

Social Report 2009

Intesa Sanpaolo

ISP Bank Albania

Guide to qualitative reporting

Subsidiary Banks

INTRODUCTION

This document is intended as a guide for selecting the correct information to be used for social and environmental reporting for the year 2009.

Through this document, which provides the structure for the chapters of the Social Report, the CSR Unit intends to begin the gathering of qualitative information from all banks and companies included in the reporting framework.

The descriptions required should bear the following criteria in mind:

Relevance/(materiality)

- Subjects which have had a significant economic, environmental and social impact for the Group, which may be of interest for communicating with various stakeholders and may respond to the values and principles set out in the Code of Ethics;

Equilibrium

- Includes the initiatives that have had positive impacts on stakeholders as well as those that have caused criticality. In this latter case, explain how the criticality has been dealt with.

Reporting method:

Each chapter presents:

- Structure of chapters/sub-chapters
- Text within a frame
This is a support for selecting material and will not appear in the final version.
It cites the principles and values of the Code of Ethics which should be referred to in writing the texts.
It indicates some practical examples of initiatives (for easy reference).

As to the topics which have been dealt with significantly, please write where indicated a brief description in accordance with the following criteria:

- Local initiatives and not those defined by the Division. The gathering of data is in fact carried out in parallel with the Foreign Banks Division;
- particularly significant initiatives, that is to say those which can be considered best practice within the social and environmental context in which the bank operates.

We should also appreciate your indicating initiatives which you consider important, even if they are not included in the proposed framework.

The proposed material will be further processed by the CSR Unit so as to ensure consistency with that arriving from other departments. At this point we shall ask for more detail on the most important topics.

The final version will be subsequently shared with ISB Division and all delegates.

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QUALITY OF RELATIONSHIP**PROXIMITY TO THE CUSTOMER**

"Thinking Ahead with You" is the slogan guiding the Banking Activity of Intesa Sanpaolo Bank Albania. We, Intesa Sanpaolo Bank Albania, based on our commitment to people and community, are determined to help and offer great contribution in creating higher quality of life for all the people, community and environment surrounding us, fully supporting the growth of the Country Economy.

We endeavour to serve the needs of all the people, our customers, shareholders and employees through tailoring bank strategies for carrying out responsible business activities. By continuing to develop banking products and services, we try to be close to customers and community.

In this context Intesa Sanpaolo Bank Albania during 2009 has been deeply involved in undertaking new initiatives under Customer Social Responsibility. The business of the bank is guided by the Code of Ethics, which is a governance tool, and part of the wider vision of the bank's social and environmental responsibility and attributes primary importance to our relations with our stakeholders. From constructive dialogue with them springs a process that activates a circle of continuous improvement, through listening to requests and balancing them with respect to company strategy.

The Bank believes that customers should always be at the center of its attention and only through an on-going dialogue can it truly understand their true expectations and maintain excellent relations. To achieve this the Bank continuously implements systems and tools with this aim in mind.

A most recent tool was the implementation of the "Listening 100%" Programs which aims at creating multi-entry feedback platform for the concerns and suggestions of customers. This program consists in gathering and analyzing the feedback created by customers and collected through channels which include printed materials and online forms that customers can fill out and then submit to the Customer Relationship Manager for follow up and analysis.

The bank believes that enduring relationships based on trust require communication that allows customers to always understand the features and value of all the products and services offered to them and/or purchased by them. Thus it always seeks to simplify the products, make contracts easily understood and reduce possible misunderstandings and ambiguities by providing clear and exhaustive information. Thus a sustained focus was maintained on having clear communications and regular notification of customers regarding bank products and services through all available channels.

SECURITY AND SAFETY OF OUR CUSTOMERS

Intesa Sanpaolo Bank Albania focuses also on providing its customers and the community security about their assets entrusted to the bank and all the information communicated by them.

