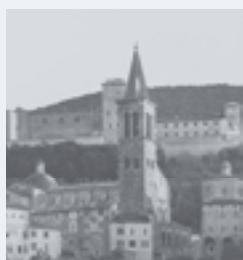
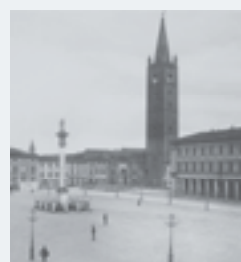


# Stakeholder engagement 2007-2009

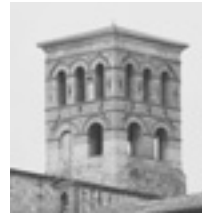
Three years of listening and dialogue with our stakeholders





# Stakeholder engagement 2007-2009

Three years of listening and dialogue with our stakeholders





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## 1. Reason for this publication

The serious economic and financial crisis of the last two years has made the role of financial institutions even more decisive, as they are the protagonists of the events splashed across the headlines throughout the world. In this constantly changing scenario, it is fundamental to consolidate relations with all of the Bank's stakeholders, to understand expectations and requests in order to ensure that listening consolidates our ability to prevent risks that may derive from negative impacts of company activities on the environment and community at large.

Intesa Sanpaolo intends to ensure that its capacity for listening and dialogue with stakeholders is increasingly integrated into the policies, projects and services offered by the Bank's various structures. The gap between the expectations of our stakeholders and our achievements will continue to be the meas-

urement of our ability to be close to people and the areas in which we operate, with the conviction that only dialogue and the definition of corrective actions can aid us in our path to excellence which increasingly closes this gap.

With a view to ever greater transparency and accountability<sup>1</sup>, the first part of this document sets forth the methodological guidelines followed, and the second part illustrates the engagement initiatives implemented in the last three years (2007-2009) reporting both the listening and dialogue activities implemented and the results emerged from these initiatives. "Stakeholder Engagement 2007-2009. Three years of listening and dialogue with our stakeholders" is the first of a series of publications the Group will present in order to investigate some of the issues regarding the Bank's sustainability strategy.

<sup>1</sup> Accountability means "acknowledging, assuming responsibility for and being transparent about the impacts of company's policies, decisions, actions, products and associated performance" on the competitive, natural and social environment  
Source: AccountAbility, [www.accountability.org](http://www.accountability.org) 

## 2. Reasons for engaging stakeholders and the next steps

The context of quick, continuous change and the evolution of the scenario in which the Bank operates make it crucial to deeply reflect on the Group's strategies: specifically, the ever-greater awareness of consumers and the increasing pressure from community organisations require a structured approach to stakeholder engagement also in a view to managing reputational risk.

For the Intesa Sanpaolo Group, the institutionalised forms of stakeholder engagement are occasions for listening and dialogue that are essential for understanding the level of satisfaction of its stakeholders in relation to the work carried out by the Bank. For certain Departments, stakeholder engagement is at the heart of the work they carry out – for example, to name but a few, customer satisfaction, the office of Relations with Consumer Associations and the Investor Relations Service. For three years, the CSR Unit has been promoting ways of engagement that are focused on social and

environmental responsibility. The next step, which the CSR Unit is already working on, is expanding these issues in an increasingly structured way as part of traditional, institutionalised engagement activities, working with the departments concerned to design new forms of listening and dialogue on sustainability issues.

In this three-year period, the processes of including stakeholders in CSR issues have progressively matured: from an initial phase where listening was substantially aimed at resolving critical situations, to the definition of structured processes which are planned each year and are increasingly built into business and management activities. Preventative listening to our stakeholders (not as a result of a "reputational crisis") aids us in establishing a relationship of trust between the company and stakeholders, and, at the same time, in identifying new opportunities with a view to competitive positioning on the market. Intesa

Sanpaolo is currently moving from second generation stakeholder engagement to third generation (see figure 1.1), focusing on a kind

of engagement that aims at identifying guidelines for Group sustainability strategies in concert with stakeholders.

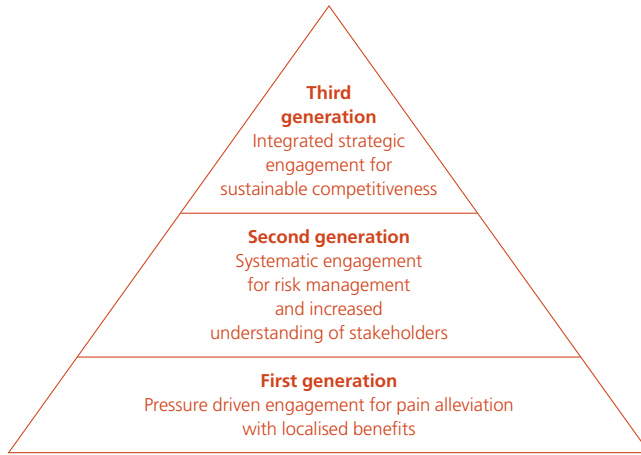


Figure 1.1 Generations of Stakeholder Engagement, Source: AccountAbility

The first Multistakeholder Forum in December 2008 was an important step in this direction: a select group of experts and stakeholder representatives discussed a set of macro-economic issues which are strategic for the Bank, and identified the main issues for developing an action plan shared with the top management. In the three-years just ended, stakeholder en-

gagement accompanied the achievements of the Business Plan 2007-2009, and was an essential element for the Group, which systematically gathered the results of the actions in order to provide the foundation for the Bank's strategies and policies. We summarise these achievements in the 2009 Social Report and in section 8 of this document.



### 3. Engagement methods: the AA1000 series

AccountAbility (Institute of Social and Ethical Accountability), an international sustainability research institute, known for its series of AA1000 standards, has developed a set of reference documents which Intesa Sanpaolo used to define and implement its stakeholder engagement process over the last three years. The reference documents used for drawing up guidelines for the Group's engagement initiatives are as follows:

- The Stakeholder Engagement Handbook, AccountAbility and UNEP, 2005
- AA1000SES (Stakeholder Engagement Standard), AccountAbility, 2005
- AA1000APS (Accountability Principles Standard), AccountAbility, 2008

The AA1000APS standard identifies the three principles of inclusion, materiality and responsiveness as the foundation on which to build

highly effective stakeholder engagement:

- **Inclusion** meaning promoting stakeholder engagement in developing and attaining a responsible and strategic response to sustainability;
- **Materiality** meaning understanding the relevance and importance that an issue holds for an organisation and its stakeholders;
- **Responsiveness** consisting in providing an adequate response to issues raised by stakeholders which are related with performance and which are arrived at through decisions, actions and results as well as through engaging stakeholders in dialogue.

