

Social and relational capital



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

SHARED VALUE GENERATED BY INTESA SANPAOLO

- Increase in the reputation asset
- Reduction in the social costs of corruption
- Development of trust capital
- New customer retention/acquisition
- Quality of relations with stakeholders
- Attraction of new investors
- Development of innovation
- Work-life balance

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RELATIONS WITH STAKEHOLDERS: INVOLVEMENT AND LISTENING

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

These results come from the requests and expectations of stakeholders and contribute to defining the improvement objectives for each department, in line with the strategies of the Business Plan¹.

STAKEHOLDER MAP

The stakeholder map represents the Bank's relations, and the summary results of engagement activities in 2014 are presented in order to highlight the most urgent topics that emerged, with a view to materiality analysis.



¹ For greater detail on the results of engagement activities, see the publication "Stakeholder Engagement and Improvement Objectives. The results of dialogue initiatives with our stakeholders in 2014".

ENGAGEMENT INITIATIVES AND THE ISSUES DISCUSSED

Stakeholders	Sub-category	Listening method	Issues discussed
EMPLOYEES			
	Network employees of the pilot regional areas of "Insieme per la crescita" (Together for growth)	<ul style="list-style-type: none"> 4 Focus Groups with branch employees and 1 Focus Group with branch Managers 	<ul style="list-style-type: none"> Enhancement of employees (training, incentive policies, diversity) Quality of life in the Company (welfare, work-life balance, health and safety)
	Trade unions	<ul style="list-style-type: none"> 1 Focus Group 	<ul style="list-style-type: none"> Service Model development
	Market coordinators	<ul style="list-style-type: none"> 4 face-to-face interviews 	<ul style="list-style-type: none"> Employee satisfaction level
	Employees and Managers	<ul style="list-style-type: none"> Climate survey 	<ul style="list-style-type: none"> Perception of one's role in the Bank Manager-employee relationship
CUSTOMERS			
	Professional associations	<ul style="list-style-type: none"> 6 telephone interviews to the major Italian professional associations 	<ul style="list-style-type: none"> Strengthening of companies' competition Assistance to companies in accessing financing channels Support to strategic business projects Support to the green economy
	Household, Personal and Senior customers	<ul style="list-style-type: none"> 2 workshops, 10 focus groups, 1500 CATI interviews 	<ul style="list-style-type: none"> Expectations and perceptions with regard to new business to be developed in the Banca Estesa branches
	Household customers	<ul style="list-style-type: none"> 12 focus groups 24 ethnographic interviews 120 experiential homework assignments 	<ul style="list-style-type: none"> Needs and expectations of households in relations with the Bank Development of new products and services
	New entrepreneurs	<ul style="list-style-type: none"> Desk survey and CATI survey involving 1,400 young businesses 	<ul style="list-style-type: none"> Expectations of young and/or highly technological entrepreneurs on specific banking and non-banking support services with respect to their requirements
	Corporate Customers	<ul style="list-style-type: none"> 5 focus groups 2,100 CATI interviews 210 CAWI interviews 21 face-to-face interviews 	<ul style="list-style-type: none"> Support from the Bank, particularly on the issues of innovation and business internationalisation
SHAREHOLDERS			
	Small shareholders' associations	<ul style="list-style-type: none"> Telephone interviews with A.D.B.I., E.d.I.V.A., Associazione Azione Intesa Sanpaolo 	<ul style="list-style-type: none"> Social and environmental issues impacting all stakeholders
	SRI investors	<ul style="list-style-type: none"> Telephone interviews with OEKOM, Sustainalytics, Banque Postale and J. Safra Sarasin 	<ul style="list-style-type: none"> Analysis methods of rating companies and SRI investors Strengths and areas of improvement for the Intesa Sanpaolo Group
SUPPLIERS			
	Suppliers	<ul style="list-style-type: none"> Online questionnaire to a sample of 300 suppliers 	<ul style="list-style-type: none"> Quality of relations with suppliers Development of sustainability elements in the supply chain <p>Results published in the report "Stakeholder engagement activities 2014" on the website [i]</p>
COMMUNITY AND ENVIRONMENT			
	Civil society associations	<ul style="list-style-type: none"> Banktrack Fondazione Housing Sociale interview Caritas interview 	<ul style="list-style-type: none"> Areas of research and analysis by the associations Ideas for improvement for the Intesa Sanpaolo Group Social housing demand Areas for development and possible role of the Bank in meeting the demand for social housing Social exclusion and needs of people in difficult conditions Areas for development and possible role of the Bank in supporting people in difficult situations

Mapping of the stakeholder engagement activities carried out by the International Subsidiary Banks was also conducted in 2014. The goal was to identify shared points but also specific characteristics of their approach as well as to identify the most involved stakeholders and the methods used in the various companies. Stakeholders with respect to which the majority of engagement activities were carried out were Customers and Employees (see "Stakeholder Engagement Activities 2014" on the website [\[i\]](#) for details on the results).

SUMMARY OF ISSUES EMERGING FROM THE STAKEHOLDER ENGAGEMENT PROCESS

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

Protection of solidity and profitability

Among those interviewed, the issue of protection of solidity and profitability was mentioned many times as being at the basis of operations. In particular, there is a strong awareness, for example among the Group's market coordinators, SRI investors and small shareholders' associations, that the Group is solid and able to face the challenges of the future. Employees, sustainability analysts and small shareholders' associations underlined the Group's commitment in protecting employment during the restructuring phases. Therefore, the Business Plan has been widely welcomed as it clearly aims to protect employees and reassign resources to other areas of activity after completing a training process.

Business risk management

Stakeholders interviewed focused their attention on the social and environmental risks in financing decisions: SRI (Social Responsible Investment) analysts assess the Group's participation in the Equator Principles, but NGOs would like banks to adopt stricter guidelines and standards to include social and environmental criteria in the financing decisions. SRI investors would like specific investment policies to be defined for certain particularly critical sectors.

Integrity and rigour in corporate conduct

Employees seek more effective training on these issues. Investors and SRI analysts pay growing attention to the anti-corruption and anti-money laundering processes, in order to fully assess the risks arising from business relations with customers and with Public Administration. These risks may arise mainly in the area of infrastructure loans and tenders.

Development, management and enhancement of human resources

The central issue that emerged from the focus groups and from the climate surveys was the enhancement of merit in both the assessment systems as well as the individual development plans.

Even the value of diversity is not yet perceived as an integral part of corporate culture. The issue is not about gender equality but intergenerationality.

Lastly, employees consider welfare as one of Intesa Sanpaolo's strengths and highlight a change with regard to the initiatives aimed at anti-robbery security, particularly thanks to the technologies used.

Offering a valued service to customers

Research on the needs of households identified the expectation that the Bank should accept the changing, flexible and interdependent nature of today's family and should develop an offer that will ensure advantageous banking conditions for all household members.

A significant portion of companies expect the Bank to develop specific sector expertise in order to support companies and development projects better, also by creating new consulting tools (analysis of environmental costs, definition of business plans, etc.). Also in demand are services identifying possible partners in production, logistics and distribution, especially innovation partners for research and development activities. In terms of new entrepreneurs, namely young people and/or entrepreneurs with a high level of "innovation", the main difficulties when creating business plans are linked to internal processes that should be streamlined. Young companies have demonstrated greater propensity towards internationalisation and would therefore like greater support from the Banks in this respect.

Access to credit and savings management

The economic crisis and difficulty in accessing credit are the most limiting factors in the growth of companies.

In terms of households, the most vulnerable stakeholders, such as the elderly, youth or immigrants, require greater support from the Bank in terms of more accessible products and services geared towards their needs. Those with the greatest propensity for saving are the elderly, who expect the Bank to develop investment products that protect capital (to support the plans of households, handle future retirement, invest the employee severance indemnity). They seek targeted consulting on investments (even long-term), also covering the tax, insurance, real estate and inheritance areas.

Climate Change

Non-government organisations and SRI rating agencies criticise the Group's involvement in the coal sector (extraction and use for energy production). The group is admired by Sustainalytics for its environmental policy and its environmental management systems. According to OEKOM, the environmental policy does not refer to the Group's investments portfolio and asset management activities and, therefore, it is considered to be partial. In terms of reduction in emissions, the Group has identified a number of targets with regard to the impacts of its activities but not with regard to the impacts of the activities it finances. An area for improvement is the necessity for the Group to motivate the sale of "green" products in order to contribute to sustainable development of the planet.

INTEGRITY AND RIGOUR IN CORPORATE CONDUCT

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

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

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

PREVENTION OF CORRUPTION

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

Attention to the prevention of corruption risks is very high across all Group companies, both in Italy and at the International Subsidiary Banks, particularly those operating in countries that have specific "anti-corruption" laws. In countries without such regulations, the subsidiaries are in any event expected to apply the Parent Company guidelines and perform controls in areas of greater risk.

Lastly, with regard to Legislative Decree 231/01, the new crime of "self-laundering" was introduced into Italian law in December 2014. This new crime was included within the scope of "assumed" crimes the perpetration of which by an employee results in administrative liability for the employee's company as well. Therefore, the necessity

to adapt the 231/01 Model will be assessed in 2015, identifying any processes "at risk" and envisaging, if applicable, specific control and conduct principles valid for all employees.

Moreover, the Group's policies do not allow sponsorships or donations to political parties and movements and their organisations.

PREVENTION OF MONEY LAUNDERING

The Group's governance system to combat money laundering and the financing of terrorism is based on Guidelines that constitute a systematic and functional reference framework, with active collaboration by the Group in preventing said illegal activities. Specific and appropriate processes and procedures have been drawn up and are in place in terms of obligations of adequate verification of customers, reporting of suspicious transactions, recording of relations and transactions, storage of documents, assessment and management of risk, internal control and guarantee of compliance with all of the relevant provisions to prevent and impede the completion of transactions connected to money laundering or financing of terrorism. The global approach to money laundering risk at Group level, which is at the basis of its assessment and subsequent mitigation, involves the setting of general standards and principles by the parent company for identification of and information on customers, which must be adopted and implemented by the individual companies in proportion to the characteristics and complexity of the activity carried out, size and organisational structure. Therefore, without prejudice to specific provisions of the host countries, the individual Group companies (secondary offices and branches) must respect the set standards, ensuring that information is shared at the consolidated level, with the sole limitation of any existing privacy restrictions and banking confidentiality at the local level.

