

## Communication on Progress 2016

**Intesa Sanpaolo Bank Albania joins Intesa Sanpaolo Group** efforts to provide qualitative banking and financial services to its customers and activates ways to promote development in all the areas in which the bank operates. Conscious of the value of our activities, we believe that socially and environmentally correct choices are also winning economic choices. Our commitment is the continuous improvement of relationships with all the actors interacting with our Bank; the society and all our stakeholders; our employees, our customers, our suppliers, our shareholders and our environment. We pay special focus to the community where the bank operates, believing that building strong relations of confidence and trust, will further facilitate and improve our growth toward future economic challenges. We promote a style of growth that focuses on sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area. It is therefore our responsibility to behave in a manner that is not just aimed at making profits, but which also creates value over the long term for the Bank and the people, for our customers, for the community and for the environment. We compete on the market with a sense of fair play and are ready to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall capacity for growth of the economies of the countries in which we operate. We take responsibility for prudent savings management, we commit to expanding access to credit and financial instruments to everyone, and we support sustainable development of the entrepreneurial system, aware that our decisions have a significant direct and indirect impact on the natural environment and on the community.

In providing its best services to all parties 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. We consider the Code of Ethics as our constitutional charter, a governance tool containing voluntary commitments, beyond those required by Legislative rules in order to merit the trust of our stakeholders. From constructive dialogue with our stakeholders springs a process that activates a circle of continuous improvement, through listening to requests and balancing them with respect to company strategy.

**For our Employees** - Intesa Sanpaolo Bank Albania believes that the employees represent our most valuable assets and one of our essentially important stakeholders. We are committed to encourage a competitive environment among our employees and we aim to and retain our colleagues by offering them stimulus and encouragement, creating an attractive internal environment. We believe that respect for the personality and dignity of each employee is fundamental for developing a work environment based on reciprocal trust and loyalty and which is enriched by the contribution of each individual. We encourage listening, dialogue and internal communication as fundamentals for generating trust and confidence amongst each employee. We set ourselves the goal of continuous improvement, forward thinking, anticipating challenges, and fostering creativity aimed at innovation, both recognizing and rewarding merit.

**For our Customers** - The bank believes that customers should always be at the center of its attention and that only through an on-going dialogue can it truly understand their true expectations and maintain excellent relations. We are committed to making transparency the basis of our actions, advertising and contracts, in order to allow all our customers to make independent and informed decisions.

In its conduct towards the customers and fostering the relations with them the bank applies principles of listening and dialogue, integrity, equality, security and safety and many others. For retaining and attracting its customers the bank continuously seeks to increase customer satisfaction by offering new simplified 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.

**For our Suppliers** – The bank guarantees equal opportunities in the selection of suppliers and its commercial partners, by managing responsibly our contractual positions. The bank believes that behavior based on transparency, honesty, fairness and responsibility and a continuous listening and sharing ideas with its suppliers fosters the on-going improvement of those relationships, reinforcing them and generating reciprocal value. We collaborate with our suppliers by making the integrity the basis of our actions, and by operating in full and true respect of the rules and professional ethics and in the spirit of signed agreements.

**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.

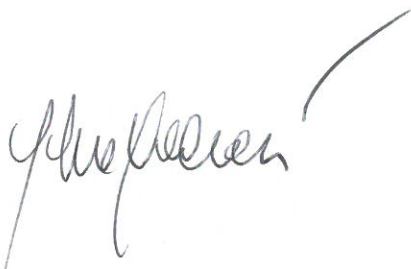
**For our Environment** - Environmental protection is one of the key dimensions of the bank's commitment to fulfill its social responsibilities. We join the idea that a Group like Intesa Sanpaolo has a significant influence in terms of environment sustainability, particularly in the social and environmental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

This influence is attributable to the consumption of resources and the generation of emissions and waste directly connected to its business activities (direct impact), as well as activities and behaviors which it does not control directly but which have been carried out by third parties, i.e. customers and suppliers, with whom we deal (indirect impact). We undertake to make all our stakeholders sensitive to adopting a responsible attitude that favours awareness of the environmental, social and ethical risks and opportunities deriving from their activities.

In our vision, the way toward a successful business passes through recognizing properly our social responsibility.

Yours Truly  
March 31st, 2016

Silvio Pedrazzi  
Chief Executive Officer  
Intesa Sanpaolo Bank Albania





## SUSTAINABILITY REPORT 2015: QUALITATIVE INFORMATION

During the year 2015, Intesa Sanpaolo Bank Albania, performed many new challenging initiatives driven by the culture of corporate social responsibility by strengthening the code of ethics dissemination culture and making it the basis of our actions, considering this an important tool that helps our institution in building trustful relationship with our stakeholders. We encouraged our employees to maintain a high social sensibility and responsibility on the environment, such engagements distinct our bank as solid, reliable, with international prestige, very active in contributing to the social and cultural development of the country and the countries where the bank operates.

