors and analysts	539	422	357
Requests received and resolved by the shareholders' help desk	12,000	12,000	12,000

Recommendations [%]	December 2015	December 2014	December 2013
Buy	54	67	28
Hold	40	28	36
Sell	6	5	36

In 2015, the Group's share was monitored and covered by 35 analysts, against 36 in 2014. The opinions expressed demonstrate the market's improved perception of the Group following the achievement of the 2014-2017 Business Plan objectives in terms of capital solidity, risk profile, profitability and dividends.

## GOVERNANCE

Governance structure and composition			
Management Board	2015	Supervisory Board	2015
Management Board members	8	Supervisory Board members	19
By gender:		By gender:	
men	7	men	14
women	1	women	5
By age group:		By age group:	
≤30	0	≤30	0
31-50	1	31-50	3
>50	7	>50	16

### Total by gender (Supervisory Board + Management Board)

Men	21
Women	6

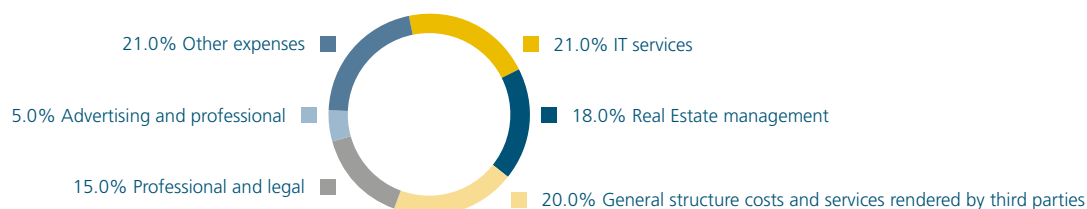
### Total by age group (Supervisory Board + Management Board)

≤30 Years	0
30/50 Years	4
>50 Years	23

# Suppliers

Suppliers (Italy)	2015	2014	2013
Suppliers [No.]	40,195	32,207	31,580
Suppliers registered on the e-sourcing Portal [No.]	7,511	6,394	5,300
Checks on suppliers in relation to labour law [No.]	850	800	800

## Breakdown of procurement expenses by category [%]



Product categories	Turnover*
Organisations - associations - public administrations - other institutions	735,735,545
Agriculture, forestry and fishing	400,274
Mining and quarrying	8,304
Manufacturing	110,224,236
Electricity, gas, steam and air conditioning supply	64,845,302
Water supply; sewerage, waste management and remediation activities	3,363,193
Construction	94,234,832
Wholesale and retail trade; repair of motor vehicles and motorcycles	229,811,381
Transportation and storage	38,933,537
Accommodation and food service activities	13,272,993
Information and communication activities	755,521,948
Financial and insurance activities	8,568,877
Real estate activities	6,053,436
Professional, scientific and technical activities	216,147,133
Renting, travel agencies, business support activities	84,422,946
Public administration and defence; compulsory social security	17,938
Education	11,498,047
Human health and social work activities	807,622
Arts, sports activities, entertainment and recreation	5,962,579
Other service activities	4,553,303
<b>Total</b>	<b>2,384,383,427</b>



Countries	No. of Suppliers*	Turnover*
Africa	2	231,191
America	114	41,080,030
Asia	53	2,279,775
Europe	443	91,385,703
Italy	18,918	2,249,400,861
Oceania	2	5,867
<b>Total</b>	<b>19,532</b>	<b>2,384,383,427</b>

\*The turnover and the number of suppliers refer to the scope including the Parent Company and Intesa Sanpaolo Group Services.

# Environment

## DIRECT IMPACTS

Parameters	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Operatives = Employees + Advisors	number	67,599	23,590	91,189	67,505	24,294	91,799	67,491	28,066	95,557
Employees	number	64,223	23,419	87,642	64,733	24,199	88,932	65,196	28,016	93,212
Advisors	number	3,376	171	3,547	2,772	95	2,867	2,295	50	2,345
Total business trips	number	677,999	23,690	701,689	642,529	22,350	664,879	627,525	31,319	658,844
Total transportation	km	118,595,670	30,959,439	149,555,108	128,462,531	33,140,816	161,603,348	135,735,691	52,906,273	188,641,964
Surface area	m²	2,997,789	679,720	3,677,509	2,980,228	646,059	3,626,287	3,183,724	694,498	3,878,221

Greenhouse gas emission [CO <sub>2</sub> eq]	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
<b>Total direct + indirect emissions (scope 1 + 2)</b>	<b>tCO<sub>2</sub>eq</b>	<b>41,383</b>	<b>42,772</b>	<b>84,154</b>	<b>44,693</b>	<b>46,791</b>	<b>91,483</b>	<b>52,350</b>	<b>59,387</b>	<b>111,737</b>
Total direct + indirect emissions per operative	tCO <sub>2</sub> eq/operative	0.6	1.8	0.9	0.7	1.9	1.0	0.8	2.1	1.2
<b>Direct emissions (Scope 1)</b>	<b>tCO<sub>2</sub>eq</b>	<b>36,001</b>	<b>7,928</b>	<b>43,930</b>	<b>37,400</b>	<b>7,876</b>	<b>45,277</b>	<b>44,571</b>	<b>14,470</b>	<b>59,041</b>
Natural gas consumption for independent heating system	tCO <sub>2</sub> eq	24,316	3,492	27,807	23,072	3,527	26,599	28,423	7,401	35,824
Natural gas consumption for cogeneration	tCO <sub>2</sub> eq	6,216	0	6,216	7,081	0	7,081	6,940	0	6,940
Diesel oil consumption for independent heating system	tCO <sub>2</sub> eq	1,441	825	2,265	1,963	785	2,748	2,788	1,045	3,833
Petrol consumption for the fleet	tCO <sub>2</sub> eq	149	1,285	1,434	277	1,237	1,514	261	2,220	2,481
Diesel oil consumption for the fleet	tCO <sub>2</sub> eq	3,880	2,327	6,208	5,006	2,327	7,334	6,159	3,804	9,963
<b>Indirect emissions (Scope 2)</b>	<b>tCO<sub>2</sub>eq</b>	<b>5,382</b>	<b>34,843</b>	<b>40,225</b>	<b>7,293</b>	<b>38,914</b>	<b>46,207</b>	<b>7,779</b>	<b>44,917</b>	<b>52,696</b>
Emissions from consumed electricity (cogeneration excluded)	tCO <sub>2</sub> eq	1,664	32,488	34,152	1,836	36,547	38,383	3,256	43,019	46,275
Natural gas emissions from building heating (district heating included)	tCO <sub>2</sub> eq	3,004	2,259	5,263	4,576	2,266	6,842	3,711	1,811	5,522
Diesel oil consumption for building heating	tCO <sub>2</sub> eq	714	96	810	881	101	982	811	87	898
<b>Other indirect emissions (Scope 3)</b>	<b>tCO<sub>2</sub>eq</b>	<b>21,753</b>	<b>5,544</b>	<b>27,297</b>	<b>20,132</b>	<b>5,232</b>	<b>25,365</b>	<b>20,987</b>	<b>5,651</b>	<b>26,639</b>
Business trips	tCO <sub>2</sub> eq	9,324	865	10,189	9,512	1,041	10,553	9,418	1,534	10,952
Purchased paper	tCO <sub>2</sub> eq	4,885	2,356	7,241	5,221	2,226	7,446	11,569	4,117	15,686
Waste	tCO <sub>2</sub> eq	242	11	252	176	13	189	n.d.	n.d.	n.d.
Office equipment	tCO <sub>2</sub> eq	6,343	2,313	8,656	5,224	1,953	7,176	n.d.	n.d.	n.d.
Internet Banking		959	n.d.	959	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
<b>Total emissions (Scope 1 + 2 + 3)</b>	<b>tCO<sub>2</sub>eq</b>	<b>63,136</b>	<b>48,315</b>	<b>111,451</b>	<b>64,825</b>	<b>52,023</b>	<b>116,848</b>	<b>73,338</b>	<b>65,038</b>	<b>138,376</b>

