



BANCA INTESA

Beograd

# Sustainability report 2015



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## Foreword by President of the Executive Board



Ladies and gentlemen,

The increasing needs of the community require companies to focus their resources, more than ever, to support addressing the important social and environmental issues. At the same time, we bear witness to dynamic changes, new requirements and new expectations in the manner and nature of reporting on sustainability. I am proud that in the course of 2015, Banca Intesa has responded to both tasks with great success.

Striving to constantly improve our practice of social responsibility, we put special emphasis on further improvement of the system of monitoring and measuring economic, social and environmental effects during last year as an important aspect of our sustainable operation strategy. As a result of this commitment, the 2015 Sustainability Report was prepared in line with the most recent G4 guidelines of the Global Reporting Initiative (GRI) international methodology, taking into account the highest global standards in non-financial reporting. The new guidelines that, inter alia, refer to the stronger integration of social responsibility into the business strategy, and to the more efficient unification of financial and socially responsible reporting, have additionally improved the quality of reports and have also increased the level of inclusion of all segments of the Bank in the issues of sustainability. Moreover, by adopting internal acts, we formalised the process of preparation of the annual sustainability report, additionally verifying our strategic and long-term approach to this subject.

On the other hand, we continued to provide support to the community by further strengthening the culture of corporate volunteering, working on strengthening financial inclusion and monitoring the needs of the customers and employees, as well as through continuing to allocate financial support for the arts, culture, health, sports and education. The programme

of corporate volunteering Intesa from the Heart was extended to include the Volunteering Day project, which included all regional centres of the Bank. Following the needs of specific social groups, we initiated a unique programme of financial and educational support for strengthening female entrepreneurship in cooperation with the European Bank for Reconstruction and Development. In terms of customer satisfaction, we continued to work on adjusting the working hours of branches of the Bank to the needs and the habits of the citizens. In addition, we placed a special focus on monitoring the needs of disabled persons and, in line with this commitment, we enabled even better access to services and products. At the same time, we started a major project of researching the corporate culture in order to create a working environment in which all employees can utilise their potentials, strengthen their sense of belonging to the parent Group and identify room for further development and affirm the recognised values.

The significance of the socially responsible actions of Banca Intesa was confirmed by the numerous awards and recognitions bestowed during 2015. We received the Planet Business award for the third time in a row, as a bank that had invested the most funds in the development of society in the previous year, as well as My Choice, an award we received for our contribution to the local community. The Serbia Business Leaders Forum and Smart Kolektiv rewarded our volunteering programme Intesa from the Heart, while the Serbian Association of Advertising Specialists gave recognition to this programme in the category of the best socially responsible campaigns in Serbia implemented in the profitable sector. Finally, I would like to point out with special pleasure that Banca Intesa won the award of the Business Leaders Forum for our outstanding contribution to the development and promotion of the importance of non-financial reporting.

The good results achieved in the area of sustainability and the numerous awards that we won on the way provide an important validation of the accuracy and consistent implementation of our strategy of socially responsible operation and oblige us to monitor and respond to the needs of all stakeholders with even greater care in the following period, providing an important contribution to further economic development, a better life for the citizens and the progress of the entire social community.

Sincerely,  
Draginja Đurić,

President of the Executive Board

## About the Report

Bearing in mind global trends and challenges connected to the term sustainability, Banca Intesa recognises that **transparency in operation and reporting on the economic, environmental and societal impacts** is a crucial factor for accomplishing stable relations with all stakeholders, effective regulation of other market relations and the achievement of sustainability of operation.

This practice has been as common as financial reporting since 2010, when a system of regular reporting on corporate social responsibility (CSR) was established in the Bank. The Bank accomplishes its strategic commitment to incorporating sustainability in all business functions and its philosophy of business through the ongoing development of its capacities, reviewing the results achieved, and setting clear goals and strategies, by improving the sustainability reporting framework.

A stride made in 2015 within the methodology approach related to a shift from the GRI G3.1 to a redefined GRI G4 version of the Sustainability Reporting Guidelines, which introduced new requirements reflecting the present social moment. Therefore, the purpose of the report is to provide a complete picture of the impacts of the organisation – on the environment, society and the economy. It translates abstract issues into understandable and specific ones, thus helping understand and manage sustainability, which is directly related to the operation and the strategy of the Bank.

### Leader in CSR Reporting

In addition to other numerous rewards in 2015 that acknowledged the success of the social responsibility approach of the Bank, Banca Intesa was also awarded for its contribution to the development of non-financial reporting in Serbia by the Business Leaders Forum and for the introduction of the internationally recognised sustainable reporting methodology GRI (Global Reporting Initiative), which its reports have complied with since 2012.

In this context, the report preparation process is key to monitoring the social and environmental impacts and activities as it integrates the results of the dialogue with stakeholders, quantitative indicators and monitoring of the compliance with the ethical principles of the Bank.

The 2015 Sustainability Report has been prepared in accordance with the GRI G4 version of the Sustainability Reporting Guidelines, as well as the Financial Service Sector Supplement (GRI G4 Financial Services Sector

Disclosures). According to the strategic agreement between the Global Reporting Initiative and the UN Global Compact (UNGC), the Report also fully meets the UNGC requirements concerning progress reporting. This year's Report presents data on new key parameters in response to the 32 indicators in the GRI G 4 Guidelines and is **adjusted to the Core Reporting Option**.

### Structure and Contents

In the content-defining process, the Bank was led by the GRI G4 principles of **materiality, involvement of stakeholders, sustainability and completeness**, striving to present clearly and transparently those topics, i.e. aspects that stood out as priority ones in a set of relevant topics, according to their significance for the Bank and its stakeholders. **Focus was thus kept on aspects that were material** and were thus sufficiently important to be a part of a sustainability report. Furthermore, extending the understanding of the scope of impact, the Bank considers the **direct and indirect impacts** of its business on sustainability with equal attention.

The Report is divided into three basic parts:

- Identity, which offers information on the profile of the Bank, its relation to stakeholders and corporate governance;
- Sustainability, which contains an overview of activities and outcomes of the Bank, represented according to their impact on the most important stakeholder groups. For any of the identified areas, the Report gives a strategic approach to governance, an overview of activities and responses to the relevant indicators;
- GRI contents, indicators and parameters of the report, which systematically feature the compliance with the GRI requirements, fulfilment of the performance indicators, as well as their association with the relevant principles of the UN Global Compact.

# 1. Identity

## 1.1. Bank Profile

### The Intesa Sanpaolo Group

Intesa Sanpaolo is the leading banking group in Italy and one of the largest in Europe with 11.1 million customers and more than 4,100 branches. The Group is a leader in financial service provision to both retail and corporate customers in Italy, especially in banking intermediation (with 15% loan and 16% customer deposits shares), asset management (21%), life insurance premiums (21% market share), pension funds (22%), and factoring (29%).

Moreover, through its local member banks, the Group strategically covers territories worldwide, where it ranks as one of the leading banking players. In total 8.2 million customers are serviced in different countries from Central and Eastern Europe and the Middle East to North Africa through a network of 1,200 branches: it is the number one bank in Serbia, the second bank in Croatia and Slovakia, the number four bank in Albania, number five in Egypt, and the number seven bank in Bosnia and Herzegovina, Slovenia and Hungary.

On 31 December 2015, Intesa Sanpaolo had total assets amounting to EUR 676,496 million, loans to clients of EUR 350,010 million, direct bank deposits of EUR 372,183, and direct deposits from insurance and technical reserves amounting to EUR 132,948 million.

### Business Results

At the end of 2015, the Group recorded a significant increase in profitability, exceeding the objective of the Business Plan for 2014–2017 despite long-term challenges in the market and confirmed a strong balance. The net profit of EUR 2,989 million in 2015, when the emergency cost for payment into the rehabilitation fund was taken out, increased by 76.9% compared to EUR 1,690 million in 2014, when a retroactive increase of tax rates to capital gains from the share in Banca Italia in 2013 was exempted.

### Rating

Intesa Sanpaolo is present in some of the world's most relevant sustainability indices where the selection is not only based on financial results but responsibility to the social and natural environments. This ranks the Group amongst the world's corporations that approach economic, social and environmental sustainability and business ethics in governance (ESG analysis) with the highest degree of commitment. The most renowned include the **Dow Jones, DJSI World and DJSI Europe, Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120, UN Global Compact 100 stock index, "A list: The CDP Climate Performance Leadership Index 2015"** etc.

### Banca Intesa

Banca Intesa, a member of the Intesa Sanpaolo Group, reaffirmed once again its leading position in the market by all most relevant balance positions at the end of 2015. At the end of the fourth quarter of 2015, the Bank operated with approximately 1.6 million private individuals and about 120 thousand legal entities. The business network of the Bank was formed of 170 branches and it also boasted the most developed network of POS terminals and ATMs with 21,145 active POSs and 260 ATMs. At the end of 2015, Banca Intesa confirmed its leading position in e-banking and payment card operations. In late December 2015, the Bank had around 1.4 million debit and credit cards issued.

Owing to its professional team of around 3,000 employees, the Bank generates stable results in all areas of business. Key activities are directed to retail banking and operation with small business, economy and local self-governance. Banca Intesa strives to fortify its leading position in the Serbian banking market, offering sustainable solutions and active support to the process of recovery of the local economy.

### All Business Functions Under One Roof

To unite all business functions under one roof and create optimum conditions for the work of its employees, in 2015, Banca Intesa signed a contract for the purchase of the Delta Holding office space in Milentija Popovića

St. in Novi Beograd. All the managing units of Banca Intesa in the area of Belgrade, which have previously been distributed around several locations throughout the city, will be located in the same building, which will additionally improve business processes and enhance operational efficiency, thus ensuring even better conditions for the further development of the operations of the Bank.

The Intesa Sanpaolo Group is the owner of 100% shares of the Bank, that is INTESA SANPAOLO HOLDING INTERNATIONAL S.A is the owner of 84.787% of the capital of the Bank and INTESA SANPAOLO S.P.A. owns 15.213% of the capital of the Bank.

Striving to encircle its offer of financial services, in 2006, Banca Intesa established a leasing company, Intesa Leasing d.o.o. Beograd, which is also a part of the Intesa Sanpaolo Group. The operation of the leasing company is not a part of this Report.

### Banca Intesa, the Best Bank in Serbia according to Global Finance

The **Global Finance** international financial magazine selected Banca Intesa as **“The Best Bank in Serbia”** in 2015. This prestigious award was granted within the traditional “World’s Best Banks Selection”, which encompasses 143 countries and eight regions. During the decision making, Global Finance editors were guided by a series of criteria including development and business scope growth, as well as product innovation and the professional opinions of analysts, consultants, rating agencies and company managers. In addition to the Best Bank in Serbia, Intesa Sanpaolo, the international bank group within which Banca Intesa operates, was awarded the Best Bank title in the Italian market.

### Mission

The Mission of Banca Intesa is to provide quality banking and financial services to its customers by promoting development in all areas in which it operates and a growth model that is focused on sustainable results and establishing relations based on trust derived from the satisfaction of customers and stakeholders, the feeling of belonging among employees and carefully listening to the needs of the community. The growth strategy of the Bank strives to create stable and sustainable values from the economic, financial, social and environmental aspect, building on the fundamental corporate values of the bank in relations with all stakeholders.

The Code of Ethics is a management instrument and an expression of the corporate culture of the Bank, which sets a series of values and principles complied with by the Bank in daily operation and in all business activities. The Code of Ethics regulates the relations of the Bank with all stakeholders – customers, employees, suppliers and the community, as well as its action in the area of environmental protection in line with the highest standards of professional ethics and good business practice.

### 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 in the spirit of the signed agreements.

**Excellence** – We set ourselves the goal of continuous improvement, planning future activities and anticipating challenges, along with fostering extensive creativity aimed at innovation; moreover, we recognise and reward merits and quality.

**Transparency** – We are committed to making transparency the basis for all our activities, communication and contracts, with the aim of enabling our stakeholders to make independent informed decisions.

**Respect for each individual** – We intend to combine large-format business with deep local roots and to be a bank with a broad vision, while not losing sight of people as individuals.

**Equality** – We are committed to eliminating any form of discrimination in our conduct and to respecting gender, racial, religious, political, linguistic and intellectual diversity, trade union preferences, as well as diversity in terms of age and abilities.

**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.

**The responsible use of resources** – We strive to use all resources carefully and to promote conduct based on the optimal use of resources and avoidance of waste and losses, giving priority to choices that consider sustainability.

### CSR Awards

Banca Intesa was awarded the **“My Choice”** Social Responsibility Award for the third consecutive time by the “My Serbia” Non-profit Civil Association with the support of the Belgrade Chamber of Commerce and the City of Belgrade. In 2015, Banca Intesa also won an award in the local community development category, following an award for investment in humanitarian projects and for activities intended for the conservation of cultural heritage.

During the last year, Banca Intesa strived to contribute actively to the resolution of current social issues by providing direct financial assistance, which led to the **“Planeta Biznis”** Award by the Ekonometar magazine and Magazin Biznis for the successful management of a bank that invested the largest amount of funding into the development of society and local community.

These prestigious awards recognise the persistence of the Bank in its endeavour to carry out its sustainability strategy consistently even in a deteriorated business environment, and provide confirmation of validity of the comprehensive approach to CSR which the bank is committed to.

### Participation in Joint Initiatives

Acting in compliance with its position as the leading financial institution in the country and responsibility that this entails, Banca Intesa is committed to work within business associations, through which it strives to contribute to spreading positive business practices and awareness of the importance of socially responsible business. It is the Bank’s dedication to being a responsible financial intermediary that creates a common value, which is achieved primarily owing to the strategic action and association of all social performers.

Such a business philosophy also implies active participation in global initiatives, such as the **United National Global Compact** and the **Equator Principles**, which promote dialogue within the business sector, international organisations and the society at large, in order to ensure respect for human and labour rights, protection of the natural environment and ethical practice of doing business throughout the world.

United Nations Global Compact	Business Leaders Forum	Serbian Association of Managers	American Chamber of Commerce	Foreign Investors Council	National Alliance for Local Economic Development	Italian-Serbian Chamber of Commerce
The largest global CSR network bringing together more than 10,000 members throughout the world and promoting the protection of human and labour rights and the environment and fight against corruption.	The first business CSR network in Serbia comprising 28 members.	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.	An organisation promoting the improvement of the business environment in Serbia, as well as partnership between US and Serbian companies for the purpose of economic development.	A business association whose activities contribute to the improvement of the investment and business climate in Serbia.	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.	A non-profit organisation that fosters, promotes and develops trade between Italy and Serbia.