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

Specialised training to prevent Corruption and Money Laundering in 2014

	Italy	Abroad	Group
No. of employees trained	43,495	10,009	53,504
% of employees trained	67.2	41.4	60.2

COMPLIANCE WITH TAX REGULATIONS

The Intesa Sanpaolo Group complies with tax regulations in the belief that compliance is a fundamental contribution of citizenry supporting the community in which it operates. Intesa Sanpaolo's positive impact in this respect is confirmed by the disclosed forecast in the Business Plan of a total contribution from 2014 to 2017 of approximately 10 billion euro, an amount comparable to a budgetary stability law.

During 2014, the Group, in addition to indirect taxes of 952 million euro, recorded accrued direct taxes of 1,781 million euro, for the most part in Italy, where the majority of operating income was earned, as per the table below.

	Italy	Europe	Rest of the world
Tax contribution	1,382	374	25
Operating income	13,366	2,915	617

The appropriate initiatives aimed at strengthening the commitment to combat assets in tax havens are also under implementation, envisaging the introduction of specific supervisory measures upon entry of the Group into new markets, with the assessment of the money laundering and tax risks connected to operations in legal systems with little transparency and/or through particularly complex corporate structures with limited transparency in terms of ownership structures. Moreover, new rules for the management and monitoring of tax risks connected to the transactions of customers established in Italy are under definition. Lastly, with regard to the Group's international subsidiary banks established in countries near Italy and operating in the private banking sector, policies dedicated to tax controls on deposits in banks of the Group by customers with a foreign tax residence were implemented in 2013. These policies were updated in 2014.

PROTECTION OF PRIVACY

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

The ongoing efforts to increase employee awareness on the issues of security and privacy, which have always been a key component of banking activities and represent the core of personal data protection, were accompanied by additional attention introduced by the Provision of the Italian Data Protection Authority of 12 May 2011 (effective from 30 September 2014), disclosed to all employees: Based on said provision, any IT activity within the Group's IT system is stored in electronic logs, subject to processing, in order to automatically identify potential irregularities in the processing of customer data – even if only due to improper or anomalous access to said data – and to perform the relevant verifications. Data subjects may access the Group companies' websites for updated information on the processing of personal data and the privacy policies with regard to internet use. In 2014, following 10 requests/reports forwarded by the Data Protection Authority for the protection of personal data, the necessary feedback was provided to companies in the banking group.

PROTECTION OF FREE COMPETITION

The Antitrust Affairs & Strategic Support Unit of the International and Regulatory Affairs Department constantly monitors and promotes free competition, working to ensure that the international, community and local rules and procedures on competition are effectively applied and complied with. Furthermore, it is committed to disseminating a culture of compliance with the antitrust regulations at all levels of the Group and with third-party stakeholders, trade partners, suppliers and customers. With a view to further strengthening monitoring activities, a partial review was launched with regard to the Policy of Compliance with European Union Competition Law - adopted in 2009 - in order to incorporate some regulatory innovations and new legislative and case law guidelines regarding: promotion and acknowledgement by the Supervisory Authorities of antitrust compliance programmes, merger rules, corporate governance, state aids and unfair commercial practices. Consequently, the Unit expanded its scope of activities by monitoring compliance not only with regard to the most traditional antitrust forms (mergers, abuses of dominant positions and agreements), but also regarding EU regulations on state aids and the recent Italian regulations in support of Italy's competitiveness. The choice to adopt an actual Antitrust Compliance Programme, which goes beyond regulations, involves the adoption of higher standards of conduct. To comply with these standards, during 2014 the Unit continued carrying out a series of information and training

activities involving its main stakeholders, internal and external, in the belief that protection and development of competition benefits all.

In September 2014 the Italian Competition Authority resolved to eliminate a number of measures imposed on the Group in the insurance sector, upon the merger between Banca Intesa and Sanpaolo IMI.

The Unit is committed to monitoring the antitrust processes in which the Group companies participate. Currently, there are 3 pending proceedings before the relevant Authorities, 1 in Italy and 2 in Hungary.

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

FRAUD PREVENTION

For the Group's Italian banks and for some of its International Subsidiary Banks, Intesa Sanpaolo has activated an anti-fraud system that analyses all transactions carried out via Internet Banking in real time and identifies those considered to be questionable. Such transactions are then centrally verified by a specialised unit. Suspicious instructions are promptly verified to ascertain their truthfulness and accuracy, through direct contact with the customer and - when possible - those not recognised and not yet completed are revoked.

If the customer cannot be contacted by telephone, the branch is notified immediately in order to find another contact method. In the event of ascertainable fraud or fraud attempt, the customer is also assisted in filing a report with the relevant authorities.

All customers are informed on the rules of conduct for the proper and safe use of online tools (e.g., updated antivirus software, detection of phishing emails, correct use of personal codes, etc.).

Constant monitoring of fraud resulted in the blocking of over 2.5 million euro in fraudulent transactions in 2014 for retail customers and nearly 12.5 million euro for corporate customers.

LITIGATION

In terms of legal disputes, there were a total of 19,415 disputes pending as at 31 December, for a total of 10,352 million euro. The main types of lawsuits include: bankruptcy revocatory actions (662 million), lawsuits concerning financial services (507 million), lawsuits concerning terms applied to customers (1,073 million), lawsuits for operational errors (311 million) and labour-related lawsuits (151 million).

The issues with the greatest social impact are:

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

With regard to compliance with environmental regulations, for damage caused to the environment following the bank's operations over the last three years, no sanctions of over 3,000 euro were imposed. Even with regard to compliance with regulations on health and safety, no reports or significant sanctions were received or imposed.

For details on disputes in 2014 and a detailed description of the most significant civil and fiscal lawsuits, see the Consolidated Financial Statements (pages 400-407) [i].

OFFERING VALUED SERVICE TO CUSTOMERS

In-depth and systematic listening to customers, through dedicated and innovative tools, and their proactive involvement allow understanding and anticipation of their requirements and expectations and the development of a customised commercial offering. The service models adopted and the enhancement and expansion of multi-channel operations ensure support to customers when and where they are more appropriate. Protection of customers in the product creation process and in the innovation of offering remains a key aspect.

BUSINESS MODEL

To ensure an excellent quality of products sold and a high degree of customer protection, Intesa Sanpaolo has promoted a **consultancy-based model** focusing on customers' needs, making the business proposal easier and more effective, and fostering purchase awareness. This model is also recognised by the European Directive on markets and financial instruments (MiFID) as that having the highest level of protection for customers.

In terms of current accounts, an innovative modular sales process based on simplicity and customisation was implemented: upon opening **Conto Facile** (modular current account dedicated to retail customers), the manager follows the various phases through the commercial platform, from the initial interview - which provides an understanding of the customer's specific needs - to identification of the most suitable offering. The proposal that is delivered to the customer at the end of this process is characterised by maximum customisation and also ensures cost transparency, inasmuch as each selected product has a specific monthly price. Even the contracts drawn up during the purchase stage are easier to understand thanks to the use of a brochure listing all the regulations and a customised service subscription form.

In terms of investments, the Bank proposes customised consultancy based on knowledge of the customer in terms of investment needs, risk appetite and financial knowledge and experience. The offering is made starting from an initial investment that aims to define the asset

management methods by the customer in terms of current expenditure, reserve, medium or long-term investment and pension over different time frames. The Bank then provides assistance in allocating financial resources, draws up a customised proposal and ensures constant monitoring and adaptation of the portfolio to market conditions and to the needs of customers. Tools at the disposal of managers are the **Recommended Portfolios**, investment solutions diversified by market and financial instrument that select and combine products and services of asset management and assets under administration in accordance with the market scenario and the risk appetite of customers (conservative, moderate, dynamic and active).

For supplementary pensions, Intesa Sanpaolo offers products designed to build an additional pension to the one paid by the mandatory pension system, in an easy and customised manner. **Il Mio Domani** and **Il Mio Futuro** are flexible: customers may choose the amount and frequency of the investment plan, adapting it to their requirements and, if necessary, may suspend the payment plan and freely resume it in the future; customers have the possibility of choosing the "Life Cycle Plan" - in which the line of investment to which the contributions are paid vary depending on the number of years to retirement, with a decreasing risk profile as the remaining time decreases - or selecting and autonomously modifying the investment line over time; lastly, customers may request, upon reaching retirement age, pension annuity or settlement of capital up to 50% of the amount accumulated and may define the most suitable type of life annuity (immediate, reversible or with supplemental insurance). The pension products offered by the Bank also ensure accessibility: in fact, a supplementary pension can be built by contributing even small amounts.

PROXIMITY TO THE CUSTOMER

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

Retail and corporate customers

In 2014, Intesa Sanpaolo continued the **Banca Estesa** project, to make its customer services and consultancy available to customers during extended branch business hours as well as on direct channels.

With the new "Filiali Estese" (Extended Branches) activated during the year, there are now 551 Group branches open in the early evenings, on Saturdays or during the lunch break, adapting the business hours to modern lifestyles. The new proposed model revolutionises the methods to access banking services, allowing customers to go to the bank during times more compatible with their personal and professional commitments.

Intesa Sanpaolo also wanted to focus on the physical reception of customers by designing a **new retail branch layout** with more spacious and illuminated areas, a dedicated desk for the reception employee who assists customers in using the automated service points, the web queue monitor (device that manages customer wait times in an intelligent manner) and the Internet Banking points for customers to log on to their accounts within the branch

INSIEME PER LA CRESCITA

In mid-2014, the "**Insieme per la Crescita**" (Together for Growth) project was launched, which envisages initiatives for management change and new methods of employee engagement. The project aims to focus on commercial conduct in order to improve network performance through greater attention to relations, increasing the satisfaction level of customers and employees and thereby generating widespread and permanent change. The areas that include the main conduct aspects identified are reception, transactionality, development and relations, management and coordination: assisting customers upon entering the branch, directing them to the most rapid and appropriate service based on their needs, planning regular meetings by contacting customers in advance, and offering 360-degree consulting to consolidate the relationship are some of the many activities envisaged. The project was launched in June 2014, involving 16 branches and approximately 400 employees, and grew to 1,400 branches and 65% of the Division employees in December 2014. In 2015, it will be activated across all areas according to the various segmentations (Retail, Personal and Corporate). The pilot phase recorded significant results across all key areas: customer and employee satisfaction, increase in contacts, increase in meetings planned and held, and daily meetings per employee, concluded with the sale of a product or service. The project is periodically monitored under the commercial aspect as well as in relation to customer satisfaction, also through anonymous visits to participating branches (mystery shopping) and feedback provided by area managers.