Emissions of other ozone-depleting gases (NO <sub>x</sub> , SO <sub>2</sub> )	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Emissions of NO <sub>x</sub>	ton	38	56	94	36	64	101	20	78	98
Emissions of SO <sub>2</sub>	ton	3	68	71	3	111	114	4	151	155

Energy consumption by source	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
<b>Total direct + indirect energy (Scope 1 + 2)</b>	GJ	1,990,699	550,412	2,541,111	2,020,018	571,850	2,591,868	2,221,354	693,147	2,914,502
Total direct + indirect energy per operative	GJ operative	29.4	23.3	27.9	29.9	23.5	28.2	32.9	24.7	30.5
<b>Direct consumption of primary energy (Scope 1)</b>	GJ	607,807	123,839	731,645	624,828	123,323	748,151	743,884	230,188	974,071
Natural gas consumption for independent heating system	GJ	424,285	62,524	486,810	403,000	63,302	466,301	497,733	132,722	630,456
Natural gas consumption for cogeneration	GJ	108,463	0	108,463	123,684	0	123,684	121,533	0	121,533
Diesel oil consumption for independent heating system	GJ	19,387	11,722	31,109	26,380	11,205	37,584	37,448	14,912	52,360
Petrol consumption for the fleet	GJ	2,015	17,414	19,429	3,864	17,251	21,115	3,634	30,962	34,596
Diesel oil consumption for the fleet	GJ	53,656	32,178	85,834	67,900	31,566	99,466	83,534	51,591	135,126
<b>Indirect consumption of primary energy (Scope 2)</b>	GJ	1,382,892	426,574	1,809,466	1,395,190	448,527	1,843,717	1,477,471	462,960	1,940,430
Consumed electricity (cogeneration excluded)	GJ	1,320,870	323,983	1,644,853	1,303,426	340,794	1,644,220	1,401,587	377,130	1,778,718
Natural gas consumption for building heating (district heating included)	GJ	52,419	101,227	153,646	79,929	106,302	186,231	64,986	84,592	149,578
Diesel oil consumption for building heating	GJ	9,604	1,363	10,967	11,835	1,431	13,266	10,897	1,237	12,134
<b>Focus on total electricity (cogeneration included)</b>										
Electricity per operative	kWh/operative	5,590	3,815	5,131	5,547	3,897	5,110	5,952	3,733	5,300
Electricity per m2	kWh/m <sup>2</sup>	126	132	127	126	147	129	126	151	131
Electricity from renewable sources	%	95.8	9.6	79.2	95.4	5.6	77.3	94.9	2.4	75.7
Electricity from cogeneration	%	2.9	0	2.3	3.3	0	2.6	3.1	0	2.4
<b>"Other indirect consumption of primary energy (Scope 3)"</b>	GJ	426,298	165,965	592,263	415,593	155,210	570,803	n.d.	n.d.	n.d.
Business trips	GJ	118,302	11,737	130,040	124,104	14,272	138,376	n.d.	n.d.	n.d.
Purchased paper	GJ	192,063	119,304	311,367	211,933	111,809	323,742	n.d.	n.d.	n.d.
Waste	GJ	2,794	138	2,932	2,088	170	2,258	n.d.	n.d.	n.d.
Office equipment	GJ	95,393	34,785	130,178	77,469	28,960	106,429	n.d.	n.d.	n.d.
Internet Banking		17,746	n.d.	17,746	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
<b>Total energy (Scope 1 + 2 + 3)</b>	GJ	2,416,997	716,377	3,133,374	2,435,611	727,060	3,162,671	n.d.	n.d.	n.d.

For 2014 and 2013 some figures were recalculated on the basis of the changes made to the reporting items.

Transportation	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Air travel	km	36,843,486	5,676,121	42,519,607	38,719,462	6,789,570	45,509,032	39,245,037	6,189,590	45,434,627
Rail travel	km	30,741,076	529,929	31,271,005	30,192,272	595,744	30,788,016	28,170,323	554,608	28,724,931
Fleet	km	29,298,742	23,734,831	53,033,573	37,815,909	24,777,104	62,593,013	46,001,593	41,784,351	87,785,944
Personal cars	km	21,712,365	1,018,558	22,730,923	21,734,889	978,398	22,713,287	22,318,737	4,377,724	26,696,462
Videoconferences	number	21,303	890	22,193	16,161	1,859	18,020	13,617	3,415	17,032
<i>Total transport per employee away on a business trip</i>	km/empl.	175	1,307	213	200	1,483	243	216	1,689	286

Use of raw materials - Paper	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Purchased paper	ton	6,038	1,955	7,992	6,214	1,880	8,093	6,321	2,164	8,485
<i>Purchased paper/operative</i>	kg/operative	89.3	82.9	87.6	92.0	77.4	88.2	93.7	77.1	88.8
<i>Recycled paper as a % of the total</i>	%	69.3	24.3	58.3	65.8	26.7	56.7	67.6	12.6	53.6
(FSC) ecological paper as a % of the total	%	3.7	18.9	7.4	3.5	16.8	6.6	3.4	26.3	9.2
ECF/TCF paper as a % of the total	%	0.6	19.7	5.3	0.6	21.9	5.6	1.0	23.1	6.7
FSC and ECF/TCF paper as a % of the total	%	20.4	10.9	18.1	22.4	11.5	19.9	21.0	12.9	18.9
Other certified paper as a % of the total	%	0.0	4.5	1.1	0.1	2.5	0.6	0.0	2.6	0.7

Water consumption by source	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total water consumed	m <sup>3</sup>	1,853,403	527,907	2,381,310	1,592,722	547,304	2,140,026	1,884,267	596,240	2,480,507
<i>Total water consumption / operative</i>	m <sup>3</sup> /operative	27.4	22.4	26.1	23.6	22.5	23.3	27.9	21.2	26.0

