

# Social Report 2007





The 2007 Social Report has been translated from that published in Italy from Italian into English solely for the convenience of international readers. The original document in Italian prevails over any translation and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.

Intesa Sanpaolo cares for the environment. This publication is printed on certified ecological paper.





# Social Report 2007

Intesa Sanpaolo S.p.A.

Registered Office: Piazza S. Carlo 156, 10121 Turin Italy. Secondary Registered Office: Via Monte di Pietà 8, 20121 Milan Italy. Share Capital Euro 6,646,547,922.56.  
Turin Company Register and Fiscal Code No. 00799960158. Vat Code No. 10810700152. Member of the National Interbank Deposit Guarantee Fund and of the National  
Guarantee Fund, listed on the National Bank Register No. 5361 and Parent Company of the "Intesa Sanpaolo" Banking Group, listed on the National Banking Group Register.



# Boards, Management, Auditors

## Supervisory Board

<i>Chairman</i>	Giovanni Bazoli
<i>Deputy Chairman</i>	Antoine Bernheim Rodolfo Zich
<i>Members</i>	Carlo Barel di Sant'Albano Rosalba Casiraghi Marco Ciabattoni <sup>1</sup> Giovanni Costa Franco Dalla Sega Gianluca Ferrero Angelo Ferro Pietro Garibaldi Giulio Lubatti Giuseppe Mazzarello Eugenio Pavarani Gianluca Ponzellini Gian Guido Sacchi Morsiani Ferdinando Targetti Livio Torio Riccardo Varaldo <sup>2</sup>

## Management Board

<i>Chairman</i>	Enrico Salza
<i>Deputy Chairman</i>	Orazio Rossi
<i>Managing Director and Chief Executive Officer</i>	Corrado Passera
<i>Members</i>	Aureliano Benedetti <sup>3</sup> Elio Catania Giuseppe Fontana Gianluigi Garrino Virgilio Marrone Emilio Ottolenghi Giovanni Perissinotto Marcello Sala

## General Management

<i>Deputy to the CEO General Manager</i>	Pietro Modiano Francesco Micheli
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## Manager in charge of preparing the Company's financial reports

Bruno Picca

## Independent Auditors

Reconta Ernst & Young S.p.A.

<sup>1</sup> Appointed by the Shareholders' Meeting on 30/4/2008 in lieu of Pio Bussolotto, who resigned as of 8/4/2008

<sup>2</sup> Appointed by the Shareholders' Meeting on 30/4/2008 in lieu of Fabrizio Gianni, who resigned as of 28/4/2008

<sup>3</sup> Appointed by the Supervisory Board on 20/5/2008, in lieu of Giovanni Battista Limonta, who resigned as of 13/5/2008

 website

■ ■ ■ ■ achieved and finished

■ ■ ■ □ continued from 2006

■ ■ □ □ under way

■ □ □ □ yet to be achieved

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# Letter to Stakeholders

*The Social Report for 2007, which the Intesa Sanpaolo Group – established on 1st January 2007 – is presenting to its Stakeholders, draws experience and continuity from the Social Reports that the Sanpaolo IMI Group and the Intesa Group have published in previous years. It also represents a signal for decisive innovation.*

*The new Group came into being under the insignia of similar company social cultures: a deeply-felt set of values, shared with the management, shareholders and employees; a mission characterised by the search for quality service towards all stakeholders and which aims to promote, encourage and nurture sustainable development in the long term; the thrust towards internationalisation, combined with strong national roots as well as attention to individual local needs; meritocracy and solidarity and above all the intention to create value, not only economic and financial, but also social and environmental.*

*This basis of ideals led in 2007 to the launch of a three year Business Plan, centering on the concept of sustainable growth and on the implementation of a Code of Ethics which is an articulate representation of our commitments towards our stakeholders and towards society in general. A Code of Ethics that gives direction and proof of the achievements presented in this Report and of the targets outlined for the years to come, in all fields of activity.*

*The rigorous and increasingly wide sense of awareness of the values of social responsibility and their supporting projects – set out in the Business Plan – is perhaps the most significant news, in addition to the commitment and satisfaction.*

*Even in a difficult year like 2007, our social and environmental responsibility is substantiated by quantifiable facts.*

*Roots in local communities were strengthened through the original model of the Banca dei Territori, capable of responding efficiently and flexibly to the highly varied needs, without diminishing the advantages of products and services of a great international bank, which were in fact actually increased.*

*Access to credit and financial tools was extended to socially disadvantaged categories or to those not adequately served by traditional banks by setting up Banca Prossima, a bank that is exclusively dedicated to social enterprises and the Third Sector.*

*Solidarity and attention to culture were able to rely on the direct commitment of the Group and the single local banks, also in partnership with Foundations and associations.*

*Protection of the environment is implemented by adopting a rigorous Environment Management System, which will progressively be extended to all the company premises.*

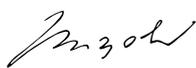
*Attention to the needs of our employees focused on integration, involvement, training and professional growth, in the awareness that people are the fundamental wealth of the company and its development engine.*

*We are conscious that the activities of a large company have profound effects on society in general, on people and on the environment. For this reason we have reported on our activities with transparency, adopting the principles promoted by international entities, in particular Global Compact and the United Nations Environment Programme (UNEP-FI), and undertaking to integrate their guidelines into our company strategy.*

*Our commitment to transparency also includes the intense dialogue that characterises our relations with employees, customers, shareholders and the community. The Social Report is the expression of these close relationships and of our commitment to provide answers by satisfying their legitimate expectations. A dynamic and innovative business strategy, capable of nurturing trust in a process of continuous improvement, can originate only from dialogue.*

*2008 was even more difficult than the previous year. This consideration however leads us to confirm and strengthen all the levers, identified in the Business Plan, for sustainable growth in our Group and in the countries – Italy foremost – where we are present or where we play a leading role. Of these levers, social and environmental responsibility is one of the most important and will be increasingly diffused throughout our business.*

*In spite of the targets we have already achieved, we believe we still have a long road before us, leading us to improve relations constantly and to consolidate the relationship of trust with all our stakeholders. The trust we ask for derives from what we do every day to satisfy their expectations.*



Giovanni Bazoli



Enrico Salza



Corrado Passera

# Introduction and Methodology

This is the first Social Report of the Intesa Sanpaolo Group; it records the achievements of two separate groups – Intesa and Sanpaolo IMI – that merged into one very large single bank on January 1st 2007.

## Structure and contents

The report is divided into stakeholder categories and illustrates the achievements gained with respect to the objectives set in the 2006 report within the more general framework of the 2007-2009 Business Plan.

The “Stakeholder involvement and improvement objectives” chapter reports on the process of consultation and dialogue adopted with the Group’s stakeholders regarding the effectiveness of the objectives and how far they have been achieved.

All the information has been gathered and processed by the “CSR Referents” work group appointed by the heads of the various divisions and companies in the Intesa Sanpaolo Group and coordinated by the Corporate Social Responsibility Unit.

## Guideline observance

Contents have been selected according to the Sustainability Reporting Guidelines of the 3rd GRI (Global Reporting Initiative) Edition, which represent the most important international reference for social and environmental reporting as well as for the social and environmental financial sector supplements of the GRI itself. As far as the calculation and allocation of the value added is concerned, the guidelines for the drafting of Social Reports for the banking sector (“Accounting to Stakeholders. A Guide for Banks”) issued by the ABI in collaboration with EconomEtica (the Inter-University Centre for Economic Ethics and Corporate Social Responsibility) have been adopted.

This report complies with G3 B+ Level require-

ments (see table “G3 Application level” on page 163)

## Data evaluation

In order to align data collection processes, as well as to extend them to the Group as a whole, quantitative information flows have been centralized at the Management Control Offices. As a consequence of the merging of the two groups, the data collected for this edition of the Social Report do not come from one single source, and one objective is to make the information flow management process more efficient. To this end, a Group manual is being compiled, taking into consideration observations and critical appraisal that have surfaced during the data collection phase. The Manual, to be completed in 2008, will establish the management process involved and also define the organizational responsibilities of the contributors and the technical aspects, including the specific techniques adopted to create the indicators (relevance, calculation and source). The information for the definition of the technical aspects has been gathered from a long series of internal interviews.

## Reporting principles

The guidelines of the Global Reporting Initiative have been complied with in defining the selection of contents, information quality and extension of the Report.

### Criteria employed for the definition of contents

#### *Relevance*

Issues have been taken into consideration which qualify the company mission, values and standards laid out in the Ethical Code, commitments made in the 2007-2009 Business Plan, questions raised in dialogues with stakeholders and the indicators required by GRI guidelines. Commitments undertaken by the Group

through its voluntary compliance with international standards and codes of conduct have also been included.

### *Inclusiveness*

An analysis has been conducted on the mapping of stakeholders within the changed context of the company. A process of consultation and dialogue has been implemented with the purpose of consolidating and incorporating a system of communication channels with the most important parties.

The results from the previous stakeholder engagement process and other engagement processes already existing in the Group have also been considered. Various techniques have been employed in this phase (interviews with opinion leaders, focus groups and internal questionnaires) and entail – throughout the year – the creation of better evolved and permanent forms of stakeholder engagement as part of the corporate strategy. There is a plan to set up “permanent workshops” with company and stakeholder representatives that aim at outlining concrete ways to increase the degree of company sustainability within a shared approach.

### *Sustainability Context*

This document sets out the concept of sustainable development as perceived by the Intesa Sanpaolo Group and illustrated in the presentation of the Business Plan, defining the Group's role in the development of the country and in the areas in which it operates, as well as reporting upon its achievements.

### *Completeness*

The figures reported in this document refer to the financial year 2007 and, unless otherwise stated, to the companies relevant to the issue of social reporting and which are included in the Consolidated Financial Statement of 2007. The criteria used to define the consolidation area have assessed the contribution of each single company to the Consolidated Financial Statement, the number of employees and the characteristics of the companies on the basis of the social and environmental impact they produced.

The Social Report is published on an annual basis. The previous edition was published by the Intesa Group and by Sanpaolo IMI in June 2006.

## **Criteria used for quality reporting**

### *Balance/Neutrality*

Both the positive and the negative impacts of

the Group's business operations are reported, to facilitate stakeholders in making a balanced assessment of corporate performance. In particular, the requirements which surfaced during the stakeholder engagement processes have been highlighted and the criteria used in the balancing of opposing interests reported. The emphasis on the various issues in the report is proportionate to their relevance.

### *Comparability*

Due to the merger, it has not been possible to present in this report a systematic comparison with the performance of the previous financial year; where possible, however, comparisons are provided with the performance assessment of the Intesa Group and Sanpaolo IMI for the financial year 2006 and available sectorial information.

### *Accuracy*

Most of the information was collected directly, except for certain estimates that are indicated in the footnotes which do not jeopardize the accuracy of the data.

The economic report has been prepared on the basis of the 2007 Intesa Sanpaolo Annual Report.

### *Timeliness*

The information provided in the document clearly indicates the period of reference. This document is published soon after the Consolidated Financial Statement 2007.

### *Clarity*

This document has been drafted with the objective of rendering its contents accessible to all, even to those who do not work in the sector, by using plain language and clearly structuring the chapters.

Graphs and charts have been used to facilitate reading and to enable the immediate identification of the impacts resulting from company activity from a multi-stakeholder viewpoint.

### *Reliability*

This edition of the Social Report has been verified – in compliance with the drafting principles reported in the methodology section – by the auditors, Reconta Ernst & Young.

This Social Report is distributed among the main divisions within the Intesa Sanpaolo Group and is also available on-line on the Group's web site, [group.intesasanpaolo.com](http://group.intesasanpaolo.com). ⓘ

# *Identity and Governance*

*The Group's growth strategy aims at creating solid and sustainable value against an economic, financial, social and environmental backdrop – built upon the mutual trust of all of its players.*

*Mission and Values*

*History of the Company*

*Strategies*

*The profile of the Intesa Sanpaolo Group*

*Governance*

*Our Social Responsibility*

*Our partnerships in sustainability*

## Mission and Values

The Group's mission is to work together to provide excellence in banking and financial services for our clients, leveraging on developing our presence in all the areas in which we work. Fully aware of the value of its activities in Italy and abroad, the Group encourages a style of growth that is attentive to sustainable results over the long term and to the creation of a process based on the trust that stems from the satisfaction of clients and shareholders, from the sense of belonging – on the part of our employees – and care with regard to the needs of the local communities.

The Group competes honestly and fairly on the market, and is fully available to cooperate with other economic entities – both private and public – whenever it is necessary to reinforce the overall ability of growth in those countries in which the Group operates.

The Group assumes responsibility for prudent management of savings; it is committed to extending access to loans and financial instruments to all and to the sustainable development of businesses, aware that its decisions have a significant impact – both directly and indirectly – on the environment and on the community as a whole. It is the Group's intention to contribute to the well-being of the natural environment and of the community, from both the material and cultural point of view, by supporting and undertaking cultural and socially useful events. The Group's growth strategy aims at creating solid and sustainable value against an economic, financial, social and environmental backdrop – built upon the mutual trust of all of its players and based upon the following values:

### Integrity

The Group pursues its goals with honesty, fairness and with a sense of responsibility in full respect of the rules, professional ethics and agreements that have been undersigned.

### Quality

The Group's sole aim is to continually improve.

It is far-sighted and anticipates challenges. It cultivates widespread creativity with the objective of achieving innovation and worth.

### Transparency

Transparency is at the very basis of what all the Group's activities, its communications and contracts in order to enable stakeholders to take independent, fully informed decisions.

### Respect for Specific Qualities

The Group's intention is to combine its international and national dimension with the local realities of the areas in which it operates, providing a bank which "thinks big" without losing sight of the individual.

### Equality

The Group is committed to eliminating all forms of discrimination from its behaviour and to respecting differences of gender, age, race, religion, political beliefs and trade union membership, language or disability.

### Personal Worth

The value of each and every individual guides the entire *modus operandi* of the Group, which adopts listening and dialogue as tools for continually improving relations with all the stakeholders.

### Responsibility in the Use of Resources

All resources will be deployed with the utmost care, encouraging behaviour that prevents waste and ostentation and gives priority to choices that encourage long-term sustainability.

## History of the Company

The Intesa Sanpaolo Group was founded on January 1, 2007 following the merger of Banca Intesa with Sanpaolo IMI, two banking groups of national and international standing, each with its specific experience and traditions.

**Sanpaolo** originated in Turin in 1563 when the Confraternity of St. Paul laid down the foundations for the city pawn-brokers, a service to lend money more or less free of charge to the needy to liberate them from the yoke of usury. It became a true bank in the 19th century and was authorized to grant land loans.

Having successfully survived the banking crisis of the late 19th century, the Bank – which in 1927 assumed the name of *Istituto di San Paolo di Torino – Beneficienza e Credito* – faced the new century as the leading banking group in the credit sector for the industrial development of Turin and for the economic growth of the country as a whole.

In 1932 the Bank became a public credit institution, a status that would be maintained until its transformation into a stock company on January 1, 1992.

In the post-war years the bank played a significant role in the reconstruction of the Piedmont region and the outstanding building boom that took place there, conceding landed property loans to small property owners and for the construction of large condominiums.

In 1950 the new articles of association and the change of the company's name to *Istituto Bancario San Paolo di Torino* ratified its transformation from a savings bank to a commercial bank; in this new role, the Institute's operational development grew in parallel with the economic boom of Italy's industrial triangle. In the mid 1950s the Institute was authorized to open a section dedicated to the financing of public works and structures of use to the community; the data processing centre dates back to this period, though it was to start its technological development in the Moncalieri plant, built in 1964.

The Institute pursued a process of territorial growth through which it expanded its network to national level in the 1960s and 1970s, also by absorbing local banks, extending its reach beyond Italy in the second half of the 1970s. As one of the banks involved in the ECU, it worked for the formation of a single European financial market and built up a reputation as a bank for the European Community institutions.

During the 1990s Sanpaolo continued to expand both in size and territorial extension, mainly through the acquisition of other banks, and pursued a policy of functional diversification.

In the framework of the so-called Amato-Carli law, the bank became a stock company and in 1997 completed its privatization process.

The following year, the bank merged with **IMI (Istituto**

**Mobiliare Italiano)**, set up in 1931 to sustain the financing of the national industrial banking system. This was an integration of complementary businesses, between a commercial bank with customers composed prevalently of families and small to medium businesses and an investment bank operating in the intermediation sector of the capital markets, medium and long term credit lines and savings management. The new bank took on the name **Sanpaolo IMI** and from 1998 was the only Italian bank to be listed on the New York Stock Exchange.

In 2000, at the end of a phase of integration with local banks, Sanpaolo IMI acquired **Banco di Napoli**, one of the oldest credit institutions of Europe, whose origins date back as far as 1539 when it was founded as the *Sacro Monte di Pietà*, a pious association dedicated to providing charity to the needy.

Two years later Sanpaolo IMI merged with the banks of the **Gruppo Cardine**, which came into being in 1999 from the union of savings banks and other local credit institutions with the aim of promoting savings and sustaining the economic development of the municipalities and districts of North East Italy and the Adriatic region.

Once the integration of the banks of the Group was completed, which involved adopting a common organizational and commercial model and applying the same software platform to all, a three year strategic plan was introduced in 2005 which launched the development of the *Banca dei Territori* (local Community Bank).

The integration process continued with the creation of a new insurance pole in 2006, at the beginning of the merger with Banca Intesa.

*The trademark of Intesa Sanpaolo is the symbol of the history and values of two of the main players in the world of banking in Italy – Banca Intesa and Sanpaolo IMI – which decided to join forces and resources in order to create the largest banking group in Italy and one of the largest in Europe.*

*The logo is based upon the "Trajan" character, inspired by the ancient inscriptions at the foot of Trajan's Column in Rome, a symbol of solid steadfastness. It is*

**INTESA**  **SANPAOLO**

**Banca Intesa** stems from the union of three important credit institutions, each of which played a major role in the history of the Italian banking system from the 19<sup>th</sup> century: it came into being from the merger between Cariplo and Banco Ambrosiano Veneto in 1998, merging once more in 2001, this time with Banca Commerciale Italiana.

**Cassa di Risparmio delle Provincie Lombarde** was founded in 1823 in Lombardy, one of the most flourishing regions of the Austrian empire; it was promoted by the Austrian government and implemented by the Central Commission for Charities. The bank expanded rapidly throughout the Lombardy region, having adopted a novel system of integrated savings branches, and it soon became an enormous capital reservoir for the area. Since its first Articles of Association published in 1861, which established that a conspicuous part of its profits be destined for charities and worthy causes, the Cassa di Risparmio delle Provincie Lombarde has been characterized by its participation in social issues.

In the years following World War II, Cassa di Risparmio delle Provincie Lombarde played a major role in the rebuilding of Milan. During the 1950s the bank increased its commitment in the issuance of medium term loans, especially for smaller companies, through the constitution of Mediocredito Lombardo in 1953. Starting from the 1960s it was, to all extents and purposes, a commercial bank and in the following twenty years it expanded strongly both throughout the home territory and abroad. In 1991 it was privatized and adopted the company name of Cariplo S.p.A.

**Banco Ambrosiano Veneto** came into being in 1989, through the merger of the Nuovo Banco Ambrosiano and the Banca Cattolica del Veneto, two catholic banks of almost

one hundred years' standing, strongly rooted in their respective areas. The former always operated in a manner similar to an ordinary credit company, although it did reserve a part of its profits for charity, while the latter always operated on the principle of promoting a spirit of cooperation and solidarity among the producers in the areas in which it was present.

Banco Ambrosiano Veneto was gradually transformed from its previous status of a multi-regional bank to a national credit institution, distinguishing itself from its competitors by its marked propensity for aggregation: it generated organic growth by acquiring local banks. In particular, the network was completed in Southern Italy by the constitution of the Banco Ambrosiano Veneto Sud in 1991 (previously Citibank Italia). In the same year, the Banco Ambrosiano Veneto strengthened its position on the international finance markets through the acquisition of Caboto, which was destined to become an important European investment bank.

**Banca Commerciale Italiana (Comit)** was founded in Milan in 1894 with German, Austrian and Swiss capital; for an entire century it was one of the leading players in the Italian banking system and also had the greatest presence abroad. After having set up a bank for South America in collaboration with two French banks, Comit inaugurated its London branch in 1911, the first branch office of an Italian bank to be opened abroad; the London branch was followed in 1918 by the New York branch. In the following years it developed its foreign network, constituted by branch offices, representative offices, affiliated banks and equity participations, principally in Central-Eastern Europe and the Mediterranean area. Until the early years of the 1930s it functioned as a universal bank, financing the industrial growth of the country. In 1933, it was taken over by IRI (Istituto per la Ricostruzione Industriale – the Institute for Industrial Reconstruction) and, three years later, under the terms of the Banking Law, it became an ordinary credit institution. The following year, together with the Banco di Roma and Credito Italiano, it was designated a “Bank of National Interest” (BIN), a qualification reserved for banks operating throughout the entire national territory. In 1946, Comit, in collaboration with Banco di Roma and Credito Italiano, founded Mediobanca to provide medium to long term financing for the client companies. From the end of the 1960s and throughout the following decades, Comit expanded its network in Italy and abroad; it was the first Italian bank to restore contacts with the Eastern European countries, still under Soviet influence, and to open branch offices and representative offices in Asia. In the early 1990s it returned to the universal bank model and was privatized in 1994.

*characterized by the green of the original Sanpaolo IMI trademark and the “slanting” letter “A”. The logo represents the union of the two original names connected by the trademark in the guise of a square pictogram (the perfect shape, harmonious and well-balanced) which contains a stylized representation of a Roman aqueduct – the symbol of solidity and development as well as life and prosperity and the joining of cultures and people. The aqueduct is the symbol which is best able to express and represent the merging of the two Banks – and therefore it is placed at the centre of the logo – and their inherent values and commitments.*

## Strategies

In its 2007 – 2009 Business Plan, the overall objective of the Intesa Sanpaolo Group is to generate strong and sustainable growth, developing a relationship with its stakeholders based on trust and leveraging on all the management variables: income development, cost control, optimization of assets and risks. The principal objectives of the Plan can be summarized as follows:

- Consolidate quality in client relationships, combining the benefits of a local bank as provided by the banks of the Group with the advantages that only a great international bank can guarantee in terms of product range and quality and the convenience of the conditions offered
- Support businesses, providing a constant presence in all the phases of their development and assisting them in times of difficulty
- Sustain the development of the nation, participating in the setting up of infrastructures and promoting the development of innovation in Public Administration
- Enhance the professional and personal development of its staff through strong investments in competencies, values and employee behaviour, fundamental requirements for an honest, friendly and long-standing relationship with the client base
- Guarantee creation of value for the shareholders, pursuing ambitious growth programs in all sectors and maintaining high levels of efficiency and solidity

The economic results of 2007 indicate that focusing the strategies of the Group on five key points has generated a positive trend. The key points are: sustainable growth, appropriate investments, cost control, adequate risk management and unwavering attention to financial equilibrium in a market which is characterized by a significant reduction in liquidity

The 2007-2009 Business Plan and the results of the Group as of 31/12/2007 can be consulted on-line on the Group's web site, [group.intesa-sanpaolo.com](http://group.intesa-sanpaolo.com). ⓘ

## The profile of the Intesa Sanpaolo Group

Intesa Sanpaolo is one of the leading banking groups of the Eurozone, with a market capitalization of 61.2 billion euro<sup>1</sup>; it is the market leader in Italy in all operating sectors (retail, corporate and wealth management). Due to its capillary network of 6,566 branches distributed throughout the country, it has a market share of over 15% in most regions and offers its services to approximately 11.5 million clients.

It is present in Europe, prevalently in the cen-

tral-eastern section and the Mediterranean area, with 1,262 branches and approximately 6.9 million clients of the controlled banks operating in retail and commercial banking in 12 countries. It also has an international network specialized in supplying assistance to corporate customers. The Group is present in 34 countries, particularly in the Mediterranean area and in those countries in which Italian businesses are especially active, such as the United States, Russia, China and India.

<sup>1</sup> As at 30 April 2008

Ranking in Italy <sup>2</sup>	Sector	Market share in Italy <sup>2</sup>
1°	Investments	 17.5%
1°	Deposits	 17.9%
1°	Factoring	 25.2%
1°	Asset Management <sup>3</sup>	 26.9%
1°	Foreign trade <sup>4</sup>	 27.0%
1°	Pension Funds <sup>5</sup>	 33.3%

<sup>2</sup> As at 31 March 2008

<sup>3</sup> Mutual funds

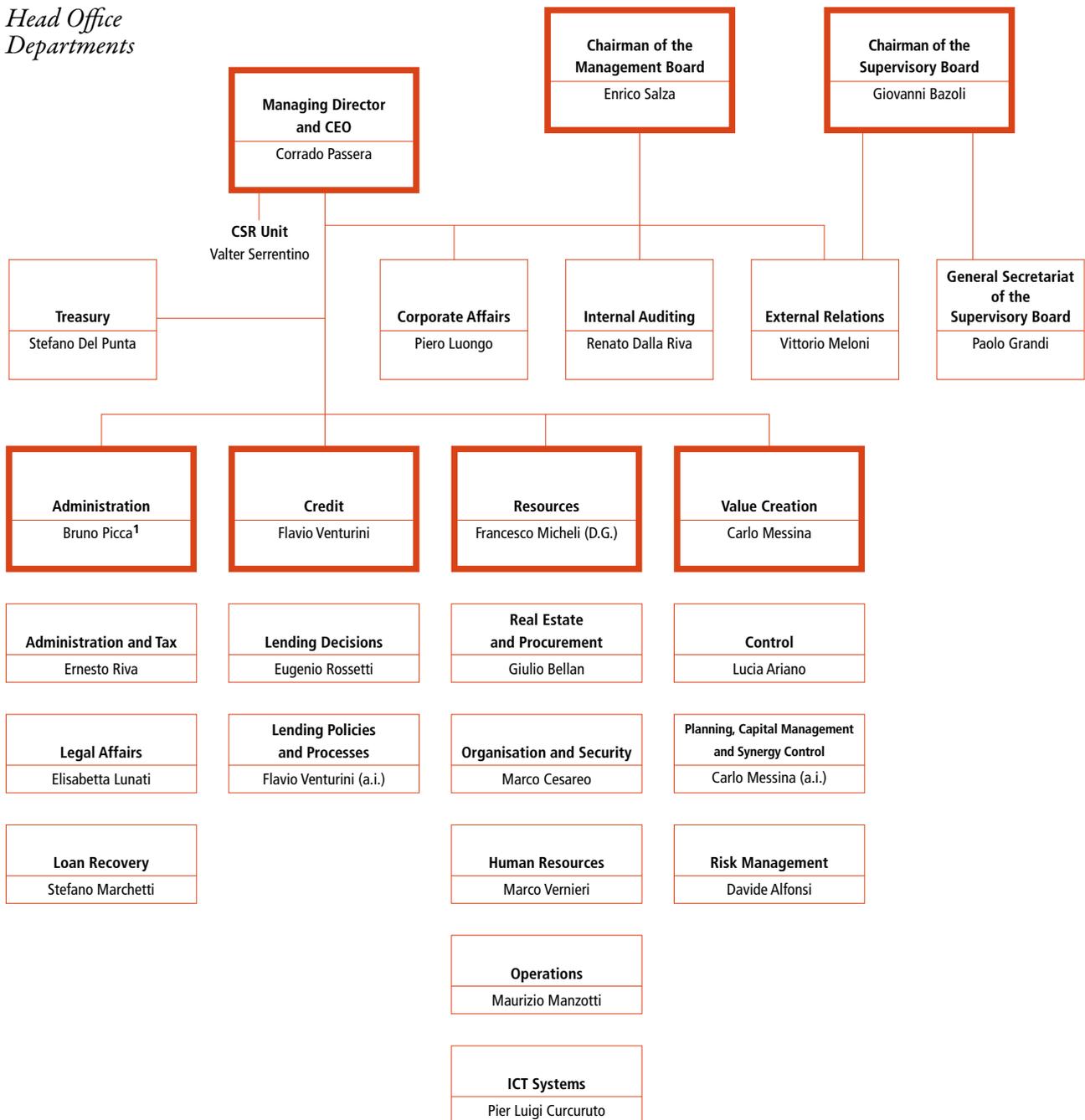
<sup>4</sup> As at 30 June 2007

<sup>5</sup> As at 31 December 2007

Synthetic Indicators	2007
Employees (n.)	96,198
Italian Branches (n.)	6,050
Branch offices abroad (n.)	1,279
Total Assets (mln. €)	572,902
Loans to customers (mln. €)	335,273
Direct customer deposits (mln. €)	373,753
Net equity (mln. €)	51,558
Net income (mln. €)	7,250

# Organization

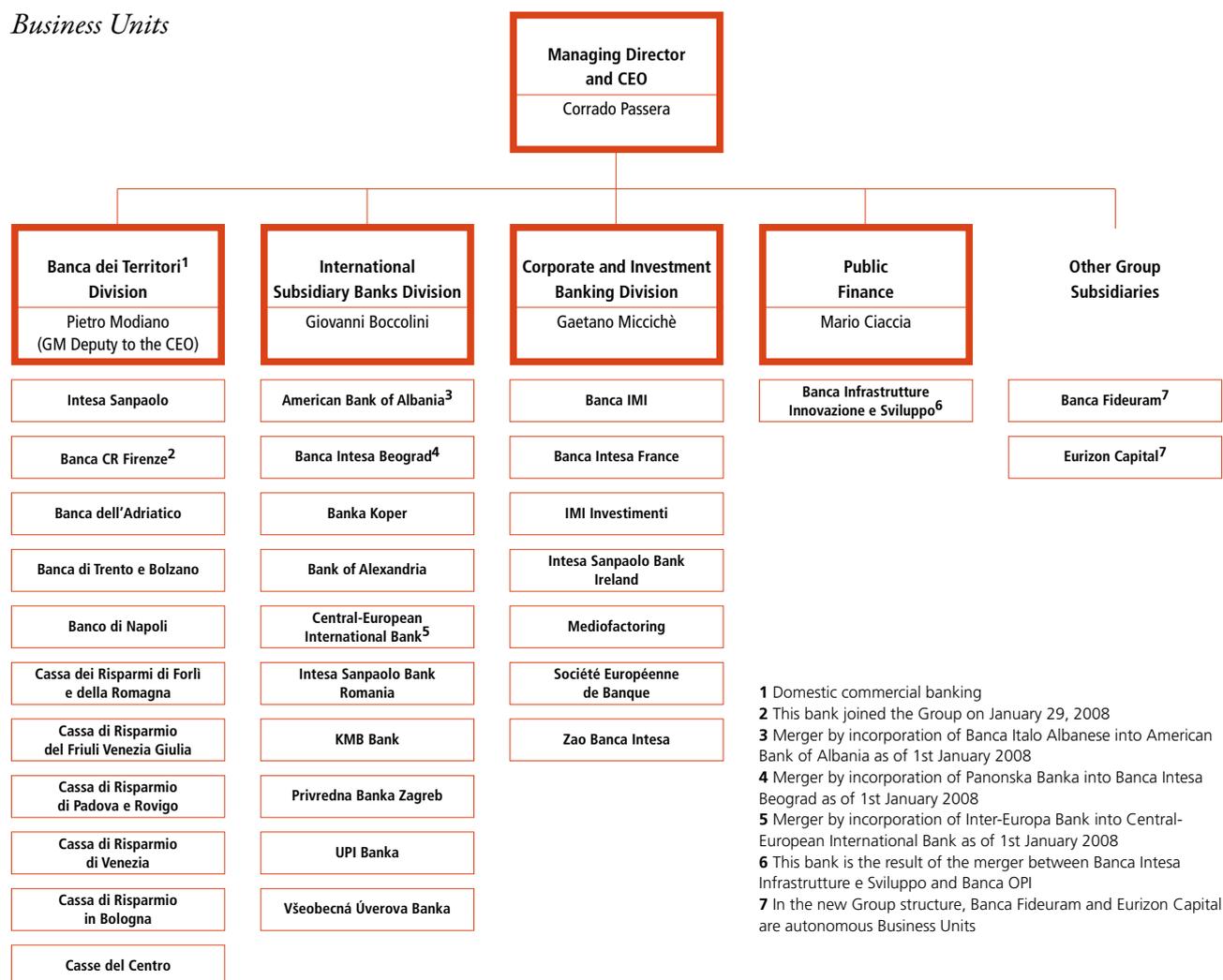
## Head Office Departments



<sup>1</sup> Manager responsible for preparing the Company's financial reports (Law 262/2005)

# The Intesa Sanpaolo Group

## Business Units



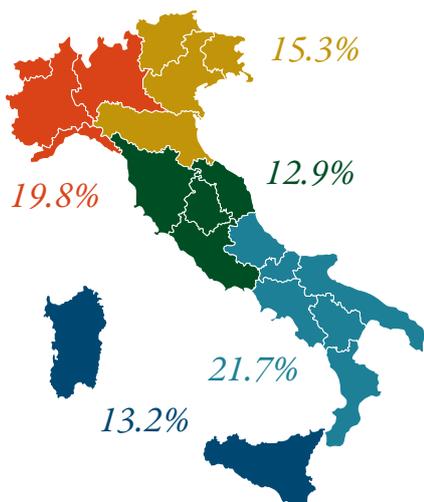
*Other controlled companies which report to the Banca dei Territori Division: Aiming at providing clients with a complete range of financial services, traditional banking services have been integrated with the services and support of a number of specialized companies.*

Business Field	Company
Bancassurance	EurizonVita, Sud Polo Vita, Intesa Vita (50%)
Consumer Credit	Neos Banca
Industrial Credit	Mediocredito Italiano, Banca Cis
Leasing	Leasint <sup>8</sup>
Payment Systems	Setefi
Pension Funds	Intesa Previdenza
Fiduciary Services	Sirefid, Sanpaolo Fiduciaria, Sanpaolo Bank Luxembourg
Non-profit Entities Relations	Banca Prossima per le imprese sociali e per le comunità (for social enterprises and communities)
Private Banking	Intesa Sanpaolo Private Banking
Securities Brokerage	Intesa Trade

<sup>8</sup> Sanpaolo Leasint was incorporated into Intesa Leasing as of 1st January 2008

## Domestic network

### Branch Office Market Share as at 31/12/2007



#### North West

##### Intesa Sanpaolo

###### Branch Offices

2,052

##### Controlled

Controlled companies	Branch Offices
----------------------	----------------

Banca CR Firenze	65
Banca Fideuram	38
Intesa Sanpaolo Private Banking	31
Banca Prossima	21
Neos Banca	8
Banca di Trento e Bolzano	3
BIIS1	3
Banca IMI	2
Mediocredito Italiano	2
CR Padova e Rovigo	1

#### Centre

##### Intesa Sanpaolo

###### Branch Offices

508

##### Controlled

Controlled companies	Branch Offices
----------------------	----------------

Banca CR Firenze	487
Casse del Centro	290
Banca dell'Adriatico	82
Banca Fideuram	22
Banca Prossima	8
Intesa Sanpaolo Private Banking	8
Neos Banca	6
BIIS1	4
Banco di Napoli	4
Mediocredito Italiano	3

#### North East

##### Intesa Sanpaolo

###### Branch Offices

293

##### Controlled

Controlled companies	Branch Offices
----------------------	----------------

CR Padova e Rovigo	367
CR in Bologna	232
CR del Friuli Venezia Giulia	153
CR Venezia	119
CR di Forli e della Romagna	118
Banca di Trento e Bolzano	88
Banca CR Firenze	57
Banca Fideuram	22
Intesa Sanpaolo Private Banking	19
Neos Banca	11
Banca Prossima	10
Casse del Centro	6
BIIS1	4
Mediocredito Italiano	1

#### South

##### Intesa Sanpaolo

###### Branch Offices

195

##### Controlled

Controlled companies	Branch Offices
----------------------	----------------

Banco di Napoli	700
Banca dell'Adriatico	125
Banca Fideuram	10
Banca Prossima	10
Casse del Centro	10
Intesa Sanpaolo Private Banking	7
Mediocredito Italiano	3
BIIS1	3
Neos Banca	3
Banca CR Firenze	1

#### Islands

##### Intesa Sanpaolo

###### Branch Offices

317

##### Controlled

Controlled companies	Branch Offices
----------------------	----------------

Banca Cis	15
Banca Fideuram	5
Neos Banca	5
Intesa Sanpaolo Private Banking	3
Banca Prossima	2
BIIS1	2
Mediocredito Italiano	2

Data as of March 31, 2008

1 As of January 1, 2008

Banca Intesa Infrastrutture e Sviluppo and Banca Opi have been integrated to form Banca Infrastrutture Innovazione e Sviluppo

# The Group abroad



## Europe

### Branch Offices

Amsterdam
Athens
Dornbirn <sup>1</sup>
Frankfurt
Innsbruck <sup>1</sup>
London
Madrid
Munich
Vienna

### Representative Offices

Barcelona
Brussels <sup>2</sup>
Moscow
Paris
Prague
Stockholm
Warsaw

### Country

Albania
Bosnia-Herzegovina
Croatia
Czech Republic
France
Greece
Hungary
Ireland
Luxembourg
Rumania
Russian Federation
Serbia
Slovakia
Slovenia
Switzerland
United Kingdom

### Controlled Company

American Bank of Albania (ABA) <sup>3</sup>
UPI Banka
Privredna Banka Zagreb (PBZ)
Všeobecná Uverova Banka (VUB)
Banca Intesa France
American Bank of Albania (ABA)
Banca IMI
Central-European International Bank (CIB) <sup>4</sup>
Intesa Sanpaolo Bank Ireland
Banca Fideuram
Société Européenne de Banque (SEB)
Intesa Sanpaolo Bank Romania
Banca CR Firenze Romania
KMB Bank
Zao Banka Intesa
Banca Intesa Beograd <sup>5</sup>
Všeobecná Úverova Banka (VUB)
Banka Koper
Banca Fideuram
Sanpaolo Bank Suisse
Banca IMI

### Branch Offices

30
48
228
1
1
4
1
140
1
1
1
57
20
61
1
216
246
46
2
1
1

Data as of March 31, 2008

<sup>1</sup> Branches of the Italian controlled Banca di Trento e Bolzano

<sup>2</sup> "International and European Affairs" Office

<sup>3</sup> Merger by incorporation of Banca Italo Albanese into American Bank of Albania as of 1st January 2008

<sup>4</sup> Merger by incorporation of Inter-Europa Bank into Central-European International Bank as of 1st January 2008

<sup>5</sup> Merger by incorporation of Panonska Banka into Banca Intesa Beograd as of 1st January 2008

## America

### Branch Offices

George Town
Nassau
New York

### Representative Offices

Buenos Aires
Mexico City
Los Angeles
San Paulo
Santiago

## Asia

### Branch Offices

Hong Kong
Shanghai
Singapore
Tokyo

### Representative Offices

Bangkok
Beirut
Dubai
Istanbul
Mumbai
Beijing
Seoul
Teheran

## Africa

### Representative Offices

Casablanca
Cairo
Tunis

### Country

Egypt
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### Controlled

Bank of Alexandria
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### Branch Offices

185
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# Governance

## Corporate Governance

Intesa Sanpaolo has adopted a dual model of administration and control under which the Supervisory Board's activities of control and strategic management are conducted separately from the management of the business, which is undertaken by the Management Board.

This model, which is widely used by large corporations in the other Member States of the European Union, albeit with characteristics dictated by their relative legal systems, was chosen by the Group for a number of reasons.

In the first place, it permits a clearer definition between ownership and management, inasmuch as the Supervisory Board acts as a filter between the shareholders and the Management Board; it is therefore more efficient than the traditional model in providing greater transparency and reducing the potential risks of conflict of interest.

In general terms, the Supervisory Board, in addition to performing the control duties typical of the board of statutory auditors, is also charged with certain duties traditionally attributed to the shareholders' meeting and supervision functions whereas the Management Board has the full and exclusive power as concerns the Company's management and concurs, within its separate and distinctive competencies, to exercise the strategic supervision function.

In fact, the dual model permits the sharing of the function of strategic supervision within a clear and defined framework, in which proposals drawn up by the Management Board are submitted to the Supervisory Board for approval.

Acting on the guidelines laid down in the Corporate Governance Code of Listed Companies promoted by the Italian Stock Exchange, of which it is a member, Intesa Sanpaolo adapts the individual provisions to the *governance* system, in line with the objectives of good corporate governance, information transparency and protection for the investors and the market.

The system of corporate governance, of which a summary is provided, is fully illustrated in the

"Corporate Governance Report and Information on Ownership Structures" that is available for consultation on-line on the group's web site, [group.intesasanpaolo.com](http://group.intesasanpaolo.com). ⓘ

## The Supervisory Board

Within the dualistic system of administration and control adopted by Intesa Sanpaolo, the Supervisory Board carries out functions of direction, strategic supervision and control.

As concerns direction functions, the Supervisory Board is responsible for certain tasks that traditionally fell under the competence of the Shareholders' meeting, such as the appointment, revocation and the definition of the remuneration of the Members of the Management Board; it is supported in these tasks by the Nomination Committee and the Remuneration Committee. As part as such functions, the Supervisory Board is also responsible for approving the financial statements and the consolidated financial statements, accumulating under this aspect powers of the ordinary shareholders' meeting and the board of directors of the traditional system; in performing such functions, the Board is supported by the Financial Statements Committee.

The Supervisory Board has been entrusted other functions which strengthen its direction functions and permit to recognise to its members a collegial involvement also in the main governance decisions of the Bank and the Group, with a role of strategic supervision.

Under the terms of the Articles of Association the Supervisory Board is thus entrusted with the following tasks:

- resolving on the general programmatic and strategic direction of the Company and the Group, as proposed by the Management Board
- approving the industrial and/or financial plans and the budgets of the Company and of the Group as proposed by the Management

Board, which retains responsibility for the programs implemented

- authorizing strategic operations
- approving lines of strategy

The Supervisory Board is also responsible for approving the risk management policy and for evaluating the degree of efficiency and adequacy of the internal control systems, particularly risk control, the functioning of the internal audit and the accounting ITC system. Such functions – as provided for by the Articles of Association – are performed with the support of the Control Committee.

As required by law, the Supervisory Board is the controlling body of the Bank and therefore exercises the supervisory functions set forth by article 149, par. 1, of the Legislative Decree n. 58/1998, as recalled by the Articles of Association and reports to the Shareholders' Meeting on the activities performed. As concerns these supervisory functions, which mostly refer to the observance of the law, regulations and the Articles of Association, of proper management and

the adequacy of the organisational and book-keeping systems, the Supervisory Board avails itself of the support of the Control Committee. Lastly, according to a specific provision of the Articles of Association and a consolidated tradition of the Bank in the support of culture and charities, the Supervisory Board is also entrusted with the duties to resolve upon the Bank's and the Group's cultural initiatives and the management of the "Allowance for charitable, social and cultural contributions", set up by the Shareholders' Meeting from the allocation of a part of net income.

### The Supervisory Board

The Supervisory Board is composed of a minimum of 15 to a maximum of 21 members appointed by the Shareholders' Meeting. The members are not necessarily shareholders, and remain in office for three financial years. The Articles of Association require that at least 6 members of the Supervisory Board be independent, as defined by the Code.

The table below lists the members of the Supervisory Board at the date of publication of this Report.

Name	Role	Auditor 1	Independent 2	Nomination Committee	Remuneration Committee	Control Committee	Strategy Committee	Financial Statements Committee
Giovanni Bazoli <sup>3</sup>	Chairman			●			●	
Antoine Bernheim	Deputy Chairman						●	
Rodolfo Zich	Deputy Chairman		●	●			●	
Carlo Barel di Sant'Albano	Director						●	
Rosalba Casiraghi <sup>4</sup>	Director	●	●			●		
Marco Ciabattoni <sup>5</sup>	Director	●	●					●
Giovanni Costa	Director		●				●	
Franco Dalla Sega	Director	●	●					
Gianluca Ferrero	Director	●	●					●
Angelo Ferro	Director	●	●	●				
Pietro Garibaldi	Director		●			●		
Giulio Lubatti <sup>6</sup>	Director	●	●		●	●		
Giuseppe Mazzarello	Director		●	●				
Eugenio Pavarani <sup>7</sup>	Director	●	●		●			●
Gianluca Ponzellini <sup>8</sup>	Director	●	●		●	●		
Gian Guido Sacchi Morsiani	Director		●					●
Ferdinando Targetti	Director		●					●
Livio Torio	Director	●	●			●		
Riccardo Varaldo <sup>9</sup>	Director		●	●				

**1** Enrolled on the Register of Auditors and practices legal auditing of accounts  
**2** Possesses requisites of independence as defined by the Corporate Governance

Code promoted by the Italian Stock Exchange  
**3** Chairman of the Supervisory Board, of the Nomination Committee, and the Strategy Committee

**4** Representative of the minority list  
**5** Appointed by the Shareholders' Meeting on 30/4/08, in lieu of Pio Bussolotto who resigned as of 8/4/08.

**6** Chairman of the Control Committee  
**7** Chairman of the Financial Statements Committee  
**8** Chairman of the Remuneration Committee

**9** Appointed by the Shareholders' Meeting on 30/4/08, in lieu of Fabrizio Gianni, who resigned as of 28/4/08

With the exception of Giuseppe Mazzarello<sup>1</sup>, all the Directors were appointed by the Ordinary Shareholders' Meeting held on December 1, 2006 under the terms of the transitory clause in article 34 of the Articles of Association.

The members of the Supervisory Board were elected from lists of candidates (presented by Shareholders holding at least 1% of the capital represented by ordinary shares) with the requisites of professionalism, honorability and independence established by the law and the Articles of Association, indicating – if applicable – the condition of independence, under the terms of the Corporate Governance Code promoted by the Italian Stock Exchange.

The present Articles of Association provide for the election of Supervisory Board Members on the basis of lists presented by shareholders representing 0.5% or whichever percentage of ordinary share capital provided for by regulations in force.

The lists must be complemented by an exhaustive description of the professional and personal characteristics of the candidates as well as their declaration that they possess all the requirements set forth for all or certain Board members by legal, regulatory or statutory provisions, as well as their acceptance of their candidature. Brief personal and professional biographies of the Members in office can be found on the Group's web site.

The application of the procedures for the appointment of the Supervisory Board ensures that minorities have the representation prescribed by the law for listed companies and the election of all Supervisory Board Members occurs through a proportional list voting mechanism.

The Bank paid particular attention to the need to reflect in the Supervisory Board the articulated structure of its shareholder base, applying a criterion of fair representation of the various components of its shareholder base.

On December 1, 2006, in full compliance with the law and the Articles of Association, the Shareholder Meeting of the Bank resolved as to the annual remuneration for each member of the Supervisory Board for financial years 2007/2008/2009. Subsequently, on the proposal of the Remuneration Committee, the Supervisory Board resolved as to integrative remuneration (of fixed amounts, independent of the Company's results) for the Chairman, the Deputy Chairmen and the Supervisory Board Members according to their roles.

### **The Chairman of the Supervisory Board**

In addition to promoting and co-coordinating the activities of the Supervisory Board, the

Chairman is responsible for monitoring and activating the corporate bodies, to ensure the internal dialectics with the management function; in fact his role requires that he maintains appropriate relations with the Management Board, with its Chairman and Managing Director; in collaboration with these officers he supervises the management of the relations with the shareholders, verifying that such relations are conducted correctly.

The Chairman of the Supervisory Board does not participate in the meetings of the Management Board in order to avoid influencing their work; this choice is in line with the prerogatives of the role of the Chairman and respects the operational independence of the Management Board.

The Chairman of the Supervisory Board also supervises and activates the procedures and internal control systems of the Company and the Group. Furthermore he requests, and receives, information regarding specific aspects of the management of the Company and the Group and on the general trends and outlook of the management; he activates the information channels that are necessary to monitor the appropriateness and adequacy of the organization, its structure, the administrative and accounting system adopted by the Company and the Group, with the objective of ensuring that the Supervisory Board – together with the Control Committee – is in a position to implement its control and supervisory tasks correctly.

Finally, the duties of the Chairman of the Supervisory Board include managing relations with the Supervisory Authorities as part of and for the purposes of the control and supervision activities of the Supervisory Board.

### **The internal committees of the Supervisory Board**

In the light of its composition and the professionalism of its members, its competencies and the complexities thereof, on January 2, 2007 the Supervisory Board resolved on the formation of five internal committees, three of which are specifically indicated in the Articles of Association (the Remuneration Committee, the Nomination Committee and the Control Committee) and have propositional, advisory and supervisory functions. These internal Committees conduct analyses and in-depth investigations and provide support, in order also to formulate proposals, recommendations and provide opinions to the Supervisory Board, so that the latter may collectively take informed decisions, thus optimizing the efficiency and efficacy of its operations particularly with regard

<sup>1</sup> Appointed on 3/5/2007 in lieu of the resignee Director Alfonso Iozzo

to questions of a delicate nature that could give rise to situations of conflict of interest.

The **Nomination Committee** is expected to support the Supervisory Board by carrying out advisory, selection and proposal functions as concerns the nomination of members of the Management Board.

The **Remuneration Committee** is responsible for proposing and advising on remuneration in accordance with the law and the Articles of Association.

The **Control Committee** proposes, advises and enquires on matters regarding the internal control system, risk management and the accounting ICT system.

This Committee supervises, with the support of the Corporate Social Responsibility Unit and the Internal Auditing Department, compliance with the principles and values contained in the Code of Ethics adopted by the Bank. In accordance with the Articles of Association, the members of the Control Committee attend the meetings of the Management Board.

The Committee is also the Supervisory Body under the terms of Legislative Decree n. 231 of 2001 for the administrative responsibilities of the company, and has the task of monitoring that the model adopted by the Group for its organization, management and control functions correctly and is adhered to.

The **Strategy Committee** is an advisory committee which provides assistance to the Supervisory Board in exercising its competencies as delegated under the terms of article 25.1 of the Articles of Association: to approve the business and/or financial plans and the budgets of the Bank and the Group as drawn up by the Management Board; to authorize strategic operations proposed by the Management Board; to single out the identification criteria of the strategic operations.

The **Financial Statements Committee** supports the Supervisory Board through advisory functions in fulfilling its functions regarding the approval of the Parent Company's and consolidated financial statement and also in examining information on the development of the Bank's operations, which the Management Board periodically communicates, in compliance with the Articles of Association.

## The Management Board

The Management Board is, in general and exclusively, entrusted with the responsibility of the management of the Company in accordance with the general strategic guidelines approved by the Supervisory Board; for this purpose, it takes all required actions, which it deems necessary, useful or opportune to achieve the corporate purpose, relating to both the ordinary and extraordinary administration.

The Articles of Association ensure that the Management Board has competence for matters of particular significance, over and above those prescribed by law, in decisions taken collectively which permit the involvement of members who thus participate, with independent judgment, in key moments of the operational management.

### Composition of the Management Board

The Management Board is composed of a minimum of 7 to a maximum of 11 members, who are not necessarily shareholders, nominated by the Supervisory Board which established the number of members at nomination. Under the Articles of Association, the Nomination Committee has selective and propositional functions regarding the nomination of the members of the Management Board. The Board in service at the time of the publication of this document was nominated by the Supervisory Board on January 2, 2007. The Management Board is composed as follows:

Name	Role	Independent <sup>1</sup>	Business Plan / Budget Work Group	Consolidated and Parent Company's financial statements / Interim financial statements Work Group
Enrico Salza	Chairman	●		
Orazio Rossi	Deputy Chairman		●	
Corrado Passera	Managing Director and CEO			
Aureliano Benedetti <sup>2</sup>	Director			
Elio Catania <sup>3</sup>	Director	●	●	
Giuseppe Fontana	Director		●	
Gian Luigi Garrino <sup>4</sup>	Director			●
Virgilio Marrone	Director	●		●
Emilio Ottolenghi	Director		●	
Giovanni Perissinotto	Director	●		●
Marcello Sala	Director			●

<sup>1</sup> with independence requisites in compliance with article 148, 3 par., of Legislative Decree n. 58, February 24, 1998, regarding, in particular, the existence of administrative roles in companies of the Group, and autonomous or subordinate employment or other relationships of a professional or financial nature with the company, or companies controlled by this company, with controlling companies or companies under common control, that would compromise such independence

<sup>2</sup> Appointed by the Supervisory Board on 20/5/2008, in lieu of Giovanni Battista Limonta, who resigned as of 13/5/2008

<sup>3</sup> Coordinator of the Business Plan/Budget Work Group

<sup>4</sup> Coordinator of the Consolidated and Parent Company's financial statements/Interim financial statements Work Group

The Management Board holds office for three financial years; the present Board will expire on the date of the Supervisory Board meeting called to approve the 2009 financial statements.