Another initiative aimed at meeting customer requirements more effectively is the "**Offerta Fuori Sede**" (out-of-branch offering) project, which envisages extension of the consulting services and sales development at customers' homes or workplaces. This new method continued in 2014 with the addition of new products: the purchase and management of prepaid debit and credit cards and investment products, aiming to expand the offering to the insurance and pensions sector in 2015. The pool of operators was also expanded: at the end of 2014, there were 849 personal managers and 1,283 retail branch managers which, after a training programme, were certified to operate as financial advisors.

In the second half of 2014, with a continued focus on proximity to customers, a new section called "Il Mio Gestore" (My manager) was added to the Internet banking home page, through which customers may communicate with the branch easily and immediately, setting and changing appointments or contacting the reference manager directly through the site, using the so-called "**Prossimità**" (Proximity) functions.

Starting from the second half of 2014, thanks to the gradual integration of the physical and digital channel, all Intesa Sanpaolo customers enabled to use the multi-channel services may purchase various services offered by the Bank online, through the appropriate applications, fully autonomously (Self mode) or with telephone or internet support by the reference manager or a consultant ("**Offerta a Distanza**" - Remote Offering). Both methods speed up the procedures and provide access to services based on specific needs. In particular, the Remote Offering envisages contact with the branch or via telephone between the customer and manager or consultant, followed by the preparation of an ad hoc offer by the Bank, with the possibility to subscribe directly via Internet. The service is active for debit cards, prepaid cards and some investment services: at the end of 2014, 1,500 offers had been made on paper, of which 87% signed and subscribed remotely. The offering will gradually be extended to credit cards, loans, life insurance policies, asset management and pensions.

New methods of enquiry into products and services were also developed in 2014, **involving customers directly** and taking advantage of the potential of new technologies (e.g., questionnaire on Mini-Ipad to be filled out immediately). Analysis of the Banca Estesa project, new business, the expectations of corporate customers and the needs of households was conducted through creative workshops, focus groups, telephone interviews and online assisted interviews, Real Time Experience Tracking (method that tracks the customer experience during interaction with the bank's contact points), sector studies, and personal interviews to customers and non-customers. With regard to Banca Estesa, the expectations and perceptions on the new jobs that could be created in the branches with extended

business hours were examined, with a focus on the home issue and on savings consulting. In terms of new business, the structure and needs of Young Businesses¹, New Businesses² and New Young Businesses in Italy were examined, with particular focus on "Crowdfunding"³ and "Match Up"⁴. With regard to corporate customers, their perception of the current market situation and competitive scenario was analysed, along with their growth expectations and, above all, their needs for support by the banking system, with particular regard to growth and internationalisation. Lastly, families were involved in order to collect information on modern households, define the current and emerging requirements, understand the relationship with the bank and identify challenges and opportunities.

Through agreements with major national partners, in 2014, customers were also offered opportunities for savings on the purchase of goods: by using the Group's payment cards, customers benefited from immediate discounts, special promotions and exclusive advantages. A particular initiative in this area is Bonus Credit, which ended in September 2014. With over 52,000 customers of the Group's banks registered, this initiative offered bonuses such as discounts and coupons based on credits accumulated through in-branch transactions carried out during extended hours, through home banking, with the Mobile App or at the Group ATM points.

SEIok quality management system

For five years now, the SEIok portal (Sistema di Eccellenza Intesa Sanpaolo), a consolidated quality monitoring tool, collects within a focused point of entry the recommendations and complaints of customers, examining the reports in order to improve the quality of service and customer satisfaction.

During 2014, a review was conducted on the indicators that resulted in elimination of the KPIs not strictly linked to the concept of quality and to identification of the 24 Core KPIs, which more expressly measure customer satisfaction, and the 11 Non-Core KPIs, predominantly commercial. The selected indicators contribute to forming the Branch Quality Index which, in its new format, highlights the increasing attention paid to customer satisfaction.

Communication and listening through Internet and the Social Networks

The official **Facebook** page of the Intesa Sanpaolo Group [i] joins the communication channels already active - branch, Internet, telephone, emails, chats and video calls - and is an area designed for any information or notices on products and services of the Bank. The page is open to all customers and non-customers, who with

1 Individual businesses with owners younger than 36 years; partnerships mainly comprising partners younger than 36 years; joint-stock companies where over two-thirds of the Boards of Directors comprise members younger than 36 years.

2 Less than three years old (established starting from 1 January 2011).

3 Collective financing: micro-financing from the bottom based on the collaboration of a group of individuals who use their money to support the efforts of people and organisations.

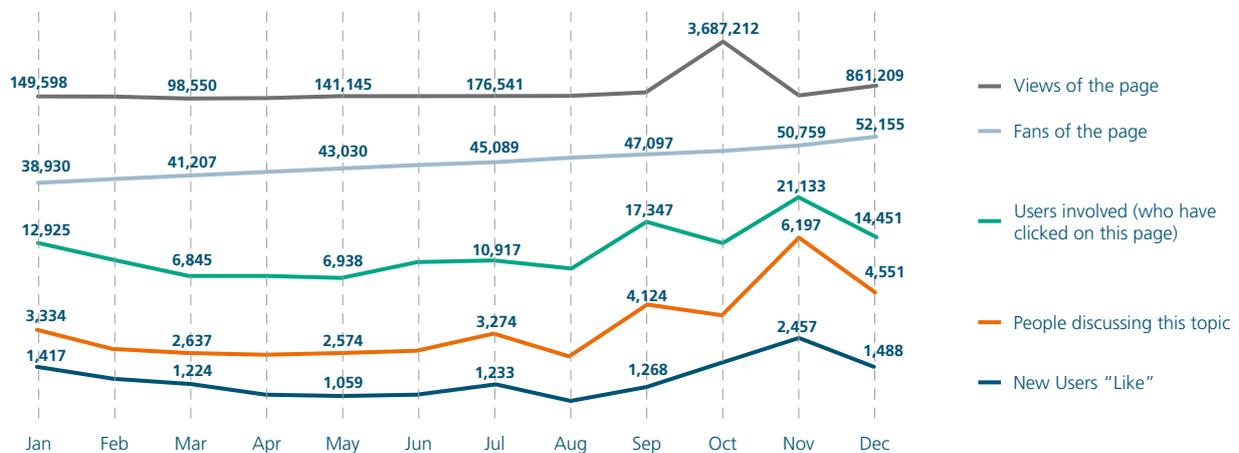
4 Temporary or ongoing partnership among innovation-based companies.

a single post can publish on the wall their questions, comments and suggestions, and in turn comment on and share the posts of other users on their profiles. The page "Intesa Sanpaolo Servizio Clienti" is monitored and periodically updated by a dedicated team.

Intesa Sanpaolo's new **Twitter** account (@IntesaSP_Help) was activated in mid-2014, a further multi-channel tool to facilitate relations with customers who have many points of contact and interaction with the Bank. The structure that manages the account responds to all customer requests for assistance and to information requests by non-customers.

A specific interaction method was developed for young people, a customer type particularly active on the Internet and in the social networks. The **Superflash** offering dedicated to them is in fact promoted through a Facebook page (Superflash.it) and a Twitter account (@Superflash). These communication tools allow customers to request information and details and to receive support on products and dedicated initiatives.

Facebook Customer Service



Large corporate businesses

To strengthen the trust between the Bank and Corporate customers, during 2014 Intesa Sanpaolo adopted a service model highly focused on the complexity of customers and their specific sectors and supply chains. The key role is held by relationship managers in charge of overall coordination of the offering. They are specialised by sector and by sub-supply chain, offering a high quality consulting service. The objective is proximity to customers not only as a financial partner, but also as an industrial partner, sharing challenges and opportunities along a common growth path.

To support this change, sector training sessions were developed during the year for employees in order to reinforce job skills and their capacity to identify business opportunities. For companies, events were organised in collaboration with specialised partners and with the media in the areas of brand industry, distribution, consumption, food and fashion.

Intesa Sanpaolo promotes sustainable development paths on a large number of foreign markets (over 40) which attract our companies and support growth of the key Italian sectors. For large companies, teams of specialists in Italy and abroad work alongside the relationship managers, offering qualified consulting service in the cross-border growth processes. A dedicated team supporting the internationalisation of companies analyses the foreign potential markets, opportunities for growth and partnerships in the new area in order to assist companies right from the beginning of their development and investment process.

International subsidiary banks

In 2014, approximately half of the Group's International Subsidiary Banks launched extended business hours for a limited number of branches. In Serbia, 38% of active customers viewed this opportunity positively. In some Banks, the queue management system is currently under development in order to improve customers' experience and satisfaction.

In Hungary, a pilot mobile banker project similar to the Italian Out-of-Branch Offering was launched for a limited number of products. CIB Bank is the first bank in the country to offer this type of service.

The range of products and services available through mobile banking and Internet banking expanded in 2014: electronic platforms are already widely operational in the majority of Banks (for further details, see the chapter "Multi-channel Bank", page 116). The use of social media (Facebook, Twitter, YouTube) to

manage customer relations has also been launched or strengthened.

Various banks have organised meetings, conferences and lessons with retail customers, small professionals, small businesses, enterprises and start-ups to illustrate the performance of the local market and specific products with the participation of internal and external experts (Academia workshop in Serbia, Business breakfast in Slovenia, Hungary and Croatia, seminars and round tables in Russia and Romania). These initiatives were important occasions to strengthen relationships with customers and to share best practices.