Total weight of waste by type	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total Waste	tonnes	2,958	576	3,534	2,652	593	3,245	2,454	592	3,045
<i>Total Waste / operative</i>	kg/operative	43.8	24.4	38.8	39.3	24.4	35.3	36.4	21.1	31.9
Special waste	tonnes	2,873	568	3,442	2,613	568	3,181	2,353	577	2,930
Hazardous waste	tonnes	85	8	93	39	25	64	101	15	115

Total weight of waste by disposal method	Unit	2015			2014			2013		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Recycling	tonnes	1,175	494	1,669	1,160	459	1,620	963	365	1,327
Reuse/recovery	tonnes	1,567	56	1,623	1,247	71	1,318	1,082	107	1,189
Landfill	tonnes	175	8	182	134	20	155	117	16	133
Incineration	tonnes	42	18	60	110	42	153	292	104	396

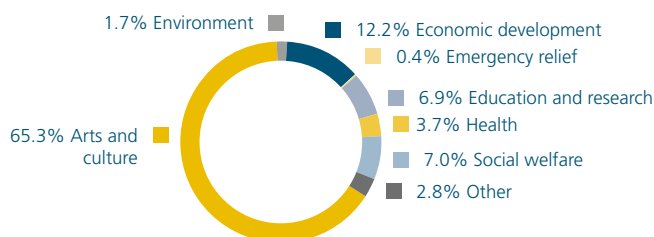
The data was partially estimated on the basis of the information received from waste disposal service providers.

# Community

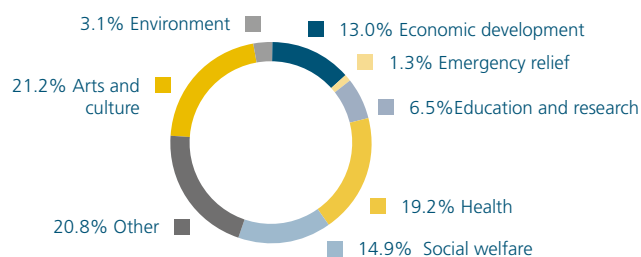
Contributions to the community by type [thousand euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Cash contributions	50,607	2,424	53,031	50,508	4,608	55,116	49,134	3,610	52,744
In-kind contributions	2	0	2	0	3	3	9	3	12
Time contributions	0	70	70	1,433	89	1,522	1,399	69	1,468
Management costs	3,526	24	3,550	3,274	329	3,603	3,850	103	3,953
<b>Total contributions</b>	<b>54,135</b>	<b>2,518</b>	<b>56,653</b>	<b>55,214</b>	<b>5,029</b>	<b>60,243</b>	<b>54,392</b>	<b>3,785</b>	<b>58,177</b>

## Cash contributions to the community by scope of intervention [%]

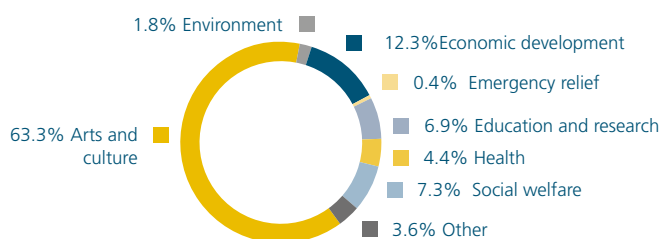
### Italy



### Abroad



### Group

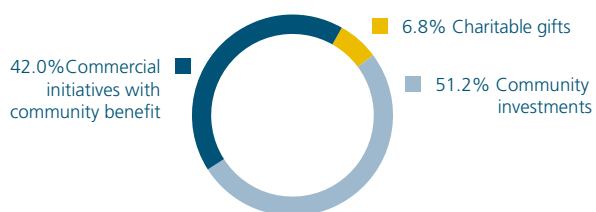


Cash contributions to the community by scope of intervention [thousand euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Arts and culture	33,052	513	33,564	26,585	1,036	27,621	23,178	1,212	24,390
Social welfare	3,528	361	3,889	4,261	1,259	5,520	3,722	563	4,285
Health	1,856	465	2,320	3,493	390	3,883	3,080	275	3,354
Education and research	3,497	159	3,656	4,039	290	4,330	3,892	382	4,274
Emergency relief	193	33	226	31	150	181	55	47	101
Economic development	6,199	315	6,514	7,038	398	7,435	7,872	252	8,124
Environment	854	75	928	1,307	201	1,508	2,472	101	2,572
Other	1,429	505	1,935	3,754	884	4,637	4,865	778	5,643
<b>Total cash contributions to the community</b>	<b>50,607</b>	<b>2,424</b>	<b>53,031</b>	<b>50,508</b>	<b>4,608</b>	<b>55,116</b>	<b>49,134</b>	<b>3,610</b>	<b>52,744</b>

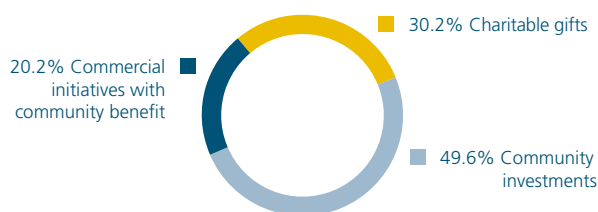
Cash contributions to the community by reason [thousand euro]	2015			2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Charitable gifts	3,436	733	4,169	4,535	1,676	6,211	3,982	887	4,869
Community investments	25,928	1,202	27,129	21,328	2,110	23,438	16,615	2,102	18,717
Commercial initiatives with community benefit	21,244	489	21,733	24,645	822	25,466	28,537	620	29,157
<b>Total cash contributions to the community</b>	<b>50,607</b>	<b>2,424</b>	<b>53,031</b>	<b>50,508</b>	<b>4,608</b>	<b>55,116</b>	<b>49,134</b>	<b>3,610</b>	<b>52,744</b>

### Cash contributions to the community by reason [%]

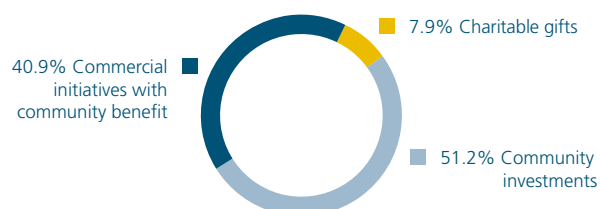
#### Italy



#### Abroad



#### Group





Corporate voluntary work	2015		
	Italy	Abroad	Group
Total monetary value of hours of corporate voluntary work carried out [thousand euro]	0	70	70
Hours of corporate voluntary work	0	6,777	6,777
Number of employees involved in corporate voluntary work	0	552	552

#### Contributions to the community by geographic area [thousand euro]

European Union	55,718
Other European countries	284.7
Asia	272.9
Africa	375.2
<b>Overall contributions to the community</b>	<b>56,653</b>

Banca Prossima	2015	2014	2013
Customers	55,132	51,823	26,663
Borrowing customers	9,278	7,674	6,000
Loans [thousands of euro]	1,595,065	1,490,092	1,171,792
Direct deposits [thousand euro]	2,670,814	2,461,600	1,385,786
Indirect deposits [thousand euro]	4,256,860	4,262,795	3,388,055

Media relations	2015	2014	2013
Press releases	605	430	384
Press conferences	87	75	74
Product presentations and initiatives	110	112	105

# GRI - General standard disclosure



## GRI CONTENT INDEX "IN ACCORDANCE" CORE

KPMG S.p.A. has carried out a "limited assurance engagement" on the Intesa Sanpaolo Group 2015 Sustainability Report and provides its overall conclusions therein. As far as the scope of activities and procedures are concerned, please refer to the Statement released by the independent auditor on pages 198-199.