In order to guarantee the sound and prudent management of the Company and, in particular, the proper functioning of the Management Board, the members of the Management Board of Intesa Sanpaolo – insofar as they are representatives of a listed bank – must, in compliance with applicable laws and regulations, meet the specific requirements of integrity and professionalism. Integrity is required to ensure that the Bank is entrusted to bodies composed of persons of ascertained honesty and moral integrity. At the same time, in terms of professionalism, the representatives are expected to have successfully carried out experiences of at least three years through the exercise of professional activities that are qualified and relevant for the office to be held.

All Management Board Members – with the exception of the Managing Director, as Chief Executive Officer and in relation to the role in the operating management of the Company and the Group – must be considered “non-executive” for the purposes of the Code since, singularly – and also in consideration of the absence in Intesa Sanpaolo of an Executive Committee – they are not vested with individual management powers and do not have executive roles in the Parent Company or in subsidiaries of strategic importance.

Nonetheless, the Intesa Sanpaolo governance model is oriented towards making full use of

the professional expertise of all the members of the Management Board, in regard to and in support of its entire management activity; even the “non-executive” Members are systematically involved in the management process also through the institution within the Management Board of Working Groups with specific advisory tasks.

In accordance with the terms of the law and the Articles of Association, and acting on the proposals of the Remuneration Committee, the Supervisory Board has established the annual remuneration for each member of the Management Board in the 2007/2008/2009 financial years. Furthermore, the Supervisory Board has set the additional remuneration, in a fixed amount, for the members of the Management Board holding special offices, posts or powers of attorneys.

The Supervisory Board also approved the payment to each Management Board Member of a variable but non-recurring amount at the end of the current mandate, if the goals of the 2007-2009 Business Plan are achieved.

The Management Board, upon proposals received from the Managing Director and having consulted with the Supervisory Board, also determines the remuneration for the General Directors, who, in addition to their fixed annual compensation and the variable bonus, payable in a single solution should the Business Plan objectives be met, are also eligible for a variable bonus paid annually if the budget targets of each financial year are achieved.

There are no agreements between the Company and the members of the Management

Board and the Supervisory Board which envisage indemnities in the event of resignation or dismissal without just cause or on advance termination of their service for whichever reason.

### **The Chairman of the Management Board**

The Chairman of the Management Board – nominated by the Supervisory Board from the members of the Board itself – is one of the non-executive Board Members: he does not hold any operative assignment and under the current organizational structure of the Company his functions are kept distinctly separate from those of the Managing Director.

The Chairman, who is the legal representative of the Company, is in charge of promoting and coordinating the activity of the Board; he is also required to manage relations with the Supervisory Board and its Chairman, to ensure that the activities of the two corporate Bodies are efficiently coordinated.

Finally, the Chairman has the power to undertake resolutions – in agreement with the Managing Director – in urgent cases, regarding any matters within the powers of the Management Board, with the exception of matters which may not be delegated and are solely within the powers of the Board, other than resolutions regarding transactions with a value between 3% and 6% of consolidated regulatory capital as well as the designation of the members of the bodies of subsidiary companies. The Management Board must be informed of decisions taken in this manner at its subsequent meeting.

### **The Managing Director**

The Managing Director and CEO – appointed, upon the indication of the Supervisory Board, by the Management Board amongst its members – also holds the post of General Manager. He is the Chief Executive Officer and supervises the company's management within the powers he has been delegated in compliance with the general strategic guidelines set out by Corporate Bodies. He ensures the implementation of the resolutions of the Management Board, is responsible for personnel management, determines operational directives, exercises the power to submit proposals to the Management Board and ensures that the organisational, administrative and accounting structure is adequate considering the nature and size of the Company. He is in charge of the operational management of the Company and the Group, relating to both the ordinary and extraordinary administration, with the sole exception of the powers that cannot be delegated according to

the law and the Articles of Association and of those reserved for the Management Board.

The Managing Director reports to the Management Board, for suitable assessments, at least once every three months, on the general development of operations, their forecasted development as well as the most significant transactions carried out by the Company and by its subsidiaries.

### **The Work Groups within the Management Board**

In order to facilitate the analysis and in-depth understanding of specific issues regarding the responsibility of the Board and as part of a fruitful process of interaction amongst all its members, two Work Groups operate within the Management Board, all of them having strictly consulting functions and being expected to report to the Board, in its collegial form, to enrich the enquiry process and the decision-making dialectics, in addition to allowing the Board Members to make well-reasoned decisions.

The Business Plan/Budget and the Consolidated and Parent Company's financial statements/ Interim financial statements Work Groups are composed of Board Members who have specific competencies in the areas assigned; one of the members takes on the functions of promoting and coordinating the Group.

In 2007, being its first year of activity, the Management Board decided not to conduct a self-assessments process regarding the size, composition and functioning of the Board itself and of the Work Groups set up within it.

## **Shareholders' Meeting**

The Shareholders' Meeting is the body deemed to represent all Shareholders and its resolutions, passed in accordance with the law and the Articles of Association, are binding on all Shareholders, irrespective of their attendance or agreement.

At Intesa Sanpaolo, as a Company that has adopted the dual corporate governance system, the Shareholders' Meeting is competent to resolve upon, in addition to other matters, as concerns:

- the appointment and revocation of the Supervisory Board
- the responsibilities of the members of the Supervisory Board and, without prejudice to the concurrent competence of the Supervisory

Board, of the members of the Management Board

- the distribution of net income
- the appointment and revocation of the independent auditors
- the approval of financial statements if these have not been approved by the Supervisory Board
- the transactions reserved by the law to the Extraordinary Shareholders' Meeting

Shareholders who have taken part in latest meetings are promptly sent the convocation notice as well as the informative documentation prepared for the agenda of the next meeting. This is done with the aim of promoting the shareholders attendance at the Shareholders' Meetings, and guarantees a high standard of information which permits the shareholders to exercise their right to vote in a well-informed manner. The documentation regarding items on the agenda of the meeting, along with the convocation notice, are, in any case, made available on the Group's web site.

Shareholders' Meetings are called at the registered office of the Company or in another location in the municipality where the Company has its registered office by way of a notice stating the date, time, place and agenda of the meeting. Such notice is published within the terms provided for by applicable laws and regulations in the daily newspaper "Il Sole 24 Ore" and in the Official Gazette.

In consideration, also, of the needs of shareholders and institutional investors, it is not foreseen that shareholders have to file any special prior notice in order to attend the meeting. Indeed, the Bank's Articles of Association already set forth that Shareholders with the right to vote may attend the Shareholders' Meeting provided a notice from the authorised intermediary certifying their voting right is given to the Company within the time envisaged for the commencement of the Shareholders' Meeting on first call.

The Management Board Members and the Members of the Supervisory Board attend the

Shareholders' Meetings in order to make a useful contribution to its work and make discussions more useful.

Each ordinary share confers the right to cast one vote.

Saving shares, which may be in bearer form, do not confer the right to vote in ordinary and extraordinary shareholders' meetings but solely entitle the holder to attend and vote at the Special Meeting of saving shareholders.

## Shareholders

Share capital subscribed and paid-in totals 6,646,547,922.56 euro, divided into 12,781,822,928 shares of nominal value 0.52 euro each, of which:

- 11,849,332,367 ordinary shares (equal to 92.70% of share capital)
- 932,490,561 non-convertible saving shares (equal to 7.30% of share capital)

According to communications made pursuant to art. 120 of the Consolidated Law on Finance or to other information which reached the company, the shareholders of Intesa Sanpaolo which directly and/or indirectly hold equity stakes in the ordinary share capital exceeding 2% are listed in the table below:

Shareholder	Ordinary Shares	% of ordinary capital held
Compagnia di San Paolo	943,225,000	7.960%
Carlo Tassara S.p.A.	697,548,241	5.886%
Crédit Agricole S.A.	659,542,636	5.566%
Assicurazioni Generali	601,201,246	5.075%
Fondazione Cariplo	554,578,319	4.680%
Fondazione C.R. Padova e Rovigo	545,264,450	4.602%
Ente C.R. Firenze	400,287,395	3.378%
Fondazione C.R. in Bologna	323,334,757	2.729%
Giovanni Agnelli e C. S.a.p.A.	289,916,165	2.447%

Updated 22/5/2008

There are no agreements pursuant to art. 122 of the Consolidated Law on Finance, known to the Company.

# Our Social Responsibility

It is the Group's firm belief that the expectations of the stakeholders must be a significant point of reference for all the company's activities, from those which determine business strategies and customer service, to the internal operations which define the policies regarding the Group's employees. The Group's social responsibility is tested every day through its capacity to create economic value while keeping in mind the close links its business has with the local areas, the community, the population and the environment.

## The Code of Ethics

In July 2007 the Management Board and the Supervisory Board approved the Group's Code of Ethics. The document illustrates the corporate identity, mission and values and defines the ways in which the bank relates to its stakeholders. All the structures of the new Group were involved in the process which led to the formulation and adoption of the Code; they shared the values and principles of conduct in their relations with each stakeholder, a step by step process of verification and synthesis of the social and environmental responsibility programs which characterized the two companies preceding the merger. The 2007-2009 Business Plan has been developed on the basis of this strong expression of identity; the guidelines of the Plan have been defined on the basis of sustainable growth.

The Code of Ethics also establishes the mechanisms of implementation and control through which the highest governance bodies receive a constant flow of information regarding both the routine management of the company and the management of unforeseen events.

### Communication and distribution

● The Code of Ethics has been widely circulated: it has been distributed to recruits, published on the company's Intranet and on the Group's web site. The principles of the Code inspire the overall staff training program. More-

over, specific training courses on the contents of the Code of Ethics are planned for the first semester of 2008 for CSR referents, training program planners (to ensure that the contents of the training courses will fully comply and adhere to the values and principles of the Code) and the local referents of the Environmental Management System.

### Implementation and control

● Mechanisms for dealing with stakeholder reports of non-observance by stakeholders have been fine-tuned and formalized: a total of 27 reports were received in 2007 and the first months of 2008. The majority of these reports regard problems of physical accessibility to the branches and financing to the armament sector (see the chapter on Clients).

## Policies

In 2007 the new Group adopted internal policies to guarantee transparency and professional conduct in its relations with the various stakeholders, as well as security and quality in its management processes for the Group's principal areas of activity. These policies can be consulted on the Group's web site, [group.intesasanpaolo.com](http://group.intesasanpaolo.com). ⓘ

### Environmental Policy

● This policy defines the Group's approach to preventing, managing and, where possible, reducing the impact that the Group's activities produce on the environment, both directly and indirectly. It underlines the importance of integrating the economic aspects of society with due care for social and environmental factors, to safeguard future generations. It will shortly be implemented by all the companies in the Group.

### Armament Policy

● In accordance with the values and principles set out in the Code of Ethics, this policy envisages a ban for both central and area offices from

setting up loans and transactions concerning the import and export of arms and armament systems, subject to Law 185/90. The bank may, however, assist clients in the case of transactions concerning existing inter-governmental agreements or other transactions – considered compatible with the spirit of “unarmed bank” – authorised by the Managing Director and CEO (see chapter on Customers).

## The Management Model

The social responsibility model adopted by the Group includes self responsabilization for the structures which guarantee the application of the values and principles of social responsibility in their day-to-day activities. The Corporate Social Responsibility Unit (CSR) which reports to the Managing Director, provides support, advice and, where necessary, coordinates social responsibility activities through a network of employees, “the CSR referents” who operate within the various corporate structures and whose responsibility is to impress the culture of social responsibility on the routine operations, open dialogues with the principal stakeholders in their area of action, define improvement objectives and support their colleagues in implementing projects, in the management of non-observance of the Code of Ethics and reporting requirements.

The Social Report, which is drafted with the cooperation of the CSR Referents, is the fulcrum of the management model adopted by the Group. On the basis of this Report, the stakeholders are in a position to assess the consistency of the activities carried out throughout the year with the values of the Code of Ethics; the results are quantified with a system of indicators defined on the basis of internal project objectives and those proposed by the Global Reporting Initiative, the international standard that the Group has voluntarily adhered to in order to ensure the maximum transparency and comparability for the various initiatives.

The Social Report is the result of the Group's dialogues with its stakeholders who, both during daily contact and in more structured meetings organized by the CSR Units and Referents, allow us to assess the suggestions received and possible areas of weakness. The suggestions and indications that emerge from these dialogues constitute the basis for an action plan and improvement objectives.

### The CSR referent network

- 48 referents have been identified and nominated in Head Office Departments, in the Divisions and in a number of companies of the Group in Italy (local Banks and controlled companies). In the first months of 2008, 10 Referents were nominated for the foreign Banks;

### Structured Stakeholder involvement program

- A structured stakeholder involvement program has been launched and will continue until November 2008; this program will result in the constitution of permanent laboratories that will work on systematically integrating the points of view of the stakeholders in the Group's activities to increment the Group's degree of sustainability within the framework of a shared project. During the first phase, various methodologies were used, from interviews with opinion leaders and representatives of associations, to focus groups with clients, employees and trade unions and on-line surveys (see chapter on “Stakeholder involvement and improvement targets”).

### Measuring performance

- Approximately 600 performance indicators were singled out on the basis of the Global Reporting Initiative, of the questionnaires sent out from sustainability rating agencies, as well as from a series of project objectives defined internally. The data collection was centralized in the Head Office structure, which controls the economic, financial and commercial trends of the Business Units, with the objective of increasing the integration of the information flow of the Social Report with that of the Financial Statements for the year.

### Homogeneous data collection

- A technical manual is being drafted that will define the various management process (from the consultations with the stakeholders, improvement objective definition, project implementation, reporting and monitoring of the levels of economic, social and environmental performance). Lastly, in order to ensure that the data collection modalities will be homogeneous throughout the structures of the Group contained within the reporting boundary, the manual will contain technical schemes for each indicator providing information regarding the objective of the measurements, the sources of the data collection, definitions of the terms used and the method of calculation.

## Control and Management of sensitive aspects

Through its monitoring activities the Internal Auditing Department guarantees that the Bank's processes and operations are conducted correctly, in full respect of the rules laid down in the Internal Code of Conduct while also safeguarding the values of the activities carried out, including those connected with the Bank's ethical and social responsibilities. It supports the Control Committee in ensuring that the principles and values of the Code of Ethics are respected. The Audit function of the parent company directs and coordinates the activities of the Audit departments of the controlled companies in order to guarantee homogeneity of the control system and an appropriate level of attention to the various types of risk throughout the Group.

During 2007, within the sphere of its advisory tasks defined by the corporate regulations, the Audit Department of the parent company participated in the work group led by the CSR Unit, which drew up the new Intesa Sanpaolo Code of Ethics, approved in October 2007. Respect for the principles of the Code is punctiliously verified in every audit conducted in the organizational units of the parent company. All cases of non-observance are reported to the competent structures.

During the year Intesa Sanpaolo conducted a program which included the objective of verifying the initiatives undertaken to limit the impact of the Group's activities on the environment, with particular emphasis on waste collection and elimination. The audits of the companies of the Group are consequent to the implementation of the policy of environmental protection.

Moreover, in countries which have passed legislative measures for the protection of the environment, frequent checks are made to ensure compliance (in Italy, D.Lgs. 626/94).

### Prevention of illicit behaviour

As part of its surveillance model, the Audit Department adopts a series of checks to evaluate the adequacy of the controls and to prevent illicit behaviour in areas of risk such as corruption, anti-terrorism, money laundering, embargos. These verifications are part of the

department's surveillance models, which constitute the methodological and regulatory support of the control systems and the annual audit plan. An example is the investigation conducted on the Treasury services of the Public Institutions, on a sample of branch offices selected on the basis of risk prevention analysis. Specific monitoring systems have been implemented to deal with money laundering and embargos.

When the resources of the Bank are involved in particularly critical cases, the Audit Department promptly conducts investigations, examining the events/phenomena to ascertain the causes and/or damages/responsibilities involved.

The Audit Department conducts checks on the risks of corruption in all the parent company processes.

Corruption as an offence is included in Intesa Sanpaolo's organizational, management and surveillance Model, in compliance with Legislative Decree 231/01. The Department's competence with regard to the specific administrative responsibility risks introduced by this Decree includes:

- ensuring that the Model is respected
  - monitoring the Model is kept up to date
  - maintaining information flows to the internal surveillance committee regarding the efficacy and the respect of the Model
  - recommending corrective action when necessary.
- Great attention is paid to risk connected with corruption within all Italian companies which have adopted organizational and surveillance models under the terms of Legislative Decree 231/01.

Similarly, the level of attention to such risks is also high in our banks abroad, in countries which have adopted a specific law; where such laws do not exist, the Audit Department still conducts monitoring activities in high risk areas.

## Sustainability Indices

The ethical indices are characterized by their selection criteria; admission to these indices is favored by the adoption of programs supporting corporate social responsibility, alongside the financial performance. The criteria adopted to verify a company's degree of social responsibility and its admissibility to the indices are

principally constituted by environmental sustainability, employee rights, and with regards its suppliers and distributors, the respect for human rights, relation with stakeholders and the anti-corruption policies.

These indices are an important point of reference for investors and the SRI (Social Responsible Investment) management agencies.

Intesa Sanpaolo has been listed on some of the principle European ethical indices since 2007.

Ethical Index	Provider	Headquarters	Launch date
FTSE4Good	Eiris	UK	07/2001
ASPI Eurozone	Vigeo	F	07/2001
Ethibel Investment Register	Vigeo	F	12/2003

## Adhesion to international standards



### Global Compact

Global Compact is an initiative of the UN that involves agencies of the UN itself, businesses, trade unions and society in the promotion of the respect of 10 fundamental principles in the areas of human rights, labor, the environment and anti-corruption.

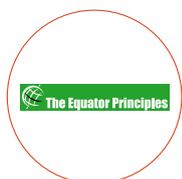
[www.unglobalcompact.org](http://www.unglobalcompact.org) ⓘ



### UNEP Financial Initiative

UNEP FI is a global partnership between UNEP (United Nations Environmental Program) and more than 200 institutions in the financial sector that promotes dialogue regarding the connection between safeguarding the environment, sustainability and financial performance.

[www.unepfi.org](http://www.unepfi.org) ⓘ



### Equator Principles

The Equator Principles are a set of voluntarily adopted guidelines based on the environmental and social standards of the International Finance Corporation (IFC), which is an organism of the World Bank that deals in private sector investment in developing countries and assists financiers in the choice of projects, with a view to reducing social and environmental risk involved in project financing.

[www.equator-principles.com](http://www.equator-principles.com) ⓘ

Intesa Sanpaolo has adhered to important international initiatives that promote dialogue between companies, supranational organizations and civil society and pursue the respect for the environment and human rights.

## Our partnerships in sustainability



### ABI

The ABI (Association of Italian Banks) work group on Social Responsibility in Credit Institutions. The ABI work group on Consumer Associations. Consorzio Abienergia, a point of reference for activities related to the optimization of energy efficiency in the Italian banking system.

[www.abi.it](http://www.abi.it) ⓘ



### Global Business Coalition

Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC): the leading organization involved in fund-raising from the international community for the struggle against HIV/AIDS, tuberculosis and malaria. The Coalition, which has achieved wide success in a very short time, involves 220 multinationals – with vast experience and resources – in a proactive campaign against these illnesses.

[www.businessfightsaids.org](http://www.businessfightsaids.org) ⓘ



### Forum per la Finanza Sostenibile

The Forum for Sustainable Finance is a multi-stakeholder association that pursues the objective of spreading the culture of sustainable development throughout the Italian financial community; it is the Italian representative of EuroSIF (European Forum for Sustainable and Responsible Investments).

[www.finanzasostenibile.it](http://www.finanzasostenibile.it) ⓘ



### Sodalitas

Sodalitas is an association that works for the development of the Third Sector and the diffusion of corporate social responsibility.

[www.sodalitas.it](http://www.sodalitas.it) ⓘ



### CSR Europe

A non-profit organization that supports its members in the implementation of social responsibility programs.

[www.csreurope.org](http://www.csreurope.org) ⓘ



### Kyoto Club

The Kyoto Club is an Italian non-profit organization involved in reaching the objectives of reduction of the greenhouse effect gas emissions established by the Kyoto Protocol. It promotes awareness programs, information and training in the fields of efficiency in the use of energy sources, of renewable energy and sustainable mobility.

[www.kyotoclub.org](http://www.kyotoclub.org) ⓘ

The Intesa Sanpaolo Group participates in and supports associations and work groups involved in social responsibility.

## Intesa Sanpaolo's adherence to the Global Compact Principles

	Global Compact Principles	Intesa Sanpaolo's initiatives	Global Reporting Initiative KPIs <sup>1</sup>
Human Rights	1. To support and respect the protection of internationally proclaimed human rights within the company's sphere of influence	<ul style="list-style-type: none"> <li>● We are committed to sustaining the protection of human rights, as set out in the Universal Declaration of 1948. This commitment is to be found in the principles of conduct with the stakeholders, established in the Code of Ethics. The Bank recognizes the principles established according to the major international conventions.</li> <li>● The Bank has issued a policy that reflects the spirit of the Italian Constitution, repudiating war as a means to quelling international controversies and obliging the central and territorial structures to refrain from entering into new financing operations with clients for the production and the commerce of arms or arm components.</li> <li>● We support solidarity initiatives in the campaign against AIDS to improve the conditions in which the population of Malawi lives and ensure the overall development of the country.</li> <li>● The Bank has adopted and started to implement the Equator Principles issued by the IFC of the World Bank.</li> </ul>	Human Rights: <b>HR3, HR4, HR5, HR6, HR7, HR9</b> Economic Performance: <b>EC5</b> Labour Practices: <b>LA4, LA6, LA7, LA8, LA9, LA13, LA14</b> Society: <b>S05</b> Product Responsibility: <b>PR1, PR8</b>
	2. To make sure the company is not complicit in human rights abuses, even indirectly	<ul style="list-style-type: none"> <li>● The Bank has created and implemented a model for the organization, management and supervision of its corporate activities (Legislative Decree 231/2000).</li> <li>● New suppliers are obliged to adhere to the principles of the Code of Ethics and to sustain the protection of human rights.</li> </ul>	Human Rights: <b>HR3, HR4, HR5, HR6, HR7, HR9</b> Society: <b>S05</b>
Labour Standards	3. To uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>● The right to participate actively in the activities promoted by the Trade Union organization for the protection of the rights of the individual and the collectivity is guaranteed to all employees.</li> </ul>	Labour Practices: <b>LA4, LA5</b> Human Rights: <b>HR3, HR5</b> Society: <b>S05</b>
	4. To eliminate all forms of forced and compulsory labor	<ul style="list-style-type: none"> <li>● The Bank respects the law of the countries in which it operates.</li> <li>● The Bank recognizes the principles established by the international conventions and has adopted the protection and maintenance of human rights as established with the Universal Declaration of 1948, as values of the Group.</li> <li>● Respect for diversity and protection of human rights are included in the initiatives that aim to reinforce the identity of the Group in the countries in which it operates.</li> <li>● The Bank is an active participant in the independent consultations with the General Secretariat of the United Nations on the impact of the financial institutions on human rights.</li> <li>● The Bank is one of the promoters of an initiative to raise awareness of human rights under the aegis of the United Nations Environment Program (UNEP), through the constitution of a dedicated work group.</li> </ul>	Human Rights: <b>HR3, HR7</b> Society: <b>S05</b>
	5. The effective abolition of child labor	<ul style="list-style-type: none"> <li>● The Bank respects the law of the countries in which it operates.</li> <li>● The Bank is committed to sustaining the protection of human rights as set out in the Universal Declaration of 1948. This commitment is to be found in the principles of conduct with the stakeholders, established in the Code of Ethics. The Bank recognizes the principles established with the major international conventions.</li> <li>● The Group has initiated a certification program for the principal suppliers of its foreign banks.</li> </ul>	Human Rights: <b>HR3, HR6</b> Society: <b>S05</b>
	6. To eliminate discrimination in respect of employment and occupation	<ul style="list-style-type: none"> <li>● One of the values of the Code of Ethics is Equity: we are committed to eliminating discrimination from our conduct, and to respect differences of gender, age, race, religion, political and trade union affiliation, language and ability.</li> </ul>	Labour Practices: <b>LA2, LA13, LA14</b> Human Rights: <b>HR3, HR4</b> Society: <b>S05</b>

## Intesa Sanpaolo's adherence to the Global Compact Principles

	Global Compact Principles	Intesa Sanpaolo's initiatives	Global Reporting Initiative KPIs <sup>1</sup>
Environment	7. To support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>● We have applied a system of Environmental Management with ISO certification ISO14001, which we intend to extend progressively, to a number of premises; this system includes continuous improvement objectives and specific processes for their achievement.</li> <li>● The Bank has adopted and started to implement the Equator Principles issued by the IFC of the World Bank.</li> </ul>	Economic Performance: <b>EC2</b> Environmental Performance: <b>EN18, EN26, EN30</b> Society: <b>S05</b>
	8. To undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> <li>● We circulate a newsletter on environmental issues to our employees in order to raise the level of awareness.</li> <li>● We participate in and make financial contributions to conferences and public debates on themes regarding the environment.</li> <li>● We develop initiatives to increase sustainability in transportation for our employees. We are gradually reducing the use of fossil fuels, converting to hydro-electric power and implementing energy effective programs.</li> </ul>	Environmental Performance: <b>EN1, EN2, EN4, EN5, EN6, EN7, EN8, EN16, EN18, EN22, EN24, EN26, EN28, EN29, EN30</b> Society: <b>S05</b> Product Responsibility: <b>PR3</b>
	9. To encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> <li>● The Bank has developed specific products and services to promote technological innovation in the environmental field, access to financing and incentives for the adoption of energy saving and efficiency solutions.</li> </ul>	Environmental Performance: <b>EN2, EN5, EN6, EN7, EN18, EN26, EN28, EN30</b> Society: <b>S05</b>
Corruption	10. To work against corruption in all its forms	<ul style="list-style-type: none"> <li>● The Bank respects the law of the countries in which it operates.</li> <li>● The Bank has created and implemented a model for the organization, management and supervision of its corporate activities (Legislative Decree 231/2000).</li> <li>● The Group has adopted a Code of Conduct.</li> <li>● The Group has adopted a Code of Ethics which, regarding its relations with its stakeholders, declares its position and contribution to the campaign against corruption, support of the guidelines of the OECD, and the anti-corruption principles laid down by the United Nations in 2003.</li> <li>● The Audit function ensures that the principles and values of the Code of Ethics and the Code of Conduct are respected.</li> </ul>	Society: <b>S02, S03, S04, S05</b>

<sup>1</sup> See chapter "Attachments" Indicator Table

# *Economic Report*

*A year after its foundation, the Intesa Sanpaolo Group – the result of the merger between Banca Intesa and Sanpaolo IMI – has concluded 2007 with a net profit of 7,250 million euro.*

*Economic  
and Financial Performance in 2007*

*Main economic and financial  
indicators*

*Calculation and distribution  
of Value Added*

*Determination  
of Global Value Added*

*Allocation and distribution  
of Gross Global Value Added*

## Economic and Financial Performance in 2007<sup>1</sup>

This result was achieved in a context that has been particularly difficult, on account of the slowing down of economic cycles, the recession felt in all financial markets and the integration process between the two Groups, which proceeded in accordance with the Business Plan.

A 54% growth rate compared to the net profit in 2006, restated on a consistent basis, benefited from the result of management techniques as well as non-recurring income. The first figure increased by 5.5% thanks to operating costs being contained with income rising only slightly, due to decreased trading results. The non-recurring elements refer to capital gains mainly from transferrals to Crédit Agricole of Cariparma, FriulAdria and 202 branches, reaching approximately 3,300 million. Consid-

eration has also been given to the effects of the joint venture being dissolved with the French group in the assets under management and taxation sectors. These latter effects have however been contained by benefits gained from the participation exemption resulting from the selling of participations.

Examination on a three-monthly basis of economic margins has shown an increase in the first nine months of the year followed by a drop in the fourth quarter caused by the negative trend of world financial markets. In the last quarter of 2007 there was a reduction of profits/losses in sectors that are being discontinued, caused by the impairment connected to the purchase by Intesa Sanpaolo of those sectors owned by Nextra and sold in 2005 to Crédit Agricole.

<sup>1</sup> Figures and comments refer to the consolidated reclassified Profit and Loss Account published in Intesa Sanpaolo's Annual Report 2007. The annual percentage variations are uniformly calculated on 2006 figures in order to take into consideration both the merger between Banca Intesa and SANPAOLO IMI as well as operations with Crédit Agricole and variations in the area of consolidation. Amounts are expressed in euro.

## Main economic and financial indicators<sup>1</sup>

Ratios	2007
<b>Personnel efficiency ratios (in millions of euro)</b>	
Loans to customers / Average number of employees	3.42
Net interest and other banking income / Average number of employees	0.18
Direct and indirect customer deposits <sup>2</sup> / Average number of employees	10.24
<b>Balance sheet ratios</b>	
Shareholders' equity / Loans to customers	15.4%
Shareholders' equity / Direct and indirect customer deposits <sup>2</sup>	5.1%
<b>Capital ratios</b>	
Tier1 capital ratio (Tier 1 capital / risk-weighted assets)	6.5%
Total capital ratio (Total capital / risk-weighted assets)	9.0%
<b>Profitability ratios<sup>3</sup></b>	
Net income (parent company) / Average shareholders' equity	18.9%
Operating costs / Net operating income	51.5%
<b>Risk ratios</b>	
Net doubtful loans to customers / Loans to customers	0.9%
Substandard loans to customers / Loans to customers	1.0%
Adjustments on doubtful loans to customers / Gross doubtful loans to customers	71.5%

<sup>1</sup> Ratios calculated, if not otherwise specified, with reference to the compulsory consolidated financial statement forms and the relative notes to the financial statements, as indicated by the Bank of Italy in its memo n°262/2005 and published in the 2007 Annual Report.

<sup>2</sup> Customer investments: direct and indirect customer deposits net of the netting of indirect funds which are also forms of direct deposits (financial liabilities of the insurance sector designated at fair value and bonds in funds designated at fair valueplay issued by companies belonging to the Group and placed by its branch network).

<sup>3</sup> Ratios calculated with reference to the consolidated reclassified Profit and Loss Account published in Intesa Sanpaolo's 2007 Annual Report.

# Calculation and Distribution of Value Added

## Methodology

Value added – defined as the difference between total revenues and total costs for goods and services (Consumption) – measures the wealth generated by the Group and which is then distributed among the stakeholders with which the Group relates for various reasons in its daily operations. Among these stakeholders there are, first of all, *human resources* – through which the Group interacts with other stakeholders – who receive part of the corporate value added as direct or indirect remuneration, including that linked to the cost of professional training.

There are also the *shareholders* who expect an economic return – in the form of dividends – on the financial resources that they have invested in the company.

As far as distributed resources are concerned, the *Government System* is no less important. This is intended as the combination of central and local public administration to which a significant portion of wealth produced is transferred as direct and indirect taxes.

Particular attention is also paid to the needs of the Community/Environment, not only through

charities but also through commitment in social and cultural works.

Last of all, there is the Corporate System which requires adequate resources for productive investments and daily operations to permit the company's day-to-day economic and balance sheet growth which, on its own, guarantees the creation of new wealth to the advantage of all stakeholders.

From a methodological viewpoint, the determination of value added stems from a revised listing of the items in the consolidated statement of income, used in the Annual Report. The revised listing has the specific purpose of highlighting the process of the formation of value added, in its various formulations as well as in its distribution.

The tables which illustrate the determination and the distribution of value added presented here have therefore been prepared on the basis of the figures contained in the 2007 Annual Report which was audited by independent auditors and approved by the Supervisory Board on April 11<sup>th</sup> 2008 – following those guidelines issued by the ABI (Italian Bankers' Association) as a reference basis.

## Distribution of Value Added

In 2007 the Intesa Sanpaolo Group achieved a consolidated net production and, at the same time, maintained careful control of consumption, generating a Total Gross Value Added of 17 billion euro.

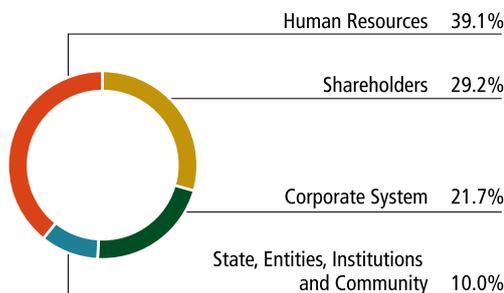
Although to differing extents, all categories of stakeholders benefited from the distribution of value added and, in particular:

- *shareholders* received 29.2% of value added, mostly attributable to the distributed dividend of 4.9 billion. Approximately a quarter of this sum concerns Foundations which possess shares in the capital of the Bank and thus, indirectly, destined to benefit the community through social, cultural and charitable initiatives
- *human resources* received 39.1% of Gross Total Value Added produced for a total of 6.6 billion euro. In particular, this figure includes a sum of 573 million (gross of the relevant taxes) – as integration costs, including the best pos-

sible estimate of the future costs associated with the trades unions' agreement in order to allow for a more effective integration of human resources in the Group before the merger phase

- the *Government System* and the *Community* absorbed 10% of Value Added, amounting to 1.7 billion euro, and corresponding – for the most part – to income tax. With regard to this item in the Income Statement, it is to be noted that taxes referring to the 2007 financial year amounted to 2.2 billion euro. The Community received a benefit of 32 million euro, mostly deriving from the allocation of net income to the "Allowance for Charitable, Social and Cultural Contributions"
- lastly, 21.7% of the value added – amounting to 3.7 billion euro – was withheld by the *Corporate System* in the form of non-distributed profit and depreciation. This figure has to be considered as an investment which the other categories of stakeholders undertake every year in order to maintain efficiency and allow for the development of the company as a whole

Distribution of Value Added	€/bln
Shareholders	4,973
Human Resources	6,648
State, Entities, Institutions and Community	1,699
Corporate System	3,693
<b>Gross Total Value Added</b>	<b>17,013</b>



# Determination of Global Value Added

(in millions of euro)	2007
10. Interest and similar income	24,527
40. Fee and commission income	7,327
70. Dividend and similar income	781
80. Profits (Losses) on trading	-166
90. Fair value adjustments in hedge accounting	27
100. Profits (losses) on disposal or repurchase of:	266
a) loans	-156
b) financial assets available for sale	420
c) investments held to maturity	0
d) financial liabilities	2
110. Profits (Losses) on financial assets and liabilities designated at fair value	320
220. Other operating expenses (income)	163
240. Profits (losses) on investments in associates and companies subject to joint control	338
<b>A TOTAL NET PRODUCTION</b>	<b>33,583</b>
20. Passive interest and other expenses	-14,250
50. Passive commission income <sup>1</sup>	-914
180.b Other administrative expenses (net of indirect taxes, donations and gifts and personnel training expenses) <sup>2</sup>	-3,079
130. Net losses/recoveries on impairment:	-1,143
a) loans	-1,045
b) financial assets available for sale	-62
c) investments held to maturity	0
d) other financial activities	-36
190. Net provisions for risks and charges	-577
200. Net adjustments to/recoveries on property and equipment (excluding amortisation)	-10
210. Net adjustments to/recoveries on intangible assets (excluding amortisation)	-12
260. Goodwill impairment	-196
<b>B TOTAL CONSUMPTION</b>	<b>-20,181</b>
150. Net insurance premiums	1,717
160. Other net insurance income/expenses	-2,134
<b>C NET INCOME FROM INSURANCE ACTIVITIES</b>	<b>-417</b>
<b>D GROSS VALUE ADDED FROM CORE BUSINESS</b>	<b>12,985</b>
250. Valuation differences on property, equipment and intangible assets measured at fair value	0
270. Profits (losses) on disposal of investments	41
310. Income (loss) after tax from discontinued operations	3,987
<b>E GROSS TOTAL VALUE ADDED</b>	<b>17,013</b>
Amortisation	-1,337
<b>F NET TOTAL VALUE ADDED</b>	<b>15,676</b>
180.a Personnel expenses (including training expenses) <sup>3</sup>	-6,648
180.b Other administrative expenses: indirect taxes and duties <sup>4</sup>	-118
180.b Other administrative expenses: donations and gifts <sup>4</sup>	-5
<b>G INCOME BEFORE TAXATION</b>	<b>8,905</b>
290. Taxes on income from continuing operations	-1,549
330. Minority interests	-106
<b>H PARENT COMPANY INCOME</b>	<b>7,250</b>

**1** The figure differs from that in the Profit and Loss Account in the Annual Report in that compensation for the network of Fideuram financial promoters has been restated in the "Expenses for Personnel" section.

**2** The figure differs from that in the Profit and Loss Account in the Annual Report on account of the omission of indirect taxes and duties, gifts and donations (listed in their own right) as well as expenses incurred for staff training (reclassified in the lists of "Expenses for Personnel").

**3** The figure differs from that in the Profit and Loss Account in the Annual Report in that it includes compensation for the network of Fideuram financial promoters and staff training expenses.

**4** Figure listed separately in the determination table of Value Added.

# Allocation and Distribution of Gross Global Value Added

<b>(in millions of euro)</b>	<b>2007</b>
<b>A TOTAL NET PRODUCTION</b>	<b>33,583</b>
<b>B TOTAL CONSUMPTION</b>	<b>-20,181</b>
<b>C NET INCOME FROM INSURANCE ACTIVITIES</b>	<b>-417</b>
<b>D GROSS VALUE ADDED FROM CORE BUSINESS</b>	<b>12,985</b>
<b>E TOTAL GROSS VALUE ADDED</b>	<b>17,013</b>
Allocated to:	
<b>1. Shareholders</b>	<b>4,973</b>
– Private shareholders	3,610
– Foundations <sup>1</sup>	1,257
Profit (loss) from third-party operations	106
<b>2. Human Resources</b>	<b>6,648</b>
Personnel expenses	6,648
– cost of dependent workers; expenses incurred from permanent or short-term contracts	5,606
– merger and restructuring costs	573
– other collaboration costs	469
<b>3. Government, entities, institutions (central and local public administration)</b>	<b>1,667</b>
Indirect taxes and duties and taxes on real estate	118
Tax on income from continuing operations	1,549
<b>4. Community and environment</b>	<b>32</b>
Donations and gifts	5
Assignment of net income to the Allowance for charitable, social and cultural contributions	27
<b>5. Corporate system</b>	<b>3,693</b>
Changes in reserves	2,356
Depreciation	1,337
<b>GROSS TOTAL VALUE ADDED</b>	<b>17,013</b>

<sup>1</sup> The figure refers to the dividends paid by Intesa Sanpaolo towards Foundations contributing to the Bank's capital. It is their mission to intervene in social, artistic and scientific areas for the benefit of the community.

# *Social Report*

*We encourage a type of growth that is attentive to sustainable results over the long term and to the creation of a process based on the trust that stems from the satisfaction of our stakeholders.*



# Stakeholder map



# *Clients*



*CLIENTS*

*Retail*

*Consumer Associations*

*Small and Medium Enterprises*

*Corporate*

*Public Administration*

## Strategies

A new service model has been adopted which will greatly increase the level of customer protection and the quality of service offered; it is intended to promote informed saving programs and sustainable debt, and to build long term relationships with the customer. The product range has been completely reviewed and simplified in order to respond to the various customer types. Guidelines have been defined that will simplify communications with

the objective of improving transparency and product descriptions.

Our commitment to businesses focuses on offering support for their full life cycle, by boosting innovation and internationalization processes.

Collaboration with public institutions for the achievement of important infrastructures and public works in Italy and abroad has been developed.

## Commitments for 2007-2009 and what has been achieved

### QUALITY OF RELATIONSHIPS

#### Guarantee simplicity and transparency in communications:

● The *New Reporting* project was launched to simplify and rationalize communications sent to customers. ■■■□

#### Provide assistance to the customer, promoting informed purchasing:

● The new service model, designed to provide advice and increase transparency of costs and services rendered, has been adopted. ■■■□

● The charter of Intesa Sanpaolo principles for "responsible credit" was shared with the Consumers' Associations. ■■■□

#### Define operative guidelines to direct corporate behaviour to long term relations:

● Guidelines for the transparent and unambiguous commercialization of financial derivatives. ■■■□

● Guidelines to limit operations in the arms sector, in respect of corporate values and to respond to the ethical questions raised by our customers. ■■■□

#### Promote accessibility:

● Internet banking functionalities have been extended and new ATMs placed in branch of-

fices to promote accessibility and customer autonomy. ■■■□

### LISTENING AND DIALOGUE

#### Arrange for assessment and listening sessions throughout the territory, during which customers can express their expectations:

● Continue customer satisfaction surveys in Italy; a similar project has been launched for customers of the banks abroad. ■■■□

● Dialogue and collaboration programs with the national and local Consumers' Associations have been continued. ■■■□

#### Improve customer complaint and litigation handling:

● All the customers of the Group can now access the *Conciliation* function to resolve issues. ■■■□

### QUALITY OF PRODUCT OFFER

#### Develop quality products with an eye to costs:

● New high quality, low cost products: *Zero-tondo*, new flexible mortgages with no renegotiation expenses and investments with lower management costs. ■■■□

#### Adapt commercial offer to local environment, customer segments and financial inclusion:

■■■■ achieved and finished  
 ■■■□ continued from 2006  
 ■■□□ under way  
 ■□□□ yet to be achieved

● The Bank continued to offer products to customers with little opportunity to access the finance system: young people, immigrants, unemployed. ■■■□

**Offer ethical investments:**

● The Bank continued to offer investments in reliably managed funds that take into consideration social and environmental issues. ■■■□

**OPERATE IN COOPERATION WITH THE OTHER MARKET PLAYERS**

**Offer products and services that sustain innovation, the internationalization of businesses and competition:**

● New cooperation agreements with the category associations that support access to financing for small to medium businesses through the Confidi. ■■□□

● The Bank continued to offer services to support small to medium businesses in achieving technological innovation: *Make or Buy* and *IntesaNova*. ■■■□

● The new "Padua Pole" has been created to support Italian businesses that operate abroad and the credit facilitations in Egypt and Brazil have been finalized. ■■□□

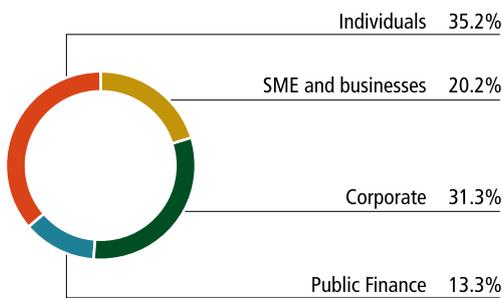
● The Bank has continued to offer technical and institutional support to businesses for obtaining European financing and a new portal has been dedicated to this purpose. ■■■□

**Sustain the Public Administration:**

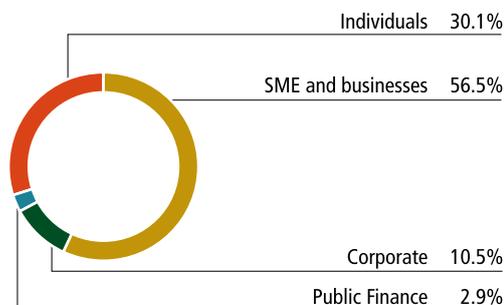
● The activity dedicated to public finance has been continued and expanded with the constitution of the Business Unit Public Finance which operates in Italy and abroad. ■■■□

At the end of December 2007 the customers of the Group numbered more than 17 million, including approximately 200,000 businesses and over 2,000 public entities. The customers of the Banks abroad numbered around 7 million and represent approximately 40% of the total.

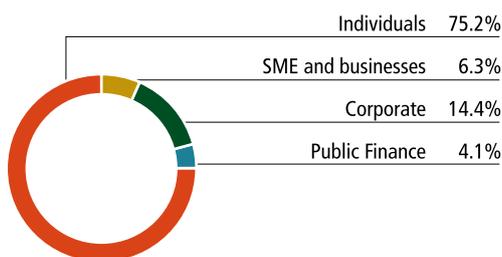
**Investments by customer typology: Italy**



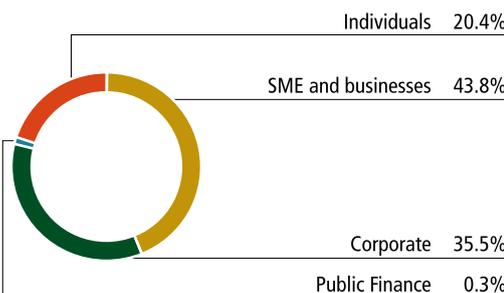
**Investments by customer typology: Abroad**



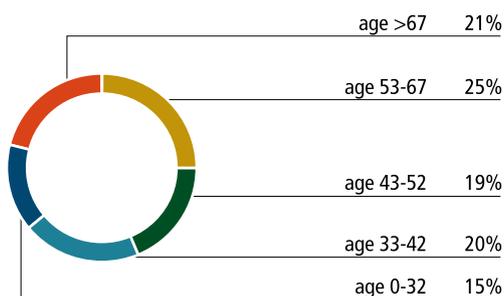
**Deposits by customer typology: Italy**



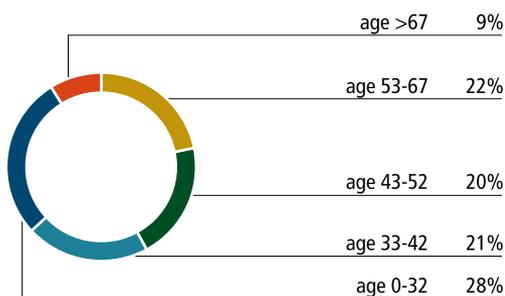
**Deposits by customer typology: Abroad**



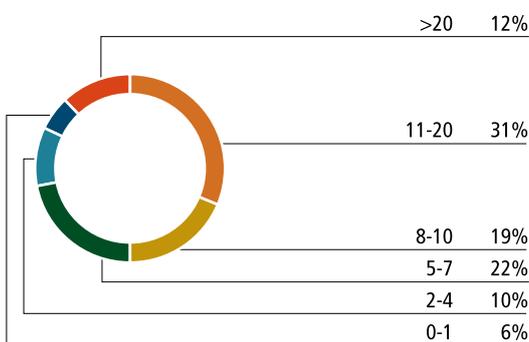
Customers by age bracket (years): Italy



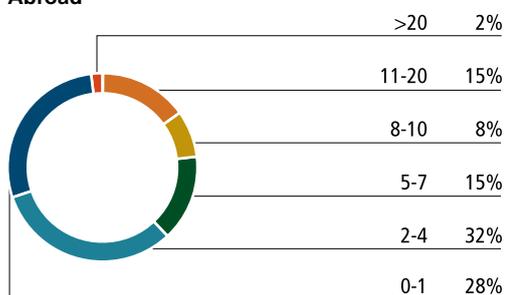
Customers by age bracket (years): Abroad



Customers by length of relationship (years): Italy



Customers by length of relationship (years): Abroad



## Quality of the Relationship

### Proximity to the customer

The capillarity of the Intesa Sanpaolo network brings the bank close to its customers throughout the entire national territory, providing an easily accessible service also through specialized points that are able to satisfy the particular needs of all its customer typologies.

Looking abroad, the banks of the Group have strong roots in 12 countries and supply retail and commercial banking services through more than 1,250 branch offices. In addition, the Group offers its corporate customers high quality competence, advisory and financial services through an international network of banks, branch offices and offices of representation in 34 countries.

Branch office specialization: Italy



Branch office specialization: Abroad



*The customer at the centre of the service model*

The organizational model of the Banca dei Territori adopted in Italy differs from the conceptions of central model and federal model; its strength lies in the ability to combine the proximity typical of the local bank with the competencies, professionalism and structures that only a large-scale national and international bank can guarantee to every kind of area. It is based on a corporate centre which directs, coordinates and stimulates innovation and, at the same time, on the enhancement of the local roots and the opportunities arising from the proximity and historical and consolidated relations with its clientele. The competitive edge is provided by the presence of genuine decisional centers as opposed to mere branch offices in the local environment: the "Banche di Territorio". As a logical consequence, local brands have been enhanced and particular emphasis is given to an organizational model that focuses primarily on the role of the employees who work in direct contact with the customer. In this context, therefore, the network is not a mere sales network, it is a bank based on relationships for which the local environment is of central importance: a complex system of distribution and contact with the local community. Proximity to the customer, tailor-made service for the various customer typologies, professionalism, proactiveness and competence to manage a long term relationship with its customer base are the elements which characterize the Banca dei Territori model, which presupposes the concrete involvement of all available resources on objectives, strategies and commercial processes.

*Branch office accessibility and proximity*

During 2007 a survey was made to ascertain the effective coverage needs, opening new branch offices where considered necessary and rationalizing others. 72 branch offices were renovated in 2007 and in each case provisions were made to ensure access for the disabled: room

for manoeuvre, ramps, lifts. Modifications to the exterior of the buildings were sometimes rendered complex or even impossible by architectural obstacles and the lack of planning permission. The new branch office layout is based on the philosophy of open space and absence of barriers and has been studied with the aim of increasing the quality of service offered to clients, promote the multi-channel culture and facilitate customer relations and commercial operations. Inside the branch, the space is divided by transparent screens and the traditional counters have been substituted with tables which are better suited for building relationships. Chromatic coding and directional signs facilitate customer identification of the operative areas. Furnishings and communication systems have been redesigned to exploit display areas both through traditional communication vehicles and more innovative means such as television and radio. A member of staff will be dedicated to customer reception, helping them to use the alternative channels which will become more interactive and up to date.

*Cash-in cash-out* mechanisms have been installed at the tills to maintain a high level of security. This system improves security measures against robbery and theft as the money is blocked by a time mechanism; it also automatically checks the banknotes with a tele-updating system which safeguards the customer.

Self-service areas have been created inside the branches; there customers can use the new, highly evolved ATMs in complete autonomy to perform all the transactions previously carried out at the counter with the operator – withdrawals, deposits, payments – thus avoiding the queue. An internet point is also provided where customers can access the Bank's on-line services.

The network is not a mere sales network, it is a bank based on relationships for which the local environment is of central importance: a complex system of distribution and contact with the local community.

**The Lean Banking project**

*The objective of the Lean Banking project, launched at the end of 2006, is to create value by eliminating procedural wastefulness and rigidity. The project centres on identifying anomalies and inflexibility, and all activities which do not add value to the product – and may in some cases even detract from it in the eyes of the customer – in order to eliminate them systematically, thus increasing productivity and customer satisfaction, reducing the time necessary to provide responses, simplifying the administrative practices and systematically reducing operational risk. While it is frequently the employees themselves who deal with and resolve these difficulties, the aim of the Lean Banking project is to create a user-friendly, streamlined bank by providing the appropriate infrastructures, processes, instruments and logistics, and spreading a corporate culture of change which facilitates employees in their search for greater efficiency. The interventions are planned involving the employees of the branch offices who collaborate in work groups to find the appropriate solutions which are then subjected to pilot tests in specific branch offices and thus extended to the entire network.*


 employees

*Direct channels*

During 2007, the Bank focused on three development areas: completion of the range of reporting, payment and investment services; expansion of the customer base and improving the security and user-friendliness of the direct channels.

With regard to basic banking services, it is now possible to pay or reserve cash orders and order confirmation via Internet through the Riba service.

In the investment sector, intermediation activities have been launched on the Regulated Market TLX and Organized Trading System EuroTLX; the first market offers the possibility of negotiating foreign shares and the main Italian securities with a high level of price transparency and clear pre- and post-trading information; the second is principally for trading in Eurobonds, bank bonds and foreign shares that are not listed on the Italian Stock Exchange.

The services of Internet Banking, which were already available to individual customers (private customers, free-lance professionals and individual concerns), have been extended also to customers classified as juridical entities (partnerships, condominiums, cooperatives, consortiums, companies). In this case, the multi-channel contract is stipulated with the collective body and each employee who is delegated to operate as a legal representative of the body is reflected in an individual codicil. The functions available are the same as those offered to the private clientele, with the exception of some additional services (Trading, Real Time Foreign Stock Exchanges, civil liability motor-vehicle insurance policies). This responds to the need expressed principally by small businesses for a simple on-line banking service, offering basic services at low cost, with the advantage also of a telephone line and securities dealing that were not previously available.

As well as improving the level of user-friendliness, the Bank has rendered its services more accessible by reducing its charges. During 2007 the new version of the Zerotondo account was placed on line, as part of the project of creating products to promote the use of on-line banking services.

During 2007 the *Avvisi Sms* (Text message notifications) service was extended to the customers of all the Commercial Banks; this is a service which informs debit card holders immediately of all transactions (withdrawals at ATM and payments) through a text message to their mobile phone.

At the end of December 2007, Intesa San-

paolo had over 2,700,000 customers in Italy who had stipulated services via internet, mobile phone and the traditional phone service, equal to 28% of its total retail clientele. Over 500,000 new activations were made during the year.