## 1.2. Relations with Stakeholders

### Dialogue with Stakeholders

Dialogue with stakeholders has a twofold significance for the Bank – it is the basic means for identifying material topics in the process of conceiving sustainability reports, and is the basic means for regular communication through which the Bank closely monitors its stakeholders' needs and, finally, sets its sustainability strategy. The Bank endeavours to enhance open and two-way communication throughout the year, using different approaches to engagement:

Group	Engagement Mechanism
<b>CUSTOMERS</b>	
Individuals	Focus groups
Small business	Benchmarking surveys
SMEs	Meetings, workshops, seminars, satisfaction surveys
Large corporates	
Local governments	Handling and analysing complaints, requests and suggestions
Consumer associations	Participation, involvement in the work of working bodies
Business associations	Meetings
Public administration	
<b>EMPLOYEES</b>	
Management	Satisfaction surveys
Officers	Workshops
Employees	Training and evaluation Meetings with trade unions
<b>COMMUNITY</b>	
Local and national public institutions (regulatory bodies, local government, etc.)	Meetings
Civil society organisations	Working groups, working bodies
Media	Meetings, briefings
<b>SUPPLIERS</b>	
Domestic	Supplier information form CSR questionnaire
Foreign	Regular communication in tender process
<b>ENVIRONMENT</b>	
Environmental organisations	Meetings with CSOs
Future generations	Working groups, working bodies

The described mechanisms give the Bank insight into the attitudes and expectations of its key stakeholders and in the topics that are of greatest significance for them. To complement its methodological approach to reporting on sustainability and set firm foundations for improving relations with stakeholders, the Bank defined the key groups and a map of its stakeholders, in line with the international methodology for stakeholder engagement known as the AA1000 standard (Institute of Social and Ethical Accountability).

### Materiality Matrix

Key topics or aspects reported by the Bank in 2015 emerged as a result of the structured materiality analysis process carried out within the Group in accordance with the new GRI G4 Sustainability Reporting Guidelines and the AA1000 standard. Identifying the material topic rests on analysis of the substantial connection between the impacts of the Bank on sustainability and its business strategy, with the engagement of stakeholders being vital for this process.

The redefined methodological GRI G4 framework that was first applied in the production of the Bank's local report in 2015 supports its relevance. The sustainability report for 2015 addresses those topics that are identified as priority topics for the operation of the parent Group Intesa Sanpaolo and Banca Intesa Beograd, as well as for the stakeholders. Material topics comply with the 2014–2017 Business Plan of the Group, which is even more strongly

focused on supporting the business sector and on economic growth. In terms of the structure and contents, the Bank has adjusted global topics to the local context, giving priority to those issues that stood out by their high strategic importance for the Bank and for its stakeholders:

Material aspects	Limits of aspects	
	Internal impacts	External impacts
Protection of the solidity and profitability	Banca Intesa	Shareholders, Customers, Suppliers, Social and Natural Environment
Business risk management	Banca Intesa	Shareholders, Customers, Suppliers, Social and Natural Environment
Access to loans and savings management: <ul style="list-style-type: none"> <li>Product Responsibility</li> <li>Support to the business system</li> <li>Financial inclusion and economic empowerment</li> </ul>	Banca Intesa	Shareholders, Customers, Community, Environment
Integrity and rigour in corporate conduct	Banca Intesa	Shareholders, Customers, Suppliers, Social and Natural Environment
Employee development: <ul style="list-style-type: none"> <li>Training and professional development</li> <li>Employee enhancement</li> <li>Job protection policies</li> <li>Quality of life in the company</li> </ul>	Banca Intesa	Customers, Community, Shareholders
Provision of top services to customers: <ul style="list-style-type: none"> <li>Customer service innovation and Service quality</li> </ul>	Banca Intesa	Customers, Community
Climatic change	Banca Intesa	Environment, Community
Responsible management of the supply chain	Banca Intesa	Suppliers, Community, Environment
Relation with the community	Banca Intesa	Community, Environment

The Bank constantly improves its approach to identifying the most important influences of its operation. During previous years, an efficient system of report production was established involving constant and periodical (ad hoc) consultation where material topics defined on the global and local levels are analysed and assessed. Conclusions obtained are compared with the attitudes the stakeholders present through the established engagement mechanisms, and are analysed in line with the GRI G4 methodology.

## 1.3. Governance in Banca Intesa

### Corporate Governance

Operating on the principles of responsible corporate management founded on high ethical norms, the Bank protects its shareholders' interests as well as those of its customers, employees and the wider social community.

The governance of the Banca Intesa joint stock company is organised as a two-tier system.

The **Board of Directors** of the Bank consists of five members elected by the General Meeting of Shareholders, 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 is Giovanni Boccolini, and its members are Božo Prka, Paolo Sarcinelli, Arthur Philippe, and Nevenka Žarkić Joksimović, PhD. Arthur Philippe and Nevenka Žarkić Joksimović, PhD, are non-executive members of the Board of Directors. 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 implements business policy and strategy, 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 on the operation, financial condition and operating results of the Bank addressed to the Bank's shareholders, the public and the National Bank of Serbia.

The **Executive Board** of Banca Intesa consists of five 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 Alessio Cioni, and Board members are Darko Popović, Head of the Retail and Small Business Division, Slađana Jelić, Head of the Corporate Banking Division, and Dragica Mihajlović, Head of the Financial Management and Treasury Division/CFO.

Women account for 20% of the members of the Board of Directors and 60% of the members of the Executive Board of Banca Intesa. The work of the Executive Board is evaluated through the MBO (Management by Objectives) system based on setting measurable objectives based on which annual performance is monitored.

The Bank's Audit Committee consists of five members, including the Chairman. The term of office of Committee members is three years, with a possibility of re-election. The Committee Chairman is Zanni Mauro and its members are Arthur Philippe, Nevenka Žarkić Joksimović, Nicoletta Fusetti and Paola Giansiracusa. The Audit Committee assists the Board of Directors in supervising the work of the Executive Board and Bank employees.

In line with the Law on Banks and other regulations, 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 require members of the Executive Board and the Board of Directors to 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, 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 an active knowledge of Serbian and reside in the territory of the Republic of Serbia. After obtaining the approval, the appointed person is registered in the Business Registers Agency as well.

The Bank's shareholders, i.e. at 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 Bank's financial report.

Banca Intesa guarantees timely and transparent communication to all its shareholders, with the intention of providing clear and complete information about the results achieved by the Bank.

The adopted remuneration policy for the entire human resources of the Group, including the variable components, is based on equality, merit and the 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 potential, with the aim of creating an integrated system for the members of the 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 to avoid giving benefits that, in the long term, are not in line with the Group's interests. Based on the performance indicators closely linked to 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 in the Group, the business sector and individual levels and therefore being capable of decreasing significantly and even reaching zero if the minimum indicators that reflect the Group profitability are not achieved, also taking into account the risks assumed and the capital employed.

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, there is an obligation for members of the Board of Directors and the Executive Board to submit a written statement on conflicts 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 transactions with related parties and the conflict of interest – to submit completed standard questionnaires once a year whose content is designed by the parent Group and which contain information relevant to establishing any conflicts of interest.

One of the methods of sustainability control at Banca Intesa is the power of the Board of Directors as a governance body to establish a unique internal control system – that is, supervise its efficiency, while the Executive Board enables the efficient functioning of this system. The Board of Directors gives approval to the Bank's exposure to one or a group of related parties of over 10% or to an increase in the exposure to over 20% of Bank equity; adopts an internal audit plan and programme; considers external and internal audit reports; defines the internal organisation or organisational structure of the Bank that ensures the division of duties, authority and responsibilities of its employees, members of the managing bodies and other persons in managerial positions at the Bank in a manner that prevents conflict of interest and ensures a transparent and documented process of decision making and implementation.

### Sustainability Management

Integrating the issues of sustainability into all the processes of the Bank is a key indicator of the strategic commitment that the basic operations of the Bank are based on ethical principles and are implemented taking into account impacts on the social and natural environments. In terms of sustainability, work on further improvement of the management model of the Bank continued:

During 2015, the **Procedure for Managing the Annual Sustainability Report Preparation Process** was adopted in line with the Global Reporting Initiative (GRI) methodology, which the Bank has applied for three years in its non-financial results and sustainability reporting. In addition to describing the basic principles of the socially responsible operations, the Procedure also regulates trends in the management of this area, as well as specific steps and divisions of responsibilities during the preparation of sustainability reports.

According to the said Procedure, the PR and Marketing Communications Department, specifically the PR and CSR Office, manages the process of preparation of reports and has a supporting role, an advisory role and – where necessary – the role of coordinator with each organisational part of the Bank being responsible for its obligations, procedures and reporting on the relation with different stakeholders.

According to the **Code of Ethics**, in order to efficiently implement the principle of self-responsibility, the managers of departments/organisational units appoint a corporate social responsibility representative (CSR ambassador), identifying CSR objectives within their own organisational units. CSR ambassadors are also delegated to cooperate with the PR and CSR Office as representatives of each organisational part of the Bank, and to assist with their knowledge and understanding of the operations of the organisational unit they represent in the preparation of reports and corporate responsibility reports, as well as to contribute to improving knowledge and strengthening the awareness of the CSR aspect of the operations of the Bank among colleagues in their organisational unit.



The values that Banca Intesa believes in and is committed to, as well as the principles on which its relations with stakeholders are based, are defined in the Code of Ethics of the Bank. As part of a wider vision of environmental and social responsibility, the Code of Ethics is a management instrument that prescribes standards of conduct that all employees and all organisational units must observe in order to maintain the trust of the stakeholders.

The **Procedure of managing reports of non compliance to the Code of Ethics** was adopted in 2011. All Bank employees, as well as customers, suppliers and other stakeholders who notice any behaviour of any Banca Intesa employee that seems to be non-compliant with the principles prescribed by the Code of Ethics and other internal acts of the Bank may submit a non-compliance report.

According to the said procedure, Procedure of managing reports of non compliance to the Code of Ethics consists of the following steps: non-compliance reporting, report analysis, 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. A report may be submitted to the following email address: [eticki.kodeks@bancaintesa.rs](mailto:eticki.kodeks@bancaintesa.rs) or in hard copy to the following address: Banca Intesa Beograd, PR and Marketing Communications Department, 2a Dr Zorana Đinđića Boulevard, 11070 Novi Beograd.

The Bank received one complaint from a customer in 2015 through the above-described mechanism, for which it was determined upon detailed analysis of the case that it did not constitute a breach of the Code of Ethics but was solely a legal case, and the complaint was forwarded to the Legal Department, the Compliance and Anti-Money-Laundering Department, as well as the Delinquency Management Department that continued to handle the specific case as the immediately competent department. Furthermore, no case of violation of human rights according to the Code of Ethics was recorded in 2015.

#### Assessment of the Code of Ethics Implementation

Following the pilot phase of the project that was implemented in 2013, the Intesa Sanpaolo Group also started a project of assessment of the Code of Ethics in the Group member banks in late 2014. During 2015, more than 100 selected managers of the Bank's organisational units completed specifically drafted online questionnaires responding to a wide range of topics and questions related to their organisational responsibilities. The assessment related to all key aspects of ISO 26000: labour practices, environment, fair operating practices, relationship with customers, community development, and governance. The focus was on the most significant issues from the point of view of stakeholders, and especially on human right issues.

The conclusions of the analysis pointed to a few elements that should be improved, above all: integrating the process of management and reporting on complaints for non-compliance with the Code of Ethics with the general complaint process, where possible; centralising the control of safety and health, so that respecting human rights and compliance with the standards of the Group in this segment was ensured; increasing the understanding of the management concerning ethical issues and reputation risks related to their scope of responsibility, in order to develop a more responsible and more conscious approach to their activities. In the continuation of the long-term project of improvement of the implementation of the Code of Ethics in all aspects of work, a phase of preparation of the pilot project for implementation in some members of the Group is under way so that the success of new initiatives is verified before they are integrated throughout the Group in all member countries.

## Risk Management

For Banca Intesa, risk management implies the identification, assessment, monitoring and control of the most important risks the Bank is exposed to in its operation, which also include consideration of wider consequences that the action of the Bank, directly or indirectly, may have on the social and natural environment.

## Social and Environmental Risk Management

The **Social and Environmental Risk Management Rulebook**, adopted by the Bank Board of Directors, defines risk assessment and monitoring obligations in the area of environmental protection, employee health and safety and the Bank's social responsibility (protection of cultural heritage, fundamental human rights and personal integrity) and applies to managing those social and environmental risks arising from the activities of customers financed by the Bank. The Rulebook defines the obligations relating to the following:

- Obtaining all the data necessary for assessing the social and environmental risks related to customer activities;

- Customer classification according to the level of social and environmental risks;
- Customer monitoring and periodic assessment of social and environmental risks related to customer business;
- Measures for controlling social and environmental risks related to customer business activities (e.g. rejecting a loan application relating to business activities not supported by the Bank);
- Training the employees involved in the social and environmental risk management processes;
- Reporting to Bank bodies on social and environmental risks.

The Rulebook enforcement procedure is regulated by the Social and Environmental Risk Management Procedure. This Procedure regulates the credit process with regard to social and environmental risks when approving a loan product to corporates and entrepreneurs where the Bank's credit exposure is at a level of EUR 1,000,000 or higher, including the requested new product, in case of a loan product from a credit line or other funds approved to the Bank by an international development bank and approval of a long-term loan product funded from other sources.

The Procedure regulates the rules classified by business lines/processes in the social and environmental risk management process:

1. The relationship manager / employee whose portfolio includes the customer:
  - checks whether the Bank supports the specific business activity (the List of the Business Activities Not Supported by the Bank is a part of the procedure);
  - performs basic and additional customer classification (low-risk/medium-risk/high-risk customer) based on the Review of Business Activities According to the Level of Social and Environmental Risks and/or based on the data from the Statement or Questionnaire or other information about the customer;
  - obtains a Statement or a Questionnaire from the customer (for medium-risk and high-risk customers);
  - indicates the customer risk level in the loan proposal.
2. Credit Management Department:
  - verifies the loan proposal, gives a final assessment of the social and environmental risks and measures for their control.
3. Environmental Protection Coordinator:
  - follows the information on environmental incidents;
  - manages employee training and reporting.

The rights and obligations of Environmental Protection Coordinator in certain processes are specified as well:

- giving an opinion and approval in the case of changing the contents of the Statement or Contractual Clause;
- following the information on environmental incidents;
- managing the activities in connection with employee training;
- preparing reports on the functioning of the social and environmental risk management system implemented at the Bank, on any significantly elevated level of social and environmental risks connected to individual Bank customers, etc.

The Rulebook adopted by the Board of Directors regulates the appointment of the Environmental Protection Coordinator and the Senior Environmental Protection Manager as persons responsible for environmental protection with the aim of establishing the Environmental Management System (EMS) and ensuring compliance with the rules of environmental management and social responsibility in credit activities.