GENERAL STANDARD DISCLOSURE	Page	External Assurance	SDG* Linkage to GRI Disclosures
<b>STRATEGY AND ANALYSIS</b>			
G4-1	pp. 6-7; p. 9; pp. 144-145	✓	pp. 198-199
G4-2	p. 9; p. 15	✓	pp. 198-199
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	p. 200	✓	pp. 198-199
G4-4	p. 12; About us [i]; Our Brand [i]	✓	pp. 198-199
G4-5	p. 200	✓	pp. 198-199
G4-6	p. 12; A Presentation of the Group (pp. 31-32) [i]	✓	pp. 198-199
G4-7	p. 200	✓	pp. 198-199
G4-8	p. 12; A Presentation of the Group [i]	✓	pp. 198-199
G4-9	p. 20; p. 159; A Presentation of the Group (p. 5; p. 22) [i]	✓	pp. 198-199
G4-10	pp. 159-161; Intesa Sanpaolo does not have a substantial portion of its work performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Intesa Sanpaolo does not have any significant variations in employment numbers.	✓	pp. 198-199 8.5

\* Sustainable Development Goals of the United Nations

GENERAL STANDARD DISCLOSURE	Page	External Assurance	SDG* Linkage to GRI Disclosures
G4-11	p. 169	✓ pp. 198-199	8.8
G4-12	p. 100; pp. 177-178	✓ pp. 198-199	
G4-13	p. 20; p. 197; No changes in the supply chain.	✓ pp. 198-199	
G4-14	p. 25-26; Report on Corporate Governance and Ownership Structures Report on Remuneration (p. 67) [i]	✓ pp. 198-199	
G4-15	p. 39-42	✓ pp. 198-199	
G4-16	Our partnerships in sustainability [i]	✓ pp. 198-199	
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	p. 197; Financial Reports (Report and consolidated financial statements of the Intesa Sanpaolo Group as at 31 December 2015 pagg. 216-218) [i]	✓ pp. 198-199	
G4-18	pp. 21-24	✓ pp. 198-199	
G4-19	p. 196	✓ pp. 198-199	
G4-20	p. 196	✓ pp. 198-199	
G4-21	p. 196	✓ pp. 198-199	
G4-22	pp. 149-150; pp. 156-157; p. 197	✓ pp. 198-199	
G4-23	p. 23; p. 197	✓ pp. 198-199	
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	p. 82	✓ pp. 198-199	
G4-25	The dialogue with stakeholders [i]	✓ pp. 198-199	
G4-26	pp. 82-84; The dialogue with stakeholders [i]	✓ pp. 198-199	
G4-27	pp. 84-85; The dialogue with stakeholders [i]	✓ pp. 198-199	
<b>REPORT PROFILE</b>			
G4-28	p. 197	✓ pp. 198-199	
G4-29	p. 197	✓ pp. 198-199	
G4-30	p. 197	✓ pp. 198-199	
G4-31	p. 200	✓ pp. 198-199	
G4-32	p. 185; pag.198	✓ pp. 198-199	
G4-33	pp. 198-199; This Report has been verified by the independent Firm KPMG which also audits the Group's Annual Report. The Report has been submitted for the approval of the Bank's Boards in their meetings of April 2016.	✓ pp. 198-199	

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GENERAL STANDARD DISCLOSURE	Page	External Assurance	SDG* Linkage to GRI Disclosures
<b>GOVERNANCE</b>			
<b>G4-34</b>	p. 16; p. 20; Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 19) [i]	✓	pp. 198-199
<b>G4-35</b>	p. 18; Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 92) [i]	✓	pp. 198-199
<b>G4-36</b>	p. 13; p. 18; pp. 53-54	✓	pp. 198-199
<b>G4-37</b>	p. 20; pp. 53-54; Report on Corporate Governance and Ownership Structures - Report on Remuneration (pag.92) [i]	✓	pp. 198-199 16.7
<b>G4-38</b>	pp. 16-17; p. 176	✓	pp. 198-199 5.5; 16.7
<b>G4-39</b>	p. 17	✓	pp. 198-199 16.6
<b>G4-40</b>	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 29-31; p. 55) [i]	✓	pp. 198-199 5.5; 16.7
<b>G4-41</b>	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 78-81) [i]	✓	pp. 198-199 16.6
<b>G4-42</b>	pp. 13-14; p. 18	✓	pp. 198-199
<b>G4-43</b>	p. 18; Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 46; pp. 58-59) [i]	✓	pp. 198-199 4.3
<b>G4-44</b>	p. 18; Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 63-64) [i]	✓	pp. 198-199
<b>G4-45</b>	p. 13; p. 18; p. 53	✓	pp. 198-199 16.7
<b>G4-46</b>	p. 16; p. 53	✓	pp. 198-199
<b>G4-47</b>	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 74-75) [i]	✓	pp. 198-199
<b>G4-48</b>	p. 13; p. 18	✓	pp. 198-199
<b>G4-49</b>	p. 18; p. 53	✓	pp. 198-199
<b>G4-50</b>	p. 54	✓	pp. 198-199
<b>G4-51</b>	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 133-134; p. 140) [i], Remuneration and Stock ownership [i]	✓	pp. 198-199
<b>G4-52</b>	Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 132) [i]	✓	pp. 198-199
<b>G4-53</b>	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 40-41) [i]	✓	pp. 198-199 16.7
<b>ETHICS AND INTEGRITY</b>			
<b>G4-56</b>	pp. 13-14; Code of Ethics [i]	✓	pp. 198-199 16.3
<b>G4-57</b>	pp. 53-54; pp. 82-83	✓	pp. 198-199 16.3
<b>G4-58</b>	p. 53; p. 85; Code of Ethics [i]	✓	pp. 198-199 16.3

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# GRI - Specific standard disclosure

Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
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## CATEGORY: ECONOMIC

