

SUSTAINABILITY REPORT 2012



BANCA INTESA

Thinking ahead with you.

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FOREWORD

BY PRESIDENT OF THE EXECUTIVE BOARD

In the year of significant business challenges and a weakened economic environment, Banca Intesa succeeded in achieving stable results while meeting its responsibilities towards the community, its customers, employees, shareholders and all other stakeholders. Integrating the sustainable business concept in both the long-term strategy and its daily activities, the Bank continued recording further progress in corporate social responsibility, achieving a balance between its business, social and environmental goals.

During 2012, we launched new CSR projects and products, while improving existing activities and initiatives. In response to citizen needs, we created products such as loans for financing medical services and those that include insurance in case of job loss. At the same time, we supported economic development through our traditionally largest participation in the Government's programme for economic recovery, the development of innovative products as well as favourable lending from international credit lines. Furthermore, continuous work on improving customer support enabled us to take the leading market position by customer satisfaction and loyalty. Also, we provided economic certainty and a simulative work environment for our employees while continuing to contribute to community wellbeing by investing in culture, health care, education and sports, as well as by strengthening our corporate volunteering.

In the field of the CSR management model, we adopted a number of strategic documents including the Policy of Environmental Protection and Energy Efficiency as part of efforts to be even more responsible towards the environment by managing our direct and indirect impacts. Seeking to promote the culture of social and environmental responsibility in the entire supplier chain, we also included CSR criteria in the process of procurement and supplier selection.



The Bank's third annual CSR report offers an overview of all our efforts to take even better care of the needs of all our stakeholders. For the first time, our report is aligned with the standards of international reporting methodology Global Reporting Initiative (GRI) that enabled us to present and evaluate the results of all our projects and activities in a more systematic and quality manner, and, what is even more important, to improve performance tracking.

The fact that we not only aligned our report with this advanced reporting framework, but also met the requirements of the B level of reporting in our first document of this kind serves as additional confirmation of our commitment to constantly improve our CSR practices and strengthen dialogue with all stakeholders. This dedication will remain the basis of our sustainable operations in the period ahead.

Sincerely,

A handwritten signature in black ink that reads "Draginja Đurić". The signature is written in a cursive, flowing style.

Draginja Đurić
President of Banca Intesa Executive Board

WHY

DO WE REPORT?

For Banca Intesa, sustainability reporting presents a valuable instrument for monitoring the results achieved in relation to the corporate values and sustainability goals set at the level of the Bank, as well as its parent group, Intesa Sanpaolo, to the Bank's CSR strategy, as well as to its Code of Ethics. In addition, the Report also creates a platform for improving dialogue and exchanging views with all stakeholders, providing them with a possibility of monitoring and assessing the Bank's performance in comparison to the previously set sustainability goals and decisions owing to regular and consistent disclosure of information.

HOW

DO WE REPORT?

Sustainability Report 2012 is Banca Intesa's third annual corporate social responsibility report and the first to include, in addition to the reporting principles of the United Nations Global Compact, 22 indicators of the

Global Reporting Initiative (GRI 3.1), according to which Reporting Level B is met.

The Report content is defined in accordance with the **GRI principles of materiality, sustainability context, stakeholder inclusiveness and completeness**. The Report is designed to address directly major stakeholders, covering topics that are of the highest importance to them and thus become part of Banca Intesa's priorities. In order to provide a detailed, clear and transparent insight into the activities that it implemented during 2012 with the aim of creating social and environmental value added, the Bank applied the **GRI principles of balance, comparability, accuracy, timeliness, clarity and reliability** in compiling the Report.

Individual organisational units of the Bank contributed to the process of information gathering and processing through CSR ambassadors, selected representatives of departments, offices and units, who closely cooperated with the Marketing and Communications Department in the preparation of the Report. The indicators and the measurement system were developed in accordance with standard performance indicators, obligations arising from international methodological frameworks for reporting and the Bank's desire for each step on the sustainability path to be measurable. Most of the information was gathered directly and assessments, measurement methods and information sources were specifically stated where needed. The Report is published annually and refers to the activities of Banca Intesa ad Beograd.

Previous reports:

2010: <http://www.bancaintesa.rs/code/navigate.aspx?Id=598>
2011: <http://www.bancaintesa.rs/code/navigate.aspx?Id=598>

			C	C+	B	B+	A	A+
Required	Independent level determination							
Optional	Verified by third party			Report verified by external source		Report verified by external source		Report verified by external source
	Verified by GRI							

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1.

IDENTITY

1.1.

BANK PROFILE

INTESA SANPAOLO

With a history of more than 400 years, Intesa Sanpaolo group provides customers with safety and the best financial solutions, believing that the ability to create real value for community as a whole is the way to sustainable development.

Intesa Sanpaolo is one of the leading banking groups in Europe and the largest in Italy. Created by the merger of the leading Italian banks, Sanpaolo IMI and Banca Intesa, the Group holds the leading position in Italy in terms of providing financial support to retail and corporate customers and serves 10.9 million customers through its business network of 5,300 branches.

Intesa Sanpaolo focuses its business operations on Central and Eastern Europe, the Middle East and Northern Africa, where it serves 8.3 million customers in 12 countries through a network comprising more than 1,500 branches. Intesa Sanpaolo also supports corporate customers through its international network covering 29 countries, with an emphasis on the Middle East, Northern Africa, the US, Russia, China and India.

www.intesasanpaolo.com

BANCA INTESA

In addition to providing financial support to its customers, Banca Intesa takes care of the needs of all other stakeholders, as well as the wider community, supporting a better quality of life, prosperity and the development of the economy and society at large.

Banca Intesa is the leading financial institution in the Serbian market, the Bank whose power is trusted by around 1.6 million customers – individuals, entrepreneurs, SMEs, large companies and local governments. As a member of Intesa Sanpaolo Group, the Bank provides reliability that is a result of business stability and knowledge of one of the leading international banking groups.

Banca Intesa is the leader in the domestic market by all key indicators of banking performance, while its comprehensive offer of modern banking products, a well-developed business network of nearly 200 branches, as well as the expertise and commitment of its employees make it the Bank of choice for customers across Serbia.

Striving to complete its offer of financial services, in 2006 Banca Intesa founded a leasing company, Intesa leasing d.o.o. Belgrade, which is also a member of Intesa San-

paolo group. The operation of the leasing company is not covered by this Report.

www.bancaintesa.rs

- 1991** One of the first private banks in Serbia, with the head office in Belgrade.
- 2005** Becomes a member of Banca Intesa group, now named Intesa Sanpaolo.
- 2006** Intesa Leasing founded.
- 2007** Becomes the leading bank in Serbia by all key performance indicators.
- 2008** Panonska Banka acquired and the number of employees increased to 3,000. Novi Sad becomes the second seat of the Bank.

MISSION

Banca Intesa's mission is to provide excellence in banking and financial services for its customers, leveraging on developing its presence in all the areas in which it operates. The Bank encourages a style of growth that focuses on sustainable long-term results and on establishing a trust-based process that stems from customer and shareholder satisfaction, from its employees' sense of belonging and listening to the needs of local communities.

CORPORATE VALUES

INTEGRITY - We pursue our goals with honesty, fairness and with a sense of responsibility in full compliance with the rules and principles of ethics mandated by the profession.

EXCELLENCE - We are committed to continuous improvement and cultivation of creativity with the aim of innovation.

EQUALITY - We oppose any kind of discrimination and respect gender, race, religious, political, language and intellectual differences, as well as age difference.

TRANSPARENTNOST - Transparency is the basis for all our activities, communication and contracts with the aim of enabling our customers to make independent and conscientious decisions.

RESPECT FOR EACH INDIVIDUAL - We carefully listen and work on improving the relations with each of our customers.

INDIVIDUAL VALUES - The value of each individual guides our modus operandi: we use listening and dialogue techniques as tools for continually improving relations with all stakeholders.

RESPONSIBLE USE OF RESOURCES - We strive to carefully use all resources and to promote the conduct based on the optimal use of resources and avoidance of waste.

STRATEGIC APPROACH TO SUSTAINABILITY

Banca Intesa's growth strategy is based on the principle of achieving sustainability while creating economic value. The Bank strives to achieve its growth strategy goals by contributing to increasing wellbeing of citizens and strengthening competitiveness of companies, by maintaining social cohesion, creating jobs and investing in projects with greater social, environmental and economic value.

Banca Intesa acts in accordance with the strategic priorities of Intesa Sanpaolo Group:

SUSTAINABLE GROWTH

Supporting economic growth that arises and is consolidated over time within a social context that implies the wellbeing of people, households and the production sector.

PRODUCTIVITY

Investing in the future so that in the event of limited resources process efficiency, leadership skills of the management and employee motivation keep our operational basis solid.

RISK CONTROL

Assessment and consideration of social, environmental and reputational risks related to business operations in order to ensure the stability of the company and raise awareness of these aspects when making business decisions.

The Bank's daily operation, identity, as well as the growth strategy itself, are based on:

- **The Code of Ethics**, which is an expression of the company culture and tradition from which Banca Intesa originates. This document provides, on the one hand, a framework through which the Bank observes and interprets different situations and, on the other hand, the ultimate goal to which it strives.
- **The CSR Strategy** adopted in 2011 with the aim of precisely defining the strategic priorities, the manner of their implementation, as well as monitoring and measurement mechanisms in corporate social responsibility.

STRATEGY IN PRACTICE

Committed to being a reliable partner to all its customers and a stable support to the whole community, Banca Intesa strived to harmonise its business strategy in the best way with market demands

and needs of the social and economic environment in 2012 as well. The primary areas of activity were defined based on the results of the dialogue with stakeholders and a detailed impact analysis, especially given the economic situation of Serbia that was characterised by a large budget deficit and economic activity decline primarily due to the negative impact of external factors, before all the continuing crisis in the Eurozone.

The deteriorated business environment resulted in a slowdown of lending activity due to reduced demand for loans, as well as in a high level of non-performing loans. Despite the difficult market conditions, Banca Intesa managed to maintain the continuity of stable operating results based on sustainable foundations. The Bank provided credit support for its customers, reaffirmed its position as the most active partner of the Government in terms of participation in the subsidised corporate lending programme and continued to improve its retail and corporate lending offer.

Banca Intesa also continued to contribute to sustainable growth through active participation in the dialogue that promotes solutions for overcoming the consequences of the economic crisis. The Bank was a partner of the conference Financing Growth in Serbia, organised in Belgrade by financial magazine The Banker, part of publishing company The Financial Times. The conference brought together renowned economists and financial experts with the aim of pointing out the ways to increase the competitiveness of the Serbian economy and attract investment. In addition, the Bank supported the Summit of SEE Governors and Finance Ministers dedicated to the financial future of the region. The event discussed the danger of growing public debt, fiscal stabilisation and consolidation, the impact of the crisis on public finances in the region, as well as the financing of the deficit and the tax and excise duty reform.

In accordance with its commitment to establish a balance between economic goals on the one hand and the needs of all stakeholders on the other, the Bank also made significant progress in implementing the existing CSR projects and at the same time launched new initiatives. True to its tradition of philanthropy, Banca Intesa continued to invest in arts, culture, health care, education and sports, as well as to strengthen the culture of corporate volunteering.

In the period ahead, Banca Intesa will remain focused on providing credit support for its customers, both in the retail and corporate sectors, while further improving the quality of its services and products.

BUSINESS AWARDS IN 2012

Financial magazine **The Banker**, part of publishing company The Financial Times Group, declared Banca Intesa the bank of the year in Serbia.

Magazines **Ekonometar** and **Magazin Biznis** presented Draginja Đurić, President of Banca Intesa Executive Board, with the Planeta Biznis (Business Planet) award for successful management of the bank that invested the highest amount of funds in CSR programmes during 2011.

Financial magazine **Euromoney** named Banca Intesa the best bank in Serbia in 2011.

DECLARATION OF COMPLIANCE WITH THE WOMEN'S EMPOWERMENT PRINCIPLES

Banca Intesa signed the Declaration of Compliance with the Women's Empowerment Principles at the conference Women's Empowerment Principles: Equality Means Business – Serbian Companies Leading the Way held in Belgrade in 2012 and organised by the United Nations Entity for Gender Equality and the Empowerment of Women and the United Nations Global Compact. The declaration expresses support for the promotion of equality between women and men in order to, among other things, enhance the competitiveness of companies, encourage the creation of economic and social conditions that provide equal opportunities for women and men, as well as facilitate sustainable development of the country.

JOINT INITIATIVES

By joining the local networks of international initiatives that promote corporate social responsibility, Banca Intesa strives to contribute to spreading responsible business practices, which gain additional importance in the current economic and social environment. In this regard, the Bank is involved in the projects aimed at improving the overall social and economic situation in Serbia.

Understanding the importance of joint action of companies, non-governmental, humanitarian and other organisations for which care of the people and community comes first, in 2012 Banca Intesa hosted a meeting of the Business Leaders Forum at which a plan of project implementation in the current year was presented, and then a meeting of the Serbian Philanthropic Forum.