The transactional sector continues its constant and significant growth: approximately 11,500,000 transactions were carried out in 2007, of which 4,800,000 were bank transfers – achieving 47% automation of the overall total transactions carried out, while 3,800,000 security trading transactions (excluding Intesa Trade) were negotiated through the direct channels, equal to 69% of the total number of securities traded. At the end of 2007, over 111,000 businesses were using Intesa Sanpaolo services.

Approximately 1 million customers abroad have underwritten a multichannel contract.

Of the banks abroad, the Slovakian VUB Banka and the Hungarian CIB make the most use of direct channels, with respectively 30% and 27% of their customers using the Internet or telephone to do their banking. The Croatian PBZ (Privredna Banka Zagreb) has also provided its customers with an Internet banking service, used by 23% of its clientele.

The Intesa Sanpaolo Group also has a network of over 7,000 ATM's in Italy; these are being brought up to date and substituted with new machines equipped with WEB technology and aligned with the international standards of EMV chip card technology<sup>1</sup> management (at the end of 2007, approximately 50% have been updated). These machines provide customers with a wider range of services, including bank transfers (including in the future the BEU *Bonifico Europeo Unico*) and the possibility of paying cheques and cash into their account. A certain number of these machines is furthermore equipped with touch screens as well as the traditional alphanumeric keypad and in more than 1,000 it is possible to withdraw funds with vocal commands (designed for sight challenged customers), 75% of all the ATM's in Italy which are equipped with this device.

*Safeguarding security*

The Group continues to safeguard the security

As well as ensuring the physical proximity to the branch offices, the Bank offers direct and secure access to all ordinary banking operations via Internet, mobile phone and traditional land-line telephone.

<sup>1</sup> EMV is the standard resulting from the cooperation of the main world-wide payment circuits – Europay, Mastercard and Visa – who founded a work platform in 1993 (EMVCo) for the development of the specifics for regulating electronic payment applications by cards with microchips (smart card).



of personal data and information processed by the Bank, to guarantee continuity of the services even in times of crisis and the protection of persons and possessions, ensuring the maximum serenity for its employees and its customers.

### Security in Internet banking

Particular attention was focused on the protection of virtual channels dedicated to customers in 2007. Continuous updates on how best to protect against on-line fraud (phishing) were made available to customers using corporate Internet Banking services.

High quality protection systems against phishing have been extended to all customers, technical measures have been taken to identify and block servers and Internet Service Providers who host counterfeit sites, and all the Bank's Internet websites provide a wealth of information on appropriate methods of prevention. Moreover, all the Bank's customers can choose to be advised by a text message of every transaction made with their credit cards for an amount exceeding an established figure. The same service is available for on-line bank transfers.

In the case of suspicious transactions (either by credit card or bank transfer), the customer is contacted and, if the transactions are not recognised, the card or the user profile is immediately blocked and a new one issued.

In order to guarantee its customers the highest degree of technological security against fraud and cloning, the Bank continued to substitute credit and debit cards free of charge and to align its ATMs and POS equipment to the new international standards.

Customer complaint handling has been rendered more efficient and punctual through the centralization of on-line fraud management, credit cards and continuous monitoring of customer operations in the various channels in a single structure of the Bank: by intercepting fraud in its early stages (approximately 90% of fraudulent operations), the number of attempts at fraud and the amounts involved has been significantly reduced.

At the beginning of 2007, customers who use the Direct Banking Service have been supplied with an O-key, a new electronic device which ensures access to the multichannel services at any time with the maximum security, through a one time password. This new two-factor authentication system (Pin + the number generated by the O-key) brings the Bank in line with best international practices in terms of

secure access to virtual channels. The device is a small USB key, easy both to handle and use, that simplifies the security procedures by unifying the access process and passwords across the various channels. Customers have responded very positively: the initial fears and apprehensiveness have been overcome by both habitual users of the virtual channels who have increased the number of their operations on-line and by traditional users who have been attracted to the virtual channels by the advantages offered by the device (guaranteed security, convenience, advanced technology, simplicity).

VUB Banka also supplies its customers who use its internet banking facilities with the Grid Card, a security system that supplies one time access codes for electronic transactions.

The Bank renewed its ISO certification ISO27001 (Certification of the Information Security Management System) for internet banking and, in the first months of 2008, obtained the same certification for phone banking, thus guaranteeing the security of the services offered to its customers. The Croatian bank PBZ has also obtained ISO certification ISO27001 for its internet customer recognition process and the authorization system which requires two security keys.

### Operational continuity

With a view to increasing the availability and the operational continuity of its services to the customer and the financial system (given the systemic importance of Intesa Sanpaolo) a mix of technological, organizational and infrastructural solutions has been created to guarantee continuity of service in all the risk scenarios contemplated by the Bank of Italy Surveillance Regulations. In particular *Business Continuity Plans* (BCP) are being integrated and fine-tuned; these plans define the actions to be undertaken in times of crises, in coherence with system migration. *Contingency Plans* have been defined for the systemic relevance processes should the relative information platforms crash; their objective is to establish alternative procedures for particularly critical processes in order to guarantee customer service and support to the financial systems even when the systems are not available.

During 2008 the Operational Continuity solutions for the new risk scenarios indicated by the Surveillance norms (pandemia, terrorist attacks, unavailability of the system operator, etc.) will be completed.

## Commitment for the transparency of and accessibility to banking services *PattiChiari*

The *PattiChiari* initiative was launched in 2003 by the Italian Banking Association (ABI) to provide customers with simple and solid tools to facilitate their understanding

of banking products and permit them to compare conditions offered by a number of banks to choose the product most suited to their needs.

In this way customers are better informed and can become more active in their relations with the Bank.

### **The PattiChiari initiatives currently available are<sup>1</sup>:**

#### **in the services sector**

- F.A.R.O. (ATM functioning recorded on line)
- Comparison of current account conditions
- Basic banking services
- Established timeframes for availability of sums deposited by cheque
- Cambio Conto: how to change a current account

#### **in the savings sector<sup>2</sup>**

- List of low risk, low return securities
- Clear information on structured and subordinated bank bonds

#### **in the loans sector**

- Evaluation criteria for SME credit capacity
- Average loan application response times for small businesses

Over the years, voluntary adhesion to the *PattiChiari* initiatives has provided the banks in the Group with the opportunity to demonstrate the quality of their customer relations in terms of attention to requirements and also to highlight the quality of the services offered in terms of efficiency and innovation. It has also contributed to improving corporate processes and employee training, as well as raising employee awareness of customer issues.

There were no particular developments during 2007. The new certification process of the banks in the Group was started at the beginning of 2008 and successively the activities regarding the *PattiChiari* management system evolution project in the light of a quality management system will be subsequently launched. Key indicators will be recorded and monitored, to be made available to the relevant structures for use in their various spheres of activity, and at a later stage new indicators and improvement objectives will be identified for areas that are considered critical.

#### **Investment assistance services**

The Intesa Sanpaolo Group offers families a complete set of high quality investment services in line with their needs and objectives, to facilitate informed savings.

The introduction of the EU Directive MIFID

regarding investment services has produced a radical revision of the bank's service model and its customer relations. The bank launched this project far in advance of the application of the norm in November 2007, with a significant deployment of organizational, training and communication resources.

The Group chose to adopt an advisory model in order to raise the level of customer protection and the quality of the services offered, furthering its aim of achieving greater cost and service transparency as it contributes to clarifying the individual component costs paid by the end user. It also led to the necessity of reviewing the range of products offered, to ensure it answers customer requirements and complies to quality standards that respect the best practices model.

Lower commissions have been introduced on less complex products and more transparent indexed investment instruments have been created, thus avoiding the introduction of higher coupons in the early years of the investment. Overall the product range has been rationalized and simplified, placing greater emphasis on the more innovative offers and limiting their number (approximately 60 investment products and 25 insurance packages) so that the staff are better prepared and able to manage customer relations more correctly. In order to guarantee the quality, transparency and value

<sup>1</sup> The PattiChiari web site, [www.pattichiari.it](http://www.pattichiari.it), provides information regarding the adhesion to the various initiatives by the Banks of the Group <sup>(2)</sup>

<sup>2</sup> The initiative *Comparison amongst financial investments*: understand and choose financial products is suspended due to the need to realign it to norms and guidelines of the MIFID



of the proposals a special unit has been set up to define and monitor product quality and suitability of the product range. A rigorous approval process for new products has also been introduced (the *compliance clearing* process) which involves the Risk Management function in the assessment of risks and of the possibility of exceeding the income from state securities with the same expiry date, and the Compliance function in assessing the transparency and the adequacy of the documentation supplied to customers.

An internal Decalogue has been drawn up to define customer advisory and support principles; this document also contains the qualitative parameters of the products on offer.

The criteria for the protection of the customers' assets include rigorous sale limitations and adequacy rules of which the following are an example:

- Employees are not permitted to sell structured products to inexperienced customers, or customers whose available assets are less than 15,000 Euro;
- The restrictions on concentrations of issuing banks impede investing significant quotas of a portfolio on the same issuing bank, regardless of the type of investment.

Another factor which guarantees attention to customer requirements is the conflict of interest condition which blocks the bank from selling customers products which are not in line with their risk profile. Even if a customer is willing to sign a declaration of inadequacy s/he can only be sold products acquired on the secondary market.

Customer information sheets are clearer and more transparent. Product description forms

have been rationalized: they consist of two pages which contain the product characteristics, the risks, costs, and the bank's return.

The new model includes a suitability test, which is applied to all transactions. On the basis of this test, the employee informs the customer whether the operation s/he intends to undertake is in line with his/her risk profile. Suitability assessment is a verification of the consistency of the customer's investments and sales with regard to his/her financial profile. The Bank has defined three financial profiles:

- prudent
- moderate
- dynamic

The profile is determined on the basis of the customers' level of financial knowledge and competence, ascertained through an interview with the provider that covers three main areas: knowledge of and experience with financial instruments, what they wish to obtain from their investments, their financial situation. The aim of the interview is to identify the objectives and needs of the client, with particular emphasis on his/her attitude to risk, in order to be in a position to provide him/her with better support in taking decisions regarding investments. Periodically the customer is asked to confirm or update the information supplied so that the profile assigned by the bank is always in line with his/her investment needs.

In the meantime, until all customers are correctly profiled the Bank has decided to attribute a prudent profile to all, with a view to safeguarding customer savings.

## **Relations with European Institutions**

*The Bank's structure in Bruxelles carries out monitoring and lobbying activities regarding European and international regulations relative to financial services and corporate law. In this context it has promoted the principle of transparency in the contractual relations between banks and customers with particular reference to the prices of financial products that are unlisted on the regulated markets. In addition the Bank has contributed to the drawing up of a set of regulations that consents fair competition between operators located in different Member States, both at European level and also between financial institutions disciplined by other legal systems.*

*It has also undertaken to promote European and international legislation that respects fundamental values such as fairness in the relations between banks and their customers (with special emphasis on private individuals with a greater need for protection), while working to avoid the risk that excessively strict legislation could result in the costs for customers exceeding the benefits.*

### **Financial Derivatives – Sale Policy**

Derivatives are important for satisfying the needs for customer protection and financial risk management. Intesa Sanpaolo offers its clientele a wide and diversified range of financial derivatives that can minimize, or manage dynamically, the risks connected to the volatility of the underlying economic and financial variables. The commercial policy of the Bank is to ensure an informed use of such products, with a prior assessment of the suitability of the operations, keeping in mind the customer's financial profile and his/her effective needs.

The current derivative product offer ranges from simple packages with a high protection co-efficient, to more complex solutions which may, in some cases, present both protection possibilities and active management of the risk variables.

The Bank is therefore in a position to offer products with risk cover or management as long as the underlying assets are adequate. Intesa Sanpaolo is determined to pursue a financial derivatives sales policy, applying the current legislation and in full respect of professional deontology, that guarantees:

- That the financial experience and objectives of the customer are consistent with the characteristics of the product offered
- That the customer fully understands the nature and characteristics of the product, especially its costs and risks

The following initiatives have been activated for customers who hold derivatives currently in the Bank's portfolio:

- Tax derivatives: actions have been taken to propose that retail customers (according to the MIFID norm) holding products that are

no longer in line with the Bank's sales policy extinguish or convert them to products with adequate protection

- As of 2008, the number of customers trading in exchange rate derivatives will be reduced, gradually eliminating these positions completely. At the end of 2007, approximately 6,800 customers held structured derivatives

### **Initiatives to promote informed purchasing and knowledge of financial products**

The Bank has made a priority of clear and transparent communication with its clientele. During 2007, numerous projects have been launched to guarantee that customers have a better level of comprehension of the services offered and are promptly informed of organizational and legislative developments that affect them. For example, all customers received a communication regarding the new MIFID norm, with exhaustive information regarding the change in their relationship with the Bank deriving from the choice of assuming the role of advisor. Apart from the explanation of why the relationship needs to be submitted to a new contract, the customers received an advance copy of the text of the interview in which they will participate to ascertain their correct financial profile and a complete guide to the MIFID law.

The activities organized to promote knowledge of financial matters include numerous meetings organized throughout Italy dedicated to the new integrative pension laws, which were attended by over 6,000 customers. Further details are to be found on the paragraph on Bancassurance.

As far ordinary communications are concerned, a project has been launched to review all reporting documents.

### *The New Reporting project*

The Bank's communications to customers are often very complex and the information of a more technical nature difficult to understand. The objective of the *New Reporting project* is to propose a new style of customer communication, with a complete redefinition of the logic of the financial statements, improving the clarity of the content layout and rationalizing the communications to clients according to their effective needs. The program also envisages the redefinition of the formats of the

main accounting documents: bank statements, security deposits and expiry dates, credit card statements and account condition syntheses. In particular the guidelines have been drawn up for the simplification of the language used, the use of different sized fonts to facilitate perusal and establish a visual information hierarchy, greater clarity of the cost synthesis and the account characteristics. The various documents will also be colour-coded by theme. This project was launched in mid 2007 and will be completed during 2008.

### **Scenario**

*Intesa Sanpaolo provides its customers with a document that explains the macro-economic framework and the financial markets. Produced by the Study and Research Centre of Intesa Sanpaolo in collaboration with Eurizon Capital SGR, this document facilitates comprehension of the market and promotes informed investment decision making; it is issued bi-annually, is available in print form and online in two versions, Family and Small and Medium Businesses.*

In the area of financial education, VUB is the first bank in Slovakia to launch an articulated program of information regarding the conversion to the Euro which will take place in 2009, for its customers and for a wider public of citizens and businesses. An interactive Internet website ([www.euroservis.sk](http://www.euroservis.sk)) has been set up, with a wealth of information on the Euro transition process and the legislation and the possibility for the user to send specific questions. The bank has also produced brochures and television programs on the subject, as well as meetings with its corporate customers.

### *The new ABC commercial platform*

Providing an adequate service for customers also entails a technologically evolved information system that is easy for employees to use. During 2007, a new commercial platform of online information, named ABC, was defined for the sharing of constantly updated and rapidly accessible information, with the objective of rendering internal commercial information more complete and transparent and consequently facilitating the illustration of products and services to customers. The contents and the information tools have been designed to accommodate the needs of the customers, with an integrated vision of the products available, internal and external news, and the product sales guidelines. The guiding principles of ABC communication are founded on simplic-

ity – with a direct and easily comprehensible style – on synthesis, transparency, promptness and coherence. ABC communications must be consistent with external communication in style and tone, and also in its contents. The information published for employees is in fact the same as that which is supplied to the customers.

## Listening and dialogue

The changes in the financial market have had a significant impact on the bank/customer relationship and we are convinced that the only way to obtain the trust of our customers is through a more in-depth knowledge of their expectations, their needs and their opinions. We believe that pursuing discourse with our customers, both by asking their opinions on the services we offer and by analyzing the indications and the questions they send us, will allow us to constantly improve the quality and efficiency of the services offered.

### **Customer satisfaction surveys**

We believe that our attention must always be focused on the customer and that only an open approach to dialogue will permit us to understand their actual expectations and maintain bank/customer relations at a level of excellence.

Attention to the customer and the maxi-



zation of customer satisfaction are therefore fundamental values at the basis of a systematic development and continuous improvement of our capability to relate with our customer base through an intense and targeted activity of analysis of customer needs and their level of satisfaction.

The *Customer Satisfaction* program is an integral part of the overall project for continuous improvement and is a method of keeping the customer satisfaction level under control and for identifying and prioritizing the actions necessary to increase their level of satisfaction.

The quality and the definition of improvement objectives derive from the policies of listening

to the customer, with the aim of recording their perception of our service; for this reason, periodical in-depth surveys on customer satisfaction and the development of their needs have been carried out over the years, including in depth analysis of the various customer segments, local specificities, and studies of the satisfaction deviation over time (in cases where a comparison is possible), all of which have been gradually extended to all the Banks of the Intesa Sanpaolo Group.

All the studies have been conducted with the maximum care and respect for the privacy of the customers and attention to the convenience of the times scheduled for the interviews.

## Activities carried out in 2007

Activity	Objectives	Sample interviewed	Methodology
Customer satisfaction survey: – private customers (June-September 2007) – small businesses (October-November 2007)	Assess satisfaction levels regarding: ● Branch office staff ● Referents ● Branch office environment ● Products and services ● Experiences in the branch office ● Commercial relations ● Relations with the bank, word of mouth, future attitudes ● Relations with the banking world	Families, high profile customers and the SME of the Commercial Banks	● 27,000 overall ● 18,000 telephone interviews (private customers) ● 9,000 telephone interviews (small businesses)
Multiclient survey conducted by an external agency	Measure customer satisfaction with a synthetic indicator known as the Net Satisfaction Index (NSI) which results from the difference between the % of enthusiastic customers (rating 8+9+10) and the % of completely dissatisfied customers (rating 1-5)	A representative sample of customers of the Bank's competitors	● Structured questionnaire compiled during 3,000 telephone interviews (reference universe: adult Italian population between 18 and 75 years of age)
100% Listening Program (Foreign banks of the Group): ● "Benchmarking survey" on private customers ● "Pilot survey" on SME	Assess satisfaction levels regarding : ● The organizational and operational efficacy of the branch office ● Relations with staff ● Products and services, with regards the selling phase and post-sales assistance ● Problem and complaint handling ● The degree of proactiveness, attention to the customer, capacity for innovation and other aspects inherent to the image of the Bank. Satisfaction is a determining factor in assessing customer "fidelity", which concretizes in the intention to continue to use the Bank's services and recommend it to friends and acquaintances	Private customers and SME of the foreign Banks of the Group	● Telephone interviews to representative samples of the clientele of each bank ● Approximately 9,000 customers interviewed overall

*Retail customers*

The survey on families and high profile customers of the commercial banks of the Group was conducted from June to September 2007, through 27,000 telephone interviews.



In Phase 1, individual interviews were held with the customers, from which the following elements emerged: quality of service, the needs and expectations of the clientele. These formed the basis of the telephone interviews; they were then quantified with a statistic value by indicators and statistically valid measurement methodologies.

The customer satisfaction generated by the Intesa Sanpaolo Group is generally high. The survey confirmed that the Bank has for some time now activated global policies of attention to and care of its customers.

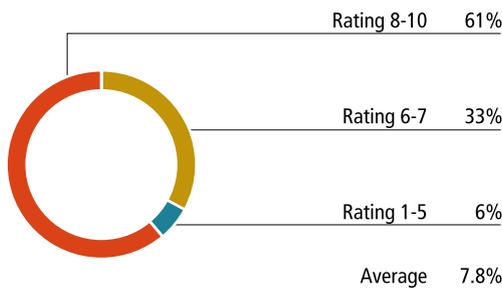
The results from the Private Customer sector were very positive, in particular for the questions regarding the referent and branch staff. Statements from the customers confirm that the staff continues to be one of the most appreciated satisfaction drivers: in particular the referents in the bank branches are greatly appreciated for their willingness to listen and their ability to provide continuous assistance to the customer.

**Retail sector: Average rating 1-10**

Staff	8.3
Referent	8.6
Branch	8
Current Account	7.1
ATM	8.3
Internet Banking	8.3
Investments	6.9
Mortgages	7.8
Loans	8.3
Quality of Service	7.8
Overall	7.8

**Group Intesa Sanpaolo: Retail customers**

Base: Total sample (Mass & Affluent)



An analysis of the distribution of the ratings for the overall assessment of the Bank shows that the percentage of customers who expressed a high opinion (rating 8, 9, 10) represent 61% of the total retail customer.

*Small Businesses*

A customer satisfaction analysis on the Small Business sector was carried out for the first time from October to November 2007 with the same format as used for Retail Customers. Over half of the customer sample (52%) interviewed expressed a high opinion (rating 8,9,10). The positive opinion expressed by the Retail Customers regarding the referents and branch staff was confirmed by the Small Businesses.

**Small business sector: average rating 1-10**

Referent		8
Staff		8.2
Branch Office environment		7.8
Current Account		6.9
Receipts and payments		7.3
POS		7.4
Internet / Remote		7.9
Short-term loans		7.1
Medium-term loans		7.3
Quality of service		7.5
Overall		7.4

*Multi-client survey*

The multi-client survey conducted in October 2007 by an external research institute shows that the level of customer satisfaction of the large banking groups is very similar.

The Net Satisfaction Index (NSI) which results from the difference between the % of enthusiastic customers (rating 8, 9, 10) and the % of completely dissatisfied customers (rating 1-5) highlights the differences even when the average ratings are very similar.

The analysis of the value trend within the large Groups of Sanpaolo and Intesa shows constant and significant increases.

	2005 NSI	2006 NSI	2007 NSI
System	25	30	40
Intesa Sanpaolo			35
Intesa	7	11	28
Sanpaolo	24	30	42

*The foreign banks in the Group*

*Listening 100%*, a project for the systematic gathering of information on the degree and the causes of satisfaction and dissatisfaction of private clients and small businesses, was launched during 2007.

The approach adopted was common to all the banks – while respecting the characteristics of each – in order to guarantee economy of scale in their implementation, certified quality in the processes and comparability of results. The *European Customer Satisfaction Index (ECSI)*, a model well known to and appreciated by the international scientific community was chosen for data analysis.

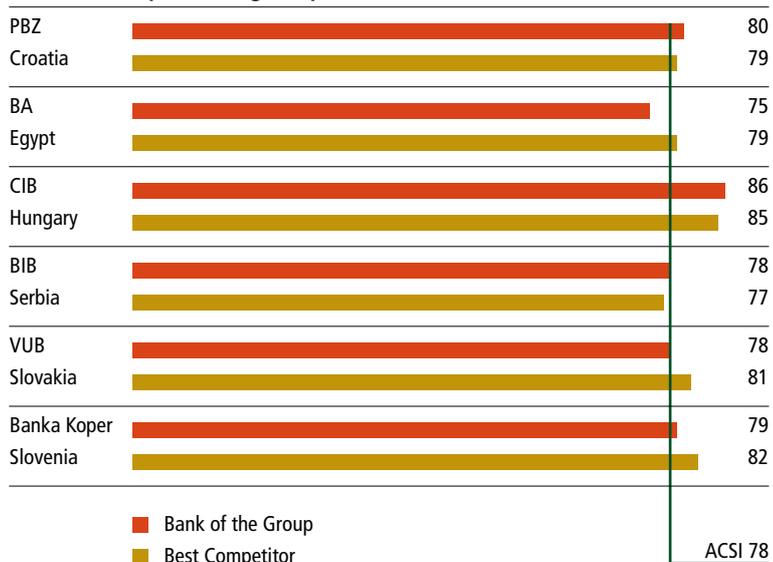
This methodology allows comparison of data on more than one level, comparing the results from each bank with those of its direct competitors in its country of origin, and also at international level (though a certain amount of care

is needed in making this comparison). These comparisons highlight individual improvements in service down to the single branch offices. The Croatian and Slovakian banks, respectively PBZ and VUB, have included the customer satisfaction indices in the manager performance evaluation scheme and in the bonus system, while the Hungarian bank, CIB, uses parameters linked to the level of customer fidelity, which, as has been stated above, are correlated to the level of satisfaction.

Once fully implemented, the project will lead to the creation of a permanent monitoring system in all the foreign banks of the Group; the objective is to conduct, overall, more than 100,000 interviews per year.

The table below gives a synthetic comparison between the Banks in the Group and the best performing competitor in the market for the six countries examined to date.

**European Customer Satisfaction Index (ECSI)<sup>1</sup>: Banks of the Group compared with the best performing competitor on their market of reference**



<sup>1</sup> The *European Customer Satisfaction Index (ECSI)* lies between 0 (total dissatisfaction) and 100 (complete satisfaction)

Quantitative survey conducted between quarter 4, 2007 and quarter 1, 2008

For the purposes of comparison, the graph includes the average customer satisfaction index recorded in 2007 in the U.S.A. banks (ACSI), which can be considered as a consolidated reference at international level. In general, the Banks of the Group have average positive levels of customer satisfaction and, in a number of cases, represent the market benchmark. During 2008 this initial view will be enriched with a quarterly monitoring service which has already been launched, on a large customer sample from each bank and customer satisfaction analyses will be extended to all the foreign banks of the Group.

**Listening as the basis for product innovation**

In the increasingly competitive banking market, product innovation has become a strategic objective. New product launches require close attention as consumers are increasingly well

informed and knowledgeable about the products they wish to acquire and so tend to have more sophisticated needs to which the Bank has to respond promptly and satisfactorily. Intesa Sanpaolo has defined an internal innovation process with the following objectives:

- Identify new solutions in terms of products/channels that will increase the level of customer satisfaction to the maximum as well as the usefulness for the customer
- Reduce project design lead and launch times, to ensure that the Bank is constantly in line with the customers' needs
- Optimize resource deployment, to promote informed use

The Intesa Sanpaolo innovation process is divided into four main phases:



The first phase is dedicated to identifying new opportunities/needs and innovative ideas to study in depth. Analyses carried out on the evolution of the *PEST* variables (Political, Economic, Sociological and Technological) and the impact they have on the activities of the Bank, are of fundamental importance in this phase. They are carried out with an innovative analysis technique which provides forecasts on the evolution of the sociological and technological trends over a five year period.

During the second phase the distinctive characteristics of the product and the techniques of qualitative and quantitative analysis to assess the degree of customer satisfaction (focus groups, impact tests, etc.) are defined. The definition of the marketing plan and the technical achievement of the product take place in the third phase. The activities of the launch plan, the service model and the verification of the commercial results and the level of customer satisfaction are defined during the fourth phase.

Projects	Methodology
<b>IN TV</b> Placing of closed circuit television in the branch offices; assessment of a possible program schedulet	Individual interviews
<b>New ATM</b> Assessment of the level of appeal of ATM with touch screen technology	Focus Group
<b>Ceding of one fifth of salary</b> Assessment of the level of acceptance of this financing formula	Focus Group
<b>Instalments via text messages</b> Possibility of activating repayment by instalments, texting the bank	Focus Group
<b>New forms of payment</b> Verification of new payment methods (by mobile phone and contactless cards)	Focus Group
<b>Pension credit card</b> Use of a pre-paid card for crediting pensions	Focus Group
<b>Carta Tutto and additional telecommunications services</b> Use of a pre-paid card as a substitute for the traditional current account, combined with basic and advanced telecommunications services	Focus Group

### Managing customer relations

In addition to the constant and attentive presence of the staff in all the points of contact with customers, the Bank has a number of other channels for listening and talking to its customers.

For example, the Bank's web site has an area

dedicated to Customer Service, operated by almost five hundred employees, whose mission is to respond quickly and competently to the most diverse customer needs in the areas of banking, loans and savings and to provide support to the branch offices for all the requirements of the private customer sector.

Automatic answering service	Operator	Average duration (min.)	Email
7,584,000	2,649,000	8.7	172,500

Customer Service is often the first point of contact the customer has with the bank and so staff do not limit their action to responding to the case in point, but also report the most significant problems to the central structure so that a rapid assessment is made and solution found as soon as possible.

The telephone is also used to analyze customer

satisfaction in cases where the customer has decided to terminate his/her relations with the bank or has opened a new current account. In the former case, the customer is asked to explain his/her decision to leave the bank, in order to identify possible actions to improve the service, in the latter, the reasons that led the customer to choose the bank are analyzed.

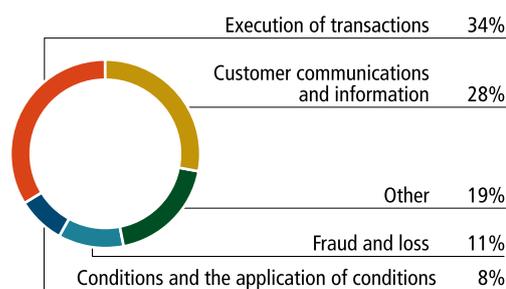
## Complaint handling

A correct and transparent management of the customer base must necessarily include careful and attentive handling of all complaints lodged; complaints constitute a particularly important tool that permits immediate analy-

sis of the possibilities of improving commercial offers, organizational procedures and staff behaviour. In 2007 the national and foreign commercial banks of the Group received approximately 89,000 complaints, categorized in the charts below by typology and motivation:

Complaints by type	%
Credit and other cards	22%
Other	22%
Deposit and current accounts	15%
Investments	9%
Credit	8%
Mortgages	5%
Insurance products	4%
General aspects	4%
Bank transfers	3%
Securities in default	3%
Salaries / Pensions	2%
Cheques and standing orders	2%
Structured securities	1%

## Reasons for complaint



These data refer to a very loose interpretation of the term "complaint" and include the management of complaints forwarded by telephone, and handled by a group of employees dedicated to the task, internal errors that have an impact on the clientele and finally operational problems with credit cards.

During 2007 a central Complaints Office was set up in the Commercial Banking Division of the parent bank, considering the Group's activities throughout Italy; the aim is to consolidate results obtained in terms of attention to the customer and to contribute to the improvement of internal processes, by conserving and enhancing the respective specificities in order to create a shared model for client relations.

At the same time, a customer relation model has been defined which favours direct contact with the client at the point of contact; the Commercial network has also been empowered to deal with specific types of complaint.

As of 2008 complaint handling is carried out through a single computerized procedure, which is integrated and progressively updated to include the complaints handled by the previous procedures and to deal with the new requirements linked to the introduction of more analytic parameters of assessment and operational and reputation risk management.

The Complaints Office handled approximately 17,000 formal complaints with specific reference to the parent Bank, an increase of approximately 3% compared to the overall number recorded in 2006 for both banking networks; approximately 22,700 (a decrease of 16%) notifications of problems with payment cards and 2,500 – over 30% less than the previous year – regarding operating errors which occurred in sphere of the former Banca Intesa network, all solved by the Complaints Office.

316 complaints regarding customer privacy were received throughout the entire Group.

## Investments

Complaints regarding investment services continued to decrease; the 5,600 complaints lodged represent a reduction of approximately 9% compared to the previous year and a confirmation of last year's trend (to be attributed principally to the fact that the problem of bonds issued by insolvent third parties has almost disappeared).

During the year, the Complaints Office contributed to the processing of the preliminary data for the preparation of the Conciliation procedure, recently made available to the customers of the former Sanpaolo IMI Group holding Parmalat bonds.

*Current accounts, loans, information to customers and requests for documentation*

Contrary to the overall trends, this sector registered an increase of approximately 11%, which is to be attributed mainly to organizational problems in the day-to-day running of the bank's operations, encountered during the period immediately after the merger; in addition, there were inevitable complaints from customers regarding the transfer of branches ordered by the Antitrust Authority due to the merger.

*Payment cards*

Special attention is paid to the handling of customer complaints regarding the failure of operations by payment cards: in the framework of the overall and significant decrease in the number and entity of the complaints received, the analysis effected on this area has brought to light further areas of improvement for the security and anti-fraud systems, which may contribute to reducing this phenomenon further.

*Ethical-social topics*

During 2007 the Bank received 27 complaints of this typology, of which 3 from foreign banks of the Group, formulated by customers with specific reference to alleged non-observance, by the Bank, of the Code of Ethics. Of these, 8 referred to the Bank's policy regarding conceding financing to enterprises operating in the arms sector, 5 pointed out the need for specific structural and/or organizational modifications to facilitate access by the elderly and/or disabled to the Bank's premises and services, and 3 contested the Bank's auction of furs left as guarantee deposits against debts which were not honoured.

The Complaints Office is also directly responsible, under the coordination of the CSR Unit,

for the handling and monitoring of complaints lodged by customers regarding circumstances and behaviour which may be construed as a failure to observe the principles laid down in the Code of Ethics.

534 complaints were referred to the Ombudsman, while none were referred to the assessment of the Bank Conciliator.

**Dialogue with consumer associations**

In 2007 the Bank continued its dialogue and collaboration with all the consumer associations.

This year the activities focused mainly on the operational aspects of the merger, the extension of the conciliation tool, technical round tables and shared participation in initiatives organized by the associations.

The interest in the new Bank evidenced by the associations was accompanied by an information/communication project that culminated in an illustrative meeting attended by the Chairmen of the 17 national consumer associations and the management of Intesa Sanpaolo (CEO, the Managing Director, and the Director of the Banca dei Territori).

The right to appeal to the Conciliation to resolve controversies free of charge by a transparent and simple procedure has been extended to all customers of the Intesa Sanpaolo Group. Free access to the conciliation procedure provides all customers in possession of products since 2003 with a method of resolving their issues on a stable basis and not only for extraordinary situations.

A number of technical round tables are always active, composed of representatives of the consumer associations and personnel from the Bank, to discuss various topics. During 2007 the round table on financing met frequently, as the topic is currently of great interest.

## **Principles for responsible financing**

The presentation and mutual acceptance of the document entitled *Intesa Sanpaolo: principles of responsible financing for consumers* was one of the main innovations that characterized the meetings:

### **1. Objective for which the financing is requested**

It is the Bank's intention to facilitate financing for products/services in support of society and the environment (e.g.: financing for solar panels, expenses for the care of the elderly, financing for the purchasing of automobiles with low environmental impact, etc.).

### **2. Product and Service Accessibility**

Intesa Sanpaolo intends to enlarge its product and service portfolio dedicated to members of financially weak categories (e.g.: immigrants, young people, atypical workers etc.), by facilitating their access to banking services.

### **3. Attention to avoiding over-indebtedness for families**

We are aware that the economic difficulties in which families may find themselves in the present social context have generated an increase in applications for loans and credit.

The Bank is determined to define, also involving the consumer associations, all possible methods of arriving at a responsible commercial policy that fully understands and limits the tendency to over-indebtedness, by promoting an informed and limited use of credit facilities.

### **4. Financial planning support for customers / consumers**

Given that the growth opportunities in the credit sector are moderated by a growing concern for the excessive tendency of families to incur debt, also due to hire purchase schemes, that lead to untenable situations, the Bank considers that it is its duty to support its customers in the planning of their more significant economic ventures.

### **5. Financial planning support for families**

Given the necessity of accurately assessing the level of financing that the family will easily be able to repay over time, the Bank intends to apply and implement, where necessary, techniques to assess the capacity of the family balance sheet to sustain the commitment to be undertaken.

### **6. Financial information**

The factors the Bank considers fundamental for customers to make an informed choice regarding credit facilities include the obligation for the Bank to respect the current norms relative to correct and complete information, and the necessity to raise the general awareness and comprehension of financial matters in the country. The Bank therefore intends to implement initiatives to achieve this objective, in agreement with the consumer associations.

### **7. Elimination of discriminatory behaviour**

The decision to grant financing must in no way be influenced by factors other than the purely technical, such as religion, nationality, gender.

### **8. Dialogues with the Consumer Associations**

With regards new products for the retail market, Intesa Sanpaolo intends to consolidate its practice of conferring with the consumer associations prior to their launch, to improve quality and customer satisfaction.

### **9. Conciliation culture**

In line with its past and present practices, and in particular with regards to litigation regarding financing, the Bank intends to continue to reinforce its adhesion to the principles of coexistential justice that attributes to the consumer the role of an individual in society seeking extra-judicial solutions.

During the various meetings, new products for the retail sector were presented to the representatives of the consumer associations prior to their commercialization, thus creating an opportunity for the competent structures to optimize them on the basis of observations from the end customer.

The technical round tables on financing also discussed the newly introduced norms on the liberalization of the transferability of mortgages.

During the year the Banca dei Territori launched an important initiative to help families in difficulty due to the increase in the variable mortgage rates, by extending the repayment terms. The associations, who had already requested the banking sector to take measures of this type, were informed immediately, and their requests on this issue were incorporated into the Bank's action plan.

The Bank continues to participate in initiatives organized by the individual consumer associations, such as *Sportello Famiglia*, which provides assistance and advice for those who have got into debt and for victims of extortion rackets; it also provides psychological assistance. The project also organizes meetings in schools to teach responsibility in handling money.

### *The cricket and the ants*

This is an initiative held in the Province of Milan to educate people in financial matters. It is a local project, which focuses on teaching best practices for money management, how to spend money and how to save it.

## Quality of the Offer

### **Expansion of the offer to promote social inclusion**

The bank has a wide range of offers, tailored to suit various needs, with specific products and services, to promote access to financial services for the underprivileged, or customers who have difficulty in obtaining loans (immigrants, young people, families, the unemployed, workers on temporary contracts, etc.).

### *Enabling the right to study*

*Bridge* is the first bridge loan which brings together the university and the working environment. The project was launched in 2003 with the Polytechnics of Milan, Turin and Bari; it was subsequently extended to other 26 Italian universities. It has also been adopted by the banks in Croatia and Slovakia.

*Bridge* is a fixed rate loan, granted on scholastic merit, which does not require a guarantee from the student or his family. Intesa Sanpaolo provides 5,000 euro per year for three years; higher sums are available for masters or specialization courses. The student starts repayment of the sum used one year after graduating or completing the course, and continues the payments on a regular monthly basis for 8 years. *Bridge* permits the student greater economic autonomy, and the possibility to finish his/her university studies in the established timeframe without financial support from his/her family. The bank assumes the risk, which is protected by a fund constituted by the participating universities, each with a different quota according to the occupational potential of its graduates. This allows Italian students to benefit from loans at the same economic terms.

To date, 2,601 students have chosen *Bridge* for a total bestowal of almost 22 million euro.

*Bridge* is also available to Croatian students from the Privredna Banka Zagreb; 50 students from the Faculty of Electronic Engineering of Zagabria University have accessed these loans. In addition, an agreement with the Milan Polytechnic combined with a *Bridge* loan has given 8 of these Croatian students the possibility to attend a two year specialization course in Milan to obtain a double degree.

The Piedmont Region has chosen *Bridge* to sustain the "loan of honour" for its students, activating the guarantee with ministerial funds.

Another important area in which the Bank has intervened with support is that of university housing, which is infamous for its precariousness and speculation. *UniversitHouse*, developed in collaboration with the Polytechnic universities which participated in the *Bridge* project and the ARDSU of Ferrara, is a specific loan granted to students as a credit on their current account, from which the rent is paid directly by the Bank to the landlord or to the student residence. The university verifies both that the student complies with the scholastic requisites and that the housing contract is fair and legal. During 2007 *UniversitHouse* was made available to all the students of the University of Milan through an agreement with the Town Council.

### *Immigrants*

In 2007 the Intesa Sanpaolo Group continued to pursue integration of its clientele and to of-

*Bridge is the first bridge loan which brings together the university and the working environment.*

fer support to its multi-ethnic customer base; by the end of the year over 420,000 new customers of various ethnicities had joined the Bank.

*Multiethnic Points* have been set up in Turin, Venice, Padua, Pescara and Naples to facilitate immigrant access to the banking world and provide linguistic and technical assistance to the immigrants. These service points are manned by personnel who speak various languages, capable of providing advice on the services and products offered by the Bank. This initiative has earned the Bank the *Welcome Award 2007* for the communication sector (a national award to banks who have made particular efforts to assist and support immigrant customers).

With regard to the range of offers, in general the products developed by Intesa Sanpaolo satisfy the requirements and needs of its immigrant customers.

Customers who need a current account can choose between *conto People* which does not have fixed operating costs (only the transactions actually effected are charged), *conto Start* (a *PattiChiari* initiative) which is particularly suitable for those who have basic banking needs and *conto Zerotondo* for those who are more familiar with POS payment cards and internet and telephone banking. All the debit cards associated with these accounts are free of charge.

The *People Family* card permits the family members of the account holder, still resident in their country of origin, to withdraw cash from the banks adhering to the Cirrus circuit.

Special attention has been given to remittances; through the *Getmoney to Family* service the account holder can send funds abroad rapidly and economically, due to agreements stipulated with 21 banks operating in the 18 main countries of origin of foreign residents in Italy, for a total of 23,000 branches. In 2007, 14,340 operations were carried out (compared to 4,800 in 2006) for an equivalent of 23.7 million euro (compared to approximately 8 million euro in 2006).

The Albanese bank ABA has underwritten an agreement with the local postal service, which has 541 offices throughout the country, to offer a Greece/Italy remittance service at very competitive commissions and to provide financing in the remote areas of Albania.

The Bank has also launched various microfinancing projects which involve mostly foreign customers (see the Chapter on the Community).

Particularly worthy of mention is the *Progetto Imprenditori Immigrati – PR.IM.I.* – launched

in collaboration with the Province of Milan, the Anti-Usury Foundation and the Ethnoland Foundation, which supports the development of new citizens in the world of enterprise. *PR.IM.I.* provides answers to questions of an ethical and commercial nature: it facilitates access to financing, helps to avoid immigrants having recourse to informal sources of financing that may force them into conditions of weakness and expose them to criminality, provides support for growth expectations of one of society's most dynamic sectors.

*PR.IM.I.* is both an assessment centre for business people and projects, and an insurance guarantee fund for the financing granted by Intesa Sanpaolo. With its initial endowment of 350,000 euro and the leverage effect of the guarantee, the project is expected to sustain 100 businesses in Milan, with 2 million euro in resources. The fund is open for contributions from new participants and is also sustained by the immigrants themselves, who pay in 2% of their financing, which is the only charge they are requested to bear.

The project is operated with a modular system of web applications (diagnostic access, assessment) that permit interaction with the users.

A local initiative that should be mentioned is the adhesion of Caririomagna to the *Progetto CNA World*, which offers the basic banking products of the Group (current accounts, foreign remittances, corporate payment cards) to immigrants (private customers and businesses) who use the services of the CNA association.

### *Redundancy*

When a business goes bankrupt, unemployment benefits may be delayed by 5 to 6 months with respect to the application made to the Ministry of Labour and Social Policies. The Bank has therefore launched a project denominated *Anticipazione Sociale* in collaboration with the Lombardy Region and the Lombardy Anti-usury Foundation to prevent workers falling into the hands of money-lenders. The project consists of the opening of a credit line in the person's current account, which makes funds available in monthly instalments proportionate to the amount of the unemployment benefits to be paid. It is normally offered to single wage-earner families. Repayment is made when the social services pay the arrears due, and not after the fifth month from the payment of the first monthly instalment. Normally the interest matured is paid by the project partners. To date 5 conventions have been activated (the Provinces of Brindisi and of Verbanò, Cusio, Ossola,

the Regions of Basilicata, Lazio and Lombardy) providing financial support for 330 families for a total disbursement of approximately 816 thousand euro.

### **Sustainability of debt**

In 2007, with the aim of ensuring a sustainable level of family debt, the Bank launched a number of initiatives for families with mortgages. The Bank's objective is to contribute to ensuring a manageable level of family debt, supplying advice for their most important financial ventures.

Particular attention has been given to young people and workers under temporary contracts, who have difficulty in obtaining financing.

#### *Mortgage re-negotiation*

The recent increases in interest rates have generated a significant number of requests to renegotiate the contractual conditions and terms of variable rate mortgages, which over the last few years, given the differential compared to fixed rate mortgages, represent the majority of applications for financing.

The significant increases in short-term rates has resulted in a gradual increase in the monthly repayments and the rates themselves, which may cause concern and hence the significant number of requests to renegotiate the contractual conditions and terms of variable rate mortgages. In 2006, 80,000 families with floating rate mortgages were offered the possibility of modifying them at no cost; at the end of 2007 the Bank decided to extend the possibility of remodelling the monthly loan repayment, extending it to 40 years from the start-up date, to all customers with floating rate mortgages. The renegotiation is completely free of charge, maintaining the same rate conditions; the customer does not have to sustain any bank or notary charges and the process is normally completed rapidly by a simple exchange of correspondence with the bank. The renegotiation is based on the family balance of payments, regularity in the mortgage repayments, and available income; the maximum repayment rate is defined with the customers themselves on the basis of these factors.

From the beginning of 2008, the contracts of all new fixed rate and floating rate mortgages envisage the possibility of renegotiating the repayment plan over time, adapting to the changing situation of the customer. Therefore customers can now rely on certain contractual rights from the date of stipulation of the

mortgage loan, which can be activated free of charge without any particular formalities. Particularly worthy of mention is the possibility, after at least 24 months of regular payments, to suspend payments for a maximum of 6 consecutive months; this facilitation can be used three times during the duration of the loan, which can be extended or reduced by a maximum of 10 years.

#### *Mortgage substitution*

The question of the transferability of mortgages is in constant evolution. The Decrees regarding the liberalization of mortgages, although not entirely unambiguous on certain points, make it perfectly clear that the objective is to promote full transferability, totally free of charge for the customer. After the preparatory activities carried out in 2007, at the beginning of 2008 the bank launched the procedure that enables its customers to transfer their mortgages at no cost. Customers of other banks may therefore apply to have their mortgages extinguished and contemporaneously re-opened at more favourable conditions with Intesa Sanpaolo, taking advantage of the bank's offer of flexible new generation products, which, among their other features, permit suspension of the instalments and the extension or reduction of the duration of the mortgage. The assessment and notary charges are borne entirely by the bank and the customer is exempted from paying the initial procedure costs. The initiative is in line with the legislation on the subject and with the indications received from the consumer associations, but it anticipates an evolution that the market has not yet acknowledged.

#### *Progetto Giovani*

Helping young people to build their future is a commitment the Bank considers a priority, and therefore it has designed a number of specific solutions to assist them in carrying out their projects.

*Mutuo Giovani* is designed for those in the 18 to 35 year old age bracket at the time the loan is opened and who have been resident in Italy for at least 2 years. It is also granted to workers with temporary contracts who have the following requisites:

Helping young people to build their future is a commitment the Bank considers a priority, and therefore it has designed a number of specific solutions to assist them in carrying out their projects.

- they are in employment at the time they file the mortgage application
- they have worked for at least 18 months in the last two years
- they possess a work contract which, at the time of filing the mortgage application, has at least 4 months still to run

The characteristics of the *Mutuo Giovani* mortgage are accessibility, flexibility, convenience and protection. This mortgage can finance up to 100% of the value of the property they wish to purchase, and can be granted to atypical workers at the same conditions. After 12 regular payments, the instalments can be suspended during periods of low financial resources. This option allows suspension of payments for a maximum of 6 consecutive months; this facilitation can be used three times during the duration of the loan, which can be extended or reduced by a maximum of 5 years, for a maximum duration of 40 years. No start-up or payment charges are made. If the customer is a atypical worker, a free ten year insurance policy covers possible periods of unemployment (for a maximum of 2 of 6 instalments maximum each). During 2007, 1,363 loans were granted for a total disbursement of almost 150 million euro.

*Prestito Giovani* is another initiative for the 18 to 35 year old age group who want to finance their projects or purchases. This is a personal loan for sums varying between 2,000 and 30,000 euro, that can be applied for by persons who have been resident in Italy for at least 2 years and who are employed at the time of filing the application, even if the employment is temporary. It is particularly flexible; after 12 regular monthly payments it is possible to postpone an instalment, paying it together with the following instalment at no extra charge.

Alternatively, it is possible to start repayment 3-6 months after the loan has been received. In 2007 over 15,600 loans were granted for a total disbursement of almost 163 million euro.

#### *Loans in exchange for a fifth of the pension*

In the vast project to promote a manageable and informed level of debt for Italian families, the Bank has created a new loan which, due also to the agreement signed with the INPS (Social Security) for loans guaranteed with *Cessione del Quinto della Pensione* (transfer of a fifth of the pension), offers bank loans at more competitive and economic rates compared to the present market scenario.

The loan in exchange for a fifth of the pension is a type of financing designed for state employees, which was recently extended also to employees of private enterprises and pensioners. It is disciplined by very rigid regulations, which renders its payment a very complex process; in fact, due to this complexity and its distribution costs it is usually only used as a last resource for customers with low credit ratings.

The new loan designed by Intesa Sanpaolo is dedicated to persons with a social security pension who are not yet in possession of a fifth part of the pension; with this loan, they can obtain a sum of money from the Bank without the obligation of repaying it in person. Repayments will be made by the Social Security Authorities, who will then detract it directly from the pension pay-slip. The distinguishing features of this loan are the absence of intermediaries between the branch and the customer, the transparency and competitiveness of the conditions. The Bank is committed to communicating the total cost (TAEG), including the cost of insurance and not to apply the start-up cost. In addition, the interest rate is more favourable compared to that normally applied by finance companies.

## Funds managed with social and environmental criteria, and good governance

The system of ethical funds on offer to the customers of Intesa Sanpaolo consists of bonds and equities.

1 as of 31/12/2007

	Assets <sup>1</sup>	Performance
<b>Eurizon Capital Ethical Funds</b>		
Azionario Internazionale Etico	207.6	-3.8%
Etico Venezia Serenissima	14.9	+1.0%
Obbligazionario Etico	271.0	-0.3%
<b>Eurizon Investments Ethical Fund</b>		
FX-nextra equilibrio SR	134.3	0.27%
UC-nextra SR bond	10.0	1.11%
UD-nextra SR equity 10	11.3	0.72%
UE-nextra SR equity 20	15.7	0.31%

The net worth of the ethical funds represents 0.42% of the total net worth of the funds.

Abroad, the Alternative Energy Fund of the Hungarian bank CIB is worthy of mention; this is an indexed fund linked to the DAX Global Alternative Index, whose investible universe contains the principal 15 producers of renewable energy. The fund assets amount to over 8 million euro.

The management of the Eurizon Capital ethical funds establishes that the investments are selected on the basis of positive criteria (inclusive principle) and negative (exclusive principle). The positive criteria are used to identify the presence of ethical characteristics in the companies or institutions under analysis, while the negative criteria highlight those areas of activity that are considered to be in contrast with the ethical principles asserted by the funds. At the same time, the "best in class" principle is applied, which combines the positive and negative criteria to reveal those companies which, while operating in sectors at risk (such as the petro-chemical sector), stand out for their positive achievements in socio-environmental areas. During 2007 the application of these criteria determined a variation in the investible universe, and consequently the potential inclusion or exclusion of certain issuing bodies from the fund portfolio. Among the principle companies recognized as having applied best practices in the spheres of society, the environment and good governance, we would mention the Danone Group (for recycling, reduction of waste production and of greenhouse gas emissions; work safety policies); ABB Ltd (energy efficiency policies and environmental and safety certification); Total SA (energy ef-

iciency policies and reduction of greenhouse gas emissions; research and development; development of biodiversity initiatives; projects of development and support for the local communities).

Only SAP AG was excluded, due to its strong presence in the military sector.

The "best in class" principle was applied to the entire environmental screening. As all the companies listed with significant capitalization have a notable impact on the environment, this principle facilitates the selection of the most virtuous.

### *The Ethics Committee*

In order to guarantee that the management choices correspond to the ethical principles stated above, an Ethics Committee has been set up in Eurizon; this committee is autonomous and independent of the SGR and is composed of persons of recognized probity and morality.

The present Ethics Committee has been in office since January 1, 2007 and is composed of professionals of heterogeneous extraction, with significant experience in the various areas of social responsibility that affect the Bank's product and its management (sociology, bioethics, alternative energy sources, corporate governance, medicine, environment, equal opportunity, catholic morals). The Committee manages its activities on the basis of the aforesaid high profile competences and thus formulates strategies to face and resolve ethical issues accordingly.

The Management Regulation also states that "the commitment of the SGR to finance projects and initiatives of a humanitarian nature

through devolving a part of the management commissions generated by the Ethical System Funds, equivalent to 0.01% of the overall average daily net worth of the International Ethical Equity and Bonds in each fiscal year".

This amount is destined in part to the participating associations and in part to humanitarian initiatives chosen by the Board of Directors on the basis of proposals made by the Ethics Committee.

Those who participate in the Ethical Bond Fund may also contribute a part of the income placed in payment by the Fund itself, which is in fact in distribution of the proceeds, to charitable institutions or associations.

In 2007 the sum of 60,000 euro was awarded to the projects listed below:

- *Associazione Tazzinetta Benefica*, an initiative to support the Milanese elderly and needy: 10,000 euro
- The *Fondazione Tettamanti* research project "Production of killer cells to treat acute leukemia in children": 25,000 euro
- The initiative promoted by the *Associazione Fasolux* to promote reading and writing in Burkina Faso: 5,000 euro
- The *Associazione Amani* for the Nairobi Kivuli Centre project di Nairobi (reception/meeting centre with training/schooling facilities): 15,000 euro
- The *Consorzio CTM Altromercato* for a professional crafts training project for modelers in Latin America: 5,000 euro

#### *Eurosif Transparency Guidelines*

Eurizon Capital SGR has adhered to the transparency guidelines issued by Eurosif, a non-profit pan-european institution which encourages and develops socially responsible investment practices and corporate governance best practices.