### Economic Performance

G4-DMA	pp. 25-26		✓	pp. 198-199	
G4-EC1	p. 52; p. 103; pp. 149-150		✓	pp. 198-199	2a; 5.4; 8.1; 9.1; 9.5
G4-EC2	pp. 127-128; Climate Change [i]		✓	pp. 198-199	13.1
G4-EC3	Financial Reports ( Report and consolidated financial statements of the Intesa Sanpaolo Group as at 31 December 2015 pp. 260-262) [i]		✓	pp. 198-199	
G4-EC4	p. 51; p. 167		✓	pp. 198-199	

### Market Presence

G4-DMA	pp. 25-26		✓	pp. 198-199	
G4-EC5	p. 165		✓	pp. 198-199	1.1; 5.1; 8.5
G4-EC6	p. 162		✓	pp. 198-199	8.5

### Indirect Economic Impact

G4-DMA	pp. 25-26		✓	pp. 198-199	
G4-EC7	p. 62; p. 103; p. 155		✓	pp. 198-199	11.2
G4-EC8	p. 72; p. 79;		✓	pp. 198-199	

## CATEGORY: ENVIRONMENTAL

### Materials

G4-DMA	pp. 37-38		✓	pp. 198-199	
G4-EN1	pp. 140-141; pp. 180-181		✓	pp. 198-199	8.4; 12.2
G4-EN2	pp. 140-141; p. 181		✓	pp. 198-199	8.4; 12.2; 12.5

### Energy

G4-DMA	pp. 37-38; Environmental research [i]; Greenhouse gas emissions [i]		✓	pp. 198-199	
G4-EN3	p. 126; pp. 137-139; p. 180		✓	pp. 198-199	7.2; 7.3; 8.4; 12.2; 13.1

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
	G4-EN4	p. 180		✓ pp. 198-199	7.2; 7.3; 8.4; 12.2; 13.1
	G4-EN5	p. 180		✓ pp. 198-199	7.3; 8.4; 12.2; 13.1
	G4-EN6	pp. 137-139		✓ pp. 198-199	7.3; 8.4; 12.2; 13.1
	G4-EN7	pp. 137-139		✓ pp. 198-199	7.3; 8.4; 12.2; 13.1
<b>Water</b>					
	G4-DMA	p. 37-38; Water [i]		✓ pp. 198-199	
	G4-EN8	p. 181		✓ pp. 198-199	6.4
<b>Emissions</b>					
	G4-DMA	p. 37-38; Greenhouse gas emissions [i]		✓ pp. 198-199	
	G4-EN15	p. 134; pp. 179-180		✓ pp. 198-199	3.9; 12.4; 13.1; 14.3; 15.2
	G4-EN16	p. 134; pp. 179-180		✓ pp. 198-199	3.9; 12.4; 13.1; 14.3; 15.2
	G4-EN17	p. 134; pp. 179-180		✓ pp. 198-199	3.9; 12.4; 13.1; 14.3; 15.2
	G4-EN18	p. 134; p. 179		✓ pp. 198-199	13.1; 14.3; 15.2
	G4-EN19	p. 134		✓ pp. 198-199	13.1; 14.3; 15.2
	G4-EN21	p. 135; p. 180		✓ pp. 198-199	3.9; 12.4; 14.3; 15.2
<b>Effluents and waste</b>					
	G4-DMA	p. 37-38; Waste [i]		✓ pp. 198-199	
	G4-EN23	p. 141; p. 181		✓ pp. 198-199	3.9; 6.3; 12.4; 12.5
<b>Product and services</b>					
	G4-DMA	p. 37-38; Green products and services [i]		✓ pp. 198-199	
	G4-EN27	pp. 129-131; p. 134		✓ pp. 198-199	6.4; 8.4; 12.2; 12.4; 12.5; 13.1; 14.3; 15.2
<b>Compliance</b>					
	G4-DMA	pp. 37-38; Code of Ethics (p. 5; pp. 20-21) [i]		✓ pp. 198-199	
	G4-EN29	p. 88		✓ pp. 198-199	16.3
<b>Transport</b>					
	G4-DMA	p. 37-38; Mobility [i]		✓ pp. 198-199	
	G4-EN30	p. 179; p. 181		✓ pp. 198-199	11.2; 12.4; 13.1

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
<b>Overall</b>					
	G4-DMA	pp. 37-38; Climate Change [i]		✓ pp. 198-199	
	G4-EN31	p. 141		✓ pp. 198-199	7a; 9.4; 12.4; 12.5; 13.1; 13.3; 14.3; 15.1
<b>Environmental Grievance Mechanism</b>					
	G4-DMA	pp. 37-38; pp. 53-54		✓ pp. 198-199	
	G4-EN34	p. 54		✓ pp. 198-199	16.3
<b>CATEGORY: SOCIAL</b>					
<b>LABOR PRACTICES AND DECENT WORK</b>					
<b>Employment</b>					
	G4-DMA	pp. 31-32		✓ pp. 198-199	
	G4-LA1	pp. 164-165		✓ pp. 198-199	5.1; 8.5; 8.6
	G4-LA2	p. 171		✓ pp. 198-199	8.5
	G4-LA3	pp. 171-172	Retention rate under privacy constrain. Because of the variety and the complexity of available parental leaves, in order to calculate the indicator an individual monitoring would be necessary, thus breaching the employees' privacy rights	✓ pp. 198-199	5.1; 8.5
<b>Labor/Management relations</b>					
	G4-DMA	pp. 31-32; Labour/Management relations [i]		✓ pp. 198-199	
	G4-LA4	p. 170		✓ pp. 198-199	8.8
<b>Occupational Health and Safety</b>					
	G4-DMA	pp. 27-28; Health and safety [i]		✓ pp. 198-199	
	G4-LA5	p. 95 The Welfare Committee is made up of company and employee representatives. It represents 100% of the Group's employees in Italy		✓ pp. 198-199	8.8
	G4-LA6	pp. 174-175		✓ pp. 198-199	3.4; 3.9; 8.8
	G4-LA8	pp. 59-61; p. 96		✓ pp. 198-199	8.8
	FSS DMA	p. 61		✓ pp. 198-199	