## Equator Principles

The goal of the Equator Principles is to identify and assess risks and to perform risk management based on the criteria defined by the principles, with the aim of adhering to the principles of the sustainability of natural resources, human health, human rights, cultural heritage and biodiversity. The Bank applies the Implementation of the Equator Principles for the Project Financing Procedure when preparing and implementing project financing and advisory services in connection with project financing, where the investment value of the project is 10 million dollars or higher, both for new projects and for all project financing intended for the expansion or improvement of existing facilities (buildings such as factories, infrastructure, etc.), where changes in these facilities can create significant environmental and/or social impacts or significantly change the natural environment.

## The Policy of Non-Financing of Armaments

In accordance with the relevant bylaw of the Group, the Policy of Non-Financing of Armaments, Banca Intesa adopted the Procedure for the Performance of Transactions Related to Armament Production and Trade in 2011, regulating

the identification and preparation of a summary of the customers engaged in armament and military equipment production and trade, monitoring the transactions and loan applications of customers engaged in armament and military equipment production and trade, approval of transactions and loan applications related to armament and military equipment production and trade in accordance with the Policy of Non-Financing of Armaments, as well as the preparation of reports on the transactions related to armament and military equipment production and trade. In accordance with the relevant act of the parent Group, the Policy of Non-Financing of Armaments, Banca Intesa adopted the Procedure for the Performance of Transactions Related to Armament Production and Trade in 2011, updated in 2014, which regulated the identification and preparation of a summary of the customers engaged in armament and military equipment production and trade, the monitoring and approval of transactions and loan applications of customers engaged in armament and military equipment production and trade, in accordance with the Policy of Non-Financing of Armaments, as well as the preparation of reports on the transactions related to armament and military equipment production and trade.

### Reputational Risk Management

Any non-compliance with the internal acts, principles and the values that they contain, as well as any non-compliance with laws and bylaws, exposes the Bank to reputational risk, so this area is approached with the utmost care. Given that trust is of key importance in the relationship between a financial institution and its stakeholders, Banca Intesa considers business ethics and high compliance standards to be its highest priorities.

Compliance control is within the competence of the Compliance and Anti-Money-Laundering Department. The process of compliance risk assessment is constant. The above-mentioned risks are identified through quarterly reporting and priority measures are determined for their elimination or mitigation – that is, the level of efficiency of the existing compliance controls is assessed.

The Internal Audit provides direct support to the top management 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 management bodies of the Bank with the aim of determining adequate measures for risk mitigation and the method of their implementation.

When combating corruption is involved, the internal regulations that govern the control system and mitigate corruption risks comprise: **the Code of Ethics, the Code of Conduct, the Rulebook on Relations with Political Parties, the Policy on the Prevention and Detection of Fraud at the Bank** and the following Bank procedures: Acting upon Reports of Service Fraud and Abuse at the Bank and the Employment Termination Procedure.

The Bank's **Code of Conduct** prescribes the rules in connection with giving and receiving gifts. According to the Code, the sole purpose of giving gifts as part of regular business must be the promotion of the Bank's public image and they must not, under any circumstances, provide grounds for assuming that they exceed the boundaries of normal business conduct and civility, or that their purpose is to gain a privileged position for the Bank in connection with any of its activities. It is not permitted to give or promise gifts, donations or other privileges to officials or employees of government bodies apart from modest gifts in accordance with the principles determined by the Code. All employees must refrain from receiving gifts or other free items with a value exceeding the boundaries of modesty and standard courtesy, as well as from accepting, for themselves or for other persons, any other offers of privileges and benefits beyond the boundaries of normal business relations, especially when offered with the aim of influencing the independent judgement of the employee and the performance of his/her duties.

A procedure has been prescribed in connection with the violation of regulations or other irregularities – measures that are 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, employee suspension or termination of employment), but also the Criminal Code, may be imposed against an employee.

Risk analysis is an important part of the approach to the management of reputational risks deriving from corrupt practices of employees or business partners. Analysis of risk of fraud, which includes corruption, is conducted in the Bank on the levels of business processes, through regular procedures (the procedure adoption process also includes the Security and Business Continuity Management Department, which performs assessments of risks under its competences and is further involved in the process of the development of new products/services), as well as through emergency procedures (e.g. the identification of new types of threats or changes in fraud trends). During 2015, 47 analyses (of business processes, products, services and systems) were made, and a risk assessment procedure is in the final phase of adoption.

Based on the records of the Legal Department, no proceedings were initiated against Banca Intesa in connection with corruption since no complaints or notices prior to complaints were delivered during 2015.

**The Rulebook on Relations with Political Parties**, as well as **the Procedure for the Management, Approval and Realisation of Sponsorship and Donations** of Banca Intesa prescribe the obligation of the Bank to refrain from granting donations and sponsorship, inter alia, to:

- Political parties, movements and any of their organisational structures;
- Trade unions and umbrella organisations;
- Trade union organisations;
- state authorities in different forms, competent authorities and institutions

The prohibition on granting donations and sponsorship to the above organisations aims to protect against any actions that would result in a privileged position for the Bank or unfair decisions in favour of the Bank.

During 2015 as well, the Bank provided training through e-learning on the anti-corruption policies and procedures of the Bank. As well as the basic course on Money Laundering Risks that was obligatory for every employee in the Bank, other courses were assigned to employees in line with the job and business process requirements. Thus, during 2015, 88.67% employees underwent "Know Your Customer" training and 86.37% employees attended training on "Doing Business with Persons Related to the Bank." Affairs with persons related to the Bank imply an especially risky area because of the numerous rules that govern the obligation of disclosing data on those transactions to prevent a false presentation of the financial status and results within the Group, tax evasion, and conflict of interest between key managers and the Bank's interests.

### Physical Security

Banca Intesa approaches the assessment of risks involving the health and safety of its employees and customers with due diligence through a special management system that is fully compliant with the most significant state-level standards. To that end, a series of education and training courses were organised for employees (e-learning training dedicated to raising awareness of the importance of safety and security in a business environment), along with the improvement of technical measures. Two cases of robbery in the Bank were recorded during 2015.



## 2. Sustainability

### 2.1. Generated Economic Value

#### Market Position

At the end of 2015, Banca Intesa once again reaffirmed its leading position in the market on all the most important balance items, having a market share of 16.0% of the total assets, 15.5% of the total loans, and 16.6% of the total deposits.

	2012.	2013.	2014.	2015.
Net assets	3,625	3,718	3,910	4,011
Loans to customers	2,490	2,720	2,677	2,326
Customer deposits	2,788	2,813	2,838	2,700
Equity	792	863	870	942

\*In million euros

2015 results confirmed the effectiveness of the strategy dedicated to the needs of customers, sustainable growth and operational efficiency. Acting upon these bases, and amidst a very demanding business environment, the Bank managed to keep its leading market position, at the same time offering full support for the recovery of the home economy and the improvement of citizens' life quality.

#### Finance Ministers and Governors' Summit

Banca Intesa was the Sponsor of the expert gathering at the 2015 NIN Summit of Finance Ministers and Governors in the region, where central bank governors discussed systemic risks in the banking sector, bad loans, the impacts of new policies of the US FED and the European Central Bank on interest rates and currencies in the region, whereas some topics at the finance ministerial panel included measures and first effects of the fiscal consolidation in countries in the region, bringing the increase of public debt to a halt and preventing bankruptcy.

#### Direct and Indirect Economic Value Generated (In 000 RSD)

TOTAL INCOME AND EXPENSES 2015	Total economic value generated	<b>22,402,489</b>
	Total economic value distributed through operational costs, expenses related to employees, liabilities to the state and to the community.	<b>12,883,487</b>
EMPLOYMENT	The Bank directly provides over <b>3,000</b> jobs.	In 2015, cost of earnings and relevant taxes and contributions of the Bank amounted to <b>RSD 5,439,248</b>
STABLE PARTNER OF THE STATE	As an active partner of the state, Banca Intesa supports the Government's initiatives for development of the economy.	The tax liabilities of the Bank for income tax and other taxes (without tax and fringe benefits) amount to <b>RSD 1,653,732</b>
RELIABLE SUPPORT FOR THE ECONOMY	Banca Intesa cooperates with <b>466</b> suppliers.	<b>EUR 25 million</b> allocated for procurement indirectly influences the stability of operations and jobs of its suppliers.
COMMUNITY SUPPORT	Banca Intesa took part in a number community support projects and implemented 48 donation activities.	Investments into the community amounted to <b>RSD 10.3 million</b> through donations to the local community and <b>RSD 4.3 million</b> through volunteering activities.

## Belgrade Investment Days

Banca Intesa, together with the parent Group Intesa Sanpaolo, supported the investment forum, Belgrade Investment Days, as the general sponsors of the event. This unique platform for economic cooperation, organised jointly by the City of Belgrade, the Belgrade Chamber of Commerce and the Central European Development Forum (CEDEF), is aimed at presenting the economic and investment potential of Belgrade and Serbia and connecting the business and financial communities.

The first annual cycle of the forum gathered representatives of the diplomatic corps, ministries, investors and international financial institutions, as well as banks, funds and foreign and domestic companies. Representatives of chambers of commerce, cities, regions, clusters in Southeast, Central and Western Europe, Russia, the Caspian Sea countries, China, and the Middle East also attended the event. The forum also presented the investment potentials of the capital and local governments, innovation, business opportunities of SMEs, and the experience and plans of investors in the existing business atmosphere.

Moreover, owing to its stable income and effective control of costs, the Bank had a cost/income ratio of 38.6% at the end of December. The net income after taxation was EUR 71,1 million.

The total loans of the Bank to corporate and retail customers in late December 2015 reached EUR 2,326 million. The total deposits amounted to EUR 2,700 million.

### Operations with Corporate Customers

Loans to business entities at the end of 2015 amounted to EUR 1,439 million, while corporate deposits amounted to EUR 871 million.

### Operations with Retail Customers

In terms of operations with individuals, the total loan portfolio was EUR 726 million at the end of December 2015. Mortgage and cash loans accounted for the most significant share in the loan structure. Retail deposits increased relative to the previous year, to EUR 1,614 million at the end of 2015.

Small business loans reached the level of EUR 122 million while loans granted to farmers totalled to EUR 39 million. Small business deposits amounted to EUR 213 million.

### Total Income and Expenses (in 000 RSD)

Generated Economic Value	2013	2014	2015
Interest Income	30,811,840	27,838,612	25,419,472
Interest Expenses	-9,598,939	-6,775,049	-5,209,044
Fee and Commission Income	8,175,478	8,430,918	8,556,828
Fee and Commission Expenses	-2,648,138	-2,781,856	-3,113,026
Net Profit on Financial Assets Held for Trading	49,264	155,267	213,419
Net Profit/Loss on Financial Assets Initially Carried at Fair Value Through Profit and Loss	-2,503	36,493	23,176
Net Profit/Loss on Financial Assets Available for Sale	4,332	14,333	-991
Net Gains/Losses on Exchange Rate Differences and Foreign Currency Clause	1,916,121	2,170,666	3,778,711
Other Operating Income <sup>1</sup>	242,884	356,927	1,135,319
Net Expense/Income on Impairment of Financial Assets and Credit Risk Off-Balance Sheet Items	-8,044,367	-9,168,698	-7,778,192
Other Expenses <sup>2</sup>	-210,322	-972,003	-623,183
<b>Total Economic Value Generated</b>	<b>20,695,651</b>	<b>19,305,610</b>	<b>22,402,489</b>
<b>2. Economic Value Distributed<sup>2</sup></b>			
<b>2.1. Operating Costs<sup>3</sup></b>			
Supplies	-475,379	-345,374	-396,967
Building and Equipment Maintenance	-798,584	-741,919	-750,879

Generated Economic Value	2013	2014	2015
Office and Equipment Lease Cost	-930,657	-1,092,241	-1,147,672
Intellectual Services	-315,092	-382,969	-477,496
Advertising	-280,923	-340,153	-320,485
Business Travel and Training of Employees	-92,586	-87,143	-70,161
Other Operating Costs	-2,130,715	-2,623,462	-2,954,236
<b>Total Operating Costs</b>	<b>-5,023,936</b>	<b>-5,613,261</b>	<b>-6,117,896</b>
<b>2.2. Employee Expenses<sup>3</sup></b>			
Payroll <sup>1</sup>	-3,223,372	-3,400,976	-3,425,028
Taxes and Contributions on Wages and Wage Benefits <sup>1</sup>	-1,937,113	-2,050,301	-2,014,219
Employee Transportation	-84,139	-87,141	-89,838
Remuneration for Temporary and Occasional Work <sup>1</sup>	-4,569	-4,741	-4,981
Employee Education Not Related to Their Job	-6,094	-2,882	-1,485
Other Personal Expenses <sup>1</sup>	-55,922	-22,076	-20,989
<b>Total Employee Expenses</b>	<b>-5,311,209</b>	<b>-5,568,117</b>	<b>-5,556,540</b>
<b>2.3. Expenses Related to Liabilities to the Government<sup>3</sup></b>			
Corporate Income Tax	-623,097	-433,284	-1,093,806
Taxes	-183,199	-109,548	-104,886
<b>Expenses Related to Liabilities to the Government - Total</b>	<b>-806,296</b>	<b>-542,832</b>	<b>-1,198,692</b>
<b>2.4. Community Related Expenses</b>			
Donations and Corporate Social Responsibility	-22,381	-39,027	-10,359
<b>Community Related Expenses - Total<sup>3</sup></b>	<b>-22,381</b>	<b>-39,027</b>	<b>-10,359</b>
<b>Total Distributed Economic Value</b>	<b>-11,163,822</b>	<b>-11,763,237</b>	<b>-12,883,487</b>
<b>3. Retained Economic Value<sup>4</sup></b>	<b>9,531,829</b>	<b>7,542,373</b>	<b>9,519,002</b>

Notes:

<sup>1</sup> These items differ from the income statement in the annual report in that the Provisions for Employee Benefits, Legal Disputes and Restructuring are excluded.

<sup>2</sup> These items differ from the income statement in the annual report in that the Operating Costs are presented in the section Economic Value Distributed in several segments stated.

<sup>3</sup> These 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.

