

Stakeholder Engagement 2015
and Improvement Objectives 2016

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 Links to Internet

 +     Keyboard short cut

[Back](#)

Table of contents

1. REASONS FOR ENGAGEMENT	04
2. MATERIALITY	06
2.1 Identification of material issues and stakeholders	07
2.2 Intesa Sanpaolo's "material" topic tree diagram	07
2.3 Prioritisation and definition of the materiality matrix	08
2.4 Matrix validation	10
2.5 The analysis of "material" issues in the wider context of sustainability	11
3. STAKEHOLDER ENGAGEMENT	12
3.1 The map of stakeholders and the initiatives carried out in 2015	14
3.2 Technical quality of initiatives implemented	16
3.3 2015 Stakeholder engagement: results and improvement objectives	17
3.3.1 Protecting the group's soundness and profitability	17
3.3.2 Management of business risks	18
3.3.3 Integrity and rigour in corporate conduct	19
3.3.4 Development, management and enhancement of human resources	20
3.3.5 Offering a valued service to customers	23
3.3.6 Access to credit and savings management	25
3.3.7 Responsible management of the supply chain	27
3.3.8 Relations with the community	28
3.3.9 Climate change	29
4. STAKEHOLDER ENGAGEMENT ACTIVITIES AT INTERNATIONAL SUBSIDIARY BANKS	31
CONTACTS	32

1. Reasons for engagement

The rapid and continuous change of the context and the evolution of the scenario where Intesa Sanpaolo operates have led to a reflection on the Group's strategy implemented by the 2014-2017 Business Plan. In particular, the greater awareness among consumers, the mounting pressure from an increasingly informed civil society, market instability and the slow economic recovery require an ongoing commitment by the Group in stakeholder engagement in order to identify risks and opportunities related to business activities, including in terms of reputational risk management.

In this context, the structured stakeholder engagement process represents for Intesa Sanpaolo a set of essential listening and dialogue opportunities in order to identify, understand and respond to stakeholders' needs and expectations and to gather perceptions and their level of "satisfaction" with the Group's work. Dedicated structures are in place which put these activities at the heart of their work, such as, to name a few examples, the Customer Satisfaction Service, the Consumer Associations Relationship Office or the Investor Relations Service along with the Corporate Social Responsibility (CSR) Department which, since 2007, has promoted engagement processes focused on social and environmental issues. The stakeholder engagement path undertaken by the CSR Department over the years has led to the inclusion of sustainability issues in traditional and institutional engagement activities, thanks to the collaboration of other Departments involved, with the aim of integrating them more and more into the business strategies.

In 2009, Intesa Sanpaolo issued a company policy published on the Intranet and summarised on the Group's website, defining the processes used for preparation of the Sustainability Report. The document highlights how stakeholder engagement activities play a fundamental role in the CSR strategies and policies: "the management of relations created and maintained by Intesa Sanpaolo with its stakeholders characterises our social responsibility policies. For this reason the CSR Unit's organisational description includes the task of "support for Bank departments in defining and maintaining an up-to-date map of interests and legitimate expectations of the Bank's major stakeholders, even not of a trading nature, encouraging the implementation and maintenance of relationships with such entities based on continuous dialogue¹".

In these years, the processes of including stakeholders in CSR issues have progressively developed: from an initial phase where listening was substantially aimed at resolving critical situations, to the definition of structured processes which are planned each year and are increasingly built into business and management activities. Preventative listening to stakeholders (not as a result of a "reputational crisis") leads to the establishment of a relationship of trust between the company and stakeholders and to gain a better understanding of the changes of the context with the aim of preventing potential risks and identifying new opportunities with a view to competitive positioning on the market. For these reasons, in 2008 and 2014 Intesa Sanpaolo organised two Multi-stakeholder Fora that have seen opinion leaders, experts and a qualified representation of stakeholders dialogue with the Group on a number of strategic issues and changes in the socio-economic and environmental scenario capable of influencing activities and medium and long-term performance.

¹ "Guidelines for the preparation of the Social Report and related management processes", Intesa Sanpaolo, March 2009.

The path that Intesa Sanpaolo has embarked upon in these years was developed with the objective of moving from second generation stakeholder engagement to third generation (see Figure 1), focusing on engagement aimed at identifying guidelines for Group sustainability strategies in concert with stakeholders..

Generations of Stakeholder Engagement

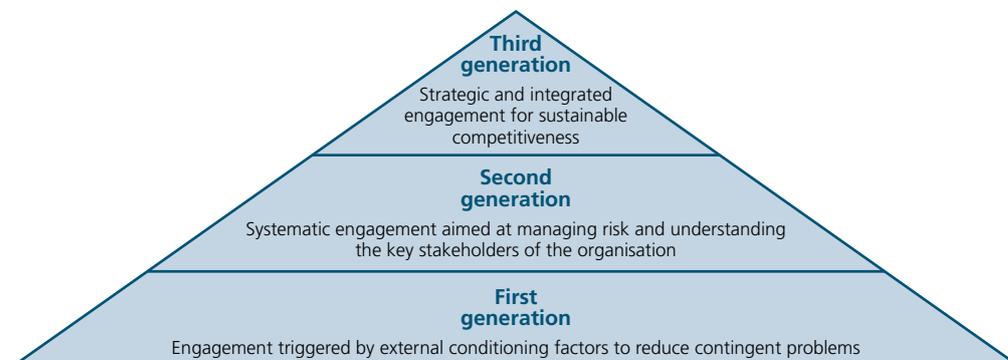


Figure 1 - Stakeholder engagement (AA1000, Accountability, 2015)

2. Materiality

Materiality is the result of the identification and prioritization of topics relevant for both the Group and its stakeholders that impact significantly on the ability to create value in the short, medium and long term. They are, therefore, considered “material” aspects that “reflect significant economic, environmental and social performance or that would substantively influence the assessments and decisions of stakeholders¹”. The process carried out by Intesa Sanpaolo aims to share these themes with the top management of the Group to integrate the priority issues within the risk management processes, defining strategies, stakeholder engagement, reporting, and internal and external communication.

The Intesa Sanpaolo materiality analysis is structured according to the guidelines of the main international standards:

- AA1000 consists of a set of standards that provide guidelines for the preparation of sustainability reports (AA1000APS - Accountability Principles Standard) and stakeholder engagement (AA1000 Stakeholder Engagement Standard, edition 2015) which aim to make organizations more accountable to the consequences of their actions, decisions, policies and performance, especially in social and environmental fields in order to stimulate change towards sustainable development;
- “G4 Sustainability Reporting Guidelines” of the Global Reporting Initiative, the main benchmark for sustainability reporting that places special emphasis on the concept of materiality and dialogue with stakeholders in order to help organizations to focus not only on economic impacts, but also environmental and social performance;
- International Framework <IR> promoted by the IIRC, the main standard for integrated reporting that introduces the concept of “integrated thinking” as the basis of decision-making and value creation in the short, medium and long term. In this sense, “Integrated Reporting” will no longer solely a reporting and communication process, but a process of integration between operational units and functions of an organization and among all the factors that affect the ability to create value over time. In line with the Framework <IR> Intesa Sanpaolo yearly update its materiality analysis:
 - The logic of the six capital (financial, social and relational, intellectual, infrastructural, human and natural) to highlight how the process of creating value is the result of synergies between financial and non-financial capital;
 - Forward looking items, megatrends, which integrate the perspective view, so long-term, in the identification of issues considered “material” in order to increase the coverage of the Group on the evolution of the external environment.