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
<b>Training and education</b>					
	G4-DMA	pp. 31-32; Training [i]		✓ pp. 198-199	
	G4-LA9	pp. 167-168		✓ pp. 198-199	4.3; 4.4; 4.5; 5.1; 8.5
	G4-LA10	pp. 167-168		✓ pp. 198-199	8.5
	G4-LA11	p. 166		✓ pp. 198-199	5.1; 8.5
<b>Diversity and equal opportunity</b>					
	G4-DMA	pp. 31-32; Diversity [i]		✓ pp. 198-199	
	G4-LA12	pp. 159-162; p. 176		✓ pp. 198-199	5.1; 5.5; 8.5
<b>Equal remuneration for women and men</b>					
	G4-DMA	pp. 31-32; Professional development [i]		✓ pp. 198-199	
	G4-LA13	pp. 165-166		✓ pp. 198-199	5.1; 8.5; 10.2
<b>Labor practices grievance mechanism</b>					
	G4-DMA	pp. 53-54		✓ pp. 198-199	
	G4-LA16	p. 54		✓ pp. 198-199	16.3
<b>HUMAN RIGHTS</b>					
<b>Investments</b>					
	G4-DMA	pp. 27-28; Code of Ethics (p. 7; p. 10) [i]; Human Rights [i]		✓ pp. 198-199	
	G4-HR1	pp. 56-58; p. 158		✓ pp. 198-199	
	G4-HR2	p. 58; p. 167-168		✓ pp. 198-199	
<b>Non discrimination</b>					
	G4-DMA	Code of Ethics (pp. 8; 11; 13; 15) [i]; Diversity [i]		✓ pp. 198-199	
	G4-HR3	p. 54		✓ pp. 198-199	5.1; 8.8; 16.b
<b>Freedom of association and collective bargaining</b>					
	G4-DMA	Code of Ethics (p. 7) [i]; Labour/Management relations [i]; Human Rights [i]		✓ pp. 198-199	
	G4-HR4	pp. 56-58	Part of the indicator is not applicable: suppliers figures are not accounted. For the financial sector, the indicator has significance in relation to investments	✓ pp. 198-199	8.8

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
<b>Child Labor</b>					
	G4-DMA	Code of Ethics (p. 7) [i]; Human Rights [i]		✓ pp. 198-199	
	G4-HR5	pp. 56-58	Part of the indicator is not applicable: suppliers figures are not accounted. For the financial sector, the indicator has significance in relation to investments	✓ pp. 198-199	8.7; 16.2
<b>Forced or Compulsory Labor</b>					
	G4-DMA	Code of Ethics (p. 7) [i]; Human Rights [i]		✓ pp. 198-199	
	G4-HR6	pp. 56-58	Part of the indicator is not applicable: suppliers figures are not accounted. For the financial sector, the indicator has significance in relation to investments	✓ pp. 198-199	8.7
<b>Indigenous Rights</b>					
	G4-DMA	Code of Ethics (pagg. 16-17) [i]; Human Rights [i]; Equator Principles [i]		✓ pp. 198-199	
	G4-HR8	There are no incidents of violations involving rights of indigenous people		✓ pp. 198-199	
<b>Assessment</b>					
	G4-DMA	p. 54; Human Rights [i]		✓ pp. 198-199	
	G4-HR9	p. 58; p. 158		✓ pp. 198-199	
<b>Human Rights Grievance Mechanism</b>					
	G4-DMA	p. 54		✓ pp. 198-199	
	G4-HR12	p. 54		✓ pp. 198-199	16.3
<b>SOCIETY</b>					
<b>Local Community</b>					
	G4-DMA	pp. 25-26; Code of Ethics (p. 7; pp. 17-18) [i]; Equator Principles [i]		✓ pp. 188-189	
	G4-SO1	pp. 56-58		✓ pp. 188-189	
	G4-SO2	pp. 56-58		✓ pp. 188-189	1.4
<b>Anti-corruption</b>					
	G4-DMA	pp. 29-30; Monitoring against corruption [i]; Code of Ethics (p. 7) [i]; Responsible Investments [i]		✓ pp. 198-199	

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
	G4-SO3	pp. 85-88; Monitoring against corruption [i]		✓ pp. 198-199	16.5
	G4-SO4	p. 167		✓ pp. 198-199	16.5
	G4-SO5	p. 170		✓ pp. 198-199	16.5
<b>Public Policy</b>					
	G4-DMA	CSR Policies (Policy concerning the financing of political parties) [i]		✓ pp. 198-199	
	G4-SO6	Sponsorship or charity in favour of political parties and political movements and their organizational part are not allowed		✓ pp. 198-199	
<b>Anti-Competitive Behaviour</b>					
	G4-DMA	pp. 29-30; Protection of free competition [i]		✓ pp. 198-199	
	G4-SO7	p. 87		✓ pp. 198-199	16.3
<b>Compliance</b>					
	G4-DMA	pp. 29-30; Code of Ethics (p. 5; pp. 20-21) [i]; Protection of free competition [i]		✓ pp. 198-199	
	G4-SO8	p. 88		✓ pp. 198-199	16.3
<b>Grievance Mechanisms for impacts on society</b>					
	G4-DMA	p. 54		✓ pp. 198-199	
	G4-SO11	p. 54		✓ pp. 198-199	16.3
<b>PRODUCT RESPONSIBILITY</b>					
<b>Customer Health and Safety</b>					
	G4-DMA	pp. 27-28; Health and safety [i]		✓ pp. 198-199	
	G4-PR1	pp. 59-61; p. 175		✓ pp. 198-199	
	G4-PR2	No penalty or fines for non compliance with regulation, no incidents of non compliance with voluntary codes regarding customer Health and Safety		✓ pp. 198-199	16.3
<b>Product and service labelling</b>					
	G4-DMA	Transparency to customer [i]		✓ pp. 198-199	
	G4-PR4	No incidents of non compliance with voluntary rules and codes related to information on products		✓ pp. 198-199	16.3
	G4-PR5	pp. 92-93		✓ pp. 198-199	

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
<b>Marketing Communications</b>					
	G4-DMA	p. 59; Controversial sectors [i]		✓ pp. 198-199	
	G4-PR6	p. 59		✓ pp. 198-199	
	G4-PR7	Transparency to customer [i]		✓ pp. 198-199	16.3
<b>Customer Privacy</b>					
	G4-DMA	pp. 29-30; Code of Ethics (p. 10) [i]; Security and privacy [i]		✓ pp. 198-199	
	G4-PR8	p. 87; pp. 156-157		✓ pp. 198-199	16.3; 16.10
<b>Compliance</b>					
	G4-DMA	pp. 29-30; Code of Ethics (p. 5; pp. 20-21) [i]		✓ pp. 198-199	
	G4-PR9	Financial Reports ( Report and consolidated financial statements of the Intesa Sanpaolo Group as at 31 December 2015 pp. 380-386) [i]		✓ pp. 198-199	16.3
<b>FINANCIAL SECTOR SUPPLEMENTS</b>					
<b>CATEGORY: SOCIAL</b>					
<b>SOCIETY</b>					
<b>Product and Service Labelling</b>					
	FS13	p. 152		✓ pp. 198-199	1.4; 8.10; 10.2
	FS14	p. 90; Proximity [i]		✓ pp. 198-199	1.4; 8.10; 10.2
<b>PRODUCT RESPONSIBILITY</b>					
<b>Product and Service Labelling</b>					
	FS15	pp. 70-71; Relationship with customers [i]		✓	10.5
	FS16	p. 80		✓ pp. 198-199	1.4; 8.10; 10.2
<b>SECTOR SPECIFIC CATEGORY: PRODUCT AND SERVICE IMPACT</b>					
<b>Product Portfolio</b>					
	FS1	pp. 56-57; p. 59; p. 127; CSR Policies [i]; Equator Principles [i]		✓ pp. 198-199	10.5
	FS2	p. 56-57; p. 59; p. 127; Equator Principles [i]		✓ pp. 198-199	10.5
	FS3	pp. 56-57; Equator Principles [i]		✓ pp. 198-199	10.5
	FS4	p. 58; p. 114; p. 132		✓ pp. 198-199	10.5