- Based on Law On Protection of Personal Data, all the employees of the Bank, particularly Customer Service area are instructed to communicate and ensure customers about the security and safety offered. – Another initiative has been undertaken by the IT security Department for Internet Banking Customers using ABA flex service offered by the Bank, publishing ABA flex security guide which provides specific information on the following points

- identification and authentication in electronic transactions*
- text messages to confirm, sending a feedback to customers on their transactions (paper or electronic)*
- Following the instruction of the Central Bank of Albania "On the minimum technical and security conditions of the premises where banking and financial activities are conducted", the Bank has realized and complied with the security requirements provided, fully committed to offer to the customers security and safety*
- We have implemented efficiency security systems concerning*
- Physical security systems*
- Information security systems*
- Antifraud prevention and monitoring systems*

Being committed to providing security and safety to the people and community Intesa Sanpaolo Bank Albania during 2009 had adopted several regulations and policies on physical and electronic security

COMMITMENT TO TRANSPARENCY AND ACCESSIBILITY TO BANKING SERVICES

"We believe enduring relationships based on trust require communication that allows customers to understand always the features and value of all the products and services offered to them and/or purchased by them.

- *We simplify the products, make contracts easily understood and reduce possible misunderstandings and ambiguities by providing clear and exhaustive information.*
- *We promptly communicate any changes in contracts and the conditions therein.*
- *We prepare a clear notification through all available channels, thereby saving time for customers."*

Examples:

- Intesa Sanpaolo Bank Albania promotes in the premises of the bank the publication of financial information of the Bank and Central Bank of Albania for public education purposes
- In cooperation with Fiscal Authorities the Bank also introduces publications on fiscal education of its customers

QUALITY OF THE COMMERCIAL OFFER

EXPANSION IN OUR RANGE OF OFFERS SO AS TO SUPPORT SOCIAL INCLUSION

"We adjust our offers so that all social strata can find an answer to their respective needs. We believe that expanding credit accessibility to the weaker social strata is a fundamental way for social inclusion, enabling people to improve their condition and fully exercise their rights of citizenship. While considering the principles of prudence in the assessment of creditworthiness, which safeguard not only our interest but also that of the customers themselves."

Examples, products for:

- offers for families; mortgages and loans with special new features
- young people: help them to study and build their future
- immigrant customers
- unemployed workers
- senior citizens
- current accounts or services for the non-profit sector

No initiative has been taken for 2009

COOPERATION WITH LOCAL STAKEHOLDERS

SUPPORT TO COMPANY ACTIVITIES AND GROWTH

"We believe that a great bank has a specific responsibility to promote economic and social growth in the country where it operates and to:

- *assist companies in expanding and improving of their competitiveness, and in developing their business abroad*
- *support worthy companies with valid projects, even at difficult times, in the achievement of innovative solutions for reorganizing and re-launching*
- *develop new medium-term financing mechanisms to favour innovation and entrepreneurship of those who, though lacking capital, have promising ideas and projects*
- *go beyond providing credit and participate in the risk capital of enterprises to support projects having a high growth potential in new sectors."*

Examples, loans to businesses:

- company growth
- business internationalization
- innovation, R&D
- private equity activities to support green technological innovation or social sectors
- microcredit to encourage the new businesses to start up
- consulting and support for businesses (e.g. business angels etc.)

For Our Shareholders

The bank acts in such a way that the value of all shareholders' capital invested in Intesa Sanpaolo Bank Albania is protected and increased in a sustainable manner. It guarantees equal information and the best attention to shareholders, without any discrimination or preferences.

All the financial communications of Intesa Sanpaolo Bank Albania, as well as those submitted to the Supervisory and Control Authorities, both domestic and international, were based on the transparency, exhaustiveness and timeliness of the information, as well as on full respect for the law and the codes of self-discipline adopted. In order to guarantee equal information, various channels were used, including the web, where financial statements, annual reports, press releases and presentations to the market of corporate results and principal corporate data are published.

PUBLIC ADMINISTRATION

"We support the public sector and local authorities as far as our role allows, by cooperating without interfering and promoting financial solutions that ensure a long-term equilibrium in view of a growth and modernization that concur to improve the quality of life for society in general;

Example

- loans to municipal authorities for initiatives aimed at improving the area

Intesa Sanpaolo Bank Albania is a participant in the commission of drafting Law on Procurement and Public Debts from International Institutions and second tier banks.