The initiatives undertaken during 2015 were intended at: offering valued services to customers; employees' enhancement and professional development; improvement of quality of life in the company; reduction of direct environment impacts; responsible management of the supply chain; cash contributions to the community; preservation of public artistic, historical and cultural heritage; commercial initiatives with community benefit; In-Kind contributions to the community; support to the third sector, and many others.

On our obligation to offer valued service to **customers** we continued to maintain a dedicated attention for Agro business financing, based on the specifications of this Industry and its particular needs. A new Service Model is implemented for this project based on the specifications of this Industry and its particular needs. There are assigned dedicated specialists only to serve to this category of Customers. The Agro Relationship managers are positioned in the branches located in the main agribusiness area and following mainly Agribusiness customer that are small business sized. The SME and corporate customers in agribusiness sector are followed by the respective SME and Corporate relationship managers.

One of the priorities of Intesa Sanpaolo Bank Albania is to maintain a high level of Customer Satisfaction. The whole procedures on complaints management were reshaped during the past year with the intention to create a new comprehensive approach in order to treat with closer dedicated attention all our customer concerns. The customers can use different tools and channels for dialoguing and addressing their issues at the Bank.

The Complaints Management at Intesa Sanpaolo Bank Albania is done based on the Group requirements and standards and the requirements of the Local Authorities.

In order to enhance **employee's** professional growth the Human Resources Department in cooperation with other structures of the bank continued to arrange many on Job trainings, specific classroom trainings, and distance learning, training through outsourcing Group contracted Consultants & outsourcing Local Trainers. Listening to the voice of employees and receiving regular feedback by employees provides the management of the bank with a clear platform for useful improvements.

Again as in the previous year, the Bank committed and encouraged a competitive environment among its employees during year 2015. As such the performance is measured and evaluated through targeted KPI-s mainly in quantitative terms and ~~the less ratio~~ in meeting the qualitative index for the network population. In achieving the goals of the bank, the staff of network was motivated in receiving bonuses through the Incentives Scheme. Whereas the HO staff is evaluated by the KPI's, as set to them by their managers using the Global Performance System. Such evaluation systems acknowledge the efforts of employees and motivate them to better do the job. Recognition of staff efforts has been one of the bank's strategies towards employees, by using appropriate assessment systems and the Incentives systems, even in 2015

We continued to stimulate internal dialogue with our employees through the initiative "Best Fresh Ideas" in order to stimulate the generation of ideas from the employees mainly on three pillars: Commercial ideas, Improvement of Processes and Innovation. All these ideas were analyzed from working groups with different specialists and some ideas generated through this process during the previous year were fully implemented during 2015. A new award was delivered in the course of the year 2015, promoting the Best Branch, the Branch that had the best performance during the Year.

The banks approach to **environment** issues has been in the focus of year 2015 initiatives. The project "Head Office Refurbishment", started already will enable the direct natural light in all working spaces and will decrease significantly the energy consumption due to new LED lightning and new air conditioner and generator systems. LED lighting equipment for all new and Rebranding Branches and the new air conditioner

systems with Energy efficiency parameters (Inverter, VRF), replacement of individual printers with multifunctional centralized machines. The new Light Sign parameters are with LED Lighting (7-10 times less), etc.

A bigger responsibility was dedicated to the administration of the **supply chains** by revising the Bank's procurement manual and respective procedures. The criteria on supplier and technology selection are part of the process to have a better environment and energy efficiency equipment. The Bank is now part of the Procurement Centralization by applying the Group standards; the project also proposes greater awareness of social and environmental responsibility issues. Several campaigns for increasing the employees awareness regarding the environment were held from the Bank during 2015, such as the World Environment Day, One Team, One Dream, One Concrete Action, where on free will the colleagues from several bank's Departments were invited to do something concrete about the environment through daily behaviors and actions, energy saving initiatives, etc.

The **internal quality life of the company** was improved and expanded by many activities out of which we can mention: Staff Children Carnival party, Volley Team participation in many volley contests, improvement of Communication channel through specific electronic notifications on various staff & business needs, Open Talk Sessions, and the End of Year Corporate Event.

Our Bank continued to **support to the Third Sector and social enterprises**, and to be mentioned here is the ISBA support for the World Food Program, an intergovernmental organization, on execution of payments of the Financial Food Assistance, through logistics, dedicated desks for helping the organization to deliver personal checks provided to families affected from flooding on 2015 with a total budget of 1 mln Dollars. Five dedicated branches were assigned to facilitate these payments, by working after standard business hours only to serve to these people. The activity not just had a corporate social responsibility impact, but served also to the bank for strengthen its relation with a strategic partner as WFP.