UNITED NATIONS GLOBAL COMPACT <i>www.unglobalcompact.rs</i>	The largest global CSR network bringing together more than 10,000 members throughout the world and promoting the protection of human and labour rights, environmental management and fight against corruption.
BUSINESS LEADERS FORUM <i>www.fpl.rs</i>	The first business network for CSR in Serbia comprising 20 members.
SERBIAN ASSOCIATION OF MANAGERS <i>www.sam.org.rs</i>	A business association founded with the aim of becoming a credible social partner of the Serbian Government in the process of improving the business environment and accelerating economic development.
AMERICAN CHAMBER OF COMMERCE <i>www.amcham.rs</i>	An organisation that promotes the improvement of the business environment in Serbia, as well as the partnership between the U.S. and Serbian companies for the purpose of economic development.
FOREIGN INVESTORS COUNCIL <i>www.fic.org.rs</i>	A business association whose activities contribute to the improvement of the investment and business climate in Serbia.
NATIONAL ALLIANCE FOR LOCAL ECONOMIC DEVELOPMENT <i>www.naled-serbia.org</i>	A business association that brings together representatives of all three sectors of society – companies, municipalities and NGOs, which work together on improving the conditions for local economic development and doing business in Serbia.
CHAMBER OF ITALIAN AND SERBIAN BUSINESSPEOPLE <i>www.ccis.rs</i>	A non-profit organisation that fosters, improves and develops trade between Italy and Serbia.

1.2.

GOVERNANCE AT BANCA INTESA

CORPORATE GOVERNANCE

Shareholders of Banca Intesa ad Beograd – ownership structure: Intesa Sanpaolo Holding International S.A. 77.79%, Intesa Sanpaolo SPA 15.21%, International Finance Institution (IFI) 7.00%. The governance of the Banca Intesa joint stock company is organised as a two-tier system.

The Bank's Board of Directors consists of five members elected by the General Meeting of Shareholders upon the shareholders' proposal, including the Board President. The term of office of Board members is three years, with a possibility of re-election. The President of the Board of Directors of Banca Intesa is Massimo Malagoli and its members are Paolo Sarcinelli, Beata Kissne Foldi, Nevenka Žarkić Joksimović, PhD, and Ivan Šramko.

The Executive Board of Banca Intesa consists of seven members, including the President. The term of office of Executive Board members is three years, with a possibility of re-election. The President of the Executive Board of Banca Intesa is Draginja Đurić, the Vice President of the Executive Board is Marco Capellini, and Board members are Darko Popović, Head of the Corporate Banking Division, Vlastimir Vuković, Head of the Retail Division, Dragica Mihajlović, Head of the Financial Management and Treasury Division, Slađana Jelić, Head of the Risk Management Division and Marko Marković, Head of the Operations Management Division.

Women account for 40% of the members of the Board of Directors and 42.86% of the members of the Executive Board of Banca Intesa.

The Bank's Audit Committee consists of three members, including the Chairman. The term of office of Committee members is three years, with a possibility of re-election. The Committee Chairman is Giovanni Bergamini and its members are Beata Kissne Foldi and Nevenka Žarkić Joksimović, PhD.

The President of the Board of Directors, as a governance body, does not have a direct executive role, given that Banca Intesa, organised as a joint stock company with a two-tier governance system, delegates executive roles to the Executive Board as a management body that organises the Bank's operations and performs daily monitoring of the activities of the Bank employees, while the Board

of Directors makes strategic decisions aimed at the Bank's compliance, takes care of and is responsible for the accuracy of all reports, financial condition and operating results of the Bank addressed to the Bank's shareholders, the public and the National Bank of Serbia.

In line with the Law on Banks and the Decision of the National Bank of Serbia, as well as the Bank's bylaws, members of the Board of Directors are appointed and dismissed by the General Meeting of Shareholders, while members of the Executive Board are appointed and dismissed by the Bank's Board of Directors. Domestic regulations clearly list conditions that members of the Executive Board and the Board of Directors must meet in order to get prior approval of the regulatory body, i.e. the National Bank of Serbia, without which they cannot become members of these boards. This includes, among other things, good business reputation and appropriate qualifications. In addition, an appropriate experience in finance is also required for at least three members of the Board of Directors, while at least one member of the Board of Directors must have active knowledge of Serbian and reside in the territory of the Republic of Serbia. In addition to the conditions, the domestic regulations also specify a list of documents confirming the fulfilment of the required conditions and this list is submitted to the National Bank of Serbia in order to obtain its approval. After obtaining the approval, the appointed person is registered with the Business Registers Agency as well.

Banca Intesa provided in its bylaws for the mechanisms and channels of direct e-mail communication with its parent group Intesa Sanpaolo with the aim of respecting the individual and dignity of each employee, as well as the values proclaimed by the Code of Ethics. The Bank's shareholders, i.e. the General Meeting of Shareholders, participate in and directly impact the work of the Board of Directors as a governance body in the following ways:

- The General Meeting of Shareholders adopts the business policy and strategy of the Bank
- The General Meeting of Shareholders adopts the Articles of Association and the amendments to the Memorandum and Articles of Association
- The General Meeting of Shareholders appoints and dismisses the President and members of the Board of Directors
- The General Meeting of Shareholders appoints and dismisses the external auditor
- The General Meeting of Shareholders considers and adopts the annual report of the Board of Directors.

The adopted remuneration policy for the entire human resources of the Group, including the variable components, is based on equality, merit and sustainability of results. The guidelines for defining the management remuneration policy are based on objective elements and parameters resulting from the assessment of organisational positions, as well as performance and potentials, with the aim of creating an integrated system

for the members of management, thus helping their professional development. The policy provides for remuneration in the form of benefits, which is also based on financial instruments and linked to the results of the company – which corresponds to the level of assumed risk and is regulated so as to avoid giving benefits that, in the long term, are not in accordance with the Group's interests. Based on the performance indicators closely linked with the long-term goals, the benefit determination systems are based, among other things, on the principle of symmetry, with the amounts of paid benefits being based on the results achieved at the Group, business sector and individual levels and therefore being capable of decreasing significantly and even reaching a zero if the minimum indicators that reflect the Group profitability are not achieved, also taking into account the risks assumed and the capital used.

When it comes to conflicts of interest, Banca Intesa has prescribed, in accordance with the provisions of the Law on Banks, as well as with its bylaws and those of its parent Group, an obligation for members of the Board of Directors and the Executive Board to submit a written statement of conflict of interest to the Bank's Board of Directors within one month from the day of taking office. The members of the Board of Directors and the Executive Board are obliged, in accordance with the bylaws regulating the transactions with related parties and the conflict of interest, to submit once a year completed standard questionnaires whose content is designed by the parent Group and which contain the information relevant for establishing if there is any conflict of interest.

One of the methods of controlling the sustainability at Banca Intesa is the power of the Board of Directors as a governance body to set up a single risk management system at the Bank and the supervision of this system, as well as its duty to make sure that the Executive Board identify the risks to which Banca Intesa is exposed and to control these risks in accordance with the approved policies and procedures. The Board of Directors gives approval to the Bank's exposure to one or a group of related parties for over 10% or for the increase in the exposure to over 20% of Bank equity; adopts internal audit plan and programme; considers external and internal audit reports; sets up the internal control system; defines the internal organisation and organisational structure of the Bank that ensures the division of duties, authority and responsibilities of its employees in a manner that prevents conflict of interest and ensures a transparent and documented process of decision making and implementation; decides on disposing with the Bank's fixed assets and the stakes and shares that the Bank has in other legal entities.

The work of the Executive Board is evaluated through the MBO (Management by Objectives) system, which is based on setting measurable objectives based on which

the annual performance is monitored.

RISK MANAGEMENT

Controlling social and environmental risks in the governance process

By a decision of the Executive Board, the Bank appointed the persons responsible for environmental protection with the aim of establishing an Environmental Management System – EMS and ensuring compliance with the rules of environmental protection and corporate social responsibility in lending operations so that the system would be fully applied until the final collection of all loan instalments. A Senior Environmental Management Officer (Deputy President of the Executive Board) and an Environmental Management Coordinator (compliance risk management specialist) were appointed.

The Environmental Management Coordinator, with the approval of the Senior Environmental Management Officer, informs the Executive Board, the Asset Quality Committee and the Credit Committee of any significant increase in the level of socio-environmental risks in individual Bank customers, particularly in customers with high credit exposure, and prepares reports on socio-environmental risks for international development banks towards which the Bank has such reporting obligation.

The responsible organisational unit of the Bank monitors risks through the process of evaluating loan applications taking into account the criteria related to lending to all customers engaged in production and service activities and the criteria related to environmental risk management.

Fight against corruption and compliance

The internal regulatory source that governs the system for control and mitigation of corruption risks comprises: the Code of Ethics, the Code of Conduct, the Rulebook on Relations with Political Parties and the following Bank procedures: the Procedure for the Prevention of Internal Fraud and Abuse at the Bank and the Employment Termination Procedure.

The Code of Conduct prescribes in detail the rules in connection with receiving and giving gifts, and the measures prescribed in the event of corruption are related to the violation of work duties, so the measures stipulated by external regulations, i.e. the Labour Law (e.g. compensation for damage, removal of employee from work or employment termination) but also the Criminal Code may be pronounced against an employee. Based on the Legal Department records, no proceedings were initiated against Banca Intesa ad Beograd in connection with corruption, since no complaints or reprimands prior to complaint were delivered during 2012. In the same

period, 30.47% of the employees received an internal statutory AML training, with the aim of acquainting the employees with the method of identifying and reporting transactions that are considered suspicious and that the Bank is legally obliged to report to the relevant regulatory body – the Administration for the Prevention of Money Laundering.

The Rulebook on Relations with Political Parties prescribes the obligation of the Bank to refrain from granting donations and sponsorship to:

- Political parties and any organisations related to them
- Political movements and their organisational units
- Trade union organisations
- Competent authorities and institutions.

The prohibition of granting donations and sponsorship to the above organisations aims at the protection against any grants that would result in a privileged position to the Bank or unfair decisions in favour of the Bank.

The Compliance Office, as well as the relevant organisational units of the Bank, is committed to the regulation of processes and the definition of procedures and their operating rules, as well as practice, which efficiently prevent the violation of applicable regulations. The Compliance Office also provides support to the top bodies of the Bank in monitoring the compliance risk. The compliance risk assessment process is constant. Through semi-annual reporting these risks are identified and priority measures for their elimination or mitigation are determined, i.e. the level of efficiency of the existing compliance controls is assessed.

The Internal Audit provides direct support to the top bodies of the Bank in monitoring the compliance with and adequacy of the rules contained in the Bank's bylaws. If it identifies critical issues during its activity, the Internal Audit informs the relevant organisational units and the top bodies of the Bank with the aim of determining adequate measures for risk mitigation and the method of their implementation.

Reputational risk management

The Bank attaches great importance to reputational risks that are assessed as part of the compliance control system, which is within the competence of the Compliance Office. Banca Intesa believes that the standards in this area, as well as the business ethics, are key elements that form the basis of banking operations, which, by their nature, are based on trust.

Bylaws, such as the Code of Ethics, policies and other, define that any non-compliance with the bylaws, the principles and values contained in them, as well as with

external regulations (laws and secondary legislation) exposes the Bank to a certain level of reputational risks.

Management of social and environmental risks in lending

- Equator Principles

As a member of international banking group Intesa Sanpaolo, Banca Intesa was informed in 2012 about the Group Rules for the implementation of the Equator Principles for all Group members and late in the year started the preparation for active implementation of the Equator Principles for project financing and advisory services in connection with project financing. The goal of these principles is to identify and assess risks and perform risk management based on the criteria defined by the Equator Principles, with the aim of adhering to the principle of sustainability of natural resources, human health, human rights, cultural heritage and biodiversity.

- Armaments

The sensitive sectors that the Bank monitors with special attention include armament production and trade. In accordance with the relevant bylaw of its parent Group, the Policy of Not Financing of Armaments, in 2011 Banca Intesa adopted the Procedure for the Performance of Transactions Related to Armament Production and Trade, which regulates the identification and preparation of the summary of the customers engaged in armament and military equipment production and trade, the monitoring of the transactions and loan applications of the customers engaged in armament and military equipment production and trade, the approval of the transactions and loan applications related to armament and military equipment production and trade in accordance with the Policy of Not Financing of Armaments, as well as the preparation of reports on the transactions related to armament and military equipment production and trade.

Protection of health and safety

Occupational health and safety at Banca Intesa are regulated in accordance with international directives, recommendations and positive laws of the Republic of Serbia.

During 2012, an assessment was made of the situation regarding occupational health and safety and the risk level for about 200 facilities at which work is performed. A schedule of elimination of recorded risks to the health of Bank employees was defined and implemented according to priorities and the budget planned. In connection with this, risk assessment documents were updated as well.

When it comes to physical security, investments in technical solutions continued in 2012 as well. The number of robberies decreased by 33.33% in 2012 relative to 2011, while the number of customers and employees who were present at the branch during robbery fell by around 60%.

Risk management in supply chain

- *Supplier check*

The Procurement Unit and the organisational part in charge of procurement are obliged to evaluate the received supplier bids applying the methods of qualitative and quantitative analysis, as well as to align the bid evaluation criteria, prior to inviting the bidders to submit offers, by combining specific criteria, one of which is the Compliance of Bidder's Operations with the Corporate Social Responsibility Principles.