The Stakeholder Engagement Handbook has been a fundamental tool in defining the phases of the stakeholder engagement process and identifying essential operational tools in the various phases, i.e. stakeholder mapping, *materiality test*, selecting engagement methods.

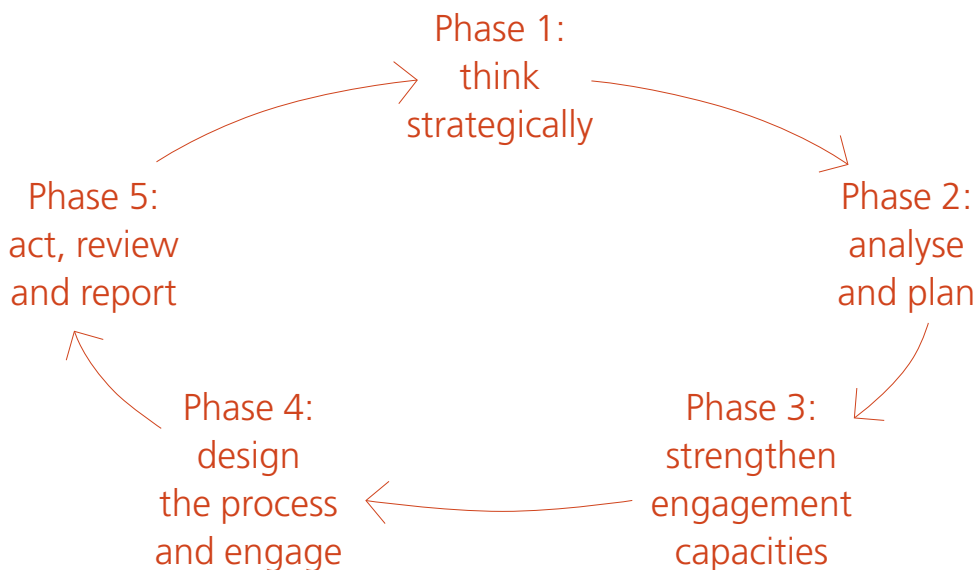


Figure 1.2 Phases of the stakeholder engagement process, source AccountAbility and UNEP

For the planning and implementation of stakeholder engagement activities, Intesa Sanpaolo chose to work with a consulting company SCS Consulting, which is the AccountAbility representative for Italy<sup>1</sup>. An independent third party

could in fact guarantee an objective assessment of the results of the various engagement initiatives and create an area for dialogue free from any possible effects caused by the presence of representatives of the Bank.

<sup>1</sup> SCS Consulting is a consulting company in Bologna, with over twenty years' experience in management consulting, enhancement of human resources, and corporate sustainability. As the AccountAbility representative for Italy, SCS has assisted the Intesa Sanpaolo Group for the past four years in designing, planning and implementing stakeholder engagement activities.



*Alan Knight, Associate Senior Partner, AccountAbility, London*

*“The AA1000SES standard is the only existing international standard on stakeholder engagement, offering coherent and practical guidance for designing and implementing a process for engaging all stakeholders. The standard ensures that stakeholder engagements in a company have a well-defined strategic objective and can be effectively implemented. AA1000SES is based on the principles of AA1000APS (Inclusion, Materiality and Responsiveness). Therefore, it can fit into vari-*

*ous geographical areas and sectors in a highly flexible way.*

*If the goal is to reach the third generation – integrated strategic engagement for sustainable competitiveness stakeholders must be engaged through cooperation, especially in the decision-making and strategic aspects: the various stakeholder representatives should participate in corporate governance and also provide input on the business model.”*

## 4. The model for managing and monitoring stakeholder engagement

In order to comply with the three principles of AA1000APS (inclusion, materiality and responsiveness), a management model was designed to monitor the entire engagement process: stakeholder mapping, assessments of the quality of the engagement initiatives, the proposals and criticisms that have come to light, the improvement plan arising from the balance between corporate strategies and the opinions of different stakeholders.

In order to develop the model, it was necessary to reconsider both the stakeholder mapping (and related subcategories) and the strategic issues which arose from previous stakeholder engagement activities and the 2008 Multi-stakeholder Forum on which the Group has decided to concentrate its efforts over the coming three years. All past engagement activities and the requests that emerged during stakeholder engagement initiatives have been set up within a computer dashboard that allows us to:

- satisfy the principle of **inclusion** since we can monitor all initiatives and, as a result, can plan listening and dialogue initiatives with all stakeholders on all issues that are of interest to them;
- check the **materiality** of topics covered as perceived by the stakeholders involved;
- evaluate the Bank’s **responsiveness** in relation to the issues that stakeholders perceive

as priorities, both in terms of perception and as regards projects and initiatives which have been implemented.

The engagement dashboard uses graphics to display a summary representation of the following elements:

- stakeholder map, which adjusts over time to the context in which the Bank operates. This representation helps us to understand which relations need to be intensified as a result of new expectations;
- quality of the dialogue initiatives implemented. The assessment is based on involving the most important representatives of the various stakeholders, on the ability to make these meetings pro-active, and on selecting the most suitable methods (forums, interviews etc.) based on the issues discussed. This indicator allows us to assess the methods to be adopted for subsequent engagement processes;
- stakeholder expectations and priority of acting. The gaps, in the stakeholders’ opinions, between the achievements of the Bank and stakeholders’ expectations are highlighted. This assessment is weighted based on the stakeholder and the Bank’s development plans. It provides a useful indicator for assessing risks and opportunities linked to operations in a specific sector, with the goal of defining improvement objectives.

The findings of this management and monitoring tool provide a clear picture of risks and opportunities arising from commitments made by the Bank to its stakeholders (see figure 1.3).

The results of this project have led us to formulate a more independent improvement objective plan and to develop a plan for continuous monitoring of areas that have emerged as priorities.