Intesa Sanpaolo Bank Albania was selected the bank to perform the financial transaction related to the LEA (Land Easement and Acquisition) process implementation for one of the most important investments in Albania TAP "**Trans-Adriatic Pipeline**" **Project**. Taking into consideration that most of this people living in the villages that will be affected from the TAP Project, are in financial difficulties, ISBA have prepared a package of basic bank' products and services with Preferential terms, to be applied to this category of customers. Purpose of this initiative is to facilitate PAPs accessing of compensation funds, with more affordable conditions, improving the quality of life for their family. Trans-Adriatic Pipeline (TAP) proposes the most direct, logical and cost-effective connection for transportation of natural gas from the Caspian Region - starting near the Greek-Turkish border, transiting Greece, Albania and the Adriatic Sea, and coming ashore in southern Italy. Land Easement and Acquisition is a crucial component in the Trans Adriatic Pipeline Project. The purpose of Land Easement and Acquisition (LEA), is to secure access to land required for the construction and operation of the Pipeline System. Part of the LEA process is the actual financial transaction to be made with Project Affected People (PAP). TAP will compensate PAP for land easement & acquisition or any other restriction on land use. ISBA is the bank selected by TAP (through a procurement process) to handle the financial transactions with PAP-s in Albania. The bank is the TAP official partner for the LEA process. Through the execution of this project the bank has the possibility to approach to the bank a considerable number of PAP-s from rural areas, (mostly un-banked).

"EDU-kredi", **the students loan**, was a new product presented during 2015, a newly designed financing option for young people, intended to cover for their educational expenses for completing their studies. The Purpose of this loan was to provide financial support to students when they are in need for funds to cover their tuition fees or other expenses related to their studies.

The bank has contributed for the **Preservation of public, artistic, historical and cultural heritage** through the financial support of construction works at Center for Openness & Dialogue (COD.al) at Prime Ministers' Office, first floor. One aspect of the reconstruction works was the return to identity of the first floor building, since the project preserves the historic route, from the original marble, the format used by Italian architects.

The space serves also to the Albanian artists from the Balkans and foreign, giving the public a more space to find art, but especially the critical art thinking. The main hall also keeps its protocol function to receive delegations.

**Volunteer time:** staff participation only in authorized volunteering activities initiated by the Bank, which was carried out in paid company time, not staff time. Here we can mention the Voluntary Blood Donation Initiative during the working hours, volunteer mentoring in several high schools from our employees that offered free expertise and mentoring in several high schools curricula and Lessons at the Economics Faculty offered from the CEO of the Bank.

To be mentioned here are also some **initiatives organized from employees themselves**, maintaining a pro-active role & responsibility toward the community in which the Bank operates, showing one more time the attention toward people in difficulties or several social groups. Various initiatives were organized such as cash contributions for disable persons, packages with didactic materials for Roma child in kindergartens, donation of blankets for the folded areas in south of Albania, contributions in favor of the Red Cross Albania for the elderly people and the families with social difficulties, donations for Sue Ryder Albania that treats the terminal cancer patients, etc.

### **OFFERING VALUED SERVICES TO CUSTOMERS**

#### **Evolution of the service model and relationship channels**

Since 2014 for Agro business financing is implemented a new service model, based on the specifications of this Industry and its particular needs. Several meetings were organized with all actors to better understand and meet the needs of the customers belonging to this sector. A special team of specialists serve already to this category of Customers especially to farmers and also Agro Business Relationship managers are positioned in the branches located in the area having Agribusiness their main activity. Intesa Sanpaolo Bank Albania, opened during 2014 a new branch with extended working hours (from Monday to Friday 09:00-17.30; Saturday 10:00 – 17:00) in one of the biggest commercial centers in the country. Being strategically located in a developing area where many businesses operate, the branch serves this category as well as the many employees working within the center and the individuals living in the nearby residential areas. Furthermore, ISBA offers services during Saturday in other three branches (two in Tirana and one in Vlora, open to customers from 10.00 to 12.00 a.m.) Call Center offers full information regarding Retail Business from 8:30-20:00 every week day and Saturday 08:00-16:00 and for Help Desk 24h/7/365 in case of Card Loss or Stolen. Following the newly upgrade of core banking system to the latest version of FCUBS 12.0.2., successfully implemented in 2014, the bank launched the new the Mobile Banking platform which enabled this new service to customers on February 11<sup>th</sup>, 2015, followed by launch of an additional feature to the Mobile Banking service enabling payment of electricity bills through the QR Code. All these platforms open the way to the bank to potentially explore at full the infinite possibilities of leveraging on personalized offers and products as well as on coming closer to customers' needs by enabling access to banking products through a variety of channels.