- *Health and safety risk assessment*

In accordance with the Procurement Policy, members of Intesa Sanpaolo Group are expected to include the parameters of assessment of environmental management and occupational health protection in their procurement process, giving priority to the use of recycled paper, highly energy efficient products and environment-friendly technical equipment.

Group members must include special provisions in the procurement contracts they conclude with their suppliers. These provisions provide for the obligation of suppliers to comply with the principles specified in the Intesa Sanpaolo Rules for the Environmental and Energy Policy. Constant checks are performed in the countries where legal measures regarding environmental protection were adopted, in order to ensure compliance.

In the area of personnel training and spreading the awareness of the importance of these issues, the training of the employees who directly communicate with suppliers must include fields related to corporate social responsibility, as well as to the responsibility for environmental protection.

CSR management model

The adoption of the Code of Ethics with the defined values to which Banca Intesa is committed introduced a management model based on the principle of responsibility that requires commitment to aligning everyday business activities with the declared values at the individual level, as well as at the level of the Bank's organisational units.

The Marketing and Communications Department, independently, as well as in close cooperation with CSR ambassadors, delegated representatives of all organisational parts of the Bank, implements and coordinates projects and activities in the area of corporate social responsibility. The CSR ambassadors provide the Department with necessary information in connection with the implementation of projects and activities and participate in monitoring, measuring and reporting to

the parent Group and other stakeholders.

The Marketing and Communications Department also takes steps to make the criteria of corporate social responsibility a recognisable element of the whole management system and, to this end, cooperates with the top management in the process of defining the policies and strategies of corporate social responsibility, communicating to the top representatives of the Bank the results of dialogue with the stakeholders, their needs and key issues that should be a part of strategic guidelines. In this context, the process of preparing the Sustainability Report is of key importance for monitoring social and environmental impacts and activities as it integrates the results of dialogue with the stakeholders, quantitative indicators and compliance with the Code of Ethics.

REPORTING ON NON-COMPLIANCE WITH THE CODE OF ETHICS

The Procedure for Managing the Reports of Non-compliance with the Code of Ethics was adopted in 2011 and is implemented in all organisational units of the Bank in the process of delivering reports in cases of suspicion or knowledge of any activities or individual acts that are contrary to the Code of Ethics and other bylaws of the Bank.

The procedure for managing the reports of non-compliance with the Code of Ethics consists of several steps: non-compliance reporting, report analysis, translating and delivering the information to the parent Group, establishing the status and verifying the facts, involving the relevant department, proposing corrective actions and delivering reports to relevant stakeholders, as well as to the parent Group.

The Bank employee who noticed any behaviour of one of his/her colleagues that seems not to be in accordance with the moral and ethical principles prescribed by the Code of Ethics delivers a non-compliance report to the following e-mail address: eticki.kodeks@bancaintesa.rs. The report may also be delivered in hard copy to the following address: Banca Intesa ad Beograd, Marketing and communications department, Bulevar dr Zorana Đinđića 2a, 11070 New Belgrade.

Through the above mechanism, Banca Intesa recorded no cases of human rights violation, as defined by the Code of Ethics, during 2012.

1.3.

RELATIONS WITH STAKEHOLDERS

DIALOGUE WITH STAKEHOLDERS

The dialogue with stakeholders that it fosters with the aim of defining sustainability strategies is an integral part of Banca Intesa’s wider business activities and a prerequisite for preparing the Sustainability Report. A constant exchange of opinions with all those that are parts of everyday business, social and natural environment of the Bank enables it to understand current

social issues, expectations and risks, both reputational and operating, which are in connection with its strategic decisions.

Due to the importance of this process to all stakeholders, as well as to the Bank itself, its full efficiency is ensured by adopting a strategic approach based on the international methodology of stakeholder engagement, the AA1000 Standard (Institute of Social and Ethical Accountability). Year after year, the dialogue is carried out using different techniques including focus groups, on-line questionnaires, satisfaction surveys and similar. Based on the results obtained, the achievements so far are analysed and new goals for the future are set.

During the process of designing the CSR Strategy of Banca Intesa and in cooperation with expert consultants, a number of qualitative interviews were held with stakeholders, i.e. representatives of key sectors – public, civil and business – who were selected to participate in the analysis based on the importance of their role for the Bank itself or for a specific CSR area.

GROUP	ENGAGEMENT MECHANISM	KEY TOPICS
CUSTOMERS	Telephone interviews On-line surveys Focus groups Benchmarking surveys Satisfaction survey Complaint and grievance analysis	Retail: Support to households, financial inclusion of retired persons and youth, innovative products for improving the quality of life Corporate: support to the development of entrepreneurship and economic growth
EMPLOYEES	On-line questionnaires Surveys Employee satisfaction survey	Equal opportunities Professional development Remuneration policy and performance monitoring Quality of relations
COMMUNITY	PMeetings with civil society organisations (CSOs) Working groups, working bodies	Financial inclusion of vulnerable groups Support to children and youth Community development through support to culture, art, health care, sports and projects of wider national importance
SUPPLIERS	Supplier information form	Risk prevention: health and safety corporate social responsibility of suppliers
ENVIRONMENT	Meetings with CSOs Working groups, working bodies	Investment in energy efficiency projects Responsible resource management

STAKEHOLDER MAP

Key stakeholders are defined based on several AA1000 Standard criteria, including:

- Influence – the groups and/or individuals who may influence the making of strategic and operating decisions in the Bank
- Representation – the groups and/or individuals who represent other individuals and/or groups
- Degree of dependence – the groups and/or individuals who mostly depend on the Bank.

MATERIALITY

The indicators that arise as a result of stakeholder engagement are analysed in detail within the Bank in order to determine the extent to which the Bank is able to meet the needs and expectations of its environment. In addition to the need for them to be mutually harmonised, it is important that the interests of various stakeholders be consistent with the Bank's strategy.

In the area of sustainability, the Bank addresses a number of topics of different levels of importance while keeping up with the practices of its parent Group. These topics are presented in the Materiality Matrix, which is created as a result of needs monitoring, and the issues located in the high-value field on both axes are priority issues for Banca Intesa.

The Sustainability Report is designed in the same way – a small number of relevant topics were selected and given more space, while other topics are less represented or available in a more general form through other information sources, such as the Bank's website.

CUSTOMERS	INDIVIDUALS SMALL BUSINESS SMES LARGE COMPANIES LOCAL GOVERNMENTS CONSUMER ASSOCIATIONS BUSINESS ASSOCIATIONS PUBLIC ADMINISTRATION
EMPLOYEES	MANAGERS OFFICERS EMPLOYEES
COMMUNITY	LOCAL AND STATE PUBLIC INSTITUTIONS (REGULATORY BODIES, LOCAL GOVERNMENT, ETC.) CSOS MEDIA
SUPPLIERS	DOMESTIC FOREIGN
ENVIRONMENT	ENVIRONMENTAL ORGANISATIONS NEXT GENERATIONS

MARERIALITY MATRIX

	Customers	Employees	Community	Suppliers	Environment
High		Fight against corruption Training, listening and dialogue Transparency and fairness Diversity management Sustainability aspects in customer assessment	Assessment, incentives, and development Growth and innovation Monitoring environmental risks Proximity, listening, simplicity, clarity, transparency	Support for households Employment for economy	
Medium	CSR criteria in selection	Human rights protection Culture promotion Work-life balance Management of direct environmental impact	Financial inclusion NGO support Welfare, health and safety	Environmentally friendly products and services	
Low					
	Low	Medium	High		

TABLE OF GOALS

	Done in 2012	Goals for 2013	Strategic framework
CORPORATE GOVERNANCE			
<p>- Improvement of the Bank's organisational model</p> <p>- Business process optimisation</p> <p>- Efficient project and change management in the Bank</p>	<ul style="list-style-type: none"> - The management structure in the risk management organisational segment was changed by introducing a new management position - The internal organisational structure of some organisational units was improved - All regional business support functions were centralised 	<ul style="list-style-type: none"> - Implementation of the first phase of regional structure consolidation with the aim of simpler management of the business network - Simplification of organisational structure and improvement of internal organisation of some organisational units - Grouping of organisational units in charge of risk and operations management into divisions with the aim of optimisation and achieving a greater balance of the organisational structure - Establishing the control of the appropriateness of the administrative and financial management system - Improving the Bank's internal control system by introducing a new management function - Improvement of the Magnifica service model by forming the Affluent Centre organisational unit 	<ul style="list-style-type: none"> - Rulebook on Internal Organisation of the Bank
<p>- Commitment to the development and improvement of corporate social responsibility</p> <p>- Commitment to the promotion of corporate value sustainability</p>	<ul style="list-style-type: none"> - The social and environmental risk management system was improved - The compliance risk management system was improved - The area of competition protection was regulated - The personal data protection process was improved - Introduction of the environmental management principle in event organisation 	<ul style="list-style-type: none"> - Further improvement of the social and environmental risk management system through additional employee training - Improvement of the regulatory framework in the anti-corruption area - Improvement of competition protection through additional employee training - Improvement of processes in connection with the disposal and use of paper, electronic waste and other waste - Improvement of the procedural framework for personal data protection - Improvement of customer protection through better application of general business conditions - Improvement of the prevention of internal and external fraud and the model for combating money laundering and terrorism financing, as well as tax evasion - Regulation of the procedural framework for insider information management - Development of the CSR ambassador system 	<ul style="list-style-type: none"> - The Code of Ethics - The Code of Conduct - The Procedure for the Performance of Transactions Related to Armament Production and Trade - The Rulebook on the Relations with Political Parties - The Social and Environmental Risk Management Procedure - The Rulebook on the Protection of Competition - The Procedure for the Business Processes of Personal Data Protection - The Compliance Risk Management Procedure - The Bank Compliance Monitoring Programme - The Environmental Protection and Energy Efficiency Policy - The Procurement Policy - The Goods and Services Procurement Procedure - General business conditions - The Policy of Managing Insider Information and Personal Transactions with Financial Instruments

Done in 2012	Goals for 2013	Strategic framework	
RELATIONS WITH CUSTOMERS			
<ul style="list-style-type: none"> - Improvement of the work process - Technological improvement of services 	<ul style="list-style-type: none"> - Introduction of the QMS system - Implementation of new branch layout standard - Promotion of new e-banking channel (Infoterminal) - Introduction of the ATM Locator - Upgrading the on-line banking application - Improvement of the Intesa Mobi mobile banking service 	<ul style="list-style-type: none"> - Continued introduction of the QMS system - Full implementation of the new CRM solution, CR-ISP, which improves the management of customer relations and speeds up the processes in the work with customers - Linking the QMS and CR-ISP systems - Employee training and workshops aimed at better communication with customers and recognition of their needs - Preparation of a sales manual for employees aimed at improving communication with customers - Introduction of a standing order for corporate customers for credit cards and fees for FX payment operations - Improvement of the on-line banking application for corporate customers 	<ul style="list-style-type: none"> - The Code of Ethics - The Law on the Protection of Financial Services Consumers - Operating instruction: Standing Orders for Corporate Customers - Product and Service Development Procedure
<ul style="list-style-type: none"> - Strengthening partner relations through educational contents 	<ul style="list-style-type: none"> - Intesa Academia Executive Workshop for corporate customers 	<ul style="list-style-type: none"> - Intesa Academia Executive Workshop for corporate customers - Workshops on factoring and guarantees 	
PRODUCTS AND SERVICES FOR COMMUNITY DEVELOPMENT			
<ul style="list-style-type: none"> - Products and services for vulnerable social groups 	<ul style="list-style-type: none"> - Introduction of refinancing loans with unemployment and permanent disability insurance - Introduction of the Intesa Vita loan programme for financing health care services 	<ul style="list-style-type: none"> - Introduction of cash loans with unemployment insurance and instalment delay option - Introduction of new purposes for the Intesa Vita loan programme 	<ul style="list-style-type: none"> - The Code of Ethics - Product and Service Development Procedure
<ul style="list-style-type: none"> - Support for youth and children 	<ul style="list-style-type: none"> - The Prove Yourself 100% student competition - Financial education of youth through the UNGC Serbia Working Group on CSR in Banking and Finance - Student education through the competition in the course Project Management for the Use of Heritage 	<ul style="list-style-type: none"> - Practical training of students who won the Prove Yourself 100% student competition - Financial education of youth through the UNGC Serbia Working Group on CSR in Banking and Finance - Support to the winners of the competition in the course Project Management for the Use of Heritage 	<ul style="list-style-type: none"> - The CSR Strategy
<ul style="list-style-type: none"> - Support to the development of businesses and enterprises 	<ul style="list-style-type: none"> - Participation in the programme of Government measures for supporting the economy - Introduction of long-term loan for entrepreneurs - Support to agriculture through five new loan models 	<ul style="list-style-type: none"> - Further promotion of start-up loans for women entrepreneurs - Continued implementation of loans from the EFSE credit line - Introduction of loans from the Local Economic Development in 	<ul style="list-style-type: none"> - The Foreign Loan Handling Procedure