<sup>4</sup> This represents BIB's profit net of the Provisions for Employee Benefits, Legal Disputes and Restructuring, net (-17,318), Gains and Losses on Deferred Tax Assets and Liabilities, net (-4,243) and the Depreciation Costs (-912,862)



## Customers

A leading bank in the Serbian market, Banca Intesa strives to provide its customers with additional incentives for economic recovery and development, above all through favourable terms of funding as well as through tailor-made financial solutions for customers and the community at large. Dedication to the needs and satisfaction of customers through modern high-quality products and services, with constant investment in technological improvements is the baseline from which the Bank acts, striving to contribute to the development of the economy and the improvement of life quality for all citizens. The key aspects in the relationship with customers are as follows:

- **Support for the economy**
- **Financial inclusion and education**
- **Customer satisfaction**

### Support for the Economy

As the largest lender in the domestic economy, in 2015 as in previous years, Banca Intesa endeavoured to ensure better access to funding for all corporate segments – large, micro, small and medium-sized enterprises, small business, registered farms, municipalities and the public sector – and thus to stimulate investment and contribute to better living conditions for all citizens of Serbia.

**For local government and corporate customers**, loans were provided based on subsidised interest and joint financing through programmes of cooperation with local governments and municipalities, which imply crediting for the provision of working capital and fixed assets under favourable terms. A total of EUR 17,903,000 was granted to the economy and the public sector including SMEs within the credit line **facility of the European Investment Bank (EIB)**, which has been active since 2012.

Additionally, Banca Intesa and **KfW Development Bank** signed agreements in late 2015 on three credit line facilities in the total amount of EUR 46.5 million, from which Banca Intesa would lend funds in the form of favourable loans for micro, small and middle-sized enterprises, registered farms and local governments. Local governments will also be able to apply for loans for funding of infrastructure investment projects of municipalities and public companies from the credit line facility amounting to EUR 15 million. The funds will be granted with the repayment term of seven years and a grace period up to three years. From this credit line amount of RSD 360 million was also granted through 1593 loans, which was 25% of the total loans numerically if we consider the Agricultural Segment.

#### Banca Intesa Underwriter of the Issue of the City of Šabac Bonds

Banca Intesa and the City of Šabac signed the Agreement on Underwriting the First Issue of Municipal Bonds in July 2014 in the total amount of 400 million dinars, which provided funds for financing infrastructure projects in the city. This was the first public issue of municipal bonds in the territory of the Republic of Serbia that was not only intended for institutional investors and domestic and foreign legal entities, but also for individuals.

At the beginning of 2015, the City of Šabac bonds became the first municipal securities listed on the Belgrade Stock Exchange. The bonds whose nominal value is 10,000 dinars indexed to the euro at the middle rate of the National Bank of Serbia are issued with a fixed interest rate of 6% on the annual level with a seven-year maturity, including a two-year grace period.

### Support to the Entrepreneurship

To encourage sustainable economic development and better opportunities for employment, the Bank continued to provide support for **developing the competitiveness of small and middle sized enterprises** as the drivers of economic activity. During 2015, EUR 477,000.00 was granted from the credit line facility for long-term loans signed in 2011 with the **European Bank for Reconstruction and Development (EBRD)** as an incentive for the development of small and middle sized enterprises in Serbia.

Furthermore, the **Local Economic Development in the Balkans (LEDIB) Programme**, signed in collaboration with the Government of the Republic of Serbia, the Government of the Kingdom of Denmark and the National Bank of Serbia, was also active. Loans for investment and working assets were intended for lending to SMEs, entrepreneurs, cooperatives and individuals – registered farms in the territory of the Nišava, Jablanica, Pčinja, Toplica and Pirot Districts. The LEDIB Programme funds are used to finance projects that will have a positive impact on general development in terms of creating new jobs and retaining existing ones, introducing new eco-friendly technologies, producing local products and services that can compete with the imported ones, etc.

In addition to being an important indicator of gender equality, female entrepreneurship is a key precondition for the sustainable economic growth and social progress and one of the least used resources for economic development, not only in Serbia but in the whole of Europe, and hence support for it is an important task of all performers in society. As a leader in the financial sector, Banca Intesa is actively involved in the economic empowerment of women, which is only confirmed by the fact that as early as in 2006, Banca Intesa was amongst the first banks in the Serbian market to develop a loan intended solely for women entrepreneurs. This was when the cooperation with the **Guarantee Fund of the Autonomous Province of Vojvodina** started. In addition to the agricultural segment, it was dedicated to women entrepreneurs and funding unemployed women. Loans granted from this credit line facility accounted for 10% of the loans approved to women in business during 2015.

In the second half of 2015, an agreement with the **EBRD** was signed and a programme, **Women in Business**, was initiated allowing access to loans for funding working capital and investments; the programme was only intended for women in business, i.e. entrepreneur shops owned by women as well as legal entities where a woman was a member of the senior management and had operated for at least 15 months. Funds are approved for financing the working capital and investments with a 5.5% fixed interest rate on an annual level and with a maximum amount of EUR 500,000 in the dinar counter value. The agreement with the EBRD increased the Bank's potential to contribute to the promotion of women in business and the strengthening of their role in economic trends, and thus in overall entrepreneurship. Within the Women in Business Programme, the Bank granted 164 loans amounting to EUR 1,718,350 in just two and a half months in 2015.

With the EBRD's support, Banca Intesa carried out market research during 2015 focused on women in business in order to use the obtained results as a valuable tool for the development of special products for women that would meet their specific needs.

### Support for the Agricultural Sector

Agriculture is an important comparative asset of Serbia and one of the important sources of its long-term economic growth, so Banca Intesa is permanently dedicated to providing active support to the agricultural sector itself. Strategically focused on this area since 2008, the Bank has granted around 28,000 loans to registered farms in the total amount of around EUR 150 million.

As participation in the government programme of the subsidised crediting of agriculture is an important aspect of the total support Banca Intesa provides to customers in this segment, the Bank granted EUR 6,435,884 during 2015 with the aim of becoming one of the most active banks in the implementation of this programme, helping farmers improve production and increase competitiveness under favourable conditions.

Short-run and long-run **subsidised loans** are approved for investments in working capital and fixed assets – that is, for the purchase of raw material, livestock, agricultural machinery and equipment. Loans are granted in the maximum amount of up to RSD 5 million to the holders of registered farms, or up to RSD 15 million to cooperatives, with a repayment period of up to three years and the possibility of a year-long grace period.

During 2015, cooperation with significant international and national financial institutions was confirmed:

- **KfW Development Bank** – a credit line facility agreement was signed allowing access to loans for funding projects in rural areas of the Republic of Serbia, which implied the overall territory except for the cities of Belgrade and Novi Sad. Funding of all kinds of investment projects as well as working capital was provided for. Furthermore, a credit line facility agreement was signed and planned for the funding of working capital in arable farming with the insurance of crops as an additional benefit, which was ensured through cooperation with Generali osiguranje Srbija and was a real novelty in our market.
- **Guarantee Fund of AP Vojvodina** – 2015 also saw the continuation of the long-standing cooperation of Banca Intesa with the Guarantee Fund of AP Vojvodina, which dates back to 2007, in providing loans for farmers in the

territory of AP Vojvodina. In 2015, investments in purchasing agricultural land and machinery in the total amount of EUR 1,058,320 EUR were funded.

- **EFSE (European Fund for Southeast Europe)** - since the beginning of the cooperation with the EFSE in 2010, the Bank has offered credit products to registered farms and small-sized enterprises. The funds have primarily been used for funding the purchase of new equipment and agricultural machinery, as well as the enlargement of estates for individual agricultural producers.

#### Funding spring agricultural works for citizens

The Bank also offered citizens a loan for investment in spring agricultural work, which was granted in RSD in the maximum amount of up to RSD 3 million, with a repayment term of 12 months, with the schedule of repayment being adjusted to the specific needs of the farmers, and the funds could be repaid in the form of one-month, three-month, six-month, or annual instalments, or upon loan maturity. Every agricultural producer in Serbia could apply, regardless of whether they were clients of the Bank.

#### Intesa Farmer

To reward distinguished individuals as well as to promote, in wider terms, the importance of agriculture as a strategically important sector of the domestic economy, Banca Intesa established the Intesa Farmer Competition in 2013. In total, 301 agricultural producers applied in 2015 for the third competition, and the commission selected the winners based on the annual results they had achieved through annual production, the inclusion of family members in the production process, possession of storage areas, the application of modern technologies as well as timeliness in settling their financial liabilities.

Banca Intesa awarded the best participants in the competition with a trip to EXPO Milan 2015, the world exhibition dedicated to innovation and sustainable food production, as well as with vouchers of RSD 100,000 for the purchase of fodder and raw material.

#### EXPO Milan 2015

EXPO Milan 2015, the most relevant and largest global event organised on the theme of food production, was organised in Milan from May to October under the title "Feeding the Planet, Energy for Life." The goal of this year's world exhibition was to provide answers to global challenges in the production of food in terms of quality and safety, as well as the protection of the environment, and to involve participating countries and visitors in a quest for innovative solutions for the sustainable development of the planet. Recognising that agricultural production, and in particular the production of food, has become one of the greatest challenges of the present time, the parent Group Intesa Sanpaolo has become the official global partner of the world's exhibition EXPO Milan 2015.

As the member of the Intesa Sanpaolo Group, Banca Intesa organised, within the visit of Serbian businesspersons to the world's exhibition EXPO Milan 2015, a business forum in Milan with the aim of helping the further development of bilateral economic cooperation using the potentials of the food and agricultural industry and enabling companies in Serbia to achieve business contacts with Italian enterprises. Two panel discussions and meetings of representatives of 30 Serbian enterprises and companies from Italy in the area of production, processing and trade in fruit and vegetables, meat and meat products, milk and dairy products, and biomass, were held within the forum.

Banca Intesa also organised a professional visit to EXPO Milan 2015 for the most successful agricultural producers in Serbia, the winners of the Intesa Farmer Competition, and in this way got them closer to the most advanced global technologies and sustainable practices in food production. A presentation of the Intesa Farmer project at the exhibition was a continuation of activities by which Banca Intesa wants to assist in the promotion of Serbian agriculture and the food industry, and the visit to this exhibition enabled individual agricultural producers to present themselves to exhibition visitors and get to know technological innovation in food production, as well as to acquire knowledge that would help them improve their own production results by touring Italian agricultural holdings.

Banca Intesa was awarded the Bronze Award by the Association of Market Communication of Serbia (UEPS) for its successful presentation of the Business Forum of Serbia and Italy organised within the visit to the world's exhibition EXPO Milan.

## Financial Inclusion and Education

When creating its products and services, Banca Intesa takes into account the specific requirements of different social groups in order to increase the availability of banking products to the most threatened citizens – young, old and vulnerable groups. Furthermore, the Bank strives to make financial services equally available in economically underdeveloped parts of our country as well, so one fourth of the total number of branches (26%) are located in cities and municipalities where the level of development is less than 80% of the national average defined by the categorisation of the level of development by the National Agency for Regional Development. The Bank is committed to spreading knowledge of economic and financial issues and promoting a culture of informed choice for its clients, as well as the wider community.

#### Accessibility of Facilities

When refurbishing its branches, Banca Intesa pays special attention to the accessibility of its facilities and to adapting them to enable access to persons with disabilities. Around 27% of its branches are fully accessible, whether they are level-access facilities or facilities equipped with adequate ramps for pedestrians and wheelchairs, in accordance with the Rulebook on Technical Standards of Accessibility. In addition, Banca Intesa replaces the traditional banking concept of work, which implies performing all tasks at counters, with a new concept of work posts at desks whose access height and depth are adjusted to the needs of persons with disabilities. Seventy per cent of branches are equipped with such desks.

#### Responding to the Needs of the Community

In 2015, the Bank offered the community its portfolio of inclusive products:

- **Intermezzo Cash Loan** - a loan with insurance with the possibility of postponing the payment of instalments. A non-purpose loan that is approved to all individuals who are employees employed for an indefinite time. This loan gives the customers increased security during the repayment period - insurance in case of unfavourable loss of job or full permanent disability - and the possibility of postponing the payment of the instalment. A total of 27,380 loans amounting to EUR 54,793.853 which was 34.3% of the total realised cash loans over three years, were sold during 2015.
- **Senior Cash Loan** - a cash loan in dinars intended for the oldest citizens. During the whole period of loan repayment, the loan beneficiary has life insurance included in the price of the loan and covers the remaining debt, not burdening the family if death occurs. The Senior Cash Loan has been a part of the offer of Banca Intesa since 2011, and the Bank granted 36,482 loans in 2015, in the amount of EUR 43,154,190 which made up 27% of the total cash loans in 2015.
- **Refinancing loan with additional cash with insurance** - is approved to all private individuals who are employees for an indefinite time, who can refinance their liabilities as per current accounts, credit cards and loans, and who also have the possibility of being granted additional cash. The main characteristic of this loan is insurance for the beneficiaries in case of full permanent disability (100%) due to an accident and in case of the loss of one's job. In 2015, 13,619 loans were realised in the total amount of EUR 43,354,386 which enabled customers to service their outstanding liabilities with Banca Intesa and other banks, which was 27.1% of the total cash loans of the Bank during the year.
- **Visa Classic Paralympic** – the first charity payment card in the country. With the activation of the Visa Paralympic donor card, each beneficiary becomes a donor to the Foundation of the Paralympic Committee of Serbia. Banca Intesa Visa Paralympic donor cards are a true example of the business policy that is aimed at helping the establishment of a stable, independent and financially powerful mechanism to assist and encourage the paralympic sport in Serbia on a long-term basis by connecting innovation, favourable conditions of use and corporate philanthropy. The credit card also offers a lower annual membership fee compared to Visa Classic (the cards have the same functionalities). By the end of 2015, 4013 cards had been issued, which made 26% of the portfolio of the Visa credit cards.
- **Visa ETC and Maestro ISIC payment cards** - international debit payment cards without a fee intended for students, providing numerous conveniences and discounts. The Bank had issued 437 of these cards by the end of 2015.

Bearing in mind the current situation in the market, as well as the expectations and needs of its clients, the Bank continued its trend of reducing interest rates, or correcting the offer of the dinar products in 2015 as well. Citizens were thus offered affordable loans / interest rates on Intermezzo Cash Loans in dinars as well as on dinar loans for refinancing, with the possibility of obtaining additional cash, which were fixed and were around 16.5% on an annual basis. When it came to the Senior Cash Loan in the domestic currency intended for retired citizens, interest was reduced to a fixed 17.98% on an annual level.



## Online Banking

In addition to being a corporate website of the Bank adjusted for the blind and purblind in terms of access to its contents, it also offers a map of branches with listed characteristics, including whether a branch is adapted to persons with disabilities. This facility is also available for mobile banking users.

The new version of the Intesa Mobi application, a mobile application intended for private individuals that became operational in 2015, shows the accessibility of ATMs for persons with disabilities who use a wheelchair. Actually, after starting the Intesa Mobi application, a view of ATM locations with information whether an ATM is accessible for wheelchairs is available to the user. The said map is located in the pre-log-in part of the application and is available to all users regardless of whether they have activated the service or not. By and including December 2015, the mobile banking service was contracted by 99,763 customers and 65,909 customers logged into the application at least once.