In 2014, VÚB Banka won the Hermes Communicator of the Year award for the banks category, held by local PR and research agencies in collaboration with the University of Bratislava, for the best customer communication.

EXPO

Intesa Sanpaolo is Official Global Partner of the 2015 Universal Exhibition. The Group seeks to invest in the potential of Expo Milano 2015 as a driving force to boost the country's economy and as a global showcase of Italian business excellences and of the artistic and cultural heritage of which Italy can be proud.

In terms of services, Intesa Sanpaolo provides the organisers, Milan, Italy, the participating countries and the tens of millions of visitors from around the world with innovative electronic payment instruments, thereby making a real contribution to the Smart City experience. In particular, prepaid card EXPO Flash Card has been created, which will allow to load the EXPO ticket and will provide access to a series of cultural and tourism offers, discounts and reductions for shows, exhibitions and museums in Milan and in the major Italian cities. Moreover, the Group provides Expo Milano 2015 with the ticketing platform and a distribution network consisting of the physical network and direct channels. In mid-September 2014, ticket sales were launched through the branches, Internet banking and ATM channels.

The Bank's commitment takes shape within EXPO with a multi-functional exhibition area. A daily schedule of events and initiatives for families will enliven the Bank's Pavilion with educational activities for the youth, entertainment for children, shows and laboratories, as well as a series of meetings dedicated to social, art and cultural aspects, and numerous artistic performances organised with Bank partners. Last but not least, there will be business events with a particular theme, debates and analyses. The area will host over 200 corporate customers that are leaders in quality and "Made in Italy" products, expressing the Italian excellence in the various regions.

Support to businesses seeking to grow abroad

In June 2014, Intesa Sanpaolo participated in the initiative promoted by the Lombardy Region and known as "Lombardia Concreta", aimed at supporting the system of Lombardy-based micro, small and medium-sized enterprises operating in the sector of tourist reception, commercial business and food trade, in preparation for Expo 2015. The initiative is important in terms of the sectors involved in the area and of the extent of interest rate subsidies that result in a lowering of the rates charged by banks on business loans.

Intesa Sanpaolo has also launched Created in Italia (www.createdinitalia.com), the Group's first e-commerce portal dedicated to Italian excellence in the Catering, Tourism, Design and Fashion sectors. It is a virtual marketplace, created to facilitate access by companies to the new digital markets, where the Italian brand is highlighted in order to promote commercial development between companies and with potential customers, even international, thanks to a selected and customised offering.

ACCESSIBILITY

To allow visually-impaired or blind people to withdraw cash, know their account balance or top up their mobile phone at ATMs, Intesa Sanpaolo has partnered with Unione Italiana Ciechi (Italian Association for the Blind) and developed an initiative that allows them to operate autonomously and safely. All Group ATMs in Italy (approximately 6,600) have been fitted with a high-visibility display. ATMs can be used autonomously by the visually-impaired, via high-visibility graphics available on all ATMs, as well as by the blind, via a vocal guide that can be heard on about 5,500 machines using normal headphones. Online banking services are also accessible via the mobile banking platform. In Serbia and Slovenia, local banks have developed online applications adapted to the needs of the visually impaired and the blind.

With the goal of increasingly expanding accessibility of the documents published on the Internet site as well as on the company's intranet, Intesa Sanpaolo also collaborates with the LIA Foundation (Libri Italiani Accessibili or Accessible Italian Books), which has been working with Associazione Italiana Editori and with the Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) for several years. The initial documents made available in the LIA certified format were the main documents of social responsibility: Code of Ethics and Sustainability Report. The collaboration is continuing, in order to transform, also through training initiatives, the orientation towards accessibility into a distinctive element of the Group's corporate culture.

In terms of physical accessibility, the 2014 layout project for Intesa Sanpaolo branches was recognised by the FIABA ^[i] (Fondo Italiano Abbattimento Barriere Architettoniche or Italian Fund to Eliminate Architectural Barriers), which recognises its total compliance with the requirements for accessibility and use by the physically challenged. Within the foreign scope, approximately 25% of Banca Intesa Beograd network is accessible by the disabled and 70% has work stations suitable to assisting these types of customers; accessible branches will be identified on the bank's new corporate website. At Banka Koper (Slovenia) and CIB Bank (Hungary), all branches are without barriers and accessible by the disabled. For details on the accessibility of banking services through the new channels, see "Multi-channel Bank", page 116.

CUSTOMER SATISFACTION AND COMPLAINT HANDLING ACTIVITIES

To use and efficiently manage the large quantity of information collected from customers via the various channels, "**Voice of Customer**" was launched at the end of 2013 with the objective of collecting the suggestions and assessments received from customers within a single device. In 2014, three types of interviews were integrated into the system: telephone interviews

to measure the satisfaction of retail customers (75,600 interviews), e-mail interviews on the customer experience with regard to products and services (656,000 customers involved) and interviews on satisfaction with the in-branch service received, conducted on the Internet banking points available to customers of all branches (25,000 questionnaires filled out).

During 2014, Intesa Sanpaolo also launched a programme for the development of the model for measurement and management of customer satisfaction. One of the principles driving this change was the focus on call-to-action, that is the ability to generate and recommend targeted improvement measures. For this purpose, **Customer Experience surveys** on various services were carried out, involving retail and small business customers: customers were sent an email where they expressed a rating from 1 to 10, followed by an online survey through which they provided their considerations with regard to the process of purchase/subscribe to the service. Customers who provided a negative rating were contacted in order to understand the reason for their dissatisfaction. The objective was to demonstrate proximity to the customer and monitor the sales processes.

Analysis of the feedback collected from customers resulted in the establishment of working groups in 2014 in order to improve processes and services with regard to payment cards, loans and mortgages, and to the implementation of dedicated projects to improve in-branch services (see "Insieme per la Crescita" - Together for growth - page 87). The request for faster and more streamlined processes resulted in an increase in the products and services offered via internet banking (see "Multi-channel Bank" - page 116).

Retail and Small Business customers in Italy

The Intesa Sanpaolo Group carried out surveys on customer satisfaction and on Branch Customer Satisfaction in 2014 as well, via 75,600 telephone interviews with Retail and Small Business customers. Positive satisfaction levels were again recorded across all segments (household, personal and small business), recording a Net Satisfaction Index (NSI¹) of 13.

For approximately ten years now, a survey of the population with access to banking services in Italy (Benchmark survey) has also been conducted, in order to assess the positioning of Intesa Sanpaolo with respect to the competition in the Bank-Customer relationship. Between July and September 2014, nearly 14,000 households and Italian independent workers were interviewed, of which over 2,600 of the Group and over 11,000 of other Banks or Banco Posta. Customers of the Group declared an Instinctive satisfaction and Rational satisfaction lower than the competitors (respectively NSI of 9 versus 16 and 23 versus 30); the opinions of the customers of Intesa Sanpaolo are positive regarding the various access points examined, but lower than the market.

1 NSI: Net Satisfaction Index, equal to the percentage satisfied (rating of 9-10) less the percentage unsatisfied (rating 1-6).

Corporate customers in Italy

Each quarter, the Intesa Sanpaolo Group conducts a survey on economic performance, on the demand for credit and on the satisfaction with one's bank, through telephone interviews with approximately 8,000 representative cases of Italian companies (excluding agricultural companies, financial companies and public administration). The data are analysed for the Small Business¹ and Corporate customers².

The Customer Satisfaction index³ is recorded solely with regard to the "main bank" declared. The results were not positive in 2014, but they indicated improvement and were higher than market values for both segments.

Large Corporate Customers⁴

Intesa Sanpaolo promotes listening and communication initiatives to understand the needs of large corporate customers within the relationship with the bank, making the customer's opinion an integrated part of the decision-making and strategic processes.

In particular, a telephone-based qualitative-quantitative survey was organised in 2014, with the aim of collecting the opinions of certain selected customers (193 Italian and foreign corporate companies) on the current economic scenario and on key issues, including internationalisation and innovation. The response rate was 61%; the CSI (Customer Satisfaction Index) was 77 out of 100⁵.

Surveys to assess the quality perceived and the areas for improvement with regard to Start Up Initiatives continued through paper questionnaires distributed to participating investors, observers and customers. For 2014, the Net Promoter Score⁶ involving 235 respondents was 60%.

International Subsidiary Banks Customers

2014 also saw the continuation of "Listening 100%", the International Subsidiary Banks listening programme aimed at systematically measuring the level of customer satisfaction and identifying any causes of dissatisfaction in order to improve the level of service offered.

The monitoring system is adopted by 9 out of 10 banks and in 2014 a total of nearly 90,000 telephone interviews were conducted on representative samples of retail and SME customers abroad, involving both internal customers (over 60,000 via 3 surveys) and external ones (nearly 30,000 via 3 benchmark surveys). The data collected in September 2014 show general stability in the satisfaction level across the different banks involved in the survey, with some positive signs compared to the 2013 findings. Overall leadership

in satisfying customers in the majority of countries in which the Group's International Subsidiary Banks operate was confirmed.

The third edition of the "Customer Satisfaction University Award" project concluded in 2014, involving 5 of the Group's International Subsidiary Banks. The initiative, which aims to recognise and reward project excellence on Customer Care issues, was implemented in partnership with the main universities in the countries involved.

Complaint handling

The Intesa Sanpaolo Group ensures ongoing monitoring and rapid response to complaints, aware that such action encourages customer retention and improves its reputation. In March 2014, the Parent Company's Complaints Office launched the project "Evolvere la gestione reclami" (Developing complaint handling), to be completed in the first half of 2015, in order to improve the handling of complaints in accordance with regulatory deadlines, increasing the structure productivity and the quality of responses to customers.

In 2014 the complaints received in Italy⁷, were up by approximately 9% over the prior year.