The materiality analysis process consists of the following three phases:



Figure 2 - Phases of the materiality process analysis

¹ G4 Reporting Principles and Standard Disclosures, p. 92.

2.1 IDENTIFICATION OF MATERIAL ISSUES AND STAKEHOLDERS

The identification of any relevant issues 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 megatrends 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:

- PUBLIC INTERNAL DOCUMENTARY SOURCES:
 - Strategic Plan 2014-2017;
 - Sustainability Reports of the last three years;
 - Code of Ethics;
 - Environment Paper;
 - Policy (Rules on environmental and energy policy, granting of credit in the arms sector, financing of political parties, implementation of the Equator Principles);
 - Improvement objectives in 2015;
 - Industry Standards;
 - Statements by the top management and their communication on Web TV;
 - Communications to shareholders and SRI investors.
- NON-PUBLIC INTERNAL DOCUMENTARY SOURCES:
 - Complaints in the area of the Code of Ethics 2015;
 - Questionnaires of ESG rating agencies;
- EXTERNAL DOCUMENTARY SOURCES:
 - Reference standard for reporting of sustainability performance (AA1000, GRI G4, <IR>, SASB);
 - Sustainability reports from other national and international financial groups;
 - sources of international and national institutions (World Bank, ISTAT, the World Economic Forum, etc.) for identifying the general and specific megatrends of the banking sector.

The issues identified were set out into a tree diagram arranged into three increasing levels of detail: these issues were the subject of listening and dialogue with our key stakeholders in 2015.

2.2 INTESA SANPAOLO'S "MATERIAL" TOPIC TREE DIAGRAM

The issues identified were organised into a Topic Tree diagram arranged into three increasing levels of detail and broken down by corresponding capital type.

The documentary analysis conducted during the year made it possible to update the Topic Tree diagram, integrating it with new "material" topics. The main changes concern:

- The introduction of three I level topics:
 - Product responsibility, including the adequacy of the products offered to financial culture and customer risk profile, responsible asset management and transparency, timeliness and clarity in communications with the customer;
 - Customer service innovation including issues relating to multichannel integration and innovative services to aid companies in creating networking opportunities;
 - Professional training and development, considering the importance that the topic had over the last few years both for the Group and stakeholders, was shifted from the Employee enhancement issue and included as a first level topic. It includes: Customised training courses according to specific individual training needs, specific training and support in cases of job relocation, adoption of innovative methods for transfer and sharing of skills among peers, definition of clear and transparent career paths for the entire workforce and internal mobility policies.
- The introduction of three II level topics:
 - Management of risks relating to health and safety within the scope of the Business risk management topic;
 - Direct environmental impact management within the scope of the Climate Change topic;
 - Involvement of Communities, Associations and Organisations in the relationship with the Bank (e.g. foreign Communities and Associations, Consumer Associations, etc.) in the Relationship with the community.
- The introduction of III level topics:
 - Cyber risk and Brand and reputational risk management within the scope of the Business risk management;
 - Support to foreign businesses and recognition of specificities and Consultancy support to aid the generational transfer within the scope of the Support to the business system.

The Intesa Sanpaolo Sustainability Report¹ reports on the topics deemed as “material” in relation to the Topic Tree diagram.

2.3 PRIORITISATION AND DEFINITION OF THE MATERIALITY MATRIX

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 perceived relevance by the stakeholders on the same issues assessed through a variety of listening and engagement initiatives implemented by Intesa Sanpaolo during 2015.



Figure 3 – Intesa Sanpaolo 2015 materiality matrix

¹ Sustainability Report 2015 [i].

The most relevant subjects, with high value on both axes of the matrix, are those for which the Group primarily focused its attention in 2015, reporting in the Sustainability Report the topics in full detail, their management process, significant indicators and the connection with the progress of the Business Plan. These topics are included in the following seven macro-themes:

- 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

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 notebooks [i] [i]. A summary disclosure is anyway provided in the Sustainability Report.

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.

2.4 MATRIX VALIDATION

To define the boundary of the identified issues, all impacts have been considered, positive and negative, in relation to their impact on the strategy, governance, organization's performance and on stakeholders. The application of GRI G4 principles and the <IR> Framework allowed to evaluate for each "material" theme the boundaries within which they manifest their impacts (both within the Bank and in the external environment), with the objective to offer to stakeholders a complete representation of our performance.

The assessments were shared with CSR Delegates in the Government Chief Risk Officer Department in order to identify the reporting structure and related management disclosure for each theme.

Impact boundaries

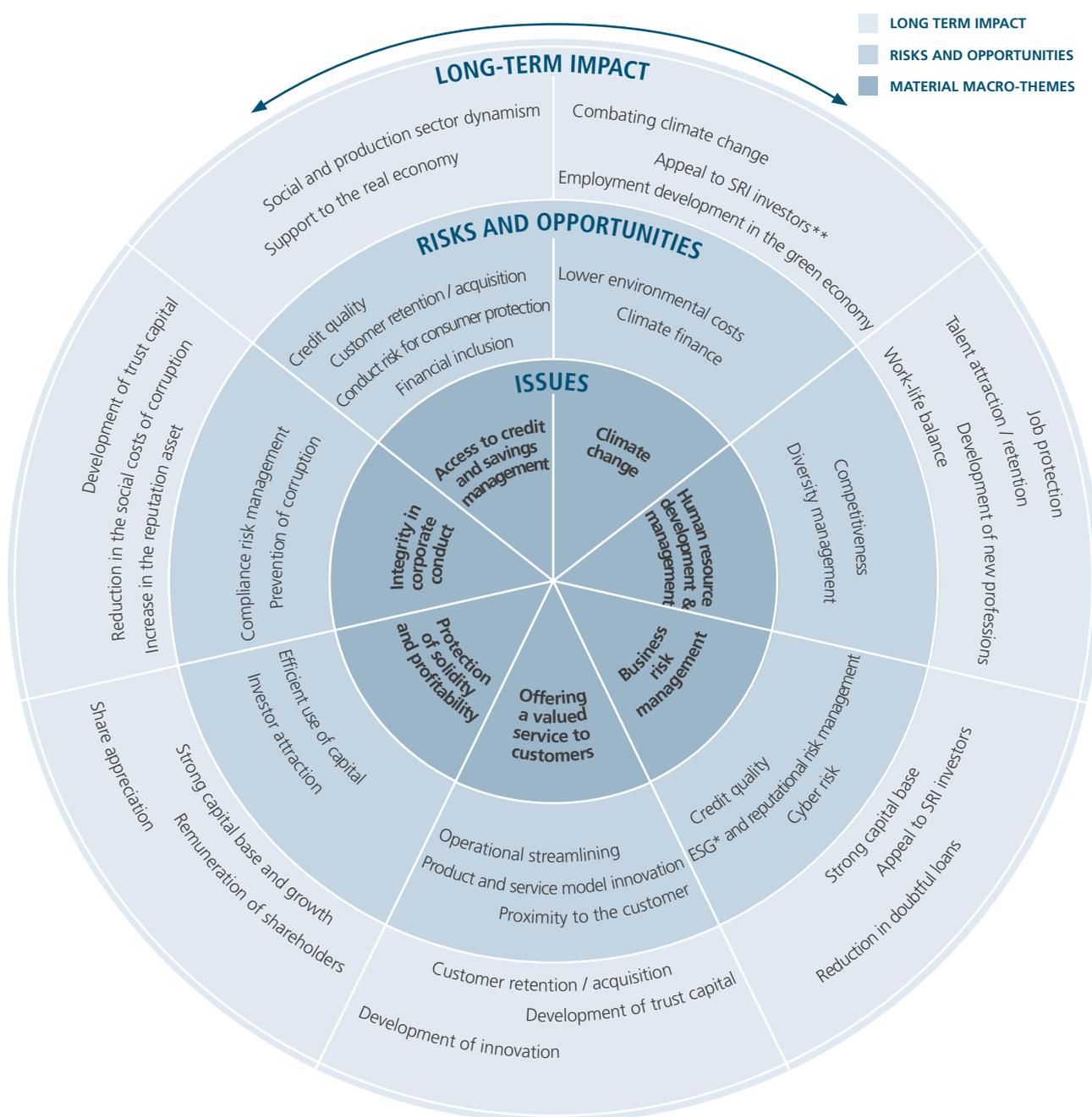
"Material" aspects identified	Within the bank	Outside the bank
Protection of solidity and profitability	Intesa sanpaolo group	Shareholders, customers, suppliers, environment, community
Business risks management	Intesa sanpaolo group	Shareholders, customers, suppliers, environment, community
Integrity and rigour in company conduct	Intesa sanpaolo group	Shareholders, customers, suppliers, environment, community
Human resource development and management	Intesa sanpaolo group	Shareholders, customers, community
Offering a valued service to customers	Business units, operations department, compliance department, it department, innovation area, external relations	Customers, community
Access to credit and savings management	Business units, risk management department, credit department, innovation area, compliance department	Shareholders, customers, environment, community
Climate change	Intesa sanpaolo group	Environment, customers, community