By adhering to these guidelines, Eurizon Capital undertakes to promptly supply accurate and adequate information to permit the parties involved, and especially customers, to understand the policies and processes adopted with regards socially responsible investments.

Through this initiative Eurizon Capital has joined a number of other prestigious international asset management companies in using high standards of communication with its subscribers; in addition, it confirms its intention to represent a solid point of reference for socially responsible investments in Italy.

### **UNEP Finance Initiative**

*Intesa Sanpaolo has signed the UNEP FI (United Nations Environment Programme Finance Initiative). UNEP FI is a partnership between the public and the private sectors, which numbers the United Nations and 160 important financial institutions among its members.*

*For the sixth consecutive year Intesa Sanpaolo, represented by Eurizon Capital, has participated actively in the UNEP FI Asset Management Working Group, an international working group in which some of the world's most important asset management companies participate.*

*This group has published a number of publications that are considered milestones in asset management; they have been shared with the financial community*

*and promoted through international conferences and events. Of these publications we would mention "Demystifying Responsible Investment Performance" presented in New York and Melbourne in October 2007, and "A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment", in which Eurizon collaborated, with the participation of the international law firm Freshfield Bruckhaus Deringer, which is still an important point of reference for managers of institutional funds interested in sustaining social responsibility in investments. All the documentation is available on the web site [www.unepfi.org](http://www.unepfi.org). ①*

### **The activities of Bancassurance**

2007 was characterized by the implementation, one year earlier than planned, of the social security reform, with particular importance being given to the 'silence implies assent' modality for the transfer of the severance indemnity to pension funds. A nation-wide road show was

organized to assist businesses, both at management and employee level, in fully comprehending the new discipline. The initiative was developed in January and February 2007 with over 100 meetings to illustrate the guidelines that characterized the various pension reforms over the last fifteen years, how the integrative

social security functions, the fiscal and social security contribution facilitations for both employers and for employees. The various pension funds available with the Intesa Sanpaolo Group were briefly described. This support and assistance to the Group's customers is guaranteed on an ongoing basis. The development of Bancassurance's activity is characterized by the continual creation of new products to satisfy the range of customer requirements:

- with regard to life insurance, combining tools for the protection of capital wealth with returns generated by professional investments
- with regard to damages, relative both to the safeguarding of the individual, of the individual's family nucleus and his/her estate, both for the creation of solutions for the covering of business risks

During 2007 a project was developed for the optimization of the liquidation process of life policies. The main objective of the new iter is to arrange for well defined and monitorable timeframes for liquidation, in order to guarantee that the customer is able to enter into possession of the matured capital in a shorter time than previously.

## Working with the Community

Intesa Sanpaolo has strong roots throughout the country and a long tradition of collaborat-

ing with the local community. In this sphere, we have consolidated the close relations developed with the category associations that represent entrepreneurs and professionals, with the objective of increasing our knowledge of customer segments and providing more efficacious support to the participating businesses. During 2007 cooperation agreements were signed with Coldiretti and Confcommercio, while similar agreements are being negotiated with Confartigianato and Slow Food. These agreements also facilitate access to financing, especially through credit guarantee consortiums, with which Intesa Sanpaolo has stipulated collaboration agreements in the past, in order to ensure easier access to medium and long term financing for small companies.

Agreements are current with 515 Confidi, of which 370 are relative to the Small Business segment and 45 to Companies.

In addition to issuing a guarantee for the financing disbursed, the guarantee consortiums also provide the bank with valuable information regarding their members. This information, which is predominantly qualitative, is enhanced through the use of assessment methodologies that conform to the Bank's standards.

In 2007 the data regarding the businesses were very interesting:

- 1,490 million euro of credit limit used against 2,750 million euro granted, equal to a percentage use of approximately 54.2%
- approximately 10,000 businesses with financing guaranteed by Confidi

### **The Alternative Capital Market (MAC)**

*Intesa Sanpaolo is one of the promoters of the MAC, an exchange system organized and operated by the Italian Stock Exchange. The MAC represents an opportunity for growth for SME's, as it permits rapid increase of capital with limited direct and indirect costs.*

*Companies can obtain access through authorized banks with a simple and rapid procedure; the bank will also provide assistance after admission. The Market is constantly searching for new members who are available to share development projects with the company. It is only open to professional investors, the ideal partners for SME, who have consolidated financial experience in informed investment practices.*

*To be eligible for admission to the MAC, the company must be a stock company, must guarantee the free transferability of securities and have its preceding balance sheet certified by auditors registered with Consob.*

*The MAC started operating officially on September 17, 2007; during the last two months of the year 2 companies gained admission. Its start up coincided with an increase in the level of market volatility, following the international crisis provoked by the USA sub-prime mortgage market and the consequent increase of the selectivity practiced by the institutional investors in their investments.*

The Bank is committed to support production in Italy, and is therefore constantly involved in studies of the territory and the regions, jointly with the operators of the various market sectors, through the publication of analyses and the provision of advisory services. It publishes monographs for the Italian regions and the 103 provinces, which are updated each year. The principal Italian districts are monitored, with in-depth studies regarding their economic development.

Since 2003 the Bank has produced and distributed a quarterly publication *Monitor dei distretti*, which supplies an interpretation of the economic situation and the evolution of credit intermediation in the principal industrial Italian districts (approximately 100). The publication contains synthetic opinions regarding the foreign demand in the sectors in which the districts operate, as well as a structural analysis that identifies the areas of strength and weakness. The results of the vast and detailed research carried out over the last few years have been collected into one volume, *I distretti industriali del terzo millennio*, published at the end of 2007 by the Bank's Research Department and TeDis of Venice International University. The volume proposes that the nation should supply increasing competence in research and development, marketing, technology, internationalization, in order to maintain a competitive edge.

A research study entitled *Il Sud per l'Italia* was launched at the end of 2007 to provide a contribution to the analysis of the problem of the South of Italy and propose concrete actions for the development of this area; the coordination and realization of this project was entrusted to economists, both internal and external to the Bank, all experts in the fields of research dealt with in the initiative (the labour market, incentives, attraction of foreign investments, finance, human and capital resources).

### **Support of entrepreneurial activity and growth**

The Bank is heavily committed to support production development of the entrepreneurial system; through its immense network, one of the largest in Europe, and its specialized resources, it provides companies with tailor-made, innovative solutions throughout the entire duration of their development cycle in an increasingly dynamic market scenario. For the Bank, this means placing at the disposal of these companies competence, financial tools, the capability of building networks to augment

competitiveness even in the most complex phases; change and growth processes, support for internationalization and research and development.

### *Promoting internationalization*

The Padua Pole has been created to support companies that want to expand into foreign markets; this service is available to assist companies from the very first steps in the internationalization process with their commercial, financial and logistic needs, with the ability to harmonize the opportunities offered by foreign markets with the development plans of the Italian businesses. The Pole is not only an advisory centre for companies which have already established a presence abroad, it is also a driver for new projects and investments, promoting facilitations and agreements with institutional and entrepreneurial bodies.

During 2007 the *Joint Credit Facility Egypt* was launched. This is a new innovative project which assists Italian companies exporting equipment and machinery to Egypt, while promoting the development of the small and medium Egyptian companies with a supply of equipment through simplified financing. Intesa Sanpaolo participates in the commercial side of the operation and guarantees assistance to the Italian exporters, while its associate bank, the Bank of Alexandria supplies the Egyptian importer with financing and SACE, which takes on 50% of the risk of defaulting on the repayment of the financing. A similar program has been defined for Brazil.

With regard to analysis of foreign markets, in 2007 the Bank continued to support the Centre of High Studies on Contemporary China, whose objective is to develop a qualified structure in Italy which, in synergy with Italian and foreign universities and research centres, will conduct a systematic study on Chinese economics, politics, culture, society, science and law. The objective of this program is to provide further analyses on how to face the challenges and exploit the opportunities that the development of China offers Italy.

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### *Support of business growth and Technological Innovation*

Three years from the launch of the projects devised by the Intesa and Sanpaolo networks aimed at supporting SME that intend to develop technologically innovative product and process programs, both in the production chains and in the contribution of technologies, more than 1,800 investment programs have been financed for a total disbursement of approximately 1 billion euro.

The Bank works jointly with the companies to identify their innovation needs, in the assessment of the technological and industrial aspects of the project to be financed and the conditions for returns on investment. The range includes the *Make or Buy* program of the former Sanpaolo network, which finances research and development projects or processes with the "Ricerca Applicata" ("Applied Research") credit system, using internal resources and, where necessary, integrating these with external consultancies. *Innovation buy* finances investment plans for the purchase of innovations for improving business organization, processes and products which are available on the market.

*IntesaNova*, which was developed by the former Intesa network, collaborates with the best Italian technical universities to provide financing for companies with innovative ideas and projects. Through the support of scientific partners (745 laboratories, 48 departments in all the industrial sectors, and almost 2,500 professors and researchers) *IntesaNova* assesses business projects and facilitates the companies' contacts with the universities to provide solutions to specific technical problems. The company also receives a free report with the University's assessment of the validity of the adopted solution and on the degree of maturity of the company's technological structure. *IntesaNova* represents an integrated assessment model of credit worthiness: the scientific partners assess the innovational potential of the project, which becomes a criterion on which the Bank assesses the competitiveness of the company and an additional factor in judging the degree of credit worthiness. The credit line is granted without real guarantees and at favourable rates and duration.

During 2007 Mediocredito Italiano entered into various operative agreements with important Italian trade associations to facilitate financing for SME's at competitive conditions. Particularly worthy of note is the agreement stipulated with Confindustria's *Comitato Mez-*

*zogiorno* in July 2006 to support research and innovation projects. Mediocredito Italiano also stipulated operative agreements with the Ministry of Economic Development and with the *Cassa Depositi e Prestiti* (Bank for Deposits and Loans) to manage facilitation applications, also for ordinary rate financing linked to facilitated financing and capital subsidies. No new notices were issued in 2007 and the lists for the Industry, Commerce and Tourism notices issued in 2006 were published; 98 projects for a total disbursement of 285 million euro were accepted for subsidized financing and capital subsidies.

The Slovakian VUB signed an agreement with the local agency for agricultural payments to guarantee bridge loans for farmers for the purchase of land for agricultural purposes.

### *Access to EU financing*

The Bank supplies technical and institutional advisory services to the companies that intend to take advantage of the unsecured loans granted by the European Union for technological research and development. During 2007 the Bank's structure in Bruxelles – *Intesa Sanpaolo Eurodesk* – assisted more or less thirty companies to present projects for the 7th Technological Research and Development Framework (2007-2013), with varying degrees of support. The most popular sectors were chemistry and nanotechnologies, renewable energy sources, biomedical and diagnostic equipment. If all the projects which passed the scientific assessment are included in the list of credit worthy projects (to be published shortly), the total amount of co-financing obtained will amount to approximately 25 million euro.

News, notices, events for research and innovation, financing competitions and official documents for obtaining EU financing are available on the web site [www.intesasanpaoleurodesk.com](http://www.intesasanpaoleurodesk.com), which supplies a particularly innovative service, as it gives those who register the opportunity of personalizing their Home Page with the topics of their interest. The site is interactive, and users can insert events and take part in surveys. ②

In order to promote the creation of contact networks and facilitate dialogue among users, the site has created areas for forums and net

The Bank supplies technical and institutional advisory services to the companies that intend to take advantage of the unsecured loans granted by the European Union for technological research and development.

mail, and has permitted access to Euroexpress, a virtual community of business professionals, experts in research and development and members of the academic community who are interested in participating in discussions and in exchanging opinions on the EU financing opportunities for research and innovation.

*Focus Internazionalizzazione* is a new service that has been added to the range; this is a document which supports internationalization projects, for each country it provides an analysis of financing possibilities disbursed by the European Union (Structural Funds), by the main Multilateral Development Banks (European Investment Bank, European Bank for Reconstruction and Development, the World Bank) and the regional and national organisms.

**Maintain dialogue and activate long term relations with the State, local entities and public administration**

Since the first quarter of 2007 Banca Intesa Infrastrutture e Sviluppo and Banca OPI, two entities of the Intesa Group and the Sanpaolo IMI Group dedicated to public finance have been working together to form an integrated business unit, with the aim of becoming the financial reference point for Public Finance. As of January 1, 2008 the mission, customers, products, management and operating structures of the Public Finance Business Unit coincide with those of the new Banca Infrastruttura Innovazione e Sviluppo which is providing service for all parties, both public and private, who cooperate in the building of major infrastructure projects and public works, both in Italy and abroad.

Being fully aware that the economic development and competitiveness of the countries in which we operate are strongly influenced by the legislative and institutional dynamics of the local government, the Bank has maintained a constant dialogue with the various parties both

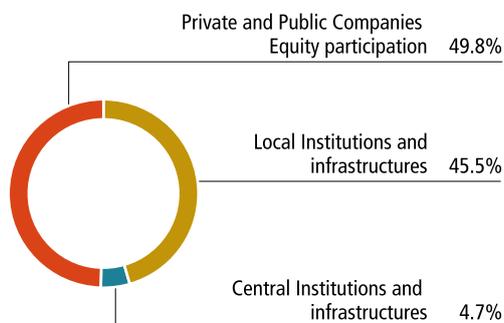
at central and local level. The Institutional Relations Department of the Bank has developed initiatives to investigate and analyze, developing partnerships with the principal category associations, creating ongoing opportunities for meetings and debates in which the Bank and the Public Institution can exchange knowledge and know-how. Within this sphere of activity we have provided support to ANDIGEL, the association of General Managers of the local Italian entities and entered into partnership with UPI, the Union of Italian Provinces.

For the last four years the Institutional Relations Department has organized an annual conference attended by representatives of the institutions, the academic world and business sector, during which some of the most topical political questions are debated. The theme of the 2007 conference, which was held in Rome in October – was “Sustainable Development, Territorial Autonomy and Regulations”; the objective of this meeting was to identify regulations and institutional mechanisms that will guarantee the efficacy of the relations between the various levels of government, and, at the same time, ensuring economic growth and the safeguarding of the Public Finance equilibrium. The documents produced during the Conference have been distributed to all the attendees and to approximately 1,800 local administrators, researchers, and government workers. In addition, the Bank organized seminars and training courses – free of charge – for the administrators and directors of the local institutions, focusing on the theme of the construction of infrastructures. Particularly worthy of mention are the events organized during the Public Administration Forum, such as the so-called “Master P.A.”, training courses for the use of project finance techniques in the realization of infrastructures, and workshops on innovative finance, seminars for small groups of administrators of local institutions.

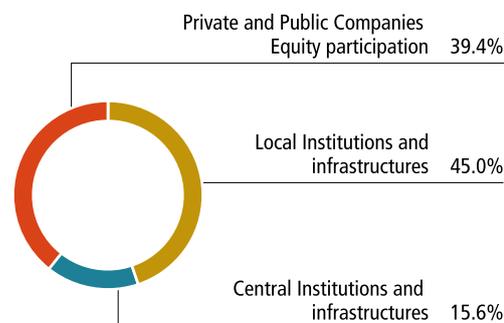
## The activities of the Public Finance Business Unit

This Business Unit operates directly in sixteen offices throughout the country and indirectly, through the branches of the Banks of the Group.

**Customers at 31.12.2007  
(100%=2,700)**



**Loans to customers 31.12.2007 (100%=38 bn.)  
(average progressive volume)**



Sector leader in Italy and one of the main specialists in Europe, the main objective of this business unit is to promote the development and economic growth of the countries in which it operates. Its activities are focused on 6 areas:

- financing for infrastructure projects
- support to the health service, the universities and scientific research
- improvement of public services
- support for the financial equilibrium of the Public Administration
- financing for urban development projects and improvements to the territory
- the introduction of innovative tools for efficient banking management for state-owned institutions and companies

The Public Finance sector in Italy is going through a period of adjustment and resource reallocation, which has led to a partial lull in the achievement of the major projects and financial operations of the public sector, and a climate of uncertainty at local level, which factors which have contributed to a significant slowdown in the development of the investments that the system disburses to the Public Administration. However, even in a rather unfavourable market scenario, there has been an increase in the activities promoting collabora-

tion between the public and the private sector, which has resulted in the setting up of numerous operations of great importance.

In order to support and promote the development of the country's principal infrastructures, work has continued on projects for the construction of sections of motorways, such as the Brescia – Milano (BreBeMi), the motorway ring road "Pedemontana Lombarda", the "Superstrada a pedaggio Pedemontana Veneta". Of particular importance is the support given to companies and consortiums participating in the bids launched by ANAS (National Autonomous Roads Society), especially for four motorways in the Centre and South of Italy.

With regard to support to the health service, universities and research, BUIS has led the participants in the development program regarding the research and the didactic area of the Istituto Scientifico Universitario San Raffaele di Milano, disbursing the relative financing, insured by the European Investment Bank (BEI). The project will cover the following: the operating expenses for a four year basic research program; the development of new research protocols for the Radiotherapy Department of the Institute (with particular focus on *Tomotherapy*); the amplification of the range of equipment for clinical research and training in electrophysiology and cardiac normalization at the Arrhythmology Unit; the realization of a new paediatric clinical research department and structures dedicated to research in the field of molecular biology and genic therapy.

Financing has also been granted to the Policlinico San Matteo di Pavia for the construction of an Emergency and Admission Ward (D.E.A.), surgical plates and wards. The project aims at unifying the sectors that require constant interrelation and communication in order to function correctly and efficiently, in particular the admissions group, emergency wards for medical and surgical patients. The project will endow the hospital with 14 operating theatres linked to the wards, and 500 new beds.

Financing has also been granted to the Università degli Studi di Milano for the construction of a new Veterinary University at Lodi.

In the sphere of improving public services and utilities, and in particular focusing on environmental issues, several wind fields have been financed in Puglia and financing has been renewed to Frullo Energia Ambiente S.p.A., a company of the HERA Group which operates a plant for the thermal treatment of solid urban waste in the province of Bologna.

Project financing has been arranged for integrated hydric resource management (management of drinking water and refluents) to improve the service for final users and achieve greater efficiency in water cycle management. Numerous interventions have been carried out throughout Italy.

With regard to support for the financial equilibrium of the public sector, activities have continued regarding multi-issues of short term municipal bonds (BOC), framework agreements open to all local entities in their respective areas for the issue of Municipal Bonds at predetermined rates and conditions, which may occur under the coordination of a reference entity for the area.

These agreements permit smaller municipalities to obtain better conditions than they would if they were to proceed individually, given the dimension of the framework agreement stipulated by the coordinators. Particularly worthy of mention is the stipulation of a multi-issue agreement for the municipalities of the Province of Ascoli Piceno, for a credit line of 100 million euro, with the possibility of extension, and for securities of up to 35 years duration. The Bank has undertaken to offer the participating municipalities, free of charge, an estimate analysis of the payable and all the administrative services relative to the completion of the issue.

In the sphere of urban development, financing has been granted for the construction of the western sector of the Intermodal Goods Centre of Novara (a project of national interest

under the Legge Obiettivo 443/01) and hotels at Malpensa airport, as well as extensions to Bologna's G. Marconi airport. In addition, a financing pool has been arranged for the Società per Cornigliano S.p.A. (Genoa) to convert the Riva steel works, now in disuse, and financing plans have been defined for the construction of a parking silo for the Bologna Trade Fair area and for a new industrial and logistic centre in Ghedi (Brescia). EUR S.p.A. has finally issued a commission to the Bank, together with other credit institutions, to structure the financing for the new Congress Centre in Rome.

With regard to efficiency in banking management, support has been given to the Municipality of Milan for the activation of computerized orders with digital signature and preparatory activities for participation in a tender issued by INAIL (National Insurance Institute for Industrial Accidents), finally won by Intesa Sanpaolo and other credit institutions, to provide general payment services for the Institute thus enabling beneficiaries to receive pensions and payments throughout the country.

As to its activities abroad, the Bank has played a leading role in financing important motorways, including sections in Hungary and Ireland. Specific attention has been focused on the environmental sector, granting financing for the construction of thermal valorization plants in Austria and a waste disposal plant on the island of Majorca; in addition, the Bank has provided support for the organization and the underwriting of a private placement by "Aguas de Portugal SGPS", the leading Portuguese operator in drinking water and refluents treatment and in solid urban waste disposal.

Finally, with a view to supporting and promoting the development of the Egyptian economy and international cooperation in the Mediterranean area, a Memorandum of Understanding, promoted by the Egyptian Ministry of Commerce and Industry, has been executed with the *National Committee for Robikki Leather City* for the structuring and issue of innovative bonds to finance the infrastructures to be built in a tanning area close to Cairo.

**Intesa Sanpaolo's strong and clearly evident commitment to playing an important role in the development and growth of Italy is confirmed also by its activities to encourage the collaboration between the public and private sectors.**

### Capital risk investments for infrastructural development

Intesa Sanpaolo's strong and clearly evident commitment to playing an important role in the development and growth of Italy is confirmed also by its activities to encourage the collaboration between the public and private sectors, promoting the development of the infrastructures, the growth of local economies and protection of the environment.

EQUITER, which has taken over from FIN.OPI, the Public Works and Infrastructure Holding of the Sanpaolo IMI Group, invests risk capital for the development of the infrastructural and utility systems, the enhancement of the country, the protection of the environment and the promotion of public-private cooperation, both in Italy and abroad.

The company contributes to the development of the collaboration between the Public Administration and private operators by promoting specific methods, such as public private partnerships (PPP) and real estate funds to increase the value of public patrimonies. It has promoted various initiatives in the energy and environmental sector; it is the advisor and underwriter of the *Fondo PPP Italia*, the first Italian closed-end fund dedicated to infrastructural investments. This fund, which started operating at full regime in 2007, contacts representative companies (concessionaires) for the construction and management of public infrastructures: public buildings (hospitals, schools, kindergartens, etc.), urban development, tourism, transportation (parking areas, trams, etc.), public utilities (electricity/gas/water), environment (renewable energy, water treatment).

With a net worth of 120 million euro, the Fondo PPP Italia invests principally in projects developed in Italy with a value ranging from 10 to 350 million euros; it is reserved to qualified investors, with the participation of BEI, KFW, Banco Spirito Santo, CDP, the Cariplo Foundation, the Cariparo Foundation and the Compagnia di San Paolo.

In the second quarter of 2007, EQUITER invested 10 millions in the *Fondo Immobiliare Città di Torino*, which is a fund promoted by the Municipality of Turin and operated by Pirelli RE Opportunities SGR. Of five years duration, the fund started with a patrimony of 18 buildings transferred from the Municipality at a value of approximately 131 million euro. The investors are the Municipality of Turin (35%), the Turin City Council (29%), EQUITER and Gruppo Pirelli RE (36%).

The Fund's portfolio contains prestigious buildings located in the centre of Turin, including Palazzo Villa which faces onto Piazza San Carlo, the building on the corner of Via Garibaldi and Via Botero which faces onto the Palazzo Civico, the eighteenth century Villa Moglia, other historical buildings in the centre of the city, industrial constructions and seven buildings belonging to the Olympic Village, for a total of over 80,000 commercial square meters. Most of the buildings, which in the past housed public offices and cultural associations, do not generate income; the strategy of value improvement includes renovation and/or requalification, and conversion into new forms of use, prevalently residential. The investment plan has been estimated at approximately 100 million euro over the next three years.

## Controversial markets: the arms sector

Intesa Sanpaolo, in keeping with the values and principles of its Code of Ethics, has adopted a policy, extended to the whole group, whereby all activities (financing and transactions) relative to all sector of the arms market, concerning the export and import of arms and armament systems, that in Italy are subject to Law 185/90, are suspended unless they are exceptions subject to the CEO's extraordinary approval.

This decision, which was taken to pursue our policy of being an "unarmed bank", has been formalized internally with the circulation of a specific regulation and externally by publishing the policy on the Bank's web site, and facilitating diffusion through communication channels and media which give particular emphasis to this topic.

Intesa Sanpaolo has also provided support to its banks abroad, to ensure correct interpretation of the "unarmed bank" policy, even in countries where regulatory and operational standards differ from the Italian.

In order to promote the diffusion of the policy, meetings have been organized with operators whose portfolio include companies involved in the production of arms; customers will receive specific documentation explaining the Bank's position.

The position of Intesa Sanpaolo has been formulated to fully respect the spirit of the prin-

ciples of the Italian Constitution, which rejects war as a means to resolving international controversies, and to provide a meaningful response to the many and varied sectors of the public who wish to see ethical values applied.

The internal regulations provide for certain exceptions, in particular regarding the currently valid Intergovernmental Agreements, for which the Bank feels obliged to furnish the support necessary to guarantee continuity to the international relations to which the Italian government is committed, and the concluding phases of operations which were started prior to July 2007 (when the policy was issued), so as not to abandon the customer in an advanced phase of the operation.

In these cases, and only if there are difficulties in transferring operations to another bank, authorization to proceed with the operation may be issued; information regarding such operations will be published on the Bank's web site to ensure transparency vis-à-vis the external community.

A scrupulous monitoring program is foreseen to control the operations of those branches which operate in the field of import/export and the relations with the institutional organisms involved in the authorization process (the Italian Ministry of the Economy and Finance).

The position of Intesa Sanpaolo has been formulated to fully respect the spirit of the principles of the Italian Constitution, which rejects war as a means to resolving international controversies.

## Summary of definitive exports data reported in the Parliamentary Report

### Definitive Exports: authorized amounts

	2005	2006	2007
Sanpaolo IMI	173 mil. €	448 mil. €	
Banca Intesa	0.2 mil. €	47 mil. €	
<b>Intesa Sanpaolo</b>	<b>173.2 mil. €</b>	<b>495 mil. €</b>	<b>145 mil. €<sup>1</sup></b>

<sup>1</sup> (to which 53 Million euro for the Cassa di Risparmio in Bologna must be added, for which a request for transfer to other banks is in process)

# *Employees*



## Strategies

We have focused upon topics relating to integration, involvement and development. Consolidating the identity of the new Group has been a primary objective, pursued with all those tools available to us, such as the strengthening of leadership skills for management so

that they acquire useful abilities which will encourage the involvement of all their staff. All types of action relative to staff management and development have been guided exclusively by the principles of merit, equity and sustainability.

## Commitments for 2007-2009 and what has been achieved

### COMPANY COHESION, TRANSPARENCY IN RELATIONSHIPS, LISTENING AND DIALOGUE

#### Managerial training programmes in order to consolidate the Group's identity:

● The project *IrideLab* was started up: 32 workshops and 4 leader forums which have involved more than 1650 people as well as initiatives contributing towards team consolidation (*Iride* vertical projects). ■■■□□

#### Improve the quality of leadership:

● The initiative *Intangibles and New System for Professional Assessment* has been undertaken in order to exploit leadership qualities. ■■■■

#### Increase communications initiatives in order to intensify people involvement:

● The initiative *Sfida Continua* – Continual Challenge has been set up for mid-management in Caboto, now Banca IMI, with the intention of developing new quality aspects in the management of change and integration. ■■□□

#### Perfect the mechanisms relating to the art of listening and the involvement of people and union organizations:

● Several virtual communities have been started in order to encourage listening to and involvement with people: *IrideLab*, *Spazio Intesa*, *MyInnovationLab*. ■■□□

● 53 Focus Groups have been created on topics related to commercial business and relationships with customers as well as three

Focus Groups on the values within the Code of Ethics. ■■■□

### BEST USE OF PROFESSIONAL ABILITIES AND PERSONAL DEVELOPMENT, BEARING IN MIND THE SPECIFIC FEATURES OF INDIVIDUALS AND LOCAL AREAS

#### Innovation and growth towards an international dimension:

● The initiative *Comunicazione nella Multicultura* – Communication in multi-cultures has been set up and is directed at commercial managers in order to manage multi-ethnic customers. ■■□□

● The workshop *Business Innovation* has been created for middle managers in the Corporate Division and in Caboto. ■■□□

#### Specialized training schemes for professional and business needs:

● The project *Fabbrica* – Factory has been started. It is for Area Chiefs and Market Chiefs and is based upon the new organization model of the *Banca dei Territori*. ■■□□

● Training programmes for the most important professional roles in the Group have been started, in order to introduce new employees to their roles and to maintain and update skills and roles of employees already working for the Group. ■■□□

● New unified training programmes for apprentices and an experimental programme for smaller-sized retail branch directors have been started. ■■□□

■■■■ achieved and finished  
 ■■■□ continued from 2006  
 ■■□□ under way  
 ■□□□ yet to be achieved

### Professional re-conversion, exploitation of experience with continual training programmes

● Training project started for operators in the new non-profit Banca Prossima. ■■■□

● The project *Orientamento* – Orientation for the re-conversion of 105 resources belonging to the *Banca dei Territori* has started, aimed at the coaching skills of eighty Senior and Operative Managers in accordance with the agreement signed on August 1st 2007. ■■■□

### Encourage internal mobility policies through Job Posting:

● The service *Job Posting* has been extended to all those new areas in the Group and management software has been implemented (18 Job Postings created for a total of 64 positions; 567 applicants received, 65 interviews carried out and 23 positions appointed). ■■■□

### Exploit specific company communities (the young, key resources and individual talent):

● Intervention work aimed at exploiting Management communities and high potential sectors has started. This has been carried out after having identified criteria, roles and systems as a framework to encourage growth and development. ■■■□

● The programme *Leadership Development* was started. It is based upon assessment centres – 360° leadership and assessment workshops. The project intends to provide a framework of managerial skills and individual abilities, also in perspective. ■■■□

● The programme *I Colori d'Intesa* – The Colours of Intesa has been completed – a specific programme which has involved 665 high potential employees. ■■■■

● The project *Archi* – Arches, has begun. It is a development programme directed at high potential sectors. ■■■□

### Create a culture which highlights the importance of women by identifying and overcoming problems in their professional development:

● The *Gemma Project* has been started. ■■■□

### Gauge the efficiency of training initiatives:

● A project aimed at assessing the effect that

training initiatives produce upon work activities. ■■■□

### Involve worker representatives in the study, analysis and research on training:

● A joint organism has been agreed upon and set up between the company and the unions in order to analyze and carry out research aimed at continually raising the level of training. ■■■□

### EQUITY AND TRANSPARENCY IN ASSESSMENT SYSTEMS, INTRODUCE INCENTIVE-BASED SYSTEMS WHICH EXPLOIT INDIVIDUAL AND TEAM MERIT

#### Create integrated systems which support the different management and professional development initiatives:

● An integrated platform for development has been created, inspired by three fundamental criteria for the management and development of staff: Merit, Equity, Sustainability. ■■■□

#### Increase the importance of the assessment process and motivate senior management towards a culture based upon feedback:

● New systems of role assessment and merit recognition have been introduced in Italy: *Percorsi* – Programmes aimed at 60,000 people and *Direzione per Obiettivi* – Direction for Objectives aimed at more than 900 managerial positions. ■■■□

#### Define a new model of managerial roles/functions inspired by the values of the Group:

● The new model for leadership roles/functions has been formalized. It provides a solid form of direction and a source of inspiration for the work of the Managers and Chiefs at each and every level, in accordance with their responsibilities and objectives. ■■■■

#### Define remuneration in consideration of internal equity, competition with the market and cost realization:

● Assessment methodology related to the assessment of organizational positions, identifying the importance of each position expressed on an international scale has been adopted for approximately one thousand positions. The contribution of this assessment can be checked in terms of internal equity, competition on the market and cost rationalization. ■■■□

#### Adopt differentiated incentive-based systems for business areas, anticipating the

**allocation of achievable objectives which may also be quality-oriented:**

● Incentive-based systems related to a “results achieved” logic, to individual performance and to different professional skills has been developed. It entails diversified award-giving techniques for business. ■■■□

**Start internal Job Rotation processes:**

● The possibility to start specific Job Rotation schemes is anticipated in the assessment system entitled *Percorsi* – Programmes within the individual development plans. ■■■□

**ADOPT POLICIES AND OFFER CONDITIONS IN ORDER TO DEVELOP A QUALITY-DRIVEN WORKING ENVIRONMENT FOR ALL EMPLOYEES****Unify regulations concerning personnel management and treatment:**

● Union agreement on harmonization has been signed. ■■■■

**Simplify information access:**

● Extension of *Arco*, the access system for all internal regulations and policies as well as information on all the new situations within the Group. ■■■□

**Anticipate and overcome problems in the carrying out of commercial business and in terms of physical safety, in collaboration with the unions:**

● 53 Focus Group have been undertaken in which 648 employees have been able to speak of commercial growth, relations with personnel and relationships with customers (Protocol 8th March 2007). ■■■□

● An agreement signed on the 20th December on *Workers' Representatives for Safety* (RLS) which envisages introducing, during 2008, in all the Banks of the Group a position with

greater rights than anticipated in the sector.

■■■□

● The Document for Risk Assessment and the intranet site dealing with employee health and safety have been unified. The necessary programme concerning the adoption of unified safety regulations is nearing completion.

■■■□

**Adopt policies and practices which encourage conciliation between private and working lives:**

● An agreement was stipulated with the Trade Unions on December 20th 2007 which entails, among other things, a greater level of flexibility in the organization of working hours. ■■■□

**Keep attention high in relation to the protection of health and safety:**

● Over 2,300 inspections have taken place in the branches in order to check and monitor risk conditions with possible identification of corrective work to be carried out as well as the increase of active and passive security measures. 1,300 checks aimed at risk assessment have been undertaken in terms of health and healthiness of work surroundings. ■■■□

● Activity related to post-robbery support has continued with the application of intervention protocols for the protection and care of employees who have been victims of criminal events (upon special request by those interested). ■■■□

**Improve the integration of differently able personnel:**

● The Project *Oltre ogni barriera* – Beyond Every Barrier has been started, aimed at colleagues with a greater or lesser degree of visual deficit in order that they receive visual aids.

■■□□

## Staff breakdown

On 31st December 2007 the employees of the companies in the Social Report numbered almost 95,300, of which approximately 70,100 in Italy and 25,200 abroad. Here is a sum-

mary of the information available from which it is possible to describe a breakdown of staff within the Group, both in Italy as well as abroad.

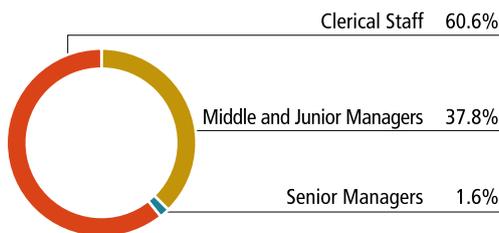
### Composition by gender: Italy



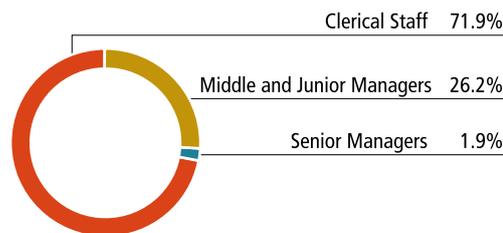
### Composition by gender: Abroad



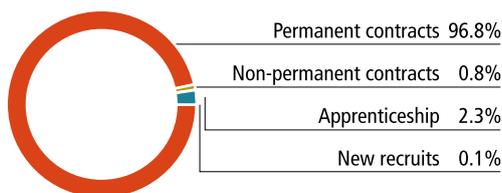
### Positions held: Italy



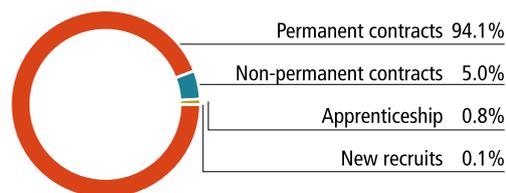
### Positions held: Abroad



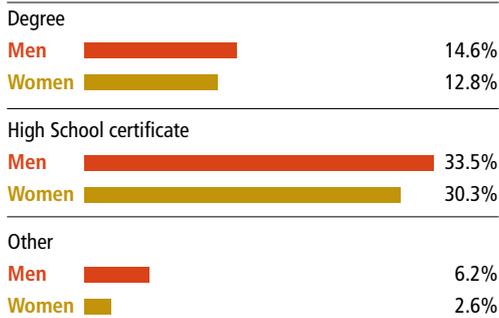
### Type of contract: Italy



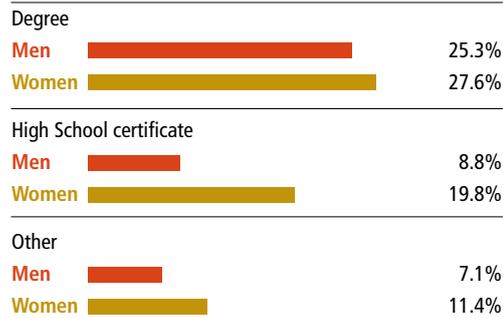
### Type of contract: Abroad



### Academic Qualifications: Italy



### Academic Qualifications: Abroad



**Share of employees by age / positions held (%)**

	Italy	Abroad
<b>&lt;30</b>	<b>10.7</b>	<b>28.1</b>
Senior Managers	0.0	0.1
Middle and Junior Managers	0.2	4.9
Clerical Staff	10.5	23.1
<b>31-50</b>	<b>68.2</b>	<b>58.1</b>
Senior Managers	1.0	1.4
Middle and Junior Managers	27.1	15.9
Clerical Staff	40.1	40.8
<b>&gt;50</b>	<b>21.1</b>	<b>13.8</b>
Senior Managers	0.7	0.5
Middle and Junior Managers	10.5	5.5
Clerical Staff	9.9	7.8

## Staff evolution

Throughout 2007, the presence of women within the Group was emphasized: 49% of personnel on a global basis is made up of women. Abroad, this percentage reaches 59% with significant variations according to the specific geographical area concerned – from little more than 17% in the southern Mediterranean area and Asia right up to between 70% and 75% in central Europe and eastern Europe. In Italy, women working in the Group reach approximately the figure of 46% of the total work-

force, that is above the average figure which, for 2006, was around 40%.<sup>1</sup> As far as age is concerned, the average age for women is 39 years (in Italy the average is 40 – aligned with the average in the sector – whereas abroad it is 36) and for men the average age is 43 (44 in Italy – more than one point less than the sector average – whereas abroad it is 39). In terms of academic qualifications, women possessing a university degree who work for the Group in Italy account for almost 13%, whereas men attain more than 14%. Abroad, almost 28% of the female working staff have a university degree, while more than 25% of the male staff are also university graduates. The most common form of contract is the permanent type of contract both in Italy (almost 97%) as well as abroad (more than 94%). Contracts which are non-permanent represent 0.8% of the total in Italy and 5% abroad. Apprenticeships and new personnel take up – in all – 2.4% in Italy and 0.9% abroad. Interim and administration contracts are few and far between (420 in the Group as a whole, 205 in Italy and 215 abroad). As far as the positions held by the personnel are concerned, 1.6% of the personnel belong to the category of senior manager in Italy (2.1% the system figure) and 1.9% abroad. Junior and Middle Managers account for more than 37% of employees in Italy (almost 36% the system figure) with just over 26% of the total work-force abroad. Clerical staff account for more than 60% of employees in Italy, with more than 70% abroad.

<sup>1</sup> The data relating to the system derive from the ABI 2007 Report on the Labour market in the finance industry

**Turnover: The situation relative to the Group's turnover of staff in Italy<sup>2</sup> and abroad, is the result of**

Italy	Recruitment	Termination of employment	Turnover	Turnover rate
Men	871	2,610	-1,739	-4.4%
Women	1,386	4,277	-2,891	-8.3%
age:				
< 30	1,880	502	1,378	22.5%
31-50	358	1,378	-1,020	-2.1%
> 51	19	5,007	-4,988	-25.2%
<b>Total</b>	<b>2,257</b>	<b>6,887</b>	<b>-4,630</b>	<b>9.2%</b>
Abroad	Recruitment	Termination of employment	Turnover	Turnover rate
Men	1,167	1,120	47	0.5%
Women	2,536	2,081	455	3.2%
age:				
<30	1,493	1,306	187	2.7%
31-50	1,885	1,521	364	2.5%
>51	325	374	-49	-1.4%
<b>Total</b>	<b>3,703</b>	<b>3,201</b>	<b>502</b>	<b>13.0%</b>

<sup>2</sup> Employment termination in order to join the Solidarity Fund, the relative recruitment programmes with apprentice contracts as well as the sales of bank branches undertaken as a result of the transfer of shareholder control of the Cassa di Risparmio di Parma e Piacenza to the Crédit Agricole and of the Banca Popolare Friuladria to the Cassa di Risparmio di Parma e Piacenza have all had an effect upon the turnover rate of the Group in Italy. N.B. The turnover rate is calculated as the difference between recruitment and terminations of employment out of the total workforce at the beginning of the year.

## Recruitments

Throughout 2007, procedures regarding the selection of candidates and recruitment were integrated and centralized at a Group level. This was carried out by identifying the new common information platform in support of said procedures.

The internet site is the unified gathering centre for candidates who may be able to present applications by means of a form that is available online. The applications have to respond to pre-defined parameters – established by the various internal structures and departments of the Bank – and are selected by a special computer programme.

Throughout the year, the pre-selection phase regarded 14,287 candidates, out of these, 3,958 were admitted to the group interview phase with 3,868 having undertaken motivational interviews. At the end of this process, 2,577 candidates were deemed suitable.

More than 93,000 CV's sent by aspiring candidates were received at Group level throughout the year. The internships undertaken in Italy reached a total of twenty-five. A programme related to Job Posting was started for the handling of in-house applications.

The programme related to Employer Branding (introduction of new company logo and colours, update of company profile for publication in magazines for graduates, planning of initiatives deserving participation) started as well as an intensification – for the whole of 2007 – of recruitment activities with initiatives aimed at improving the ability to attract talent and reach a more efficient position on the work market through participating in events organized at universities and business schools.

### Recruitments within the Group

Italy	2,257
Abroad	3,703

### Recruitments during the year by type of contract: Italy

Permanent contracts	911
Non-permanent contracts	799
Apprentice contracts	499
New personnel contracts	48

## Making the best use of staff and remuneration policy

Within the Group, the evolution of development systems began in the form of a workshop with the aim of setting up a new development platform founded upon the sharing of the best types of experience and upon the search for innovation.

The platform was made available to Heads of Department and Personnel Managers and represents an integrated structure of instruments, systems and processes which support the management and professional growth of people and which respond to the three fundamental criteria at the basis of management and development policies: merit, equity and sustainability.

**Merit** is the inspiring principle behind all management and reward policies both in terms of professional development as well as in terms of career opportunities. It is the reference parameter guaranteeing that the management of people responds to criteria based upon **equity** and real integration, inspired by equal opportunities for each and every employee, independently of the role played and the structure or company in which the employee is a part. Last of all, **sustainability** responds to the necessity of guaranteeing medium and long-term prospects for employees, connected to the development of human capital.

The importance of people was emphasized through the initiative *Intangibles and the new System of Professional Assessment*, directed at all the Heads. With the objective of presenting the new system and the development platform and with awareness aims concerning the value of *Intangibles*, the initiative involved 5,958 Heads. This involved a day-long seminar on the theme of *Intangibles* including professional assessment as well as the presence of 110 Human Resources Managers who were responsible for imparting information, knowledge and company values to said Heads. There was also a two-day seminar with a follow-up lasting one more day.

### Professional assessment systems

In 2007, the Intesa Sanpaolo Group adopted two very different systems for performance assessment:

**Percorsi** – programmes (a new system for professional assessment): directed at 60,000 employees, almost all the employees of the

commercial banks in the Group and the main companies in Italy. It aims to identify merit and strengthen individual roles by defining individual development plans.

In particular, 2007 saw the completion of the so-called "mid-year review", in which employees undertake a self-assessment of their roles and behaviour. The Heads check the elements for improvement. This phase ended with the drawing up of individual development plans that were personalized according to the working context, the professional level and the motivation for growth.

**Leadership by Objectives:** this involved more than 900 managerial positions and guaranteed the objectives laid down in the Business Plan. It gave a sense of responsibility to management levels in terms of managing employees (so-called *Intangible* objectives) and guaranteed a high degree of alignment concerning the growth of value (transversal EVA increase objectives) regarding the achievement of specific targets.

### Managerial development

The new model for leadership roles/responsibilities was identified in 2007 as part of the values that the Group has established at the very basis of its development and success. These values have been re-confirmed in the Group's objectives for sustainable growth, as illustrated in the Business Plan. The spread of these roles/functions represented a fundamental aim for 2007 and was carried out within a variety of

initiatives. One of these initiatives, the *Leadership Development* programme, was aimed at providing the framework for managerial skills and individual aptitudes in relation to the new leadership roles/responsibilities model. In 2007, it involved more than 700 people with managerial responsibilities.

With the aim of introducing a unified policy regarding managerial positions, the project *Eccellenza* – Excellence was set up. It was directed at middle management and key positions in business and corporate governance and involved 105 people.

In the Corporate and Investment Banking Division / Caboto / Banca IMI a *Sfida continua* – Continual Challenge programme was started. In 2007, it involved approximately 300 intermediate directors and was centred upon the role of the head in the management of integration and change. Its aim was to teach the directors how to assume a series of "soft" responsibilities, like inter-personal and group communication and the management of feedback, useful in terms of new and better forms of leadership.

The development programme for 19 young talents (graduates) from eastern European countries was completed in 2007. This programme was part of the *Tomorrow's Talents* project and gave these younger people the opportunity to gain experience within the various structures and roles of the Group so that they may return to their former banks with their very own professional development programme before them.

## ***Instruments supporting development strategy and action***

*Two new computer tools were developed and implemented in 2007 in order to be able to give support to the Group's choices concerning development in terms of people. This should empower merit, equity and sustainability:*

### **TCM (Tavole per la continuità manageriale – Tables for Managerial Continuation)**

*A tool aimed at unifying current managerial development systems (weighting systems for job positions, managerial assessment and DPO) in order to aid choices concerning individual growth and to guarantee stability*

*to strategies by means of a system of rules which aims to satisfy the requirements for managerial positions.*

### **HCV (Human Capital Value)**

*A tool monitoring the contribution of human resources to the creation of company value by means of a indicator-type system designed and created according to a logic of a balanced scorecard. Through HCV it is possible to monitor efficiency and effectiveness of those processes which are tied to the area of human resources and thus gauge the contribution of human capital towards the creation of value.*

## Making the best use of people through Communities

A series of Communities has been identified in order to encourage specific management itineraries and to respond – to a greater degree – to the different needs in terms of the growth and professional development of the employees. These Communities will be the object of a variety of new projects and policies:

- **Management:** directors responsible for individual units whose priorities are the strengthening of leadership roles and the participation in special training programmes and coaching initiatives.
- **Key Resources:** people who distinguish themselves on account of work undertaken, the

strategic nature of their role, the uniqueness of their responsibilities who will be the object of special initiatives encouraging their company loyalty by means of personalized development programmes and career acceleration.

- **The Young:** people up to the age of 32 years for whom it is necessary to provide responsibility and direct professional development.
- **High Potential Employees:** people singled out on the basis of their specific abilities and skills, which may form the basis of programmes in order to accelerate professional growth, strengthening professional and managerial responsibilities through making part in long-term training programmes and anticipating career development towards more complex roles.

### Utilization of High Potential Employees

*With reference to the Community of High Potential Employees, singled out upon the basis of merit within the new Group, the project Archi – has been activated. It is a development programme in three parts: self-diagnosis, empowerment and check. The pilot schemes in 2007 witnessed the participation of approximately 100*

*people from the Group. The project entails the involvement of approximately 500 people.*

*The project I Colori d'Intesa – The Colours of Intesa was also completed in 2007. It was a professional growth project which involved – overall – 665 High Potential Employees.*

## Remuneration policy

In order to harmonize the remuneration of managerial positions and to ensure market competition – in relation to the individual characters of professional families – an assessment methodology has been adopted which highlights the main features of each position. From this analysis emerge the activities undertaken and the economic and organizational impact of the role itself.

Assessment of the positions contributes towards the opportunity to create conditions leading to internal equity (treatment, recognition and development opportunities), market competition (position in accordance with the need to attract and to utilize key professionals) and cost rationalization (differentiated remuneration markets). Throughout 2007, approximately 800 positions were assessed.

Within the Group, the minimum remuneration applied for newly-hired personnel is that laid down by the CCNL for the various personnel categories. Abroad, it is linked to the particular country's own regulations as well as to the cost

of living. Furthermore, at the end of the first semester in 2007, Intesa Sanpaolo completed its programme related to free allotment of ordinary shares, as authorized by the Shareholders' Meetings of December 1st 2006<sup>1</sup> and May 3rd 2007<sup>2</sup>.

### Incentive systems

Incentive systems have been developed upon the basis of results achieved, individual performance and varied professional features. In order to establish fair and incentive-driven awards a series of checks has been carried out both in reference to internal practices as well as in reference to alignment with market benchmarks.

The incentive systems adopted by the Group entail a series of awards differentiated according to business area in order to carry out intervention work which is consistent with the particular professional character within the company, to recognize individual merit and to reward team work activities.

The logic behind the incentive systems in the company may be thus summarized:

<sup>1</sup> The Shareholders' Meeting resolved the assignment to former Intesa employees, with permanent contracts, enrolled on the matriculation list before December 31st 2006 and in service as of May 31st 2007, of shares to the value of €700 per person.

<sup>2</sup> The Shareholders' Meeting decided to give the opportunity to former Sanpaolo IMI employees with a permanent work contract, in service on the date of the introduction of the Plan and already in service at Sanpaolo IMI as of December 31st 2006 – except for particular exceptions – to request the free allotment of shares for a value that varied between a minimum of €516 and a maximum of €2,065, in proportion to the position held on December 31st 2006 and in the light of the individual amount due of the Company Productivity Award.

- business retail and private (*Banca dei Territori Division*, Private Banking): utilization of team results as well as differentiated recognition for individual performance of a higher level
- business corporate & finance (Corporate Division and Investment Banking, Banca IMI, BII): recognition is given primarily to individual merit through a system of selection rules, mitigated by team solidarity restrictions, which recognizes high level contribution with awards that are comparable with target levels of the respective reference markets
- governance roles (central Headquarters and staff in the *Banca dei Territori* and Foreign Banks Divisions): the awarding of bonuses is dependent upon the overall results achieved by Intesa Sanpaolo and by the Group as a whole. In accordance with management of merit and with sustainability objectives, the system entails certain selection parameters and the awarding of recognition for high performance and exceptional behaviour at integration level

#### Basic average annual gross remuneration by sex /category (€/000)

	Italy	Abroad
Male Senior Managers	126.1	60.1
Female Senior Managers	113.1	45.5
Male Junior and Middle Managers	51.6	27.6
Female Junior and Middle Managers	45.3	21.1
Male Clerical Staff	32.6	13.3
Female Clerical Staff	29.7	11.1

## Training for quality

Training, in relation to the objectives laid down by the Business Plan 2007-2009 has had to meet the double challenge of guaranteeing the constant evolution of people's responsibilities and knowledge, giving sustenance to the human capital which represents the most significant source of competitive advantage for the Group and promoting and accompanying the integration of models, systems, processes, and above all, cultures, styles and behavioural patterns which create and consolidate national identity. A new unified training catalogue has to be seen as evidence of this. It is divided into eleven topic areas for a total of approximately 250 courses, which are held in classrooms as well as in distance training courses.

### Training in accordance with the Values of the Code of Ethics

The entire training plan is directed at supporting and utilizing people's experience through the setting up of programmes related to the different professional figures in existence. The plan has, moreover, been intended to give a direct and consistent contribution towards the accomplishment of values and principles within the Code of Ethics – listing them by type of training involved.

The company value of **integrity** has been interpreted as a commitment to pursue training objectives, correctly and responsibly, by creating specific guidelines and identifying intervention areas within the main fields of activity. The value of **excellence** has shared and spread the already existing responsibilities and roles in the company by creating training products with the contribution of internal responsibilities and roles. The value of **transparency** has been demonstrated in the clearly compiled course catalogue. The **respect for specific qualities** has been applied in the concept of individual development which respects the specific conditions and characteristics of each and every person with training that can be personalized according to topic, methodology and training channels. The value of **equity** can be translated into our utmost care in offering everyone equal opportunities in terms of access to training programmes and updating initiatives, by means of personalizing time, ways and places available (classroom, Web TV, e-learning and virtual communities). The **value of the individual** has focused upon a training programme which has been designed and carried out with the aim of supporting a harmonious style of development for colleagues, listening to them with the utmost care and sounding out the training needs that they had expressed. Last of all, the course catalogue was printed upon paper that met all the standards regarding environmental protection according to FSC international certification and was printed in reduced size. It does not contain any glossy paper, not even the cover, thus indicating a sign of **responsibility in the use of resources**.