### Risk Mapping

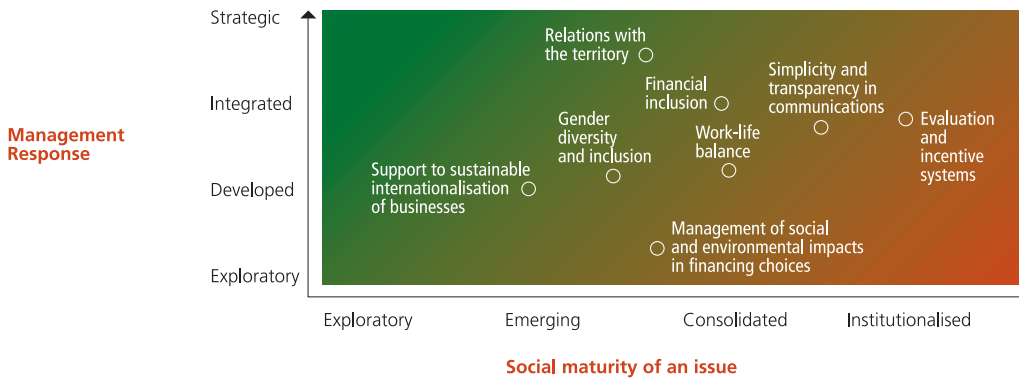


Figure 1.3 Risk mapping, source Accountability and UNEP

## 5. Stakeholder engagement methods

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

- **the operational (or overall) level** aims at verifying the degree of consistency perceived by several categories of stakeholders between the commitments undertaken and the actions effectively implemented by the Bank. The most suitable methods for this type of engagement are quantitative surveys and patterned listening methods such as focus groups.
- **the strategic (or planning) level** aims at engagement involving strategic issues for the Bank and offers stakeholders an opportunity to contribute to the planning of the Bank's future strategy. For this type of engagement, the most suitable methods are in-depth interviews or multistakeholder engagement methods

which also involve the Bank in direct contact with the stakeholders involved.

The choice of the engagement method depends firstly on the type of engagement desired (operational or strategic), and also on the degree of maturity of the issue to be dealt with and on the stakeholders to be engaged.

For example, for issues with a transversal impact on several activities of the Bank, such as climate change or the issue of globalisation, methods more suitable to strategic engagement were selected (in-person interviews and multistakeholder forums). On the contrary, for issues related on a singular stakeholder such as incentive-based systems for employees or the quality of the relationship with customers, focus group or on-line questionnaires are more useful.

## 6. Stakeholder map

In order to comply with the AA1000APS principles and to build the stakeholder engagement management and monitoring model, it was first necessary to develop a map of stakeholders which provides a transparent, complete picture of the Bank's universe of relations. Now in the third year of stakeholder engagement activities, we decided to revise our stakeholder map through a participative process in the CSR Unit.

Each stakeholder category was assigned a value based on three criteria, included in the AA1000SES standard and in the Stakeholder Engagement Handbook:

- **Dependency:** the stakeholders' degree of dependency on the Bank, in economic terms

as well as geographical, relational, etc.;

- **Influence:** the degree of influence the stakeholder has over operational or strategic decisions of the Bank, the impact that the stakeholder may have on the Bank's "licence to operate";

- **Proximity:** the degree of frequency and intensity of the relation between the Bank and the stakeholder.

This analysis and all stakeholder engagement activities carried out so far led us to partially revise our stakeholder map, especially for some subcategories, so as to make it more consistent with our every day relations and with the values and principles of relationships expressed in the Code of Ethics.



It is necessary to define subgroups of stakeholders in order to structure engagement activities targeted to the specific needs of our stakeholders.

- The group “**employees**” includes people who, while they may have very similar degrees of proximity, may have quite different levels of dependency and influence on the Bank’s activities, based on different employment seniority or different levels of responsibility;
- Bank **customers** range from individuals (households) to Public Administration, moving through the world of SMEs and large corporations: it is clear that the Group’s customers are highly diverse, both in terms of the type of relationship they have with the Bank, and in terms of the products/services they use. Therefore, more in general, their requests to the Bank cannot be considered equal;
- **Suppliers** have been broken down based on their size, because this results in very different relational dynamics with the Bank, which must be taken into due account;
- For a Bank such as Intesa Sanpaolo, the world of **shareholders** is highly complex: the market, intended as the micro and macro-economic contexts in which the Bank operates is also the element with the highest influence on

investors; in addition, the needs of small investors are not comparable to those of large investors;

- Protecting and safeguarding the **environment** are interests best represented by environmental associations, but it is important to also consider future generations as stakeholders who can guide the Bank towards long-term sustainable development strategies;
- The **Community** is undoubtedly the Bank’s most heterogeneous stakeholder: local areas and community are stakeholders that cannot be identified with individuals, but which are equally important for the Group, which selected a *Banca dei Territori* banking model, and is, therefore, close to the various local needs, but, given its size, inevitably has a significant impact on community in general. Stakeholder associations are those organisations which speak for social interests, for example, for the protection of human rights in countries where our customers operate. National and international public institutions are entities that autonomously, independently and monitor the Group’s activity. Non-profit entities are traditionally considered highly important stakeholders of the Bank, which has chosen to invest in a Bank dedicated exclusively to this specific sector.

## 7. Stakeholder engagement initiatives in the three-year period 2007-2009

This section reports all the stakeholder engagement initiatives in the past three years and summarises the results of the dialogue with stakeholders.

In 2007 and 2008, in the focus groups with customers, employees and trade unions, the goal was to assess the consistency between the lines of action presented, the values stated by the company and the actual conduct of the Bank.

In 2008, the year in which the Group’s first Social Report was presented (*regarding 2007,*

*ed.*), engagement initiatives were focused on assessing the perception of employees, customers and opinion leaders of the “basis” of the Bank’s sustainability strategy. Surveys of employees were carried out on their perception of the application of the Code of Ethics and experts and representatives of Associations were interviewed on the Group’s approach to the environment, on its relationship with the Community, on Banca Prossima activities, on financial inclusion strategies or the Bank’s approach to transactions in controversial sectors.

## Interviews with Opinion Leaders, February-March 2008

- Andrea Baranes, *Head of Private Financial Institutions CRBM* (Campaign for World Bank Reform)
- Giorgio Beretta, *Coordinator of the "Armed Banks" Campaign*
- Rossella Beria, *"I Luoghi del Cuore" Manager, FAI* (Italian Environmental Fund)
- Michele Candotti, *Head of WWF Italy*
- Antonio Gaudio, *Deputy Head of Cittadinanzattiva*
- Alessandro Messina, *Chairman of the Ethical Finance Association*
- Alberto Nosari, *Reporter for "Il Sole 24 ore"*
- Edoardo Patriarca, *Commissioner of the Agency for Non-Profit Organisations*
- Silvia Scozzese, *Local Finance Manager ANCI* (National Association of Italian Municipalities)

In 2008 as well, the Group's first Multistakeholder Forum was organised, in which opinion leaders, experts and stakeholder representatives discussed a series of strategic issues for the Group with the Bank. This provided important indications for defining the Bank's sustainability strategy over the next three years.