2.5 THE ANALYSIS OF “MATERIAL” ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

With a view to assessing the broader context of sustainability, Intesa Sanpaolo wants to make clear that the Group’s activities affect, either positively or negatively, on the social, economic and environmental conditions of the local environment, regional and global levels in which it operates. To this end, it is presented a concentric shape (see Figure 4) that shows the seven macrothemes “material” (as materiality matrix) in relation to:

- risks and opportunities for each theme that might have transversal impacts on strategies and on Intesa Sanpaolo business in the medium and long term;
- positive impacts that could generate shared value in the long term that is understood as the outcome as positive impact on 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.

Figure 4

3. Stakeholder engagement

Intesa Sanpaolo's stakeholder engagement is based on the Group's commitment to integrating the stakeholder engagement process in the governance, strategies and activities, and in the three principles defined by the AA1000APS standard (see Figure 4) such as:

- Inclusion: promoting stakeholder engagement in developing and attaining a responsible and strategic response to sustainability;
- Materiality: determining the most relevant and significant social and environmental topics for the Group and its stakeholders by assigning a priority to them;
- Responsiveness: responding to stakeholders' needs and expectations on issues identified as material and as a priority also for the Group in terms of decisions, actions and results, as well as communication activities.

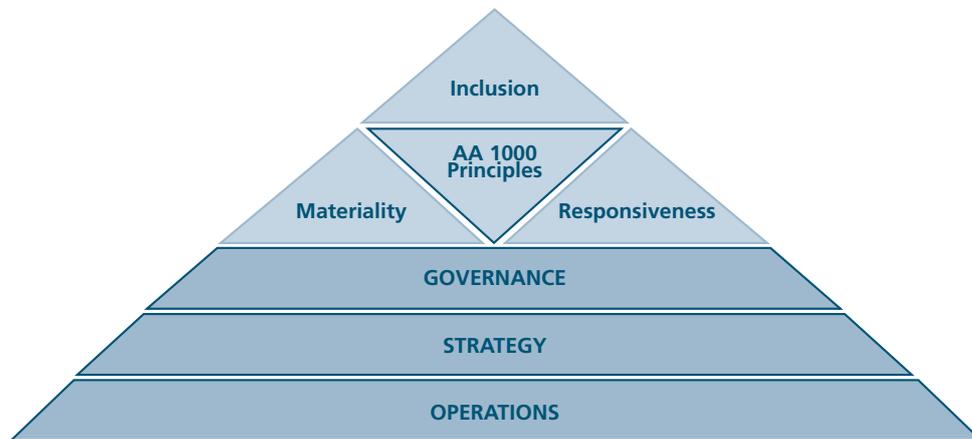


Figure 5 - Integration of the principles of the AA1000 standard during the stakeholder engagement

Each year, Intesa Sanpaolo conducts the stakeholder engagement according to the process defined by the AA1000SES Stakeholder Engagement reference standard in the 2015 version (see Figure 5) and through the essential operating tools in the various stages of the activities such as stakeholder mapping and selection of the engagement method.

The AA1000SES standard, in the 2015 updated version, aims to provide a reference for the implementation of quality stakeholder engagement and focuses on the need to significantly integrate the stakeholder engagement activities with the various company departments, at the governance, strategic and operations level.

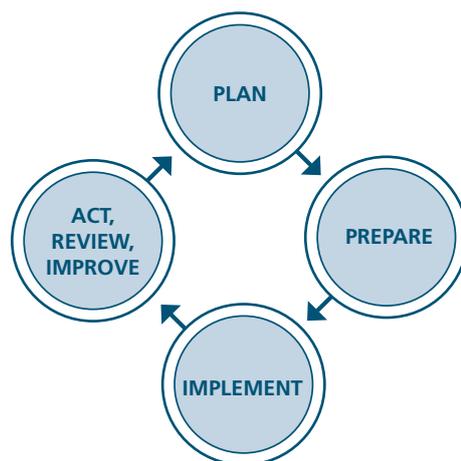


Figure 6 - The Stakeholder Engagement process

During the planning phase, involving various Group Structures, the stakeholder engagement objectives are identified in line with strategic corporate objectives in order to define priorities in the area of social and environmental responsibility for the current year. To this end, the CSR Unit has committed, over the years, to a process of awareness and involvement of the people who work on engagement planning, to ensure the full understanding and sharing of objectives and methods. This stage defines the stakeholders to be involved and the issues to be discussed, taking into account both the priorities expressed by stakeholders in the previous engagement cycles and the business objectives and, finally, the engagement method.

The next preparation stage consists of all organisational activities of the defined engagement initiatives, including the identification of potential risks. The third stage is dedicated to the actual completion of all activities (surveys, focus groups, interviews, etc.) The fourth and last phase is the end of a cycle in which it is fundamental to summarise the results of the activities carried out, in order to obtain a complete overview of the most significant requirements by key stakeholders and define a plan of action in response to said requirements, in accordance with the corporate strategy: in fact, the requirements of stakeholders are evaluated in the context of the Group's strategic guidelines.

For the planning and implementation of stakeholder engagement activities, Intesa Sanpaolo works with an independent third party (SCS Azioninnova, AccountAbility representative in Italy) in order to guarantee an objective assessment of the results of the various engagement activities and to create an area for dialogue free from any influence resulting from the presence of the Group's representatives.

The stakeholder engagement process implemented over the years by Intesa Sanpaolo was developed along two levels:

- the **operational level** (or overall) is aimed at verifying the degree of consistency perceived by stakeholders between the commitments undertaken and the actions effectively implemented by Intesa Sanpaolo. The most suitable methods for this type of engagement are quantitative surveys and structured forms of listening, such as focus groups.
- The **strategic level** (or planning) is aimed at engaging stakeholders by dealing with strategic issues for the Group and offering them an opportunity to contribute to the planning of the future strategy. For this type of engagement, the most suitable methods are individual opinion leader interviews or multistakeholder engagement methods which also involve the Group in direct contact with the stakeholders involved.