#### **Quality of products and services**

One of the priorities of Intesa Sanpaolo Bank Albania is to maintain a high level of Customer Satisfaction. The Bank is focused and all the synergies are dedicated to the maintenance of a standing leading position of Customer Satisfaction in the Albanian banking market through further increase the quality of bank products and services. Due to significant cost cutting initiatives in 2015 was not done the measurement of customer satisfaction index. However, the Bank measured the customer satisfaction in product levels; for new onboarding clients and for the Mobile banking product. Regarding mobile banking was a targeted group of 2,508 clients. Customer satisfaction & the questionnaires filled show a good ratio for onboarding clients. 92% of them could be considered as a high ratio of satisfied interviewed clients. Only 1% of contacted clients during the 'After Sale' approach are unsatisfied.

All recent investments in the Bank have been intended to enrich customers experience, increase effectiveness and last but not least the client's profitability. The bank perceives this transformation as a continuous journey and dynamic process where it continuously refines its model based on customers' needs and changes in the market.

### **Dialogue and interaction**

#### **Enhance financing on Agribusinesses sectors**

During the year 2015 are conducted several meetings with representatives of organizations or institutions main players in supporting agribusiness sector, aiming to a partnership and find possible synergy to develop the existing or enhance new tools to better address their needs for accessing funds.

A conference was organized by the Bank for supporting innovation in Agribusiness gathering the main actors and influencers of agribusiness sector in the country. In the meeting participated Minister of Agriculture, Deputy Prime Minister, Italian Ambassador and more than 300 representatives of agribusiness private sector. Several Round Tables in small groups were organized with the aim of discussing problems of the sector and needs. Also the bank participated in different events to present the most important government packages; events to present supporting projects as well as promote potential sectors and areas for development.

Our bank was present in several Agribusiness Fairs organized across Albania.

Educational: Meetings with groups of customers that create the possibility to distribute the necessary information (bank info for funding and technical information) in a broad audience.

This information acquired from the clients will help them to develop their businesses and will impact development of the country.

#### **Complaints Management**

During 2015 was reshaped the full cycle of the procedures/regulations regarding the Complaints Management of Intesa Sanpaolo Bank Albania sh.a. aiming at creating a more effective management of complaints received by the Bank. The revision of the whole cycle of complaints management was done with the aim to include all Bank Central Functions, not only to treat business issues, but for effective implementation of the Code of Ethics and for Risks mitigation. We believe that "critical thinking philosophy", is a crucial driver, a necessity and provides competitive advantage in today's increasingly cluttered marketplace.

Based on the above, was defined a set of rules and operational instructions to be followed related to the responsibility of managing and answering all of the Reports received from any Stakeholder in accordance with the self-responsibility principles embedded in the Code of Ethics, but also for managing the full cycle of complaints not related to Code of Ethics but to business/operational matters.

The customers can use different tools and channels for dialoguing with the bank, through:

1. The e-mailing at [complain@intesasanpaolobank.al](mailto:complain@intesasanpaolobank.al); [codeofethics@intesasanpaolobank.al](mailto:codeofethics@intesasanpaolobank.al)
2. Listening 100%, by filling the leaflets form gathered through a closed transparent box in each of our branches.
3. Call Center Service Calls for Free 08006000 or +355 4 2276000/222/223 + 355 (0) 692080903
4. Through our bank's website where are specified dedicated fields on customer complaints at customer care section, complains or code of ethics related complains.
5. In hard copy received through official post of the Bank

The Customer Relationship Management (CRM) & Customer Satisfaction department is responsible for complete handling of complaints issued by Customer, referring only to ordinary business matters, while Corporate Social Responsibility (CSR) Unit is responsible for complete handling of complaints received from the State Institutions, Suppliers and Employees and any other stakeholder. All the complaints that envisage a potential breach of the Code of Ethics are also managed fully by CSR Unit.

The Corporate Social Responsibility Unit (CSR) and CRM & Customer Satisfaction, continuously carry out a monitoring activity with respect to the quality of service provided, to promptly identify the causes of clients inconvenience and consequently activate the necessary mitigation actions. Periodical reporting is made at Top Management of the Bank, beside the corrective actions taken on a case by case basis, call for action related to the review and revalidation of procedures are proposed and recommendations are given that influence larger groups and categories of the customers. The ultimate aim of the whole process related to complaints management is the continuous improvement and to guarantee the implementation of Code of Ethics as one of our core documents.

### **EMPLOYEES ENHANCEMENT**

The Human Resources Department in cooperation with other structures of the bank continued to arrange: On Job trainings, Specific Classroom trainings, Distance Learning, Training through outsourcing Group Contracted Consultants & outsourcing Local Trainers (companies). A new and innovative format of training was introduced for the first time as an “outdoor training” for SME & SB relationship Managers in order to give a new impulse to the commercial activity, focusing on enhancing the capability to own properly the customer relationship by maintaining a positive attitude oriented by new possibilities, and enhancing two key drivers; passion and pleasure, as very important key indicators that influence significantly on personal and professional life.