- **Investments.** The sharp decline in complaints on Investment Services continued in 2014 (-13.4%), largely due to the absence of particularly major issues and to the reduction in complaints on bonds in default.
- **Financing (loans, mortgages and special loans).** The cases in this category recorded a sharp increase, particularly for the products "Home mortgages" and "Assignment of One-Fifth of Salary", for repayments due in cases of early redemption of loans granted before November 2009 (problem resolved with the recent provisions of the Banking and Financial Ombudsman). Complaints regarding so-called usurious interest rates also increased considerably, but were rejected following a judgement by the Court of Cassation in favour of financial institutions.
- **Payment cards.** A significant decline in cases (-33.4%) was recorded in 2014, especially for fraud and loss (e.g., identity theft on the internet).
- **Bank transfers.** Complaints regarding bank transfers were essentially unchanged in 2014, due to the slowdown in computer fraud through "phishing".
- **Insurance products.** Complaints on insurance products decreased in 2014 (-8.1%). The majority of cases regard the timing or non-payment of claims (especially in the case of death of the contracting party). Specific improvement measures in this regard have already been envisaged.
- **Institutional Relations.** Claims submitted by customers for assessment by the Banking and Financial Ombudsman (Arbitro Bancario Finanziario) increased on 2013 by approximately 16%, amounting to 778, while those submitted for assessment by the Banking Ombudsman (Ombudsman - Giurì Bancario) were 84, down by approximately 24% compared to 2013. Complaints from the Bank of Italy were unchanged

1 Small Business customers: companies with a turnover of up to 2.5 million euro.

2 Corporate customers: companies with a turnover of between 2.5 million euro and 150 million euro

3 Index calculated as the difference between the 9-10 rating percentage and the 0-6 rating percentage.

4 With turnover of over 350 million euro.

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

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

7 The numerical analysis refers to the Group's Italian operations, excluding the International Subsidiary Banks.

compared to 2013 and amounted to 1,110 while those from Consob and from the Italian Competition Authority were not significant, as in prior years.

RELATIONS WITH CONSUMER ASSOCIATIONS

Intesa Sanpaolo has an open and constructive dialogue with Consumer Associations, encouraging standing conciliation in order to strengthen the relationship of trust with customers over time and offer an additional opportunity to ensure and protect customer's full satisfaction with the quality of the products and services used. The procedure, which concerns products offered to retail customers (current accounts and linked payment cards, mortgages and personal loans), is simple, free and fast, with maximum case resolution times of 60 days. Customers may decide to participate, at no cost and without compromising any other procedures they may wish to take subsequently, in order to protect their own interests. A total of 314 claims were received as at 31 December 2014.

Intesa Sanpaolo organises annual plenary sessions with the Consumer Associations to provide updates on the activities underway and planned within the overall framework in which the Bank operates. For several years now, the Group has also been an active member of the Consumer's Forum, an important opportunity to discuss new ideas and virtuous conduct in terms of consumer culture.

THE QUALITY OF LIFE IN THE COMPANY

COMMUNICATION AND LISTENING

Listening and engagement activities involving employees were subject of ongoing attention. A sophisticated climate analysis was conducted on 63,071 professional staff and middle managers, with 51.3% participation rate, and 968 senior managers, with 88.5% participation rate; added to these were 22,731 employees of the International Subsidiary Banks, with a participation rate of 51%. 31 local sessions were held – “Life and work in Intesa Sanpaolo” – attended by more than 300 employees from all company departments involved in the life of the Bank. In addition to numerous ad hoc listening activities for the companies/departments, constant disclosure of information was ensured for all employees of the Group, in Italy and abroad, with regard to the Business Plan and the new Service Model of Banca dei Territori Division, with 70 in-depth interviews conducted with the Regional, Sales and Area Managers of Banca dei Territori Division.

CORPORATE WELFARE

The corporate welfare system operates within an integrated model that includes – in addition to supplementary welfare benefits and integrated health services – the People Care services, Mobility Management and the new cultural, recreation and sports association for Intesa Sanpaolo Group employees, operational since January 2014.

Starting from constant and structured listening to employee needs, it proposes to act on the main elements of better balancing home life and working life of employees and their families, also with a view to diversity management, with the aim of promoting sustainable solutions and projects consistent with their expectations.

The application of a welfare policy therefore represents a component of value, strategically important in the adoption of this model of conduct. The corporate welfare action was further integrated with a regulatory system envisaged in collective and Group labour agreements, which on the one hand offers all employees flexible solutions and practices, such as permits, leave, flexible working hours both in the morning and afternoon, part-time options, etc., and on the other hand subsidies and economic contributions, such as benefits for families with disabled children, out of the workplace accident policies, loans, mortgages, meal vouchers and, last but not least, the company social Bonus.

Moreover, thanks to a modern system of industrial relations and agreements reached with the Trade Unions, it was possible to operate in accordance with the pillars identified by the Business Plan. The fundamental bases to achieve the Group's strategic objectives were therefore identified as enhancement and motivation of individuals and strengthening of their sense of belonging. Dialogue between parties was developed through new comparison methods, seeking solutions for consolidation and development of corporate welfare, support for employment, identification of new solutions, including economic ones, involvement in the company project and experimentation of innovative working conditions, motivated to construct an environment based on trust and mutual responsibility. The Labour/Management Relations Protocol was renewed along these lines, envisaging the establishment of a mixed company-trade union entity, the Welfare, Safety and Sustainable Development Committee, with the objective of drawing up solutions to reconcile the requirements connected to families, welfare, assistance and a better time balance.

EMPLOYEE SHARE OWNERSHIP PLAN

With the agreement dated 6 May 2014, the Company and Trade Unions shared an important initiative for the free allocation of Intesa Sanpaolo shares to employees, with the option for them to participate in investment plans (LECOIP) that provide, at the end of the Plan, higher capital than the initial investment amount, regardless of any negative performance by the stock, and the possibility for additional earnings in the event of positive performance. The initiative aims to compensate for the greater organisational and productive commitment requested in advance, offering everyone the opportunity to participate in the expected growth in value through an individual and voluntary decision that recognises teamwork and the pursuit of sustainable growth.

As the difficult overall economic and social scenario and performance in 2013 prevented the disbursement of the company bonus, application of the bonus formula that allowed employees to make use of this remuneration in the form of reimbursement of children's school fees, integrated health services and/or supplementary welfare benefits, also in favour of family members, was confirmed for 2014 as well. The decision to limit this solely to

employees with an annual remuneration of under 65,000 euro had a specific social significance, as this solution reconciled sustainability of costs and company welfare, without prejudice to the possibility for recipients to receive the disbursement even in the traditional form, namely in their salary.

In accordance with the Business Plan, the processes for corporate simplification and organisation and cost

rationalisation continued in 2014 as well. In all cases, trade union agreements were able to handle cases of excess resources, with sustainable measures that limited the social impact.

The company's strong commitment to rationalising the pre-existing welfare plans continued, with agreements in place for the merging of 11 defined benefit pension funds and 3 defined contribution pension funds, aimed at reducing risk (operational, financial and actuarial) and ensuring greater investment opportunities to those enrolled. In terms of Pension Funds, the Group's history has a deep-rooted sensibility to the issue of supplementary pensions: the first funds date back to the 1800s, at the dawn of welfare intended as a social need. The activity regards approximately 100,000 people in Italy with a portfolio of over 9.8 billion euro and an annual flow of contributions of about 500 million euro/year. For currently employed staff, supplementary pensions also offer the advantage of the contribution by the company, the possibility to obtain advances and the deductible nature of contributions, with savings on the marginal tax rate.

Group health services

An agreement was signed in 2013 to strengthen the medium-term sustainability of the Group Health Fund, particularly with regard to management of retired members, with regard to which significant deficits had been recorded in previous years. The solidarity contribution transferred from the management of working members to pensioners was therefore increased from 4 to 6%, sharply offsetting the deficit in management of retired members in 2014. In the wake

of such positive performance, and exercising the right envisaged by the Articles of Association, the Fund's Board of Directors allocated a capital reserve of 2 million euro for an initiative to protect against cardiovascular risk, to be implemented in 2015. The initiative is intended for members and their families who are beneficiaries of the Fund's benefits, within the age range of 40-69 (over 100,000 people), and will start from May 2015. The prevention campaign envisages an initial enquiry phase with regard to the presence of cardiovascular risk among members, by filling out an online questionnaire, focusing on the risk factors identified by the National Institute of Health as part of its Heart Project. The Fund provides a diagnostic package consisting of blood tests, electrocardiogram stress test and heart exam. From the campaign launch date up until 31 March 2016, members who, according to the online questionnaire, are at high cardiovascular risk may benefit from this diagnostic package, entirely free of charge through the approved network or with reimbursement of costs at facilities of the National Health Service. The initiative will be supported by a communications campaign on the proper lifestyle for all Intesa Sanpaolo Group personnel and all members of the Health Fund. It is estimated that in 2014, some 135 million euro were paid in benefits, a figure to be verified in the financial statements.

ALI - ASSOCIAZIONE LAVORATORI INTESA SANPAOLO (INTESA SANPAOLO EMPLOYEES ASSOCIATION)

As part of the integrated company welfare system, the ALI, the new cultural, recreational and sports association for Intesa Sanpaolo Group employees established through a trade union agreement in February 2013, has been operative since January 2014.

The Group's only association, bringing together the pre-existing ones, optimised the operating synergies and expanded its operations to the offer of socially useful services for individuals. The Association represents a new form of corporate welfare which aims to meet the different needs of employees, retired personnel and their families, with the aim of encouraging aggregation among employees, proposing affordable tourism options, supporting the dissemination of cultural initiatives, promoting sports events - also as a way to involve younger employees - and, through the Local Area Councils, guaranteeing the value of personal relationships with its members and their voluntary participation in activities.

In 2014, more than 100,000 members were registered, of which 61,604 ordinary members (in service and retired) and 17,998 households, with over 600 initiatives promoted at the national and regional level and 100% territorial coverage of the offerings promoted.

The various innovative balancing initiatives currently assigned to and managed directly by the ALI includes:

- the Welcare Family project implemented in April 2012 by the Bank, in collaboration with the Christian Associations of Italian Workers (ACLI). This multi-channel service can also be accessed from home and provides information and domestic care and treatment services, and management of bureaucratic and administrative, welfare and tax paperwork at preferential rates or free of charge;
- the "Educare i bimbi alla felicità" (Teaching children happiness) initiatives, implemented in collaboration with the Palo Alto school, are aimed at parents in order to promote the importance of positive education and disseminate a learning model based on the existing synergy between positive emotions and learning.