The choice of the engagement method depends firstly on the type of engagement desired (operational or strategic), and also on the degree of maturity of the issue to be dealt with and on the stakeholders to be engaged. For example, in relation to issues with a transversal impact on several activities of the Group, such as climate change or internationalisation, the most suitable strategic engagement methods were selected (interviews and multistakeholder fora). Conversely, in relation to issues involving only one stakeholder (such as employee incentive-based systems or the quality of customer relations), methods such as focus groups or quantitative questionnaires are more useful.

Through these engagement methods, over the last few years, Intesa Sanpaolo has adopted a stakeholder engagement approach aimed at overcoming the involvement understood as "listening" and increasingly focused on an engagement process understood as a "dialogue" with the aim of creating a bilateral and long-term relationship with its stakeholders.

3.1 THE MAP OF STAKEHOLDERS AND THE INITIATIVES CARRIED OUT IN 2015

The stakeholder map (see figure 7) summarizes the framework of Intesa Sanpaolo’s stakeholders representing different interests (economic, social, environmental) and the community in general, with whom the Group undertook specific commitments, considering needs and expectations as well as balancing and integrating them into company strategy (see figure 4).



Figure 7 - Intesa Sanpaolo Stakeholders map.

The following table shows initiatives implemented in 2015. All reports of the activities listed in the table have been analyzed to draw up a summary of the cases that emerged in the present document.

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

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.

3.2 TECHNICAL QUALITY OF INITIATIVES IMPLEMENTED

The technical quality of the engagement initiatives implemented is measured through a series of parameters:

- Interactivity of the initiative: it measures the level of active involvement of participants, which varies significantly also based on the involvement method used (for example, focus groups are by definition more interactive than an online questionnaire);
- Cyclicity of the initiative: it represents the frequency with which a type of initiative is repeated at each reporting cycle (customer satisfaction is a consolidated activity repeated at defined intervals; conversely, some interviews are only conducted once);
- Representativeness of the sample: it is necessary to evaluate to what extent the individuals involved truly represent the interests of the Group's key stakeholders;
- Relevance of the topics covered: it represents a parameter defined based on requests collected from stakeholders and is assessed after the initiative: the level of perceived materiality of the issues covered during the engagement is a very significant parameter to evaluate the overall quality of initiatives.

The initiatives index is calculated as a weighted average of the four parameters, where the cyclicity and the materiality of topics covered have a greater weight than interactivity and representativeness of the sample.

Technical quality of the 2015 stakeholder engagement initiatives

Initiative	Interactivity	Cyclicity	Representativeness of the sample	Materiality of topics covered	Quality index of the initiatives
Focus groups with employees and Trade Unions	5	5	4	5	4.8
Focus Groups with customers and managers	5	3	4	5	4.2
Surveys of private and senior customers	4	3	4	4	4.3
Surveys of corporate customers	4	3	4	4	4.2
Interviews to start-ups and investors /incubators	5	2	4	4	3.4
Interview to Shareholders' Association	5	4	5	5	4.7
SRI questionnaires on ESG topics	2	5	5	5	4.4

(scale from 1 to 5)

3.3 2015 STAKEHOLDER ENGAGEMENT: RESULTS AND IMPROVEMENT OBJECTIVES

3.3.1 PROTECTING THE GROUP'S SOUNDNESS AND PROFITABILITY

WHAT OUR STAKEHOLDERS SAID

The issue of the protection of the Group's solidity and profitability emerges as one of the most important topics in 2015 not only for investors, but also for the community at large. In years of not only economic, but also banking crisis, for Italy, Intesa Sanpaolo is perceived as a solid and reliable bank capable of facing future challenges. In this sense, the evolution of the service model, launched at the beginning of 2015 throughout the whole sales network, which for stakeholders represented a sign of innovation that reflects the Group's desire to "keep up with the times" was highly appreciated. Finally, the investment made by Intesa Sanpaolo for the introduction of 300 specialists in the credit proactive management was especially appreciated by E.di.va.



WHAT WE HAD SAID AND WHAT WE DID

In 2015, Intesa Sanpaolo achieved a high level of capitalisation and positions itself on the market among the best European competitors, thanks to the objectives and the innovative strategy implemented by the new 2014-2017 Business Plan which adopts a clear, efficient and sustainable business model (see 2015 Sustainability Report [\[i\]](#) page 51)



OUR OBJECTIVES FOR 2016

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

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 monetary donations, goods and services, contributions in terms of time and management costs.

3.3.2 MANAGEMENT OF BUSINESS RISKS

WHAT OUR STAKEHOLDERS SAID

SRI analysts consider the integration of reputational risk and social and environmental risks of crucial importance within the Group's management and business risk monitoring system. In this sense, the control system of the Code of Ethics that ensures continuous and systematic verification of its implementation is evaluated positively.

Among the business customers of Mediocredito Italiano surveyed during 2015, the importance of inclusiveness, in the system of assessment of creditworthiness, of social and environmental criteria, alongside financial criteria, was reiterated. According to those businesses, the company's commitment towards the social and environmental protection within its own business is a sign of responsibility and long-term view which should be considered within the scope of the rating systems.

In a context that is increasingly evolving towards the digitization and dematerialisation of information, other two areas of particular interest, especially for SRI investors, are IT risk management and control and data security.



WHAT WE HAD SAID AND WHAT WE DID

Management and monitoring of risks in loans

- Introduced a new Credit Risk Appetite;
- inclusion of a query on the social/environmental risk in the rating evaluation Model;
- completed the classroom training course on the new Operating Guidelines for implementation of the Equator Principles and its attachments.

Management and monitoring of reputational risk

- Improvement of the Group's brand image which stands above the average of the market image;
- set up the Reputational Risk office with the task of ensuring structured monitoring of the reputational risk.

Health and safety risk management and monitoring

- Constant monitoring of risk warnings, accidents, incidents as well as the annual risk reduction plan;
- updated the assessment of work-related stress with reference to the branches operating with extended working hours;
- "Post-robbery support" programme and commitment towards robbery risk prevention at branches.
- maintenance and strengthening of controls, Business Continuity solutions and Crisis Management mechanisms.

(see 2015 Sustainability Report [i] page 53)



OUR OBJECTIVES FOR 2016

- Integration of environmental risks 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 relationship manager;
- 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;
- implementation of a self-regulation policy for loans in sensitive sectors;
- in relation to work-related stress risk assessment, as provided by the methodology, the assessment of this risk will be repeated during 2016 at the branches already involved;
- the first half of 2016 will see the continuation of the activities of on-site evaluation of the branches included in the first plan for the New Branch Layout development in order to identify further areas for improvement, in cooperation with the working group;
- on the subject of the Group's Business Continuity, Intesa Sanpaolo will continue the training plan on all Group International Banks and Companies.

Performance indicators and objectives achieved

Indicators	2015 results
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)
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 48,6% since 2013. There were 54 in 2015

3.3.3 INTEGRITY AND RIGOUR IN CORPORATE CONDUCT

WHAT OUR STAKEHOLDERS SAID

SRI investors have placed special emphasis on all of the Group's policies aimed at the protection of fairness in transactions, especially linked to combating tax avoidance and offences. In these terms, Intesa Sanpaolo's commitment towards the management and prevention of the risk of corruption and the promotion of free competition was appreciated.

The evolution of the business model towards greater service virtualization, has raised the stakeholders' attention, particularly customers and SRI investors on issues related to privacy protection.