## Intesa Sanpaolo Multistakeholder Forum 2008

The first meeting was held in Milan on 3 December 2008, with key roles played by the Bank (the Managing Director Mr. Corrado Passera and Mr. Valter Serrentino, head of CSR Unit) on the one hand, and on the other hand a qualified selection of opinion leaders, customers, members of the financial community, research institutes, universities and NGOs with discussions held in four working parties, each dedicated to a topic identified on the basis of OECD forecasts as follows:

● **Environment and Energy:** Edoardo Bai (Company Doctor, Legambiente scientific advisor); Cesare Boffa (Chairman of F.I.R.E.); Riccardo Giovannini (RGA Managing Director); Flavio Menescardi (Marketing and Strategic Development – AMSA); Clara Poletti (Director of IEFE – Centre for Research on Energy and Environmental Economics and Policy, Bocconi University).

● **Macroeconomic Trends and Social Globalisation:** Francesco Estrafallaces (Censis – Social Investments Research Centre); Loretta Napoleoni (Economist); Luigi Rossi Luciani (Chairman, CAREL Board of Directors); Antonio Tricarico (CRBM – Campaign for World Bank Reform)

● **Population and Immigration:** Otto Bitjoka (Chairman, Fondazione Ethnoland); Luigi Di Comite (Professor of Demography, Political Science Department, Bari University); Giulio Giangaspero (Research Centre on International Politics); Mario Pavone (Chairman of A.N.IM.I.- Onlus, the National As-

sociation for Immigration in Italy); Suor Anna Maria Villa (Opera San Francesco)

● **Quality of Life:** Michele Bertola (Chairman of Andigel – National Association of Local Authority Managing Directors); Andrea Di Stefano (Editor of the magazine "Valori"); Lorenzo Guerini (Chairman, ANCI Lombardia); Emilio Novati (Chairman, Cooperativa Altretreconomia e Equo Mercato); Andrea Rolando (Milan Polytechnic).

The discussion, mediated by Prof. Stefano Zamagni, Economics professor at Bologna University, brought up some interesting points for development in the action plans, and directly involved the Managing Director. Around 20 experts were called upon to identify social issues that could emerge in the near future, with respect to the macro-topics identified by the OECD. In a second stage of the debate, the experts were called upon to discuss the possible role of financial institutions expected to assess risks and opportunities of the outlined scenario, with respect to the trends identified.



In 2009, employees and trade unions were engaged on the issues of development of human resources and the quality of life in the company, issues which were shown to be of great importance in the 2008 focus groups. Household customers of the Bridge product were surveyed using benchmarks external in their specific segment in order to assess the extent to which the current offer meets their needs. Managers of Multiethnic Points and Corner Rosa were interviewed on the issue of financial inclusion, which emerged as a strategic issue in the Multi-stakeholder Forum. Large and middle-sized

corporate customers were questioned on how the Bank can support them in facing the challenges of sustainability in the sectors in which they operate (i.e., emission reductions, internationalisation processes implemented with sustainability criteria, human rights). Lastly, Consumer Associations were surveyed in order to assess the effectiveness of measures put in place by Intesa Sanpaolo to tackle the crisis (the renegotiation of mortgages, agreements with trade associations in support of SMEs). The table below summarises all the engagement initiatives of the last three years.

<sup>1</sup> Multiethnic Points are service points for immigrants staffed by specialised personnel capable of providing advice on the services and products offered by the Bank. Corner Rosa are advisory points in easily recognisable areas within 19 branch offices in Piedmont Region, staffed by women who have completed a special training process aimed at aiding other women engaged in entrepreneurial activity.

Stakeholders engaged	Year	Initiative	Objectives of the Engagement
Employees and trade unions	2007	● 4 focus groups with employees in Milan and Naples and 1 focus group with the trade unions	● Present the Social Report, collect feedback on the first edition of the document
	2008	● 4 focus groups with employees in Milan and Naples and 1 focus group with the trade unions	● Check the improvement objectives 2007-2009 as perceived by employees and trade unions ● Identify a priority scale for the areas of action identified in the Social Report
		● Online questionnaire to 6,000 employees	● Check the perception of the employees on the scale of application of the Code of Ethics
		● Survey of Top Management	● Propose a series of ethical dilemmas to understand the management's approach to managing controversial issues
2009	● 10 focus groups (1 for each Regional Department and 2 for the Head Office Departments) and 1 focus group with the trade unions	● Check the materiality of the issues included in the improvement objectives and those which emerged as a priority from the previous engagement activities (quality of life in the company and development of human resources) ● Check the Bank's level of oversight as perceived by employees and trade unions	
Households and Consumer Associations	2007	● focus groups with household and small business customers	● Present the Social Report, collect feedback on the first edition of the document
	2008	● focus groups with household and small business customers	● Check the improvement objectives 2007-2009 as perceived by customers ● Identify a priority scale for the areas of action
		● 8 questionnaires to Consumer Associations	● Collect feedback from Consumer Associations on issues included in the improvement objectives ● Define a priority scale for the areas of action
	2009	● 11 Interviews with Multiethnic Point and Corner Rosa managers <sup>1</sup>	● Identify the characteristics of customers of the Multiethnic Points and Corner Rosa ● Understand the peculiarity issues on the relationship with non-Italian customers and businesswomen
		● 200 telephone interviews to Bridge product customers ● 1,500 web questionnaires to young people aged between 18 to 35 and 500 parents	● Measure the level of knowledge and use of the financial products on the market among the target of young people ● Highlight the level of satisfaction with the Bridge product and any improvement areas may have
		● 8 interviews with Consumer Associations	● Investigate the initiatives put in place by Intesa Sanpaolo to tackle the crisis, as perceived by the Consumer Associations, and their level of agreement and support ● Collect suggestions on the role that Consumer Associations may play in relation to specific issues such as financial education