Our Bank during 2015 has involved the managerial staff in different training initiatives, where to be mentioned are the trainings: “Leading Projects, leading change”, “Me and my team”, “Dealing with differences” etc.

Several training initiatives were also organized in collaboration with Albanian Association of Banks related to: Fraud detection and prevention, Basel II and beyond, Back office and Business communications, win-win negotiations etc.

Our Bank continued with the training on First Aid (delivered by Red Cross Albania) and for the first time were introduced two new trainings:

- Training on Data Protection in collaboration with the Office of the Commissioner for Personal Data Protection
- Training for the new staff with a dedicated special focus on Code of Ethics and customer ethical complains
- A dedicated session on CSR was held in the first “Open Talk session”

### **Climate Survey**

During the first months of year 2015, the Bank received the Climate Survey report for edition of year 2014. Differently from previous years, the Group changed the provider for this edition and as the consequence it was totally a new questionnaire. This initiative came again as an essential opportunity to exchange employee’s opinions about the bank, about the work today and tomorrow, the customers, the management and the job satisfaction.

### **Recognition and reward of employees' merit**

#### **Assessment systems**

Since 2013, ISBA is using the common performance management system used by International Subsidiary Banks Division (GPS, Global Performance System) and the related web platform both for managerial positions (MBO) and remaining employees (of the head office and the network).

To ensure objectivity and transparency the assessments system is based on the logic of expected profiles, whereby every employee is assessed objectively and consistent with conduct requirements in relation to the complexity and specifics of their position. The summary final opinion is therefore the result of gap analysis between the expected profile and the profile recorded.

In the Group's international subsidiary banks the common performance management system (GPS, Global Performance System) and the related web platform are now used by all the banks, both for managerial positions (MBO) and remaining employees (of the head office and the network).

Furthermore, 21 managers participated in the project of managerial assessment with the main objective of sharing the new Group model of managerial competences, and – based on this model - mapping the managerial expertise existing in our Bank. The outcome of the assessment served as a starting point for designing and planning development initiatives, at both individual and team level.

#### **Incentive system**

The incentive system in place since year 2013, continued be active for the year 2015. A new web tool was introduced during 2014 for the "Incentive System", in order to support the entire bonus awarding process from objective assignment to payment of the bonus, with the aim of also encouraging objectivity and clarity in the incentive systems.

ISBA has approved and adopted all the Directives issued by the Parent Company in terms of guidelines and policies related to compensation tools.

#### **Professional development**

During 2015, Intesa Sanpaolo Bank Albania organized and re-launched the initiative "Best Fresh Ideas", (initiated in 2014), to stimulate the generation of ideas from their employees mainly on three pillars: Commercial ideas, Improvement of Processes, and Innovation.

All these ideas were further analyzed by the Top management of the Bank, with the scope to implement as much as possible from the ideas during the year 2016.

"Best Performers 2015" – Awarding ceremony was held during the End of Year Corporate Event when CEO and members of the Bank Board of Directors gave certificates to the best performers' employees selected by Each Head of Division thanking them for the great contribution given in the Bank's Business Growth during 2015. Regarding the "Best Performers 2014" and the winners of "Best Fresh Ideas 2014", was organized a trip to EXPO Milan in 2015, while for the winners of 2015, is planned a trip to Venice.

"Best Branch 2015"- was a new award announced at the end of the year 2015 for the best Branch team that achieved the best results.

#### **Enhancement of diversity**

ISBA encourages the respect for human rights of people with disabilities and their full inclusion and participation in society. During year 2015 the Bank supported initiatives for hiring disabled people. In that framework and in cooperation with the Albanian Disabilities Rights Foundation, the bank hired two staff belonging to that category.

In this framework and in the framework of the Corporate Social Responsibility, the HR Department requested the collaboration of the Albanian Disability Rights Foundation Albania to organize trainings involving different



branches of the Bank. The courses were held in Tirana involving roughly 100 people organized in 5 different groups.

Special training sessions with the themes: "Disability Models and Barriers" and "Legal framework for disable persons and ethics overview", were organized, where the people with disabilities themselves trained all the staff of the network that serves to this category of persons. Through these sessions all the employees had a chance to better understand the needs and the difficulties of the people with disabilities. We have to emphasize the fact that our Bank is the first nonpublic institution in Albania organizing such training.