PRODUCTS AND SERVICES FOR COMMUNITY DEVELOPMENT

	<ul style="list-style-type: none"> - Continued promotion of start-up loans for women entrepreneurs - Agreements with the EIB, EBRD and KfW on credit lines for SMEs, public and large companies. 	<p>the Balkans (LEDIB) programme</p> <ul style="list-style-type: none"> - Conclusion of new agreements with the IFC on credit lines for the public sector and SMEs 	
- Participation in the projects of cultural and historical heritage protection	<ul style="list-style-type: none"> - Further implementation of The Place I Love project 	<ul style="list-style-type: none"> - Continued implementation of The Place I Love project by carrying out the works in Novi Sad and examining the ways for the implementation of the project in Belgrade 	<ul style="list-style-type: none"> - The CSR Strategy
RELATIONS WITH EMPLOYEES			
- Efficient assessment and career guidance systems	<ul style="list-style-type: none"> - Introduction of the Global Performance Assessment and Remuneration System - Providing scholarships for master studies of employees in Italy - Introduction of a distance learning (e-learning) system - More than half of the employees received some form of training 	<ul style="list-style-type: none"> - Development of the assessment system for employees in the business network - Providing scholarships for MBA programmes - The programme of training the employees in the business network with an emphasis on the improvement of managerial knowledge and skills - Mentoring – induction of new employees by assigning them a mentor and providing on-the-job training - Adoption of the Code of Conduct and the new Collective Bargaining Agreement 	<ul style="list-style-type: none"> – The Code of Ethics - The Training, Professional Advancement and Human Resource Development Procedure
- Dialogue and engagement with employees	<ul style="list-style-type: none"> - Based on the results of the employee satisfaction survey, the induction training for new employees was improved - Improvement of the internal portal - The launch of internal campaigns Get Involved and We Are Our Stories - Higher participation in volunteer campaigns, involvement in new initiatives 	<ul style="list-style-type: none"> - Further improvement of all internal communication channels, including a redesign of the internal portal - Launching new internal campaigns - Launching a corporate volunteering programme 	
- Improvement of the working conditions in terms of safety (OHS, fire protection, physical security)	<ul style="list-style-type: none"> - Training of new employees in the business network in cooperation with the Human Resources Department - Adoption of a rulebook on training and raising awareness about safety among employees - Training the employees in the provision of first aid - Assessment of safety risks on all sites in the areas of OHS, fire protection and physical security 	<ul style="list-style-type: none"> -- Training of all employees in business continuity management (BCM) through the e-learning channel - Education of all employees in information security through the e-learning channel - First aid training - Assessment of safety risks on all sites in the areas of OHS, fire protection and physical security 	<ul style="list-style-type: none"> - The OHS Rulebook - The methodology of risk assessment in the Bank facilities in terms of physical security and OHS - Operating instruction: Keeping records of safety findings and recommendations in the area of occupational health and safety

Done in 2012	Goals for 2013	Strategic framework	
ENVIRONMENTAL MANAGEMENT			
<p>- Carbon footprint reduction</p>	<ul style="list-style-type: none"> - Implementation of the pilot phase of the Printing Consolidation project - Responsible resource management by reducing the use of direct energy (automatic computer shutdown) - Increasing the quantities of recycled electronic, electrical, paper and hazardous waste - Emission reduction through fleet improvements 	<ul style="list-style-type: none"> - Implementation of the Printing Consolidation project - Improvement of energy efficiency through the works on the adaptation of the Bank's facilities - Increasing the quantities of recycled electronic, electrical, paper and hazardous waste - Emission reduction through fleet improvements 	<ul style="list-style-type: none"> - The Code of Ethics - The Environmental Protection and Energy Efficiency Policy - The Procurement Policy - The Goods and Services Procurement Procedure
<p>- Investment in energy efficiency and renewable energy sources</p>	<ul style="list-style-type: none"> - Subsidised loans for improving the energy efficiency of households - Loans from the GGF credit line for the improvement of energy efficiency of individuals and small businesses - Loans from the KfW credit line for the improvement of energy efficiency of SMEs 	<ul style="list-style-type: none"> - Further granting of loans from the GGF credit line for the improvement of energy efficiency of individuals and small businesses - Conclusion of new agreements with the KfW for the public sector for energy and environmental management with an EU grant, as well as the extension of the KfW credit line for energy efficiency of SMEs - Conclusion of agreements with the EBRD for energy efficiency of SMEs 	<ul style="list-style-type: none"> - The Foreign Loan Handling Procedure - The Environmental Protection and Energy Efficiency Policy

2.

SUSTAINABILITY

2.1. GENERATED ECONOMIC VALUE

MARKET POSITION

According to the official data of the National Bank of Serbia as of December 31, 2012, Banca Intesa is the leader in all business segments.

	in million euros
Net assets	3.635
Customer loans	2.363
Customer deposits	2.300
Equity	792

Banca Intesa continued to post good business results in 2012 as well. Despite the economic crisis, the Bank continued to be a reliable partner to businesses and individuals through its stable credit support strengthening its leading position in the Serbian banking sector. The Bank's total loans to corporate and retail customers including cross-border loans reached 2.62 million euros at the end of December 2012, while deposits totalled 2.41 million euros. The business network consisted of 199 branches, 5 home loan centres and 4 home loan offices. In addition, Banca Intesa has the most developed network of POS terminals and ATMs, with 16,348 active POS terminals and 257 ATMs.

RETAIL BANKING

The Bank had 1.47 million retail customers at the end of 2012. The total loan portfolio was 670 million euros, while retail deposits increased to 1.319 million euros. Banca Intesa confirmed its leading position in e-banking and payment card business during 2012

DIRECT AND INDIRECT ECONOMIC VALUE GENERATED IN 2012

Banca Intesa employs more than 3,000 people.

As an active partner of the state, Banca Intesa supports economic development initiatives of the Government.

Banca Intesa cooperates with almost 260 suppliers.

Banca Intesa participated in numerous community support projects and implemented more than 130 donor activities.

Total generated economic value of Banca Intesa was 22,091,943,750 dinars.

The Bank directly provides over 3,000 jobs, and it paid 1,997,940,391 dinars into the budget of Serbia as taxes and contributions for wages and pensions.

The budget of Serbia received 991,900,043 dinars in the form of regular tax payments.

With almost 80 million euros allocated for procurement, it indirectly strengthens the stability of business and jobs in its supplier chain.

The investment in the community amounted to 33,204,000 dinars through donations to the local community, 24,827,000 dinars through investment in infrastructure and 2,614,163.40 dinars through volunteer activities.

The economic value distributed through operating costs and personnel expenses and liabilities to the Government and the community amounted to 11,685,276,481 dinars.

*All data refer to 2012.

as well and had around 1.3 million debit and credit cards issued at the end of December. At the same time, small business loans reached 156 million euros, while loans granted to farmers amounted to 36 million euros.

CORPORATE BANKING

In the corporate segment, Banca Intesa had 119,000 customers at the end of 2012. The constant increase in the lending activity from the previous year continued during 2012 as well, with corporate loans reach-

ing 1.76 million euros at the end of December. At the same time, corporate deposits amounted to 996 million euros.

Thanks to the increase in all key balance sheet items, a net income of 240 million euros was posted. In addition, despite the unfavourable business environment due to the global financial crisis, high business efficiency was maintained – the cost-to-income ratio was 39.8%. Net profit after tax was 84 million euros at the end of December 2012.

TOTAL INCOME AND EXPENSES	
1 ECONOMIC VALUE GENERATED	000/RSD
Interest income	31,340,971
Interest expenses	-11,790,051
Fee and commission income	7,890,743
Fee and commission expenses	-2,292,104
Net profit on sale of securities at fair value through profit and loss	1,008
Net profit on sale of securities available for sale	49,855
Net profits on sale of equity investments	434
Net exchange rate loss	-13,263,673
Dividends and share income	2,925
Other operating income	554,540
Net expenses on indirect write-off of placements and provisions ¹	-5,415,518
Operating and other expenses ²	-189,518
Income from changes in value of assets and liabilities	31,390,752
Expenses from changes in value of assets and liabilities	-16,188,419
TOTAL ECONOMIC VALUE GENERATED	22,091,945
2 ECONOMIC VALUE DISTRIBUTED	
2.1. Operating costs ³	
Costs of material	-487,362
Building and equipment maintenance costs	-753,215
Office and equipment lease costs	-934,768
Costs of intellectual services	-369,026
Advertising	-355,296
Costs of business travel and employee training ³	-93,716
Other operating costs ³	-2,098,067
TOTAL OPERATING COSTS	-5,091,449
2.2. Employee expenses ³	
Wages and salaries	-3,312,415
Costs of taxes and contributions on wages and wage allowances ³	-1,997,940

Cost of employees transportation ³	-76,490
Costs of remuneration for temporary and occasional assignments	-5,861
Costs of employees education not related to their job ³	-3,157
Other personnel expenses	-172,859
TOTAL EMPLOYEE EXPENSES	-5,568,723
2.3. Expenses related to liabilities to the government	
Income tax	-830,548
Indirect taxes and duties ³	-161,352
TOTAL EXPENSES RELATED TO LIABILITES TO THE GOVERNMENT	-991,900
2.4. Community-related expenses:	
Donations and corporate social responsibility ³	-33,204
TOTAL COMMUNITY-RELATED EXPENSES	-33,204
TOTAL ECONOMIC VALUE DISTRIBUTED	-11,685,276
3 ECONOMIC VALUE RETAINED ⁴	10,406,668

¹ The item differs from the income statement in the annual report in that the Provisions for Employee Benefits (IAS 19), Legal Disputes and Restructuring (IAS 37) are excluded.

² The item differs from the income statement in the annual report in that the Operating Costs are presented in the section Distributed Economic Value in several segments stated, while Direct Write-offs of Investment in Shares of Other Legal Entities Due to Liquidation is not presented within Other Operating Expenses.

³ The items differ from the income statement in the annual report in that a part of the Operating Costs is reclassified into the following segments: Employee Expenses, Expenses Related to Liabilities to the Government and Community-Related Expenses.

⁴ This represents BIB's profit net of the Provisions for Employee Benefits, Legal Disputes and Restructuring, the Gains and Losses on Deferred Tax Assets and Liabilities, the Depreciation Costs and the Direct Write-offs of Investment in Shares of Other Legal Entities Due to Liquidation.

2.2.

STAKEHOLDER VALUE ADDED

needs of its customers and the problems they face most often, while also providing them with important advisory services.

The Bank's goal is to provide support to its corporate and retail customers, while observing the highest standards of good business practice customer relations. In the area of customer support, the topics in focus are:

- SUPPORT TO ECONOMY
- FINANCIAL INCLUSION AND EDUCATION
- CUSTOMER SATISFACTION

STAKEHOLDER MAP

	RELEVANT TOPICS
CUSTOMERS	SUPPORT TO ECONOMY FINANCIAL INCLUSION AND FINANCIAL EDUCATION CUSTOMER SATISFACTION
EMPLOYEES	EQUAL OPPORTUNITIES EMPLOYEE DEVELOPMENT EMPLOYEE SATISFACTION
COMMUNITY	COMMUNITY DEVELOPMENT SUPPORT TO CHILDREN AND YOUTH
SUPPLIERS	TRANSPARENCY AND EQUALITY IN SUPPLIER SELECTION PROMOTION OF SUSTAINABILITY IN SUPPLY CHAIN
ENVIRONMENT	RESPONSIBLE RESOURCE MANAGEMENT RESPONSIBLE FINANCING

SUPPORT TO ECONOMY

Banca Intesa supported the **programme of measures of the Government of the Republic of Serbia for support to the economy** in 2012 as well and started to approve applications for loans with subsidised interest rate in early September. Since the very beginning of the programme for mitigating the effects of the crisis, which was initiated in 2009, Banca Intesa has been the most active commercial bank in granting subsidised lending.

In late 2012, **Banca Intesa and the European Investment Bank (EIB)**, which has provided EUR 70 million in corporate loans so far, concluded an agreement on a new, EUR 30 million credit line for investment loans and loans for durable working assets for financing small, medium-sized and large enterprises. At the same time, through a new five-year credit line of the **European Bank for Reconstruction and Development (EBRD)**, Banca Intesa provided an additional EUR 30 million for SME customers. The funds from this credit line are granted in the form of revolving loans, loans for working assets and investment loans with the maximum repayment period of up to five years and a grace period of up to one year.

CUSTOMERS

By integrating corporate social responsibility into its core business, Banca Intesa strives to contribute to sustainable growth by offering innovative products and services that respond to the needs of citizens and the economy in the most adequate manner.

In order to understand properly the needs of its customers and meet their demands, Banca Intesa fosters dialogue and open communication in the development of new products and services. Owing to this, the Bank manages to respond adequately to the

AWARD FOR THE BEST ENTREPRENEUR

In March 2012, as part of the Blic Entrepreneur initiative conducted by Banca Intesa in cooperation with the Blic daily newspaper for the fifth consecutive year in order to promote and encourage the development of entrepreneurial spirit in Serbia, identify the most successful SME in the country and provide financial support for its development, Dragan Ćirić, the owner of D-Company from Babušnica, which manufactures automobile parts, was pronounced the most successful entrepreneur of Serbia in the SME sector. Banca Intesa awarded the winner with a cheque for EUR 30,000. According to the competition rules, the funds may be used solely for the improvement of current business operations or investment in new business projects.