WHAT WE HAD SAID AND WHAT WE DID

- The "Group rules on the internal reporting system of violations of banking business rules (whistleblowing)" have been made operational;
- 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;
- as regards tax matters, the Group Rules for the assessment of the tax compliance of products, services and operations offered to customers and the Guidelines for the approval of new products, services, the launch of new businesses and the entry into new markets have been issued;
- implemented special internal rules aimed at strengthening the commitment to combat assets in tax havens;
- the privacy policies found on the Group's Internet sites were updated. 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;
- activated an anti-fraud system that analyses all transactions carried out via Internet Banking in real time and identifies those considered to be questionable.

(see 2015 Sustainability Report [i] page 85)



OUR OBJECTIVES FOR 2016

- Thanks to the "Anti-Corruption Project", special monitoring measures will be further enhanced from a "worldwide" Group point of view;
- as regards tax matters, Intesa Sanpaolo aims to improve the safeguards for the prevention of tax risks (including training activities), coordination between the various Group structures for greater control of potentially harmful activities on the assets or reputation and strengthen all the Parent Company's Tax function offices. Moreover, the collaboration mechanisms, already partly existing, with the Financial Administration, will be strengthened further;
- for privacy protection purposes, activities are planned to strengthen controls on the correct fulfilment of the regulatory requirements for the adequacy and effectiveness towards stakeholders on the part of the Banks and Group Companies, within the scope of Corporate - Privacy Protection guidance and control.

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)

3.3.4 DEVELOPMENT, MANAGEMENT AND ENHANCEMENT OF HUMAN RESOURCES

WHAT OUR STAKEHOLDERS SAID

The customer's new service model

During the focus groups it has emerged that the new Banca dei Territori service model is considered a necessary change for the Group to maintain market competitiveness. In addition, it reflects the desire to innovate the Bank's service on the one hand in customer relationships in terms of meeting customers' specific needs and proximity, and on the other hand in the evolution of the contact channels (Multi-channel Integration). A year after its launch, some employees have perceived that the new model has created new opportunities related in particular to the introduction of "commercial areas" both in terms of professional growth and skill enhancement. In this context, many employees have recognised that the change required a greater commitment and responsibility on the part of the individual compared to the past and a strong collaboration among colleagues, emerged as one of the main strengths in the management of difficult moments. The points considered to be fundamental for the proper functioning of the new model are the cooperation among branches of different 'commercial areas' and clear and transparent information among all employees of the commercial network who are called upon to show a greater commitment by the Group towards initiatives and activities that encourage these aspects.

Professional and career development

As for the career paths, in addition to the new opportunities created by the new service model, the "OnAir Platform" for professional management and development was highly appreciated.

Training is perceived as one of the key areas of the employees' development and enhancement policies and the Group's commitment in this respect is appreciated. However, in order to equate specialised skills to the operational needs required by the new model, a request has emerged to strengthen specialized training relating to the "commercial area" (role training), accompanied by the integration of tools in support of the collaborator in terms of product knowledge. The only aspect that requires further interventions remains that of online training for employees who work directly with customers and have less time available to attend online courses.

Diversity management

Intesa Sanpaolo's commitment in the enhancement of female talent and in its involvement in inclusion actions aimed at people with disabilities is recognised in this respect. According to some, the attitude of colleagues and the propensity of individuals are fundamental in creating a truly inclusive environment.

The issue of intergenerational enhancement (junior-senior employees) remains as the area requiring the most proactivity on the part of the Group in structuring activities and initiatives aimed at encouraging and facilitating the enhancement of specificities and mutual exchange (e.g. training initiatives through coaching and/or mentorship methods etc.).

Welfare

The welfare is considered a Group 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, especially in relation to the trade agreements entered into in 2015.



WHAT WE HAD SAID AND WHAT WE DID

Job protection policies

- Since 2014 already 4,230 people have been absorbed on priority initiatives, notwithstanding to the fact that the re-absorption may be considered consolidated only upon the achievement of economic and financial objectives of the Business Plan.

Customer service model

- Additional market focus and strengthening of customer relationship: over 1,000 new managerial roles;
- the project “Insieme per la Crescita” (Together for Growth) accompanied by the introduction of the online “Pro” platform for the sharing of good practices continued.

Employees' enhancement:

- Agreement with the trade unions: the II level Collective Bargaining Agreement introduces important changes on the matter of roles, professionals and development paths;
- evolution of the performance evaluation system;
- extension of the scope of application of the On Air professional development platform and 180° Feedback Project, aimed at strengthening the leadership styles.

Training

- Training has accompanied the change of organisational models connected with business evolution;
- the consolidation of the ongoing training approach and the continuous strengthening of the integration between the different teaching methods through the evolution of distance learning methodologies;
- set up the Training Organisational Structure, Management Development and Managers' School which will become a stand-alone structure for the planning of leadership, culture and management development and higher education initiatives.

The quality of life in the Company

- The new II level Collective Bargaining Agreement introduced important tools to support the well-being of employees and their families;
- Flexible Work Project with over 3,000 members
- ALI (Associazione Lavoratori Intesa Sanpaolo) consolidated its organisation at the central and local level;
- cardiovascular prevention campaign “I Colori della Salute” (The Colours of Health) within the scope of the Group Health Fund activities;
- the activities and initiatives on the subject of mobility continued.

(see 2015 Sustainability Report [1] from page 107 and from page 95)



OUR OBJECTIVES FOR 2016

Job protection policies

- The objective of the Business Plan is the reabsorption of 4,500 people from 2014 to 2017 on priority initiatives.

Employee enhancement

- Update of the “Performer 2.0” performance assessment system. Training activities dedicated to HR Heads and Specialists;
- gradual extension of the access to the OnAir Platform and extension to other Feedback 180° structures;
- Specific Business Unit objectives for employees' development and enhancement.

Professional training and development

- Launch of Leadership Identity transversal initiatives and managerial skills: consequence management for managers and projects related to the issue of women's entrepreneurship enhancement involving the implementation of an educational offer devoted to women managers;
- training course for managers and customers to support business growth and competitiveness and promote the dissemination of financial culture;
- continuation of training and information on Health and Safety;
- new training model in the Banca dei Territori Division to maximize the effectiveness of the training activities thanks to the transformation of the learning and work flexibility models introduced in the company.

The quality of life in the Company

- Setting up of the Group Single Pension Fund at the end of 2016;
- by February 2016 the Group Health Fund will conclude the definition of procedures and data flows. In addition, the Group Health Fund is expected to be extended to the International Subsidiary Banks Division;
- enhancement of corporate welfare with a view to integrating the various components;
- in relation to the mobility issue, the commitments defined in the “Home-to-Work Travel Plans” will continue;
- in relation to the Diversity Management area: the CSR Department will continue the dialogue initiatives within the inter-functional working groups to identify inclusive projects and services for colleagues with disabilities.

Performance indicators and objectives achieved

Indicator	2014 results	2015 results	Objective 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"> ▪ Flexible work no. of members ▪ Members of ALI ▪ Services provided by the Health Fund 	<ul style="list-style-type: none"> ▪ 100,000 ALI members ▪ 135M of Health Fund contributions 	<ul style="list-style-type: none"> ▪ Flexible Work: over 3,000 members ▪ ALI members: 117,000 ▪ 137M of Health Fund contributions to over 200,000 people 	Promoting work-life balance for greater cohesion among people, innovation development and service excellence

3.3.5 OFFERING A VALUED SERVICE TO CUSTOMERS

WHAT OUR STAKEHOLDERS SAID

The focus on the three Personal, Retail and Enterprise “commercial areas” is considered by customers as added value of the new service model of the Banca dei Territori Division, which allows to respond more specifically to customer needs. Some employees highlight the risk of excessive segmentation which could impact customer service. The evolution towards a more

consultancy-based approach is very much appreciated by the “Personal” customer segment, especially for the greater attention paid to the specific needs and the possibility of establishing a “personal” relationship between manager and customer, based on trust. In this, the manager’s role is confirmed as key, as the sole representative, competent and qualified point of contact. The tools in support of employees in operating activities and the information and update channels have emerged as one of the most popular elements among employees from the point of view of content, although sometimes the vast amount of information is more complex to use.