### **REDUCTION OF DIRECT ENVIRONEMENT IMPACTS**

#### **The main initiatives taken for energy saving:**

Both reallocated/rebranded Branches at Rr. Elbasanit and Korca are equipped with LED lighting, AC with Energy efficiency parameters (Inverter, VRF). The new Light Sign parameters are with LED Lighting (7-10 times less)

During 2015 continued the replacement of individual printers with multifunctional centralized machines in all the branches.

The project "Head Office Refurbishment", started on 2014 will enable the direct natural light in all working spaces and will decrease significantly the energy consumption due to new LED lightning and new air conditioner and generator systems. The implementation phase started on October 2015 and the works projected refer to a total reconstruction of premises including: Constructions works, Electrical works, IT Infrastructure, HVAC works and branch rebranding.

The energy saving impact from the works is estimated to be 30% of the current energy consumption

#### **Paper:**

With the Implementation of the Outsourcing the Printing Service in the Head Office (located in two different premises) during 2014 and in all the branches during 2015, are fulfilled the targets for decrease of the Paper usage and decrease of CO2 in the office by eliminating the cartridge printers and scanners in the offices which were replaced with central MFM (Multi-Functional Machines).

In meantime, tenders are regularly published in the bank's website, and the increase of the participants in the bids by applying the notification of the opening and closing tender in the bank website has reduced the paper usage.

To be mentioned is the fact that with the successful implementation of the New Core Banking System - Flexcube Upgrade , ended in October 2014,- is reduced the letterhead paper for deposit slip and withdraw slip.( overall total 796.72 kg of paper fully saved quantity in 2015.)

#### **Waste:**

Starting from January 2014, the Bank has an agreement with Recycling Company about all the waste and papers collected by the Bank (Head Office and all the Branches).

In This agreement the company takes care for the recycle of the Fixed Assets written off after the End of Year physical inventory. Previously these assets "out of order" were eliminated by the bank, now the process is managed by the company with the aim of recycling.

The Bank managed to implement the initiative of recycling the constructions waste from all the works done within the bank.

**Mobility management:**

Some working positions are using the bicycles bought from the Bank (Maintenance team, POS Team and IT support).

The Bank has taken new vehicles in 2013 (Super Fuel not diesel and consume saving) for environment preservation, used also during 2015.

**Energy saving Initiative**

A new initiative on energy saving was introduced by Real Estate & General Services Department in summer season aiming a concrete impact on energy optimization for all colleagues; a specific table was prepared to be placed in each office area and in each branch, containing the most important indicators on energy optimization, by promoting environmentally responsible daily actions such as: turning off all energy consuming equipment's at any time when leaving the office. Further controls in each office/space followed to check if all the rules on energy saving and optimization were properly followed by all colleagues

**Plastic Cap Collection**

Jan-Dec. 2015: Albanian Cap Project - 555 Employees participated as well other volunteers (clients and stakeholders) to collect plastic caps and with the money earned from the recycling to buy wheel chairs for the disabled people who cannot afford buying them. In all our branches are allocated plastic boxes to collect caps serving also as collection point for that business area.

250kg of plastic caps = 1 wheelchair – we have collected approximately 1500 kg= 6 wheel chairs till the end of December 2015

**Seven Billion Dreams, One Planet, Consume with Care!**

World Environment Day (WED), the biggest, most celebrated global day for positive environmental action, established by the UN General Assembly in 1972, gives a human perspective to environmental issues, empowers people to become active agents of sustainable development. The 2015 global WED celebrations were organized at the world famous Universal Exhibition, "Expo Milano 2015" (01.05.2015-31.10.2015), where Intesa Sanpaolo Group is the Global Official Partner. WED slogan 'Seven Billion Dreams! One Planet! Consume with Care!' supports and complements the "Expo Milano 2015" theme 'Feeding the Planet - Energy for Life', which showcases state-of-the-art technology, ideas and solutions that can help guarantee healthy, safe and sufficient food for everyone, while respecting the planet and its equilibrium. The Bank organized a two weeks internal & external communication & awareness campaign to celebrate the WED 2015. The Bank also promoted a few internal initiatives such as enticing colleagues to undertake ecologically responsible daily actions "One Dream, One Team, One Concrete Action!"

**RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN**

Procurement Manual approved on fourth quarter of 2015, which has been updated with the Group Rules and Standards, will increase listening and engagement.

We communicate by e-mail (through a dedicated email address for tenders) or phone with almost all of our suppliers during the daily activity. Tenders are regularly published in the bank's website.