BABY SECURITY

After the past years' success in Turin, Milan, Florence, Rome and Naples, the "Baby Security" meetings continued in 2014, held by the ALI in Venice and Bologna, and in early 2015 in Padua as well. The goal is to disseminate a culture of prevention and correct information on accidents in which children might choke from swallowing food or foreign bodies.

The workshops were held by a doctor having expertise in basic resuscitation techniques, with theoretical and practical demonstrations on paediatric block-removal manoeuvres. Various Instructors participated in this activity, also providing information on advanced courses, thereby disseminating their experience and information. All participants received a Baby Security poster to disclose the proper information through images on airway opening techniques in children.

In October, the Insurance Division's insurance companies launched an "Orto Urbano" (Urban Garden) plan on the terrace of the Viale Stelvio office in Milan. This project, created as a result of employees' request, consists of the establishment of a didactic garden, involving people in a process of training and awareness on the issues of local fruit and vegetable production, environmental sustainability and responsible consumption. Launched in partnership with the Slow Food Association and in line with the goals outlined by Expo 2015, the initiative has become widely popular and involves:

- the creation and maintenance of an agri-ecological garden in containers, inspired by the values of "good clean and fair" that guide the Slow Food philosophy;
- a series of learning sessions for the group of employees who will share the space and activities in the garden.

In fact, a "slow" garden aims to be respectfully productive, visually pleasing and functional, malleable and able to adapt within city and metropolitan contexts and, finally, to be an opportunity for meeting, education and social inclusion. Design of the garden area has already seen direct involvement by employees in the analysis of areas and crops, in accordance with the aforementioned principles. The "Gusti Giusti" (Right Tastes) project, launched in 2008 in collaboration with the Slow Food Association and currently active in all ten of the Group's canteens, is an important initiative aimed at improving the well-being of employees, fostering awareness of healthy and tasty nutrition and launching a process of qualification of the service in company canteens, with regard to environmental sustainability and enhancement of the territory's products. At its seventh year of activity, the Bank has launched an initial assessment phase to proceed with re-launching of the "Gusti Giusti" project as an important welfare initiative aimed at promoting the well-being of employees and in view of the inauguration of EXPO.

Mobility

Intesa Sanpaolo confirmed its commitment to the issue of sustainable mobility in 2014 as well, seeking and proposing solutions for people's mobility needs. Commitment continues with regard to implementation of the Home-Work Commuting Plans, which, apart from the regulatory requirements, represent a significant opportunity for organisational improvement and management of the personnel mobility. For details on this activity, see the chapter "Natural capital - Mobility" page 130).

WORK-LIFE BALANCE

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

Families and childcare

As regards services to support families, 4 company crèches are in operation - our "baby nurseries" - in Milan, Florence, Naples and Torino Moncalieri, and a new crèche will be added in September 2015 at the new Turin Headquarters. Quality is a fundamental element that accompanied the set-up of crèches: in fact, they meet the requirements of the PAN Consortium's Quality Manual, prepared by a Scientific Committee, which covers all aspects of educational and organisational management. High education standards are accompanied by the construction of facilities in line with environmental sustainability principles that make preferential use of FSC (Forest Stewardship Council) and PFEC (Programme for the Endorsement of Forest Certification) certified materials. To integrate the service, a number of agreements are in place with the national PAN Consortium and, with a view to enhancing the options offered under intercompany agreements, the pilot project for a corporate crèche shared with Telecom Italia continued in Milan for Intesa Vita staff.

For families with children of school age, the ALI promotes initiatives for the organisation of summer holidays for children of between 6 and 17 years of age, with campuses proposed throughout Italy and abroad, accessible at preferential rates thanks to a direct contribution from the Association. The Bank also promotes the possibility of

embarking upon inter-cultural experiences abroad with one-year and six-month stays, thanks to the allocation of scholarships for employees' children, offered by the partnership with Fondazione Intercultura.

JUNIOR CAMPUS - THE EMPLOYEE SATISFACTION SURVEY

The summer camps in the city, in Italy and abroad, that have special agreements in place with the ALI, received a highly positive rating from the majority of members who used this service for their children during the summer months.

The redemption percentage of the survey was 65.5%, and 2014 recorded a unanimous approval in the choice of campuses in the city as well as abroad. 93% of employees were particularly satisfied and would recommend their children's experience to others.

At year end, as part of the trade union discussions, the foundations were laid for the beginning of an experimentation period on Flexible Work within the Group. It is a new working method that differs from telecommuting, where the work is performed in a place other than that in which it is assigned and which, taking advantage of the potential aspects offered by IT technology and work organisation developments, combines the company's productivity needs with personal/family needs, for a better life balance. Flexible work may be conducted from home, from another company location or at the customer's premises. This project is based on the relationship of trust and collaboration between employee and manager, which is an essential component. The initiative is part of the attempt to combine management of the private life of employees with the company's organisational requirements in an innovative manner. An experimentation period will be carried out during 2015, involving specifically identified Group departments/companies, accompanied by information/training initiatives, also for the purpose of adequately supporting change. Intesa Sanpaolo's flexible work proposal is a working method other than telecommuting that allows employees to carry out their work even outside of the assigned location, without changing the existing work relationship. Flexible work may be carried out:

- from home, meaning the employee's place of residence or domicile, or another private place agreed upon in advance with the Manager, with the exception of any public areas or areas open to the public;
- from a company location other than the assigned one (company hubs), namely from an office/premises of the Intesa Sanpaolo Group, specifically identified and reserved through the appropriate application;
- from the customer's premises, for the specific activity of sales proposals and reports in relation to the professional role held by the employee.

Alongside this flexible work trial, Intesa Sanpaolo participated in the "Giornata del Lavoro Agile" (Flexible Work Day) initiative by the Municipality of Milan.

The initiative is aimed at private companies and public authorities so that they try alternative working methods. The objective is to improve flexibility of the organisation and productivity, as well as reduce the time spent on commuting from home to work, thereby contributing to improving individuals' quality of life and reducing environmental pollution.

Approximately 70 employees participated (with a potential pool of about 700 employees in the 2015 edition).

As regards International Subsidiary Banks, Privredna Banka Zagreb is one of the Banks that showed the most commitment in finding "family-friendly" solutions and, thanks to the various practices for home work balance, was one of the first Croatian companies to obtain the "Mamforce Company Standard", a local recognition for companies that strive to implement socially responsible practices. The initiatives include the company crèche, the possibility for part-time work and flexible working hours, medical and psychological care for employees, and the possibility to request paid leave to take care of relatives who are sick or non-self sufficient.

RELATIONS WITH THE SUPPLY CHAIN

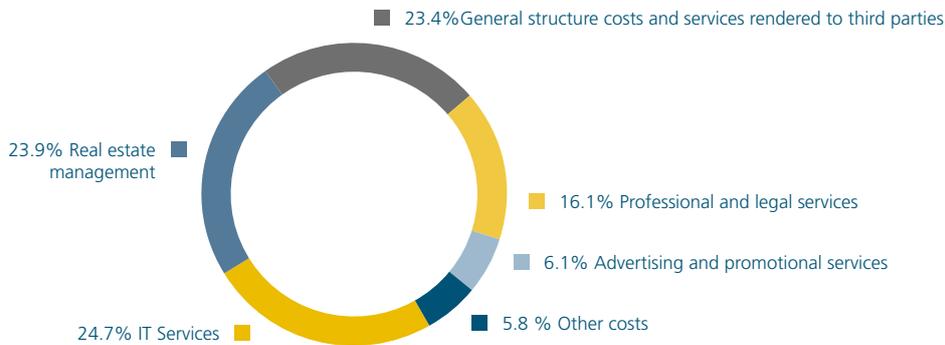
Intesa Sanpaolo is aware that the quality of supplier relations and the procurement policies adopted can also create the necessary conditions to increase the Bank's social and relational capital, optimising the promotion of an approach focusing on the protection of the environment and respect for human rights and workers, and ensuring that suppliers achieve said goal.

The project for the centralisation of Group Procurement, created in 2012 mainly to standardise the procurement rules and processes and to apply a standard model within the Intesa Sanpaolo companies, continued throughout 2014 as well, with centralisation of other Italian Banks/ Companies and International Subsidiary Banks of the Group.

Extension of the scope of the project, to be continued in 2015, will increase the number of participants that follow not only the standard sourcing process, but also the guidelines on social and environmental responsibility to be adopted in the procurement area. Thus, in this context the Group Procurement Guidelines and the related Implementing Rules were issued in 2013, transversally integrating social and environmental responsibility criteria.

In 2014, the overall expenses incurred by the Intesa Sanpaolo Group totalled over 2.6 billion euro, broken down as follows:

Breakdown of administrative expenses by category (2014) [%]



EQUALITY AND TRANSPARENCY IN RELATIONS WITH SUPPLIERS

The relations held by the Parent Company with its suppliers were inspired by principles of transparency and equality during 2014 as well. In order to guarantee this, the monitoring of the e-sourcing Portal and the constant upgrade of its functions is of primary importance. The Portal offers an online bidding system: those who apply are required to register online, where, if invited to take part in a tender, suppliers can follow all the stages of the process in a transparent manner. Thus, each supplier, through a special section, can interact with the relative procurement manager and view the documents available or enter bids. There were almost 1,600 online tenders in 2014 compared to 1,400 in 2013 (an increase of about 14%) for a total of around 800 million euro; this constant and significant increase enabled to improve communications and the level of transparency of the relations themselves.

The total number of tenders, or market analyses, recorded a further increase following the launch of the Sourcing Masterplan initiative. Conducted by the ICT Systems Department in collaboration with the IT Procurement Office of the Procurement Department, this activity gradually encouraged market analyses in the ICT sector in all relevant areas.

Initiatives in 2014 more than doubled compared to 2013, involving a total of over 120 suppliers, of which 20% were new. For the future, we expect an essential stabilisation of the market analysis figures as regards the trend and number of suppliers involved.

With regard to the monitoring of payment times, maintenance and monitoring continued on the Portal module for the management of accounting documents, which gives suppliers full visibility of their orders, payments and invoices.