Stakeholders engaged	Year	Initiative	Objectives of the Engagement
Large and middle-sized corporate customers	2009	● 16 Interviews with members of company management in middle-sized and large corporate customers	<ul style="list-style-type: none"> <li>● Check the level of interest and assimilation of the social and environmental issues in corporate customers top management</li> <li>● Identify the Bank's role in supporting corporate customers to face social and environmental "challenges"</li> </ul>
Environment	2008	● Interviews with Environmental Associations	● Obtain recommendations on the Bank's approach to managing direct and indirect environmental impacts
		● Multistakeholder Forum, attended by environmental associations, scientific and technical experts, etc.	● Identify the role that the Bank may play in tackling the challenges of climate change
Communities	2008	● Interviews with stakeholder associations	● Identify the way stakeholders perceive the Bank's work in supporting the third sector

## 8. Elements arising from engagement

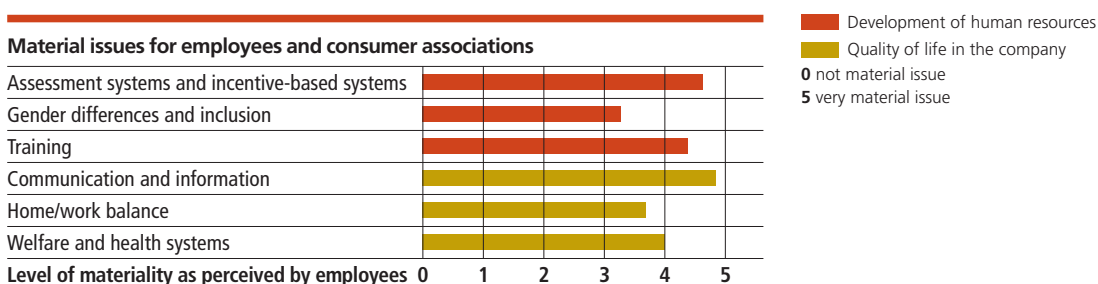
The next few sections provide a summary of the results of listening and dialogue with stakeholders in the last three years, focusing attention on the elements that most frequently arose. Specifically, for employees and customers (the stakeholders who were engaged to the highest degree), we show a chart reporting the level of materiality, in their opinion, of the issues dealt with in the various engagement activities. All of the elements collected, aggregated according to the principle of "materiality" and the frequency with which they arose, allowed us to identify the priority issues. A brief summary of these is set forth below. This priority scale was also used as the basis for defining the contents of the Social Report: the issues emerging as a priority were given more space, especially in terms of the

actions put in place by the Bank to respond to the results of the dialogue with its stakeholders.

Moreover, in the 2009 Social Report, to give voice to the more important issues that arose in the course of our three years' engagement with our stakeholders, the chapters of the Social Report are accompanied by some of the more salient findings that emerged, placing them in connection with initiatives undertaken by the Bank.

### 8.1 Employees

The chart below illustrates the issues covered over the last three years during our listening and engagement activities with employees and trade unions.



The measure of "materiality as perceived by employees" shown in the chart represents an average of the level of materiality (term used as per the AA1000APS principle) attributed by employees and trade unions during the engagement activities.

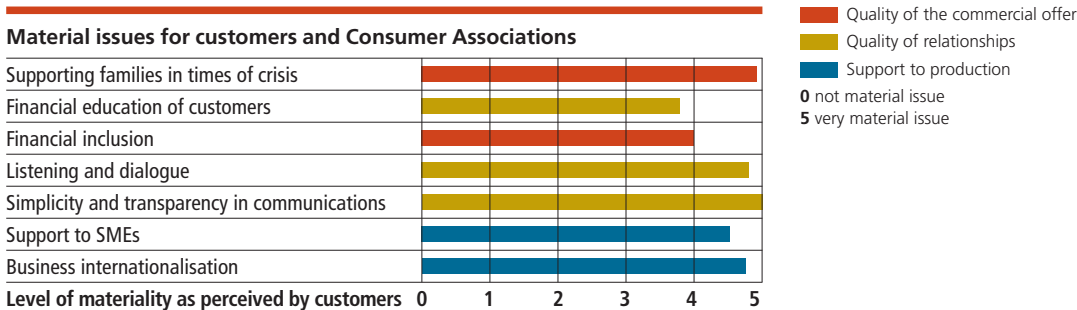
Issue	What our employees said in the three-year period 2007-2009	What the Bank did
<b>Communication and information</b>	<p>Access to information on the Group's strategies and objectives is considered adequate, but the "day-to-day" communication is not deemed effective: the hope is for the use of clearer language and the adoption of profiling techniques that will enable them to locate information useful for the specific activities of colleagues in their various roles.</p> <p>It would be necessary to enhance the current internal communications tools, increasing interactivity and involvement of people.</p>	<ul style="list-style-type: none"> <li>● The Intranet – the main source of real-time information about the company and an ideal place to access all available content, tools and applications – was made available to all employees of the banks and Italian companies, becoming the portal common to all. Integration of the different content also continued and was carried out by selecting and relocating the various existing tools in a more rational and accessible manner. Also a new, simpler and more accessible Intranet has been planned and will become operational in 2010.</li> <li>● New communications tools were disseminated, such as WEB TV in live and on-demand modes, which allow viewers to participate in company life through innovative formats that guarantee that each viewer will expand their knowledge of the company and the issues of interest to them. Specifically, the on-demand WEB TV allows viewers to choose from a host of informative clips, overcoming potential problems connected with work schedules. At the end of 2009, a total of 848 clips were available.</li> </ul>
<b>Assessment / incentive systems:</b>	<p>The perception is that managers do not devote proper attention to the assessment activity because they are focused mostly on commercial targets. The principles contained in the Code of Ethics should be the basis of the assessment and incentive systems. We have been asked to make the different phases of the process: self-assessment, assessment by manager and final interview more consistent and integrated.</p>	<ul style="list-style-type: none"> <li>● Guiding principles of management and development policies – merit, equality and sustainability – have been strengthened by simplifying the data processing of the performance assessment system that takes into account the views expressed during listening initiatives both by evaluators and by those being evaluated.</li> <li>● Potential Objective (<i>Obiettivo Potenziale</i>) a project launched in 2009 aimed at evaluating the potential of personnel, was extended to all of the Group companies. The assessment system is based on the evaluation of five specific behavioural aptitudes that are considered key drivers: personal energy, emotional stability, generation of alternatives, self-awareness, influence and impact. The introduction of the system was accompanied by a specific training for supervisors to explain goals and methodologies.</li> </ul>
<b>Training</b>	<p>Our employees consider training to be of strategic importance. The considerable company investment in professional development is perceived, even though it is considered to be directed primarily to managers and new-hires and less so to middle level employees. The need was emphasised for a greater focus on classroom training, deemed to be more effective than "distance" training, which is less suitable for those who work in branches and whose working time is defined by their relationship with customers. From the organisational point of view, it is crucial to ensure that training is also compatible with the working hours of part-time workers and convenient in terms of geographical nearness. Lastly, the issues of social responsibility and the approach of Intesa Sanpaolo to sustainability should be an integral part of training programmes. For example, the messages relating to the achievement of budget targets should be placed in the context of the company values set forth in the Code of Ethics.</p>	<p>Training focused on development of skills, while maintaining focus on the values set out in the Code of Ethics and promoting the integration of models, systems, and, in particular, cultures and styles that create and consolidate corporate identity. The following initiatives, among others, were implemented in 2009:</p> <ul style="list-style-type: none"> <li>● 30,000 people attended the course "Social and Environmental Responsibility at Intesa Sanpaolo";</li> <li>● The <i>Ambientiamo</i> course to raise awareness on the environmental impacts of behaviour at work;</li> <li>● 13 commercial and behavioural courses were introduced to meet the needs of those working part-time.</li> </ul>