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Material aspects	DMA AND INDICATORS	Page	Omissions	External Assurance	SDG* Linkage to GRI Disclosures
	FS5	pp. 56-57; p. 70; pp. 83-85; Equator Principles [i]		✓ pp. 198-199	10.5
	FS6	p. 12; pp. 153-154; About us (A presentation of the Group. Pag. 30) [i]		✓ pp. 198-199	1.4; 8.3; 8.10; 9.3
	FS7	p. 79		✓ pp. 198-199	1.4; 8.3; 8.10; 9.3; 10.2; 11.1
	FS8	p. 129		✓ pp. 198-199	
<b>Audit</b>					
	FS9	pp. 85-86; Internal control system for the application of the Chode of Ethics [i]; Monitoring against corruption [i]		✓ pp. 198-199	10.5
<b>Active Ownership</b>					
	FS10	pp. 154-155		✓ pp. 198-199	10.5
	FS11	p. 68		✓ pp. 198-199	10.5
	FS12	p. 70		✓ pp. 198-199	

\* Sustainable Development Goals of the United Nations

## NON GRI MATERIAL ASPECT

MATERIAL ASPECTS	DMA	Page	External Assurance
<b>PROTECTING SOLIDITY AND PROFITABILITY</b>	Generic DMA	pp. 25-26	✓ pp. 198-199
<b>MANAGEMENT OF BUSINESS RISKS</b>	Generic DMA	pp. 27-28; Management and control of risks [i]	✓ pp. 198-199
<b>INTEGRITY AND RIGOUR IN COMPANY CONDUCT</b>	Generic DMA	pp. 29-30; Code of Ethics (p. 5; 7; 18) [i]	✓ pp. 198-199
<b>EMPLOYEES' ENHANCEMENT AND MANAGEMENT</b>	Generic DMA	pp. 31-32; Code of Ethics (p. 7; pp. 13-14) [i]	✓ pp. 198-199
<b>OFFERING VALUED SERVICE TO CUSTOMERS</b>	Generic DMA	pp. 33-34; Code of Ethics (pp. 8-10) [i]	✓ pp. 198-199
<b>CREDIT ACCESS AND SAVINGS MANAGEMENT</b>	Generic DMA	pp. 35-36; Code of Ethics (p. 4; pp. 8-9) [i]; Responsible Investment [i]	✓ pp. 198-199
<b>CLIMATE CHANGE</b>	Generic DMA	pp. 37-38; Code of Ethics (p. 7; 16) [i]; Environmental policies [i]	✓ pp. 198-199

## GRI - Impact boundaries

IDENTIFIED MATERIAL ASPECTS	Page	GRI Indicators	Within	Outside
<b>PROTECTING SOLIDITY AND PROFITABILITY</b>	p. 25	G4-EC1; G4-EC3; G4-EC4; G4-EC5; G4-EC6; G4-EC7; G4-EC8	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
<b>MANAGEMENT OF BUSINESS RISKS</b>	p. 27	G4-LA5; G4-LA6; G4-LA8; G4-LA16; G4-HR1; G4-HR2; G4-HR4; G4-HR5; G4-HR6; G4-HR8; G4-HR9; G4-HR12; G4-SO1; G4-SO2; G4-SO11; G4-EN34; G4-PR1; G4-PR6; FS1; FS2; FS3; FS5	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
<b>INTEGRITY AND RIGOUR IN COMPANY CONDUCT</b>	p. 29	G4-EN29; G4-SO3; G4-SO4; G4-SO5; G4-SO6; G4-SO7; G4-SO8; G4-PR2; G4-PR7; G4-PR8; G4-PR9; FS9	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
<b>EMPLOYEES' ENHANCEMENT AND MANAGEMENT</b>	p. 31	G4-LA1; G4-LA2; G4-LA3; G4-LA4; G4-LA9; G4-LA10; G4-LA11; G4-LA12; G4-LA13; G4-HR3; FS4	Intesa Sanpaolo Group	Customers, Community, Shareholders
<b>OFFERING VALUED SERVICE TO CUSTOMERS</b>	p. 33	G4-PR4; G4-PR5; FS13; FS14; FS15	Business Units, Operations, Compliance, IT Department, Innovation, External Relations	Customers, Community
<b>CREDIT ACCESS AND SAVING MANAGEMENT</b>	p. 35	FS6; FS7; FS8; FS10; FS11; FS12; FS16	Business Units, Risk Management, Credit, Innovation, Compliance	Shareholders, Customers, Environment, Community
<b>CLIMATE CHANGE</b>	p. 37	G4-EC2; G4-EN1; G4-EN2; G4-EN3; G4-EN4; G4-EN5; G4-EN6; G4-EN7; G4-EN8; G4-EN15; G4-EN16; G4-EN17; G4-EN18; G4-EN19; G4-EN21; G4-EN23; G4-EN30; G4-EN31; FS8	Intesa Sanpaolo Group	Environment, Customers, Community

## Note on methods

The Sustainability Report is drafted in accordance with the “Core” GRI G4 Guidelines and the “Financial Services Sector Supplements”.

The Sustainability Report guidelines for the banking sector – “The Report to Stakeholders: A Guide for Banks” – published by ABI in collaboration with EconomEtica (Multi-University Centre for Economic Ethics and Corporate Social Responsibility) were also taken into consideration.

### MATERIALITY AND REPORTING PRINCIPLES

The content selection took into account the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness. The materiality analysis (page 21), conducted in compliance with the GRI 4 Guidelines and the <IR>, the international reference framework for integrated reporting promoted by the IIRC (International Integrated Reporting Council). The analysis allowed the topics to be assessed based on their materiality and their potential financial impact on the Bank’s activities, on the community and on stakeholders.

Moreover, the GRI principles were applied to define the quality of information criteria (balance/neutrality, comparability, accuracy, timeliness, clarity and reliability) and the reporting boundary.

The stakeholder map was also checked once again during 2015 to ensure that it remained in line with the corporate development lines and the social context. The review was based on the stakeholder identification criteria defined by the guidelines of the AA1000 (AA1000SES - 2015 - and AA1000APS) accountability standards.

Information in addition to that provided in the Sustainability Report is published in the Sustainability section of the website [i].

Links to this additional information are included within the Report, in the descriptions and in the GRI Content Index.

The Sustainability Report is subject to limited review. The assignment was granted to the independent auditors KPMG S.p.A. The report describing the steps involved and related conclusions can be found on page 198.