Having placed values and principles at the basis of all our training has led to the renewal of planning for the future as well as the ways and places involved in the learning process – the importance of making the most of all useful situations in order to encourage integration and inter-connection between people, professional and company cultures as well as innovating processes, channels and services. All of this

has to be carried out whilst looking towards the outside in order to compare ourselves with the best practices and to perceive emerging trends and start experiments which can bring value to the Group as a whole.

The project *Space on* was started in this type of context with the aim of proposing new ways to present the training classroom and to increasingly improve the physical – building and classroom – side of the training programme. Attention was centred on the personal needs, with regard to both the supplier and the user. The project will be experimenting with new work areas by 2008, using all knowledge ac-

quired and developed within the Bank for the well-being of all employees.

Moreover, during the planning of training programmes much opportunity was given to combining all tools at disposal according to each individual project, including the number of trainees, the objectives, the contents, the time involved as well as the location of the users. The basic – and related – contents have been communicated by Web TV, also used as a means for revision for topics covered in the classroom. Classroom teaching has included topics connected to both relations within the Group as well as deeper study of specific issues.

### ***From the values of the Code of Ethics to behavioural patterns: integration in diversity***

*Particular attention has been paid to foreign banks and to respecting Group values wherever the Group may be operating, taking into consideration respect for the identity of each country. Therefore, all foreign banks are involved in a series of widespread activities which aim to pass on and communicate Group values and adopt behavioural patterns which are consistent with their*

*relationships with stakeholders in their particular area. Integration of Group values has started within the very training programmes which have been taking place at all levels in the Bank with the aim of guaranteeing a full understanding of the commitments that the Group intends to undertake in order to increase attention towards respect for diversity.*

*Virtual Communities* have been organized and utilize tools such as news, forums, chat lines, document archives and, in general, everything which represents the new frontier of *Social networking*. Using these tools encourages a constant interchange of experiences and of opinions between participants in special training programmes and the creation of formal and informal “knowledge” connections within the company itself, helping to increase and broaden human and social capital. Furthermore, 8.3% of employees in the Group (5.8% in Italy and 15.3% abroad) have received specific training on the prevention of corruption.

### **CSR Training**

#### **Code of Ethics**

*Specific initiatives for employees responsible for distributing the Code of Ethics in Italy and abroad and for encouraging the importance of behaviour patterns, environments and products consistent with social responsibility have been organized (CSR referees, internal and external training staff as well as professional experts who interact with our staff.*

#### **Equator Principles**

*Fulfilling commitments as a result of our subscription to*

*the Equator Principles<sup>1</sup>, a training programme related to the principles of this agreement has been planned, organized and already commenced in part with the support of external consultants, accredited by the International Finance Corporation (IFC). The training was received by members of staff who deal with Project Financing (above all, but not only for international projects), people who deal with Risk Management and credit and legal assessments as well as staff dealing with the CSR within the company.*

*clients*

### **Training for the role**

Adequate information has continued to be provided for those people who hold particularly important roles or direct contact with the

public. There has been the implementation of specific programmes both for their initial phase in the new position as well as for the maintenance and update of responsibilities at a later

<sup>1</sup> For further details please see relative paragraph in the chapter on the Environment

stage when they are more sure of their role and function within the company.

Within the project *Apprendistato professionalizzante* – Professional Apprenticeship new unified training programmes have been set up for employees working in sectors related to commercial activity and telephone banking. A special programme has been prepared for retail directors of small branches – an experimental edition in 2007 with the course starting in 2008, which will award a certificate for new responsibilities acquired.

Furthermore, a specific project has started to give workers in Banca Prossima – the new bank in the Group dedicated to the Third sector – technical and commercial responsibilities so that they are able to carry out their new roles more efficiently, in line with the values, the mission and the development strategies of this new Bank.

### Some initiatives

*Comunicazione nella multiculturalità* – Communication in Multi-Culture is the title of a pilot scheme – included in the catalogue and available online – for all commercial managers who operate in Italy so that they receive training on how they may best relate to multi-ethnic customers.

The project *Fabbrica* – Factory has started and is directed at Area Heads and Market Heads, aiming to improve business results by making everybody aware of the far-reaching significance of change

inherent to the adoption of the organizational model of the *Banca dei Territori* and by helping to create a common culture that is consistent with new strategies. The initiative involved 26 Area Heads (three days of workshop) and 160 Market Chiefs (two days of workshop).

In order to support and facilitate the approach towards markets and international contexts – also by creating a systematic approach to the topics of innovation and complexity – the workshop *Business Innovation* was introduced at the Corporate and Investment Banking Division and Caboto. Lasting three days with conferences and “study tours”, the initiative involved sixty middle managers in 2007.

Attention has also been paid to the subject of professional re-conversion for employees who, during assessment by their chiefs, have revealed inadequate professional skills related to their own particular responsibilities. With the aim of understanding the reason behind this unsuitability and in order to strengthen their professional abilities, the project *Orientamento* – Orientation (involving 105 people within the *Banca dei Territori*) has been undertaken including the participation of managers – 80 branch managers and operational chiefs) – in order to develop and build upon skills directed towards coaching, also for employees who show learning, performance and motivational difficulties, taking team balance into consideration.

<sup>1</sup> The difference compared to the 810,086 training days listed on the Annual Report is relative to: 72,271 TV training days which cannot be individually attributed to single employees and to 28,007 training days which refer to people no longer working for the company as of December 31st last

### Training for high potential employees

*Membership of the Banking Financial Diploma, an ABI (Association of Italian Banks) project, has enabled high potential employees to take part in an 18 month training programme which awards European certification in the form of a professional Master's qualification. Costs are paid by the company.*

*For high potential employees from banks in Eastern Europe the programme Bridge High Flyers has been completed. It began in April 2006 and involved 36 people in five modules (Individual Skills, Team Working, Leadership, Innovative Problem Solving e Result Orientation).*

Training	Italy	Abroad
Training days during the year (classroom + distance)	709,808 <sup>1</sup>	89,355
Number of participants	49,249	35,387
Training days per employee	10.1	3.5

Training according to type (%)	Italy	Abroad
Classroom training	58.6	98.7
Distance training	41.4	1.3

Training according to contents: classroom hours + distance hours (%)	Italy	Abroad
Managerial	7.6	19.1
Commercial	43.4	11.7
Operative	10.2	12.7
Credit	6.8	6.3
Finance	25.9	3.0
Foreign	0.4	1.6
Computer	1.2	7.9
Specialist	0.8	15.7
Linguistic	3.7	22.0

**Training according to professional category  
(average number of hours per person)**

	Italy	Abroad
Male Senior Managers	40.0	73.8
Female Senior Managers	45.8	87.9
Male Middle and Junior Managers	48.3	24.6
Female Middle and Junior Managers	51.2	28.2
Male Clerical Staff	34.7	45.9
Female Clerical Staff	45.4	44.0

## Internal Communication

The main objective in 2007 was to encourage personnel integration, communicating information clearly, swiftly and simply so that it could be better understood and accessed with ease.

In January 2007, the pre-existing structures of the two networks were promptly unified. This enabled the spread of strategic values and aims in one common language. An innovative tool was added to traditional company instruments (intranet and House Organ – also completely renovated during the course of the year): a real company television with two distinct channels, *live* and *on demand*.

These are complementary instruments, each one possessing its own language and access features: intranet is used for swift information and interactive use and as a House Organ for in-depth views, while Web TV is used to learn, close-up, all about new colleagues, events, locations and company structures. The combination of all of these instruments has enabled the Group to reach out to everybody in the company, in a differentiated, thorough and complete way.

### New integrated intranet

A very simple common page was made immediately available – as from January 2nd 2007 – with several elementary but highly useful functions (internal 'phone list, list of branches and access to individual intranets).

At the end of November 2007, the new integrated intranet was set up. It was designed and created with the objective of supporting the integration process which is involving the whole company. For this reason, the logic which has inspired this form of innovation is the result of very careful listening to the requirements of all colleagues.

There are only two important objectives: a higher degree of simplicity and more integration. Therefore, by simply opening up the browser, all employees now have a single access point for surfing, which enables them to constantly have at arm's reach the most impor-

tant news and the most useful instruments to carry out a day's work.

On the completely renewed – graphically-speaking – home page, there are the most used functions including the new unified telephone list, regulations related to access by means of the Arco application system, the help-desk and personal messages.

Two macro-surfing areas are to be included: *Person*, to get to know and manage your relationship with the company (training, professional growth, cultural activities, presences, holidays, transfers, pay-slip, tax assistance and free time); *Work*, with information and applications which can be utilized for activities related to work and with the organizational structure of the Group. The macro-areas can be surfed by using menus and contents grouped by subject, business type or company structure.

In the centre, there is the photo of the day, chosen from the tens of photos sent in by colleagues as well as a "front page" news item with a company topic that is of particular current interest.

For most of the people working in the company, the site became automatically accessible upon opening the browser, whilst employees in companies which possessed their own intranet (*BTB*, *Banca Cis*, *Intesaleasing*, *Intesa Mediocredito*, *Intesa Sanpaolo Private Banking*, *BIIS*) continued with their own home page but could also access the Group's intranet.

Further evolution within the integrated intranet programme is still planned. This will regard the unified information system and the listing of users according to their own particular roles and functions. In each case, close consideration will be given to colleagues' suggestions and comments, as has already occurred with the online questionnaire that was sent out prior to the start of the initiative.

### House Organ

*Mosaico* was started in 2007. It is a communication periodical produced by the Intesa Sanpaolo Group. It replaced all pre-existing com-

pany periodicals (*Sanpaolo Magazine* and *Idee e persone* – Ideas and People).

The name was chosen from more than 3,600 proposals made by colleagues who were given the chance to express their own opinions and creativity by taking part in the ideas competition entitled *Proponi Il nome del tuo nuovo giornale* – Suggest the Name for your New Magazine.

Since the first issue, in March 2007, there have been four other issues that have told the story of the new Group: from strategy to the merger process, from special studies to strategic projects undertaken by the Group as well as the novelties which have affected the Italian and international banking systems (Sepa, MIFID, Mac). The issues presented the organizational structure of the Business Units, of the Central Headquarters and of the *Banca dei Territori* and also published articles regarding initiatives of a humanitarian nature (*Project Malawi*).

### Company television

*Web TV*, which started in 2002 in Banca Intesa, also reached colleagues from the former Sanpaolo network in 2007.

The project concerning the extension of the technological infrastructure of *Web TV Live On Demand* to the former Sanpaolo branches and offices enabled the setting up of 2,500 installations, making access to *Web TV On Demand* possible as from May 14th and access to *Web TV Live* from July 2nd. Completion is expected in the first three months of 2008 with 550 access stations.

The topics treated encourage everyone to deepen their knowledge concerning the company and topics which are strictly related to work or/and of general interest. Access is possible from the workplace, directly via intranet. There are two ways to view intranet: *Live*, with a daily programme made up of press reviews, television news and two programmes regard-

ing a deeper look at topics/themes. During 2007, 678 new productions were made (114 press reviews, 235 television news and 329 programmes); *On Demand*, allows the viewer to choose from a whole host of available clips, encouraging motivated and intentional choice of the programmes and overcoming potential problems connected to the work times of colleagues (part-time, absence etc). During 2007, 255 new clips were produced in all.

### Interactivity, structured listening and people involvement

Integration between intranet and *Web TV* has enabled colleagues to take a direct part in events in a simple and transparent way, also achieving significant results as in the case of the collection of luncheon vouchers for Malawi which involved almost 6,500 colleagues for a sum of more than 121,000 euro.

Two interviews were made which enabled the meeting – albeit at different moments in time – of the collective voices of both the personnel as well as the management. This initiative took place in two separate moments: listening and gathering of opinion, from all colleagues by means of an electronic form available on intranet with responses available by means of *Web TV On Demand*. These interviews represent an opportunity to compare experiences and turn out to be of constant interest for colleagues – proven by the high number of requests and viewings of the various clips.

In order to monitor the climate of the company and its internal problems two surveys have been carried out involving everybody within the Group in Italy. The percentage of respondents was 34.7. The average satisfaction rate related to the two surveys, considering the results of both senior management as well as middle and junior management as a single unit, was 69.2 for the first and 67.4 for the second.

### Internal Communication<sup>1</sup>

Average daily access to the company intranet	61,634
Total access to <i>Web TV</i>	603,657
House Organ: publication of copies	80,634

<sup>1</sup> With reference to the Group in Italy

Communication Events	Italy	Abroad
Focus Groups	54	2
Participants in Focus Groups	611	37
Stakeholder assessment	5	11
Other events	3	161

## Industrial Relations

2007 witnessed a considerable process of comparing and sharing with the trade union organizations on all those topics connected to the merger that had given rise to the new Group. In the preliminary meetings prior to the harmonization phase, both parties accepted the need – in relation to organizational and commercial set-up of the *Banca dei Territori* – to supersede previous conditions by drawing up a framework of new norms and economic conditions for all employees in the Group. Therefore, with the Programme Agreement of February 14th 2007, priority subjects and the companies to be involved in these agreements were identified, as well as the tools deemed necessary for their fulfilment, including a special union delegation that would be created for the entire duration of the Industrial Plan and would be in charge of stipulating agreements for all the Banks. There would also be a territorial co-

ordination department involving union representatives in all sectors and banks, as well as the company's own union representatives and co-ordination department.

The Industrial Relations report of March 8th 2007 outlined the functions of these particular instruments in a new approach to union relations. The new approach also includes a list of specific information regarding the co-ordination department of the company's union representatives and the creation of bilateral offices which will concentrate on important issues like Equal Opportunities and Training.

The report also entailed the inclusion of former Sanpaolo personnel in regulations concerning Sustainable Development and Security and it introduced a consulting committee where the parties decided to call yearly meetings in order to analyze and monitor the more important initiatives as well as to check the progress of proceeds and costs, with reference to the Business Plan.

### **Listening in relation to commercial initiatives**

*A process involving listening to employees by means of Focus Groups has continued.*

*This is related to the company's commitment to topics linked to sustainable development and, in particular,*

*commercial initiatives to be undertaken as well as relations with customers. 53 meetings involving 548 people took place, with the aid of external consultants.*



clients

The first part of the year was also spent on managing the complex sharing of information regarding the union sector – information that was required by law and due to economic agreements that had arisen after the merger of Banca Intesa and Sanpaolo IMI: the transfer of share control from the *Cassa di Risparmio di Parma e Piacenza* to the *Crédit Agricole*; the transfer of share control from the *Banca Popolare Friuladria* to the *Cassa di Risparmio di Parma e Piacenza*; closure of bank branches in agreement with the union organizations concerning the economic and legal transfer of the personnel (29 branches to the *Banca Popolare Friuladria* – agreement of May 2nd 2007; 173 branches to the *Cassa di Risparmio di Parma e Piacenza* – agreement of June 18th 2007).

In accordance with the objects regarding profit and growth, as laid down by the new Business Plan 2007-2009, our commitment to contain costs, prevent tensions at work and over-staff-

ing has continued. All interested parties have been informed including workers' organizations. In particular, with the agreement signed on August 1st 2007 the parties agreed upon the Bank offering 2,300 employees access to the Solidarity Fund of the credit sector and the distribution of specific economic incentives, as well as safeguarding health care and credit facilities whilst part of the Fund.

In order to adopt an incentive system which is common to all employees and which overcomes the different regulations and practices that were previously being applied by San Paolo IMI and Banca Intesa, the Bank has also actively sought an area of common ground with the unions, as well as the usual process of information exchange and cooperation as laid down by the CCNL<sup>1</sup> ("Contratto Nazionale del Lavoro" – National Work Contract). A system guaranteeing fairness of treatment for all staff was introduced in the June 6th 2007 agreement.

<sup>1</sup> The sector's CCNL includes all employees of the Group in Italy

In the second half of 2007, a series of important rationalization operations related to the company and organizational structure of the Group was undertaken. This was in accordance with the Business Plan 2007-2009. Each operation was carried out in agreement with the union organizations.

The second half of the year also witnessed a long and in-depth debate on the topic of the harmonization of the economic and legal regulations that had previously been adopted by Banca Intesa and Sanpaolo IMI. The result was a detailed series of agreements intended for all the banks in the network as well as the group chief. These agreements were published on December 20th 2007:

- transfers and assignment of different duties: extending significant safeguards to all workers including the requirement for the consent of a worker regarding transfers beyond 50 km and 70km, for 1st and 2nd junior management levels, for pregnant members of staff or staff with children under three years old, for staff benefiting from certain rights (article 33 Law 194/1992), as well as for those employees who are on part-time contracts and who are asked to travel more than 25 km to their place of work. A list has been prepared concerning the transferral of staff for personal reasons which may be periodically checked by the unions as an example of the complete transparency and efficiency regarding the administration of applications made to the company

- working hours: elasticity in the arrival and departure times from work as well as in permits which are not included in the current rules such as house removal, pregnancy and motherhood, childbirth, decease of family members, personal or family reasons, study and possibility to apply for different types of unpaid leave

- part-time: confirmation of the company's commitment to encourage this type of work and increase the opportunities for access, definition of criteria for granting preference to applications (disability, family responsibilities and study), provision for specific treatment aimed at safeguarding part-time staff who attend training course outside working hours

- health and safety for workers: an important agreement signed related to the Workers' Representatives for safety which will supersede previous disagreement on the topic with the union organizations and finds mutual agreement in applying the law in terms of territorial roles, electoral regulations and company contribution to expenses paid by the Representatives in order to carry out their work, thus awarding them more responsibilities than laid down by law and contract

- treatment of staff who work on shifts, availability and work undertaken on Saturdays, Sundays or public holidays: these new agreements have also been extended to former Sanpaolo staff and are rules laid down in the agreement of August 3rd 2005 between the former Banca Intesa and the union organizations

As far as complementary welfare is concerned, Intesa Sanpaolo took an active role in finding a solution to the Cassa IBI crisis by voluntarily re-integrating the individual positions of employees and undertaking negotiations with the unions in order to decide upon economic settlement and to transfer the welfare contributions system to the *Fapa* (Staff Pension Fund for clerical, junior and middle management) and to the *Fondo Previd System* or other *Fondo Aperto* – Open Fund, after consulting the interested parties (Agreements of May 31st, July 19th and November 8th 2007).

Furthermore, with the July 19th 2007 agreement – continuing with the welfare contributions system – employees who were with the *Fapa Banco Ambrosiano Veneto* were encouraged to transfer their contributions system to the *Fapa* of the Group, enjoying a variety of benefits including significant cost reductions in their administration, the possibility for members to diversify their investment by opting for different financial areas and by receiving extra benefits/rights in the case of inability to work and predecease.

In order to give a picture of how much has been undertaken, over the last year 129 union agreements have been signed in Italy as well as 9 abroad, while meetings between the company and the unions have totalled 661 in Italy and 51 abroad.

**Union leave<sup>1</sup>**

Days absent due to union reasons	111,867
Days absent due to strikes	5,930
Days absent due to assemblies	16,087

<sup>1</sup> With reference to the Group in Italy

**Contentious procedures with employees**

<b>Court cases involving staff currently employed</b>	<b>Italy</b>	<b>Abroad</b>
Termination of employment	36	70
Establishment and development of work relation	85	19
Duties and qualifications	111	70
Welfare and assistance	18	2
Economic treatment	54	69
Anti-union behaviour	3	1
Active (undertaken by the Bank against employees)	4	16
Various	7	103
<b>Total</b>	<b>318</b>	<b>350</b>
Requests sent to the Provincial Employment Office	335	0

**Disciplinary action taken against staff**

	<b>Italy</b>	<b>Abroad</b>
Written censure and verbal or written reprimand	137	65
Reduction in retribution (up to four hours)	7	15
Suspension from work with subtraction of retribution (from one to ten days)	207	12
Justified dismissal	34	112
Number of disciplinary sanctions aimed at employees for corruption	0	0
Number of dismissals for corruption	0	2
<b>Total</b>	<b>385</b>	<b>206</b>

## The quality of life in the company

**Equal opportunities**

The criteria which has been adopted in terms of developing the concept of equal opportunities is based upon equity and merit. The combination of these latter qualities enable the Group to offer everyone the very same opportunities in terms of growth and personal and professional worth, entirely on the basis of the quality of work attained.

Equity has been sought – first of all – by highlighting the importance of transparency in

management systems as well as the development of processes which are clear, objective and certifiable. Secondly, equity has been achieved by extending the same systems to all parts of the organization in order to guarantee the application of common management and development rules.

The application of new assessment systems enables the Group to efficiently identify merit, which is a primary criterion for achieving professional development.

## The Gemma Project

Instruments contributing towards the promotion of gender diversity and inclusion policies significantly help to improve company performance, in particular regarding a more effective approach towards the selection and retention of human resources and an enrichment of managerial abilities.

The Bank has therefore paid increasing attention to the subject of gender diversity: this attention has been translated into the adoption of a strategy to monitor and actively direct the female component within the human resources of the company. The Gemma Project, started in the second half of 2007, represents the Bank's commitment to equal opportunities.

The initiative has benefited from the interest and direct

responsibility of the CEO who – through the International Affairs staff – has been fully involved in the governance of the project.

The first phase involved a broad analytical survey of the professional situations of women in the company. The extensive survey was carried out online as well as by means of a series of direct and more specific interviews.

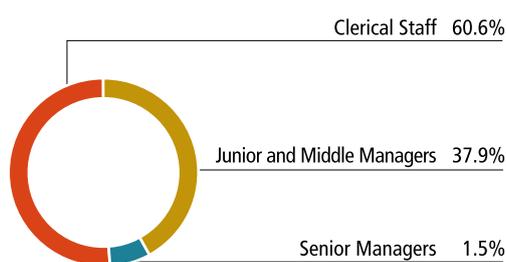
The following phase – started during the first few months of 2008 – entailed continuing the analysis as well as identifying techniques that would have to be utilized to interpret the information, taking into consideration the positive experiences in this particular area on an international level.



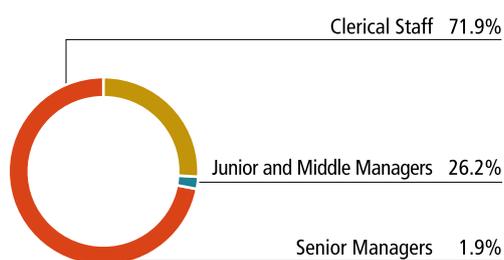
The situation regarding the total number of staff (%)	Italy	Abroad
<b>Senior Managers</b>	<b>1.5</b>	<b>1.9</b>
Men	1.3	1.3
Women	0.2	0.6
<b>Junior and Middle Managers</b>	<b>37.9</b>	<b>26.2</b>
Men	25.5	14.6
Women	12.4	11.6
<b>Clerical Staff</b>	<b>60.6</b>	<b>71.9</b>
Men	27.4	25.3
Women	33.2	46.6

The situation regarding branch staff (%) <sup>1</sup>	Italy	Abroad
Senior Managers: Men	9.0	4.0
Senior Managers: Women	3.0	4.7
Family bankers: Men	20.7	21.3
Family bankers: Women	26.3	20.1
Other: Men	21.1	15.2
Other: Women	19.9	34.7

Structuring % out of total no. of employees: Italy



Structuring % out of total no. of employees: Abroad



## Worklife balance and flexibility

The agreement signed on December 20th 2007 increased flexibility in working hours for employees.

A greater degree of flexibility in terms of entrance and exit times (45 minutes) can now be applied for as well as the reduction of the lunch-break to 30 minutes. Furthermore, everybody is allowed to benefit from permits compensating for former public holidays to be taken any time throughout the year. Additional safeguards guaranteeing the good health of pregnant members of staff as well as other specific permits/periods of leave for personnel involved in looking after children. Furthermore, permits/periods of leave due to personal and family reasons are also recognized (including permits for bereavement and childbirth, moving house, assistance to handicapped relatives, voluntary work, study and medical appointments that are not possible outside of working hours). The option to extend to a full (unpaid) year the period of leave following the expiry of

<sup>1</sup> with reference to retail branches only

the contract is permitted for those members of staff unable to resume service at the end of the period established in the national negotiation phase for the relative industrial sector. The same agreement has also increased the amount

of opportunities for members of staff to work part-time. In Italy, employees who work part-time account for 11% of the total work-force, above the sector average which is 10%.

## Welfare assistance, social security, facilities

### Part-time employees by gender: Italy

Part-time employees out of total number of employees: 11%



### Part-time employees by gender: Abroad

Part-time employees out of total number of employees: 0.6%



### Contributions for workers

	Italy	Abroad
Insurance policies (€/000)	2,758	183
Accident insurance (€/000)	5,595	508
Loyalty bonus (€/000)	16,383	45
Contributions for children / students (€/000)	3,226	359
Cultural and recreational activities (€/000)	3,496	380
Other: handicapped children of employees (€/000)	1,382	5
<b>Total (€/000)</b>	<b>32,840</b>	<b>1,480</b>
Health insurance policies (€/000)	63,916	2,079
Health care (number of users)	71,056	5,825
Complementary welfare (€/000)	149,356	33,163
Complementary welfare (number of users)	70,760	6,805
<b>Credit facilities for employees</b>		
Number of mortgages	3,416	4,126
<b>Total cost of mortgages granted (€/000)</b>	<b>343,294</b>	<b>115,544</b>
Number of loans	6,980	7,355
<b>Total amount loaned (€/000)</b>	<b>63,260</b>	<b>31,034</b>

## The Company crèche

The crèche is located in the centre of Milan and caters for employees' children from one to three years of age. In consideration of the popularity of this initiative among the families concerned (as well as the high number of applications received) the crèche was enlarged during the year and can now cater for 48 children. It possesses an array of facilities that contribute towards

the quality of the structure: avant-garde equipment, pedagogical programmes planned with the parents, specific programme related to diet as well as the high professional standards of a specialized work-force. The company is continuing to support the initiative, thus enabling families to continue benefiting from the same conditions of admission to the crèche.

## Protected categories

Throughout the year, activities connected to the recruiting and selection of resources belonging to protected categories were undertaken. This included the definition of several worker profiles within their relevant companies and interviews assessing disability and the right to compulsory employment for candidates according to their actual work skills so that they can be successfully and suitably employed within the company.

## Oltre ogni barriera –

### The Beyond all barriers Project

There are approximately 260 colleagues in the Group with visual disabilities. Almost all of them are employed as telephone operators, while the remainder although others perform different functions within the Company. Over the last two years, 130 of them have benefited from a project concerning the technological adaptation of computerized work sta-

tions. This project is now being extended to the remaining 130 employees who are still not in possession of standard computer stations for the visually disabled.

The distribution of standard computer stations for the visually disabled has more than one objective. It aims, above all, to fully integrate colleagues into the context in which they work, enabling them to be completely independent in the management of their work. It also aims, however, to enable them to consciously express their professional and personal abilities.

At the end of 2007 – with the issue of the new Integrated Management Positions – a pilot scheme was initiated involving six telephone

operators in Milan (former San Paolo network) who received sight-enhancing products that had been certified on the Integrated Management Positions by the certification team. Specific health supervision for the visually disabled has also been extended to colleagues from the former Sanpaolo IMI.

Furthermore, the course entitled “Assisting the Disabled” was included in the catalogue. Its aim is to provide specific information to those people responsible for giving aid to the disabled in emergency situations. The course concentrates upon emotional and behavioural factors in dangerous situations connected to different forms of disability in emergency conditions.

## Protected categories

### Protected categories out of total number of employees (%)

	Italy	Abroad
Disabled	4.0	1.2
Other	1.8	0.3

## Health and security

Policies related to the reduction of risk and the protection of all Bank property have been adopted. The objective has been to develop an official framework that is clear, applicable and in accordance with laws and regulations regarding security for the Bank and the Group as a whole.

The pyramid model has been chosen: the highest level contains security principles, the inter-

mediate level contains security guidelines and the lower level is made up of operative regulations concerning security.

The Group is at present completing its programme of unified security regulations in order to outline models which will contribute towards the simplification and homogeneity of the safety and security issues for all employees, as well as outlining the correct usage of security options in the Group.

### **Security in terms of access to company systems**

*Preparations for a unified Group badge, started in 2007, will lead to the distribution – by the summer of 2008 – of a tool which will enable both access and notification of attendance and – by means of a digital certificate – access to the information system. The keyboards with smart card device (60,000 have already been purchased) and will guarantee employees safe access to*

*company systems as well as safe access to their own work stations.*

*This initiative will enable, in the future, the integration of joint logical and physical protection mechanisms (for example, the use of the badge when leaving the company prevents access to company systems until future use of the badge upon entry).*

In 2007, specialized security structures operating in Milan, Turin, Padua, Rome and Naples were extended to the former Intesa network and more than 2,300 inspections were carried out. Direct contact between specialists and branch colleagues turned into an important opportunity to check and monitor risk conditions, to identify the type of corrective work to be undertaken, to increase safety measures and to involve colleagues and make them aware of the safety and security issues.

Intervention work has been carried out on banks which have been subject to robbery and theft with the aim of providing immediate assistance to colleagues involved and to analyze close-up the dynamics of such situations.

This has enabled the banks to gauge the work undertaken to strengthen already existing security installations and replace those consid-

ered obsolete. In 2007, more than 1,300 new security installations have been applied.

Furthermore, throughout the year operational processes and communication and coordination tools between the office dealing with the Bank's physical security and other structures in charge of the creation and maintenance of devices (at central and local levels) were defined. The protection of physical security is a constant element in relations with union organizations. In 2007, security representatives took part in meetings between the Company and union representatives in order to illustrate criminal trends and to explain the main strategies employed to fight them. In 2007, there were 443 bank robberies at our Italian branches (8% of total number of branches) and there were 470 meetings to provide psychological support to those members of staff involved.

### **Training on security**

*Considerable importance has been given to security training. This has contributed towards the creation of a common company culture and the production of effective and efficient measures to reduce risk. Our commitment is directed at a series of initiatives in order to make colleagues aware of the correct way to treat property, valuables and information.*

*In 2007, the class training programme involved more than 650 employees (senior managers, family bankers, operational staff and the new recruits) in special*

*courses aimed at teaching the correct approach in terms of crime prevention and the appropriate behaviour to adopt in the case of robbery.*

*Furthermore, the training programme was directed – also via distance learning – to members of staff in charge of processing personal information and information in general with a course centred upon data protection.*

*Total security training days provided in Italy amounted to 4,231, while they totalled 914 abroad.*

*clients*

Special agreements with the Universities of Milan and Turin to receive advice on security and health issues involving employees have been established. A special coordination office has been set up for doctors to appoint coordinators for the holding company as well as for the Companies in the Group. The work of the area doctors is carried out in accordance with the health protocol of the coordination office.

In collaboration with specialists, regulations concerning the threshold of radon gas concentration were outlined. This was undertaken

with the Buildings and Acquisitions Department and involved reducing the gas to a level within safety and security boundaries. All members of staff in the branches involved received the required information regarding this safety issue. This was carried out with the Personnel Department; furthermore, the analysis of single risk situations has since continued. This aims to exchange information and documentation with the various departments in the Company, also by means of local offices for prevention and protection in Milan, Turin, Padua, Bologna, Rome and Naples.

<b>Absences (%)</b>	<b>Italy</b>	<b>Abroad</b>
Absence rate according to reason (out of total theoretical working days)	10.33	9.37
Illness	4.27	2.13
Accident	0.12	0.07
Child care	2.31	2.94
Personal and family reasons	0.78	0.65
Leave for public duties	0.07	0.01
Leave for blood donation	0.05	0.01
Handicap (Law 104/92)	0.44	0.03
Other	2.28	3.53

<b>Accidents throughout the year</b>	<b>Italy</b>	<b>Abroad</b>
Accidents inside the Company	200	43
Accidents outside the Company	463	131
<b>Total accidents throughout the year</b>	<b>663</b>	<b>174</b>
% accidents out of the total number of employees	0.9%	0.7%

# *Shareholders*



*SHAREHOLDERS*  
*Institutional Investors*  
*Small Investors*  
*Foundations*  
*Media*



## Strategies

We have made every effort to honour the commitments undertaken with the 2007-2009 Business Plan, and to achieve the objective of generating significant and sustainable growth, developing a relationship based on trust with all our stakeholders and leveraging on all operational variables: income growth, cost control, asset and risk optimization.

The integration plan has also proceeded according to schedule: during the first three months of the year the decisions concerning the operating structure were finalized and the managers responsible for the business units

were appointed, and the various client clusters for the Business Units were defined. In addition, the distribution models for retail and corporate clients, and businesses were aligned and integrated solutions for the management and control systems for directive and operational reporting, risk control mechanisms and financing processes were fine-tuned. The first joint commercial initiatives supported by specific advertising campaigns were launched. The IT system for the entire group was identified in the first quarter of 2007.

## Commitments for 2007-2009 and what has been achieved

### ATTENTION TO SHAREHOLDER ROI

● The Intesa Sanpaolo Group closed 2007 with improved financial margins. The Group's net profit reached 7,250 million euro, an increase of 54% compared to 2006 also for extraordinary income from sales. The operating result of the financial year amounted to over 8.7 million euro, an increase of 5.5% compared to 2006, which increases to 15.2% if non-recurring elements are excluded. ■■■□□

● The Board approved the distribution of dividends for 2007 of over 4.8 billion euro with a unitary dividend of 0.38 euro for each ordinary share and 0.391 euro for each savings share, with a yield of 8% for the ordinary shares and 8.7% for the savings shares. ■■■□□

### GUARANTEE THE MAXIMUM LEVEL OF TRANSPARENCY AND PROMPTNESS IN COMMUNICATIONS TO THE MARKET

● The Group has maintained its commitment to provide all its stakeholders with transparent, prompt and easy-to-access information. Telephonic and web-based interviews and conferences have been held with the Italian and international financial community. The Group's web site has been completely renewed, and is now even clearer and simpler to use. ■■■■□

For further details regarding the shareholder-base profile, the reader is referred to Chapter 1 on page 29.

■■■■■ achieved and finished  
 ■■■■□ continued from 2006  
 ■■□□□ under way  
 ■□□□□ yet to be achieved

## Shareholders' Meeting<sup>1</sup>

Resolutions: principal competences	<ul style="list-style-type: none"> <li>● appointment and revocation of the Supervisory Board;</li> <li>● responsibilities of the members of the Supervisory Board and, without prejudice to the concurrent competence of the Supervisory Board, of the members of the Management Board;</li> <li>● distribution of net income;</li> <li>● appointment and revocation of the independent auditors;</li> <li>● approval of financial statements if these have not been approved by the Supervisory Board;</li> <li>● transactions reserved by the law to the Extraordinary Shareholders' Meeting.</li> </ul>
Meetings convened 2007 with their relative agendas	<p>May 3, 2007 (ordinary):</p> <ul style="list-style-type: none"> <li>● approval of the destination of net income of the financial year 2006 and the distribution of the dividend;</li> <li>● authorization to buy and sell shares of the Group for compensation schemes for the employees of the Group and the controlled companies - appointment of the members of the Supervisory Board</li> <li>● ascertainment of the civil responsibility for the members of the Supervisory Board</li> <li>● proposal to review the compensation accorded to the external auditors, Reconta Ernst &amp; Young S.p.a.</li> </ul> <p>May 3, 2007 (extraordinary):</p> <ul style="list-style-type: none"> <li>● resolutions regarding modifications to Articles of Association, also connected to the coming into force of the measures of Law 262, December 28, 2005 (also known as the "Savings Law") and Legislative Decree n. 303, December 29, 2006 (the "Pinza Decree").</li> </ul> <p>October 2, 2007 (ordinary):</p> <ul style="list-style-type: none"> <li>● resolutions regarding the authorization to buy and sell the Group's own shares, in order to fulfill and execute the obligations undertaken with the acquisition of control of Banca CR Firenze.</li> </ul>
Equity Participation	<p>Shareholders' meetings of May 3, 2007: the ordinary capital was represented by 53.84% during the ordinary meeting and 52.52% during the extraordinary meeting</p> <p>Shareholders' meeting of October 2, 2007: 56.42% of the ordinary capital was represented. No prior guarantee deposit was required for intervention in the Shareholders' Meetings.</p>
Voting rights	<p>Each ordinary share carries the right to one vote. The savings shares do not give the right to vote in the ordinary and extraordinary Shareholders' Meetings; they only confer the right to intervene and vote during the Special Meeting of holders of savings shares.</p>

The Special Meeting of the holders of savings shares met on May 4, 2007 and resolved regarding the question as to whether a compulsory conversion of savings shares into ordinary shares should be submitted to the competent bodies of the Group.

<sup>1</sup> As far as shareholding profile is concerned, see chapter 1, page 28

## Intesa Sanpaolo share performance: returns

### Quotation of Intesa Sanpaolo Ordinary Shares

The price of the Intesa Sanpaolo ordinary share registered – after the progressive decrease in the first two and half months of 2007 – a rapid acceleration between mid-March and the first ten days of May, also following the publication of the 2006 results of Banca Intesa and Sanpaolo IMI and of the 2007-2009 Intesa Sanpaolo Business Plan, which led the share to reach levels 7% higher than those of the beginning of the year.

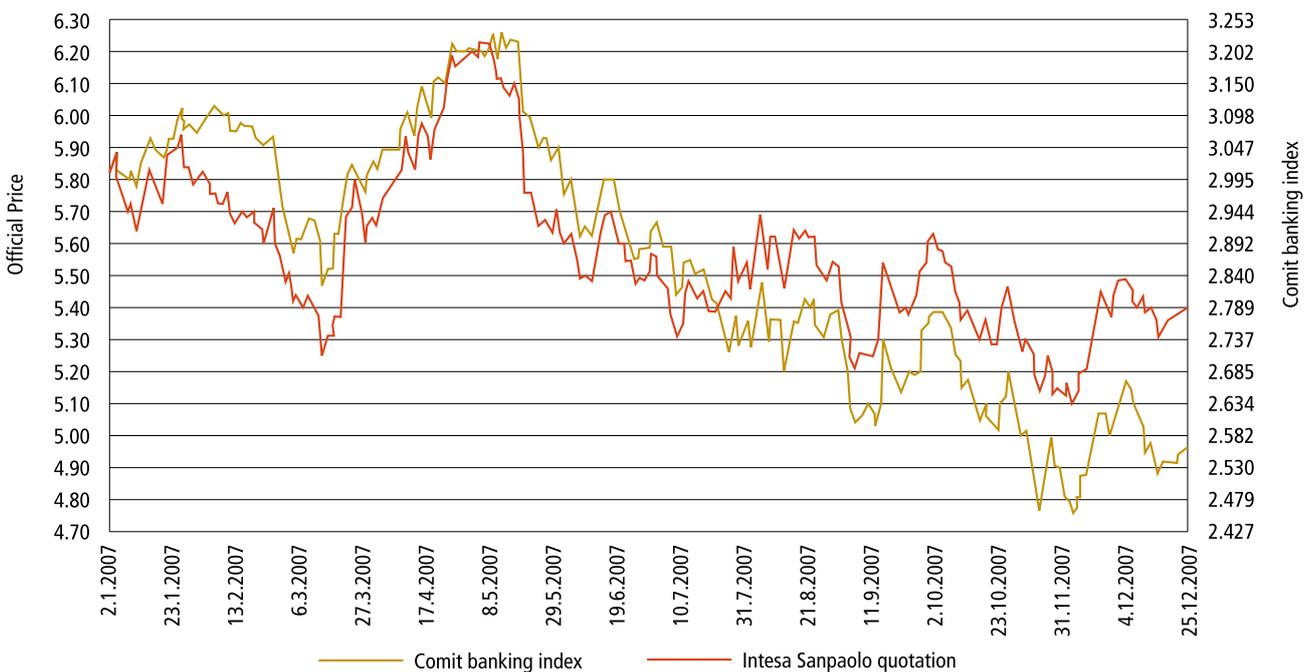
From the date of payment of the dividend the price returned to values lower than those of the beginning of the 2007, due to the high remuneration of the shareholders, and registered a cyclic trend in the second part of the year – with a first rebound in August that was annulled in September, a second in October, followed by a decline to the minimum for the year in November (approximately -12% with respect to the beginning of 2007), and a last recovery in December – to close the year 7.4% lower compared to 2 January 2007, corresponding to half the drop registered by the sector index.

As at the end of 2007, the capitalisation of Intesa Sanpaolo amounted to 68.6 billion euro.

### Dividends

The Ordinary Shareholders' Meeting of May 3, 2007 resolved the attribution of an overall sum equal to 0.391 euro for each savings share and to 0.380 euro for each ordinary share. These amounts, for a total pay-out of over 4.8 billion euro, were constituted by:

- an "ordinary dividend" equal to 0.22 euro for each ordinary Intesa Sanpaolo share and 0.231 euro for each savings share (for "ordinary dividends" the allocation – from profits and reserves – of an amount equal to the dividend distributed by Banca Intesa in 2006 is intended), with a resulting "ordinary" pay-out of over 2.8 billion euro
- an "extraordinary dividend" equal to 0.16 euro for each ordinary and savings share (for "extraordinary dividend" is intended the greater allocation to the shareholders compared to the "ordinary dividend"), with a resulting "extraordinary" pay-out of approximately 2 billion euro



## Relations with shareholders and the financial community

During 2007 communications with the financial community focused on the strategic objectives of the 2007-2009 Business Plan presented on April 16, 2007 as well as an accurate report on the company's operating trend, thus facilitating financial analysts, rating agencies and investors in understanding the bank's results.

With reference to the 2007-2009 Business Plan, the main objective of the communications was to provide stakeholders, through the various channels available, with a clear perception of the potential of the new Group, not only with a view to creating value for shareholders but also in terms of access to products and services at more competitive conditions for clients, of professional growth for employees and as a growth driver for society and the environment.

Furthermore, the Group's website was completely revisited in 2007; the institutional communiqués were re-grouped in the new site, [group.intesasanpaolo.com](http://group.intesasanpaolo.com), which is entirely bi-lingual (Italian and English) and includes areas dedicated to financial information, the structure of the Group, the governance model as well as an area entirely dedicated to sustainability. ①

Once again in 2007, with the objective of guaranteeing parity of information for all shareholders and stakeholders, the information was made available promptly, in an easily understandable form, through a number of channels such as Internet, conference calls on toll free numbers, brochures, balance sheets sent free of charge upon request via the Bank's Internet site.

In accordance with international best practices, web and telephone meetings and conferences were arranged with the Italian and international financial community in order to consolidate longstanding and continuous relationships that contribute to the creation of sustainable value over time. To this end, perception analyses with financial analysts and institutional investors have also been conducted to investigate opinions/needs/expectations.

Communications	2007
Institutional presentations	59
Financial communications published	191
Road shows	23
– Europe	21
– United States	2
Meetings with investors and analysts	193
Requests received and resolved by the shareholder help desk	12,000

On the basis of the progress of the integration and the presentation of the 2007-2009 Business Plan, the recommendations of the analysts (approximately 30) who were observing Intesa Sanpaolo improved significantly.

Recommend.	January 2007	December 2007
Buy	66%	79%
Hold	28%	18%
Sell	6%	3%

## Ratings

When the merger with Sanpaolo IMI came into effect on January 1, 2007, Fitch increased its Support Rating for Intesa Sanpaolo from 1 to 2 and confirmed the other ratings assigned to Banca Intesa. In April 2007, following an updating of its rating determination methodology, Moody's increased its rating of long term debt (to Aa2 from Aa3) and lowered the BFSR financial solidity rating (to B- from B).

## Inclusion of Intesa Sanpaolo in the ethical indices

Since 2007 Intesa Sanpaolo has been listed on a number of the principle European Ethical Indices (FTSE4Good, ASPI Eurozone, and Ethibel Investment Register).

<b>Moody's</b>	
Medium to long term debt	<b>Aa2</b>
Short term debt	<b>P-1</b>
Financial strength	<b>B-</b>
<b>Outlook</b>	<b>Stable</b>

<b>Fitch</b>	
Medium to long term debt	<b>AA-</b>
Short term debt	<b>F1+</b>
Individual	<b>B</b>
Support	<b>1</b>
<b>Outlook</b>	<b>Stable</b>

<b>Standard &amp; Poor's</b>	
Medium to long term debt	<b>AA-</b>
Short term debt	<b>A-1+</b>
<b>Outlook</b>	<b>Stable</b>

## Media Relations

The definition and management of the Group's communications with the media and Italian and foreign opinion makers is conducted by the Media Relations Office, with the main objective of communicating initiatives of strategic and operating importance for the Group to all stakeholders and to develop a highly transparent relationship with the financial community and with public opinion, both at home and abroad.

Communiqués provide punctual, detailed and transparent information regarding:

- the corporate identity values and the Group's role in providing support to the development of the country
- the objectives of the Business Plan
- the presentation of the quarterly, half-yearly and annual results
- new product/service launches with particular relevance for all stakeholders
- the development of cultural or social initiatives of particular importance
- the development of new structures dedicat-

ed to the business, to the non-profit sector, to Public Finance and investment banking

All strategic information pertaining to the Group is made promptly available on the relevant section of the Group's web site, which is updated on a daily basis. This section also contains biographies and photographs of the Group's top management, the communiqués issued by the Group and by Banca Intesa (from 2002 to the present) and Sanpaolo IMI (from 2000 to the present).

<b>Communication</b>	<b>Number</b>
Press releases	520
Press conferences	90
Product presentations and initiatives	65

It is possible to enroll on a mailing-list to receive press releases and information on the main corporate events directly by e-mail or on their mobile phones; it is also possible to have the available documentation sent to a physical address.

## Research and Relations with the world of finance

The independence and reputation of research are fundamental values for the correct functioning of financial markets and for the preservation of investor trust. For this reason we are committed to ensuring that our economists and financial analysts express independent judgements and, with regard to our external research, we have prepared templates to protect investors, on governance and conflicts of interest. The Group has concentrated all its research resources in a single research structure, the Research Department, which is independent of the business units and functions in complete autonomy.

Furthermore, in full alignment with the MiFID and the relative regulatory measures, at the end of 2007 the Research Department was re-organized to ensure a clear distinction between research on investments and the compilation of economic studies, carried out by separate departments.

Specific internal regulations were introduced in 2006 to discipline the principles and rules of behaviour for the activity of financial analysts in the light of the applicable legislation. The Compliance department monitors the activity of the financial analysts on a regular basis, to ensure that the criteria of correctness and transparency are observed in all investment recommendations and communications regarding specific interests and/or conflicts of interest.

In-depth knowledge of economic and financial phenomena, of the corporate, industrial and local situations in which the Group operates is fundamental for understanding the main trends of the reference markets, identifying their growth potential and contributing to finding direction for the Group's activities.

The Group also conducts research for the promotion of public initiatives with the aim of stimulating debate on economic and financial issues and, where possible, to offer suggestions to the competent authorities. The extensive knowledge deriving from the Group's activity and the experience of our employees is of

fundamental importance in this field and guarantees participation in economic and financial debate, at both national and international level, through internal studies and research which are distributed to the public and the financial community.

The Group's studies and research are distributed according to the contents of each publication and to the needs of the end users: corporate and institutional customers, the Bank and Group units, the general public. Publications are circulated through electronic and traditional mail, targeted mailing lists (the most extensive of which contains 2,900 addresses), the Group's web site,

in which a selection of its vast production of studies is available; institutional customers may also access the websites of the companies of the Group.

In recent years the Group has promoted initiatives to increase the awareness of public opinion and economic operators for the role played by factors such as research, innovation, marketing, ICT, human resources and internationalization in the development of competitiveness, not only of large companies, but also of SMEs.

Relations with category associations, other associations and research centres provide an opportunity to exchange views, which is fundamental for the Group's development. Therefore the Group supports and promotes external analysis and research initiatives by providing both direct collaboration and economic support.

During 2007 the Research Department of In-

In-depth knowledge of economic and financial phenomena, of the corporate, industrial and local situations in which the Group operates is fundamental for understanding the main trends of the reference markets, identifying their growth potential and contributing to finding direction for the Group's activities.

tesa Sanpaolo supplied scientific contributions for the organization of a number of important conferences, in which analytical reports

of industrial sectors and areas, the country's sustainable development and the fashion and luxury sector were presented.

### **Intesa Sanpaolo conferences organized in 2007 with the scientific contribution of the Research Department**

#### **70° Rapporto analisi dei settori industriali: "Fuori dal tunnel"**

(70th Analytical Report on Industry – "Out of the dark, into the light")  
Vicenza, May 16, 2007

discussion of the book entitled *I distretti industriali del terzo millennio*, edited by the Research Department of Intesa Sanpaolo and TeDis of the Venice International University  
Milan, November 5, 2007

#### **Sviluppo sostenibile, Autonomie Territoriali e Regole. Un quadro di certezze per sostenere la crescita**

(Sustainable Growth, territorial autonomy and rules. A concrete framework to support growth)  
Rome, October 24, 2007

**Gli scenari Futuri della Moda e del Lusso**  
(Future scenarios for the fashion and luxury sector)  
Conference organized jointly with Pambianco – Strategie di Impresa  
Milan, November 13, 2007

#### **I distretti industriali del terzo millennio: dalle economie di agglomerazione alle strategie d'impresa**

(The industrial areas of the Third Millennium: from agglomeration economies to business strategies)  
Conference dedicated to the presentation and

#### **72° Rapporto analisi dei settori industriali: "Investire sul futuro: l'industria italiana e le sfide del prossimo biennio"**

(72nd Analytical Report on Industry – "Investing in the future: Italian industry and the challenges of the next two years")  
Milan, November 20, 2007

### **Share market indexes**

The Group publishes daily a series of long standing stock market indices—the most well-known, the Comit Global, was launched in 1972 – which represent a reference point for investors and the financial community. Currently 28 Italian equity mutual funds use them as benchmarks. The indices are constantly integrated to respond to the changing market scenario and operator requirements. Currently 31 stock market indices are calculated and circulated by the main info providers

# *Suppliers*



## Strategies

One of the guiding principles in the integration process of the operating activities of the banks which merged into Intesa Sanpaolo is attention to the elimination of waste as well as to conservatism in purchasing. Furthermore, e-procurement, which had al-

ready been adopted by Banca Intesa since 2003, has been extended to the entire Group. By using this eco-compatible consumption model that eliminates warehousing and stocks of materials, the Group makes a further contribution to sustainable procurement.

## Commitments for 2007-2009 and what has been achieved

### TRANSPARENCY AND FAIRNESS IN THE SUPPLIER SELECTION PROCESS

#### Extend the Procurement Portal and the use of on-line bids to the entire Group:

● The Portal and on-line management of the relative negotiations have been extended to almost all the product categories. ■■■□

#### Develop and integrate the supplier list:

● The supplier list has been integrated and can be accessed on Internet. ■■■□

#### Implement actions to accelerate payment as established by the contracts:

● Monitoring of payment terms has been improved by the application of information technology procedures underlying the expense administration management. ■■■□

### Define listening and dialogue programs to benefit bank/supplier relations:

● The integration processes have contributed strongly to the creation of constructive relations with suppliers. ■■■□

### PROMOTE SOCIAL AND ENVIRONMENTAL SUPPLIER SUSTAINABILITY

#### Qualify suppliers according to social and environmental requisites:

● Social and environmental criteria are included in the process of supplier registration/qualification. ■■■■

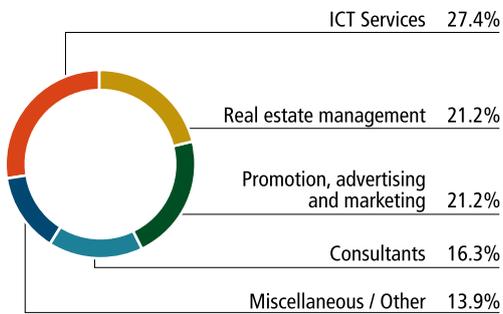
#### Improve the procurement process with the aim of reducing the impact on the environment:

● The supplier assessment will include the integration of quality and economic criteria with those of product, process and procurement sustainability. ■■□□

- achieved and finished
- continued from 2006
- under way
- yet to be achieved

In 2007 Intesa Sanpaolo spent approximately 3.34 billion euro in procurement.

#### Administrative expenses 2007 by category



## Transparency in procurement processes and the selection of suppliers

Subsequent to the merger of 2007 the Group placed great importance on integrating the procurement function with that of the renegotiation and unification of supply agreements. When assessing commercial proposals during this process, particular importance was attributed to local suppliers.

During the year, 62 product categories were analyzed in Italy, 78 on-line bids were held, involving a total of approximately 850 suppliers and culminating in 230 contracts.