## 8.2 Households and Consumer Associations

The chart below illustrates the issues covered over the last three years during our listening and engagement activities with customers and Consumer Associations.



The measure of “materiality as perceived by customers” shown in the chart represents an average of the level of materiality (term used as per the AA1000APS principle) attributed by all customers and consumer associations during the engagement activities.

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<b>Simplicity and transparency in communications</b>	Our customers have the perception that communications to them have improved in terms of clarity, whereas their timeliness could be further improved, especially as regards new procedures and regulations. In addition, the Bank should be more pro-active in communications with customers. The intelligibility of communications should also be improved, in terms of the language as well as the methods and tools used: customers would like an information service capable of providing timely notification of any changes in the scenario, possible risks and opportunities that could better meet their needs.	● Revamping of the statements for accounts, securities deposits and credit cards, as well as the Superflash card and savings accounts, in terms of both content and presentation.

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<b>Bank-Customer relations</b>	Confidence in the Bank is based on interpersonal relations, especially with branch operators. However, while the friendliness of personnel is greatly appreciated, commercial pressures or excessive workloads often prevent the provision of adequate service to customers.	<ul style="list-style-type: none"> <li>● Specific policies were issued to govern the methods of provision of the consulting service and the marketing of financial products and instruments, guaranteeing rules of conduct for managers. The approach focusing on consulting improves the level of service and ensures a high degree of customer protection through both strict quality control of the products offered and compulsory adequacy testing that reduces the risk of sales errors.</li> <li>● <i>Progetto Risparmio</i>, developed to strengthen the current consulting and service model. In the first phase, the "Recommended Business Portfolios" report was made available for branch operators as an aid to their drawing up suitable business proposals, which required a widespread training effort about business methods, business plans and tools to support investment advice.</li> <li>● The renewal of the pages devoted to operations of the Group Banks' websites based on users' requests, best international experiences and new solutions for web 2.0</li> </ul>
<b>Conciliation roundtables</b>	The conciliation roundtables with the Consumer Associations of the Intesa Sanpaolo Group are perceived as an outstanding service in the Italian banking system because they are truly effective in resolving disputes and because of the high level of involvement and direct interest by the Bank. Consumer Associations greatly appreciate the extent of dialogue with the Bank. The Managing Director meets with Consumer Associations twice a year.	<ul style="list-style-type: none"> <li>● The standing conciliation procedure, which concerns products offered to individual customers (current accounts and linked payment cards, mortgages and personal loans), already extended to customers of the Sanpaolo network in 2007, represents a tool to be used to preserve and strengthen the relationship of trust between the Bank and its customers and an additional opportunity to ensure and protect customers' full satisfaction with the quality of the products and services used. It is the first agreement of its kind in Europe, and it was made possible through dialogue and the long-term relationships established with Consumer Associations, consolidated by the unanimously positive assessment of previous experience in conciliation concerning defaulted bonds.</li> </ul>
<b>Support to productive system</b>	Intesa Sanpaolo stood out due to its prompt implementation of a series of initiatives to support SMEs in time of crisis. The critical issue is linked to the low levels of communication of these initiatives, which often failed to take advantage of all information channels in order to reach the specific target, meaning companies, which, as a result, are not always able to take advantage of these kind of initiatives.	<ul style="list-style-type: none"> <li>● In August 2009, Intesa Sanpaolo adhered to a joint notice undersigned by ABI (Italian Banking Association), Government and Business Associations for the suspension of SME's debts owned to the credit system. The agreement commits all the Group's banks in the moratorium for SMEs experiencing temporary financial difficulties. Intesa Sanpaolo was already active on this front, particularly with the agreement signed in early July with Confindustria to provide liquidity and recapitalise Italian SMEs.</li> <li>● 2009 saw a reinforced collaboration with Confidi. Through guarantee consortia, with which Intesa Sanpaolo has been signing agreements and conventions for many years, we can guarantee small businesses easier access to medium and long term credit. Currently there are some 350 Confidi agreements in place.</li> </ul>