The online application (Internet banking application) intended for private individuals is adjusted for blind and purblind persons. This application is implemented in such a way as to enable customers to use e-banking services (Internet banking services for private individuals) if they have installed text-to-speech software. Blind and purblind persons are able to follow the status and transactions in their accounts, payment cards and loans, to make payments and transfers, or to settle their liabilities as per payment cards using the Internet banking application of Banca Intesa.

## Financial Education

Aware of the importance of female entrepreneurship for the further development of the domestic economy, Banca Intesa paid special attention to the empowerment and financial education of women in business in 2015.

Within the **Women in Business** programme of support for women's entrepreneurship, women entrepreneurs interested in getting a loan can also use the advisory support of local consultants within the programme based on the principle of co-financing the costs of consultancy services, and through participation in interactive workshops and seminars.

In the seminar entitled "How to manage your finance and improve business with the support of banks," representatives of Banca Intesa and the EBRD, lecturers and experts in the area of finance and banking, presented how to improve keeping their own books, providing an insight into the best practices of asset, cash flow, income and expense management, and giving advice on how to ensure the adequate support of the banks for the further development of operations. Besides, this event also offered entrepreneurs a chance to experience a diagnostic tool, Business Lens, which can help them perceive the strengths and weaknesses of their operation and its potentials for further development, and also gives them an opportunity to extend their contact network and share their knowledge and experience with other business women in Serbia. Two seminars for women entrepreneurs were held in 2015, in Belgrade and Novi Sad respectively, attended by almost 100 women entrepreneurs.

Furthermore, in collaboration with the Association of Business Women in Serbia, employees of Banca Intesa took part in three seminars and workshops on financial management dedicated to female entrepreneurship. The goal of these educational workshops was to introduce new innovative banking products and support the work of women entrepreneurs in the market in three cities in Serbia (Belgrade, Subotica and Čačak). The seminars gathered 45 business women, i.e. women entrepreneurs from all over Serbia.

## Intesa Academy

During April 2015, the fifth Intesa Academy conference was held with a purpose of improving the managerial abilities of representatives of a few customers of the Bank through the experience of top lecturers and consultants. Five workshops in total were held within the "**Intesa Academy**", covering four different thematic units: "Feedback Importance and Leadership", "Highly Productive Teams", "Skills of Personal Organisation" and "Stress Management". The workshops gathered about 90 of the Bank's customers.

## The Banking Officer project

A lecture on financial analysis was given during 2015 to third and fourth year teachers and students of the School of Economy in Čačak within the traditional The Banking Officer project, implemented by the Bank in collaboration with United Nation Global Compact with the aim of providing education for students and teachers in secondary schools that have this educational profile.

## Customer Satisfaction

Seen from the customer satisfaction perspective, 2015 can be characterised as a year of stability – the good relations and cooperation with customers achieved in previous years were maintained during this year as well. As in previous years, the high set goals for eliminating the causes of customer dissatisfaction with constant innovation and listening to the customer's voice in the form of suggestions and appeals contributed to further strengthening the joint cooperation. Care for customers and acting upon any individual request or referral by a customer contributed to the maintenance of an enviable level of customer loyalty.

Emphasis was put on improving the positive experience of the clients in the operation with the Bank, the development of new products and strengthening of the digital distribution channels, with perpetual work on the improvement of the business processes.

## Communication Mechanisms

Customers have several communication channels available for suggestions, comments and praise that they want to address to the Bank:

- Phone: + 381 310 8888
- E-mail: [kontakt@bancaintesa.rs](mailto:kontakt@bancaintesa.rs)
- Fax: +381 11 310 8855
- Mail: Customer Satisfaction Office, Milentija Popovića 7b, 11070 Novi Beograd
- personal contact, when a customer hands in a written complaint
- official contact form on the official internet presentation of the Bank
- corporate profile of the Bank on the social networks Facebook and Twitter

The customer gets a reply within a legally set term in line with the National of Bank Decision. Every customer can also make personal contact with employees in the Customer Satisfaction Office. If the customer is not satisfied with the answer, they may refer to the second instance authority, the National Bank of Serbia, for mediation.

In accordance with the rapid technology development trends, in 2015, the Bank was focused on improving its e-banking tools, with the purpose of enabling even simpler and better availability service. Following this trend, the Customer Satisfaction Department, using progressive and innovative neuromarketing methodology tools, carried out **research on customer satisfaction with e-banking services, comparing Intesa Online and Intesa Mobi** with the applications of competitors. Using this state-of-the-art technology, which found its application in different spheres of operations of the largest global companies with increasing speed, Banca Intesa wanted to establish, by comparing the opinions of customers on different e-banking platforms, the extent to which they were simple for use and to define the course of further improvement.

The results that inter alia measured emotions, showed a notable feeling of calm in customers when using Banca Intesa e-banking applications. The neuromarketing methods used, among other things, measured the mental effort that needed to be invested when using the functionalities contained in the applications. Thus, low mental effort denoted faster and easier understanding and use of the functionality options of the application itself. Those comparable results showed a middle level of effort in case of the Intesa Online application compared to the competition. On the other hand, Intesa Mobi turned to be the easiest application for use compared to the applications of competitors.

## Banca Intesa Announced HCE Technology in the Serbian Market

A leader in the use of modern technology, Banca Intesa was the first bank in Serbia to launch the mobile banking service, in cooperation with the Visa company, and in 2015, it announced even simpler and safer payment for their customers through the Wave2Pay service based on a modern HCE platform. In this way, the Bank confirmed its strategic commitment to constantly moving the boundaries of innovation by investing in the integration of the most advanced technological solutions.

As a result of the focus of the Bank on innovative technologies and sales channels, the redirection of customers from branches to e-channels of operation (Internet and Mobile banking, ATM and E-banking terminals) also marked 2015, when more than 22 million transactions were made using those channels.

Placing the customer to the fore, the Bank committed itself to the additional improvement of the satisfaction

of customers who use the services of the Bank through its branch network. In that regard, tablet computers were posted in several branches in order to collect customer opinions on different aspects of experience they had in the branch over a whole year. Using this tool, almost 60 thousand customers shared real-time experience with the Bank during their visit to the branch, and indicated further development directions. The results clearly showed that the invested efforts were recognised by customers, given that 85% of respondents stated that they were very and mostly satisfied with the service in the respective branch.

During 2015, the Bank also carried out **Mystery Shopping research** in branches throughout Serbia, with the aim of assessing and understanding the attitudes and needs of its customers concerning numerous issues such as: employee professionalism and selling skills, interaction at the cashier counter, physical aspects (outfit, promotional material), security issues, etc.

### Business Network Improvement

Endeavouring to respond in the best way to its customers' increasing needs, Banca Intesa continued to improve its business network in 2015 through both the allocation and restoration of branches and through the improved organisation of operation and adjusted working hours.

During 2015, one more branch was opened in Belgrade, and the design of 16 branches in 10 cities was improved. The Queue Management System (QMS) was extended to include 33 more branches. Better understanding of the needs of customers and improving the organisation of work in 48% branches, which served almost 63% active customers, was ensured in this way. Beyond the capital, the Bank operated in 120 branches, 32 of which worked in two shifts. Extended working hours were introduced in 83 out of 88 branches working in one shift.

Along with the extension of the working hours of branches, the continuing streamlining of the equipment increased the productivity of employees, in particular within transaction services, which additionally reduced the average waiting time. During 2015 as well, customers in large branches were enabled free access to the Internet and daily newspapers. This approach, complemented with an innovative offer and employee competence, enabled Banca Intesa to remain recognisable for its top service.

Trying to reduce the time customers spent on the phone when calling the contact centre, the Bank offered customers a return call service in 2015, implemented for the first time in Serbia. Actually, when a customer calls the contact centre, while they are waiting for an operator to answer, they get the option for the operator to return their call when the operator is available, instead of their holding on the line. In that case, the Bank takes over the cost of the call.

### Transparency of Data

Establishing a relationship of trust implies a full understanding of the characteristics and values of products, so Banca Intesa strives, in addition to complying with the Law on the Protection of Financial Service Consumers, to additionally contribute to simplifying the communication on its products.

In line with the Law on the Protection of Financial Service Customers, in advertising its products, the Bank states all the costs that shall be borne by the consumers and all those that are used in the calculation of the effective interest rate. The Bank is transparent in its price policy, which it always shows clearly and visibly along with representative examples containing data in accordance with the Law on the Protection of Financial Service Consumers. When it comes to contracts, the Bank strives to formulate them so that they are simple to understand, reducing any possibility of misunderstanding and ambiguous interpretation by providing clear and exhaustive information. The Bank advises its client in a timely manner on any change in the contracts and their terms and conditions.

### Banca Intesa is Again Best in Communication with Media

The results of the "Journalist - Your Friend" research showed once again that Banca Intesa was a company that communicated best with the media. The Bank received this award for 2015 in the category of non-profit organisations.

The Marketing, Consulting and Research Agency "Pragma" PR had organised, for the fifteenth time in a row, research of the views of journalists in the most prestigious media in Belgrade concerning the quality of public relations and the relationship between journalists and business and non-business organisations and public figures in Serbia.

### Data Security

As defined in the Code of Ethics, the protection of persons, their assets and valuables as well as a multitude of data and internal organisational processes, is conducted in Banca Intesa in a way that 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. During 2015, in the sense of the definition of banking, as well as business secrets, 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. The nine complaints that the Bank received did not have grounds in terms of a real violation of privacy since they related to suggestions of customers that a higher degree of isolation from other customers should be ensured so that the conversation with the employee would be more private.

### Education for Users of Digital Channels

As the customers' data security is a priority, the Bank strives to ensure its security and reliability on a daily basis, applying the most advanced technologies and the highest safety standards. Given that ways for committing some fraudulent actions are discovered quite often, the subject of education and specialised campaigns also included recommendations on how customers could protect their data:

- Recommendations on creating a username and password
- General security recommendations
- Recommendation on the avoidance of phishing, spyware and malware
- Recommendations on the avoidance of "Email interception"
- Recommendation on the adjustment of the home WIFI network
- Recommendations on mobile banking and mToken.

The goal of this initiative was to improve the quality of digital services of the Bank, increase customer satisfaction and ensure a stable growth of using the products of the bank from the digital portfolio. The target group of the campaign were private individuals who were users of some of the current e-banking services.



## Employees

A key precondition for accomplishing the strategic goals and business results of Banca Intesa is motivated employees who are willing to apply innovation, share common values and a commitment to improving the processes and services for customers. Therefore, Banca Intesa invests continuing effort into developing a culture that cherishes open communication, encourages the expression of ideas and individualism, provides equal opportunity for development and advancement, and creates the feeling of belonging.

To be able to create and improve the desired working environment, which corresponds to the needs of employees and business processes, Banca Intesa has distinguished engagement in the following areas as priority:

- Equal opportunities
- Human resource development
- Employee satisfaction

### Equal Opportunities

Equal opportunities during employment and promotion are guaranteed by the Code of Ethics, in compliance with which the employment and personnel management procedures in Banca Intesa are based on the principles of objectivity and consistent conduct, preventing favouritism, abuse or discrimination based on any personal feature such as gender, ethnicity, religion, political beliefs, language, age, disability or trade union membership. In keeping records on employees, Banca Intesa uses an internal personnel application where employees are able, if they wish, to enter and update their personal information themselves.

At the end of 2015, Banca Intesa had a total of 3,010 employees, of whom 70.73% were women. Women were also in the majority (60%) in the top management body of the Bank, the Executive Board, as well as in all managerial positions.

Total number of employees by category and gender												
	2012.						2013.					
	Managers		Officers		Employees		Managers		Officers		Employees	
	M	F	M	F	M	F	M	F	M	F	M	F
	26	20	167	264	722	1,935	23	16	166	261	698	1,875
<b>Total</b>	<b>46</b>		<b>431</b>		<b>2.657</b>		<b>39</b>		<b>427</b>		<b>2.573</b>	

Total number of employees by category and gender												
	2014.						2015.					
	Managers		Officers		Employees		Managers		Officers		Employees	
	M	F	M	F	M	F	M	F	M	F	M	F
	20	15	160	252	713	1,865	21	16	157	252	703	1,861
<b>Total</b>	<b>35</b>		<b>412</b>		<b>2.578</b>		<b>37</b>		<b>409</b>		<b>2.564</b>	

Total number of employees by business locations	2012.		2013.		2014.		2015.	
	Male	Female	Male	Female	Male	Female	Male	Female
Belgrade*	459	963	464	969	481	986	491	1,013
Other locations**	456	1,256	423	1,183	412	1,146	390	1,116
<b>Total</b>	<b>915</b>	<b>2,219</b>	<b>887</b>	<b>2,152</b>	<b>893</b>	<b>2,132</b>	<b>881</b>	<b>2,129</b>

- \* The number of employees in Belgrade includes all employees at the Bank Headquarters located in Belgrade, as well as all branch employees in the Belgrade Regional Centre.  
 \*\* Employees in other locations include Bank Headquarters employees located in Novi Sad, as well as all branch employees in all the towns in Serbia in which the Bank operates (which include all branches in the three remaining Regional Centres: RC Novi Sad, RC Kragujevac, RC Niš). This interpretation of other locations is valid throughout the report.  
 \*\*\* The Bank does not employ permanent third parties.

Total number of employees by type of employment contract	2012.		2013.		2014.		2015.	
	Male	Female	Male	Female	Male	Female	Male	Female
Under fixed-term employment contract	29	56	31	40	49	79	52	88
Under fixed-term employment contract	886	2,163	856	2,112	844	2,053	829	2,041
<b>Total</b>	<b>915</b>	<b>2,219</b>	<b>887</b>	<b>2,512</b>	<b>893</b>	<b>2,132</b>	<b>881</b>	<b>2,129</b>

Type of employment contract by location	2012.		2013.		2014.		2015.	
	Under fixed-term employment contract	Under permanent employment contract	Under fixed-term employment contract	Under permanent employment contract	Under fixed-term employment contract	Under permanent employment contract	Under fixed-term employment contract	Under permanent employment contract
Belgrade	12	1,410	39	1,394	94	1,373	99	1,405
Other locations	73	1,639	32	1,574	34	1,524	41	1,465
<b>Total</b>	<b>85</b>	<b>3,049</b>	<b>71</b>	<b>2,968</b>	<b>128</b>	<b>2,897</b>	<b>140</b>	<b>2,870</b>

\*In terms of employment type, there are no part-time employees in the Bank, so all employees are engaged as fulltime employees.