In the framework of the initiatives undertaken by the Ministry of Finance for the preparation of Law on Procurement and Public Debts from International Institutions and second tier banks, ISPBA has supported this initiative and it is part of the task force

TRAINING FOR QUALITY

"We put each individual in a condition to best interpret their role to favour the on-going improvement of their skills, developing their capacity for teamwork and contributing to the achievement of the company's goals.

We develop training programs that focus on individual needs in the conviction that listening to the needs expressed by our employees is vital in designing training processes."

INTRODUCE A TEXT DESCRIBING ANY INITIATIVES UNDERTAKEN:

The objective of the Bank towards the development of employees' professional skills is the continuous training of its staff. Based on the analysis for training needs, the strategy of trainings was on those areas that mostly affect the bank's lifeline (Sales, Credit, SME, etc). Therefore during year 2009 the bank has undertaken different trainings as below listed in the format:

- Training Branch Managers and SME Sales Advisors by reaching the objectives:
 - for enhancing the social skills for an effective management of the customers.
 - for empowering the communication skills in order to consolidate the trust relationship with the customers
 - for developing the necessary skills in order to activate the plan of commercial actions of the development
 - for consolidating the commercial & managerial competencies as per the training undertaken
- Training of Financial Control staff
- IFRS application standards training out of the bank
- Training of CRM staff
- CRM as new department
- Training of staff for money laundering
- training inside the bank with staff in order to prevent illegal activities including money laundering
- Training ON JOB
- Training of all new hired staff on the job, as per respective area of work such as:
 - (Retail Sales Advisors, Planning & Control, Accounting & Balance Sheet Reporting, IT, SME Sales Advisors, Market & Operational Risk Management)
- Training of all staff who have been allocated to new departments (CRM, NPL, Fraud Prevention, IT Help Desk, etc.)

INTERNAL COMMUNICATION

"We believe that listening and dialogue are the foundation of relationships that generate trust, hence we:

- *promote the strategic role of internal communication to help people to participate with more awareness in the life of the company*
- *base communication on criteria of correctness, completeness, simplicity and transparency*
- *develop instruments for sharing information and promote the discussion of experiences that also favour comparisons and integration among the various territorial entities of the Group*
- *explain and spread our values, and continuously check their relevance so that all employees can identify with those values*
- *make information available to everyone about the Group's strategies and goals for the purpose of sharing the elements that characterize our identity"*

Examples:

- listening and dialogue with colleagues: climate survey, house organ, Intranet
- information circulated on Code of Ethics, Policy, Social Report etc.

In 2009 the bank became part of the internal communication initiative called “We are Intesa Sanpaolo”. Among the goals of the initiative are the promotion and awareness raising about our guiding values, as represented in the Code of Ethics. To this aim, the bank undertook a several month long process to promote these values and identity internally through different internal communication channels including email, posters, pictures, post cards and meetings.

Other initiatives included the promotion and encouragement of staff participation in two major sports activities – soccer and volleyball. In January the bank officially created its women’s volleyball team and started training regularly. The soccer team continued its trainings and participation in various local competitions and international ISP group initiated activities.

INDUSTRIAL RELATIONS

“We believe that listening and dialogue are the foundation of relationships that generate trust. We recognise the principles established by the fundamental conventions of ILO (International Labour Organisation) and in particular the right of association and collective bargaining, the ban on forced and child labour, and non discrimination in jobs.”

Examples:

- Dialogue and agreements with trade unions
- Law suits with employees and their outcome

No initiative has been taken for 2009

EQUAL OPPORTUNITIES

“We adopt procedures for the hiring and management of employees that are based on fairness and consistent conduct, preventing favouritism, abuse and discrimination based on sex, ethnic origin, religion, political beliefs or union participation, language, age or disabilities

We guarantee equal opportunities for professional development and growth, access to training programs, refresher courses and the assignment of job positions”

Examples

- initiatives to make the best use of female talents
- initiatives for the inclusion of disabled colleagues (IT programmes for the visually impaired, special training)

No initiative has been taken for 2009

QUALITY OF COMPANY LIFE

“Cohesion is the distinctive trait of a community of people who work well together and are proud to belong to a large company. In order to foster and strengthen the spirit of cohesion in all employees within a strong and shared company identity we:

- *make people’s work easier by simplifying the products, procedures and forms of communication and we safeguard their health and safety by adopting increasingly effective measures*
- *foster, in those holding positions of responsibility, the capacity to act as guides and referees; their actions always comply with the company’s ethical principles”*

WORK-LIFE BALANCE AND FLEXIBILITY

"We promote policies that make the personal and professional lives of all our employees easier by favouring forms of flexibility and carrying out initiatives for the reconciliation of work commitments with private needs being well aware that the private life of each employees is essential to his/her well-being."