The multi-channel approach is considered a strength of the Intesa Sanpaolo services, especially on the customer side. However, a differentiation is observed between targets: while young people are likely to adopt new communication channels and perceive service virtualization as a tool to shorten distances, simplify operations, and also to lower costs; “senior” customers are reluctant and have greater difficulty in approaching the new tools.

The start-ups that participated in the Intesa Sanpaolo Start-Up Initiative consider it an important meeting channel that aids the network both between start-ups and investors and between start-ups themselves. One of the most appreciated aspects is the mentorship service offered by Intesa Sanpaolo that guided start-ups in the fine-tuning of their business plan and in the execution of the presentation of their business through a structured approach aimed at capturing the attention of a specific target such as that of investors. The ideas for further development include the ability to maintain continuity of the network through the creation of a virtual infrastructure and the extension of the mentorship service to the assessment of creditworthiness.



WHAT WE HAD SAID AND WHAT WE DID

Customer service quality

- Customer Experience: adoption of a new “design thinking” method that starts off by listening to the customer in order to create an experience in line with his/her requirements;
- “Insieme per la Crescita”: distributed over the entire commercial network;
- “New branch layout”: opening of over 30 branches;
- the Banca Estesa and Out-of-branch Offering Projects continue;
- launch of the “Vividigitale” addressed to Intesa Sanpaolo’s customers for the dissemination of the digital culture;
- Expo: involvement of 530 companies, 35 innovative start-ups and over 3,000 Italian and international companies for business meetings.

Customer service innovation

- Approximately 80% of the products available through the multichannel platform and 50% increase in transactions over direct channels compared to 2014;
- new digital platforms, with services dedicated to businesses. Among these is Tech-Marketplace, which is aiding the meeting of demand with supply of technology innovation between start-ups, tech SMEs and businesses.

(see 2015 Sustainability Report [i] from page 88 and from page 115)



OUR OBJECTIVES FOR 2016

Customer service quality

- For 2016, SElok renews and grows to become an aggregator for branches around the objective of excellence. 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%). As from 2016 it will be used as the main indicator to measure the quality perceived by customers and will be included among the KPIs on which the Performance Assessment System of the Branch Network employees is based;
- Advanced Advisory project: it focuses on customers’ overall view and their needs not just for investment, providing integrated solutions and recommendations to guide them, even without taking account of the bank’s commercial offer;
- completion of the project Digitisation at Retail and Personal branches: contracts and documents in electronic form;
- continuation of the “Vividigitale” project, which includes specific in-branch events and training workshops.

Customer service innovation

- Launch of a series of project initiatives with the common objective of “financing innovation”, aimed at facilitating credit access for innovative tech companies (Tech Start-ups and SMEs) and business customers wishing to invest in innovation, in order to support the growth of new high-potential businesses, enabling the technological innovation of mature companies.

Performance indicators and objectives achieved

Indicator	2014 results	2015 results	2017 objectives
"Insieme per la crescita" programme	Launched the change management 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. <ul style="list-style-type: none"> ▪ 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. <ul style="list-style-type: none"> ▪ 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

* Referred to the Italian boundary and individuals.

3.3.6 ACCESS TO CREDIT AND SAVINGS MANAGEMENT

WHAT OUR STAKEHOLDERS SAID

An analysis of research carried out on customers (Retail, Personal and Small Business) has shown an appreciation for all the products and services linked to first home access and to the financial inclusion of both young and senior customers.

The customers most inclined to save are the elderly who expect capital protection products and a “targeted” advisory service focused mainly on investments (including long-term), extended to the tax, insurance, real estate and inheritance segment. This type of customer particularly appreciates the “personal” relationship with their manager, based on trust and fairness, transparency and clarity in the commercial relationship. In addition, requests have also emerged for further training support in the use of multimedia channels and a financial planning service that considers the whole family (a consultant to support family projects).

In the interviews conducted to the business customers of Mediocredito Italiano, among the services aimed at supporting the business system, the specialised loans targeted at companies in the environmental, innovation and internationalisation sector in particular are much appreciated.

The consultancy for the identification of appropriate solutions and the managers’ specific skills (business model assessment, evaluation of the project feasibility, etc.) were assessed very positively. Among the various services on offer, the companies consider it of crucial importance that the Bank play the role of facilitator in networking with sector specialists. A support request has emerged for access to European and regional tenders. The creation of networks aimed at the meeting and exchange of knowledge between businesses has emerged as one of the most appreciated services by companies of all sizes (small-medium and corporate businesses) and across all sectors. It is also requested, in particular by small and medium sized enterprises, to have more support in the organisation and sponsorship of events and projects designed to increase the visibility of businesses on domestic and international markets.

From the in-depth examination of the issue of transparency and fairness in communications, it has emerged that the majority of customers has confidence in the Group thanks to the clarity and comprehensibility perceived in commercial relations.



WHAT WE HAD SAID AND WHAT WE DID

Support to the business system

- New medium/long-term credit disbursed to enterprises and households: 48 billion euro with 20,000 companies brought back to performing status (29,000 since 2014). Approximately 200 million euro was disbursed to the Third Sector in the medium to long term;
- “Programma Filiere”: it enables to improve the credit access conditions of the productive chains;
- partnerships with trade associations continued in order to support business growth: Confindustria Piccola Industria (credit line of 10 billion), ABI Credit Agreement (disbursement of over 300 million euro and over 4,100 credit payment suspensions);
- loans for innovation: with “Nova+”, projects worth 90.5 million euro were financed;
- youth employment and innovative start-ups: many training, matching and financial support initiatives.

Financial inclusion and economic empowerment

- New loans for high social impact activities for more than 3.2 billion euro (6.7% of total new loans granted): microcredit; anti-usury loans; loans to the Public Administration to develop services and activities for social purposes; subsidised loans granted to small and medium enterprises belonging to CONFIDI; products and services addressed to Third Sector associations and entities; products dedicated to the most vulnerable social groups to support their financial inclusion.

(see 2015 Sustainability Report [i] from page 62)



OUR OBJECTIVES FOR 2016

Support to the business system

- Mediocredito Italiano intends to put a new product on the market, namely 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 conditions and methods for suppliers;
- given the increased use of online services, Mediocredito Italiano has decided to make customer assistance more structured for navigation, with the aim of ensuring continuity and speed of response as well as support also in English;
- in 2016, new initiatives aimed at companies linked to innovation, training, digitization and internationalization will be launched. In this context, the AdottUp project will be coupled with the “Tech-Marketplace” project so as to act as a reservoir to supply and integrate the innovation dedicated platform.

Financial inclusion and economic empowerment

- Among the initiatives targeted at young students, 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;
- as regards microcredit initiatives: “Prestito della Speranza” pursues the objective of disbursing 100 million in loans secured by a guarantee fund of 25 million made up of resources from the Italian Episcopal Conference;
- protection products: extension of the offer of hedging solutions for the protection of personal, household and asset direct risks;
- Young People Offer: strengthening of the range of dedicated and specific offers.

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

3.3.7 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

WHAT OUR STAKEHOLDERS SAID

Suppliers believe that the aspects of greatest relevance for the evaluation of the quality of the relationship are the ability to listen, trust and transparency in the relationship between suppliers and the Group, the fairness in the management and the stipulation of contracts and the adequacy of the times required for payment of invoices.