The tender process on the web is a transparent process enabling all the interested suppliers to be part of the cooperation with the Bank. The criteria on supplier and technology selection are part of the process to have a better environment and energy efficiency equipment. The Bank is now part of the Procurement Centralization by applying the Group standards; the project also proposes greater awareness of social and environmental responsibility issues. The purpose of this new Procurement Model is to define and adopt new regulations and processes. These processes enable moving to a "Global and Centralized Procurement" approach. Standard Purchasing Categories with International Suppliers are negotiated on Group Level and Local Procurement Department purchases under the Global Agreement. The new version includes, within the scope of the "centralized procurement" model, the "local" product categories which draw from local supplies in the case of goods or services for which the procurement market is typically local or closely tied to the specific market. The Guidelines, which are described in more detail in the related Rules, combine social and environmental responsibility criteria in a transversal and well-structured manner and require all the departments involved to take them in due consideration during the sourcing process, from the request for quotation to the request for the offer and supporting information.

Furthermore, the local appendix of Procurement Manual, Corporate Social Responsibility of Suppliers, is an additional request for promoting to the suppliers social and environmental responsibility.

#### **GREEN PURCHASE:**

Printing Solution project started in 2013 in support of environment and paper composition and during 2015 followed the phase of implementing centralized printing solution for all the branches, by saving approximately 30% in printing costs (paper and ink/cartridge).

Recycling paper initiatives:

All the paper waste (used paper) in the Bank is recycled one from the contracted company "Green Recycling" in base of monthly reports.

Putting out the individual printers, scanner and photocopy and replacing them with the central machines with user data base. The new AC systems, multifunctional machines and the new lighting used in the new or existing Branches are Energy Efficiency and ecological one.

The Bank has undertaken the initiative for the replacement/purchase of low-environmental impact office equipment. In the framework of Head office reallocation project, during 2015 were purchased ergonomic chairs also for all employees. The project will allow increase of natural lightening and more volumetric offices ensuring a better working environment for all the colleagues.

During 2015, has been selected a new company for offering taxi services for the bank that fills the condition of owning new and ecologic cars (meaning production year 2014-2015).

#### **QUALITY OF LIFE IN THE COMPANY**

Bank's initiatives:

- The Bank followed a yearly tradition, organizing the Children Carnival party for the fourth consecutive year with the aim of improving the life quality of its employees and their families, keeping in mind the importance of work /life balance, and appreciating even more the efforts of parents in long working hours. This event gave to the children, dressed up as per their favorite characters, the opportunity to play and have fun in the company of the professional animation and mascots, as well as learning how to ice skate in an ice skating floor exclusively reserved for them, in

- the premises of one of the main commercial centers in Tirana. In this event participated approximately 150 children & 200 Parents/Colleagues
- Intesa Eagles - Volley Team – Work/Life Balance initiative: twice per week training during the entire year for 20-30 girls from staff participating in the Volley Team “Intesa Eagles”. They participated during 2015 in the Timisoara ISP sport event, where they were awarded in the 2-nd place in Volley for Women
  - Internal Communication has used its official channels by publishing: ISBA TODAY - the electronic newsletter, in monthly bases, giving a full picture of the activities happening in the Bank Vision internal magazine in electronic & printed version, , covering the most important events on the business and social life of the bank; **Weekly updates** to all colleagues by internal e-mail on Cultural and Art Activities organized in the main cities; **Postcards** for: Easter, Mother Teresa Beautification Day, Flag Day & Liberation Day, Christmas & New Year; **Daily Albanian Media Review** - an update by e-mail for the main news in the economic and banking sector in English sent to all colleagues who have requested this service
  - During 2015 were organized two **“Open talk Sessions”, with the aim to:**
    - discuss issues related to the way our organization operates and the strategies that follows
    - create a mechanism for open communication
    - enhance relationships among employees and
    - foster a more constructive partnership between the employees and managers

First session was held through a presentation prepared by Head of Finance & Capital Markets “The client & the Bank, a beautiful and complicated relationship”.

Second session was held through a Presentation by Head of Financial Division “Our Strategy and results, how informed are we”.

## CASH CONTRIBUTIONS TO THE COMMUNITY

### ✓ Charitable gifts

One-off support, to a wide range of good causes in response to the needs and appeals of the beneficiaries. These donations are contributions to non-profit, non-governmental organizations, social enterprises, third sector and civil society initiatives for the benefit of the community with no return to the Bank - even in terms of image. They are voluntary commitments: contributions resulting from a legal or contractual obligation are not relevant.

Bank's initiatives:

### **Initiatives organized for the COMMUNITY – *Support for flooded areas in south Albania***

During end of January and beginning of February 2015, the regions in south Albania were hit by continuous, heavy rainfall. The damages caused to the communities by the recent floods that were submerging large parts of South Albania, destroyed people's houses, livestock, land and agribusiness.

ISBA Albania took immediate measures in answering the request for help of Albanian Government and of Ministry of “Agriculture, Rural Development and Water management” addressed to all second tier banks operating in Albania. We offered full support, reaffirming our availability and our Group's availability of help to all our clients in these areas and established Loan Repayment Moratoriums for individuals, SB & SME customers located in areas affected by this natural disaster. However, our clients were not affected from these conditions, maintaining good repayment capabilities.