The prize was awarded based on the decision of the expert jury that was guided by the profitability, productivity and liquidity of the enterprise during the previous business year, as well as additional criteria: export performance and export potential, the number of employees and new employees in the previous year, the range of new products, technological innovation, environmental protection, as well as contribution to local community development.

Banca Intesa also introduced **long-term loans** for entrepreneurs aiming to help the development of entrepreneurship and provide continuous support to small businesses focused on trade, production and other service activities. The entrepreneurs have the opportunity to borrow longer-term funds to be used for unspecified purpose, with the repayment period and the amount of monthly instalment aligned with their ability to repay the loan from regular operations. The customers may use the funds for investment, working asset financing and current liquidity.

Wishing to stimulate self-employment, Banca Intesa sought to contribute to the development of entrepreneurship by offering low-profit loans in 2012 as well, **such as start-up loans for women entrepreneurs** in Vojvodina, provided in cooperation with the Guarantee Fund of Vojvodina. The purpose of the loan is to finance the purchase of equipment for entrepreneurs and women founders of small enterprises that have been operating for less than three years, as well as to finance the start-up programme for unemployed women.

When it comes to lending for farmers, in 2012 the Bank added five new loan models to its offer: **loans for purchasing agricultural land from the European Fund for Southeast Europe (EFSE) credit line, loans designed in cooperation with the Guarantee Fund of the Autonomous Province of Vojvodina for purchasing agricultural machinery, loans for financing spring sowing designed in cooperation with local governments, loans with subsidised interest rate by the Ministry of Agriculture, Forestry and Water Management, as well as the Gold Farmer Turnover loans for loyal customers.** In addition, in order to meet the comprehensive needs of its customers, since 2011 Banca Intesa, in cooperation with Delta Generali, has been offering innovative loans to farmers for financing the insurance policy on crops, produce and livestock.

The Bank also closely cooperates with the public sector and local governments, ensuring a long-term balance in terms of growth and modernisation, while improving the quality of life in wider community. In addition to traditional credit transactions, in its operations with the public sector and local authorities Banca Intesa was one of the first banks in the country to offer **financing municipal projects through investment in municipal bonds.** Banca Intesa conducted the first such transaction by underwriting and investing in the process of issuing municipal bonds of the City

of Pančevo with RSD 107 million in 2012, by which funds were collected for preparing the construction of a swimming pool, bulwarks, an industrial zone, as well as the street reconstruction. As the arranger in a consortium with another bank, Banca Intesa signed an Underwriting Service Agreement with the City of Pančevo.

In addition, based on the agreements signed between **German development bank KfW** and Banca Intesa in the period 2009-2012 in the total amount of EUR 90 million, projects worth up to EUR 2.5 million were financed in 2012, with the share of funding up to EUR 1.2 million per project. The funds were intended for financing infrastructure projects and the procurement of equipment in the following areas: water management, sewerage system and wastewater management, solid waste management, environmental protection and pollution control, transport infrastructure, public transport and communication systems, infrastructure facilities that encourage economic development (e.g. industrial zones) and other social and utility services (energy efficiency and heating systems, education, housing, health and other utilities).

FINANCIAL INCLUSION AND EDUCATION

Banca Intesa believes that access to financial products and services for vulnerable social groups is the basic way for their integration into society.

Wishing to provide high-quality and specialised financial support to citizens who plan to expand their family, but also to regular users of health services, Banca Intesa developed a range of innovative consumer loan models called **Intesa Vita**. Whether or not they are customers of Banca Intesa, all citizens have access, under equal and the most favourable conditions in the Bank, to loans for in vitro fertilisation, financing the preservation and storage of stem cells, DNA analysis and payment for dental services. In addition, the citizens can opt for consumer loans for purchasing baby supplies under the same conditions as those applying to consumer loans from the Intesa Vita programme. The Intesa Vita programme is designed as an open platform that will gradually include new products and partnerships with the aim of strengthening the existing offer and providing a proactive response to the growing needs of customers. With the same aim, the Bank also expanded the possibilities offered by the Intesa Hit Account bundle by introducing the Delta Generali health insurance policy which covers not only the account holder but also members of his/her family (children, spouse and parents).

In 2012, the Bank continued to promote the **Senior Cash** loan with life insurance included and was the first financial institution in the domestic market to create this type of loan, enabling retired citizens to borrow up to 74 years of age.

The Bank also meets the needs of its customers with **improved refinancing loans**, which enable them to

settle obligations towards Banca Intesa, as well as towards other banks. The loan also includes insurance against job loss or disability due to an accident. Furthermore, Banca Intesa provided access to **subsidised housing loans** to young couples with low income buying property for the first time in order to help them solve their housing problem.

In addition, the Bank continued to issue the Visa Classic Paralympic and Visa Electron Paralympic cards, the first charity payment cards in the country, which Banca Intesa introduced in 2008 in cooperation with the Paralympic Committee of Serbia. This was the first initiative of this kind in the domestic market aimed at establishing a strong, stable and independent mechanism for long-term assistance to athletes with disabilities and developing Paralympic sport in the country. At the same time, special debit cards, Intesa **Visa Electron Easy Travel Card (ETC)** and **Maestro ISIC**, with free current account opening and maintenance, are intended for students.

Aware of the importance of financial education, both for the overall development of the country and the higher quality of life of people, Banca Intesa strives to contribute to the development of financial literacy in the country both through own initiatives and involvement in cooperation programmes. The Bank organised **Intesa Academia Executive Workshop** in 2012 for its corporate customers, reputable business people and economists from Serbia. This event was a continuation of the Intesa Academia business conference named "Eurovision", which was dedicated to the future of the euro, the importance of preserving a strong common currency, and the trends in the development of Euro-zone countries, with special reference to the opportunities that the European integration brings to Serbia and the countries in the region. Intesa Academia Executive Workshop provided an overview of the ways in which demographic and geopolitical changes affect the development and expansion of industries and technologies and thus the global and local economies, which was of exceptional use to both the guests and the hosts in the further creation of their own business strategies. Special guest speaker was Erik Peterson, Managing Director of A.T. Kearney's Global Business Policy Council. Peterson spoke about the importance of strategic prediction and planning, as well as the importance of risk management in order to understand the current economic reality and realise the great importance of detailed analysis and prediction of each business move.

CUSTOMER SATISFACTION

Open communication, respect for customer opinion and mutual trust are the key values that Banca Intesa nurtures carefully. Wishing to demonstrate this commitment in practice, the Bank launched a unique initiative named **Listening 100%** back in early 2008.

The programme, developed in line with the European Customer Satisfaction Index (ECSI) methodology, includes permanent and continuous monitoring and measurement of customer satisfaction with Bank prod-

ucts and services with the aim of improving the quality of services and increasing customer satisfaction. ECSI includes a wide range of key factors that are involved in the model itself: image, branch organisation, staff relationship, price and quality, after sales support, complaint handling and other. The customers involved in this survey were those who had signed consent for the collection of their personal data in accordance with the Law on Personal Data Protection and those listed as active customers of the Bank. The survey (an interview according to the CATI method) provides basis for preparing reports such as: a benchmarking survey – a comparative survey of satisfaction in the market including major competitors, an internal survey – retail and small business customers, an SME segment survey and a survey of online user satisfaction. Based on the obtained results and semi-annual reports, analyses are made and actions are proposed accordingly for the improvement of customer satisfaction. After their implementation, the surveys are repeated to obtain a clear picture of whether the customers have recognised the action as positive and adequate as a solution to the situation or problem.

By listening to its customers, the Bank is better able to get to know and understand their needs in order to respond to them in the best possible way and thus create even better conditions for establishing long-term partner relations. The surveys were conducted on a quarterly basis until 2012 and semi-annually since 2012. The latest 2012 surveys show that customer loyalty is at the highest level since 2009. The ECSI as well as the Loyalty indices are stable, with a high percentage of customers who stated they would remain Banca Intesa customers in the following 12 months. The surveys also record a high percentage of customers who are willing to recommend the Bank to the persons close to them, as well as of those who will continue and expand their cooperation with the Bank.

COMPLAINT MECHANISM

Various communication channels are open to any Banca Intesa customers who wish to submit their grievances, complaints and suggestions:

- Phone: +381 11 310 88 88
- E-mail: kontakt@bancaintesa.rs
- Fax: +381 11 310 88 55
- Personal contact, i.e. submitting a written complaint in person
- Contact form on the official website of the Bank
- Bank corporate accounts on Facebook and Twitter
- Postal address of the Customer Satisfaction Management Unit, Omladinskih Brigada 90b, 11070 New Belgrade

Customers will receive an answer within the statutory time limit and in accordance with the decision of the National Bank of Serbia. Each customer may also personally contact unit employees. If the customer is not satisfied with the answer, the National Bank of Serbia will act as a second-instance body, and there is also a possibility of mediation.

Based on the results of the customer satisfaction survey and the proposals and complaints of its customers, Banca Intesa continuously improves its business operations both in the branch network and in e-business. A number of initiatives were undertaken during 2012:

- 42 branches were adapted and renovated (in 2011 and in the first half of 2012)
- 90% of the planned branches were equipped with the Queue Management System (QMS)
- Self-service terminals were installed in some branches enabling customers to make cashless payments and print monthly statements of accounts and cards for retail customers, as well as daily statements for corporate customers.

One of the main factors on the basis of which branches were selected as the first to be renovated, adapted or equipped with the QMS was the Branch Customer Satisfaction Index (BCSI) – an indicator for measuring the level of customer satisfaction with the work of a branch, which was included in the branch adaptation, renovation and relocation planning system back in 2010. A detailed analysis of BCSI results produced a list of those branches with which the customers were less satisfied. The inclusion of the BCSI in the branch adaptation and renovation planning system continued during 2011 and 2012.

In addition, the number of offices intended for work with affluent customers using **specialised service model Intesa Magnifica** was increased to 40 during 2012.

Moreover, Banca Intesa **upgraded the online banking solution** in 2012 which enabled it to significantly improve retail e-banking services. The new online service introduced the following functionalities: multi-browser support (using the service through different web browsers), activation of SMS and e-mail notifications, activation and deactivation of the Intesa Mobi mobile banking service, as well as updating personal data and PFM – Personal Finance Manager. In addition, the Bank enabled the use of its Intesa Mobi service on Android and iPhone devices.

In order to help its customers to find the nearest ATM, Intesa Sanpaolo developed a new tool, Intesa Sanpaolo **ATM Locator**. Using this service, Banca Intesa customers can find around 254 Bank ATMs in Serbia, but also any of the 9,000 Intesa Sanpaolo ATMs in 12 countries in total. This application is a novelty in the Serbian market once again confirming the position of Banca Intesa as an innovative bank that recognises customer needs. The application is available on the Bank's website, the websites of all Group member banks, as well as mobile applications available on iTunes and Google Play.

Transparent advertising of products and services

In accordance with the Law on the Protection of Financial Services Consumers, Banca Intesa advertisements clearly state all costs that are to be borne by the customer and which are included in the calculation of the effective interest rate. Banca Intesa is transparent in its pricing policy and always states the prices in a clear and visible manner, while at the same time providing representative examples that include all information for each of its products in line with the Law on the Protection of Financial Services Consumers.

Data security

The protection of customer security, as well as their assets and confidential information is not only Banca Intesa's primary duty, but also the basis of the relationship of trust that the Bank wants to strengthen with its customers. The protection of persons, their assets and valuables, as well as a multitude of data and internal organisational processes fully meets the criteria of reliability, continuity and confidentiality. In addition to its legal obligations, Banca Intesa complies with the criteria of absolute transparency in informing its customers of their rights to privacy and the way it treats their personal information. In 2012, Banca Intesa did not find any founded complaint in connection with the violation of customer privacy or any disclosure, leakage or theft of customer information.

EMPLOYEES

As the largest employer in the domestic banking sector, Banca Intesa is aware that teamwork, professionalism and motivation of employees is key to achieving and maintaining success.

Within its strong and recognisable identity, Banca Intesa carefully fosters a spirit of unity, promoting its values and their importance so that all its employees can identify with them. At the same time, the Bank strives to create a stimulating work environment that enables optimal professional development and personal advancement of all its employees.

Banca Intesa promotes the strategic role of internal communication, wishing to encourage its employees to participate actively and thereby contribute to the development of the Bank, as well as to their own advancement. As a responsible employer, the Bank seeks to listen carefully to their suggestions and recognise their needs, aiming to respond adequately to them through the following primary aspects:

- **EQUAL OPPORTUNITIES**
- **HUMAN RESOURCE DEVELOPMENT**
- **EMPLOYEE SATISFACTION**

EQUAL OPPORTUNITIES

Banca Intesa believes that respect for individuals and the dignity of each employee represents the foundation for developing a work environment based on mutual trust and loyalty, which is enriched by contribution from each employee. Therefore, the Bank operates in accordance with the employment and HR management procedures based on objectivity and consistent conduct, preventing discrimination on any grounds.

The fact that employees have equal opportunities for employment and advancement is also confirmed by the following data: Banca Intesa employs a total of 3,134 persons on full-time basis* – women account for 70.8% of the total number and as many as 43.48% of senior management.