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<p><b>Supporting families in times of crisis</b></p>	<p>The Group is much appreciated by customers and Consumer Associations for its strong social commitment that has been shown even in this year of financial and economic crisis with its initiatives to renegotiate mortgages and in support of Italian SMEs. Customers consider the initiative of renegotiation of Intesa Sanpaolo mortgages, for example, was ahead of its time in an economic-financial context where 3% of Italian households are having problems in paying their mortgage instalments at the end of the month. Intesa Sanpaolo has always shown strong “social attention” and this measure, which was available before that of many other banks, fits into this context.</p>	<ul style="list-style-type: none"> <li>● <i>Anticipazione Sociale</i> makes credit available in monthly instalments proportionate to the amount of compensation due to workers who have been laid off and who are in financial difficulties due to the delay of payment by the INPS (Italy’s social security agency).</li> <li>● Customers holding floating-rate mortgages could switch to a fixed rate or extend the original financing terms (as of 31 December 2009 some 25,000 mortgages were renegotiated).</li> <li>● Initiatives for the responsible use of money and the prevention of over-indebtedness and usury by promoting at the associations the financial check-up tool and support in listening to families in need.</li> <li>● <i>Prestito della Speranza</i>, personal financing made available in collaboration with the Italian Banking Association (ABI) and with the support of the Italian Episcopal Conference (CEI).</li> </ul>
<p><b>Financial inclusion</b></p>	<p>The issue of financial inclusion continues to garner increasing interest among our stakeholders who ask that we consolidate these products for foreigners and young people. Specifically, further study of the phenomenology of the needs of immigrants is necessary, without stereotyping, and in order to guarantee this type of customer access to the various types of credit required to start a business or, in general, launch their migration plans. It is also important in order to improve the ability to welcome non-Italian customers to the branches in terms of languages spoken and multicultural education of managers, contracts drawn up in various languages, suitable signage at the branches and so on. Regarding the survey on young people, the findings showed a high level of satisfaction by customers for all areas of the Bridge product offer. This level of satisfaction is higher than the targeted undergraduates and graduates who have signed up for this type of products at other institutions.</p>	<ul style="list-style-type: none"> <li>● Bridge product: a bridge loan which brings together the university and the working environment. A loan that does not require collateral, which is accessed based on educational merit, targeted to young people, including typical workers, in order to aid them in building their future.</li> <li>● <i>Progetto Imprenditori Immigrati</i> – PR.IM.I. – launched in collaboration with the Province of Milan, the Anti-Usury Foundation and the Ethnoland Foundation, which supports the development of new citizens in the world of enterprise, facilitates access to financing, helps to avoid recourse to informal sources of financing and the related criminality.</li> <li>● Collaboration with ABI and Cespi on a project sponsored by the World Bank to monitor global costs of migrant remittances, with its own specially created website – <a href="http://www.mandaisoldiacasa.it">www.mandaisoldiacasa.it</a>  to provide comparative information on the methods that are available and the cost of sending remittances.</li> </ul>
<p><b>Financial education</b></p>	<p>Financial education is a very salient issue and one on which the Bank should implement initiatives, in collaboration with the Consumer Associations, which consider the Bank’s intervention in this area to be a priority, as the level of financial education in Italy is much lower than in other European countries. Financial education initiatives should be implemented both at branches and at meeting venues available in the local areas.</p>	<ul style="list-style-type: none"> <li>● Initiatives have been launched to improve customers’ financial and economic literacy by placing at their disposal (for non-commercial purposes) our advice service and helping them gain a fuller understanding of how to manage savings and family budgets.</li> <li>● Initiatives have been launched to provide financial information and education to customers by the Group’s International Subsidiary Banks.</li> </ul>

### 8.3 Large and middle-sized corporate customers

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<b>Bank-Customer relations</b>	There are no substantial differences in the expectations of large and middle-sized corporate customers on the relationship of the company with the Bank: specifically, the figure of the manager as the direct, present contact with the Bank was greatly appreciated, as well as the availability and professionalism of these managers. Greater decision-making powers were requested for these managers, in order to provide customers with effective and sufficiently "quick" assistance.	<ul style="list-style-type: none"> <li>● The organisational model adopted by the Corporate and Investment Banking Division focused on the relationship with customers and partnership: a specialised team, in synergy with the relationship manager, operate to define an offer that is tailor-made to the specific needs of customers in Italy and abroad. The objective is to strengthen long-term relationships providing an excellent service that can anticipate the expectations and future needs of businesses. In this view, the "Sector Round Tables", regular meetings between teams specialised by industrial sector, play an important role in improving understanding of sector dynamics and offering tools for assessing risks and opportunities for action.</li> </ul>
<b>Credit policies</b>	The effort to assess the non-financial elements in making decisions on creditworthiness is not yet perceived. The Bank should be more pro-active in asking companies for this type of information initially and then subsequently rewarding virtuous behaviour. Moreover, the companies interviewed and, specifically, the people in the companies in charge of relations with the Bank, believe that financial institutions should also consider companies' long-term strategies and management systems in order to obtain a "comprehensive" picture rather than a set of purely financial elements.	<ul style="list-style-type: none"> <li>● The Group has initiated a process of sensitisation of managers of middle-sized and large corporate customers on the importance of non-financial elements (social and environmental elements) in assessing customer companies. This measure is part of the wider process of internal sensitisation on reputational risks.</li> <li>● <i>Equator Principles</i>: an inter-departmental working group was set up to implement the Principles and integrate them into the Bank's procedures. The working group was expanded, gradually integrating representatives of departments that are, in some way, affected by the process. The work done led to the issuance of an internal Policy for implementing the Principles in the Bank's activities. (See also <i>management of indirect environmental impacts</i>).</li> </ul>

### 8.4 Environment

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<b>Management of direct environmental impacts</b>	Our strong commitment and excellent results in terms of decreasing direct environmental impacts has been recognised. We have been asked to continue along this path, where possible improving the results achieved in order to become a leading example for the whole sector.	<ul style="list-style-type: none"> <li>● The ISO 14001 certified Environmental Management System help us to manage more significant environmental aspects: energy consumption and relative polluting emissions, the production and management of waste, paper consumption, the limiting of harmful substances and maintenance activities of technological systems.</li> <li>● The Group Energy Manager oversees energy consumption, draws up the company's energy report, identifies and promotes initiatives to rationalise consumption and improve energy efficiency, thereby reducing emissions.</li> <li>● <i>Mobility Management: Piani di Spostamento Casa-Lavoro</i> (Home-Work Commuting Plans – PSCL), a study for the areas with the highest concentration of employees, aimed at investments in sustainable mobility together with public administrations.</li> </ul>

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<b>Management of indirect environmental impacts</b>	<p>The challenge faced in the next few years will be to manage to reconcile competitiveness and economic development with environmental responsibility. In this context, banks must play a dual role: on one hand, taking into consideration economic risk as well as environmental risk in their risk management policies, and, on the other, adopting clear, detailed financing policies which establish both criteria of compliance with environmental regulations in force and additional environmental protection principles which companies decide to voluntarily adopt. In assessing projects to be financed, the Bank should take into account the social and environmental impacts of the activity according to an extensive interpretation of the Guidelines it has decided to adopt (UNEP FI, Equator Principles, Global Compact). Environmental experts ask that the Bank further commits itself in mitigating the effects of indirect environmental impacts from our activities and therefore greater clarity on our funding policies, both as regards controversial sectors and those that have a strong impact on the environment. This approach by one of the leading players in the Italian economic system leads to the creation of a virtuous cycle which acts as a driver for smaller economic players and, therefore, the entire nationwide system.</p>	<ul style="list-style-type: none"> <li>● Financing to support investments in sectors of energy from renewable sources and energy efficiency. The product range is addressed to private customers and SMEs and the direct financing of large plants.</li> <li>● <i>Mediocredito Italiano Energy Desk</i>, a specialised department dedicated exclusively to the renewable energy sector.</li> <li>● <i>Equiter</i> is a Group company that invests its capital in companies and projects aimed at developing the country, operating in four strategic areas: utilities, infrastructures, public real estate and the environment. Its activities in the latter area, made possible by a specialised Desk, include working alongside industry operators in developing projects for the production of renewable energy, particularly from photovoltaic plants, and reducing climate-altering emissions.</li> <li>● The Bank is expanding its scope of activities to direct financing not only to the end-users, but also to include interventions by the ESCOs (Energy Service Company) that build and maintain the plants.</li> </ul>
<b>Credit policies</b>	<p>Even customers of the mid-sized and large corporate segments that we have met have stressed that the Bank should flank economic considerations (sales volumes, turnover, etc.) that contribute to the evaluation of the Company's "state of health" alongside those relating to strategic management plans, staff management and attention to environmental impacts.</p>	<ul style="list-style-type: none"> <li>● (See <i>Credit policies – large and middle sized customers</i>).</li> </ul>