ASSESSING THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF SUPPLIERS

The e-sourcing Portal is an online platform that involves a registration phase in which candidates are asked to view Intesa Sanpaolo's Organisational, Management and Control Model (Legislative Decree 231/2001), Internal Code of Conduct and Code of Ethics. In the event that they become our suppliers, the contractual clauses to be signed include the commitment to adhere to the principles contained in the abovementioned documents.

The registration phase also requires the supplier to fill out a questionnaire that includes, in addition to the personal

details, a section dedicated to social and environmental responsibility. At the end of 2014, there were 6,400 suppliers registered in the Portal, up by 21% compared to 5,300 in 2013. Of these, approximately 3,500 completed their registration. An in-depth analysis of the answers provided by the latter on social and environmental responsibility showed the following breakdown: 11% declare to publish a social and environmental report, 3% hold SA 8000 certification, 19% have a code of ethics or policies describing their social commitment, 12% hold environmental certifications, and 8% have an environmental policy.

	2014	2013	change [%] 2014/2013
The company publishes a social, environmental or sustainability report	387	288	34.37
Presence of SA8000 certification	108	75	44
The company has a code of ethics or policies describing its social commitment	640	472	35.59
The company holds environmental certifications	411	323	27.24
The company has an environmental policy	267	197	35.53

The statements provided by suppliers are verified through a sample monitoring system which focuses on the product categories most at risk and on cases considered worth studying further. The verification of compliance with the social criteria is conducted by in-house staff and refers to property service specifications (plant and system maintenance) and to persons (cleaning staff), and envisages checks on the expiry of Chamber of Commerce documentation and the Single Register of Contributions Paid.

However, for investigations into compliance with environmental criteria – for example, energy efficiency, the use of cleaning products that meet regulatory standards and contractual clauses relating to compliance with environmental regulations – site inspections are performed by either in-house staff or by external companies. 800 document verifications were conducted in 2014.

Another line of action, which contributes to strengthening the broader activity of supplier monitoring, regards technical assessment of performance in the realm of ICT supplies of the ICT Systems Department. The initiative, based on a survey conducted internally within the ICT Systems Department, is in its fourth year of operation and extends to a group of suppliers that in

2014 represented approximately 86% of orders by said Department, for a total of approximately 280 suppliers assessed. The employees interviewed, representing specific areas that had the opportunity to evaluate many suppliers, were 148, with 2,200 questionnaires filled out.

Answers to the questionnaires, provided electronically, are assessed according to a scale of 1 to 6; this approach allows for the identification of any improvement measures and a review of the relationship with the supplier at the strategic level.

To make the assessment more objective, it is divided into four categories depending on the type of service/good acquired (application services, infrastructural services, hardware and maintenance, licences and software maintenance).

Similarly, if evidence of non-respect of the agreed service levels is identified, always with respect to the scope of operations managed by the ICT Systems Department, specific notification letters are sent to the suppliers. A total of 47 notifications were sent in 2014.

The EcoVadis platform

The assessment of suppliers who register with the Portal has allowed us to set the basis for an approach increasingly oriented towards mitigation of the risk deriving from management of the supply chain. In fact, in 2014, the Procurement Department began a partnership with EcoVadis, an international company specialised in the assessment of supply chain performance in terms of social and environmental responsibility, triggering a process that starts with the results of the analysis and ends with the identification of risk mitigation measures and any corrective measures, with a view to ongoing improvement.

The pilot project, which started at the end of 2014 and ended at the end of February 2015, involved 57 suppliers belonging to various sectors. The response rate was very good, and none of the suppliers assessed were found to be exposed to “high risk” according to the EcoVadis framework.

For suppliers in the “medium risk” range, the mitigation measures to be undertaken will be determined in 2015. Use of the platform will be fully operational starting from 2015 and on a wider group of suppliers.

CHARACTERISTICS OF ECOVADIS

The platform covers 150 supply categories in 140 countries and envisages a supplier screening that includes 21 criteria regarding environment, society, fair sales practices and supply chain. The assessments are based on globally recognised standards such as the Global Reporting Initiative, the Global Compact of the UN and ISO 26000, and the supplier ratings are determined by combining the following results:

- information provided by the suppliers using the dynamic online questionnaire
- analysis of documents and verification of the data by expert analysts
- all-encompassing collection of information from NGOs, trade unions, international organisations
- verification by third parties for some high-risk suppliers (optional).

EcoVadis rating scale

0-29	High risk
30-49	Medium risk
50-69	Controlled
70-89	Medium opportunity
90-100	Strong opportunity

The risk levels identified by the EcoVadis rating scale permit careful selection of suppliers' development plans and of any measures to be undertaken by the customer

The final result of the assessment process consists of a Supplier Assessment Form, a very practical and easy to read instrument that contains an overall judgement and a judgement by issue, with a comparison (benchmark) between the supplier's performance and the performance of competitors, in the relative category of activity and in the country in which the supplier operates. Each Assessment Form also contains the strengths and specific areas of improvement by expenditure, as well as actions and improvement plans that can be managed online, with the possibility for updates.

Total procurement expenditure	2.6 billion
Number of suppliers invited to the EcoVadis pilot assessment	57
Total turnover covered by the EcoVadis assessment	668,127,883
% turnover of pilot over total procurement expenditure	25.7

HEALTH AND SAFETY OF SUPPLIERS OPERATING ON OUR PREMISES

The activities of Intesa Sanpaolo's Prevention and Protection Department refer not only to employee protection but also to the protection of suppliers conducting their activities on Bank premises. The activities consist in sharing current Health and Safety rules with them, ensuring that their employees operate according to suitable standards and guaranteeing that no risks arise from interference between the activities of the various suppliers and those of Bank staff. The Bank's commitment to reducing risks for the health and safety of personnel operating on a contract basis continued through the programme for adaptation of work environments and, in particular, with a new campaign of inspections which during the first half of 2015 will involve approximately 400 buildings from non-performing loans, destined to be maintained until their final disposal.

INITIATIVES IN THE INTERNATIONAL SUBSIDIARY BANKS

As mentioned at the beginning of the chapter, the Project for centralisation of Group Procurement extends to the International Subsidiary Banks as well. Upon reaching the pre-established objective, all Banks must have adopted and implemented the "Group Procurement Guidelines" and the related "Implementing Rules".

These guidelines include, within the scope of the "centralised procurement" model, the "local" product categories which draw from local supplies in the case of goods or services for which the procurement market is typically local or closely tied to the specific market. Moreover, they combine social and environmental responsibility criteria in a transversal and well-structured manner and require that all the functions involved take them into due consideration during the sourcing process, from the request for quotation to the request for the offer and supporting information. VÚB Banka has undergone the pilot phase of the centralisation project.

Moreover, VÚB Banka, BiB and PBZ are the three Banks that first set the bases in 2014 to use the same IT platform for sourcing activities by the Parent Company.

Listening and dialogue

Significant initiatives in this area were conducted in 2014 by Intesa Sanpaolo Bank Romania and VÚB Banka. The former organised a series of meetings that, based on issues regarding the contractual aspects, also contributed to identifying the appropriate measures to achieve the pre-established objectives, simultaneously strengthening the relations with suppliers and the mutual collaboration. At the beginning of the year, VÚB Banka conducted a communication campaign for all its suppliers on the innovations in procurement, presenting the e-sourcing Portal; it then further examined the issue with a smaller group of suppliers via dedicated workshops. The Bank also offers its suppliers the possibility to express doubts or complaints, using a special email address.

Supplier selection transparency

Intesa Sanpaolo Bank Albania, Privredna Banka Zagreb and VÚB Banka have implemented an e-sourcing Portal where the tender processes and relevant information are published.

Screening of suppliers on the basis of social and environmental responsibility criteria

- Banca Intesa Beograd has introduced a CSR questionnaire in the tender invitation letters, divided into 5 areas: governance, customer relations, work environment, environment and community. The scores obtained in CSR practices are of key importance in the supplier selection process
- Banca Intesa Russia uses a preliminary CSR questionnaire whose answers, combined with the other criteria, form the supplier's overall rating
- CIB Bank, during the supplier selection process, in the event of equivalent offers, gives priority to suppliers with better practices from an environmental responsibility point of view. This approach is communicated to the supplier upon invitation to tender.

Monitoring of suppliers with regard to social and environmental responsibility practices

- For some contracts, based on the procurement type, CIB Bank requires suppliers to make their operations transparent in terms of employment and payment practices. For other types of supply, occasional inspections are envisaged, when needed.

RELATIONS WITH THE COMMUNITY

The Intesa Sanpaolo Group takes a responsible and active role in support and collaboration within the local areas and communities in which it operates. It also promotes and implements international projects in areas in difficulty.

The Group's commitment in the community takes on various forms, such as: donations, aimed at handling temporary situations of difficulty in the regions as well as for long-term solidarity interventions; sponsorships supporting various projects; substantial investments in art and culture; volunteer initiatives and programmes involving employees of a number of the Group's international subsidiaries.

SUPPORT TO CULTURE

Attention to arts and culture is a priority element of the strategy that drives the community supporting activities. Progetto Cultura, a strategic reference framework containing the multi-year planning of the Bank's cultural initiatives, has several objectives. On the one hand, it aims to encourage enjoyment by an increasingly large public of its important artistic, architectural, publishing and documentary heritage, coming from the history and tradition of patronage of the financial institutions that have become part of the Group. On the other, it aims to contribute to safeguarding Italian cultural heritage. Promotion of the Bank's artistic heritage is implemented along various lines: study and scientific cataloguing of the works; restoration activity; museum projects creating permanent displays of a part of the collections; planning and organisation of temporary exhibitions; support of scholarships for training and research opportunities for young people, in collaboration with the Universities; loan of works to temporary exhibitions.

Intesa Sanpaolo recognises and promotes the huge educational potential of culture in people's lives. Gallerie d'Italia - a network of museums owned by the Bank, including the Piazza Scala Galleries in Milan, Palazzo Leoni Montanari in Vicenza and Palazzo Zevallos Stigliano in Naples - offered numerous exhibitions to the public, as well as educational tours and laboratories. In addition to the free educational tours for schools, initiatives addressed to families and activities targeted at summer camp students and design and art courses, numerous initiatives were implemented in 2014 as well, to support the most fragile individuals, by offering laboratories and art-therapy sessions for immigrants, the visually impaired and the blind, for senior residents of rest homes, Alzheimer's patients, visitors with cognitive and sensory disabilities and individuals with mental and physical disabilities.