The Group bases its relationship with its suppliers on transparency and equal opportunities. The *e-sourcing Portal* renders the negotiation process traceable and functional throughout: from the supplier selection process to the organization of the negotiation itself; from the publication of the requisites of the bid to the invitations issued to potential suppliers to participate; from the collection and analysis of the offers to the automated reports and the announcements of the conclusion of the bid.

Companies who intend to participate as potential suppliers must register with the system; those who are accepted receive keys to access the site, to which they upload their offers. During the registration process, potential suppliers are required to state their acceptance of the bank's general procurement and declare conformity to the principles laid down in the Code of Ethics and in Legislative Decree 231/2001; actions or behaviour contrary to these principles may incur in termination of the contract. In addition, a specific questionnaire has been

included, entitled "Suppliers: Social Responsibility Policies", in which the potential suppliers describe their social responsibility policies when they register on the Portal.

Suppliers can access the Bank's policies and information regarding its initiatives through the Portal on the web site. The Portal has been extended to cover all the product categories and the negotiations are conducted on-line. The efficient application of the IT procedures which support the expense administration have permitted more in-depth monitoring of payment terms. The planned timing has been respected and no significant changes have been made to the original plan.

The same degree of care and attention in guaranteeing transparency and efficiency in e-procurement processes has also been applied to the foreign banks of the Group, even in cases where, as in Rumania, there is an energy and water monopoly.

This commitment has ensured that terms of payment to local suppliers (30 days) have been respected in all the banks of the Group; in some cases, such as for example CIB, these terms have been halved to 15 days, in others, such as VUB, virtual bids have been implemented.

**We guarantee equal opportunities in selecting suppliers and commercial partners, bearing in mind their compatibility and adequacy to the size and needs of our company.**

## Promote social and environmental responsibility

The criteria the Group has adopted in its supplier selection process include their social and environmental responsibility policies.

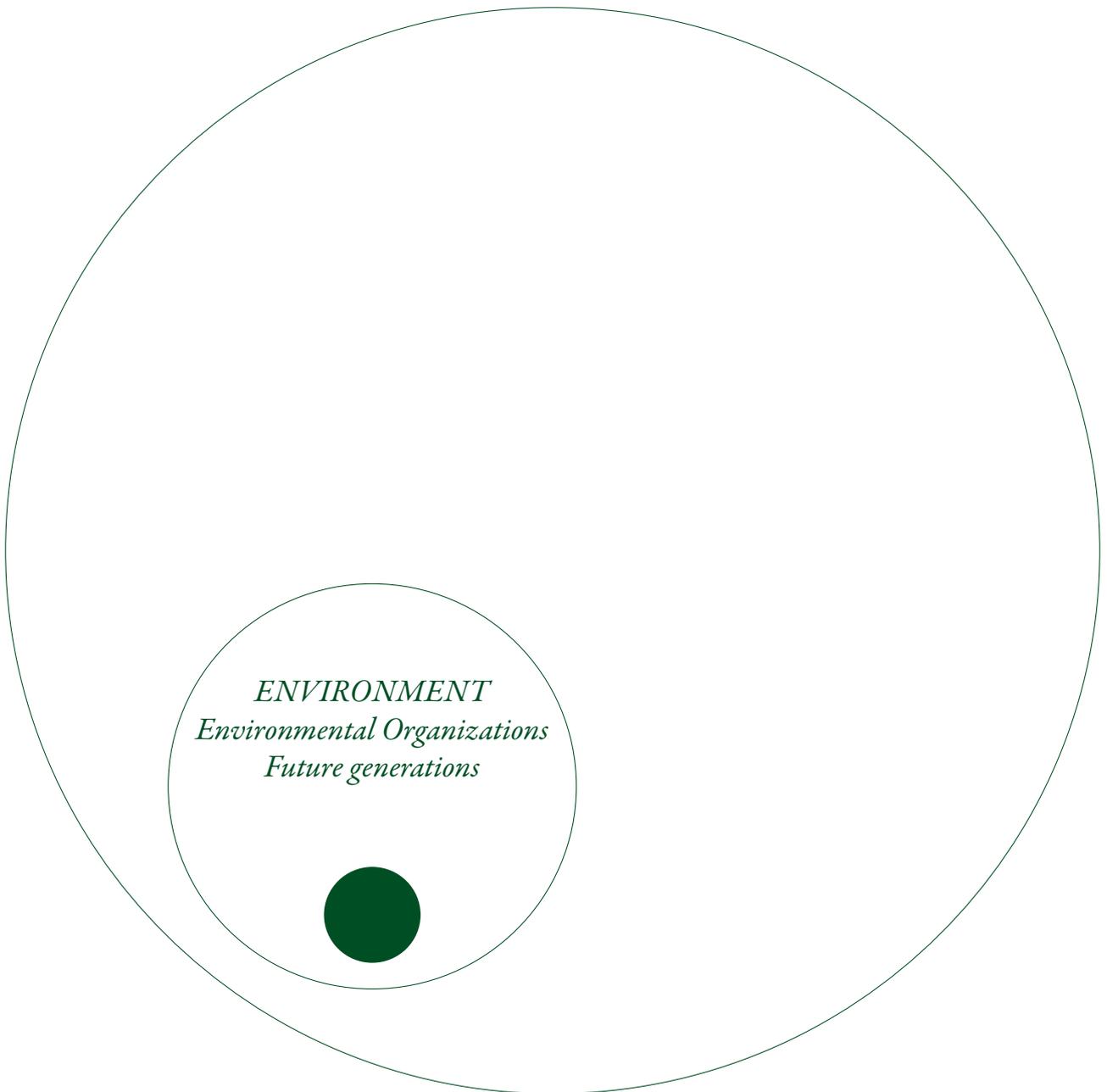


Over and above their acceptance of the Group's Code of Ethics, which the potential suppliers adhere to at the time of registration, the selection process and subsequent contract stipulation also require the suppliers to commit to sustaining the protection of human rights. The Group also insists that the contracts stipulated contain a specific reference to the application of the national collective contracts for each single category.

VUB, in promoting responsible use of resources, gives priority to certified eco-compatible materials, and manpower from the social co-operatives, while CIB has initiated the certification of its main suppliers.

We recognize the principles established by the ILO (International Labour Organization) fundamental Conventions and in particular the right to association and collective bargaining, the ban on forced labour and child labour, as well as non discrimination in employment.

# *Relations with the Environment*



## Strategies

We have issued an Environmental Policy which defines our approach towards the responsible management both of the impact on the environment created by our activities (direct impact) and of that created by our customers and suppliers (indirect impact). As far as direct impact is concerned, we have set up a special office for its management, co-ordinated by the Group's Energy Manager. We have extended the Environmental Management System to new branches so that consumption of resources, plants and

generated waste can be correctly managed. We have committed ourselves to the continual reduction of CO<sub>2</sub> emissions by concentrating upon the usage of renewable energy sources and by introducing initiatives for sustainable mobility which are administered by the Group's Mobility Manager. As far as indirect impact is concerned our programme of financial support has continued – with a vast range of products – for individuals and companies which promote discerning consumption and use of clean energy.

## Commitments for 2007-2009 and what has been achieved

### ENCOURAGE THE RESPONSIBLE USAGE OF ENVIRONMENTAL RESOURCES: ENERGY, PAPER, WATER AND WASTE MANAGEMENT

**Extend the ISO 14001 certified Environmental Management System to new areas:**

- Extended to ten new areas. ■■■□

### Adopt higher energy efficiency systems and gradually reduce carbon dioxide emissions:

- As a result of sixty-one re-structuring and renovation programmes, more energetically efficient plants have been installed (in particular, ten condensed gas water-heaters) as well as improvements in the lighting systems in sixty-seven branches. ■■■□

- Approximately 8,000 Personal Computers have been fitted with liquid crystal monitors. ■■■□

- 50% of computerized work stations have been fitted with automatic night-time switch-off devices in Italy. ■■■□

- The use of heat retrieval systems in the Data Elaboration Centres (CED) in Moncalieri and Settimo as well as co-generation/tri-generation systems for the CED in Parma has been prepared. ■■■■

- Reduced energy consumption signs have

been installed in 450 branches. ■■□□

- Electric energy produced from renewable sources is used. This usage reached the 75% mark of the total consumption of all the commercial banks in Italy. ■■■□

- A continuous monitoring of the energy consumption in all the main buildings has been carried out in order to single out potential improvement work. ■■■□

- New specifications regarding systems maintenance have been drawn up in order to maximize energy efficiency. ■■■■

- The shuttle service for employees has been re-organized; the company fleet has been reduced; request procedures for work trips has been improved. ■■□□

### Reduce paper consumption and increase the use of ecological paper:

- An experimental project for the use of recycled paper for posters has started and will be examined during the coming year. ■□□□

### Apply purchase standards in line with the principle of eco-compatibility:

- Progressive introduction of green purchases. ■■□□

■■■■ achieved and finished  
 ■■■□ continued from 2006  
 ■■□□ under way  
 ■□□□ yet to be achieved

**Improve procedures regarding the processing of waste:**

● Operating procedures of all Italian branches have been merged and new specifications regarding personal facilities (cleaning services, waste collection, etc.) introduced. ■■■■

● The organization of branch archives in Lombardy has been started with the objective of eliminating surpluses from everyday administration activities. ■■□□

**Adopt technological solutions which limit the usage of water resources:**

● Guidelines for the creation of new branches, which also provide indications concerning water usage, have been issued. ■■■■

**CONSIDER ENVIRONMENTAL RISK WHEN EVALUATING CREDITWORTHINESS**

● Participation in the inter-banking activities of the ABI in terms of environmental risk evaluation of credit counterparts, is a contribution towards the drawing-up of specific guidelines. ■□□□

● The implementation of Equator Principles was commenced with a training course in which twenty-one colleagues, who had been involved (in varying degrees) in the application of the Principles, took part. ■■□□

**DEVELOP SPECIFIC PRODUCTS AND SERVICES AND TAKE PART IN INITIATIVES IN THE FIELD OF ENVIRONMENTAL SUSTAINABILITY****Increase the commercial offer in the energy sector in order to support clean energy:**

● Personal loans to individuals for the creation and installation of photovoltaic panels in private housing and the purchase of ecological vehicles. ■■■■□

● Funding for small companies in the field of agriculture and for new initiatives in the photovoltaic and biomass sectors ■■■■□

● Funding for companies for the production of renewable energy (photovoltaic, biomass and hydroelectric). ■■■■□

● Mortgages for the sustainable building sector. ■■■■□

● *IntesaNova Energia* entails the collaboration with scientific partners in the assessment of quality and the energy yield of the project. ■■■■□

● *Leasenergy*, a leasing product for the funding of plants for the production of photovoltaic energy. ■■□□

**Broaden the offer of products and services in the energy sector in order to support clean energy:**

● Use of instruments for the employment of venture capital – by means of EQUITER – for the technical and economic evaluation of the most complex or innovative projects in renewable energy sectors (wind, mini-hydro, photovoltaic, biomass and biogas). ■■■■□

● Establishment of a company (GICA) in order to originate and trade emission permits. ■■■■□

● Project finance funding in the renewable energy and waste management sectors. ■■□□

**Take part in initiatives connected to the protection of the environment (e.g. Carbon Finance funds, partnerships promoted by the Ministry of the Environment, such as the Kyoto Club):**

● Membership of the Kyoto Club. ■■□□

● Participation in the fight against climate change through the Carbon Disclosure Project association. ■■■■□

● Partnership in the campaign “Sustenergy-sustainable Energy for Europe” promoted by the European Commission. ■■□□

● Agreement with the Ministry of the Environment in order to strengthen co-operation in terms of energy saving and the promotion of renewable energy. ■■□□

● Taking part in the 20th World Energy Congress (WEC). ■■■■

**INCREASE TRAINING, INFORMATION AND AWARENESS OF EMPLOYEES WITH REGARD TO ENVIRONMENT TOPICS**

● Circulation of periodical newsletters in order to make the employees more aware of energy saving. ■■□□

● Publication on the company intranet site of the guide *Saving the environment with a click*, by the ABI. ■■■■

● Creation of the special intranet section for the new structure of Environmental Sustainability. ■■□□

Our environmental heritage is a wealth that has to be looked after and protected, even more so if we take into consideration the usage of resources – more often than not *non-renewable* – by human activity. Indeed, their protection today is one of the most important challenges facing economic development. We can no longer conceal from ourselves the fact that our planet will not be able to provide enough resources for future generations if present-day generations continue to consume at the same pace without changing course. It is without a shadow of doubt – on account of the crucial role they perform in administering capital – that banks and other financial institutions share a high degree of responsibility, both as entities that consume and in relationship to the social and environmental consequences of the money that they lend. For this reason, In-

tesa Sanpaolo places the environment among its stakeholders. The Bank lets the environment have its say since environmental interests are relevant to a variety of activities within the Bank. Environmental policy – issued in 2007 – intends to translate this commitment into an attitude which is increasingly sustainability-oriented. The Group has renewed its membership to the UNEP Finance Initiative. This was a commitment that had already previously been taken in 2006 both by Banca Intesa and by Sanpaolo IMI. The UNEP Finance Initiative is the environmental programme of the United Nations and it started more than fifteen years ago in order to collaborate with a variety of stakeholders to define a set of guidelines – mostly in the environmental field – which would be tailor-made for banks, financial and insurance institutions.

## UNEP Finance Initiative

Principles	Our commitment
<p><b>1. Commitment to sustainable development</b></p> <p>1.1 We regard sustainable development as a fundamental aspect of sound business management.</p> <p>1.3 We regard the financial services sector as an important contributor towards sustainable development, in association with other economic sectors.</p>	<ul style="list-style-type: none"> <li>● The company strategy inspiring us also entails supporting the development of our country from a viewpoint which aims to create value that is not only economic but also social and environmental.</li> <li>● We direct our operations towards supporting initiatives which are geared to a sense of responsibility in the administering of social and environmental impact, by means of listening to the requests of our stakeholders.</li> <li>● We develop working relationships with institutions that are building and controlling markets for the environment, especially those markets created to reduce carbon dioxide emissions, also with price-based incentives.</li> </ul>
<p><b>2. Environmental Management and Financial Institutions</b></p> <p>2.1 We support the precautionary approach to environmental management, which strives to anticipate and prevent potential environmental degradation.</p> <p>2.3 We recognize that identifying and quantifying environmental risks should be part of the normal process of risk assessment and management, both in domestic and international operations. With regard to our customers, we regard compliance with applicable environmental regulations and the use of sound environmental practices as important factors in demonstrating effective corporate management.</p> <p>2.4 We will endeavour to pursue the best practice in environmental management, including energy efficiency, recycling and waste reduction. We will seek to form business relations with partners, suppliers, and subcontractors who follow similarly high environmental standards.</p>	<ul style="list-style-type: none"> <li>● Environmental policy is directed towards the main environmental aspects affected by the Bank's activities: direct and indirect impact. As far as direct impact is concerned, the Bank is committed to progressively improve the management of resource consumption. As far as indirect impact is concerned, the Bank is committed to spreading positive processes and behaviour, both through the granting of customer funding and through the purchase of goods and services from its suppliers.</li> <li>● The Group is adopting the Equator Principles, guidelines which have been defined at an international level for assessment, administration and monitoring of potential environmental and social risks, connected to project finance activities.</li> <li>● In 82 branches so far – but we intend to gradually increase the number – we apply an ISO 14001 certified Environmental Management System which enables us to manage efficiently the relevant environmental issues. The System also extends to the suppliers and contractors involved.</li> <li>● The choice of our suppliers is also connected to criteria concerning social and environmental responsibility.</li> </ul>

## UNEP Finance Initiative

Principles	Our commitment
2.5 We intend to update our practices periodically to incorporate relevant developments in environmental management. We encourage the industry to undertake research in these and related areas.	<ul style="list-style-type: none"> <li>● The Environmental Management System entails the achievement of continuous improvement objectives and specific processes for their realization.</li> <li>● We monitor our impact on the environment by seeking the latest innovative technology with which we experiment on the job, supporting the research entities that are working in that particular field. We establish collaborative relationships with entities at the forefront of environmental innovation.</li> </ul>
2.6 We recognize the need to conduct internal environmental reviews on a periodic basis, and to measure our activities against our environmental goals.	<ul style="list-style-type: none"> <li>● Internal Auditing Department ensures a high level of supervision with regard to the Bank's everyday operations and procedures as well as abiding to the rules laid down in the Internal Behaviour Code and value enhancement of those activities connected to ethical commitments undertaken (the Group's CSR).</li> </ul>
2.7 We encourage the financial services sector to develop products and services which will promote environmental protection.	<ul style="list-style-type: none"> <li>● We stipulate agreements with the Government in order to offer our customers the chance to make use of – with a series of facilitations – available economic incentives.</li> <li>● We facilitate access to European funding in the area of Research and Technological Development Programmes and we encourage the establishment of contact networks between business professionals, research and development experts and the academic world in order to stimulate the spreading of innovative ideas and the sharing of responsibilities.</li> <li>● We develop specific products and services in order to support the use of energy from renewable sources and initiatives contributing towards the reduction of carbon dioxide emissions. This is intended to help towards the achievement of the objectives laid down by the Kyoto Protocol.</li> <li>● Being a part of ABI Energia enables us to make a contribution in positively influencing the main players in the banking sector to adopt environmentally sustainable behaviour patterns.</li> </ul>
<b>3. Public Awareness and Communication</b>	
3.1 We recommend that financial institutions develop and publish a statement of their environmental policy and periodically report on the steps they have taken to promote integration of environmental considerations into their operations.	<ul style="list-style-type: none"> <li>● We report on our environmental performance in the Social Report which is made public. Our environmental policy is accessible to the public through the Group's internet site and to employees through intranet.</li> <li>● We inform our community of investors of the Bank's carbon dioxide emissions and the strategies adopted in the fight against climate change by responding to the questionnaire of the Carbon Disclosure Project (<a href="http://www.cdproject.net">www.cdproject.net</a>). ①</li> </ul>
3.3 We will foster openness and dialogue relating to environmental matters with relevant audiences, including shareholders, employees, customers, governments, and the public.	<ul style="list-style-type: none"> <li>● We have encouraged dialogue with our stakeholders by creating a series of focus groups with our customers and with opinion leaders in order to check the coherence of our commitment with the activities undertaken, also in the area of the environment.</li> </ul>
3.4 We ask the United Nations Environment Programme (UNEP) to assist the industry to further the principles and goals of this Statement by providing, within its capacity, relevant information relating to sustainable development.	<ul style="list-style-type: none"> <li>● Our assiduous and highly effective co-operation with the Asset Management Working Group of UNEP FI represents a significant opportunity to compare situations – on an international level – which are connected to environmental and social sustainability in the financial field. It thus offers the chance to analyze the feedback of other international situations in order to better monitor the progress of new environmental and social sustainability projects.</li> </ul>
3.5 We will encourage other financial institutions to support this Statement. We are committed to share with them our experiences and knowledge in order to extend best practices.	<ul style="list-style-type: none"> <li>● Collaboration with the UNEP FI in working groups has resulted in a series of publications that are shared with the world financial community and promoted by means of international conferences and events.</li> </ul>

## DIRECT ENVIRONMENTAL IMPACT

The direct impact produced by Intesa Sanpaolo upon the environment is due to the usage of resources, the mobility of people and goods, the production of waste in general and the emission of harmful substances arising from the Bank's operations.

The rationalization policy that the Bank is undertaking is directed at constantly reducing its ecological footprint, starting from a higher level of energy efficiency as the first example of alternative energy.

### *A dedicated department for the environment*

In accordance with the declarations in the Environmental Policy, Intesa Sanpaolo deemed it necessary to strengthen its commitment towards the environment in terms of the management of direct impact by setting up a specific department in 2007.

Thanks to the creation of the Environmental Sustainability Office, it is our intention to lessen gradually our ecological footprint and to handle efficiently those operations involved in its measurement. In this way, we want to achieve a series of benefits in the environmental field (also with a decrease in running costs) such as the reduction of polluting emissions and negative impact, as well as the spreading of an internal culture of sustainability in daily behaviour patterns.

The new unit will ostensibly be dealing with:

- defining operational guidelines, within a framework of social and environmental responsibility policies, also through standard

analysis procedures as well as costs/benefits deriving from their application

- monitoring company operations which generate an impact upon the environment and providing useful information which will reduce it

- co-ordinate the application of the Environmental Management System and controlling its gradual extension on a company level

- develop analytical processes which contribute towards innovation on an environmental level and co-ordinate subsequent experimental work

- collaborate with the work of Mobility Management, providing guidelines to follow in order to single out the more efficient means of transport with a view to saving energy and producing fewer emissions of polluting gases

- control the sector related to technological evolution and provide information with regard to purchase choices relative to the environment

- contribute to the spreading of a higher degree of sensibility towards environmental protection through both external as well as internal communication processes

We aim to continuously improve our behaviour towards the environment by monitoring the relevant data and enhancing our employees' awareness.

### *The Environmental Management System*

In some branches we have applied a ISO 14001 certified Environmental Management System which enables us to manage the more significant environmental issues: energy consumption and relative polluting emissions, the production and management of waste, paper consumption, the limiting of harmful substances and maintenance activities of technological systems. The System also entails improvement targets related to environmental performance and specific procedures in order to achieve them. Respect for procedures and programmes is ensured by periodical internal audits. Lastly, in order to guarantee a correct application of the System, the personnel involved has been trained both in a series of class-held courses as well as within the branches being certified. In 2007 the System was applied to eighty-two sites. During the same time an assessment programme was developed for a sample twenty-five sites in order to extend the System to a further fifty throughout 2008. The Environmental Management System also extends to the supplies. In this way, suppliers and contractors in Italy are obliged to respect the procedures that are affected by the System.

employees

suppliers



## Energy and energy efficiency operations

### **SUSTENERGY**

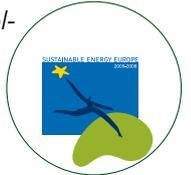
*Intesa Sanpaolo's commitment to renewable energies and energy saving can also be witnessed in its membership of the Sustenergy Campaign (Sustainable Energy Europe 2005-2008 Campaign), set up by the European Commission in order to reach the targets laid down by the action plan for energy efficiency: reduce CO<sub>2</sub> emissions by 20%, increase efficiency in the field of energy by 20% and increase renewable energy production by 20% by 2020.*

*The Campaign, launched by the Directorate – General for Energy and Transport as part of the Intelligent Energy – Europe (2003-2006) programme, intends to make public opinion and government at local, regional, national and European levels aware of the issue of sustainable energy within Europe. Furthermore, Sustenergy aims to create and share out the best ways to achieve this in Europe and to encourage private investment in those technologies connected to renewable energy and energy efficiency. Intesa Sanpaolo was the first bank in Europe to have obtained from the European Commission the recognized role of "Partner" in the Sustenergy promotional Campaign on account of its commitment*

*to the environment.*

*The agreement entails Intesa Sanpaolo presenting a report every year on the progress of its work in this field with a description of the activities undertaken in the preceding year as well as the programme for the current year.*

*Remaining in the framework of the Sustenergy Campaign, Intesa Sanpaolo established a voluntary collaboration agreement in July 2007 with the Italian Ministry of the Environment, which seeks to strengthen co-operation between the two entities in terms of energy saving and promotion of renewable energy. The key topic of the agreement is the creation – from 2007 to 2010 – of a series of combined initiatives such as communication activities, awareness-creating and Group customer assistance. Furthermore, the agreement offers the opportunity to establish work tables with public entities in order to assess the feasibility of innovative financial solutions in the energy field as well as collaboration on pilot schemes (related to sustainable energy) which are innovative and can be applied on a local basis.*



Taking part in the 20th World Energy Congress (WEC), one of the most important international events on the topic of energy, has most definitely encouraged the creation and sharing

of awareness in this field. Intesa Sanpaolo took part as a main sponsor, together with Enel, Eni, AceaElectrabel and EDF.

### **The GreenLight Programme**

*Energy saving begins with energy efficiency. Lighting represents one of the areas which offer a variety of real possibilities for energy saving and efficiency. By means of its improvement, apart from reducing consumption and related costs, carbon dioxide infiltration of the atmosphere is avoided and the quality of artificial lighting is increased, benefiting employees above all. The membership of Intesa Sanpaolo in the European GreenLight Programme has to be seen from this particular viewpoint. This is a project based upon voluntary agreements stipulated between major tertiary users of lighting, public administration, industry and the European Commission. These partners are committed to carrying out technological and administrative improvement programmes in their own buildings, supported by the Commission in terms of information provided and recognition of results achieved.*

*Guidelines relative to the creation of new branches and those being renovated entail – apart from the use of high efficiency lighting – the installation of high quality equipment with electronic reactors which enable a saving of at least 15% compared to high quality equipment with traditional reactors. The achievement of the pre-established performance level has been checked by surveys on a selection of branches and the monitoring of their lighting consumption. By the end of 2007, the operative points in the GreenLight Programme reached the 264 mark against 197 in 2006. VUB has also joined the Programme and has undertaken the replacement of old sources of lighting with new more eco-compatible sources so that consumption can be reduced and the quality of the working environment can be improved. In 2007, the Programme was set up in three sites and throughout 2008 it will gradually be spread to a further ten.*



## ABI Energia

The Intesa Sanpaolo Group is one of the associates of ABI Energia, which is a banking system reference point related to improving energy efficiency. It was set up with the aim of offering the banking system its know-how in terms of energy and of analyzing the competitive advantages as well as the operative risks. One of the Consortium's objectives is to reduce supply costs, the risks associated with energy usage, consumption and the subsequent impact upon the environment. The Consortium encourages dialogue between the institutions, universities and research centres in order to share knowledge and single out the best methods in the area of energy management. Lastly, it stipulates special agreements with energy suppliers in the free market area and attempts to make the associates aware of energy saving and sustainability (also by means of conferences and courses which entail our active commitment and intervention).

## Energy consumption

Energy consumption comes under the jurisdiction of the Energy Manager.

The Energy Manager guarantees the energy policy of the Group. The Energy Manager has to draw up the company energy balance-sheet. He has to identify and promote initiatives which contribute towards the rationalization of energy consumption and the reduction of polluting emissions.

These initiatives range from the improvement of all systems in general (also as a result of management decisions regarding maintenance workers) to the reduction of final energy consumption (lighting, computers, etc); from consumer monitoring to the training and awareness of the employees and from the introduction of low people and environmental impact products (e.g. ecological paper) to the examination of new technological solutions and the gradual supply of energy from renewable sources.

### Energy consumption by energy source<sup>1</sup>

	Italy	Abroad	Total
Electricity (million kWhe)	567.825	97.182	665.007
Thermal energy (million kWht)	194.960 <sup>2 3</sup>	77.067 <sup>2</sup>	272.027
From gas (million m <sup>3</sup> )	17.928 <sup>2 3</sup>	7.267 <sup>2</sup>	25.195
From oil and other liquid fuels (million litres)	2.308 <sup>3</sup>	0.738	3.046
From renewable sources (million kWhe)	425.124	0.073	425.197

The recorded increase for **electricity** – compared to 2006 – on account of the increase in size of the overall report can be divided thus:  
– Italy: +20.692 million kWhe, equal to 3.8% of the total.  
– Abroad: +35.728 million kWhe, equal to 58% of the total.

If we consider the net increase in 2007 of electric consumption of the CED (approximately 8 million kWh, equal to 1.4% for Italy) on account of the development

of the Group's information system, there is a reduction of 2.4% in energy consumption in Italy, mainly due to "consolidation" resulting from the re-structuring of the plants and the replacement of office machinery, as well as the initial effects of personnel awareness.

As far as **Thermal energy** is concerned, it is not possible to compare to 2006 the variation registered owing to the differences in reporting methods between Intesa SanPaolo and Sanpaolo IMI, both in Italy and abroad.

<sup>1</sup> For some of the companies in the Group the figures have been estimated on the basis of expenses sustained.

<sup>2</sup> For some of the companies in the Group the figures have been estimated on the basis of a significant sample.

<sup>3</sup> The estimated value of the joint quota is included for Intesa Sanpaolo and Commercial Banks.

### Energy saving due to energy efficiency operations

	Italy	Abroad	Total
Total energy retrieved from generation / heat retrieval systems (kWht)	16,066,498	0	16,066,498
Total energy saved by low energy consumption equipment and systems (kWhe)	5,775,524	0	5,775,524

### Initiatives supporting energy efficiency or renewable energy (million kWh)

	Italy	Abroad	Total
Hydroelectric	425.124	0	425.124
Photovoltaic	0	0.073	0.073

**Thermal energy consumption (toe)**

Italy	16,778
Abroad	6,623
Total	23,401

**Energy consumption by surface area (toe x 10<sup>-3</sup>/m<sup>2</sup>)**

Italy	42	5	47
Abroad	30	8	38

■ Electricity   ■ Gas and oil

**Electricity consumption (toe)**

Italy	136,278
Abroad	23,324
Total	159,602

**Total energy consumption per employee (with CED) (toe/employee)**

Italy	2.12
Abroad	1.19

**Total energy consumption (toe)**

Italy	153,056
Abroad	29,947
Total	183,003

**Electricity consumption per employee (without CED) (toe/employee)<sup>1</sup>**

Italy	1.94
Abroad	0.93

toe = tonnes of oil equivalent  
 1 m<sup>3</sup> of methane gas = 0.00082 toe  
 1 litre of oil = 0.00090 toe  
 1 kWh of electricity = 0.00024 toe

<sup>1</sup> In reference to the information provided by the Gestore della Rete di Trasmissione Nazionale (GRTN now GSE) in 2003 for the banking sector, the estimate for the annual average consumption of each bank employee equals 6,800 kWh (1.63 TOE).

Analysis carried out in 2006 by *ABI Energia* upon a sample of seventeen banks estimated at approximately 6,300 kWh (1.51 TOE) the annual consumption of electricity per employee (without taking into consideration CED consumption).

The consumption of electricity for a large city shifts between 1,000 and 1,200 kWh (0.24 and 0.29 TOE) per inhabitant.

**Energy efficiency initiatives**

Throughout the last year a whole host of initiatives involved in energy efficiency have been carried out. They have enabled the Bank to reduce energy consumption as well as avoid the emission of a significant amount of tonnes of carbon dioxide (the tonnes indicated are estimates).

*Plants*

At the Data Processing Centre – *Centro di Elaborazione Dati (CED)* – in Parma, the methane gas cogeneration plant is able to produce electricity by retrieving thermal energy. The plant utilizes the heat produced both for winter heating and for the cooling of the buildings in the summer (in this case, tri-generation). The overall saving in 2007 was approximately 900 equivalent tonnes of oil (TOE).

At the centres in Moncalieri and Settimo Torinese heat retrieval systems have also generated a saving of approximately 370 TOE respectively. Overall, it may be estimated that work carried out in the Centres for Data Elaboration have reduced CO<sub>2</sub> by 2,500 tonnes per annum.

In 2007, we also continued our gradual

transformation of oil-fed water-heaters into methane or, where possible, with the installation of heat pumps in areas with a milder climate.

As a result of re-structuring work and renovation (with subsequent specific guidelines) we adopted solutions catering for a higher level of energy efficiency. The most important intervention work (lighting systems, high-efficiency or condensation water-heaters, heat pumps etc) was undertaken in 2007 upon an area of approximately 27,000 square metres with a subsequent energy saving of approximately 1.3 million kWh. The tonnes of CO<sub>2</sub> saved in these cases reached the figure of approximately 650.

In 450 branches in the areas of Milan, Rome and Naples new illuminated signs bringing about a reduction (for certain types approximately 50%) of electric power were installed. The electricity flow was thus improved and met the regulations laid down in various local councils with regard to light pollution. The saving obtained was approximately 460,000 kWh and we avoided using – at the same time – approximately 230 tonnes per annum of CO<sub>2</sub>.

*Information equipment*

By the end of 2007 work stations with liquid crystal monitors reached the figure of approximately 46,000, with a subsequent reduction of consumption estimated in 800,000 kWh and an annual reduction of approximately 400 tonnes of CO<sub>2</sub>.

*Administration of plants and machinery*

New specifications regarding maintenance services for the plants were outlined. The specifications entail a range of criteria related to energy efficiency.

The continual monitoring of electric consumption in the main buildings of the Group was aided by the installation of data-logger systems, also experimentally fitted in some other sample branches. Energy saving is estimated at 5% of the total.

A saving of approximately 3 million kWh and 1,500 tonnes of CO<sub>2</sub> per annum was achieved as a result of night-time remote-controlled switching off of approximately 30,000 workstations (Personal Computers) on the Parent Company including Commercial Banks.

A further 170,000 kWh was saved through the regulation of supply tension in the lighting systems of several buildings. This enabled the Bank to reduce CO<sub>2</sub> emissions by eighty-four tonnes per annum.

We monitored energy consumption and relative parameters, both in terms of surface units and in terms of a particular place's climatic conditions. This was undertaken in order to identify the ar-

reas that may need improvement in the future.

Moreover, a daily and hourly analysis of electric energy absorption was carried out in the larger buildings. This enabled the Bank to identify particular peaks of consumption or usage in periods outside working time. Last of all, the project *LightEco* was set up in the headquarters of VUB in order to limit the consumption of electricity.

*Information and training*

Each and every person who works for the Group can take an active part in the reduction of consumption. For this reason, all newly-hired members of staff receive a practical guide with a series of indications on the responsible use of work tools and systems. The brochure, "Save the environment with a click", was produced by *ABI Energia* and sponsored by the Ministry of the Environment and the Italian Federation for the Rational Use of Energy (FIRE) as well as in collaboration with the Energy Managers of some of the associate banks, including Intesa Sanpaolo. The guide-book has been made accessible on the company intranet site.

Each and every person who works for the Group can take an active part in the reduction of consumption. For this reason, all newly-hired members of staff receive a practical guide with a series of indications on the responsible use of work tools and systems.



## Reduction of atmospheric emissions

The use of energy to deal with all operations within the Group is the cause of carbon dioxide emissions – this is the gas deemed most responsible for the gradual heating of the planet. Initiatives in support of energy saving (as de-

scribed above) have brought about a considerable amount of reduction of the aforementioned emissions. We have contributed towards a further reduction by using energy from renewable sources.

## Energy from renewable sources

### The Idroenergia Consortium

Intesa Sanpaolo is committed to gradually reducing its dependence upon fossil fuels by choosing Idroenergia for Italy. The Consortium exclusively produces hydroelectric energy in the production plants of the Compagnia Valdostana delle Acque (CVA).

The CVA Group contributes with 6.3% (approximately 2,300 GWh) to the domestic production of electricity from hydroelectric sources (approximately 36,657 GWh). Intesa Sanpaolo, with a supply of approximately

425 GWh, absorbs approximately 18% of the CVA Group's production, corresponding to approximately 1.1% of domestic production.

By the end of 2007, the use of hydroelectric energy in Intesa Sanpaolo reached the figure of 78% of the total for Commercial Banks in Italy, reducing by approximately 200,000 tonnes per annum of CO<sub>2</sub>.



The Banca di Trento e Bolzano uses hydroelectric energy for more than 70% of its consumption. At the head offices of the Hungarian bank, the Central-European International Bank, a pilot scheme concerning the installation of solar photovoltaic systems has been started. In 2007, these systems accounted for approximately 73,000 kWh, equal to 0.5% of total consumption.

#### Total electricity consumption from renewable sources (% of total electricity consumption)

Italy	74.87%
Abroad	0.08%
Average	63.94%

#### Direct and indirect CO<sub>2</sub> emissions (tonnes / year)<sup>1</sup>

	Total	From electricity	From gas and oil
Central Europe	995	779	216
Southern Mediterranean coast and Asia	5,236	3,451	1,785
South Eastern Europe	29,453	25,046	4,407
Central Eastern Europe	31,715	21,718	9,997
Community of Independent States	6,593	4,791	1,802
Total Abroad	73,992	55,785	18,207
Total Italy	111,917	71,494	40,423
<b>Overall Total</b>	<b>185,909</b>	<b>127,279</b>	<b>58,630</b>

<sup>1</sup> Quantified CO<sub>2</sub> emissions are those generated by the systems in the Group's buildings (combustion for the heating, including communal condominium heating) and those deriving from electric energy supplied to Intesa Sanpaolo by thermo-electric power stations and by the co-generation plants of the CED in Parma.

The figures relating to the emissions, whether direct or indirect, expressed in tonnes/year, have been calculated according to transformation coefficients relative both to types of sources as well as to geographical areas.

– Kg of CO<sub>2</sub> per 1 kWh of electricity: Italy 0.501, Central Europe 0.476, Remaining areas 0.576

– Kg of CO<sub>2</sub> per 1 m<sup>3</sup> of methane gas: Italy 1.92, Central Europe 1.82, Remaining areas 2.21

– Kg of CO<sub>2</sub> per 1 litre of oil: Italy 2.60, Central Europe 2.47, Remaining areas 2.99

Atmospheric emissions, notwithstanding the increase in size of the company following the merger, have been significantly reduced mainly due to the increased usage of hydroelectric energy in Italy and to the reduction of energy consumption throughout the work carried out

on the systems and plants within the Group. Emissions per employee are equivalent to 1,907 kg in a year, compared to an average figure in the banking sector of approximately 3,633 kg (estimate carried out by *ABI Energia* out of a sample of seventeen banks).

#### CO<sub>2</sub> emissions (million kg/year)

Italy	71	40	112
Abroad	56	18	74
Total	127	59	186

■ from electricity ■ from gas and oil

#### CO<sub>2</sub> emissions per surface (million kg/year)

Italy	22	13	35
Abroad	71	23	95

■ from electricity ■ from gas and oil

**Mobility management**

The increasingly difficult challenge facing cities in Europe, as a result of the traffic swamping them, does not merely regard the economic sphere. It also regards the environment and has a negative influence upon the health and the quality of life of the people inhabiting these cities.

Europe can no longer stand on the sidelines. In 2007 it committed itself to deal with these already urgent problems and released a *Green Paper* entitled: "Towards a new culture of urban mobility".

The European Commission has put mobility on its agenda in order to encourage a change towards a more sustainable form of mobility at all levels, local, regional and, last of all, national. European intervention will give added value to all those initiatives which have so far been devised and implemented. It will, however, give above all a greater impulse towards the creation of new players and new solutions in this particular field.

Mobility Management in Intesa Sanpaolo is the inheritance of those two banks which came together to form the Group. The two banks had both previously started up parallel initiatives to encourage people to use efficiently – and in an integrated way – all those tools and instruments at their disposal in order to deal with mobility management in an ever-increasing sustainable way.

Activity at Group level began in June 2007 with the appointment of the Mobility Manager who, in accordance with the Group's CSR policies, coordinates all those aspects connected to mobility in collaboration with the Environmental Sustainability Office and the departments which manage the company fleet.

In the second part of the year, the information and awareness campaign was started thanks to company communication facilities like Web TV and intranet. Furthermore, in order to give some sort of continuity to those initiatives begun in 2006, the results of the Home-Work Travel Plan (PSCL) were evaluated. The Plan had been carried out in parallel fashion by the two banks in 2006. The assessment formed a solid basis for development in the current, newer situation and it has encouraged employees' awareness regarding the topic of mobility. A monitoring programme was also set up

regarding environmental impact produced by mobility. We intend to continue this initiative in order to improve operations.

Changes regarding how we operate have brought about, above all, a re-organization of shuttles for employees. An experimental test concerning the Assago (Milan) shuttle entailed the sharing of the said vehicle with other companies. The experiment resulted in a higher level of efficiency in the service. Secondly, the establishment of a company fleet has brought about a significant reduction in cars used. Last of all, the Travel Office has perfected its procedure related to applications for work trips, thus attempting to reduce the distances in kilometres between the work location and the hotel.

Our Hungarian bank, CIB, has started tests for the usage of hybrid engines for its car fleet. It has also encouraged the use of bicycles by establishing special common areas for parking and changing clothes at its central headquarters in Budapest.

Intesa Sanpaolo was one of the promoters of the 10x10 initiative, launched by the Italian car magazine *Quattroruote*, which also includes ten major companies involved in the reduction of CO<sub>2</sub> emissions from company cars.

The increasingly difficult challenge facing cities in Europe, as a result of the traffic swamping them, does not merely regard the economic sphere. It also regards the environment.

**Water**

The use of water in the branches of the bank is mainly due to hygiene purposes. The technological usage of water is foreseen only in particular cases, e.g. in the case of cooling for acclimatization purposes. Guidelines relative to the opening of new branches – drawn up in 2007 – are directed towards a more responsible use of resources. In order to achieve this, where and when possible, the branches anticipate a gradual replacement of systems utilizing water in favour of evaporation towers with more technologically evolved air-cooled systems.

**1** For some companies in the Group the figure is estimated on the basis of the expense sustained.  
**2** For some of the companies in the Group the figure has been estimated on the basis of a significant sample.  
**3** The estimated value of the joint quota is included for Intesa Sanpaolo and Commercial Banks

<b>Total withdrawal of water per source<sup>1</sup></b>	<b>Italy</b>	<b>Abroad</b>	<b>Total</b>
Total use – consumption (m <sup>3</sup> /year)	3,115,097 <sup>2</sup> <sup>3</sup>	1,112,671 <sup>2</sup>	4,227,768

The increase in the consumption of water of the Group in Italy compared to 2006 (+4.4%) is substantially coherent with the increase in the extent of the report.

Although it is no easy task to compare situations we can state that water consumption for a large city wavers between 150 and 200 litres per day per inhabitant. This corresponds respectively to approximately 55 and 73 cubic metres per inhabitant per year, while for Intesa Sanpaolo the consumption per employee is approximately 43 cubic meters per year.

## Treatment of waste

Following the merger different ways of managing specific waste were encountered within Italy. This often depended upon local situations, above all in the field of differentiated collection of paper, plastic and glass etc.

Therefore, in 2007, whilst the report was carried

out on a considerable sample of branches for the Holding Company and the Commercial Banks in Italy – using a single average parameter for overall calculations – , for those other companies in the Group with limited extension and uniform management, the results are in real terms.

<b>Waste according to type (kg)</b>	<b>Italy</b>	<b>Abroad</b>	<b>Total</b>
Paper and cardboard	4,091,887	611,513	4,703,400
Packaging	1,513,200	12,314	1,525,514
Cartridges, tapes and film	55,373	22,989	78,362
Office machinery	629,458	67,278	696,736
Other non-dangerous	137,482	93,203	230,685
Hazardous waste (see relative table)	202,341	35,981	238,322
<b>Total waste</b>	<b>6,629,741</b>	<b>843,278</b>	<b>7,473,019</b>

Compared to 2006, the disposal of cartridges, tapes and films decreased by 36% thanks to the gradual reduction of the number of machines with those particular accessories.

There was a reduction of 24% of office machinery (Personal Computers, printers and calculators etc) as a result of a slowing down of replacement procedures on account of the merger and of a difference in the calculation of cathode tube monitors compared to 2006 (mostly included in hazardous waste).

<b>Hazardous waste (kg)</b>	<b>Italy</b>	<b>Abroad</b>	<b>Total</b>
Spent batteries from information centres and/or continuity groups	1,773	2,038	3,811
Office machinery and/or components containing cathode tubes	198,909	32,803	231,712
Equipment and/or components containing substances harmful to the ozone layer	1,659	1,140	2,799

In order to standardize the management of waste produced by the branches, operative procedures were merged in 2007 and a new set of rules concerning services for people was drawn up (cleaning, waste management etc).

## The use of eco-compatible products

In order to give greater impulse to the use of eco-compatible materials, we have started a project that will increase the use of recycled paper. This project is at present awaiting the update of internal procedures connected to integration processes.

Furthermore, we have started an experimental project regarding the use of recycled paper for advertising posters. This project will be examined during the course of the coming year.

In particular, within the framework of the *Sus-*

*tenergy Campaign* and the agreement with the Ministry of the Environment, we have used ecological, recycled paper – Ecolabel and FSC certified – for brochures presenting the initiatives of Intesa Sanpaolo in support of the campaign. Last of all, the publication of the 2006 Social Report both of Banca Intesa and Sanpaolo IMI as well as the Social Report 2007, has been carried out using recycled and certified paper.

### Raw materials used (kg)

	Italy	Abroad	Total
Paper	8,181,552	2,559,275	10,740,827

### Recycled material used (kg)

	Italy	Abroad	Total
Paper and cardboard	195,942	109,811	305,753

Overall, in 2007 the use of paper decreased by 2% compared to 2006. This was due to the initial effects of the merger and integration as well as to the gradual spread of information procedures which no longer require or contain the usage of paper.

## Expenses and investments for the environment

Among all other factors, the increase in overall expenses and investments employed to protect the environment and to reduce the Group's

impact, is a useful way to measure Intesa Sanpaolo's commitment to improve its performance in safeguarding the environment.

### Expenses for the protection of the environment (thousand euro)

	Italy	Abroad	Total
Management of special waste	1,892	58	1,950
Current expenses of plant maintenance	37,447	1,811	39,258
Expenses for the Environmental Management System	77	0	77
Expenses related to certification and awareness of employees	16	10	26

Throughout 2007, approximately forty-six million euro were spent on the protection of the environment. This figure includes the costs relative to the management of special waste, the maintenance expenses related to the plants/systems (only current expenses and not expenses for extraordinary work), expenses for the Environmental Management System and for the certification and awareness initiatives concerning energy saving among the personnel. In 2007, the Group received two administrative fines for non-compliance to environmental regulations for a total of approximately 2,500 euro.

## INDIRECT ENVIRONMENTAL IMPACT

Not only is the Bank planning to reduce its own ecological footprint through careful management, it also commits to diminishing that of its customers and suppliers by adopting incentives for products, processes and initiatives that promote the protection of the environment.

### Products which support investments for rationalising consumption, diversification of the sources and the production of renewable energy

Fully aware that efforts to contrast climate change can only be effective if the contributions from various sectors of society, from the general public to public offices and companies are united, the Bank intends to work constructively to achieve the European Union's objectives for 2020 regarding the reinforcing of energetic efficiency, the diffusion of renewable energy and the reduction in the emission of greenhouse gases. With this aim in mind, the Bank has adhered as a partner to the "Sustenergy-sustainable energy for Europe" program, promoted by the European Commission, which has provided a greater boost to ethical financing products for the energy sector and the technical and economic assessment of more complex and innovative products in this sector.

During 2007 Intesa Sanpaolo has provided concrete solutions to the issue of access to energy sector financing, on the one hand by supplying specific assistance to businesses interested in applying for European financing for renewable energy and on the other by launching various product lines for businesses, small businesses and private customers, in order to respond adequately to the demand for investment opportunities in energy saving and renewable energy resources.

The Bank has stipulated an agreement with the provider of electrical services (GSE) to ensure that the incentives of the *Conto Energia* for the production of solar energy can be used as a guarantee for the financing application and, at a later stage, for the direct payment of the reimbursement instalment.

Overall Intesa Sanpaolo has provided financing for 60 million euro for renewable energy, distributed over the various customer segments. 473 personal loans have been extended to private customers for a total of approximately 24 million euro. These loans have promoted the

installation of solar panels in private homes and the purchase of ecological vehicles. Appropriate products have been created especially for small businesses, also for the agricultural sector, financing 59 projects concerning solar photovoltaics and biomass for a total of 14 million euro.

Intesa Sanpaolo has granted medium and long term financing to businesses to support their investment plans for the construction of energy production plants, diversification of energy sources and/or rationalization of consumption levels. Through these loans we have supported numerous projects that have generated more than 50MW of renewable energy with solar panels, biomass and hydro-electric plants.

In 2007, loans were granted for a total of over 20 million euro.

Eleven companies have taken advantage of the Bank's *IntesaNova Energia* product of the IntesaNova line, receiving credit for approximately 2,400,000 euro. This product, designed expressly for businesses, offers financing without guarantees, for up to 100% of the investment cost with the possibility of extending repayments up to a maximum of 10 years; moreover, scientific partners define and verify the quality standards and the energy generated by the equipment under assessment.

The Bank has fine-tuned a loan to promote sustainability in the construction sector, *Aedifica Bioedilizia*; this is a loan at special rates and conditions for buildings that were designed in full respect of the criteria established by the *Protocollo Itaca*, which is a collection of guidelines, agreed on at regional level, that attribute a rating to buildings which respond to bio-sustainability criteria.

During 2007 Intesa Sanpaolo has provided concrete solutions to the issue of access to energy sector financing.



During 2007 the leasing company of the Group launched *Leasenergy*, which combines the possibility of public incentives with the advantages of leasing "on the job": Intesa leasing resolves credit-worthiness on the basis of the project, and then pays the suppliers directly, thus relieving

the customer of the administrative obligations related to the payments.

The market responded very positively to this proposal: 87 contracts were stipulated in 2007 for a total of 238.1 million euro, spread over the various energy sources.

Source	Contracts	Value in million €
Solar Photovoltaics	57	38.2
Hydro	14	92.5
Biomass	11	29.2
Wind	5	78.2
<b>Total</b>	<b>87</b>	<b>238.1</b>

Moreover, an agreement was stipulated with the European Investment Bank: a credit line for 200 million euro to finance investments of SME's in the field of renewable energy production.

The Group is strongly committed to the technical and economical assessment of highly complex and innovative projects, including those in the environmental sector, through its controlled company EQUITER, which uses the entire range of capital risk investment mechanisms with the maximum flexibility and efficiency.

Through its specialised Utilities and Environment Desk, EQUITER carries out a scrupulous and continuous monitoring of investment opportunities in the renewable energy sector, ranging from wind and mini-hydro plants to solar energy, biomass and biogas, thus making an efficient contribution to combating climate change.

During 2007, working side by side with the leading national operators in their respective sectors, EQUITER has finalized the organization of Special Purpose Vehicles, in which it has acquired a minority participation. At the end of the year, it underwrote a quota of approximately 20% of the capital of Enerpoint S.p.A., a leading Italian company in the distribution, sale and General Contractor activities for solar energy plants, with which it has set up the joint venture *Enerpoint Energy*, that operates in the production of photovoltaic energy.

Over the same period financing for large Italian companies was also extended to renewable energy projects and support for integrated urban solid waste management policies. In this particular area, Intesa Sanpaolo is a financial partner in socially sustainable projects examined by the international community and

NGO's both in Italy and abroad such as that in Slovakia, where VUB has stipulated a specific agreement with the European Bank for Reconstruction and Development (EBRD) to support energy efficiency projects in the country.

Attention to social and environmental risks is even greater abroad than in Italy. In 2008 the specific instruments used to analyze social and environmental risk will gradually be extended to all the subsidiary banks. In 2007 PBZ has included the principles and methodologies of the EBRD in its procedures in order to measure the environmental risks involved in all its operations.

In the sphere of Project Finance in 2007 the Group financed two wind fields in the Basilicata region (with an installed capacity of approximately 28.5 MW) for a total of 50 million euro, also enlarging the spectrum through the acquisition of a company that produces plants for the generation of wind energy. The overall cost of the operation amounted to approximately 1 billion euro; Intesa Sanpaolo, through its Hong Kong branch, holds a participation of approximately 50 million euro.

Lastly, with regard to waste management, the Group has financed 5 waste thermo-processing plants in the Calabria region, one in Emilia and one in Lombardy, and two projects are currently being studied for the Sicily region.

At the beginning of 2008, Greenpeace and other environmental associations launched a protest campaign against the Group's participation, together with other international

**The Group is strongly committed to the technical and economical assessment of highly complex and innovative projects, including those in the environmental sector.**

banks, in an overall credit line amounting to 800 million euro for Slovenske Elektrarne, a company controlled by Enel. The aims of this operation were, other than financing hydro-electric energy projects, to complete work on the reactors at Mochovce nuclear plant, in Slovakia. There are three main reasons for the protest: security (lack of a containment shell to protect against terrorist attacks), public participation (lack of prior consultation) financial (the project was considered too costly).

Intesa Sanpaolo has examined these factors with great care, in compliance with the principles of environmental sustainability and attention to the issues raised by its interlocutors and stakeholders, as expressed in its Code of Ethics. After having examined the documentation, and in agreement with the other participating banks, it was decided that the financing will not be used for work on the nuclear plant of Mochovce.

## Adhesion to the Equator Principles

Taking another step forward in its definition of social and environmental responsibility, Intesa Sanpaolo adopts the Equator Principles as part of the more general framework of the Group's Environmental Policy.

These principles, in their revised and updated version, had already been adopted in July 2006 by both Sanpaolo IMI and Banca Intesa before their merger gave rise to the new banking group of Intesa Sanpaolo.

The Equator Principles are a set of international and voluntary guidelines drawn up for project financing by a group of international banks on the basis of the criteria issued by the IFC (International Finance Corporation), a subsidiary of the World Bank.

Adoption of these principles implies that the signatory commits to financing only those projects which comply with certain social responsibility criteria and sustainable environmental management.

They apply to financing for all projects which cost at least 10 million US\$. The screening process is based on that used by the IFC, which classifies them on the basis of a scale of environmental and social risk which goes from high risk (A) to low risk (C). For projects with an A and B risk level (high and medium), the borrower must conduct an Environmental Assessment that addresses the social and environmental aspects identified in the classification process.