The integration of social and environmental responsibility criteria, such as the signature request and the subscription to the principles laid down by the Group's Code of Ethics and the publication of the Sustainability Report, in suppliers' selection and evaluation are assessed positively. A high percentage of Intesa Sanpaolo suppliers, in fact, declares to be in possession of certifications on the relevant raw materials, on the waste disposal systems and the health and safety of workers, as well as a corporate Code of Ethics.



WHAT WE HAD SAID AND WHAT WE DID

- Revision of the Group Procurement Guidelines and implementing rules and definition of Operating Guidelines for the management and control of subcontracts to integrate, in a transversal manner throughout the supply chain, the social and environmental responsibility criteria already adopted for Suppliers registered in the e-sourcing Portal;
- implementation of the e-sourcing Portal with a questionnaire dedicated to CSR issues and with the provision of an obligation on the supplier both in terms of reading the Code of Ethics of the ISP Group and uploading the certifications as proof of its commitment towards CSR. In the event that the surveyed suppliers also become parties to a contract the contractual clauses bind them to operate in a manner fully compliant with the laws and regulations also on CSR matters (e.g. in the ecology and waste disposal sector) and to observe the principles contained in the Code of Ethics of the ISP Group;
- rules for the purchase of office equipment provide as a tender awarding criteria that the supplier be in possession of an environmental certification such as ISO 14001, ISO 9001 and EMAS;
- launch of an internal working group aimed at updating the section of the e-sourcing Portal dedicated to the evaluation of the social and environmental risks and at urging suppliers to complete the section dedicated to CSR including through a massive reminder action;
- support in the development of the implementations of the "SGAE branch self-assessment questionnaire";
- execution of IT implementations for checking the registration of any reported non-compliances.

(see 2015 Sustainability Report [i] from page 100)



OUR OBJECTIVES FOR 2016

- New suppliers' platform: it will include technical evaluation indicators (quality of the service provided and compliance with the agreed service levels) and corporate social responsibility that will allow monitoring in relation to the types of calculated risk. The new solution will make it possible to extend the scope of the suppliers under examination also to potential sub-contractors;
- implementation of training seminars for buyers on issues relating to corporate social and environmental responsibility;
- overall updating of contractual standards – made available in the dedicated contract board review – for standardizing the contractual obligations imposed on suppliers and sub-contractors, e.g.: rules relating to the handling and disposal of electrical and electronic equipment waste by undertaking – where required – also to document this fulfilment at all times.

3.3.8 RELATIONS WITH THE COMMUNITY

WHAT OUR STAKEHOLDERS SAID

In addition to media analysis, the verification of the effectiveness of Intesa Sanpaolo's actions with regard to the Community was conducted across customer stakeholders, Third Sector stakeholders (see the chapter "Credit access and asset management") and Environmental stakeholders (see the chapters "Business risk management" and "Climate change").

Although Italy is considered the birthplace of art and culture, the tradition of donations to cultural institutions from wealthy people and/or the private sector appears to be absent. In this context, banks and foundations are the only major funders of culture outside of the public sector and Intesa Sanpaolo is perceived as a particularly active party in supporting projects focused on requalification and enhancement of the country's cultural heritage.

The Group's commitment towards initiatives of a "social" nature linked to health, education and social protection is also recognised. Also in view of the country's slight economic recovery, the community continues to experience a situation of severe economic instability that leads to recognise as priority areas the fight against unemployment, access to public services, particularly health services and education, as well as income support.



WHAT WE HAD SAID AND WHAT WE DID

- Overall contribution to the community¹, equal to 56.7 million euro representing 1.23% of the income before tax from continuing operations²;
- Progetto Cultura: the project is being developed with the aim to make the country's artistic, architectural, editorial and documentary and cultural heritage available to an ever wider audience;
- donations: 84.2% of the amounts disbursed was allocated to projects focused on 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. At the level of territorial donations, the shares exceeded the targets set with an incidence on the total amount equal to over 65%;
- business initiatives in the community: 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;
- publication of the 2015 Community Book which presents and describes the main initiatives upheld by the Intesa Sanpaolo Group in support of the community with an insight into the assessment of the impact of some major projects. The monitoring of the international cooperation programmes continues to be entrusted, as in the case of Project Malawi, to the qualified expertise of the University of Pavia.

(see 2015 Sustainability Report [i] from page 103)

¹ Measurements according to the London Benchmarking Group (LBG), reporting standard for the analysis of investment activities in the communities which allows to measure the results and the evaluation of the effects on the community and on the business.

² The income before tax from continuing operations totals 4,597 million euro, recognised in the reclassified income statement of the Intesa Sanpaolo Group.



OUR OBJECTIVES FOR 2016

Collaboration with cultural entities and institutions:

- Piazza Scala Galleries: greater interaction with other cultural institutions, partnerships with schools for "School-Work" projects and with the Associations that deal with disabled people and refugees for the organisation of initiatives and dedicated itineraries;
- Palazzo Zevallos Stigliano Galleries: strengthening of the presence in the territory and of the activities conducted with schools, universities, cultural institutions and associations;
- Palazzo Leoni Montanari Galleries: creation of an accessibility project for special needs (blind, deaf);
- Historical Archive: development of the Guide to the archival heritage of Intesa Sanpaolo's Historical Heritage and further extension of access to sources.

Donations:

- The high level of resources (>80%) allocated by the Charity Fund to support projects in favour of the weakest individuals will be maintained in 2016. In the case of central donations the commitment to direct the choices, independently from the Regional Governance Areas, towards an increase of the quotas with regard to local donations (equal to or greater than 60%) continues.

Reporting

- The impact assessment, based on the LBG model, and the monitoring of the new international cooperation programmes will gradually be extended.

3.3.9 CLIMATE CHANGE

WHAT OUR STAKEHOLDERS SAID

“Social Responsible Investment” investors highly appreciate the environmental policies implemented by Intesa Sanpaolo, in particular for energy efficiency purposes and to reduce the consumption of resources (paper and water). As for the decrease in the use of paper, the employees who participated in the focus groups expressed particular appreciation for the dematerialisation policies introduced by the Group.

Interviews with Mediocredito Italiano corporate customers have expressed a positive opinion on the products and services in support of the development of new eco-innovative businesses aimed at reducing environmental impacts, particularly ad hoc loans backed by the expertise of the Energy and Leasenergy Desk.

In general, stakeholders hope for an involvement in initiatives and events dedicated to companies in the “green” industry as well as a greater commitment towards activities aimed at encouraging companies to invest in energy efficiency projects. As regards the issue of creditworthiness assessment, the companies interviewed have issued a positive opinion on the inclusion of environmental assessment criteria in order to give a concrete value to projects and activities in which the company invests (energy efficiency projects, the reduction in CO₂ emissions, investments in renewable energy, etc.) It should however be pointed out that, despite the general interest, the perception appears to be different depending on the sector of operations and the centrality or otherwise of the environmental and energy impacts on the company's operations.



WHAT WE HAD SAID AND WHAT WE DID

Managing the Bank's ecological footprint

- 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;
- use in Italy of electricity guaranteed to be energy from renewable sources at all possible sites. 2015 saw the continued installation of new photovoltaic plants in Cagliari, Caserta and the new Turin Headquarter;
- actions aimed at improving the overall energy efficiency including the extension of energy consumption detection systems managed via the web, the replacement of boilers with condensation plants, high-performance heat pumps and refrigeration units and modernisation of electrical systems;
- paper consumption: focus on dematerialization activities of contracts, consolidation of subscriptions to the Online Reporting and digital signature services.