### THE REPORTING PROCESS

All company departments contribute to the drafting of the Sustainability Report content and deal with dialogue initiatives with stakeholders through the CSR Delegates, appointed by the various heads of Group departments and companies, who work in close contact with the CSR Unit. Data collection is centralised, on the same reporting platform responsible for control of the economic, capital

and commercial performance of the Business Units. The reporting process is defined in special “Guidelines for the preparation of the Sustainability Report and related management processes”, which became corporate policy in 2009 [i].

### MEASUREMENT SYSTEMS

The indicators illustrated in the Sustainability Report were identified according to reference standard indications, our obligations deriving from the adoption of international sustainability protocols and to the commitment to ensuring that the path to achieving our objectives is measurable. Almost all the data were collected directly, except for certain estimates which are duly specified. To ensure accuracy in the collection and uniformity in the interpretation of the indicators required, the data measurement systems are supported by a technical manual which, for the quantitative indicators, formalises their relevance, the calculation methods and the data source.

The data presented refer to the 2015 financial year and, where possible, are compared to the previous two years. Re-statements concerning data published in previous years, unless specified to the contrary, are not carried out.

### THE REPORTING PERIOD AND BOUNDARY

The Sustainability Report is published on an annual basis. The previous Report was published in April 2015. The reporting boundary for the Sustainability Report includes active companies important for sustainability reporting purposes and which are included in the 2015 Consolidated Financial Statements. The evaluation criteria adopted for the inclusion of each Group company in the reporting boundary took into account the features of the companies based on the social and environmental impacts generated, their contribution to the Consolidated Financial Statements in terms of capital and profit and the number of employees. In 2015 the reporting boundary of the Sustainability Report does not include data relating to Ukrainian bank Pravex-Bank, previously classified among discontinued operations, and the companies of the Risanamento Group, in which the Parent Company Intesa Sanpaolo does not carry out management and coordination activities. A summary of the 2015 Sustainability Report is also published in the “Report on Operations” in the Intesa Sanpaolo Group Consolidated Financial Statements [i] (see chapter “Social and environmental responsibility”, page 119).

This edition of the Sustainability Report is also available on the website [i].



# Auditors' Report



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**(Translation from the Italian original which remains the definitive version)**

## Independent auditors' report on the sustainability report

To the management board of  
 Intesa Sanpaolo S.p.A.

We have carried out a limited assurance engagement of the 2015 sustainability report of the Intesa Sanpaolo Group (the "Group").

### Management board's responsibility for the sustainability report

The parent's management board is responsible for the preparation of the sustainability report in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Note on methods" section of the sustainability report, as well as for that part of internal controls that it considers necessary for the preparation of a sustainability report that is free from material misstatement, also due to fraud or unintentional conduct or events. It is also responsible for defining the Group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant matters to report.

### Independent auditors' responsibility

Our responsibility is to issue this report based on our procedures. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

KPMG S.p.A. applies International Standard on Quality Control 1 (ISQC (Italia) 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures we performed on the sustainability report include inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

These procedures were related to the compliance with the principle for defining report content and quality, as articulated in the "G4 Sustainability Reporting Guidelines" and may be summarised as follows:

- comparing the information and data presented in the "Calculation and distribution of economic value" section of the sustainability report to the corresponding financial information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2015, on which we issued our report dated 3 March 2016 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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**Intesa Sanpaolo Group**  
*Independent auditors' report on the sustainability report*  
 31 December 2015

- holding interviews aimed at analysing the governance system and the process for managing the sustainable development issues relating to the Group's strategy and activities;
- analysing the reporting of significant matters process, specifically how these matters are identified and prioritised for the each stakeholder category and how the process outcome is validated internally;
- analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following:
  - interviews and discussions with management personnel of Intesa Sanpaolo S.p.A. and personnel of Intesa Sanpaolo Group Services S.c.p.A., Gruppo CR Firenze S.p.A., Banco di Napoli S.p.A., Carisbo S.p.A. and Cassa di Risparmio del Veneto S.p.A., to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
  - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the existence and adequacy of processes and that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;
- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the "Management board's responsibility for the sustainability report" paragraph;
- analysing the stakeholder involvement process, in terms of methods used, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter on the compliance of the sustainability report with the guidelines indicated in the "Management board's responsibility for the sustainability report" paragraph and on the reliability and completeness of the information and data contained therein.

As required by the "G4 Sustainability Reporting Guidelines", the data and information covered by our procedures are set out in the "GRI Content Index" table of the sustainability report.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and, therefore, it does not offer assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

### Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2015 sustainability report of the Intesa Sanpaolo Group has not been prepared, in all material respects, in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Note on methods" section of the sustainability report.

Milan, 26 April 2016

KPMG S.p.A.

(signed on the original)

Domenico Fumagalli  
 Director

# Contacts

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## Intesa Sanpaolo Spa

Registered Office: Piazza San Carlo 156, 10121 Torino  
 Secondary Registered Office: Via Monte di Pietà 8, 20121 Milano  
 Share capital: 8,731,874,498.36 euro  
 Registration number on the Torino Company Register and Fiscal Code 00799960158  
 VAT number 10810700152  
 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund  
 included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo"  
 Group, included in the National Register of Banking Groups

## The Intesa Sanpaolo skyscraper. Innovation and reinvention in the Bank and the city.

Designed to bring together the central offices and the main management departments of the Bank in a single location, the Intesa Sanpaolo skyscraper is a new meeting point in the city of Turin. Built in a strategic position, at the edge of the city centre in a high traffic area, the building is an original example of “relational architecture”. Designed by Renzo Piano Building Workshop and constructed by the most qualified Italian companies at the global level, the skyscraper embodies the values of growth, architectural innovation, social and environmental sustainability and integration between workspaces and areas open to the public. The base and the top of the building have areas that can be accessed by the public, such as the Auditorium and the bioclimatic greenhouse with a restaurant, an exhibition room and a panoramic café. These spaces make the skyscraper a public attraction, contribute to integrating the building in the social fabric of the city, and consolidate the historic bond between the Bank and the territory, which has been innovating and reinventing itself since 1563.



- 166.26 m high
- 7,000 m<sup>2</sup> basement surface area
- 38 floors above ground (27 devoted to offices)
- 1,600 m<sup>2</sup> photovoltaic panels
- 15,000 m<sup>3</sup> greenhouse
- 175 new trees to redevelop the “Grosa” public garden
- 364 seats in the multi-purpose Auditorium
- 49 children cared for in the company crèche
- 500 workers and technicians employed to construct the tower
- 30 specialist studios involved in the planning phases
- 35 young graduates involved at the worksite



### ENVIRONMENTAL CERTIFICATION

Thanks also to the “double skin” facade, the use of geothermal energy and the LED lighting system, the skyscraper manages, controls and optimises its overall energy consumption. For this reason it was the first tall building in Europe to be awarded LEED (Leadership in Energy & Environmental Design) Platinum, the highest level of certification awarded by the Green Building Council, the most authoritative international body for the environmental assessment of buildings.