After adequate consultation with the local population, if required, in the case of A and B type projects, a management plan is drawn up

for these projects, which identifies the measures to be taken to reduce and monitor the social and environmental risks.

### Training

In December 2007 an internal training course was organized to promote awareness of the implications in the Bank's activities of its adhesion to the Equator Principles.

The course also examined the ways and procedures for the assessment of social / environmental risk in financial operations. The course was designed and conducted with the support of Environmental Resources Management (ERM Italia Spa), a world leader in the field of environmental and social consultancy both for companies and private individuals; ERM Italia S.p.A. is one of the three companies appointed by IFC to conduct training courses on IFC Performance Standards and the Equator Principles.

The course was divided into four sections and was attended by 21 people with varying levels of involvement in the application of the Principles: the participants came from Investment Banking, including Project Finance; Credit Division; Risk Management; Banca Innovazione Infrastrutture e Sviluppo (BIIS); Banca dei Territori and Subsidiary Banks Division.

Since July 2006, when the two banks embraced the Principles, Intesa Sanpaolo participated in numerous meetings with the EPFI, facilitating a continuous learning process and interaction with other financial institutions.



**Projects by category**

Category A projects	4
Category B projects	6
Category C projects	1
<b>Total</b>	<b>11</b>

**Projects by sector**

Oil&Gas	2
Petrochemical	2
Energy	5
Power	1
Transportation	1
<b>Total</b>	<b>11</b>

**Projects by country**

Qatar	2
Oman	1
Egypt	1
India	4
Singapore	1
Philippines	2
<b>Total</b>	<b>11</b>

**Classification of the Bank's projects according to the Equator Principles**

Sectors	Countries	Category
Oil&Gas	Qatar	A
Oil&Gas	Qatar	A
Petrochemical	Oman	A
Petrochemical	Egypt	A
Energy	India	B
Power	India	B
Transportation	India	B
Energy	Singapore	B
Energy	Philippines	B
Energy	Philippines	B
Energy	India	C

## Compliance with the mechanisms laid out in the Kyoto Protocol

During 2007 Intesa Sanpaolo has continued its role of facilitator for those companies which are bound to respect the environmental commitments of the Kyoto Protocol.

To this end, operational relationships have been developed with institutions that structure and protect markets for the environment, principally those created to promote the reduction of CO<sub>2</sub> emissions, also by leveraging on price. The operating and governance structures of the Group have conducted internal analyses on the opportunities offered by these markets.

Continuing its commitment to reducing CO<sub>2</sub> emissions, EQUITER entered the carbon asset market in 2007 on the basis of extensive market research studies; this market came into being with the implementation of the Kyoto Protocol and the EU Directive regarding the "Emission Trading Scheme" (ETS). In this field of activity EQUITER, in partnership with some of the most important operators of the Italian energy sector, has constituted "GICA – Green Initiative Carbon Assets", a company established as a financial

tool in order to originate and trade carbon assets. In addition EQUITER has maintained its membership of the Associazione Produttori Energia da Fonti Rinnovabili (APER), a national reference point for legislative and market orientation for operators in the field of renewable energy sources, and highly qualified centre for discussions on all topics regarding energy.

During 2007 Intesa Sanpaolo became a supporter of the Kyoto Club, a non-profit organization constituted in 1998 for businesses, institutions, associations and local administration bodies, committed to working towards the objectives set by the Kyoto Protocol. The objective of the Club is to promote initiatives to spread awareness, information and training in the fields of energy efficiency, the use of renewable energy and sustainable mobility.

The Group also supports the Carbon Disclosure Project (CDP) and through the Project's questionnaire has informed its investors of its own emissions of greenhouse gases and the strategies it has adopted to combat climate change ([www.cdproject.net](http://www.cdproject.net)) <sup>①</sup>



clients

# *Relations with the community*



## Strategies

Our number one priority is the development of those areas in which we work – supporting initiatives which back social and cultural growth, encourage cohesion and produce collective value and utility. We have set up a specialized bank in Third Sector organizations, in that we recognize that they are fully aware of local situations and have the ability to create employment and services for citizens. We have continued our work to fully support micro-finance projects, the first of which dating back to 2003 in partnership with the *Compagnia di San Paolo*.

This undertaking has also involved international cooperation projects of a particularly high humanitarian significance. As far as donations and event sponsorship are concerned, the main inspiration behind work carried out in 2007 was our response to expectations and requests hailing from local communities offering support for initiatives in the fields of social solidarity, culture and sport. Initiatives supporting the protection of Italy's social and artistic heritage have been numerous as well as those involving making the Group's own heritage available to the public.

## Commitments for 2007-2009 and what has been achieved

### SUPPORTING THE THIRD SECTOR AND FINANCIAL INCLUSION OF THE UNDERPRIVILEGED

● Banca Prossima S.p.A. wholly dedicated to the sector of social and non-profit business, was set up. ■■■□

● We are continuing to work towards encouraging the consolidation and the development of non-profit entities and organizations set up by the Bank: *PAN – Crèche Project*; *AL.FA* in favour of the disabled; the Lombard Anti-Usury Foundation (*Fondazione Lombarda Antiusura*), the Talenti Foundation (*Fondazione Talenti*). ■■■□

● Our commitment to micro-finance projects is continuing, in association with some shareholder foundations and local *Onlus* charity organizations which encourage financial inclusion and fight against high-interest money-lending. Since they have been set up, almost 2.6 million euro have been granted in all. ■■■□

### SUPPORTING DOMESTIC AND INTERNATIONAL SOCIAL SOLIDARITY INITIATIVES

**Distribute donations in support of needy local communities on the basis of a special Group policy:**

● 11.3 million euro of liberal contributions have been distributed. Approximately 28% and 27% have been spent on culture and intervention concerning domestic and international solidarity schemes. Furthermore, a preliminary analysis has been carried out in order to define the Group's policy regarding liberal donations. ■■■□

● Projects in partnership with the third sector for international solidarity schemes have been undertaken. The most significant scheme (1 million euro) has involved the continuation of the work of *Project Malawi* and its various activities. ■■■□

### Develop systems for the involvement of stakeholders in the most important projects undertaken:

● Activate initiatives involving employees in community projects.

a) Activities undertaken by the Lombard Anti-Usury Foundation – since its foundation it has distributed facilitated funding of almost 6 million euro – have taken place thanks to the contribution of employees and pensioners from the Intesa Sanpaolo Group.

b) Approximately 121,000 euro have been donated by employees in support of other activi-

■■■■ achieved and finished  
 ■■■□ continued from 2006  
 ■□□□ under way  
 □□□□ yet to be achieved

ties connected to *Project Malawi*.

c) VUB Banka has set up a series of initiatives in order to support the commitment to voluntary work of the employees (86,700 euro distributed, through the Foundation, for projects suggested by the employees). ■■□□

#### **SUPPORTING INITIATIVES IN THE CULTURAL, MUSIC AND SPORTS FIELDS AS WELL AS SAFEGUARDING OUR ARTISTIC HERITAGE**

● Sponsorships distributed for a total of 36,8 million euro, 40% of which connected to the world of sport. ■■■□

#### **Implement a Group policy which establishes sponsorship guidelines:**

● Throughout 2007 analysis of sponsorship activities was carried out by the Intesa Sanpaolo Group in order to identify common guidelines to be shared for all sponsorship schemes on both a local and country-wide level. ■□□□

#### **Encourage the safeguarding and public enjoyment of the Group's artistic heritage:**

● As well as museum space in Vicenza, the *Galleria di Palazzo Zevallos Stigliano* in Naples, destined to permanently house the *Il Martirio di Sant'Orsola* by Caravaggio, is now also open to the public. ■■□□

● Following an accurate selection of a *corpus* of approximately one thousand works of historical and artistic interest from all the thousands of artistic possessions inherited by the Sanpaolo IMI Group, a scientific cataloguing project has been set up. ■■■□

#### **Intervene in partnership with top-level institutions in order to make the best use of the country's cultural property:**

● In 2007, too, the work of the project *Restituzioni* (Restitution) has continued with the restoration of works belonging to the public heritage. ■■■□

## Inclusion of the financially weak

Our commitment towards the financially weak has continued with a series of specific projects for university students, the elderly in need of assistance, workers forced into early retirement and immigrants. For further details concerning the projects please see the chapter on Clients, Page 64.

#### *Fondazione Lombarda Antiusura Onlus*

Activities undertaken by the *Fondazione Lombarda Antiusura Onlus* (the Lombard Onlus Anti-Usury Foundation) for usury prevention are still underway. This Foundation was started in 1997 by Cariplo S.p.A. The *Fondazione Cariplo* and the *Caritas Ambrosiana* have also become part of it since it was set up.

The Foundation defends people or small businesses against the risk of usury and uses a guarantee fund which covers the credit given. Since it was set up, approximately 2,200 individual people and companies have made appeals to the Foundation with 352 cases solved and almost 6 million euro given in facilitated funding by the Bank.

These activities are carried out by expert workers, employees or retired personnel from the Intesa Sanpaolo Group. The work they do concerning persons at risk is not only of a technical nature but also concerns the human aspect by taking

charge – 100% – of the person and family. This experience gave life to a voluntary company scheme to promote the participation of colleagues, both in service and retired, in the achievement of the Bank's social projects.

The Foundation is also a partner of the Bank in two specific projects: the *Anticipazione Sociale* Project and the *PR.I.M.I.*, see Page 65.

#### *Micro-finance projects*

The Bank's role as a positive contributor to social and economic development can be clearly observed in its efficient and consolidated micro-finance projects.

By re-thinking how the Bank normally gives credit new prospects concerning the assessment of credit merit as well as the credit-giver have been introduced. This is one step further away from the logic of real guarantees. There are at present many micro-finance projects being undertaken by banks in the Group as well as shareholder foundations and local charity *Onlus* organizations.

The first agreement concerning a project on social micro-finance between the Bank and the *Compagnia di San Paolo* dates back to 2003.

Micro-finance represents a tried and tested tool to encourage financial inclusion and to create employment and business opportunities.



The banks of our Group involved are **Intesa Sanpaolo** and **Banco di Napoli**.

The organization of the project has since been taken up by other types of initiative and is based upon a partnership between the Bank, the bank foundation and non-profit associations.

According to the signed agreement, the *Compagnia di San Paolo* has made available 2 million euro, of which 1.6 million for guarantee funds with the remaining amount to be spent on running costs and monitoring. There are 4 non-profit entities involved: the *Fondazione Don Mario Operti Onlus* in Turin, the *Fondazione Antiusura Santa Maria del Soccorso Onlus* in Genoa, the *Fondazione San Giuseppe Moscati Onlus* in Naples and the *Fondazione Risorsa Donna* in Rome.

The main objective of the project is to offer personal and socio-economic opportunities for growth to Italians and foreigners who intend to develop a micro-business or autonomous employment. Each entity has set up a guarantee fund equivalent to € 400,000 and, apart from the guarantee role, each entity will be assessing the projects, following the preliminary activities and assisting the beneficiaries throughout the development of the project.

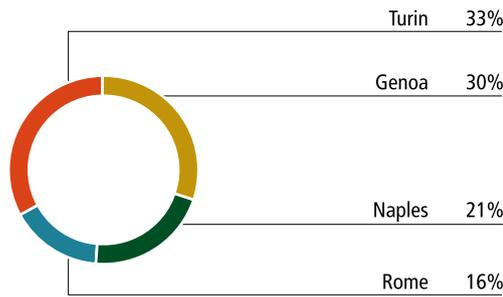
For its part, the Bank has the task of concluding the preliminary phase and distributing – at particularly advantageous rates – the required loan, assuming a part of the credit risk (multiplier 2).

The minimum amount of funding given is € 2,000 to set up and develop economic activities and € 500 for projects concerning employability. The maximum amount of funding is € 20,000 for individuals and € 35,000 for companies, social cooperatives and small-scale social cooperatives.

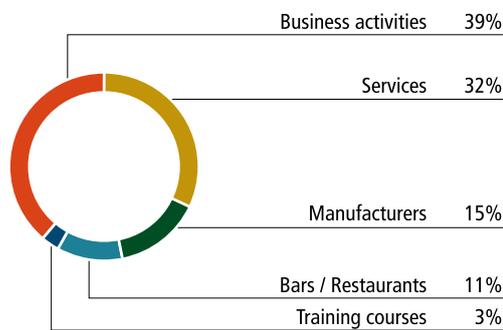
According to figures from the end of December 2007 the total number of funding came to 198 cases for a total of almost 2.3 million euro. The average figure granted is approximately 12,000 euro.

Further micro-finance initiatives have been undertaken by banks in the Group with the sole aim of being able to use an intervention policy suited to a developed economy as in the case of Italy where, nevertheless, there are people who for social or economic rea-

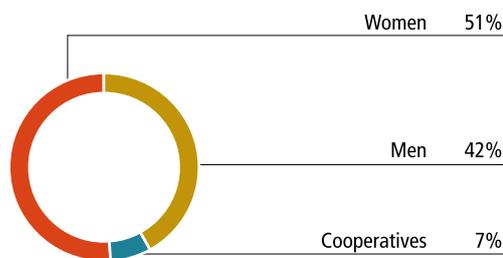
**Division by geographical area**



**Division by destination / use**



**Division by assignee**



sons find access to loans difficult. The **Cassa di Risparmio di Venezia** has stipulated in recent years two agreements with the *Fondazione di Venezia* – project promoter – and with the *Caritas di Venezia* and the association *Terre in Valigia*.

In all, the applications received and funded have reached 26 for a total of 63,000 euro. The beneficiaries have been over 70% women with a balanced share between foreigners and Italians. Most of the funding has been directed at projects encouraging employability whilst 3 cases have been used to start up business activities (bar, hairdresser, translator).

The agreement stipulated and signed in April 2006 by the *Fondazione Cassa di Risparmio di Padova e Rovigo* with the **Cassa di Risparmio di Padova e Rovigo** and the *Caritas* in Padua and in Adria-Rovigo has two clearly written aims:

- encourage employability and the development of an economic activity
- support people and families who live in precarious economic situations (having to deal with personal and family requirements concerning special accommodation, health expenses and maintaining relations with the original family etc)

A trend that had already been noticed also continued throughout 2007, i.e. during the start-up phase there has been a clear predominance of funding for personal necessity.

Out of the 39 applications received by the bank partner – the *Cassa di Risparmio di Padova e Rovigo* – and by the *Caritas*, a total of 35 has been deemed worthy for a total of granted funds of € 125,000.

There have been 5 funding projects for economic activities, for a total figure of € 35,500 and 31 funding projects for personal necessity for a total figure of € 68,500 (equivalent to 76% of the total funding granted).

The total amount granted per single user is on average € 3,500 per loan, only in 2 cases – regarding the start-up of new activities – has there been given the maximum amount (€ 10,000) as stipulated by the agreement.

The distribution of funding in 2007 has privileged foreigners (over 70%) and male beneficiaries. All 5 cases of funding directed at the start-up of an economic activity have regarded men. In particular, funding has concerned businesses in the field of craftwork (floor-laying, welders etc) and businesses/services (hairdresser).

The project involving the *Fondazione Cariparo*, *La Casa Onlus* and the *Cassa di Risparmio di Padova e Rovigo* has also been continuing. This project is directed at facilitating the purchase of a first home for people who are living in disadvantaged living conditions. Throughout 2007

11 mortgages have been awarded for a total of 1 million euro. Furthermore, in 2006 a project was set up to support people who risk being the victims of usury. The **Banco di Napoli**, as a partner, has signed an agreement with *FINETICA Onlus* which has instituted a guarantee fund that counts towards the State Anti-Usury Fund (*Fondo Statale Antiusura*). The non-profit entity works in the preliminary phase as well as giving information, advice and credit support to people who require it (individuals and small businesses). In all, the requests for funding have totalled 15, 10 of which have been approved with a total of 110,500 euro being granted. All applicants are of Italian nationality. The

**Bank of Alexandria** in Egypt is also involved in micro-finance through a loan dedicated to micro businesses. The initial amount of the loan starts at 150 euro and may be increased if repayments look promising. No real guarantees are required and the procedure is quick and easy.

## Support for social enterprises

The Bank has also taken action in order to encourage credit access for social enterprises:

- The development of those activities undertaken by entities and non-profit organizations started up by the Bank has progressed: *PAN – Progetto Asili Nido* (Crèche Project), the Talenti Foundation (*Fondazione Talenti*).
- New projects have been started up regarding the setting up of networks of social enterprises (*AL.FA – un ALtra FAMiglia dopo di noi*) in favour of disadvantaged categories and others (social tourism) as well as the development of complementary forms of welfare (*Welfare Lecco*).
- The development of new projects in cooperation with social networks has encouraged the bank to set up integrated web solutions. Through a modular system of web applications (access, diagnosis, assessment) it is possible to

Our commitment to micro-finance projects is continuing, in association with some shareholder foundations and local *Onlus* charity organizations which encourage financial inclusion and fight against high-interest money-lending. Since they have been set up, almost 2.6 million euro have been granted in all.

reproduce the social projects easily, also adapting them to the requirements of local banks.

### **P.A.N. Progetto Asili Nido – Crèche Project**

In order to encourage women to return to work following childbirth and to respond to the need for qualified services for infants we created *PAN – Progetto Asili Nido* (Crèche Project), carried out by means of the best national networks of social enterprises: *CGM Consorzio Nazionale della Cooperazione Sociale Gino Mattarelli*, (the National Consortium for Social Cooperation), *FIS Federazione dell'Impresa Sociale* (the Social Enterprise Federation) of the *Compagnia delle Opere* and *DROM – Legacoop*.

*PAN* is a non-profit consortium which intends to create new crèches and structures for children with the double aim of financially supporting enterprises which offer services for the children and families who use them. Moreover, with its own brand, *PAN* guarantees high quality standards (approved by a technical and scientific committee and periodically checked by the Consortium) which are economically sustainable.

The Consortium assists in the start-up phase of a new crèche. The social enterprises are assisted in their planning phases, drawing up of the business plan and business management. The Bank grants funding to re-build and re-furnish the crèches (up to 100,000 euro) and to purchase and re-adapt furnishings (up to 50,000 euro). Real or personal guarantees are not required.

Families who use *PAN* services are able to rely upon a facilitated financing programme for the costs of the crèche of up to 18,000 euro. The *PAN* quality brand guarantees a high level of qualified and economically sustainable services to children and their families.

Since it has started *PAN* opened 275 crèches by the end of 2007 with 7,640 children and more than 1,830 employees, almost exclusively young people with higher education qualifications. Up until now almost 3 million euro in financing has been awarded for the start-up phase and more than 900,000 euro for the purchase of furnishings.

### **Fondazione Talenti (The Talent Foundation)**

The *Fondazione Talenti* (The Talent Foundation) was set up in 2005 with the *Fondazione Cariplo*, *CGM* and two religious entities (the *C.I.S.M.* and the *U.S.M.I.*) in order to make the best use of real estate owned by religious orders and to develop welfare services in collaboration with

social enterprises. The type of intervention consisted of granting to a non-religious qualified entity the benefit of under-used religious structures and to therefore grant welfare services in collaboration with the owner entities.

Until now 179 initiatives have been assessed, 19 of which having found a solution with 100 in the setting up stages (crèches, university students, facilities for the disabled, sports, group and rehabilitation facilities). The foundation has also started 3 of its own projects (*Talenti per la Casa – Talents for the Home*, *Una famiglia dopo la famiglia – A Family after the family* and *Progetto Accattonaggio – Project Mendicity*).

### **AL.FA. – Another Family After Us**

*AL.FA. – Another Family After Us* is a recently started project which, altering the *PAN* experience, aims to establish new family houses for people with disabilities and to offer their families financial solutions for "after us". It has been the first social enterprise in Italy with bank participation. *AL.FA.* aims to involve the most qualified partners in the sector: *ANFFAS*, the main association for families with people who suffer from disabilities and the *Comunità Solidali* of the *Consorzio CGM*. *AL.FA.* has produced a quality manual which defines

the high standards regarding the granting of services to guests in residential structures and has undertaken the commitment to start up one hundred family houses over the next two years, thanks to the support of funding by Banca Prossima.

### **Welfare Lecco**

This is an initiative created with the *Fondazione della Provincia di Lecco Onlus* (Foundation for the Province of Lecco *Onlus*) to set up a local "social confidi", the first of its kind in Italy.

The social enterprises which manage services for people have to use buildings with high quality standards which remain constant over a long period of time.

The Bank provides them with long-term mortgages at a low interest rate. A part of the benefits achieved is used by the mortgage-owner to set up a guarantee fund to finance – at a local level – start-ups of innovative social services or to introduce new solutions for already consolidated social services.

We continue to provide support to the non-profit entities and organisations that we helped to set up. New projects for setting up networks of social enterprises are also under way.



The idea for a specialized bank stems from Intesa Sanpaolo's experience in the world of religious and non-profit entities (more than 50,000 customer organizations), in support initiatives for the Third Sector such as PAN (Crèche Project) AL.FA. (Other Family After Us) and SP.IN. (Sport Together) and, lastly, in the wish to serve the social economy in a more efficient way. Banca Prossima began operating on November 5th 2007 exclusively within the social enterprise sector and the non-secular and religious sectors with the aim, according to its articles of association, of creating social value.

It is the first initiative of its kind in Europe and possesses unique features. Specialization, accessibility, non-profit philosophy and sharing are the instruments it is offering to a sector which is characterized by considerable size and prospects. There are 250,000 organizations operating in Italy with a business of 46 billion euro and a constant growth rate over the last 5 years of 10%. More than 4 million workers, both paid and voluntary, are involved, of which 2.5 million are under 40 and 2.4 million are women.

Banca Prossima wants to ensure that this world receives the highest level of service as well as new skills at letting the best initiatives grow – initiatives which are often penalized, not by the quality of the individual projects, but by conventional criteria of banking assessment. The instruments it possesses are: a special Risk Fund, a *super partes* committee and people who are close to the Bank's stakeholders.

Thanks to a special Risk Fund (Fondo per lo Sviluppo dell'Impresa Sociale – Fund for the Development of Social Enterprise) Banca Prossima is able to deal with a wide range of subjects and projects that would otherwise have been excluded from receiving funding. In this way, the Fund undertakes a principle of reciprocity between all the organizations and thrives on the profits made that will not be granted on account of shareholders' non-acceptance.

A committee made up of experts, managers and top-

level professionals from the non-profit world is required to single out strategies that call for the utilization of the Fund for the Development of Social Enterprise, assigns objectives and assesses the efficiency of Banca Prossima.

At the very centre of the Bank's credit action there is an innovative model which assesses social enterprises and is able to estimate correctly both the economic aspects as well as the complex network of relations which link it to society. This "Social Enterprise Rating" integrates traditional methods of banking analysis with important elements for the world of non-profit like the ability to raise funds, success in projects funded by public administration and foundations, the percentage of orders from private entities and internal governance.

The new Bank operates through the Group's 6,000 branches. It has the use of 60 local offices for more complex operations and a network of 100 specialists (from Intesa Sanpaolo), selected not only upon the basis of their professional abilities but also because of the personal experience they have matured in non-profit organizations, so that a higher level of sensitivity towards the players and their initiatives may be ensured.

Special products and services as well as extremely high-impact initiatives like Subito 5x1000 are the results of collaborating with Third Sector networks. The latter was set up during the first few months of 2008 and enables the non-profit organizations to immediately receive the contributions of the "5 per mille – 5 per thousand" government tax relief initiative.

#### **The start of operations and evolution prospects**

In the first 2 months of activity in 2007, the Bank prepared a fully operative working machine. It has already produced encouraging commercial results and has acquired 468 customers with more than 5 million euro and funding for 1.3 million euro. 2008 will be dedicated to achieving the challenging objective of 9,000 customers, 1,000 external to the Intesa Sanpaolo Group.

shareholders

Banca Prossima started operating in November 2007, dealing exclusively with the social enterprise and non-profit lay and religious sectors, the aim of the company being the creation of social value.

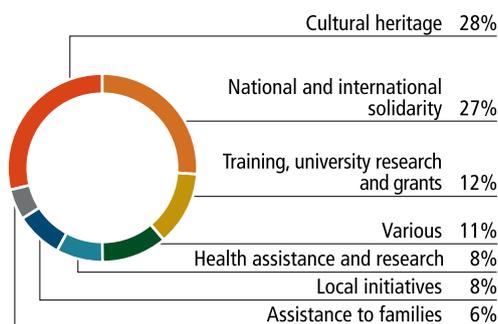
Its special tools are: a dedicated Risk Fund, a *super partes* policy committee and staff that are closer to the bank's stakeholders.

## Liberal Donations



Intesa Sanpaolo grants liberal donations both centrally as well as through a special *Fondo di beneficenza ed opere di carattere sociale e culturale* – Fund for Charities and Social and Cultural Works (annually supported by a part of the year's profits decided by the Shareholders Annual General Meeting). It also grants liberal donations by means of direct intervention from the other banks that make up the Group. The traditional role that these latter banks have as being "local" banks, involved in typical credit activities, has always found completion in their commitment to philanthropic, social and cultural affairs, paying attention and giving support to different local institutions, non-profit entities and small associations and supporting the work carried out by the Foundations. Throughout 2007 the Intesa Sanpaolo Group has granted a total of 11.3 million euro. The work undertaken was in support of traditional charitable areas and shared resources between solidarity-based intervention (projects in developing countries, missionary work and charity initiatives), social intervention (health assistance and research, support for training, study and university grants and to emarginate families or those in need) and cultural intervention (restoration and re-building of works of art, cultural exhibitions and support for editorial initiatives).

### Breakdown of liberal donations



### Social assistance

In this sector initiatives already begun in previous years were continued. In particular:

- A million euro has been granted for the continuation of activities in *Project Malawi*, according to the pre-established programme, which envisaged an overall grant of 6 million euro.
- In the field of support programmes for international cooperation and solidarity, the first of five hospitals was built and opened at Kayes (Mali) in Africa by the association *Cuore Amico Fraternità Onlus*, with the contribution of 5 million euro granted by Banca Intesa in the financial year 2006<sup>1</sup>.
- Support has continued to be given to the *Unità di Ricerca per Giovani Ricercatori* – (Research Unit for Young Researchers) (START UP) set up by the *Associazione Italiana per la Ricerca sul Cancro* – (The Italian Association for Cancer Research), committed to the 2006-2010 five-year period.
- Support has been confirmed for the *Fondazione Banco Alimentare* – (Food Bank Foundation) in order to ensure the harvest, the transport and the preservation of food, work carried out by the Foundation and specific to the *Charity Food Day* when money is collected for the needy.

Moreover, still on the subject of social assistance, work has still continued in the field of young people's welfare as well as solidarity with them when they are in need (e.g. *Comunità di San Patrignano Libera Associazione Onlus*), for the sick (e.g. building new areas where patients can receive care in the Oncological ward of Senigallia Hospital), for the elderly (e.g. *Opera Immacolata Concezione* in Padua), the disabled (e.g. in the new community accommodation in the Giudecca, Venice, *Associazione Insieme* – (Association Together) is a bus for disabled children in the Province of Pesaro), university training and the development of new work initiatives. The foreign banks in the Group have also intervened in this area, in particular the following initiatives:

- Privredna Banka Zagreb has supported the work of the *Humanitarian Foundation for the*

<sup>1</sup> The extraordinary donation of 5 million euro in favour of the association *Cuore Amico Fraternità Onlus* was resolved by the Board of Directors of Banca Intesa on 19th December 2006, on the eve of the merger with San Paolo IMI and coinciding with the twenty-fifth anniversary of Prof. Bazoli's chairmanship at Banca Intesa. In accordance with the latter's wish to renounce the sum of 5 million euro which was due to him as matured indemnity, the Board of Directors decided to award this amount to the above mentioned Association so that it could carry out its plan to build the five hospitals and also in order to cover running costs (including training for doctors and nurses) for ten years.

In the course of 2007 the Intesa Sanpaolo Group awarded a total of 11,3 million euro for solidarity, social and cultural projects.

*Children of Croatia* with the aim of providing help for the 350 children who are protected by the Foundation.

- CIB Bank has a partnership with the foundation *Camp of Courage* which offers therapeutic and recreational programmes to children who suffer from serious chronic illness. These programmes have also witnessed the involvement of Bank employees as volunteers.

- VUB Banka has undertaken a series of donations for the needy in Slovakia (foster families, patients with cancer, the disabled and people in difficulty), as well as being involved in the international solidarity project for children in collaboration with the *VIVA Network*.

- Furthermore, VUB Banka, together with the non-profit association *Dobry Angel* – (The Good Angel) has introduced special credit and debit cards with which the Bank contributes 1% of the sum spent by the users to families with children in which one member is suffering from cancer.

Moreover, projects involving Bank employees in handling the donation work have now been set up:

- Intesa Sanpaolo employees have been involved in the collecting of funds for *Project Malawi*: 6,000 colleagues have donated in total 121,000 euro so that machinery can be purchased and expenses relative to the paediatricians and neonatologists, who began working in Malawi in February 2008, can be met.

- All the employees of the American Bank of Albania have agreed to give a monthly contribution towards *Ryder Albania*, a project supporting terminally-ill cancer patients.

- In 2007, VUB Banka started a series of initiatives in order to support the voluntary work of its own employees in the local community. In particular, through the *VUB Foundation*, it granted 86,700 euro to support projects that had been proposed by and carried through by VUB employees.



## Project Malawi

*Project Malawi is a humanitarian initiative whose main objective is the fight against AIDS.*

*By making use of the experience and interaction between all the working partners involved, the project aims to guarantee over a long-term improvement in the living conditions of Malawi's population and to ensure prospects for development in the country through investments in terms of human and economic resources in some key areas: health, prevention, education, assistance to orphans, training to skilled workers and micro-finance. The work is based upon the conviction that integrated intervention – in these sectors – of an adequate amount and for a sufficiently long period of time will be able to produce such an impact that the present trend will be inverted and that the country will be put back on the road to development.*

### **Objectives of the specific areas for intervention work:**

- **The Health Area (Health and Taking Care of HIV/AIDS):** *the reduction of AIDS transmission from mother to child, the increase in the hope for life of mothers and the resulting reduction in the number of orphans, edu-*

*cation for mothers under care to feed children correctly by means of nutritional support also to her family as a whole; in a ten-year time span, the creation of a broad part of the population which is not affected by AIDS.*

- **The Assistance and Orphan Care Area:** *the reduction of one of the most devastating effects of AIDS (the orphans), the encouragement of an integration of the orphans within the local communities. The projects promotes a high-level form of involvement on the part of local communities so that they will become – in time – able to see to the fundamental needs of the most vulnerable children and ensure that they are given a future as healthy and responsible individuals.*

- **The Education and Prevention Area:** *the spreading among the young of a general awareness concerning the right to reproductive health, protection from sexually-transmitted diseases, sexually-risky behaviour, the promotion of human rights and equal opportunities and the reduction of discriminatory phenomena above all related to AIDS.*



● **Local Development and Micro-finance Area:** *the revitalization of the local communities weakened by AIDS by means of the setting up of entrepreneurial opportunities and, more generally-speaking, work opportunities, the creation of opportunities for re-introduction into the society, support and encouragement of the development of local areas by stimulating local economies.*

*Throughout 2007, by regularly undertaking the aforementioned projects, there were a number of significant results: in the health field the 2 laboratories of Molecular Biology were enlarged and the building of 4 new health centres (bringing the total now to seven) was completed. The centres distribute anti-retroviral medicine and deal with the prevention of mother-child transmission of the HIV virus (PMTCT). The number of patients cared for has risen to 3,997, 945 of whom children under the age of fifteen, whilst people undergoing anti-retroviral treatment are 3,535, 459 of whom children. 270 newly-born babies have benefited from the success of PMTCT therapy and 200 health workers have been trained in the so-called DREAM therapy. In addition to the 3 already existing, 3 more new day centres are able to house and care for 250 orphans and vulnerable children. Management is in the form of a manager's committee chosen from the members of the local community where social workers operate, out of a total 101 trained volunteers.*

*Further training courses have involved more than 2000 members of the actual community where the work has been carried out. This work has ranged from community mobilization, encouragement of prevention and information programmes in schools, home assistance and effective parenting skills. Activities concerning prevention and awareness have involved 241 community heads and 71 schools through 30 scout units called upon to spread information on correct sexual reproduction and the risks of HIV virus transmission. 40 young educators (Peer Educators) have been trained to give information*

*about correct sexual and reproductive activity as well as behavioural change. They have reached out to 1000 young people of both sexes. 400 orphans and vulnerable young people have benefited from a programme of psycho-social support.*

*The subject of local development, the Business Information and Services Centre in Blantyre has achieved the monthly average of 80 users and has organized training in Income Generating Activities for 480 people coming from families struck by the HIV virus. 24 Income Generating Activities have commenced and 400 people (1,350 families affected by the virus) have been involved. A total of 177 entrepreneurs have attended training courses in Business Management, of which 40 have been helped to prepare and present Business Plans in micro-finance local institutions (MFI). There have been 28 loans granted, 2 of which already re-paid during the year. The agreement signed with the Malawi Savings Bank has increased the Memorandum of Understanding to 2 which envisages the application of a rotating fund supporting requests for loans on the part of small and medium-sized business people.*

*The polyfunctional Kapeni Centre, has set up and put into working order the partners' activities and has consolidated actions and increased the effectiveness of the results. In addition to the regular activities involved in a project, an agreement was signed during 2007 with the Italian Society for the Science of Newborn Babies (SIN) and the Italian Society of Paediatrics (SIP) so that intervention may be outlined for the health system in Malawi which is particularly weak in the paediatric and neonatology sectors. Following this agreement a special area has been prepared in the maternity wing in Balaka. Necessary equipment has been purchased and the teams of doctors have been chosen. From 2008 they will work a rotation system and will cover all paediatric and maternity requirements here and in the nearby district hospital, Blantyre's DREAM centre and the multi-use centre in Kapeni.*

The successful system involving support and collaboration with entities and associations close to the Bank, also in the traditional religious and cultural areas has, lastly, also been confirmed.

### **The religious area**

In the religious field, apart from a series of minor intervention works carried out through religious institutions and aimed at charitable objectives, the following donations have been most significant, in support of; the Bishop's Curia for the restoration of the Bishop's Palace

in Como; the Archbishopric of Naples for the visit of the Holy Father; the Patriarchy of Venice for the setting up of the pastoral *Cardinal Giovanni Urbani Centre* and the *Fondazione Nicolò Rusca* in Como for the organization of its documentary and book collection. Work carried out by the *Cassa di Risparmio di Spoleto e di Casse del Centro* has supported Archdiocese of Spoleto-Norcia in holding the 58th National Liturgical Week in Spoleto. *Casse del Centro*, moreover, in collaboration with the *Cassa di Risparmio di Città di Castello* and the Foundation of the *Cassa* has supported activities con-

nected to the celebration of the blessed Don Carlo Liviero (1866 – 1932), former bishop of Città di Castello and founder of the *Piccole Ancelle del Sacro Cuore*.

**The cultural area**

In the cultural field, intervention supporting of the arts programme of the *Arturo Benedetti Michelangeli Festival* in Brescia and Bergamo has been significant. Support has also been given to the Faruffini art school in Sesto San Giovanni (Milan), to the *Associazione Interessi Metropolitan* in Milan, to the *Accademia Olimpica* in Vicenza and to the *Facoltà Teologica dell’Italia Settentrionale* (Theological faculty of northern Italy). Some of this intervention work regards artistic heritage and is on Page 143.

Throughout 2007, the bank continued to distribute, free of charge, personal computers and equipment which it no longer needed to schools as well as to aid, social and religious organizations. 120 personal computers have been given away.

*Guidelines concerning donations*

One of the priorities of 2007 was to sum up what had been previously done in the last few years by the banks which have been part of the Intesa Sanpaolo Group. There was a comparison between the various ways of supporting the reference community as well as the outlining of a new position which – taking the past into account – will create conditions that welcome the cultural and social initiatives undertaken. These initiatives will have to be increasingly characterized by the impact upon the area in which we are working, by the ability to satisfy relevant needs inadequately covered by the welfare system and by the quality and high level of innovation of our solutions. It will therefore be possible to undertake this new direction thanks to the 360° nature of relationships with different members of the community in which we work and thanks to the opportunities offered by a large bank such as Intesa Sanpaolo, widespread throughout the country.

The process of defining the *governance* of this activity is at present underway.

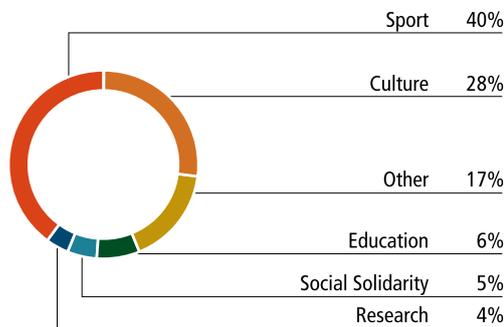
**Sponsorships**

In the relationship between Intesa Sanpaolo and the local communities in which the Group operates, activities concerning support, posi-

tive exploitation and promotion of culture and knowledge play an important role, as do solidarity programmes and support for sports activities. Indeed, these activities represent concretely how active the Bank is in the life of the country: a contribution towards its social and civic – as well as economic – development and an opportunity to create and consolidate constructive relations with the different situations it encounters.

Sponsorships in 2007 amounted to 36.8 million euro, of which 40% was linked to the world of sport.

**Areas of sponsorship**



Some of the initiatives undertaken are reported in the following part, sub-divided into areas of intervention.

*Sport*

Intesa Sanpaolo played a role in the sports area by supporting events with a high level of visibility like the Luna Rossa challenge at Valencia for the America’s Cup, the fencing championships and the Winter University Games. These events were in addition to various sports activities involving young people in order to support the spreading of sport as an ethical and social value. The latter events included the *Progetto Giovani A.C. Milan, Basket 3, Cus Torino* (Turin).

Intesa Sanpaolo is also the official partner of the World Swimming Championships in Rome in 2009 as well as being the CONI official sponsor for the three-year period 2007-2010 and the sponsor for the Italian National Olympic Team and *Casa Italia*. This is a further example of the Bank’s commitment to promote and support activities which are an integral part of our cultural and sports values as well as promoting local areas – and Italy as a whole – upon the international stage. It is with this spirit that Intesa

Sanpaolo has assumed its biggest commitment as the main sponsor for the Italian Swimming Federation in support of all of its activities.

Moreover, there have been countless intervention programmes in support of local sports teams, carried out by the Banks on a local level.

We would like to mention the work done by *Cariromagna* with the most important sports teams and sports people in Romagna (basketball, volley-ball and canoeing); *Banca dell'Adriatico* in support of the *Scavolini* basketball team; *Cassa di Risparmio in Bologna* in support of the two Bolognese basketball teams (Virtus and Fortitudo); *Cassa di Risparmio in Padua and Rovigo* in support of the most significant sports teams in Padua and Rovigo (*Calcio Padova, Rovigo Calcio, Rugby Rovigo*); *Cassa di Risparmio in Rieti* in support of the activities of the *Aletica Studentesca Cariri* and the *AMG Nuova Sebastiani Basket*; the *Cassa di Risparmio del Friuli Venezia Giulia* in support of *Aletica Gorizia* and the *Associazione Sportiva Udinese* and *Casse Centro* has sponsored and started a collaborative relationship with CONI Umbria in order to support the promotion of young people's sports activities as well as the communication and spreading of the positive values of sport. Among the most significant facts in this field, there has been sponsorship for a booklet and a campaign for the prevention of doping among the young. Finally, *Banca dell'Adriatico* and *Cassa di Risparmio di Forlì e della Romagna* have both sponsored the canoeist Josefa Idem, who will be taking part in Beijing 2008.

The foreign Banks of the Group are also sponsoring the world of sport. This area remains the main area for sponsorship. In particular, the commitment of *Privredna Banka Zagreb* has to be noted, in support of the *Croatian Olympic Committee*, the *Croatian Football Federation* and the tournament *ATP Croatian Indoors*, as well as support from *Banka Koper* for the *Banka Koper Slovenia Open* tennis tournament.

### *Culture*

Commitment in the cultural field is in the shape of initiatives which are planned and carried out autonomously and directly, by means of partnerships and sponsorships supporting projects created and promoted by third parties. The main areas regard the spreading of knowledge and culture, the support for research and the promotion of culture among young people. Among these we would like to mention:

### **Teatro alla Scala and La Scala Giovani (Young People)**

Intesa Sanpaolo is a partner for the 2007/2008 season of the *Teatro alla Scala*. This partnership, which has existed for more than ten years, originates from and is characterized by the continuous search for ways to make music an increasingly universal heritage.

In the 2007/2008 season, Intesa Sanpaolo is also supporting the *La Scala Giovani (Young People)* project, created to allow a wider public to enjoy musical culture by involving the younger members of society and by producing a musical sensitivity among adults which will enable people who have never had the opportunity to visit the most famous theatre in the world.

We have also contributed towards the promotion and support of initiatives which aid the spreading of music by helping some of the most important and oldest musical organizations in the world, like the **l'Associazione A. Scarlatti** in Naples, **Milano Musica** and the **Società del Quartetto** in Milan,

the latter in particular concerning the initiative *Parole in nota* (Words in Note Form) which is in the form of a series of open meetings with the public on the subject of the relationship between classical music and expressions of life today by means of stories told by personalities from the world of entertainment, culture and the economy.

### **Benvenuti a Teatro (Welcome to the Theatre)**

Set up in 2005 in partnership with Milan's *Piccolo Teatro*, this is a project for a younger public and it is a real journey "behind the scenes" of the theatre, in the company of an actor who impersonates the people who dwell in it. The objective is to stimulate the children's imagination as well as their curiosity towards the world of the theatre.

Again in the theatre, *Cassa di Risparmio di Venezia* has supported the work of the **Fondazione Teatro La Fenice** and *Cassa di*

In the relationship between Intesa Sanpaolo and the local communities in which the Group operates, activities concerning support, best use and promotion of culture and knowledge play an important role, as do solidarity programmes and support for sports activities. Sponsorships in 2007 amounted to 36.8 million euro, of which 40% was linked to the world of sport.

*Risparmio Friuli Venezia Giulia* also supported the *Associazione Chamber Music* in Trieste for its concerts in 2007. In particular, the Bank's support has enabled the association to eliminate the admission costs to concerts so that they would also attract a younger public.

**Istituto Italiano per gli Studi Storici (Italian Institute for Historical Studies), Naples**

In 2007, the *Banco di Napoli* supported the activities of the Institute, having already contributed towards its creation in 1946 (along with the *Banca d'Italia*, the *Credito Italiano* and the *Banca Commerciale Italiana*). The Institute's aim is to enable young people to improve their knowledge of history.

**The Start Cup Federico II Award for Innovation**

The *Banco di Napoli* also supported this award in 2007, given in the form of money or in kind (facilities for the setting up and development of new businesses) to the best, innovative and entrepreneurial ideas based upon scientific research. The objective of the competition and the award, promoted by Naples Federico II University of Studies, is to support research and technological innovation aimed at economic development, encouraging the creation of new companies with a high level of knowledge, with particular reference to Italy's *Mezzogiorno*.

**Festival dell'Economia di Trento (Festival of Economy), Trento**

This is an annual festival and has reached its second edition with a whole host of events, meetings and projects in order to make the public more sensitive to economic phenomena, by encouraging and spreading comprehension through an approach which is informative and rigorous at the same time. The 2007 edition was entitled "Capitale Umano, Capitale Sociale" (Human Capital, Social Capital). The Festival has Intesa Sanpaolo as its partner whilst the *Banca di Trento e Bolzano* organizes a conference dedicated to the various subjects of local economy.

**Made In Tomorrow – Research, innovation, knowledge**

This event is divided into a series of conferences, forums, cultural and entertainment events and is in collaboration with the Milan Triennale and with a group of Italian scientists belonging to the "Gruppo 2003". Objective: underline the central position of scientific and

technological culture for the development of the country and make opinion leaders, from the worlds of training, of enterprise and of the young, more sensitive to issues in the area of research and its application.

**Nemetria**

Casse Centro supported the XVI Annual Conference of Nemetria on Ethics and Economics with the participation of Prof. Robert Aumann, Nobel Prize winner for Economics in 2005.

**Repubblica – Bocconi – Personal Manager series – L'economia della vita quotidiana (The Economics of Daily Life)**

This is an editorial project in collaboration with *La Repubblica* newspaper, *L'Espresso* news magazine and *Bocconi University Publishers*: a series of 10 volumes, issued as supplements with *La Repubblica*, dedicated to the most important matters related to family welfare, everything from homes to employment, from social security to health and from families to investment. This is a first-time and innovative work and its aim

is to aid in managing – with the help of some of today's experts – the most relevant aspects of daily life: from applying for the best mortgage to efficiently managing savings, from choosing schools for the children to purchasing the most suitable insurance policies.

The Bank's partnership is positively exploited through examination and comparisons between the situation in Italy and the most important countries abroad. This information is provided by the Research Department of the Bank in each and every volume.

**III Colloquio sull'Italia Centrale – Un passato importante verso un futuro possibile III Meeting on Central Italy – An important past heading for a possible future**

*Casse del Centro* commissioned this item of research which takes up the theme of a third pole (central Italy) within the Italian scenario, along with Florence and Rome, and its potential evolution strategy.

**FAI – Luoghi del Cuore (Places of the Heart)**

In collaboration with FAI (*Fondo Ambiente Italiano* – The Italian Environmental Fund) this is a

We have been committed for many years to guaranteeing and directly promoting culture all over Italy, with precise aims and thanks to the competence of our internal structures.

census which uses comments from the public in order to retrieve and promote places of art and nature which need to be safeguarded. The objective is to make people and the authorities sensitive to the importance of the protection of the country as well as its artistic and natural heritage. A school competition was carried out in 2007 entitled "Places of the Heart" in which all primary and secondary schools were involved, supporting the census and making young people aware of this heritage.

In the music field, the constant commitment of the *Banca dell'Adriatico*, as the founding body, to the *Rossini Opera Festival*, international opera event entirely dedicated to Gioachino Rossini, which has reached its XXVI edition has to be mentioned as also the *Cassa di Risparmio di Spoleto's* support for the 50th edition of the *Festival dei Due Mondi di Spoleto* (Two Worlds Festival in Spoleto) and the *Cassa di Risparmio in Bologna* which supports the work of the Orchestra Mozart, conducted by the Maestro Claudio Abbado.

Lastly, we would like to mention the sponsorship by Intesa Sanpaolo and *Casse Centro* of the Christmas Concert in the *Basilica Superiore* in Assisi, transmitted worldwide on 25th December 2007.

#### *Social commitment and solidarity*

Intesa Sanpaolo promotes and takes part in activities of a highly ethical and social value, proving its commitment to establish strong and deep-rooted links with society and local areas, starting from the function and the institutional role of a bank.

#### **Fabbrica del Sorriso (Smile Factory)**

Intesa Sanpaolo was also a partner in 2007 of this solidarity initiative, carried out in collaboration with *Mediafriends*: a television event to gather funds in support of concrete projects connected to the theme of disadvantaged childhood both in Italy and around the world. Intesa Sanpaolo was the reference bank for the collection and involved all its channels (branches, cash dispensers, internet site etc).

#### **Giornata dell'Azalea, AIRC – Associazione Italiana per la Ricerca sul Cancro (Day of the Azalea – AIRC – Italian Association for Cancer Research)**

The bank has supported the *Azalea Research project* since 1997 with contributions and involvement by all branches in Italy.

#### **Centro Internazionale di Ricerche Pio Manzù**

#### **(Pio Manzù International Centre for Research)**

Intesa Sanpaolo supported the XXXIII edition of the International Study Days *Il volo del colibrì* (The Flight of the Hummingbird): an international public forum with the leading experts in geopolitics and macro-economics. This year the forum is dedicated to underprivileged children in terms of economics, social responsibility, ethics and solidarity.

#### **XXI World Meeting of Religions for Peace**

Intesa Sanpaolo supported the international meeting for peace entitled "For a world without violence: dialogue between religions and culture", promoted by the *Comunità di Sant'Egidio* (Community of Saint Giles) and by the Archdiocese of Naples. The event involved representatives from world religions, leaders from the world of economics, culture and politics – at both a national as well as international level.

## Cultural heritage

There have been countless initiatives undertaken in support of the preservation and promotion of the country's historical and artistic heritage. Apart from collaboration with leading scientific and educative bodies we have been committed for many years in regions all over Italy to ensure and directly promote intervention

Thanks to the *Restituzioni* programme, more than six hundred exceptional works of art have been saved since its inception.

(and with precise aims and thanks to the different roles of our various departments) in the field of culture. These forms of involvement follow two main directions:

- the preservation and the promotion of the Italy's cultural heritage
- the restoration and historical and critical in-depth examination of the country's art collections with the aim of making them available to the public

#### **The preservation and promotion of the country's cultural heritage**

In this particular field Intesa Sanpaolo's commitment can be clearly seen in the project entitled *Restituzioni* (Restitution) which is a programme for the restoration of works of art that are des-

tined to be shown in public and promoted and managed by the appropriate authorities. Since the close of the 1980's until today, more than six hundred works of art, often of extraordinary quality, have been saved. This is a type of ideal museum with pieces which range from proto-historic times right up the present day, from archaeology to gold-work and from plastic to paintings.

In the spring of 2008 there was the final phase of a new programme of Restitution: from 29th March to 29th June the works restored in the two-year 2006-2007 period were presented in Vicenza, at the *Gallerie of Palazzo Leoni Montanari*, during the fourteenth edition of this event.

The restoration of monuments is also included in the project. These monuments are carefully chosen according to their most significant characteristics from a historical and artistic viewpoint. Examples may be found in the following: the Palaeo-Christian mosaics in the Basilica of Aquileia; the frescoes by Altichiero and Avanzo in the *Chapel of San Giacomo* (Saint James) in the *Basilica del Santo* in Padua; the main courtyard at the *Villa Bozzolo* in Casalzuzigno belonging to the FAI; the *Studiolo di Gian Giacomo Poldi Pezzoli* in the Poldi Pezzoli Museum in Milan and the *Atrio Federiciano* in the *Castello Svevo* in Bari and the *Torre Civica* in Bassano del Grappa.

Apart from the Restitution projects, a variety of Banks in the Group locally support retrieval and restoration of works of art through liberal donations and sponsorships. An example of these is the support given by the *Cassa di Risparmio di Fano* in collaboration with the *Fondazione Cassa di Risparmio di Fano* for the restoration of the artistic and historical complex of *San Michele*, one of the city's most important renaissance buildings. It will house a study centre for the preservation, protection and respect of the environment. A further example has also to be the support given by the *Cassa di Risparmio di Spoleto* for the restoration of Spoleto's *Teatro Nuovo*, a beautiful nineteenth century building by the architect, Ireneo Aleandri, reopened to the public on June 26th 2007 for the 50th *Festival dei Due Mondi* (Festival of the Two Worlds) in Spoleto.

Significant support was given by the *Cassa di Risparmio di Città di Castello* for the restoration of the historic *Palazzo Vitelli* in Sant'Egidio, a magnificent building dating back to 1540 and designed by Vasari.

Furthermore, for the 150 year anniversary of the foundation of the *Cassa di Risparmio di*

*Foligno* (1857-2007) the *Cassa*, alongside the *Fondazione Cassa di Risparmio di Foligno*, was an active part of a lengthy series of cultural events celebrating the 150 years and culminating with the donation to the city of the restoration of the prestigious *Auditorium of San Domenico*.

We should also like to point out the commitment by *Privredna Banka Zagreb* in support of cultural entities, events and projects for the restoration of artistic monuments, including the Dubrovnik Summer Festival and the exhibition on the *Codex Atlanticus* by Leonardo Da Vinci, which was held in the Zagreb Art Museum.

### **The bank's art collection and public access**

For several years now, Intesa Sanpaolo has drawn up a specific plan to enable the public to have access to its art collections. This artistic heritage is the result of a series of collecting experiences, each single experience connected to the history and traditions of patronage peculiar to the Banks that have become part of the Group. Among the most important are the following: the collection of Attic and Apulian ceramics (5th to the 3rd centuries B.C.), which includes more than five hundred pieces from vases to other objects, found following the discovery of an important 6th to 3rd century B.C. necropolis in Ruvo di Puglia (1830-1860); the collection of antique Russian icons (13th to 19th centuries); the collection of paintings and sculpture from the 16th to 18th centuries and collections of works from the 18th, 19th and 20th centuries in Venice.

Each collection comes under the scientific care of a specific committee – in each and every sector – made up of the most important national and international experts and researchers, with the aim of achieving systematic cataloguing of the works of art deemed to be of significant cultural interest. Following the 2007 merger a feasibility study has been started in order to increase awareness of the collections from the new member Banks of the Intesa Sanpaolo Group and to establish the best way to preserve them.