Examples

- particular flexibility in working hours
- fringe benefit

HEALTH AND SAFETY

"We make people's work easier by simplifying the products, procedures and forms of communication and we safeguard their health and safety by adopting increasingly effective measures"

Examples:

- special counselling to those colleagues (and their families) who have been victims of armed robbery and who could be the object of physical or verbal aggression by customers
- training courses for employee safety
- services that encourage employees to adopt healthy life styles

Trainings on safety undertaken during 2009 with staff of Branches and staff of Security on the following topics:

- Evacuation of personnel from the working premises in Head Office/Branches;
- On following the measures for preventing the emergency cases in Head Office/Branches;
- Organization of the voluntary service for Fire protection and measures of safety.

TRANSPARENCY IN PURCHASING PROCESSES AND IN CHOICE OF SUPPLIERS

"We guarantee equal opportunity in the selection of suppliers and commercial partners, taking into account their compatibility with and capacity for the size and needs of our company.

We undertake to make sure that the contracts stipulated with our suppliers are based on fairness, especially regarding terms of payment and administrative compliance."

Examples:

- List of suppliers available to the public
- e-sourcing programmes

The bank believes that behavior based on listening and sharing ideas with its suppliers fosters the ongoing improvement of those relationships, reinforcing them and generating reciprocal value.

It is the bank's conviction that a clear and transparent attitude contributes to maintaining enduring relationships with suppliers. And that that integrity is a fundamental premise of these relationships.

A big company should be able to manage responsibly the contractual position, therefore it strives to guarantee equal opportunity in the selection of suppliers and commercial partners, taking into account their compatibility with and capacity for the size and needs of our company.

During the last year we have put into force the Procurement Manual, therefore since November 2009 we have followed a very transparent procedure for every purchase of the Bank. We have treated our actual and potential suppliers in a fairly manner by having a very correct relationship with all of them. No e-sourcing programs have been applied so far, considering that online services in Albania are still in their very beginnings.

PROMOTING SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

"We undertake to support the protection and safeguarding of human rights according to the principles established in the Universal Declaration of 1948.

We recognise the principles established by the fundamental conventions of ILO (International Labour Organisation) and in particular the right of association and collective bargaining, the ban on forced and child labour, and non discrimination in jobs."

Examples:

- Extension of Intesa Sanpaolo's Code of Ethics to our suppliers
- Underwriting of agreements with suppliers for the purchase of recycled paper and low environmental impact office equipment

Environmental protection is one of the key dimensions of the bank's commitment to fulfil its social responsibilities. We join the idea that a Group like Intesa Sanpaolo has a significant influence in terms of environment sustainability, particularly in the social and environmental context in which it carries out its operation, both in short and long term.

From this vantage point we guarantee complete and substantial compliance with legislative provisions regarding the environment. During 2009, efforts were made to improve the procurement system incorporating CSR principles. Energy saving parameters as well as environmental principles were more and more incorporated in the opening of new branches.

We continuously seek new and effective solutions for the environment even through the offer of products and services to our customers and solutions to our suppliers.

We have undertaken to spread best practices regarding environmental responsibility, through the implementation of international principles such as the UNEP Declaration, the Global Compact of the United Nations and best practices shared among the banks of the Group.

We continued our cooperation with the Global Compact Initiative in Albania participating in all local events organized and sharing best practices in Albania. In this framework, we promoted the 10 principles of Global Compact publishing them in our entire network, in the public area.

One of our objectives for this year is to achieve a contract for toners refill instead of purchasing new ones. As for recycled paper we will try to do the same but at the moment the possibilities are very limited in Albania.