Gender structure	2012.		2013.		2014.		2015.	
	Male	Female	Male	Female	Male	Female	Male	Female
Employee gender structure	29.20%	70.80%	29.19%	70.81%	29.52%	70.48%	29.27%	70.73%
Management employee gender structure	56.52%	43.48%	58.97%	41.03%	57.14%	42.86%	40%	60%

Age structure	2012.			2013.		
	Under 30 years of age	30 - 50 years of age	Over 50 years of age	Under 30 years of age	30 - 50 years of age	Over 50 years of age
Employee age structure	9.76%	75.47%	14.77%	7.77%	77.23%	15%
Management employee age structure	/	84.78%	15.22%	/	66.67%	33.33%

Age structure	2014.			2015.		
	Under 30 years of age	30 - 50 years of age	Over 50 years of age	Under 30 years of age	30 - 50 years of age	Over 50 years of age
Employee age structure	9.42%	74.88%	15.70%	7.41%	75.61%	16.98%
Management employee age structure	/	80%	20%	/	80%	20%

### Occupational Health and Safety

Issues related to the occupational health and safety in Banca Intesa are defined in the Collective Bargaining Agreement, the Rulebook on Occupational Health and Safety, and the Act on the Assessment of Risk in Workplaces and in the Working Environment of the Bank. The Collective Agreement and Rulebook on the OHS define the rights and procedures in this area, and the Act on the Assessment of Risk defines preventive measures for safe and healthy work in the workplace and the need for personal protective equipment. The said documents include the following themes: personal protective equipment, training and education, complaint mechanism, the right to refuse hazardous work, and periodical inspections.

The preservation of jobs is one of the priorities of the Intesa Sanpaolo Group so Banca Intesa in Serbia strives to maintain the employee turnover rate at stable levels.

Employee turnover	2012.		2013.		2014.		2015.	
	Male	Female	Male	Female	Male	Female	Male	Female
Newly employed	60	74	60	60	67	78	71	85
<b>Total number of newly employed</b>	<b>134</b>		<b>120</b>		<b>154</b>		<b>156</b>	
Left the Bank	63	137	88	127	61	107	83	88
<30	8	26	10	14	8	11	8	14
30-50	35	51	55	71	41	66	69	56
>50	20	60	23	42	12	30	6	18
<b>Total number of employees who left the Bank</b>	<b>200</b>		<b>215</b>		<b>168</b>		<b>171</b>	
<b>Turnover rate</b>	<b>6.38%</b>		<b>7.07%</b>		<b>5.55%</b>		<b>5.67%</b>	

In accordance with the current legislation of the Republic of Serbia, all Banca Intesa employees have the right to maternity leave. As a responsible employer, the Bank guarantees a return to the job for all employees who exercise this right.

Right to maternity leave	2012.	2013.	2014.	2015.
The total number of employees who exercised their right to maternity leave	287	270	168	166
Rate of return to work after the end of maternity leave	99.65%	99.26%	96.4%	98.8%
Rate of remaining in employment 12 months after returning to work	96.17%	95.47%	98%	95.83%

## Human Resource Development

Resources for professional development and improvement are available equally to all Banca Intesa employees and the evaluation of performance and remuneration are based on a transparent process and objective indicators.

The Bank monitors its employees' accomplishments, values merits and, in that way, strengthens motivation and rewards good results. Assessment of performance was made for 93.19% employees in 2015, and thus the Bank preserved continuity relative to previous years - 2014 (94.87%), 2013 (93.45%) and 2012 (94.64%).

Numerous activities conceived and implemented during 2015, with the aim of further professional and personal development of employees, were the result of listening to our employees' needs.

Banca Intesa internally ensures studying and education opportunities to its employees in the form of training, seminars, workshops and especially through the distinguished e-learning platform that includes various online training programmes. Occasionally, the Bank publishes Rulebooks and other internal tools that facilitate spreading knowledge on individual relevant themes. Besides, the Bank also supports employees in initiatives to externally acquire the necessary knowledge and skills, ensuring financial support for these types of educational activity, as well as for various study trips with guaranteed return to their job. Around 90,000 hours of employee training were realised during 2015 in total.

Training	2012.		2013.		2014.		2015.	
	Male	Female	Male	Female	Male	Female	Male	Female
Total number of training hours by gender	16,065	31,762.5	26,422.5	64,825	22,070	49,147.5	29,754.5	59,785.5
Average number of training hours per year by gender	17.56	14.31	29.79	30.12	24.71	23.05	33.77	28.08

Training	2012.			2013.		
	Managers	Officers	Employees	Managers	Officers	Employees
Total number of training hours by employee category*	720	11,025	36,082.5	607,5	18,342.5	72,297.5
Average number of training hours by employee	15.65	25.58	13.58	15.85	42.96	28.1

Training	2014.			2015.		
	Managers	Officers	Employees	Managers	Officers	Employees
Total number of training hours by employee category*	637,5	8.145	62.435	950	19.025	69.565
Average number of training hours by employee	18.21	19.77	24.22	25.67	46.51	27.13

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

In 2015, Banca Intesa launched a new form of training, the **Knowledge Network** based on the principle of associating employees who are most competent in their domains of work. The Knowledge Network is a model of the so-called project-oriented learning. In 2015, the Knowledge Network entered a new cycle, entitled "The Best Experts for Everything". Three workshops were organised and were attended by employees in non-managerial positions from the business network and the Bank Headquarters. Furthermore, an innovative competition of head of branches entitled the "Retail Learning Tournament" was organised in cooperation with the Faculty of Organisational Sciences. Fifty-five employees occupying this very important position for the Bank took part in a case study tournament and were engaged in teamwork on specific case studies from the business environment. The goal of the Knowledge Network project, aside from the development of key business skills, was to instigate innovation, creative thinking and exchanging ideas. Mentors in the activities within this cycle were employees who showed significant results in the previous cycle of our Knowledge Network, "Intesa Knows".

## Employee Satisfaction

Employee satisfaction is one of the key topics in the business plan of the Intesa Sanpaolo Group, as well as Banca Intesa. In addition to investing into development and increasing the level of expertise, talent and skills of employees, the Bank is also focused on the total care for people and creating an atmosphere where employees are satisfied with the working environment.

Besides the rights guaranteed to employees by law - rights to healthcare, maternity leave, severance retirement pay and benefits for disability, the Bank provides an annual leave contribution, meal allowances and transportation allowances. All employees in Banca Intesa are covered by the Collective Bargaining Agreement, whether they are trade union members or not.

Banca Intesa employees are offered privileged terms for loans, the right to private health insurance under favourable terms and special conveniences and discounts for in-store purchases and travel agent's with which the Bank has business cooperation. Moreover, the Bank plans the retirement of employees who are at the end of their working life and disburses severance retirement pay taking into account the age and years of work.

The complaint procedure for employees is defined in the internal documents of the Bank, which are available to employees on the internal portal. No case of mobbing or other violation of human rights was recorded through this mechanism in 2015, as in the previous years. Any complaint of an employee is considered thoroughly and the employee is provided with detailed feedback in a timely manner.

In October 2015, Banca Intesa launched a project for the **examination of its corporate culture**, with the purpose of mapping the key points that make up the corporate culture of the Bank and establishing what employees consider to be an ideal culture, and to objectively perceive room for further improvement. The project was launched with a workshop intended for managers, where members of the Executive Board, directors of all organisational parts and regional directors were invited to state their opinion openly, sincerely and objectively through a completed questionnaire, on the current culture in the Bank and what the ideal culture should be like.

The next step in the implementation of this project was the selection of 750 employees from the whole Bank, selected at random, who were invited to assess the current corporate culture of the Bank and identify possibilities for additional improvement, all with the purpose of strengthening the internal capacities and developing the individual, team and organisational effectiveness of the Bank in the following years.

## Corporate Volunteering

In 2013, Banca Intesa launched a corporate volunteering program, Intesa from the Heart, the goal of which was to contribute to the community by putting the time, talents and knowledge of its employees at its disposal. Employees can submit proposals themselves for volunteering engagements and the organisation of actions, thus making volunteering a true part of our corporate culture. See the chapter "Community" for more about the numerous activities implemented during 2015.

## Internal Communication

### WEB TV

WEB TV - a modern, simple and easily accessible channel through which employees are able to learn about any novelties in the Group in different markets - is available in all the member banks of the Intesa Sanpaolo Group. This project was developed with the aim of strengthening the feeling of belonging to the Group, and

implies access to video content in the local languages of all members of the division. This is a communication channel resulting from years of research and compliance with the trends in the application of the state-of-the-art communication solutions. Access to WEB TV is enabled by clicking on the banner located on the homepage of the internet portal.

A campaign, **IntesaTim**, continued during 2015, with the aim of strengthening corporate values, horizontal communications, team spirit and the feeling of belonging. The campaign involves a series of activities that contribute to employees in different organisational units knowing each other better and encourage any employee to think about their role in the Bank.

A series of activities have been implemented within the campaign. "In Other's Shoes," through which managers got better acquainted with the employee colleagues they worked with on a daily basis, and tried their hand at the tasks the employees performed. "Open Door" of departments and offices for all those who want to learn more about them and their competences, mutual visits of employees from the network and the Headquarters, and a series of creative tasks initiated with the purpose of strengthening the connection between the colleagues and employees in different organisational units of the Bank.

The IntesaTim campaign was declared the best campaign in the internal communication category in 2015 by the Serbian Public Relation Association, which traditionally bestows the **"PRiznanje"** on the best communication projects.

### Sports Activities

The Intesa Sanpaolo Group regularly organises sports competitions for employees of the banks that are members of the Group, aimed at building a strong team spirit and enabling employees to get to know each other. At the sports tournament that was traditionally held in Poreč, the football team of Banca Intesa successfully defended its champion title, and the female volleyball team won second place.

The sixth **ISBD Olympics Games** were held in Timisoara in September 2015, and the event saw the participation of around 300 employees from eight member banks. As in previous years, competitions were held in football, basketball and volleyball, and, as well as Banca Intesa Beograd, the teams represented the following banks: Bank Koper (Slovenia), VUB Bank (Slovakia), Intesa Sanpaolo Bank (Romania), Privredna banka Zagreb (Croatia), CIB Bank (Hungary), Intesa Sanpaolo Bank (Bosnia and Herzegovina) and Intesa Sanpaolo Bank (Albania).

Sports events were also organised for the young – for children of employees in member banks of the Group. More than 200 children from six member banks took part in the Fourth ISBD Children's Olympics Games held in Sports field "Gradski vrt" in Osijek from 8 to 10 May 2015, and Banca Intesa Beograd was the winner of the Olympics. As in all previous years, competitions were held in football, volleyball and basketball, and the teams represented the following banks: Banca Intesa Beograd (Serbia), Privredna banka Zagreb (Croatia), Alexbank (Egypt), Banka Koper (Slovenia), VUB Bank (Slovakia) and CIB Bank (Hungary). While the football and volleyball players fought for victory, basketball players also had an opportunity to attend a basketball school – the Junior Armani Camp for boys and girls, run by basketball coaches from the Armani Milano club.

### Care for Employees' Children

Banca Intesa Beograd, as a member of the Intesa Sanpaolo Group, has supported the **ASF Interculture** programme for the tenth year in a row and thus offered an opportunity for a year-long scholarship intended for children of employees for education abroad. By participating in this project, children are able to learn languages, live in a different cultural environment and make new friends. During their residence abroad, students are accommodated by adequate host families in the country in which they stay, undergo a preparatory programme, and have their tutoring and all necessary support during the year-long stay in the foreign country. All holders of the scholarship of the Bank have returned, without exception, with very positive experience, which helped them in their further advancement and future educational orientation.

Besides this programme, children of employees in the Bank have an opportunity to spend summer vacations in the small town of Follonica, Tuscany, together with their peers from other countries, for 12 years now. In addition to sports activities, their stay in Follonica is a precious opportunity for children to meet their peers from other cultures and for developing a feeling of independence.

## Community

As a leading bank in the Serbian market, Banca Intesa is aware that it has an additional responsibility to take special care of the needs of society. In the past ten years of its operation in the domestic market, Banca Intesa has developed its own projects and has been engaged in numerous major corporate responsibility projects, which have been implemented with the purpose of supporting the social community, primarily in:

- **Heritage preservation and culture promotion**
- **Social inclusion**
- **Support to talents and elderly population**

The basis of such actions is strategic partnerships and long-term initiatives, as well as in one-off support that the Bank provides in response to the current needs of different social groups or in emergency situations. Its endeavours to actively contribute to the resolution of current social issues has earned the Bank numerous awards and recognitions in 2015 and in previous years.

Constantly monitoring the needs of the community in which it operates, the Bank allotted more than RSD 10.3 million in aid for philanthropic purposes in 2015, which it dedicated to the promotion of arts and culture and support for the implementation of projects in the areas of sports, education and health. Therefore, it was awarded the **Planeta Biznis Award** by the **Ekonometar** magazine and **Magazin Biznis** for the third time, as the bank that invested the largest amount of funding into the development of society and the local community.

The commitment of Banca Intesa in the area of corporate philanthropy and special promotion of the volunteering culture were also recognised by relevant institutions, which was testified by **My Choice**, an award for its contribution to the local community bestowed by the non-profit non-governmental association **My Serbia**, in cooperation with the Chamber of Commerce of Belgrade and with the support of the City of Belgrade.

### Boks: Solidarity for Hit Areas

Packages were donated to 50 households in Obrenovac that suffered damages in the floods of 2014, within the Intesa Sanpaolo Group project Seeding the Future and with the financial support of the Intesa Sanpaolo Foundation. The packages that were donated to socially vulnerable households contained maize, fertilisers and herbicide in sufficient quantities for the cultivation of one hectare of these crops and were intended for helping the recovery of the affected areas.

The Intesa Sanpaolo Foundation, a non-profit organisation dedicated to providing assistance to vulnerable categories in society, launched the Seeding the Future project in 2015 in order to provide assistance for 325 endangered families in some of the areas in Serbia and the region hit by the floods: Obrenovac (Serbia), Posavina (Bosnia and Herzegovina), and Vukovar - Srem County (Croatia). This project was focused on two key elements, that is, enabling access to drinking water and food. Actually, as a number of wells were polluted during the floods, the need for drinking water was higher. This goal was accomplished by testing and analysing of water and by the distribution of filters for its purification to about 140 families. At the same time, agricultural packages containing maize, wheat, barley or vegetables (in different amounts), or nursery vegetables, as well as crops protecting products and fertilisers with an insignificant impact on the environment were distributed to damaged farmers in the hit areas. This aid was given to around 185 families in rural areas.

This project of the Intesa Sanpaolo Group was aimed at providing support to employees in member banks and to the local population, and was a continuation of a series of implemented initiatives for the provision of assistance to the vulnerable population.