*In terms of employment type, there are no part-time employees in the Bank.

Total number of employees by category and gender						
	Managers		Officers		Employees	
	M	F	M	F	M	F
Total	26	20	167	264	722	1,935
	46		431		2,657	

Total number of employees by business locations

	Male	Female
Belgrade*	459	963
Other locations**	456	1,256
Total	915	2,219

*The number of employees in Belgrade includes all employees at Bank Headquarters located in Belgrade, as well as all branch network employees in Regional Centre Belgrade.

**Employees in other locations are Bank Headquarters employees located in Novi Sad, as well as all branch network employees in all towns in Serbia in which the Bank operates (which include all branches in 4 Regional Centres: RC Novi Sad, RC Kragujevac, RC Užice, RC Niš).

***The Bank does not employ third parties.

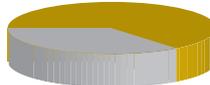
Total number of employees by type of employment contract

	Male	Female
Under fixed-term employment contract	29	56
Under permanent employment contracts	886	2,163
Total	915	2,219

Employment contract type by location

	Under fixed-term employment contracts	Under permanent employment contracts
Belgrade	12	1,410
Other	73	1,639
Total	85	3,049

Employee gender structure



- Female 70.80%
- Male 29.20%

Management gender structure



- Female 43.48%
- Muškarci 56.52%

Employee age structure

- < 30 years of age 9.76%
- 30 - 50 years of age 75.47%
- > 50 years of age 14.77%



Management age structure

- < 30 years of age 84.78%
- 30 - 50 years of age 15.22%

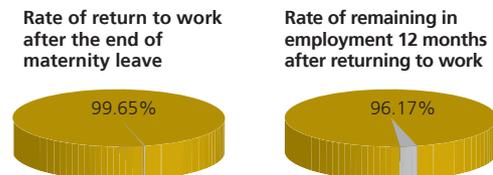


Banca Intesa applies the principles of equality and objectivity and the merit criterion in the assessment, remuneration, motivation and career development of its employees. Given that employees are the main strategic resource of Banca Intesa, the Bank undertook to protect and encourage them to achieve their maximum potential, because this is also a key factor in ensuring a sustainable competitive advantage for the Bank. The Bank strives to motivate them to achieve the set goals so that it would reward them appropriately, while its management and remuneration policies recognise and respect individual and group contributions to the achievement of the Bank's results.

The employee turnover rate was 6.38% in 2012. In this period, 200 employees left the Bank, while 134 persons were employed.

Employee turnover		
	Male	Female
New employees	60	74
Left the Bank	63	137
<30	8	26
30 - 50	35	51
>50	20	60
Total number of employees who left the Bank	200	

The rate of return to work after maternity leave is high, reaching 99.65%. This means that of 287 persons who exercised their right to maternity leave during 2012, 286 persons returned to work, while as many as 276 employees remained in employment 12 months after the end of their maternity leaves.



HUMAN RESOURCE DEVELOPMENT

Investment in the development and improvement of employee potential is an important part of Banca Intesa's business policy. The Bank created a dynamic work environment that provides opportunities for practical and theoretical training, professional development and advancement. The development and career of each employee are planned in line with the Bank's strategic goals, and internal mobility enables the Bank to meet new professional challenges, whether within the Bank itself or within its parent Group.

Banca Intesa guarantees all its employees equal opportunities for professional development and improvement. Training programmes are designed to follow the changes in the business environment, and every employee is given an opportunity to be trained in accord-

ance with job requirements and individual career development plans. The Bank provides its employees with support and financial assistance in skill improvement through internal and external training, also supporting study leaves by guaranteeing their return to work. For the employees at the end of their career, the Bank carefully plans retirement and pays retirement pay taking into account employees' age and years of service.

More than half of employees receive some form of internal formal training during the year, with almost 48,000 hours devoted to employee training and development during 2012.

	Male	Female
Total number of training hours by gender	16,065	31,762.5
Average number of training hours per year by gender	17.56	14.31

	Managers	Officers	Employees
Total number of training hours by employee category*	720	11,025	36,082.5
Average number of training hours per employee	15.65	25.58	13.58

* The division into employee categories is derived from the Bank's HR system

E-LEARNING

In order to respond successfully to the demands of the dynamic market, the Bank also developed a distance learning system (e-learning), which makes it considerably easier for employees to acquire required knowledge and skills. In addition, mentoring and on-the-job training are being developed to support the development of employees in their environment when it suits them best. The e-learning system was introduced as an additional learning channel, and it is accessible to every employee. The system enables the employees to learn at the time of their convenience, with more concise and interactive contents. It is suitable for all kinds of professional and technical training, information contents, as well as all other forms of training intended for a large number of employees. It also contains a collaboration module, which means that the session takes place in real time with a possibility of direct communication between the participants. The system was introduced in order to make not only financial and time savings, but also large investments in the Bank's internal capacities through effective, fast and relevant contents when this knowledge is most needed. E-learning will not replace the current training; instead, it will be an integral part of all the activities that enable the provision of top quality service to customers in the most professional and expert manner.

OSACADEMY

In March 2012, Banca Intesa hosted OSACademy (Organization and Security Academy), a training programme initiated and designed by the parent Group with the aim of improving the organisational function, knowledge and experience exchange and learning more about the work methodologies and practice of Intesa Sanpaolo – from business process management to the methodologies for analysing the number of employees and to innovations and trends in the impact of new technologies on work organisation. The Human Resources Department and the Organisation and Project Management Department took part in the organisation of the three-day training in Belgrade attended by 15 participants, including employees from Privredna Banka Zagreb and Intesa Sanpaolo Bank Bosnia and Herzegovina.

Objective performance assessment

In 2012, Banca Intesa started the implementation, i.e. adaptation of a new performance assessment project, the GPS (Global Performance System) of the parent Group that calls for implementing a common employee performance assessment and remuneration system in all member banks. This very important project was initiated for three reasons:

- Bringing the employee assessment and remuneration system into compliance with the current regulations of the European Union
- Harmonising the process and methodology of the employee assessment and remuneration system
- Spreading the performance assessment culture by adopting common assessment principles.

The parent Group, with the help of its external partner Mercer, conducted a detailed analysis of the processes and local needs in all Group member banks. Based on all collected data, a global performance assessment and remuneration system was created, which is divided into three basic subsystems:

- Assessment system for managers (MBO)
- Assessment system for employees at the Headquarters
- Assessment system for employees at the Bank's business network.

Simplicity and objectivity of performance assessment, high transparency of the system, as well as its connection with the remuneration system, are singled out as the greatest advantages of the new system.

During 2012, 94.64% of Bank employees underwent the performance assessment.

EMPLOYEE SATISFACTION

Banca Intesa believes that listening and dialogue are the foundations of the relationship on which trust is built. It bases its communication with employees on the criteria of fairness, completeness, simplicity and transparency. One of the Bank's priorities is a regular analysis of employee attitudes and satisfaction based on which annual action plans are created in accordance with their needs. Active involvement of as many employees as possible in research of this and similar types is of extreme importance in identifying and then addressing more easily all operating problems.

Based on the obtained results, the Human Resources Department, in cooperation with other responsible departments, is launching an initiative to design an action plan that will be implemented and presented during the following year in accordance with the results of the 2012 survey and employee expectations. The plan aims at putting a special emphasis on those aspects of work that are perceived as the most critical by the employees and taking measures for their improvement. In line with this plan, induction training for new employees was improved in order to enable them to get detailed information about the Bank and the Group.

EMPLOYEE BENEFITS

In addition to the right to maternity leave, retirement pay, disability benefit, vacation allowance, meal allowance and travel allowance, Banca Intesa employees enjoy preferential loan conditions, private health insurance under more favourable conditions, as well as special benefits and discounts when shopping at various stores and travel agencies with which the Bank has business cooperation. The Bank supports the freedom of association and collective bargaining, as evidenced by the fact that all employees are covered by the Collective Bargaining Agreement.

Internal communication and employee involvement in CSR activities

With the aim of providing employees with timely and quality information about all important Bank activities, the previous version of the Intesa Inside internal portal was improved and redesigned in 2012. The creation of new content, i.e. the restructuring of the previous content was preceded by an internal survey through organised focus groups. The employees who participated in the internal survey helped create a complete picture as to what should be changed and in what way, all with the aim of creating an integrated, modern and, above all, useful source of information.

The portal contains pages in which all departments are presented, as well as pages of all independent organi-

sational units and regional centres in which employees are presented with photos as well. The statistics so far about the number of visits to the Intesa Inside portal have shown exceptional popularity of the Address Book, which, in addition to basic and information data, such as name and surname, job title, e-mail address, phone numbers and office building address, contains a photo that completes the employee profile. The always useful and constantly well visited legacy segments of the portal, the Document Library (BIBlioteka) and the INFO Network, were not changed in terms of content, but were visually harmonised with other pages. The central segment of the homepage contains current internal and external news, as well as a review of media statements. In addition, informal segments were designed, such as weather forecast, weekly survey, picture and thought of the day, as well as internal ads. Special e-mail addresses were opened, which are available on the portal's contact page, with the aim of involving as many employees as possible in creating these fun segments.

The Bank employees also have at their disposal the Help Desk to which they may send their questions and requests by e-mail or phone and which strives to give an adequate answer and solutions in the most efficient manner for the problems that the employees face.

INTERNAL CAMPAIGNS

Banca Intesa employees are invited to participate in the **Get Involved!** internal campaign to share with their colleagues important information, as well as news on a new product or project, and send their proposals for the picture or thought of the day using several e-mail addresses opened on the internal portal.

With the aim of sharing the most interesting anecdotes from branches, offices, office buildings and regions with 30,000 employees at the level of the Intesa Sanpaolo (ISBD) International Subsidiary Bank Division, an international communication project named **We Are Our Stories** was launched. The idea of the campaign was to evoke authentic episodes that actually happened. To implement this idea, the Group created a website www.weareintesasanpaologroup.com. Awards were presented to the authors of the best stories at the level of each member country, as well as at the Group level.

Employee volunteering

Banca Intesa initiates and encourages employee volunteering through helping children with special needs, while it also participates traditionally in the activities that promote environmental protection. Significant improvements in this field are planned for 2013, in which volunteering will be promoted and brought closer to employees through a corporate volunteering programme, and

also raised to a higher level in the Bank.

In 2012, Banca Intesa employees continued the traditional volunteering activity of preparing New Year's gifts for children with special needs named **Wrap a Gift and Make a Child Smile**. For the fourth consecutive year, the employees wrapped books, toys, sweets and clothes and made around 2,000 gifts that they took to children in eight schools for children with special needs across Serbia and one kindergarten and spent an afternoon with them.

Banca Intesa volunteers also participated in the **Restaurant Week** campaign, helping the Food Bank non-governmental organisation transport and distribute restaurant-donated meals to the Correctional Institution for Children and Youth and the Home for Adults with Disability in Belgrade. During this week, 160 recipients got meals every day. The campaign was aimed at promoting the culture of solidarity, donorship and volunteering, but also at raising public awareness of the problem of poverty in Serbia.

In 2012 as well, Banca Intesa joined the traditional volunteering campaign **Our Belgrade**, held on 12 locations across the city. Bank employees spent a day painting and decorating the exterior of the Retirement Home in Bežanijska Kosa. The campaign enables employees in the private sector to contribute directly to the improvement of the quality of life of their fellow citizens from vulnerable social groups as well as environmental protection. The campaign is organised by the Business Leaders Forum in cooperation with Smart Kolektiv and the Institute for Sustainable Communities and with support of the U.S. Agency for International Development (USAID) and the City of Belgrade. Since 2011, Our Belgrade has been part of international campaign Give & Gain Day implemented in 14 countries around the world with around 30,000 people volunteering.

In 2012, for the second consecutive year, Banca Intesa volunteers participated in one of the largest volunteering campaigns in the country, **Let's Clean up Serbia**, which was organised by the Ministry of Environment and Spatial Planning to mark June 5th, World Environment Day. As part of the campaign, Bank employees removed waste and cleaned green areas in Niš, Užice, Čačak, Šabac, Valjevo, Novi Sad, Zrenjanin, Pančevo and Belgrade. The campaign involved 301,345 volunteers on 4,318 locations in all towns and municipalities in the country.

Life quality

Employee sports events

With the aim of strengthening the sense of belonging among its employees, Banca Intesa participated in all sports events organised by the parent Group in 2012 as well. As in the previous years, Banca Intesa employees had an opportunity to apply for and take part in many events held in the countries in which

the Group operates, such as international banking ski competition, tennis tournament, sports games that include football, volleyball and basketball, as well as competition in track-and-field disciplines such as the half marathon and marathon.

Care for children of employees

Since 2003, through cooperation with **ASF Intercultura**, an international non-profit voluntary organisation, Banca Intesa has been providing a unique opportunity to its employees to educate their children abroad. Intercultura scholarships are intended for children aged 15 to 18 years who are curious, easily adaptable to changes and openly accept cultural and other differences. In 2012 as well, the selected scholarship recipients lived with their host families during their one-year stay in Italy, attended school classes in Italian, had their own instructor and all necessary support.