There has been a series of different initiatives undertaken in order to fully understand the extent of our art collections:

- online publication of information on the collections already scientifically catalogued, with an interactive system which is able to offer knowledge and in-depth examination to museums, researchers and art-lovers

- the publication of printed catalogues which contain the findings of the studies and which each collection in a systematic way. At the end of 2006, we published the catalogue dedicated to the collection of Attic and Magna Grecian ceramics. At present, the catalogue of the contemporary art collection is being prepared

- the devising and setting up of temporary exhibitions, like the travelling programme of "The Last Caravaggio. *The Martyrdom of Saint Ursula* restored – Banca Intesa Collection". The painting was restored to its former beauty thanks to the difficult restoration work carried out at the *Istituto Centrale del Restauro* (Central Institute of Restoration)

- the establishment of the Group's own museum – *Palazzo Leoni Montanari* in Vicenza, which was completely transformed from the spring of 1999 onwards into the *Gallerie* of the same name. This transformation was decided in order to give the public – for the very first time – continuous and steady access to the art treasures within it. The *salons* in the baroque palace host, on its *piano nobile*, a precious collection of Venetian paintings from the 18th century, including a significant corpus of paintings by Pietro Longhi, Canaletto, Luca Carlevarijs and Francesco Guardi.

On the other hand, the upper floor of the palace hosts approximately one hundred and thirty Russian icons, from the 13th to the 19th centuries, exhibited according to the most updated museum and teaching standards and considered by experts to be one of the most significant collections in the West.

The works which are not exhibited – approximately three hundred and fifty – are located in a warehouse that has been designed to meet the finest preservation criteria, in purpose-built racks which are easily consulted by experts and art lovers. Furthermore, there is also a restoration laboratory – where the entire collection has just been completed –, a cataloguing centre as well as the specialized library with computers where users can consult the *Index of Christian Art*. The latter is an important archive of documents and images which is dedicated to medieval art and developed by Princeton University.

The teaching programme is particularly noteworthy and is intended for elementary and secondary schoolchildren – as well as adults who are also interested. There is also a wide variety of specialized conferences.

The exhibition "La Rivoluzione dell'Immagine.

Arte Paleocristiana tra Roma e Bisanzio" (The Image Revolution. Palaeo-Christian Art in Rome and Byzantium) (September-November) was held in 2007. The exhibition was very successful both as far as the public as well as the critics were concerned. It showed eighty superb palaeo-Christian works of art – exceptional records of the passage from the ancient world to the modern one.

- The second museum, at the *Galleria di Palazzo Zevallos Stigliano* in Naples was opened in June 2007.

Intesa Sanpaolo wanted to give back to the city the opportunity to see the exceptional masterpiece by Caravaggio – *The Martyrdom of Saint Ursula* – on the *piano nobile* of the historic building in Via Toledo. The painting is part of the Bank's collections.

In this case, too, a difficult piece of restoration work has – above all – enabled the entire 18th century palace to reacquire its dignity and, in particular, the 19th century decorative elements on the *piano nobile*. A little, yet

delightful walk through the museum allows visitors to enjoy the work by Caravaggio after having climbed the principal flight of stairs.

*The Martyrdom of Saint Ursula* is hosted in the *Sala degli Stucchi*. Admission is through the *Scala degli Amorini* where, beside illustrative and descriptive materials, there is also a rare engraving by Alessandro Baratta (1629) which shows the city of Naples at a date near that of the *Martyrdom* in 1610.

In the *Sala degli Uccelli*, with ornaments alternating between bird motifs, cupids, arrows and flowers, there is an important corpus of 18th and 19th century Neapolitan and Campania views: works by Gaspar van Wittel, original and full of scenic charm in the sense of perspective, yet powerful and detailed in urban architecture. There are also works by Anton Smink Pitloo, one of the most sensitive artists who painted during the transition phase between illuminist views and modern landscape paintings. The city of Naples, with its shades and shadows summed up so beautifully in Caravaggio's *Saint Ursula* and with its light unleashed in the views, is most definitely

Intesa Sanpaolo wants to give the public the chance to see its art collections, an artistic heritage which is the unique result of many collections, each connected in a special way to the history and tradition of patronage by the banks that formed the Group Chief.

the implicit main actor in the museum's collection.

Furthermore, the Banks in the Group also took part, in 2007, in the annual ABI (Italian Bank Association) initiative *Invito a Palazzo* (Invitation to the Palace) and opened up their branches and headquarters to the public – buildings that are often of significant architectural and artistic interest.

Last of all, the *Privredna Banka Zagreb* founded a museum dedicated to the history of money. It possesses a rich collection of coins, money coffers, certificates, shares and documents from around the world. It is open to the public and it organizes guided tours, especially for school-children.

### Editorial projects

Throughout 2007 we continued with our commitment to two publications:

- the *Vox Imago* series, was started in 2004 during our collaboration with the *Teatro alla Scala*. It is a multi-media project and its objective is to increase knowledge of music and the world of opera. Our work in 2007 concerned *Le nozze di Figaro* (books, DVDs and CDs) which was presented at *La Scala* conducted by Gérard Korsten

- *Musei e Gallerie di Milano* (Museums and Galleries of Milan) was a cataloguing project. It received the edition of the volume, *Pinacoteca Ambrosiana. Dipinti dalla metà del Seicento alla fine del Settecento – Ritratti, tomo III* (The Pinacoteca Ambrosiana. Paintings from the first half of the Seventeenth century to the end of the Eighteenth century – Portraits, volume III) in 2007

Instead, for the 150th anniversary of the *founding of the Cassa di Risparmio di Foligno* (1857-2007) a collaboration project with the *Fondazione Cassa di Risparmio di Foligno* produced a precious exhibit of three volumes which recounts the history of the *Cassa* and the surrounding area.

Furthermore, the book entitled *L'industrializzazione leggera dell'Alto Tevere* (Light Industrialization in the Upper Tiber Valley) was published in 2007. It was commissioned by the University of Studies in Perugia on behalf of the *Cassa di Risparmio di Città di Castello* and the *Fondazione Cassa di Risparmio di Città di Castello* for the anniversary.

Still remaining in the editorial field, *Cariromagna*, together with the *Fondazione Cassa*

*dei Risparmi di Forlì* has published the art volume *Il Monte di Pietà* which reports on the work of architectural restoration – financed by the Foundation itself – of the *Palazzo Monte di Pietà di Forlì* which is an important historical building in the city, the first headquarters of the Bank and the current headquarters of the Foundation.

### The Historical Archive

Intesa Sanpaolo's Historical Archive is a first-hand and irreplaceable source for the history of Italian society in all its multiple facets, for the history of events relating to the Italian banking system from modern times until today and, to an even greater extent, for the knowledge of Italian economic history in its relations with the international situation. Furthermore, it represents, in perspective, the living memory of Intesa Sanpaolo: a tool to understand as well as teach about our traditions, the development of branches and all the good work carried out locally.

The Historical Archive carries out its form of social responsibility in preserving – with the utmost care possible – inherited documentary sources and

in guaranteeing access to the public in accordance with the principles related to the right to information, one of the foundations of a democratic country. The privately-run promotion of archive property – and, more generally-speaking, cultural heritage – “is a socially useful activity with objectives recognized as leading to a climate of social solidarity” (Code of the Ministry of Cultural Heritage, article 111, part 4).

Following the merger between Intesa and Sanpaolo IMI, careful intervention has been taking place in order to halt any possible dispersion of archive collections and also in order to redefine the rules concerning the selection and correct handling of the documents, including the most recent documents in the Bank's possession (The Intesa Sanpaolo Archives Project) – the first fundamental step before future citizens can accede to the archives in the most transparent, integral and intelligible way.

### Public access

Italian and foreign students and researchers

The historical archive represents the living memory of Intesa Sanpaolo: an instrument through which to learn and teach about our traditions, the development of branches and good work achieved at local levels.

visit the study room of the Palazzo Anguisola in Milan every single day in order to study world events related to economics and business as well as improve their knowledge about the political, social, employment, urban, architectural, literary and publishing history of the world.

141 users in the study room and fifty-five published studies following consultation with the Archive's documents, lessons and guided tours of the premises for thousands of people. The 2007 figures and information prove the daily commitment of the Archive to promote the heritage preserved therein. Sources, information and readings are accessible on-line, on the site of [group.intesasanpaolo.com](http://group.intesasanpaolo.com). ⓘ

- the digitalized reports of the decision-making departments of *Cariplo*, *Banco Ambrosiano Veneto* and *Comit*, right up to 1934 as well as miscellaneous papers belonging to Raffaele Mattioli
- new inventory information was published in 2007, relative to 39 funds and archive series with a total of 240,000 documents
- The Historical Archive publishes on the web historical and archive readings as well as news about biographies so that the whole spectrum of results can be spread, a sort of "plural history"

#### *Special projects: A philosopher in the bank*

The Historical Archive received the donation of an important private archive, the private papers of Antonello Gerbi, who was an eminent scholar of American Studies and the head of the Research Department in *Banca Commerciale Italiana* from the 1930's to the beginning of the 1970's. The papers include philosophical and newspaper writings, papers, photographs, pamphlets and newspaper cuttings that all form a solid collection of intellectual life in Italy from Fascism to the post-war period as well as a record of events affecting the managing elite that had been chosen by Raffaele Mattioli and the experiences of many Jewish families who had been adversely affected by the Racial Laws.

For the opening to the public of the *Gerbi Papers*, the Historical Archive published an illustrated guide entitled *Un filosofo in banca. Guida alle carte di Antonello Gerbi* (A philosopher in the bank. A guide to the papers

of Antonello Gerbi) edited by Francesca Pino and Guido Montanari. The Archive organized a conference with the Faculty of Hispanic and American Language and Literature of the University of Studies of Milan called, "Antonello Gerbi tra Vecchio e Nuovo Mondo" (Antonello Gerbi and the Old and New Worlds).

#### *The Archives Project*

A far-reaching Archives Project was started in 2007 and is destined to intervene in the current documentation processes now produced by the central departments of the Bank. It will be following the entire life span of a single piece of documentation from the moment it is drawn up to when it is either destroyed or preserved for historical reasons.

Each and every document produced by the banks' activities has to abide by very strict obligations as far as preservation is concerned, with defined times and must be available for consultation by interested parties, like customers, for example, judicial authorities, financial system controls, the *Banca d'Italia* and *Consob*. Papers are archived in large industrial warehouses. There are immense areas where millions of boxes have been collected.

Managing these mountains of documents accounts for much of the challenge that a great company is required to face in order to prove the efficiency and correctness of how it runs itself.

The possibility of facilitating documentation retrieval encourages the protection of our rights, demonstrates the transparency of our relationships and aids in building a climate of trust between the Bank and its customers.

The aim of the project is to give a complete and structured view of the entire production of documentation from the Bank's central headquarters. A system of documentation management will stem from this and – in due course – facilitate usage and checking, reduction in warehouse and preservation costs as well as less dispersion.

In order to intervene in the processes related to production and archive work, a Selection and Preservation of Documentation manual is being prepared. In this manual each type of document will be dealt with in terms of length and preservation features. This will be the first step towards a real Guide to the Management of Archives, a tool that will rationalize and govern documents between current, historical and deposit archives.

# *Stakeholder Involvement and Improvement Objectives*

*Various forms of stakeholder involvement have been under way for some time. Our long term aim is to consolidate and formalise a process of exchange, comparison and dialogue.*



*Dialogue with Stakeholders*

*The methodology adopted*

*Key topics which emerged from the involvement program*

*Improvement objectives*

## Dialogue with stakeholders

Intesa Sanpaolo launched various forms of involvement programs with its stakeholders some time ago; of particular importance are the dialogues conducted through the Customer Satisfaction structure; the special office dedicated to institutional relations with the Consumer Associations; employee involvement in work environment surveys, the drafting of the Code of Ethics and value sharing; the regular meetings of community associations with the various structures throughout the country and the CSR Unit. The outcomes of these encounters, from which emerge a positive perception of the Group's commitment to continuously improve the quality of its services and management of stakeholder relations, are illustrated in this Social Report in the various chapters (in particular, employees, customers, shareholders).

In 2007 the Group continued to improve the programs started in 2006 on matters concerning social and environmental responsibility expressed in the Code of Ethics, with particular emphasis on employees and customers.

The long term objective is to consolidate and systematize exchanges, debates and dialogue with the following groups of stakeholders: "influential" (individuals who can or could be able in the future to influence the Group's ability to achieve its objectives), "representative" (individuals who are entrusted with the task of representing other individuals) and "dependent" (individuals who depend principally on the Group for the services it offers).

The Group will focus particularly on the following:

- listening attentively to and speaking with stakeholders, consolidating a systematic and continuous process of dialogue in order to reciprocally balance the interests of both
- assessing the actions taken in 2007 to reach the improvement objectives set in the triennial plan 2007-2009
- involving those stakeholders who are not already included in the process, and expanding consultations on critical areas

In this new cycle of encounters, the Group has decided to prioritize the use of dialogue for projects (including recently started projects) to be discussed with both customers and employees, while being fully aware that the progress achieved in these areas is still almost imperceptible.

### The methodology adopted

The stakeholder involvement process has been carried out on the basis of AA1000 standard principles (in particular, AA1000 SES standard) issued by AccountAbility, an international applied research and advisory institute based in London. Through this standard a methodology has been applied that presupposes the respect of certain basic principles that, taken together, define our commitment towards inclusion, to reflect on the points of view and expectations of the various stakeholders in every phase of the process:

- **relevancy**: understand what is important for the company and for the stakeholders;
- **completeness**: understand and manage the concrete impact and expectations of the stakeholders;
- **response**: provide an adequate reply to the requests formulated by the stakeholders, which must be coherent with the subjects that are equally important for them and for the company.

As far as **employees** are concerned, the scope was widened by sending an on-line questionnaire to a statistically significant sample, with the aim of recording employee perception with regard to the consistency of the Group's activities with the principles enunciated in the Code

of Ethics and the corporate life-style, the priority of each policy included in the three-year improvement programs set out in the 2006 Social Report, and finally, the significance of the improvement objectives – with respect to the defined values – which also were expressed in the 2006 Social Report.

The topics dealt with in the **questionnaire**, extracted from the Code of Ethics and the improvement objectives, were also discussed through a series of four focus groups (two in Milan and two in Naples) held with employees and one with the representatives of the nine Trade Unions present in the Company; this qualitative methodology stimulates the expression of individual opinions in an environment free of external influences.

The same approach was used for the **customer** focus groups (families and small businesses), once again two in Milan and two in Naples. The Consumer Associations are also being involved in these discussions, as they represent the customers and their opinions.

Nine interviews with external stakeholders, selected on the basis of their level of knowledge and professional involvement on specific strategic topics for the Group<sup>1</sup> were held in parallel to the focus groups. It was decided to explore high level macro themes concerning the relationship between the Bank and the community and the direct and indirect impact the Bank has on the environment, ranging from the

transparency of the services offered to the financial inclusion strategies, to the Group's role as financial educator. These interviews were conducted with the objective of verifying the level of knowledge regarding the Intesa Sanpaolo Group's approach to sustainability and the level of consistency perceived between the commitments undertaken by the company and the actions taken to achieve them.

Our stakeholders were asked to assess the priority of each theme and how they fare in the day-to-day operations. Through these indications the topics have been "weighed" and their relevance assessed. The topics which have emerged so far from the dialogues, and which are summarized below, are dealt with in greater depth in the chapters of the Social Report dedicated to the stakeholders, to which the reader is referred for an overview.

The program will reach its peak in the autumn of 2008 with a "multi-stakeholder" workshop, a structured encounter between representatives of the various stakeholder groups that will focus on transversal topics and topics of general interest.

The overall outcome will then be assessed on the basis of the relevance of the topics, their consistency with corporate strategies and the balancing of the interests of the stakeholders, to define corrective actions that will be implemented as part of the current three-year improvement process.

<sup>1</sup> Representatives of the following organizations were interviewed: Campagna per la Riforma della Banca Mondiale, Campagna Banche Armate, Fondo per l'Ambiente Italiano, WWF Italia, CittadinanzAttiva, Agenzia per le ONLUS, Associazione Nazionale Comuni Italiani, a journalist from Italian leading financial daily Il Sole 24 Ore and a representative of the Ministry for Social Solidarity

## Key Topics which emerged from the involvement program

Stakeholder	Key Topic	Page Reference
<i>Clients</i>	<p><i>Customer-bank relations</i></p> <p>Trust in the bank is strongly based on inter-personal relations, in particular with the staff of the branch offices. Telematic channels (banking on line, ATM, etc.) are certainly an added service and may sometimes even substitute a visit to the bank, but some customers perceive this channel as being impersonal. Customer support – especially advice on products – is considered a priority, hence staff must be increasingly well prepared and competent.</p>	<p><b>Clients:</b>  <i>The customer at the centre of the service model</i>, page 48;  <i>Direct channels</i>, page 49;  <i>The new ABC commercial platform</i>, page 54  <b>Employees:</b>  <i>Training for quality</i>, page 87</p>
<i>Clients</i>	<p><i>Assistance to customers in the investment sector and the protection of savings</i></p> <p>Customers would like a service that notifies them promptly of changes in scenario, possible risks and opportunities, and offers that could respond better to their needs. In particular, they ask that the Bank assumes responsibility for the suggestions it offers to the customers, especially when high risk investments are involved. Furthermore, small businesses ask the Bank to increase differentiated financing, taking into account the positive and negative factors of the local environment, with a view to making the best use of the areas involved.</p>	<p><b>Clients:</b>  <i>Investment assistance services</i>, page 51;  <i>Financial Derivatives-Sale Policy</i>, page 53;  <i>Principles for responsible financing</i>, page 63;  <i>Dialogue with Consumer Associations</i>, page 62</p>
<i>Clients</i>	<p><i>Commercial offer</i></p> <p>Customers ask that the products and services the Group offers be more focused on individual customer needs, with tailor-made solutions that will favour a long term relationship. The current service satisfies requirements, but a greater degree of proactivity would be appreciated.</p>	<p><b>Clients:</b>  <i>Customer satisfaction surveys</i>, page 54;  <i>Listening as the base for product innovation</i>, page 59;  <i>Expansion of the offer to promote social inclusion</i>, page 64</p>
<i>Clients</i>	<p><i>Communications sent to the customer</i></p> <p>In general there is a strong feeling that the communications sent to customers have improved in terms of clarity, but that there is room for improvement in terms of promptitude, particularly regarding new procedures, new norms, etc.</p>	<p><b>Clients:</b>  <i>Initiatives to promote informed purchasing and knowledge of financial products</i>, page 53;  <i>The New Reporting project</i>, page 54</p>
<i>Clients</i>	<p><i>Contractual transparency</i></p> <p>The level of transparency reached in the conditions of the products and services offered by the Group are aligned to those of the other market players, but a further effort should be made in order that the standards of the Intesa Sanpaolo Group be an example to the entire banking sector.</p>	<p><b>Clients:</b>  <i>Commitment for the transparency of and accessibility to banking services</i>, page 51</p>
<i>Clients</i>	<p><i>Financial education</i></p> <p>The quality of information provided at the branch offices depends on the level of preparation of the staff, for whom training must be increasingly detailed. Customers would welcome projects to develop financial education in assembly centers (schools, youth clubs, centers for the elderly, etc.).</p>	<p><b>Clients:</b>  <i>Initiatives to promote informed purchasing and knowledge of financial products</i>, page 53;  <i>Dialogue with Consumer Associations</i>, page 62</p>

Stakeholder	Key Topic	Page Reference
<i>Clients</i>	<p><i>Projects developed in partnership with local communities</i> Long-term projects with "the public" involve both financing and participation in development projects which, through the initial risk and investment, improve the prospects of the community.</p>	<p><b>Clients:</b> <i>Working with the Community</i>, page 70; <i>Maintain dialogue and active long term relations with the State, local Entities and public administration</i>, page 73; <i>The activities of the Public Finance Business Unit</i>, page 74; <i>Capital risk investments for infrastructural development</i>, page 76</p>
<i>Clients</i>	<p><i>Controversial sectors</i> In the Banktrack<sup>1</sup> Report published in December 2007 on the financing policies of the principal international credit institutions, Intesa Sanpaolo was attributed a very high ranking for the policy which imposes its non-involvement in the arms sector. As far as the other sectors considered are concerned (the respect for human rights, transparency and accountability policies, financing for the agricultural, fishing and wood sector financing), the Group is in line with the majority of credit institutions, although there is room for improvement.</p>	<p><b>Clients:</b> <i>Controversial markets: the arms sector</i>, page 77 <b>Identity and Governance:</b> <i>Adhesion to international standards</i>, page 32; <i>Intesa Sanpaolo's adhesion to the Global Compact Principles</i>, page 34</p>
<i>Employees</i>	<p><i>Training</i> The Group's significant investment in professional development is recognized, although it has been pointed out that this investment tends to be focused on management and new recruits, rather than the intermediate levels. There is a general consensus that there should be more classroom courses, considered more efficacious than those held on-line, using external consultants to ensure that the trainers are better qualified and issuing certificates attesting performance at the courses. From the organizational point of view, training should be compatible also with part-time schedules and conveniently located. Finally, social responsibility and Intesa Sanpaolo's approach to sustainability should be included as an integral part of the training programs – for example, messages linked to the achievement of budget objectives should always be given in the context of the corporate values laid down in the Code of Ethics.</p>	<p><b>Employees:</b> <i>Training for quality</i>, page 87; <i>Listening in relation to commercial initiatives</i>, page 92; <i>Making the best use of people through Communities</i>, page 86</p>
<i>Employees</i>	<p><i>Incentive systems</i> These are considered to be still too closely tied to the achievement of the commercial objectives. It has been suggested that criteria should be defined which take into consideration the quality of customer relationships, the atmosphere and environment of the branch offices and, last but not least, the continually changing economic scenarios and the specific market contingencies. The corporate values expressed in the Code of Ethics are of the utmost importance in this area: transparency, best use of team work and attention to the customer.</p>	<p><b>Employees:</b> <i>Incentive systems</i>, page 86</p>

<sup>1</sup> BankTrack is an international NGO network that monitors the operations of private credit institutions and the effect that these operations have on the population and on the planet ([www.banktrack.org](http://www.banktrack.org)). ⓘ

Stakeholder	Key Topic	Page Reference
<i>Employees</i>	<p><i>Assessment process</i></p> <p>This process should be given greater importance by those whose role it is to apply it. It should be focused on personal growth, but is often seen simply as a bureaucratic imposition. Management has been asked to make the self assessment phases of the process more consistent and integrated with the following phase with the department head, as well as with the final interview.</p>	<p><b>Employees:</b></p> <p><i>Making the best use of staff and remuneration policy</i>, page 84</p>
<i>Employees</i>	<p><i>Remuneration</i></p> <p>Compensation, the compensation guidelines and human resource management of personnel coming from various banks should be more harmonized. Plans have been made to achieve this objective also through the definition of one single contract for the entire Group. The various benefits (health care, family subsidies, etc.) should also be harmonized more rapidly.</p>	<p><b>Employees:</b></p> <p><i>Remuneration policy</i>, page 86; <i>Industrial Relations</i>, page 92; <i>Welfare assistance, social security, facilities</i>, page 96</p>
<i>Employees</i>	<p><i>Balance between private life and work to promote flexibility</i></p> <p>The Group's policies on this subject are appreciated, but should be strengthened by ensuring that the employee's place of work is close to his/her place of residence and also by favouring part-time. There are also great expectations regarding health care.</p>	<p><b>Employees:</b></p> <p><i>Worklife balance and flexibility</i>, page 95; <i>Industrial Relations</i>, page 92</p>
<i>Employees</i>	<p><i>Equal opportunities</i></p> <p>There is no perception of a particular policy in this area, especially for career development. Part-timers should also be eligible for training programs; there should be initiatives to facilitate reconciliation of work needs and home life. This must start at management level. The corporate kindergarten project, which currently operates in Milan, should be extended to other cities.</p>	<p><b>Employees:</b></p> <p><i>Equal opportunities</i>, page 94; <i>The Gemma Project</i>, page 95</p>
<i>Employees</i>	<p><i>Communication</i></p> <p>Access to information regarding the strategies and objectives of the Group is considered adequate. Internal communication tools, in particular the corporate Intranet, is greatly appreciated and it is hoped that in the future there will be even greater interactivity and employee involvement. A suggestion has been made that there should be an automatic daily dispatch of messages regarding legislative updates, for example only to the appropriate recipients (thus eliminating the need for a large number of staff to search the Internet for the same information on a daily basis).</p>	<p><b>Employees:</b></p> <p><i>Communication</i>, page 90</p>

Stakeholder	Key Topic	Page Reference
<i>Environment</i>	<p><i>Inclusion of social and environmental criteria in financing policies</i></p> <p>Banks are generally expected to play a double role: on the one hand, their policies of risk management must include environmental risk as well as economic risk; on the other, they have to adopt clear and detailed financing policies that establish criteria of respect for the environmental norms and regulations and the principles of additional environmental protection they decide to adhere to on a voluntary basis. When evaluating whether a project is eligible for financing, the Bank must take into consideration the social and environmental impact the project will have according to an extended interpretation of the Guidelines to which it has decided to adhere (UNEP FI, Equator Principles, Global Compact). The Group's decision to withdraw from the financing of the Baku Tbilisi-Ceyhan oil pipeline was considered to be consistent and responsible; the NGO in fact consider this project controversial owing to its geostrategic and environmental implications. The same degree of consistency was required also in the case of financing for a nuclear plant in Slovakia by a pool of banks which again did not appear to offer adequate social and environmental protection; this request was accepted, to the satisfaction of all.</p>	<p><b>Environment:</b>  <i>Indirect environmental impact</i>, page 126; <i>Adhesion to the Equator Principles</i>, page 128</p>
<i>Community</i>	<p><i>Third Sector</i></p> <p>The Group's efforts in investing and playing a role in the Third Sector, by creating a Bank dedicated to promoting social as well as economic values with a series of dedicated products, has been widely acknowledged. Banca Prossima was one of the initiatives most frequently cited in the interviews: it is considered as an important and positive signal, a "first step" taken with the third sector and therefore with the civil society of which the Organizations interviewed consider themselves to be part. It is felt to be a positive project as it represents a "unicum" and as such is respected and "supported".</p>	<p><b>Community:</b>  <i>Banca Prossima per le Imprese Sociali e le Comunità</i>, page 136; <i>Support for social enterprises</i>, page 134</p>
<i>Community</i>	<p><i>Sponsorship for the protection of the country</i></p> <p>Intesa Sanpaolo has decided to adhere as an "active" partner to the "Luoghi del Cuore – Places of the Heart" initiative and has provided support to the "FAI" (<i>Fondo Ambiente Italiano</i> "Italian Fund for the Environment") by distributing voting cards to elect the "Places of the Heart" in the Group's branches, and by providing an economic contribution to programs for restoration, recovery and protection of the Italian artistic and environmental heritage. The strength of this project lies in the direct participation of the public, which then feels a greater sense of personal involvement in the protection of its local environment.</p>	<p><b>Community:</b>  <i>Sponsorships</i>, page 140</p>

# Improvement Objectives

The objectives formulated last year for the three year 2007-2009 Business Plan are reported below.

The level of implementation will be tailored to the locations, both in Italy and abroad, according to local conditions and the principle of self-responsibilization of all the structures declared in the Code of Ethics of the Intesa Sanpaolo Group.

Within the organic framework of these objectives, the Group is committed to reporting annually on the progress made on the specific programs achieved, consolidating the engagement to involve the Group's stakeholders in defining priorities and distributing the Social Report.

## CLIENTS

### Promote the role of the Bank in innovation and excellent service by focusing on the quality of customer relations in the long term

● Ensure quality financial consultancy services for the Bank's customers to support them in their choices of investment and to promote informed purchasing: for retail customers this entails increased profiling in order to determine accurate risk profiles and promoting education initiatives in partnership with the consumer associations, while for businesses it means increasing the opportunities for local meetings and the development of information channels.

● Extend specific policies and internal operating guidelines to the whole Group in order to direct corporate behaviour towards the maintenance of long term relations and to respond coherently to the Group's values: guidelines for the placement of financial products to retail customers, the Commercial Policy for businesses, guidelines for the internationalization of businesses and delocation projects according to sustainability criteria, the derivatives Policy, the Policy on the limitation of the Group's activities in the armament sector.

● Promote accessibility to services: technological and real estate investments to increase efficiency and effectiveness of procedures and direct and physical channels; intervention to facilitate access to the branch offices for the disabled (extension of the new branch office layout); plan to open branch offices in provinces which currently are less served.

### Reinforce effective dialogue to ensure that long term relationships based on mutual trust are maintained with the customer

● Plan a series of encounters throughout the territory during which the expectations of the customer, in terms of both the product range and the quality of the services offered, are assessed and to conduct in depth investigations on sensitive and relevant topics in order to orient the Bank's sustainability strategy: reinforce customer satisfaction surveys (extending them to foreign banks), arranging of focus groups on the achievement of the corporate objectives, involvement of the consumer associations in the design phase of new products/services, expansion of the relations with these associations to local level, strengthening of bank/business relationships through focused encounters with local and entrepreneurial associations.

● Improve management of complaints and controversies: extend conciliation agreements and regular round tables with the consumer associations to national level; ensure distribution of periodic reports on the main topics of complaint to the various corporate structures.

● Guarantee simplicity and transparency in communications: re-elaboration and simplification of communications sent to the customer, improvement of the content and user-friendliness of the Group's Internet site, development of a communication plan for corporate values, Group policies and achievements.

employees

community

### Diversify the commercial offer, focusing on quality products/services and cost control

- Pursue continuous improvement of the quality of the services offered, both in terms of the range of products available and in relations with the customer, with particular emphasis on cost control: renewal of the product portfolio with a view to offering the best products and services available on the market at the best conditions; a significant increase in the number of employees dedicated to customer relations; adoption of a Patti Chiari (Clear Pact) management system to determine easily monitored stable processes with objective indicators.

- Tailor the commercial offer to local requirements, customer segments and financial inclusion of weaker subjects: extension of the "Banca dei Territori" model to the whole Group; the objectives of this model include planting strong local roots and enhancement of specialist services; commercial proposals with advantageous and clear terms, both for savings management (e.g. guaranteed funds, investment management for senior citizens) and for the best financing solutions for families and the new social classes (e.g. pensioners, university students, occasional workers, the unemployed, disabled senior citizens, immigrants).



### Promote the interests of the nation in collaboration with the main players of the areas in which the Group is present

- Promote the role of the Bank as a reference point for the entrepreneurial system, to support its innovation, internationalization and competition: projects that promote entrepreneurial technological innovation in partnership with applied research centers for initiative assessment both in Italy and the banks of the Group abroad; provide support for enterprises in finding development capital through the MAC (capital market dedicated to small and medium enterprises); development of private equity funds in sectors with significant social-environmental impact.

- Contribute to the modernization of the State and the Public Administration: projects to support the development of the country's infrastructures; promotion of the innovation of Public Administration.



### EMPLOYEES

#### Promote company unity and guarantee transparency in employee relations through internal communication instruments and opportunities for listening and dialogue

- Set up cultural integration initiatives through specific manager training programs to consolidate the corporate sense of identity, values, culture, and behaviour.

- Improve manager leadership qualities to ensure they support staff throughout the period of change and encourage their assimilation of Group values.

- Increase communication initiatives involving staff, improving communication of the Bank's strategies and integrating internal communication instruments (new company house organ, intranet, WEB-TV).

- Fine-tune methods of listening and assessing employees and trade union organizations (such as focus groups, targeted surveys, multimedia contact centers, new theme-based forums) and also plan feed-back mechanisms.

#### Enhance the professional competence of all employees and promote their personal and professional development, considering their individual characteristics and the context in which they operate

- Ensure that training is the strategic lever to implement change in order to encourage innovation and growth also at international level.

- Support the development and growth of professional and managerial competencies through a structured managerial and business training plan (specific training paths, new professional orientation, targeted training plans).

- Support professional change and the enhancement of experience through specific actions aimed at promoting a company culture based on continued learning and constant competency realignment.

- Expand and promote "job posting" to encourage the promotion of internal mobility.

- Set up growth initiatives for specific groups within the Group (young employees, key re-

sources, promising personnel), ensuring appropriate follow-up personal and professional growth programs for the employees involved.

- Identify the problems involved in the development of female employee career paths, and promote innovative solutions to foster a culture of making the best use of women's capabilities, also through the implementation of an "equal opportunities" committee and the support of external consultants.

- Plan and create a system for assessing the effectiveness of training investments in order to maintain the training opportunities offered in line with company needs, update the methodologies, channels, and training processes with state of the art technology to sustain program effectiveness.

- Set up joint training committees with trade union organizations in order to involve the workers' representatives in the study, analysis, and research on professional training and re-qualification.

#### **Adopt fair and transparent employee position, performance and potential assessment systems, introduce incentive-based systems that enhance the value of individual and team performance**

- Implement a platform for the integrated management of the systems that support the various human resources management and professional development initiatives based on merit and strengthening of motivation.

- Develop training programs to increase the importance of the assessment process and encourage managers to use the feed-back culture with their staff in order to exploit better the opportunities it provides for listening and engaging in dialogue.

- Define a new model of managerial competencies inspired by the Group's values, and ensure that intellectual capital is appropriately rated in managerial assessment systems.

- Establish remuneration packages taking into consideration internal equity, market competitiveness, and rationalization of personnel costs.

- Adopt incentive systems that are differentiated by business areas, which

reward the contribution of the individual, establish feasible and achievable objectives (including qualitative objectives such as customer satisfaction), in the pursuit of excellence.

- Collect and analyze the qualitative needs of the organizational units to evaluate the implementation of internal job rotation and ensure correct resource allocation.

#### **Adopt policies and offer conditions that will result in a first-rate working environment for all employees**

- Develop and implement applications that improve and simplify staff access to information.

- Harmonize the main regulations with the objective of creating common guidelines and promote rapid integration of the various structures, also with a view to simplifying personnel management.

- Set up a Commission for Monitoring Safety and Sustainable Development in association with the trade union organizations in order to prevent and overcome operational problems and physical safety issues.

- Adopt policies and practices that favour the balancing of work and private life through training initiatives with the objective of raising management awareness of the opportunities offered by the various tools available (part-time, family leave, flexible working hours).

- Maintain a high level of awareness regarding health and safety protection issues, establishing procedures and developing software and best practices to ensure optimal management of the integrated environment, health, and safety systems.

- Set up projects to promote employee health.

- Improve the integration of the physically challenged, identifying the best solutions for the work environment, the management of work space, and communication tools.

#### **SHAREHOLDERS**

##### **Attention to the ROI for the shareholders of the Group**

- The shareholders (from institutionals



to private individuals) can rely on a solid Bank that operates with efficiency levels that place it in the top European financial league, ambitious programs for growth in all sectors and a farsighted vision that will not overlook any opportunity, either internal or external, for development and the creation of value.

**Guarantee the maximum transparency and promptitude in communicating to the market**, committing to continuous improvement of the contents and the user-friendliness of the corporate website.

**SUPPLIERS**

**Ensure that the process of supplier selection is transparent and fair and establish a cooperative relationship based on dialogue and mutual trust**

- Implement and extend to the whole Group the Purchase Portal and the use of online tendering; develop and integrate the list of suppliers; take action to improve the payment terms stipulated in the contracts.
- Define Supplier Satisfaction procedures to ensure that the bank/supplier relationship is mutually satisfactory. Suggested issues for discussion: compliance with payment terms per contract, degree of transparency in the relationship, effective communication.

**Promote environmental sustainability with suppliers to reduce negative impact along the supply chain**

- Qualify suppliers on the basis of environmental and social requisites, defined also according to international standards and certifications.
- Improve the supply process with the aim of reducing environmental impact (delivery vehicles/systems that reduce energy consumption, preference for local suppliers, etc.).



**ENVIRONMENT**

**Promote responsible use of environmental resources: efficient use of energy and paper, proper waste management**

- Extend the ISO 14001 certified environmental management system to new locations.

- Adopt more efficient energy solutions when renovating and building new facilities and implement constant maintenance programs on all the installations, and negotiate contractual specifications aimed at involving service companies and suppliers in achieving the energy efficiency targets: improve technology and building lighting management, and progressively extend adhesion to the European GreenLight program; enforce the habit of switching off IT workstations (PCs) at night, concentrating data exchange to limited and defined nocturnal time frames; complete the substitution of cathode tube monitors with flat screen monitors.

- Progressively reduce carbon dioxide emissions: increase the number of operative points that function on hydroelectric power (renewable energy source); use mainly natural gas for heating; use heat recovery equipment with the electronic processors and cogeneration/trigeneration systems (simultaneous production of electricity, heat and cold using only one type of fuel); use heat pumps at the operative points in the place of the traditional or condensation boilers; extend the Mobility Management project to other provinces and purchase environmentally friendly vehicles.

- Reduce paper consumption and extend the use of ecological paper (i.e. both recycled paper and paper made from environmentally friendly processes) also for the publication of mandatory periodical reports.

- Buy green: apply eco-compatible purchasing policies also with a view to producing less waste.

- Waste: introduce inspection procedures to identify areas for improvement; optimize disposal procedures.

- Water: adopt technological solutions to reduce the use of water.

**Take environmental risk into consideration when assessing credit-worthiness**

- Integrate social-environmental risk assessment procedures within the overall assessment of credit-worthiness.

- Implement the Equator Principles in international project finance operations: develop instruments and proce-



dures to classify projects into risk categories and for their monitoring.

**Promote environmental sustainability through the offer of specific products and services and participation in environment sustainability initiatives**

● Extend the offer of financing products to the energy sector to sustain clean energy, promote energy efficiency and bio-construction; continue to provide support activities for the technical and economic assessment of the more complex or innovative projects in the energy industry developed by the public sector or in public-private partnerships; launch new products for the financing of renewable source power stations (hydroelectric power stations, wind parks, biomass energy production, photovoltaic panels).



● Participate in environmental protection initiatives (e.g. Carbon Finance funds, partnerships promoted by the Ministry of the Environment such as the Kyoto Club).

**Increase employee training and information on environmental issues to raise awareness**

● Raise employee awareness of specific themes: responsible use of resources; Equator Principles and consideration of the environmental risk when granting credit; climate change (specialist training courses).



**COMMUNITY**

**Support the third sector and the financial inclusion of the weaker segments of the population**

● Consolidate the activities of Banca Prossima, a banking service specialized in working with social enterprises; this bank unites the focus and services of a dedicated structure, the strength and the background of the Intesa Sanpaolo banking group and the characteristics of a non profit association to support the third sector in socially beneficial projects.

**Support national and international solidarity initiatives**

● Support projects in partnership with the third sector for international solidarity projects.



● Make donations to needy social communities on the basis of an ad hoc policy at Group level; develop stakeholder involvement programs for the major projects supported.

**Support initiatives in the fields of culture, music, sports and the protection of the artistic heritage**

● Implement a Group policy that establishes sponsorization guidelines.

● Promote the protection of and public access to the Group's artistic assets.

● Participate in partnerships with leading institutions that encourage the promotion of the nation's cultural assets.

# *Attachments*

*To publish a Social Report means giving stakeholders the opportunity to assess the consistency of our activities with respect to our company values, by making it possible to measure results in order to guarantee transparency and comparability in initiatives.*

*Compliance Statement*

*G3 Application level*

*Indicator Table*

*Contacts*

# Compliance Statement



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## AUDITORS' REPORT (Translation from the original Italian text)

To the Management Board  
of Intesa Sanpaolo S.p.A.

1. We have carried out the compliance procedures and analyses on the Social Report of Intesa Sanpaolo S.p.A. and its subsidiaries (the "Intesa Sanpaolo Group") as of December 31, 2007, described in paragraph 2. of this report.

The procedures were carried out to evaluate the Management Board's statements, included in paragraph "Introduction and Methodology" of the Social Report of the Intesa Sanpaolo Group as of December 31, 2007, on the basis of which it has been prepared in accordance with the guidelines issued by GRI - Global Reporting Initiative - and the social report model for the banking sector prepared by the Italian Banking Association (ABI). The Social Report is the responsibility of Intesa Sanpaolo S.p.A.'s Management Board.

2. In order to evaluate the Management Board' statements mentioned in paragraph 1., we have performed certain procedures as stated by the Research Document n. 1 - Guidelines for the Audit of the Social Report - of the work group for the Social Report (BGS), which are summarized as follows:
  - verified that the financial data and information are consistent with those included in the financial statements of Intesa Sanpaolo S.p.A. and in the consolidated financial statements of the Intesa Sanpaolo Group as of and for the year ended December 31, 2007 with respect to which we issued our audit reports dated March 27, 2008;
  - analyzed the operation of the processes underlying the generation, recording and management of quantitative data. In particular, we have performed the following procedures:
    - interviews and discussions with management and personnel, to obtain an overview of the activity of the Intesa Sanpaolo Group, to gather information on the information technology, accounting and reporting systems used in preparing the Social Report, and to document the processes and procedures used to gather, combine, process and transmit data and information of the Group's operating units and departments to the function responsible for preparing the Social Report;

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# Compliance Statement



- sample-based analysis of supporting documentation used in preparing the Social Report to confirm the reliability of the interview-derived information, the effectiveness of processes and their adequacy in relation to business objectives, and the operation of the internal control system in managing the data and information;
- analyzed the completeness and consistency of the qualitative information included in the Social Report. This activity was carried out in line with the above-mentioned guidelines;
- verified the process of the stakeholders' involvement, in terms of the methods used, completeness of the stakeholders and analysis of data of significant findings in this respect, compared to the information reported in the Social Report;
- obtained the representation letter on the compliance of the social corporate responsibility report with the guidelines indicated in paragraph 1. and on the reliability and completeness of the information and data contained therein.

The merger of Sanpaolo IMI S.p.A. with and into Banca Intesa S.p.A became effective on January 1, 2007. Therefore the Social Report as of December 31, 2007 presents only certain prior year's selected data and information for comparative purposes, on which we carried out compliance procedures and analyses only for the purpose of issuing this report.

3. Based on the procedures performed, we believe that the Social Report of the Intesa Sanpaolo Group as of December 31, 2007 complies with the guidelines and principles which form the basis of preparation and which are described in the paragraph "Introduction and Methodology" of the Social Report. Moreover, the financial data included in the Social Report are consistent with the data and information included in the Group's consolidated financial statements and the other data and information are coherent with the documentation and meet the content requirements established by the guidelines and principles governing the preparation of the Social Report.
4. We draw your attention to the section "Stakeholder Involvement and Improvement Objectives" which highlights the activities that the Intesa Sanpaolo Group has planned to carry out in accordance with the three-year 2007-2009 Business Plan.

Turin, June 9, 2008

Reconta Ernst & Young S.p.A.  
Signed by: Massimo Testa  
Partner

# G3 Application level



Application level	C	C+	B	B+	A	A+
G3 Profile Disclosure	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for level B.	Report Externally Assured
G3 Management Approach Disclosure	Not required.		Management Approach Disclosure for each Indicator Category.		Management Approach Disclosure for each Indicator Category.	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one of Economic, Environmental, Human Rights, Labour, Society, Product Responsibility.		Report on each core G3 and Sector Supplement. <sup>1</sup> Indicators with due regard to the materiality Principle by either: a) Reporting on indicator or b) explaining the reason for its omission.	

<sup>1</sup> Sector supplement in final version

# Indicator Table

## Legend

- Total coverage of indicator
- Partial coverage of indicator. Indicates activities with room for improvement, on which we are working

PROFILE DISCLOSURE Description	GRI	Coverage	Page
<b>STRATEGY AND ANALYSIS</b>			
Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	1.1	●	8
Description of key impacts, risks, and opportunities	1.2	●	16, 29, 37, 101, 158
<b>ORGANIZATIONAL PROFILE</b>			
Name of the organization	2.1	●	3
Primary brands, products, and/or services	2.2	●	14, 17, 19, 45
Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2.3	●	18-21
Location of organization's headquarters	2.4	●	3
Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	2.5	●	21
Nature of ownership and legal form	2.6	●	3, 28
Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.7	●	19-21, 46-47
Scale of the reporting organization	2.8	●	17
Significant changes during the reporting period regarding size, structure, or ownership	2.9	●	8, 10-11
Awards received in the reporting period	2.10	●	118
<b>REPORT PROFILE</b>			
Reporting period (e.g., fiscal/calendar year) for information provided	3.1	●	10
Date of most recent previous report	3.2	●	11
Reporting cycle (annual, biennial, ecc.)	3.3	●	11
Contact point for questions regarding the report or its contents	3.4	●	171
Process for defining report content, including: – Determining materiality – Prioritizing topics within the report – Identifying stakeholders the organization expects to use the report	3.5	●	10-11, 30, 43, 149-154
Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	3.6	●	11
State any specific limitations on the scope or boundary of the report	3.7	●	10-11
Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	3.8	●	10-11, 19-21
Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	3.9	●	11, 119, 120, 122, 123
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	3.10	●	10-11
Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	3.11	●	10-11
Table of indicators and contents	3.12	●	164-170
Policy and current practice with regard to seeking external assurance for the report	3.13	●	11

PROFILE DISCLOSURE Description	GRI	Coverage	Page
<b>GOVERNANCE, COMMITMENTS &amp; ENGAGEMENT</b>			
Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	4.1	●	22-31
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Number of members of the highest governance body that are independent and/or non-executive members	4.3	●	23, 26
Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	4.4	●	24, 27, 28
Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance (including social and environmental performance)	4.5	●	24, 26
Processes in place for the highest governance body to ensure conflicts of interest are avoided	4.6	●	22
Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	4.7	●	24, 26
Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	4.8	●	13, 16, 29, 63
Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	4.9	●	24-25, 29-30
Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	4.10	●	26, 27
Explanation of whether and how the precautionary approach or principle is addressed by the organization	4.11	●	13, 51-54
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	4.12	●	22, 32, 34-35, 51, 69, 115, 117
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Basis for identification and selection of stakeholders with whom to engage. This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage	4.15	●	149
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	4.16	●	149-154
Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	4.17	●	151-159
<b>FINANCIAL SECTOR SUPPLEMENTS</b>			
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CSR Audit Report on the number of audits and auditor hours. Includes both internal and external (independent third party) audits.	CSR3	●	10, 29, 31
Management of Sensitive Issues Describe procedures for handling issues sensitive to stakeholders and responsiveness	CSR4	●	29, 31, 149-150

<b>DISCLOSURE ON MANAGEMENT APPROACH</b>	
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<sup>1</sup> Annual Report 2007, Business Plan 2007-2009, group.intesasanpaolo.com ⓘ

<sup>2</sup> Environmental Policy, group.intesasanpaolo.com ⓘ

<sup>3</sup> Code of Ethics, group.intesasanpaolo.com ⓘ

<sup>4</sup> Code of Ethics, group.intesasanpaolo.com ⓘ

<sup>5</sup> Code of Ethics, Group Governance Report and Information on company ownership, group.intesasanpaolo.com ⓘ

Performance Indicators Description	GRI	Core	Coverage	Page
<b>ECONOMIC</b>				
Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	EC1	X	●	37-41
Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2	X	●	129
Coverage of the organization's defined benefit plan obligations <sup>1</sup>	EC3	X	●	
Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	EC5		●	86
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6	X	●	110
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	EC8	X	●	74-76
Understanding and describing significant indirect economic impacts, including the extent of impacts	EC9		●	13, 16
<b>ENVIRONMENTAL</b>				
Materials used by weight or volume	EN1	X	●	125
Percentage of materials used that are recycled input materials	EN2	X	●	125
Indirect energy consumption by primary source	EN4	X	●	119-120
Energy saved due to conservation and efficiency improvements	EN5		●	118-121
Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	EN6		●	118-122
Initiatives to reduce indirect energy consumption and reductions achieved	EN7		●	123
Total water withdrawal by source	EN8	X	●	123-124
Total direct and indirect greenhouse gas emissions by weight	EN16	X	●	121-122
Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18		●	120-122
Total weight of waste by type and disposal method	EN22	X		124
Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	EN24		●	124
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	X	●	125
Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations	EN28	X	●	125
Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce	EN29		●	123
Total environmental protection expenditures and investments by type	EN30		●	125
<b>SOCIAL PERFORMANCE: LABOUR PRACTICES &amp; DECENT WORK</b>				
Total workforce by employment type, employment contract, and region	LA1	X	●	82
Total number and rate of employee turnover by age group, gender, and region	LA2	X	●	83
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	LA3		●	86, 96
Percentage of employees covered by collective bargaining agreements	LA4	X	●	92
Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements <sup>2</sup>	LA5	X	●	92
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes <sup>3</sup>	LA6		●	98
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	LA7	X	●	99

<sup>1</sup> See Annual Report 2007 on website [group.intesasanpaolo.com](http://group.intesasanpaolo.com), page 223

<sup>2</sup> In Italy, Collective bargaining (Art. 14-17-18 CCNL 12/2/2005) indicates precisely the minimum period of notice required to proceed with restructuring/reorganisation and the relative information and consultancy procedures for worker representatives

<sup>3</sup> The Industrial Relations Protocol of March 8 2007 instituted a specific Observatory, also for matters concerning safety, which is made up of 2 members of each trade union, representing the entire workforce in Italy, as well as members representing the company

Performance Indicators Description	GRI	Core	Coverage	Page
Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	LA8	X	●	97-99
Health and safety topics covered in formal agreements with trade unions	LA9		●	98
Average hours of training per year per employee by employee category	LA10	X	●	90
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Percentage of employees receiving regular performance and career development reviews	LA12		●	84-85
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Ratio of basic salary of men to women by employee category	LA14	X	●	87
<b>SOCIAL PERFORMANCE: HUMAN RIGHTS</b>				
Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	HR3		●	88
Total number of incidents of discrimination and actions taken <sup>1</sup>	HR4	X	●	
Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	HR5	X	●	92-94
Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	HR6	X	●	111
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Percentage of employees trained in organization's anti-corruption policies and procedures	S03	X	●	88
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Public policy positions and participation in public policy development and lobbying	S05	X	●	53
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations <sup>3</sup>	S08	X	●	

<sup>1</sup> No incidents to report

<sup>2</sup> No incidents to report

<sup>3</sup> No significant fines

Indicatori di performance Descrizione	GRI	Primario	Copertura	Pagina
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Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	PR3	X	●	51-53
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Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services <sup>1</sup>	PR9	X	●	
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<sup>1</sup> See Annual Report 2007 on website [group.intesasanpaolo.com](http://group.intesasanpaolo.com), page 343 ⓘ

<sup>2</sup> See Code of Ethics on website [group.intesasanpaolo.com](http://group.intesasanpaolo.com), page 8 ⓘ

<sup>3</sup> See Annual Report 2007 on website [group.intesasanpaolo.com](http://group.intesasanpaolo.com), page 374 ⓘ

<sup>4</sup> Available on Group website [group.intesasanpaolo.com](http://group.intesasanpaolo.com) ⓘ

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Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present.

This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates.

This is the reason the illustrations chosen for this report – the first to describe the results of the merger of Banca Intesa and Sanpaolo IMI – have been inspired by the rich cultural wealth of our cities. They show the doors of historic buildings of great importance in each regional capital and in the cities mentioned in the names of the Group banks. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that typifies the people of Intesa Sanpaolo and of the banks in the group.



**1. Padua**  
Bronze door, University of Padua



**2. Rome**  
Detail of facade of Villa Giulia



**3. Florence**  
Door of the Casino Mediceo



**4. Venice**  
Door near Calegheri Bridge



**5. Campobasso**  
Building in Via Sant'Antonio Abate



**6. Turin**  
Door of Palazzo Saluzzo di Paesana



**7. Genoa**  
Door with atlas figures, Palazzo Durazzo



**8. Forlì**  
Detail of facade of Palazzo Paulucci



**9. Rovigo**  
Door of the Post Office building



**10. Naples**  
Detail of Palazzo Carafa d'Andria



**11. Bologna**  
Detail of facade of Palazzo Montpensier



**12. Milan**  
Detail of facade of Palazzo Marino



**13. Perugia**  
Door of Palazzo del Capitano del Popolo



**14. Palermo**  
Door of the Archbishop's Palace



**15. Bolzano**  
Building in Viale della Roggia



**16. Bari**  
South gate of Castello Svevo



**17. Cagliari**  
View of Porta Cristina



**18. L'Aquila**  
Castle gate



**19. Aosta**  
Door of a building in Via Saint-Bernard de Menthon



**20. Trieste**  
Fortified entrance of Duino Castle



**21. Catanzaro**  
Detail of Palazzo Castagna



**22. Trento**  
Door of Palazzo del Monte or Rehr



**23. Potenza**  
Detail of the School of Industry



**24. Ancona**  
Gothic-Venetian door of the ex-Church of St. Augustine

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