With regard to activities to protect and promote Italy's artistic and cultural heritage, the XVII edition of "Restituzioni" was launched, the decades-long restoration programme for public works of art, organised by Intesa Sanpaolo in partnership with the Italian government departments responsible for architectural, archaeological and historical-artistic heritage. Similar programmes or

initiatives for protection and enhancement of the public artistic and cultural heritage are also adopted by various International Subsidiary Banks of the Group.

Also of significant cultural importance is the activity to increase physical and digital access to the documentation in the Historical Archive, as well as for the protection, acquisition and enhancement of the archives in the communities in which the Bank operates. Equally significant is the work in the publishing and musical field, for dissemination of the book heritage and of the various musical genres, also through targeted initiatives at the educational level.

DONATIONS

In terms of **donations** from the Intesa Sanpaolo Charity Fund, the Plan approved annually by the Group's Supervisory Board defines, both in terms of quality and quantity, the areas of action and the priority donations, whether non-recurring or classified as investments in the community. In particular, the 2014 Plan confirmed the **strategic focus on national and local projects with a significant social impact in favour of more fragile individuals, hit hardest by the economic crisis. This is a priority objective of the Group's strategy at the philanthropic level.** In 2014, net of the international measures in favour of poor countries, 85% of the national central donations were directed towards this objective (up compared to 83% in 2013 and 77% in 2012). The commitment to the community thereby contributes to reducing the social and economic inequalities that are increasingly common in communities where the Group operates, due to the economic and financial crisis. The objective is to reinforce a social cohesion model that is also functional to the long-term results of the Group.

Moreover, there was a strong focus on local donations, managed autonomously by the Regional Governance Centres of the Banca dei Territori Division, which allow the branches of Intesa Sanpaolo and the banks without their own charity fund (or with a fund with insufficient resources) to integrate the traditional role of "territorial bank" with a considerable philanthropic, social and cultural commitment. Even at the local donations level, there is a consolidated focus on supporting the more fragile individuals, which in 2014 benefited from 60% of local contributions.

An additional strategic element is the commitment to major international cooperation projects in countries suffering from extreme poverty or under development (see "Project Malawi" below).

COMMERCIAL INITIATIVES WITH COMMUNITY BENEFIT

Within the scope of the **commercial initiatives with community benefit**, the Group's interventions in 2014 were mainly aimed at pursuit of the following objectives, in line with previous years:

- safeguarding and enhancing the country's cultural heritage, by promoting and sharing the Group's artistic heritage with the public, supporting the main cultural and musical initiatives and making them accessible to a wide and varied audience;
- promoting training opportunities for young people;
- supporting research to promote new opportunities for economic and social development through partnerships with leading foundations and research institutions;
- promoting sustainability as a value for businesses and a confidence factor for customers through participation in initiatives within the scope of Corporate Ethics and Responsibility;
- promoting the value of sport, mainly among young people, highlighting the importance of universal values like dedication and commitment in exceeding one's limits.

2014 CONTRIBUTION AND BREAKDOWN

In 2014, the Intesa Sanpaolo Group recorded **overall contributions to the community**, measured according to the model of the London Benchmarking Group (LBG), of 60.2 million euro (up 3.6% over the prior year), representing **1.75% of the income before tax from continuing operations**¹.

¹ Income before tax from continuing operations, totalling 3,435 million euro, presented in the reclassified income statement of the Intesa Sanpaolo Group.

The majority of the contribution is paid in cash and the 2014 amount was 55.1 million euro (91.5%), while 2.5% consists of time contributions and 6% of management costs (personnel, administrative and communication expenses).

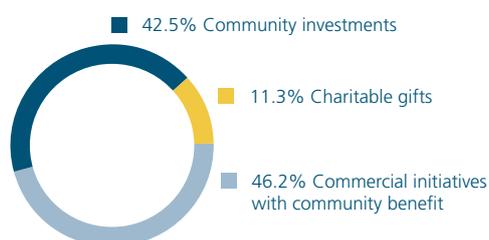
Overall contributions to the Community by type	[thousand euro]
Cash contributions	55,116
In-kind contributions	3
Time contributions	1,522
Management costs	3,603
Total	60,244

Cash contributions are classified by reason and broken down as follows:

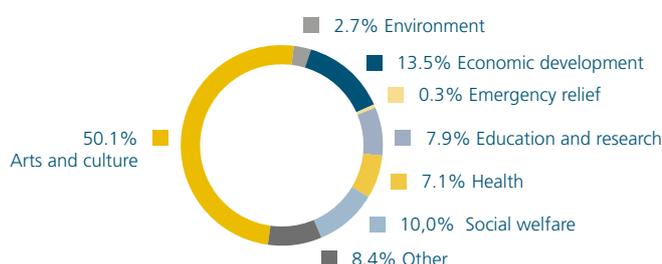
- **46% consists of commercial initiatives** (mainly sponsorships) with community benefit, contributing to social causes while simultaneously promoting the Intesa Sanpaolo brand and business.
- **approximately 43% consists of community investments** – contributions characterised by long-term plans and/or strategic partnerships and/or of significant amounts – **up 7 percentage points compared to 2013** as concrete evidence of the increasingly strategic activity of the Group, oriented toward long-term collaborations that ensure a real benefit and value for the local area.
- the remaining **11% consists of charitable gifts**, of an occasional nature and for small amounts, including match giving initiatives (donations by the Bank during fund collection campaigns, combined with the donations of employees or customers).

Cash contributions to the community

breakdown by reason



breakdown by scope of intervention



With regard to the **scope of intervention**, **50% of total cash contributions in 2014 were designated to Arts and Culture** (up from 46% in 2013), evidence of the priority given to this area in the Group's strategy. The other two predominant areas are Economic Development (13.5% of total cash contributions) and Social Welfare (10%).

Time contributions consist of volunteer initiatives by employees carried out during working hours or paid by the company if carried out outside of working hours, promoted by Banks of the Group. Of particular relevance is the company volunteer programme Intesa from the Heart, launched in 2013 by Banca Intesa Beograd, which combines and coordinates various volunteer projects of the bank. Three projects were brought forward in 2014: the first in favour of disabled children living in orphanages, the second for the elderly in rest homes and, lastly, a project to help individuals impacted by the floods in Belgrade.

ASSESSMENT OF THE BENEFITS AND IMPACT

The Group is increasingly attentive to the evaluation of benefits and the impact of its investments in favour of the community. The non-profit partner organisations benefiting from the donations are asked to indicate the expected benefits of the community projects supported by the Group, with measurable indicators whose results are monitored over time.

In 2014 we identified the need to extend the London Benchmarking Group approach from inputs only (contributions to the community) to benefits and to the impact (what was done, results achieved and changes) for a number of select initiatives; for more information, see the 2015 Community Book.

PROJECT MALAWI

After 9 years, the international cooperation project known as Project Malawi came to an end in 2014. Launched in 2005 by Intesa Sanpaolo and Fondazione Cariplo, the main scope of the initiative was to fight AIDS, starting from the prevention of the virus transmission from mother to child and combining healthcare with targeted actions aimed at limiting the impact of the disease on the population and relaunching the country's economy. The integrated approach included the involvement of four partners in various fields: healthcare (Community of Sant'Egidio with the DREAM protocol), local development and micro-finance (CISP), care for orphans and vulnerable children (Save the Children) and education and prevention (Malawi MAGGA and SAM Scouts). Over the last three years, upon strong pressure by the Bank and the Foundation, the associations worked to obtain an even higher level of involvement among communities and local authorities so as to allow the population to take full control of Project Malawi activities and to encourage autonomous continuation of the initiative following the end of the partnership. The main results achieved over these years include: the opening of 4 medical laboratories and 9 specialised care centres, to which 7 maternity wards are linked; over 7,600 healthy babies born from HIV-positive mothers; over 18,000 pregnant women who received a medical check-up and took an HIV test (of which over 8,500 HIV-positive treated at the health centres); approximately 16,600 patients having received assistance at the end of the programme and over 24,700 subject to antiretroviral therapy.

Assessment of the impact of the contribution to Project Malawi in 2014¹

CONTRIBUTION	RESULTS	IMPACTS
2,125,790 euro Donations and management costs	63,067 total beneficiaries 494,593 euro in additional funds (Fondazione Cariplo)	What changes for the beneficiaries? 43% saw a positive change in their behaviour. A total of 26,374 young people received training on the prevention of HIV/AIDS transmission in 158 schools, and 902 youth took the test (MAGGA/SAM). 4% developed new skills. 2,254 beneficiaries involved in activities to support savings and for socio-economic development in villages and training of small entrepreneurs (by CISP). 53% improved their quality of life. 16,683 patients (of which 1,874 pregnant women) were treated at the DREAM centres, 1,280 healthy children born from HIV-positive mothers during the year, 50 laboratory technicians and community operators trained, 3,640 patients found to be HIV-negative after testing (by Community of Sant'Egidio – DREAM protocol); 3,870 children between 3 and 6 years of age attending day care centres, 6,118 children between 7 and 13 years of age attending Children's Corners, 323 operators in the centres and for home care involved in training activities, 1,573 people in support groups for HIV-positive individuals (by Save the Children)
		What changes for the partner organisations? They offered new services : high-quality care and therapy for HIV-positive patients (by Community of Sant'Egidio), assistance to orphaned and vulnerable children (Save the Children), training and assistance services for small entrepreneurs (CISP), information services for young people on the transmission of the virus (MAGGA). They improved their management systems : support for financing of IT software for clinical and administrative management of the Community of Sant'Egidio project. They employed more personnel : 41% of the amount given to partner organisations covers personnel expenses. They trained their own personnel/volunteers : 7% of the amount given covers training expenses.

¹ The data refers to a one-year period of Project Malawi, in particular the period between 1 October 2013 and 30 September 2014, end date for the project.