For the sixth consecutive year, Banca Intesa invited the children of its employees to apply for participation in **Milan Junior Camp** and experience the thrill of team success and competitive spirit. As in the previous years, more than 70 children got an opportunity to learn the secrets of football from famous coaches of A.C. Milan football club through technical and athletic training as well as tactical classes.

Children's Sports Games at the ISBD level were held in Portorož in 2012, after being successfully organised in Belgrade for two consecutive years. More than 60 children of Banca Intesa employees competed in football, basketball and volleyball and spent time with the children of employees of member banks from other countries.

With the aim of enabling the children of its employees to meet with peers from other countries, but also helping children develop independence and responsibility, in summer months of 2012, as in the previous eight years, Banca Intesa organised a stay of a large number of children at a well-known children's resort in **Follonica**, Italy. Almost 500 children from Serbia have been to Italy so far, including 74 children who spent two weeks in this resort in 2012.

COMMUNITY

The projects implemented by Banca Intesa in 2012, independently or in cooperation with local partners, are the result of the Bank's commitment to contribute actively to the social and cultural development of the community.

As the leading bank in the domestic market, Banca Intesa has the responsibility to contribute to improv-

ing the quality of life of society by responding to the needs of the community and supporting the initiatives and projects of the broadest national importance. Thus, the focus of the Bank's CSR activities is on the protection of historical, artistic and cultural heritage, corporate philanthropy, investment in health care, as well as on support to the youth and education. Banca Intesa takes into account the wider significance of the social needs that it meets and focuses its strategic guidelines on:

- **COMMUNITY DEVELOPMENT**
- **SUPPORT TO CHILDREN AND YOUTH**

COMMUNITY DEVELOPMENT

Culture and arts

The Place I Love

In line with its corporate values and strategic priorities, Banca Intesa launched a unique initiative in the country, **The Place I Love**, in order to remind the public of the country's rich cultural and historical heritage, as well as the need for preserving it. The aim of the project launched in 2011 is to prepare a database of the sites of special sentimental value to the citizens of Serbia and to reconstruct three sites or spatial units that win the accompanying competition, but also to raise awareness of the value of cultural and historical treasures, as well as to motivate citizens to become actively involved in the initiative. Of the total of 1,290 sites proposed by the citizens in the first phase of the project, an expert committee short-listed ten finalists, among which the citizens selected three winners by voting: the Belgrade Gate of the Petrovaradin Fortress in Novi Sad, the Novi Pazar town ramparts and the remains of the National Library in Kosančićev Venac destroyed during the bombing of Belgrade in 1941.

The Bank allocated RSD 30 million for the reconstruction of all three sites, of which RSD 20 million was invested in 2012 when the works on the reconstruction of the Novi Pazar town ramparts were completed and a Cooperation Protocol signed to define the implementation of the project for the reconstruction of the Belgrade Gate.

The Place I Love project was launched with the support of the Ministry of Culture, the Europa Nostra Serbia non-profit organisation and the Cultural Heritage Preservation Institute of Serbia. The expert committee comprised Vera Pavlović Lončarski, Director of the Cultural Heritage Preservation Institute of Serbia and committee chair, Irina Subotić, President of Europa Nostra Serbia, Gorčin Stojanović, theatre, film and television director, Vladimir Arsenijević, author, translator and editor, and Maja Kolar, Director of the Marketing and Communications Department of Banca Intesa.

The project was inspired by initiative **I luoghi del cuore**, which is implemented in Italy, the country with one of the greatest cultural and historical heritages in the world, by non-profit organisation **Fondo Ambiente Italiano (FAI)**

with the support of Intesa Sanpaolo Group. In this way, as part of its CSR activities, Banca Intesa seeks to transfer its rich international experience to the domestic market and contribute to sustainable development of the country through the project of interest to the entire community.

THE PLACE I LOVE AWARDS

Virtus, awarded by the Balkan Community Initiatives Fund (BCIF), the U.S. Agency for International Development (USAID), the Institute for Sustainable Communities (ISC) and the Social Inclusion and Poverty Reduction Unit of the Government of the Republic of Serbia (SIPRU), for supporting the most innovative project

Award of the **Serbian Public Relations Society** for communication of corporate social responsibility

My Choice recognition in the Cultural Heritage Preservation category, awarded by the Moja Srbija (My Serbia) Civic Association in cooperation with the Belgrade Chamber of Commerce

Award for online campaign by the **Serbian Market Communications Association (UEPS)**

Certificate of Appreciation of the **Society of Conservators of Serbia** for raising awareness of the importance and preservation of cultural heritage

www.mestokojevolim.rs

During 2012, the Bank continued to support sports and cultural events, as well as to invest in arts and education, donating more than EUR 300,000 to numerous support projects including Belgrade Baby Club, as well as the participation of the students of the Belgrade Faculty of Law in the prestigious Arbitration and International Commercial Law competition XX Willem C. Vis Moot in Vienna, where they won the first prize. The Bank also supported the 9th Festival of World Cultures Etnofest in Palić and the 19th European Film Festival in Palić. In addition, it contributed to the setup of the exhibition Incomplete Modernisations: Between Utopia and Pragmatism – Architecture and Urban Planning in the ex-Yugoslav countries, held at the Museum of Yugoslav History.

Wishing to help one of the oldest education institutions in the country, the University of Belgrade, in late 2011 the Bank gave RSD 4 million towards the reconstruction of the Captain Miša building, the seat of this institution, for which it was presented with a **Certificate of Appreciation in 2012 for exceptional contribution and financial assistance in the preservation of cultural monuments**. It also supported the country's historical heritage through supporting the reconstruction of the Dragović monastery, as well as the Dragoljub Marinković endowment building.

ASSISTANCE IN EMERGENCY SITUATIONS

A programme of assistance to citizens affected by low temperatures and snowfall was implemented in 2012 in cooperation with the Balkan Community Initiatives Fund (BCIF). Banca Intesa participated in the programme, within which assistance was provided for the purchase of basic food provisions (flour, rice, oil, sugar, canned food) for the residents of the Babušnica, Vladičin Han and Svrlijig municipalities, as well as the Svrlijig municipality villages of Izvor, Burdimo, Tijovac and Bučim.

Investment in health care

The Bank donated funds for improving the work of health care institutions in 2012 as well. A project that stands out is a RSD 6.58 million donation with which Banca Intesa enabled the procurement of a modern ultrasound machine as part of an initiative to **modernise and extend a section of the European Hypertension Centre at the Clinical Centre of Serbia**. The Hypertension Centre pays special attention to the prevention, timely and correct diagnosis of this widespread disease of the modern world, as well as the education of physicians and population. This is the only centre of its kind in the country, bringing together the work of several medical specialists. The centre extension and equipment modernisation, which includes a new ultrasound machine, as well as new blood pressure meters, enabled a more effective work with patients and helped raise the centre's operation to a higher level.

SUPPORT TO CHILDREN AND YOUTH

Prove Yourself 100%

Knowing that the future and prosperity belong to the generations to come, while trying to contribute to the sustainable development of the entire community, Banca Intesa actively invests in young, talented people and helps them improve skills and realise potential. The Prove Yourself 100% project fully fits into this commitment.

Through the Prove Yourself 100% student competition Banca Intesa awards for the second consecutive year the most talented students of Serbia for projects in customer satisfaction management. The aim of the competition is to encourage the creativity of future academic citizens and an innovative approach to problem solving by putting them in real business situations in order to provide them with the opportunity to develop competitive spirit, but also to share experience with their peers in Europe.

The competition, which was announced in March 2012, attracted 240 applications, nearly twice as many as in the

previous year. Eligible to apply were undergraduates with completed course of studies and students of the third and fourth years of any university in Serbia with a G.P.A. above 8.00 and good knowledge of English. Twelve finalists were selected, students of the universities in Belgrade, Novi Sad and Niš, who, divided into six teams, had four weeks to prepare projects on given topics. The solutions were assessed and the best ones selected by an expert committee comprising the representatives of the Bank, the International Subsidiary Banks Division and the faculties from which the students came. Because of the outstanding quality of the works, Banca Intesa made a discretionary decision to give the first prize to three, rather than two teams, as was initially provided for by the competition rules. The winner announcement ceremony was held at the Belgrade University Rectorate in June 2012.

Six contestants from the three best ranked teams were each awarded with a EUR 1,000 scholarship. All three teams subsequently participated in the international competition in Milan, competing against the winners of the local competitions conducted in seven countries in which Intesa Sanpaolo operates through its International Subsidiary Banks Division. A Serbian team also won at the international level, and the winners got the opportunity to receive advanced training at the Division or to attend summer school at Universita Cattolica.

As a **member of the Working Group on CSR in banking and finance of the United Nations Global Compact Serbia**, Banca Intesa actively participated in an educational project targeting students of post-secondary schools of economics as part of which Bank experts gave two lectures. Furthermore, in cooperation with the Art History Department of the Faculty of Philosophy, University of Belgrade, Banca Intesa launched a **competition as part of the Project Management for the Use of Heritage course** for the students of the third and fourth years. Banca Intesa representatives were members of the committee evaluating student projects that mastered the knowledge and skills of project management using The Place I Love initiative as an example, with the task of designing mini-projects that would contribute not only to the physical restoration but also to the revival and use of the three winning sites of the Place I Love project. Their projects were focused on interpreting the cultural and historical heritage, educating, raising awareness, as well as encouraging people to take care of the heritage. As committee members, Bank representatives provided the students with valuable insight into the criteria, expectations and needs of the business sector related to CSR projects. The Bank also financially supported the implementation of the three most successful student projects.

School of Friendship

In line with its commitment to help improve the education of children and encourage their creativity, Banca Intesa supported the 12th School of Friendship in 2012 organised by the Naša Srbija (Our Serbia) NGO and attended by a total of 500 children from Serbia and the neighbouring countries. During three weeks of summer vacation at Mount Tara, the children had an opportunity to socialise and acquire new skills and knowledge by attending numerous educational and sports workshops and schools – ethnological workshop, schools of environmental protection, painting and sculpting, scouting school, schools of drama and music, journalism, computers, football, basketball and volleyball.

UNICEF Friends Club

In 2012, Banca Intesa became a member of the UNICEF Friends Club, a programme of permanent monthly donors whose aim is to ensure a happier childhood to the children of Serbia and improve the conditions for their growth and development. Supporting the UNICEF Friends Club, Banca Intesa also invited its customers to contribute to the work of the Fund by opening a standing order which they can use to make monthly payments or a one-time donation supporting the UNICEF programme in Serbia without any commission. The Bank actively informs its customers of the ways in which they can give cash donations to the Fund, as well as of the benefits it offers to them in the implementation of these philanthropic activities. The aim of the UNICEF Friends Club is to raise awareness that children are the concern of every individual, every company and the entire community. The Club also strives to highlight the need for care of the youngest and enable as many people as possible to support the activities of this organisation with regular monthly donations, regardless of their amount, and thus help create better conditions for life and development of children in the country.

ONLINE DONATIONS

Thanks to the development of modern e-commerce services of Banca Intesa, all people of good will, whether they are citizens of Serbia or another country in the world, can quickly, easily and efficiently donate funds to those in greatest need. The Bank established cooperation with several major non-profit associations and foundations in the country such as UNICEF, Naša Srbija, the Divac Foundation, the Balkan Community Initiatives Fund (BCIF) as well as the University Children's Hospital in Tiršova Street, Belgrade. Donations are accepted through their respective websites. The online acceptance and processing of donations is a pioneering endeavour in the domestic banking sector, which confirms in yet another way Banca Intesa's determination to integrate CSR into all segments of its business.

Gifts for children's smiles

As part of the traditional volunteering campaign Wrap a Gift and Make a Child Smile, Banca Intesa employees prepared New Year's gifts for children with special needs for the fourth consecutive year in order to present them with books, toys, clothes and sweets. A record number of gifts was collected in 2012, nearly 2,000 of them, which Bank employees took to the children in eight primary schools for children with special needs and one special kindergarten, and spent an afternoon with them. The gifts were given to the children at Novi Beograd, Anton Skala and Miloje Pavlović special primary schools, as well as Venčić special kindergarten in Belgrade and to the children at Veselin Nikolić special school, Kruševac, 12 September primary school, Negotin, Special Institute for Children and Youth Dr. Nikola Šumenković, Petrovac Na Mlavi, St. Sava primary school, Šabac, as well as Anton Skala school for primary and secondary education, Stara Pazova.

SUPPLIERS

It its relations with suppliers, Banca Intesa seeks to set an example in business practices and help them embark on further endeavours and build their own values.

Banca Intesa believes that by establishing and maintaining long-term partner relations with its suppliers, based on the principles of dialogue, transparency and equality, it creates value for its own business, as well as for the companies in its supply chain. By empowering these companies, Banca Intesa contributes to employment and fosters the development and growth of the local economy and local communities.