### Heritage Preservation and Culture Promotion

Preservation of artistic, cultural and historical heritage is an important segment of the corporate philanthropy of



Banca Intesa. For years, the Bank has supported numerous cultural events and organisations, art exhibitions, theatre performances and the restoration and renewal of architectural and historical buildings that are important for the wider community.

One of the largest projects in 2015 related to supporting the restoration of the **Boško Buha Theatre**, for which the Bank granted one million dinars. As well as the restoration of theatre rooms, the money was used for the engagement of professional staff and for the provision of material and corresponding audio-visual equipment. The Boško Buha Theatre was established in 1950 and in its 65-year existence, more than 250 plays have been performed on its stage, giving enjoyment to more than 4.5 million children and their parents.

At a request of the Vrbas Serbian Orthodox Church Community, a donation assisting with the construction of the Christ's Ascension Orthodox Church in the centre of Vrbas was granted in 2015. Final works on the roofing were under way at the time of the donation. Other successful companies operating in this city were also involved in this initiative. In addition, Banca Intesa allotted funds to assist the organisation of a traditional scientific gathering, the **Summer School of Urban Planning**, which was organised in Kragujevac in May 2015. The themes of the gathering were: Planning bases (the production of spatial and urban documentation as a basis for obtaining location requirements and building permits), Urban policies (is urban development a part of the development policy of our country?), as well as amendments to plans on planning and construction and the Law on State Survey and Cadastre.

## Social Inclusion

In 2015, as in previous years, the actions of the Bank in the community were mainly directed to providing support through direct financial assistance and further strengthening of the culture of corporate volunteering, with a constant emphasis on the financial inclusion of specific social groups.

Reconstruction of the **Bubamara** kindergarten in Novi Sad, which started at the end of the year in cooperation with the **Novak Đoković Foundation**, stands out among the numerous projects that the Bank financially supported in 2015. The reconstruction project was aimed at improving the growing-up conditions in a poor environment and creating surroundings in which children could accomplish their full potentials. This kindergarten is attended by 520 children aged 2 to 6, many of them from socially vulnerable and Roma families. The end of the restoration is expected in the first half of 2016. The Bank also allotted significant funds for equipping educational institutions and pre-school institutions with modern teaching tools.

In order to increase the level and availability of health services on a local level, in the area of health, the Bank assisted the **Studenica General Hospital** in Kraljevo, as well as the **Magnet for Love Foundation**. The Foundation allotted the raised funds and donated equipment in the form of special incubators for the treatment of prematurely born babies to the Vojvodina Institute for Child and Youth Health Care, which significantly facilitated the process of MRI diagnosis.

To contribute to social inclusion and overcoming the barriers for disabled persons, in particular in local environments in Serbia, the Bank supported the **Association of Poliomyelitis and Cerebral Paralysis in Priboj** in 2015 with a donation for the purchase of special mobility equipment for members of the Association in wheelchairs up and down the stairs.

In 2015, the Bank also continued its traditional cooperation with **Liceulice magazine** and on two occasions, it organised sales of this magazine in its business offices in Belgrade. Liceulice is sold by homeless people, young people from the street and members of marginalised groups, and in this way, they have a chance to earn income and integrate into society. Half of the income from the sales is the seller's earnings and the remaining money is used for the preparation of the next issues of the magazine and the organisation of different educational and social programmes.

## Online Donations

In accordance with its commitment to integrate social responsibility into all segments of its operations, Banca Intesa is the first bank in the domestic market to have enabled the acceptance and processing of donations via the Internet. In this way, every citizen has an opportunity to donate money, quickly and easily, to non-profit organisations and foundations with which the Bank has established cooperation, including UNICEF, the Our Serbia charity organisation, the Divac Foundation, the Trag Foundation, the Novi Beograd charity foundation, Foundation B92, the Nasleđe otaca Foundation, and the University Children's Hospital in Tiršova. The donations are accepted via the websites of the organisations and can be paid from Serbia and abroad.

## Corporate Volunteering

If a programme for employee volunteering is to be effective and sustainable, it should be adjusted to the priorities of the company and should take into account the interests of the employees and be directed to the true needs of society.

Wanting to promote the corporate volunteering values and to unite all its activities in this important segment of corporate social responsibilities, the Bank launched the **Intesa from the Heart** Programme in 2013. This coordinated programme approach includes volunteering projects and activities that the Bank carries out independently, as well as initiatives that it implements in partnership with organisations of civil society. During 2015, the Bank carried out a number of activities within Intesa from the Heart, among which were the equipment of homes for the elderly in four cities in Serbia, the preparation of New Year's packages for children without parental care and children with development disabilities, participation in the volunteering action Our Belgrade and a series of individual volunteering engagement of employees in the Bank. By their participating in the programme, the employees of Banca Intesa have given their abilities, knowledge and time to the community through more than 3,500 volunteering hours.

## Why Does the Bank Volunteer?

The responsibility of the Bank to take care of the community it is a part of reflects in the donor programme by which the Bank assists the community with donations of equipment and money – and quite often time, knowledge and energy, which is even more necessary. The goal of the Bank is to constantly improve its volunteering activities and open up new opportunities for assistance to the community – through the activation of an ever-greater number of employees and proposals for new campaigns within the programme **Intesa from the Heart**, in line with the slogan **We Are the Greatest When We Help**. In this way, volunteering becomes a good business practice in the Bank and a true value of its corporate culture.

## Support for Talents

Providing support for projects intended for children and youth, whether concerning their education or psycho-physical development, is one of the main strategic guidelines of the socially responsible activity of Banca Intesa. The Bank believes that sports affirm positive values of togetherness, solidarity and belonging to the team, and in the earliest period of growth, it places children in an environment in which they can develop self-confidence and acquire important leader skills that will follow them during their whole life.

Under the auspices of the Bank, the **Italia soccer camp** was held in 2015 attended by boys and girls from all over Serbia. A total of 140 children from 7 to 14 took part in the camp, getting an opportunity to improve their football skills and talent with the support of domestic and international experts. The most successful attendees of the camp were invited to attend the Day of the National Camp of Italy with their families, a three-day event held in Florence, on the grounds of the Coverciano Academy. Among other things, the selected players could enjoy training, special courses, touring of the Italian Football Museum, as well as a Series A match.

Young people who attended the camp of the National team of Italy got an opportunity to improve their football skills following the methods of the best Italian official professional staff, and children with special talents will be further monitored to show their abilities in Italy.

The most comprehensive volunteering project of the Bank, **Wrap a Gift, Make A Child Smile**, within which employees of Banca Intesa prepared New Year's packages for children with developmental disabilities and children without parental care, was organised for the seventh year in a row. Employees took more than 300 New Year's packages with toys, candies, school accessories and personal hygiene products to children in 10 schools and kindergartens in five cities and invested almost 3,000 volunteering hours during working hours.

The Bank also encouraged its employees for individual volunteering. Thus, during 2015, employees took part in several seminars and workshops on finance management and business improvement, intended for women in business, and in the traditional Bank Employee project aimed at the education of students and teachers in secondary schools with this educational profile.

## Support for the Elderly

Responding to the current requirements of society, the 2015 programme included a new volunteering project, "Volunteering Day," involving **a major action of support for gerontology centres** in all the regional centres of

the Bank – Belgrade, Kragujevac, Niš and Novi Sad. Almost 100 volunteers from all segments of the Bank donated their energy, good cheer and more than 400 hours of free time in order to help improve the living conditions for about 1,500 people accommodated in centres for the elderly in these four cities.

As in previous years, employees of Banca Intesa were part of the major volunteering action Our Belgrade for the fifth time in 2015, within which they took part in improvements to the Bežanijska kosa Gerontology Centre, which has around 600 beneficiaries, making it the largest centre in the country and one of the largest in Europe.

#### Award for Volunteering Success

The importance of the volunteering contribution of Banca Intesa in 2015 was confirmed by the awards the Bank received in this sphere of corporate social responsibility. The **Business Leaders Forum and Smart kolektiv** declared the corporate volunteering programme Intesa from the Heart the best in Serbia in the past year. The Business Leaders Forum, established in 2008, is an association of companies in Serbia that encourage the strengthening of corporate social responsibility and assists in the development of the community with its operation. The award for corporate volunteering was established in 2011 and enables public promotion of the best practice of social engagement of employees. Since 2012, the award has been bestowed on the national level in the following categories: Best Volunteering Programme, Most Successful Partnership in the Local Community, Development of Employees, Measurements of Result, and Innovation.

The **Serbian Association of Advertising Specialists (UEPS)** awarded a bronze award to the same programme in the category of the best social responsible campaign in Serbia implemented in the profit sector in 2015. In addition, the Bank was awarded **My Choice** for the third time, for its contribution to the development of the local community, this time for the implemented financial support as well as volunteering activities.

## Suppliers

As a leading bank in the Serbian market, Banca Intesa is a large contractor, so procurement is a significant area of impact of its operation on the society, the local economy and the environment. Following the advanced practices of its parent Group, the Bank strives to establish systems of procurement that contribute to reducing negative influences by the application of criteria of social and environmental responsibility, at the same time strengthening enterprises that form its supply chain.

Dedicated to promoting respect of working and human rights, as well as the protection of natural resources in all the environments in which it operates, the Bank monitors its indirect impacts via the supply chain through:

- **Transparency and equality in supplier selection**
- **Promoting social responsibility in the supply chain**

The Bank's approach is based on the following adopted internal documents: Procurement Policy, the Procedure for the Procurement of Goods and Services and the Code of Ethics, which regulate all key aspects of cooperation with suppliers, including those related to CSR.

### Transparency and Equality in Supplier Selection

The relationship with suppliers is based on dialogue and the creation of common values, with an emphasis on **transparency, equity and integrity** in the management of that relationship. The aspect of **equality** is also represented in the selection of suppliers so that equal chances are ensured to all participants.

Such an approach derives from the principles established in the **Code of Ethics**, which suppliers become familiar with during the process of registration in the supplier register. The Code states the responsibilities of the Bank bearing in mind its power as a contractor, and sets clear and objective criteria as conditions for cooperation.

During 2015, the bank dedicated EUR 25 million for purchases and cooperated with 466 domestic and foreign suppliers, taking into account the compatibility of their capacities with the size and needs of the Bank. Starting from the said principles, criteria for the selection of supplies in the selection process are as follows: price offered, quality i.e. adjustment of the characteristics of the offered goods/services to the required characteristics, delivery term, payment terms and method, servicing/maintenance services during and after the warranty period, existence and level of cooperation with the Bank and/or members of the Group, and other special conditions depending on the type of procurement. One criterion is also the adjustment of the operation of the supplier to the social responsibility principles. The Procurement Unit and the organisational unit in charge of the given procurement are obliged to adjust the criteria for the evaluation of bids before inviting bidders to submit bids and evaluating them using the qualitative and quantitative analysis methods.

According to the recommendations of the Group, the Bank implemented a new model of the functioning of the centralisation of procurement in 2015 by introducing two new application systems, **SAP R/3 and Supplier Portal – Portale Fornitori**. In this way, business processes within the parent Intesa Sanpaolo Group are harmonised.

The process of the centralisation of procurement on the level of the Intesa Sanpaolo Group has been developed with a view to the gradual introduction of single standards, processes, information and technological tools for procurement in all the member banks in the Group. The centralisation project implies that all types of procurement are conducted from one place, which means that organisational parts assigned for procurement and other parts of the Bank shall implement this activity together, unless procurement is defined as an independent category. Centralisation will allow the homogenisation of procurement, reducing administrative costs and increasing productivity. The establishment and maintenance of the central database on procurement will ensure easier monitoring, fast and comprehensive reporting as well as the minimisation of risks related to these business processes. Besides, by introducing new applications, the transparency of the tender procedure will be additionally improved.

Implementation of this extremely important project was a product of the common goals of all member banks in 2015, and Banca Intesa Beograd was just one in a series of banks in the Group that will implement this model into its operation.

### Supplier Portal

The supplier portal, which Intesa Sanpaolo Group launched in 2010, provides an overview of the whole procurement process, and Banca Intesa Beograd has been able to join this model of operation since the start of 2015.

Besides the centralised list of suppliers, the Supplier Portal includes an area dedicated to online procurement, an area for communication with suppliers and an area for archiving documentation. A module for the management of accounting communications that enables suppliers to see data on purchase orders, invoices and payments was created.

With the purpose of better understanding suppliers and their sustainability policy, there are questions related to social and environmental responsibility for all suppliers during the online registration procedure. After successful registration and submitting the necessary answers, the Bank has an insight in the social responsibility practices of the registered companies. The Supplier Portal ensures an online system of procurement: the applicants for registration are requested to register online where, if they are invited to take part in a tender, they can follow all the phases of the process in a transparent manner.

In order to avoid any potential situation of conflict of interest, the Bank continually improves its relevant policies and procedures and attentively monitors their application. In accordance with the **Procurement Policy** and the **Procurement of Goods and Services Procedure**, employees in the Real Estate and Procurement Management Department have an obligation to report any potential conflict of interest, implement provisions prescribing that the procurement of goods and services between the Bank and its employees and family members is prohibited, and to avoid any type of contacts that exceed business customs, except if they have the approval of their superiors.

Besides, the question of the conflict of interest is specifically defined in the Code of Ethics of the Bank, which employees who have direct contact with suppliers are informed about in detail. During 2015, no case of violation of the Code of Ethics was recorded or reported by a supplier.

### Promoting Social Responsibility in The Supply Chain

The bank has recognised there is significant room for promotion of care for the community and the natural environment in the process of the selection of business partners, from the values and dedication of its associates to the gradual adoption of advanced business social responsibility practices.

Social responsibility, as one of the criteria in the selection of suppliers, was introduced in 2012 by the adoption of the Procurement of Goods and Services Procedure. The same document provides for the introduction of a questionnaire on the basic information of the company, which also contains questions related to socially responsible operation. The questionnaire about socially responsible operation has questions related to five basic areas of corporate social responsibility:

#### Corporate Governance

- transparent procedures for the election and operation of the Board of Directors;
- equal and timely access for shareholders to relevant information on the operation of the company;
- equal and timely access for investors to relevant information on the operation of the company;
- a Code of Ethics/Code of Conduct that all employees are aware of;
- data on the structure of proprietorship of the company is publicly available;
- the financial statements of the company are publicly available;
- information on the sectors in which the company operates is publicly available;
- transparent publication of the market in which the company operates;
- anti-trust principles and principles of the protection of competition, in accordance with which the company operates;
- social responsibility and sustainable development are incorporated into the mission, vision or strategy of the company;
- social responsibility principles are defined.

#### Market

- informing customers about products/services;
- complain channels for customer comments, claims.