## 8.5 Community

Issue	What our household customers and Consumer Associations said in the three-year period 2007-2009	What the Bank did
<b>Support the Third sector</b>	In its relations with the community, the Bank identifies activities supporting the third sector (mainly through Banca Prossima) and cultural initiatives, those in music and sports, and the protection of artistic heritage. One of the issues most frequently addressed is that regarding Banca Prossima. The innovative side of this "entrepreneurial and social project" was appreciated by many. Banca Prossima is considered to be a strategic choice full of enormous potential in the third sector, and has also developed into an interesting market in Italy.	<ul style="list-style-type: none"> <li>● Banca Prossima's mission is to serve third sector private enterprises and religious orders, creating value through a specific service model (with a rating model especially for non-profit enterprises), dedicated products and personnel that meet specific criteria, also given their close contact with the non-profit sector. As at the end of 2009 Banca Prossima served over 7,000 customers, with 205 million euro in commitments and total deposits of 647 million euro.</li> <li>● In cooperation with shareholders' foundations and local non-profit associations, several of the Group's banks have launched micro-finance initiatives appropriate for such an advanced economy as that of Italy, where nevertheless there are people who – for social or economic reasons – find access to loans difficult. In 2009 in Italy loans totalling approximately 1.8 million euro were granted.</li> </ul>

## 9. Stakeholder engagement objectives for the next three years

The first three years of dialogue with and engagement of stakeholders has led us to reflect on engagement objectives for the next three years. We intend to continue with the activities put in place, but we would like to integrate them in an increasingly structured manner with the initiatives launched by the various Departments responsible for relations with stakeholders. In the past years, several initiatives were planned in synergy with the various Departments, reconciling and integrating the areas investigated of interest to the CSR Unit with those of the specific Department. Secondly, starting from 2010, the Bank intends to plan engagement initiatives with suppliers to identify mechanisms to reward sustainability in selecting suppliers. A series of initiatives will also be launched regarding shareholders,

to understand how we can integrate social and environmental issues into investment choices of Bank shareholders. Lastly, starting from 2010 the listening and dialogue with stakeholders already involve International Subsidiary Banks in an increasingly integrated, synergic process with the Parent Company. More generally, the objective is to focus engagement on the most critical issues that arose and have not yet been sufficiently investigated, to continue to monitor progress as perceived by our stakeholders and to set new objectives with a view to always providing answers to our stakeholders. Lastly, we will continue to test new methods of engagement and ways of dialoguing with our stakeholders which are not only effective, but also interesting for all parties involved.

# Contacts

## Contacts for more information

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Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present. This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates. This is the reason the illustrations chosen for this report have been inspired by the rich cultural heritage of Italian cities. They show the steeples of greatest importance to the cities where our registered offices are located and which appear in the names of our local Banche dei Territori. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that distinguishes the people at Intesa Sanpaolo and the banks in the Group.



**1. Milano**  
Steeple, Basilica of Sant' Ambrogio



**2. Torino**  
Steeple, San Carlo Church



**3. Napoli**  
Steeple, Santa Chiara Monastery



**4. Trento**  
Steeple, Duomo of Trento



**5. Forlì**  
Steeple, Piazza Vittorio Emanuele



**6. Bologna**  
Steeple, San Francesco Church



**7. Venezia**  
Steeple, Piazza San Marco



**8. Padova**  
Steeple, Basilica of Sant' Antonio



**9. Narni**  
Steeple of San Giovenale



**10. Rieti**  
Steeple, Duomo dell'Assunta



**11. Spoleto**  
Steeple, Palazzo Montevercchio



**12. Bolzano**  
Steeple, San Giovanni in Villa Church



**13. Civitavecchia**  
Steeple, Chiesa dell'Orazione e Morte



**14. Foligno**  
Steeple, Cathedral



**15. Pistoia**  
Steeple, Piazza del Duomo



**16. Terni**  
Steeple, San Francesco Church



**17. Firenze**  
Giotto's Bell Tower, Piazza del Duomo



**18. Ascoli Piceno**  
Steeple, Santi Vincenzo e Anastasio Church



**19. Viterbo**  
Steeple, Ex Chiesa degli Almadiani



**20. Pescia**  
Steeple, Santa Maria Assunta Cathedral



**21. Città di Castello**  
Steeple, Duomo



**22. Pesaro**  
Steeple, San Giacomo Church



**23. Gorizia**  
Steeple, Sant'Ignazio Church



**24. Cagliari**  
Steeple, Sant'Anna Church



**25. La Spezia**  
Steeple, Chiesa di Nostra Signora della Neve

**Credits**

**1, 7, 8, 17** Raccolte Museali Fratelli Alinari (RMFA), Firenze; **2, 4, 5, 6, 10, 18** Archivi Alinari, archivio Alinari,

Firenze; **3, 11, 14** Archivi Alinari, archivio Anderson, Firenze; **9, 16** Photo by Sergio Pagliaricci, Terni; **12** Photo by Michele Bernardinatti,

KLR foto, Trento; **13** Photo by Fotoarte Mazzoldi Gabriella, Civitavecchia; **15** Archivi Alinari, archivio Brogi, Firenze; **19** Photo by Francesco

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**23** Photo by Franco Debernardi, Trieste; **24** Photo by Elisabetta Messina, Cagliari; **25** Photo by Maurizio Baldi, La Spezia.