Following the advanced practices of its parent Group, the Bank has carefully identified strategic areas of action:

- **TRANSPARENCY AND EQUALITY IN SUPPLIER SELECTION**
- **PROMOTING SUSTAINABILITY IN THE SUPPLY CHAIN**

TRANSPARENCY AND EQUALITY IN SUPPLIER SELECTION

To Banca Intesa, the **Code of Ethics** represents the basis on which it builds relations with suppliers. In the procurement and supplier selection process conducted in accordance with the **Policy on procurement and Procedure**

for the procurement of goods and services, the Bank insists on transparency, believing that only a clear and open approach contributes to maintaining lasting relationships with our partners. Therefore, the selection of suppliers is based on clear and proven criteria and implemented through objective and transparent procedures.

Bid evaluation criteria

The Procurement Unit and the organisational part responsible for procurements are obliged to evaluate received bids applying the methods of qualitative and quantitative analysis and to agree on the bid evaluation criteria prior to inviting offers by combining the following criteria:

- Offered price
- Quality, i.e. the compliance of the characteristics of tendered goods/services with the required characteristics
- Term of delivery
- Payment terms and method
- Warranty period
- Servicing/maintenance during and after the warranty period
- Compliance of bidder's business activities with the principles of corporate social responsibility
- Existence and level of cooperation with the Bank and/or Intesa Sanpaolo group members
- Other conditions

Banca Intesa employees who are in direct contact with suppliers are familiar with the Bank's Code of Ethics, which defines in detail the way of doing business that is desirable in order to avoid any potential conflict of interest. When selecting a supplier, the employees are expected, above all, to respect the principles of equality and transparency adopted by the Bank and only then to consider any other advantages of the tendered services, as well as their price. In this regard, the employees working in the Real Estate and Procurement Management Department are obliged to:

- Report any potential conflict of interest
- Implement the provision that provides that the activities of procurement of goods and services between the Bank and its employees, as well as their family members are prohibited
- Avoid any kind of contact that goes beyond business customs, unless they are authorised to do so by their superiors.

PROMOTING SUSTAINABILITY IN THE SUPPLY CHAIN

In keeping with its belief that the commitment to corporate social responsibility is reflected in all every-day activities of the company, in 2012 Banca Intesa adopted a new Procedure for the procurement of goods and

services that includes corporate social responsibility as one of the criteria in supplier selection. The procedure takes into account the level of engagement of potential suppliers in corporate social responsibility and introduces a questionnaire containing questions related to corporate social responsibility. This is also a way of promoting the culture of responsibility towards the natural and social environment and raising it to a higher level within the entire supplier chain.

QUESTIONNAIRE ON CORPORATE SOCIAL RESPONSIBILITY

The Questionnaire on Corporate Social Responsibility was introduced as a part of the invitation letter to potential suppliers. It includes detailed information concerning five primary fields of corporate social responsibility:

- Corporate governance
- Market
- Work environment
- Environmental protection
- Local community

In addition to other general terms and conditions of cooperation, contracts with suppliers contain articles concerning the application of technical measures, fire protection measures, as well as occupational health and safety measures, in accordance with the current legal regulations. The above applies in the case of performing specific tasks, for example, replacing parts or taking over the replaced parts that cannot be used anymore and ensuring that they are disposed of in a manner complying with the regulations governing environmental protection and waste management.

During 2012, total procurement costs under procurement decisions amounted to approximately EUR 80 million. The Bank cooperates with domestic suppliers that operate in the territory of the Republic of Serbia, as well as with foreign companies, making regular payments in accordance with the Law on deadlines for settling financial obligations in commercial transactions and contracts with suppliers.

ENVIRONMENT

Banca Intesa's approach to environmental protection is based on the principle of reducing the Bank's direct and indirect impact while constantly looking for new ways to contribute to the environment.

As a socially responsible company and an active participant in the life of the community in which it operates,

Banca Intesa is aware that in addition to economic responsibility, it has the responsibility for the consequences that its decisions have on the environment. Striving to apply environmentally responsible practices, identify innovative and efficient solutions in this field and promote the integration of environmental protection in all aspects of its business, the Bank adopted the Policy on environmental protection and energy efficiency in accordance with the relevant act of its parent Group.

The policy is based on the principles of waste reduction, improvement of energy efficiency and performance, as well as paying attention to the consequences that Bank decisions have on the environment and society. The goal of the policy is the prevention, management and, where possible, reduction of environmental impact caused by direct or indirect activities of the Bank.

The Policy on environmental protection and energy efficiency is available to the employees on the Bank's internal portal.

The commitment of the Bank to corporate responsibility in this area is also achieved through:

- **RESPONSIBLE RESOURCE MANAGEMENT**
- **RESPONSIBLE FINANCING**

RESPONSIBLE RESOURCE MANAGEMENT

In order to reduce energy consumption in its every-day activities, the Bank introduced a procedure for automatic shutdown of computers at the end of the working day and during holidays. Thanks to this initiative, a total of 487,000 kWh of electricity or 1,753.2 GJ of energy was saved during 2012.

Total energy consumption in 2012*	13,136,308.00 kWh
Total water consumption in 2012**	87,074.00 m3

*Total energy consumption refers to indirect energy.

**The data on total energy and water consumption refer to all administrative buildings and the entire business network in Serbia and were estimated based on the costs specified in utility (electricity/water) bills.

When it comes to managing recyclables, paper consumption is reduced through the implementation of the Printing Consolidation Project that promotes both-side and black-and-white printing at the Bank. As part of the project, in 2012 the Bank purchased 43 new printers that were installed in the headquarters, and a 20% lower paper consumption at the annual level or savings of over 30 tonnes of paper is expected to be achieved as the result. A total of 60,048 kg of paper waste was collected for recycling during 2012, compared to 37,770 kg in 2011,

and more than 33,000 kg of electronic and electrical waste was delivered to the waste management entity, compared to 18,950 kg in the previous year.

Furthermore, the Bank introduced the environmental protection principle in event organisation, while internal magazine Es:press:o, published in more than 3,000 copies, was printed entirely on recycled paper.

In addition, the fleet was renewed with vehicles that only use Euro Premium BMB95 or Euro Diesel fuels, in accordance with the European quality standards.

Environmental protection culture

The Bank also tries to raise employee awareness about the importance of environmental protection and to involve them in CSR activities, both at the every-day business level and at the level of national volunteering campaigns. In addition to traditionally participating in the Our Belgrade and Let's Clean up Serbia environmental volunteering campaigns, Banca Intesa marked Earth Day, April 22, by inviting its employees to be responsible and to switch off lights in their homes for one hour.

INTESA SANPAOLO – LEADER IN ENVIRONMENTAL PROTECTION

Equator principles	Intesa Sanpaolo adopted the guidelines for the assessment of social and environmental risks in project financing based on the criteria of the World Bank (International Finance Corporation - IFC), which it promotes as good practice in all of its member banks.
CDP (Carbon Disclosure Project)	By supporting this project, Intesa Sanpaolo undertook to report its CO2 emissions, risk identification, as well as its corporate strategy in connection with climate change.
United Nations Environment Programme (UNEP) Finance Initiative	Intesa Sanpaolo also supports the United Nations Environment Programme that promotes alignment between environmental protection, sustainability and financial performance.

According to Bloomberg's list of the "World's Greenest Banks," Intesa Sanpaolo was the world's third-ranking "green" bank and the first among Italian banks in 2012 thanks to the vari-

ous measures taken to reduce its environmental impact, as well as to its financial support for investments in the renewable energy and environmental sector. This result represents a jump from 20th place in 2011.

In addition, Intesa Sanpaolo was commended by the Carbon Disclosure Project (CDP) for its commitment to reducing climate-changing emissions and mitigating the resulting risks. CDP represents 655 institutional investors with USD 78,000 billion in assets under management. Thanks to its results, Intesa Sanpaolo was included in the Performance Index CDP Carbon Leadership (CPLI). The CPLI selects, within the FTSE Global Equity Index Series (Global 500), the companies that have shown an efficient strategic approach on the matter of emission reduction in their answers to the CDP questionnaire.

RESPONSIBLE FINANCING

Environmental responsibility focuses on managing direct impacts of the Bank's business operations, but it also concerns potential impacts resulting from its activities in relations with suppliers, to which the Bank sets a number of CSR criteria through its procedure for the procurement of goods and services, as well as with customers, to which it offered special financial products for investment in renewable energy and energy efficiency improvement.

Retail

During 2012, Banca Intesa further strengthened its offer by introducing favourable **subsidised loans for improving energy efficiency from the Programme of the Ministry of Environmental Protection, Mining and Spatial Planning** for individuals. After the funds provided by the programme were exhausted, Banca Intesa developed its own model of loans to help clients improve their life quality while at the same time reducing costs.

Due to the great interest in this type of loan, **the Bank and the Green for Growth Fund (GGF) signed a EUR 7 million credit line agreement for supporting the improvement of energy efficiency for retail customers.** The GGF credit line is predominantly intended for improving energy efficiency in buildings and other places where savings may be made by improving heat insulation in walls, by installing energy-efficient windows, boilers and more advanced district heating system, as well as by other innovative energy saving solutions. During 2012, 1,868 loans were granted, and the funds provided by the GGF credit

line are estimated to ensure 20% savings in primary energy, which will consequently lead to a reduction in electricity consumption by 20 million kWh and to a 6,500-tonne lower emission of carbon dioxide at the annual level.

Corporate

When it comes to corporate lending, in 2012 Banca Intesa granted **loans for efficient energy consumption and renewable energy sources from a EUR 14 million credit line granted by the European Bank for Reconstruction and Development (EBRD)**, which provides incentives for sustainable energy projects for the Western Balkans. The funds are intended for energy efficiency projects in industry, renewable energy projects, as well as projects for energy efficiency of buildings. The customers are expected to achieve total savings of around EUR 10 million at the annual level based on the implemented projects financed by these loans.

EBRD PLAQUE

In 2012, the EBRD awarded Banca Intesa with a **plaque for supporting energy efficiency improvement projects in Serbia**, for whose implementation the Bank, as the most active participant of the programme, granted more than EUR 3.2 million from the EBRD credit line. In addition, the EBRD also awarded six companies for their achievements in the field of sustainable energy in 2012, four of which were Banca Intesa's customers.

In the SME segment, the Bank concluded an **agreement with German development bank KfW** in 2012 on a credit line intended for property purchase, reconstruction and extension with the aim of improving **energy efficiency and using renewable energy sources**. In addition, Banca Intesa offered, for the first time, **energy efficiency loans to customers in the small business segment**. The lending expanded the purpose of the GGF credit line for supporting energy efficiency among retail customers. In this way, entrepreneurs were enabled to achieve significant savings in primary energy, while giving active contribution to environmental protection. Investment in energy efficiency involves investing in equipment for the reduction of energy consumption, a greater degree of comfort and the standard of living through lower energy consumption, investment in renewable energy sources, insulation, and control devices for energy consuming products, as well as the replacement of inefficient energy consuming products with efficient ones. The loan was developed in line with the new Law on planning and construction, so that the clients using funds for this purpose will more easily get the "energy passports", without which no structure will be able to obtain a use permit or be registered.

3.

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GRI INDICATORS

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COVERAGE

→ √ FULL COVERAGE
 → PARTIAL COVERAGE
 → X NO COVERAGE

INDICATOR RELEVANCE LEVEL IN ACCORDANCE WITH GRI METHODOLOGY

C - CORE INDICATOR
AD - ADDITIONAL INDICATOR

UNGC AND GRI CROSS REFERENCE TABLE

UNITED NATIONS GLOBAL COMPACT PRINCIPLES (UNGC)

GRI INDICATOR

HUMAN RIGHTS

PRINCIPLE 1 BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS; AND

LA 4
LA 13
LA 15*
HR 11*

PR 8

PRINCIPLE 2 MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.

HR 11

LABOUR

PRINCIPLE 3 BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;

LA 4

PRINCIPLE 4 THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR;

**

PRINCIPLE 5 THE EFFECTIVE ABOLITION OF CHILD LABOUR; AND

**

PRINCIPLE 6 THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.

LA 2
LA 13
LA 15
HR 11

ENVIRONMENT

PRINCIPLE 7 BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;

EN 26

PRINCIPLE 8 UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND

EN 4
EN 5
EN 8
EN 26
PR 3

PRINCIPLE 9 ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

EN 5
EN 26

ANTI-CORRUPTION

PRINCIPLE 10 BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.

SO 3
SO 4
SO 6

*GIVEN THAT THEY WERE ADDED SUBSEQUENTLY TO THE NEW GRI GUIDELINES VERSION G3.1, THE LA 15 AND HR 11 INDICATORS ARE ENTERED INTO THE COMPARISON TABLE ACCORDING TO THE AUTHOR'S ESTIMATE.

** IN ACCORDANCE WITH THE GRI PRINCIPLE OF MATERIALITY BASED ON WHICH PRIORITY TOPICS PRESENT IN THE REPORT ARE DEFINED, THE CORRESPONDING INDICATORS ARE NOT COVERED BY THIS REPORT, TAKING INTO ACCOUNT THEIR RELEVANCE TO THE BANKING SECTOR. THE BANK, AS AN ACTIVE MEMBER, SUPPORTS THE PROMOTION OF ALL 10 GLOBAL COMPACT PRINCIPLES IN ITS PARTNERS, SUPPLIERS, CUSTOMERS AND IN THE GENERAL BUSINESS AND SOCIAL COMMUNITY.