- ✓ **Preservation of public, artistic, historical and cultural heritage**  
Management and valorization of public artistic, historical and cultural heritage.

Bank's Initiatives:

**Financial support of construction works at Center for Openness & Dialogue (COD.al) at Prime Ministers' Office, first floor.**

It was a newly presented concept to reconstruct part of the Prime Ministry's old Victorian building into a modern contemporary information center open to the public. The initiative intended to make public institutions and records open and available to citizens – as well as art and research institutions – throughout the country and beyond.

COD- Center for Openness & Dialogue offers a unique blend of three venues: a digital room that provides public access to the digitalized archive of the Prime Minister's office, containing thousands of documents, including Council of Ministers' decisions and the institution's internal correspondence; an internationally registered library that enables COD visitors to interact with thousands of libraries worldwide specialized in politics, current affairs, art, architecture and urban planning; and an exhibition hall that hosts temporary art exhibitions. As such, COD seeks to become a laboratory that investigates the very threshold where different fields of art, politics, and research meet and their potentials overlap.

## **TIME CONTRIBUTION TO THE COMMUNITY**

**VOLUNTEER TIME:** staff participation only in authorized volunteering activities initiated either by the staff or the Bank. This was carried out in paid company time, not staff time. Staff's own time outside work hours has not to be considered.

Bank's initiatives:

A group of 32 colleagues **donated blood** in the first initiative of the year on May, 2015 and 26 colleagues participated in donation on the second initiative on November, 2015. Blood Donors Social Dinner supported by the ISP Group Blood Donors Association was organized on October 20, 2015 with the aim to enhance communication and foster the relations between the colleagues involved in this human initiative, sharing experiences and thanking them for their contribution in the creation of the first Blood Donors Group in the perimeter of ISBD Banks, helping as well in a better promotion of this initiative within the Bank. Total time contribution regarding this initiative is 132 hours

### ***Junior Achievement Volunteers***

In collaboration with Junior Achievement Albania, our bank during 2015 organized the call for "volunteer mentoring", addressed to all the colleagues with distinguished lecturer and eloquent skills, for being volunteer mentors in Albanian high schools (class 11 and 12) offering their practical skills from business field in educating entrepreneurial learning for young people. A number of 16 colleagues answered, offering once/week their input on the high schools by being present approximately one hour every week during lessons offering practical skills and enabling the students to enjoy an exceptional opportunity to acquire practical working experience in running a student-owned and student-led mini enterprise. The initiative started by 1-st of December 2015 and will also continue in 2016, to be closed then with end of the scholar academic year.

In total 16 colleagues that participated, in total the time contribution for 16 participants was 128 hours. If we add also the training held at Head office during working hours (for 2 hours) the total time contribution for Volunteer mentoring is 130 working hours.

Lecturer activities at Economics Faculty: In total 3 participants CEO, Head of HR, Organization and General Secretariat and Head of PR, Marketing and External events. Time contribution: 2 working hours for the even/each participant, in total for 3 participants: 6 working hours.

#### **IN-KIND CONTRIBUTIONS TO THE COMMUNITY**

Non-monetary properties donated to the community. These included: sacked office equipment such as computers, office furniture, or the use of premises of the Bank for meetings or events. Beneficiaries were non-profit organization, NGOs, foundations, schools, etc.

Bank's initiatives:

We supported our community by aiding in improvement of public services through donations of used office equipment, which have helped to digitalize and make daily operations of such institutions more efficient. In total we supported 5 institutions by donating a total of 10 Desktop Computers, 2 Printers and 1 Photocopy Machine.

#### **SUPPORT TO THE THIRD SECTOR (INITIATIVES OTHER THAN THOSE LISTED ABOVE)**

Development of initiatives in partnership with social enterprises and non-profit organizations different from cash contributions to the community and in-kind contributions to the community

Bank's initiatives:

ISBA has signed a partnership agreement with Economics Faculty, with the aim and intention of sharing experience and professional expertise in several collaboration projects by offering bank's support for a better quality in the basic functions of this Faculty in the fields of scientific research, Lecturer activities and successful carrier opportunities. ISBA CEO was invited by the Faculty of Economics, and was a lecturer on the theme: "Lessons learned from the Crisis, challenges for the Banking system" for about 150 students in the auditorium premises of the Faculty. This activity was part of the successful "Forum for Open Lessons" organized by this faculty, with the distinguished presence of Albanian and International personalities in the fields of Academy, Economics, and Administration.

22 newly graduated students did their internship for a three months period in Intesa Sanpaolo Bank Albania in Agreement with the Faculty of Economy and Finance and furthermore, 99 other students from different faculties of Albania did their internship at our Bank.