RELATIONS WITH THE ENVIRONMENT

DIRECT ENVIRONMENTAL IMPACTS

"We pursue the conscientious consumption of the resources necessary for carrying out our business by implementing an environmental management system and actively improving the energy efficiency of our activities.

We endeavour to improve the environment continuously, also through the monitoring of environmental data and by stimulating the awareness of the people who work in the Group.

We are responsible for making our environmental statistics always available to the public through the various communication channels available.

We guarantee full respect for laws concerning the environment."

No new initiative has been taken for 2009

ENERGY AND ENERGY EFFICIENCY OPERATIONS

Examples:

- Initiatives for energy efficiency (installations, IT equipment)
- Information and Training for colleagues on energy saving
- Use of energy from renewable sources
- mobility management
- use of bicycles

During 2009 ISPBA has favored the purchase of PC whose installation are of very good quality, of low energy consumption.

As for energy saving, time after time we have put all employees under alert to switch off every equipment before they leave. Also we try to coordinate at our best the staff movements in place in order to minimize the usage of cars.

WATER

Examples:

- advice to staff on the reduction of water consumption
- drinking water dispensers
- apparatus for reduction of water wastage

Staff has constantly been advised to reduce water consumption where possible. Drinking water dispensers have been placed in all main branches and agencies of ISPA.

WASTE TREATMENT

Examples:

- differentiated waste treatment
- paper recycling
- harmful waste treatment (used batteries, machinery with cathode tubes, substances harmful for the ozone layer)

No actual contract for paper recycling due to local market restrictions. We have no special places for harmful waste treatment in Albania.

USE OF ECO-COMPATIBLE PRODUCTS

Example:

- use of recycled or ecological paper
- initiatives for the reduction of paper use by employees and customers
- use of printers endowed with front/obverse function

We use scrap paper whenever possible in our offices. We have undertaken also different procedure changes in order to minimize overprinting.

INDIRECT ENVIRONMENTAL IMPACTS

PRODUCTS SUPPORTING INVESTMENTS FOR THE RATIONALISATION OF CONSUMPTION, DIVERSIFICATION OF SOURCES AND THE PRODUCTION OF RENEWABLE ENERGY

"We believe that our investment decisions and credit policies must also take into account social-environmental risks inasmuch as a business that produces economic value can be sustainable only if it does not simultaneously destroy social or environmental value, therefore we:

- *comply with to national and international protocols in respect of social and environmental safeguarding norms*
- *give priority to projects having high environmental and social value.*

We are continuously searching for new and efficient solutions to environmental problems, also through the supply of specific products and services to customers."

Examples:

- loans for the use of energy from renewable sources
- consultancy services to clients on the use of renewable energy
- events for promoting sustainability culture (natural resources)

No initiative undertaken

CONTRIBUTIONS AND SPONSORSHIPS

"We determine the needs, material and otherwise, of the community and support them, also through liberal grants and sponsorships:

- *in choosing possible areas of intervention, we pay special attention to the observance of our reference values, the merit of the initiatives proposed to us and the importance of the social needs they will respond to – among which the appreciation and protection of historical, artistic and cultural heritage*
- *by operating according to transparent and accountable procedures and through formalities that prevent any possible personal or corporate conflicts of interest*
- *making sure that our grants are unrelated to the pursuit of commercial interests."*

Examples:

- microcredit: loans for social inclusion initiatives
- charity (donations without commercial or promotional value for the bank) intended for solidarity, culture, health assistance and research, support to families, university training and research
- sponsorships (contributions granted with the aim of publicising the bank's logo) in the field of sport, culture, education and research and social solidarity.

Charity:

- The activity concerns the Sponsoring the Albanian Children Foundation
- The Bank's support of the Initiative Progetto Speranze concerns the support given to disabled persons. The Bank buys objects from this category of people and distributes them to its customers.

Sponsorships:

For the first time the Bank has supported the initiative and sponsored the Intercultural program. The Bank has also supported FAVA program (Foundation for Albanian visual Arts) in the international market and support national gallery.

The Bank has also sponsored the national theatre. It has also offered its cooperation for the promotional of the Albanian films