Provision of products and services to promote businesses and solutions with a low environmental impact

- In 2015, 3% of all Intesa Sanpaolo loans regarded environmentally-friendly projects including renewable energy, energy efficiency, environmental services, for a total of around 1,495 million euro.

(see 2015 Sustainability Report [i] from page 126)



OUR OBJECTIVES FOR 2016

- **Greenhouse gas emissions:** the Group will continue to purchase electricity produced from renewable sources wherever possible at all sites. Scope 3 emission reporting will become increasingly detailed also for International Subsidiary Banks.
- **Energy:** reduction of energy consumption. The Group will continue with the replacement of refrigeration units containing R22, the replacement of lighting equipment with high efficiency equipment, the replacement of boilers, but especially the actions aimed at increasing the operational efficiency of the systems already installed.
- **Paper:** completion of the dematerialisation project; expansion of environmentally friendly paper (whether recycled or from certified origin) both in Italy and at International Subsidiary Banks.
- **Waste:** start of the new method of disposal of used toners and ink ribbons in Italy. New online courses on the “Ambientiamo” platform to raise awareness among colleagues with regard to separate waste collection and correct disposal of special non-hazardous waste.
- **Mobility:** we will continue to offer alternatives to the use of private and individual transport to map the requirement in the evolution of the public transport system.
- **Water:** the Group will continue to monitor water consumption in order to keep constant consumption compared to current levels.

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.

4. Stakeholder engagement activities at International Subsidiary Banks



2015 saw a mapping of active stakeholder engagement activities at International Subsidiary Banks in order to identify points of contact but also specificities in the approach, understanding what stakeholders were mostly involved and what methodologies were adopted in the different contexts. Most of the activities and engagement initiatives implemented in 2015 mainly involved Customer and Employee stakeholders.

Initiatives targeting customers concerned active stakeholder engagement activities such as:

- meetings on specific topics or targeted at a specific customer sector such as “Business Breakfast” of CIB Bank and Banka Koper, “Business Club Events” targeted at the SME segment of Privredna Banka Zagreb;
- workshops such as the “Member get Member” Campaign promoted by Koper Bank to support managers in meeting with potential customers;
- events aimed at community involvement, for example: “Intesa Farmer competition”, “Speed dating” and meetings with businesses and local NGOs promoted by Banca Intesa Beograd intended to gather the local community business development needs, as well as increase the Bank’s visibility at the local level;
- financial education activities, which saw CIB Bank as the main promoter, with the aim of promoting financial education and raising the overall level of financial awareness among the population;
- PBZ cooperates on an ongoing basis with the European Union portal specialised in project financing issues (training, documentation, business plan development and project supervision). The bank also cooperates with the European Union training projects for employees and customers as part of the PBZ business club initiative. Newsletters and updates are also made available for SMEs access to EU funds including with advisory services.

These initiatives were accompanied by customer experience activities such as surveys, mystery shopping, and direct surveys with the aim of measuring customer satisfaction through dialogue and interaction with the Bank and the perception of the quality of products and services offered. The main objective pursued by the International Subsidiary Banks that conducted this type of activity was to gather information for the improvement of processes and future activities and business development.

Finally, the Group engaged in communication activities with customers and potential customers especially thanks to online interactive channels (Staffino System¹ of VUB Banka, etc.), web and social media, pages, especially the Facebook page.

These activities gave excellent results, highlighting high satisfaction by customers with regard to the communication channels and quality of services offered by the Group.

As regards Employees, the main engagement activities involved them in corporate life, gathered information about the working environment and people’s well-being, developed team-building among colleagues of the same branch and in different roles. The objectives were optimisation of the internal company communication channels and collection of information on the opinion of the Bank’s employees and the Group in general. The general results of the surveys showed satisfaction with the corporate life and the work environment and a positive perception of management and commitment towards innovation by the Group.

Some activities made it possible to gather ideas according to two different methods: 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.

VUB Banka boasts the longest running project, “Zapni”: in 2015, 125 ideas were collected, seven 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 and 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.

¹ Staffino: Internet App that allows the customer to send to the bank feedback on branch services, employee relationship or products. The customer can also register his opinion on the application’s site.

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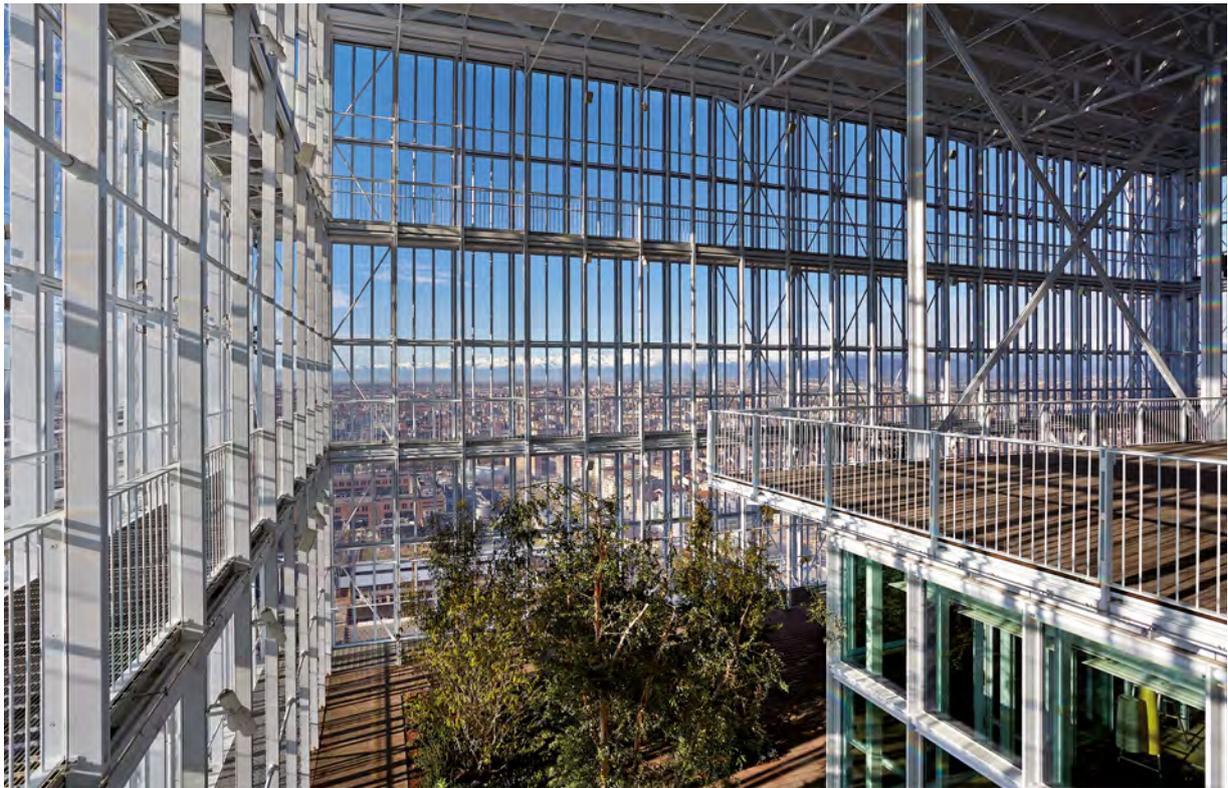
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Intesa Sanpaolo Spa

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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** m² basement surface area
- 38** floors above ground (27 devoted to offices)
- 1,600** m² photovoltaic panels
- 15,000** m³ 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.