#### Working Environment

- equal opportunities for employment as well as for promotion;
- the right of employees to collective association;
- occupational safety measures and health protection

#### Environment

- consideration of influence on the environment when making strategic decisions;
- the existence of an Environmental Protection Policy;
- defined key aspects of the environment, relative to activity;
- annual budget planned for costs and investments in the area of the environment;
- documented measurement and monitoring of impacts on the environment conducted;
- reporting on aspects of impacts on the environment that are not mandatory by law;
- impact on the environment is taken into consideration in the selection of suppliers;
- the application of some volunteering instrument concerning environmental protection (ISO:14001, ISO:50001, EN:16001);
- protection of the environment is among the responsibilities of members of the top management of the company;
- employees are informed about the Environmental Protection Policy;
- a procedure is in place with a term for responding to complaints in relation to the environmental protection;
- innovation in production and products/services directed to reducing impacts on the environment;
- gas emission measurements;
- the rational use of energy and the implementation of economy measures;
- the rational use of water and the implementation of economy measures;
- responsible waste management;
- tackling climatic changes;
- application of the "green procurement" principle

#### Local Community

- estimates of impacts on the community;
- consulting stakeholders;
- procedures for granting monetary donations.

In this way, the Bank acquires an insight in the existing practice of potential suppliers, and raises the awareness of responsible business practice in its value chain.

To ensure responsible management of the supply chain and to influence the spread of good business practice in the area of human and labour rights and protection of the environment, contracts with suppliers, in addition to other general provisions and cooperation conditions, contain articles that relate to the application of technical measures, fire protection measures and occupational health and safety protection measures, in line with the applicable legal regulations.



## The Environment

Environmental protection is one of the pillars of sustainability that Banca Intesa has been committed to for years in both the promotion and improvement of responsibility in resource management and in the preparation and spreading of the responsible funding principle. The responsibility of the Bank to natural and social environments thus implies an integrative approach to the following direct and indirect impacts that the Bank has on its surroundings, in the following primary aspects:

- **Responsible resource management**
- **Responsible financing**

When it comes to reducing the consumption of key resources, this area is internally defined by the adoption and implementation of the **Environmental Protection and Energy Efficiency Policy**. In the area of crediting, the Bank has confirmed its dedication to integrating social and environmental criteria into its business decision in order to contribute to reducing the adverse impacts on the environment and offer support for projects and activities that contribute to sustainable development. To that end, the Bank has adopted the **Social and Environmental Risk Management Procedure** and the **Implementation of the Equator Principles in Project Financing Procedure**.

### Responsible Resource Management

The Bank continually implements numerous initiatives intended for the optimisation of the use of resources, and some have produced extraordinary results for a few years now. The consumption of energy and water has been monitored since 2012, while data on recycling in the Bank has been recorded since 2011. Bearing in mind that the consumption of paper is one of the most relevant impacts of the Bank on the environment, significant progress has been achieved in this area as well.

#### Resource Management

The Environmental Protection and Energy Efficiency Policy includes the responsible use of resources, waste reduction and energy efficiency improvement as its basic principles, with the aim of preventing, managing and, where possible, reducing the impacts on the environment that are caused by the direct and indirect activities of the Bank. The policy is available to every employee on the internal portal of the Bank.

In 2015, the Bank continued to measure and rationalise energy and water consumption.

	2012.	2013.	2014.	2015.
Total energy consumption, kWh*	13,136,308.00	13,129,296.00	12,419,176.00	12,409,809.00
Total water consumption, m <sup>3</sup> **	87,074.00	86,380.00	85,977.00	84,654.00

\* Total energy consumption for 2012, 2013 and 2014 implies indirect energy. Data for 2015 related to the total energy consumption within the company.

\*\* Data on the total energy and water consumption relate to all administrative buildings and the overall branch network in Serbia and is obtained by assessing the costs of utility services, electricity/water bills.

The Bank promotes responsible energy consumption using automatic mechanisms for the remote shutdown of computers at the end of the business day, which made savings of 31.6% of the total amount of electricity, or 224,106.48 kWh in 2015. The Bank started the incorporation of LED illumination during the restoration of old or the opening of new branches. Equipment available in the market was analysed and performance and savings are monitored in the branch in Belgrade where old illumination has been replaced with LED lamps.

#### An Hour for Our Planet

In 2015, for the fourth time, Banca Intesa continued the action An Hour for Our Planet, which is held every year and is the largest global volunteering campaign for the preservation of nature and the environment. The World Wide Fund for Nature, which is the organiser of this campaign, invites all individuals and companies to turn off the lights at the same time on the same day for an hour and thus send a strong message that together we can help mitigate climate change and the consequences of the excessive consumption of natural resources. As

in the previous years, the Bank joined the campaign by turning off the illuminated signs on all its branches, as well as decorative lighting on its office buildings. In addition, visitors with corporate accounts were invited on the social network through Facebook to join the campaign by turning off the light in their home for an hour.

When it comes to waste management, the Bank strives to reduce waste generation using a responsible approach, and applies optimum methods of disposal in cooperation with authorised subcontractors. Municipal waste, metal, plastic and paper waste are separated in the Bank branches, and a total of 150 tons of paper-based waste were delivered for recycling during 2015.

Total waste generated (t)	2014	2015
Hazardous waste	17.04	3.96
Non-hazardous waste	268.007	410.08
<b>Total</b>	<b>285.047</b>	<b>414.04</b>

\* The following estimate was used for municipal waste: 0.7 kg/employee/day x 8/24h x 365 days x 3.000 employees.

\*\* Out of total generated waste, 129.04 was recycled, and 285 t was disposed of in landfill.

In addition to switching to sending electronic versions of daily press-clipping reports in 2013, since 2012 the focus has been on reducing the paper waste and ensuring that all internal documents that are adopted by the Executive Board and Board of Directors are approved electronically, without the need to print and physically sign the documents. Furthermore, in the organisation process for all events, the Bank sends invitations only in electronic form, for the internal training of all employees and for external events. In 2015, the Bank continued the Printing Consolidation Project, which included the active promotion of both-side printing, as well as white-and-black printing in all business processes.

Total recycled paper waste (t)	2011.	2012.	2013.	2014.	2015.
	37	60	74	96.48	150

Total recycled electronic and electrical waste (kg)	2011.	2012.	2013.	2014.	2015.
	18,950	33,000	22,560	22,000	39,600

High standards in the vehicle pool of the Bank are maintained with the purpose of mitigating the impacts on the environment through transportation. The pool of vehicles of the Bank only consists of new generations of vehicle that use Euro Premium BMB 95 and Euro Diesel fuel, which is adapted to the Euro 5 standards of European quality.

### Responsible Financing

Banca Intesa adheres to the principle of responsible financing through the entire credit process – starting from the social and environmental assessment of each individual customer, through to a transparent credit relationship. In this, it relies on two strategic documents: the **Social and Environmental Risk Management Procedure** and the **Implementation of the Equator Principles in Project Financing Procedure**, adopted with the purpose of assessing, monitoring and minimising the effects of the Bank on sustainability through operation with its clients.

Each agreement that Banca Intesa concludes with its customers within the Management of Products for Economy Department contains, among other things, an article that addresses environmental protection and obliges the loan user, during the validity of the loan, to act with adequate diligence and care concerning the environment, to ensure the rational use of natural resources, to implement regulations on environmental protection, and to plan and undertake measures and usual activities in order to prevent environmental degradation, in line with the Law on Environmental Protection, as well as the treaties, permits, technical and other standards and norms in the area of environmental protection.

If the loan user does not meet the above contractual obligations, the Bank is entitled, by delivering a notice to the loan user, to declare the whole amount of the loan or a portion of the loan principal as due, including accrued interest and other claims calculated in line with the agreement, and to request immediate payment or payment at first call by the Bank if the Credit Management Department has determined that there is increased social and environmental risk.

#### Social and Environmental Risk Management

The **Social and Environmental Risk Management Procedure** regulates the credit process when approving loans to corporates and entrepreneurs to which the credit exposure of the Bank is at a level of one million Euros

or higher, including the requested new product, in the case of credit products from a credit line facility or other funds approved to the Bank by international development banks and when approving long-term credit products funded from other sources.

Banca Intesa also applies the **Implementation of the Equator Principles in the Project Financing Procedure** when preparing and implementing project financing and related advisory services, where the investment value of the project is at the level of 10 million dollars or higher, both for new projects and for all project financing intended for the expansion or improvement of existing facilities where changes can create significant environmental and/or social impacts or significantly change the natural environment. The Equator principles are a set of international standards applying to project financing in the amount of 10 million dollars or higher and provide criteria for their classification based on different risk levels, together with appropriate tools for managing such risks.

Financing the improvement of energy efficiency and the use of renewable energy sources is a significant part of the total crediting of Banca Intesa. The Bank confirmed its commitment to contribute to the preservation of the environment and to enrich its portfolio of financial products intended for this area in 2015 by signing new credit line facilities with outstanding international and state institutions:

- **Credit line of the KfW Development Bank intended for Energy Efficiency and Environmental Protection for the Public Sector**

The Bank has signed a Loan Agreement with the Development Bank of Germany, which provides EUR 10 million for financing customers in the public sector, for projects involving the improvement of energy efficiency and environmental protection. The loans are granted for a period of up to 9 years with a grace period of 3 years and a fixed interest rate. The specificity of this credit line is that it enables a potential grant from the EU amounting to 20% of the credit amount if the project demonstrates energy savings, i.e. improvement of the conditions for environmental protection. More than EUR 6 million from this credit line have been invested by now, and in 2015 alone, EUR 4,387,000 was granted.

- **Credit line of the KfW Development Bank intended for the Energy Efficiency for Farmers, Micro Enterprises and SMEs**

Banca Intesa has offered loans for the improvement of energy efficiency to clients from the segment of registered farms, entrepreneurs and micro enterprises, which are granted in the maximum amount of EUR 300,000 in dinar equivalent, with a repayment period of up to 5 years and a fixed interest rate amounting to 5.9 to 6.9 percent on an annual level. The loans are available to all interested farmers, entrepreneurs and micro enterprises, regardless of whether they are customers of the Bank or not, and the loan may be used for the replacement of existing agricultural machinery, investment in heating systems and improvement of the insulation of buildings. EUR 498,383.63 from this credit line was invested for small enterprises and agriculture in 2015, while EUR 341,600.00 was allocated for small and medium sized enterprises.

- **EBRD Credit Line for Financing Energy Efficiency for the Public and Private Sector**

Banca Intesa and the European Bank for Reconstruction and Development have signed an Agreement on the use of a credit line for energy efficiency amounting to EUR 10 million, whose users may be private enterprises regardless of their size, as well as local governments and public utility companies.

Funds from the credit line are intended for financing investments into fixed assets that lead to energy savings of at least 20%, with a maximum repayment term of 5 years and a maximum credit amount of EUR 2 million for private companies and EUR 2.5 million for customers in the public sector. A specificity of this credit line is grants amounting to 5-15% of the loan amount, which the end user receives after the implementation of the investment. More than EUR 6.5 million has been invested by now from this credit line. During 2015, EUR 5,729,000 was granted in the segment of small and medium-sized enterprises.

- **Agreement with the Guarantee Fund of AP Vojvodina for Micro, Small and Medium-Sized Enterprises and Farmers**

A new agreement with the Guarantee Fund of AP Vojvodina for registered farmers, entrepreneurs and micro, small and medium-sized enterprises makes available long-term loans for the improvement of energy efficiency and the use of renewable energy sources.

- **The Green for Growth Fund Southeast Europe Credit Line (GGF) for Retail, Small Businesses and Agriculture**

Loans for households, customers in the segment of small businesses and agriculture are invested from the GGF credit line.

In the segment of private individuals, these loans are intended for all individuals and serve for financing works and the procurement of equipment that will improve the energy efficiency of buildings, whereby minimum savings of 20% should be realised. An energy efficient device is one that has a high degree of efficiency, i.e. small losses during the

transformation of one form of energy into another. The funds can be used for the replacement of a heating system, the installation of thermal solar systems for hot sanitary water, the replacement of conventional heating systems with a heat pump, as well as the installation of a networked photovoltaic system. The loans are also granted for the insulation of external walls and roofs, the replacement of outside doors and windows, the installation of new radiators in combination with thermostatic valves on radiators and the replacement of uncontrolled pumps for central heating with new electrically controlled pumps. A total of 27 loans for energy efficiency were granted in 2015, amounting to EUR 72,734.83 i.e. 14.1% of totally realised consumer loans during the year.

Funds from the **GGF Credit Line** were also available to customers in the segment of small businesses and registered farms. These loans are intended for purchasing goods and services that provide energy savings and enable customers to replace outside carpentry, insulate walls and roofs, replace heating systems and improve heat distribution, as well as to buy agricultural equipment. Loans are granted for a period of up to 60 months with very favourable interest rates.

### 3. GRI Contents and Indicators

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<b>GRI Sustainability Reporting Guidelines ( G4)*</b>					
<b>Category: Economy- Disclosure on Management Approach</b>					21, 22
<b>Aspect: Economic Performance – DMA</b>					21, 22
1. G4 -EC1 Direct economic value generated and distributed	✓	✓	✓	✓	22, 23
<b>Aspect: Indirect economic Impacts – DMA</b>					21
2. G4-EC 7 development and impact of infrastructure investments and services supported	✓	✓	✓	✓	21
<b>Category: Environmental - Disclosure on Management Approach</b>					44
<b>Aspect: Energy – DMA</b>					44
3. G4 - EN 3 Energy consumption within the organization * *for 2012, 2013, and 2014, reported according to the GRI G3.1. EN4: Indirect energy consumption by primary source	→	→	→	✓	44
4. G4- EN 6 Reduction of energy consumption* *for 2012, 2013, i 2014, reported according to the GRI G3.1 EN 5: Energy saved due to conservation and efficiency improvements	✓	✓	✓	✓	44
<b>Aspect: Water – DMA</b>					44
5. G4 -EN 8 Total water withdrawal by source	✓	✓	✓	✓	44
<b>Aspect: Effluence and Waste – DMA</b>					45
6. G4- EN 23 Total weight of waste by type and disposal method	x	x	✓	✓	45
<b>Aspect: Products and Services – DMA</b>					45
7. G4- EN 27 Extent of impact mitigation of environmental impacts of products and services	✓	✓	✓	✓	46, 47
<b>Aspect: Supplier Environmental Assessment – DMA</b>					41
8. G4- EN32 Percentage of new suppliers that were screened using environmental criteria* *new indicator introduced in GRI G4	N/a	N/a	N/a	✓	42, 43
<b>Category: Social – Disclosure on Management Approach</b>					24, 32, 41, 44
<b>Sub-category: Labor Practices and Decent Work – Disclosure on Management Approach</b>					32
<b>Aspect: Employment – DMA</b>					32
9. G4- LA 1 Total number and rates of new employee hires and employee turnover by age group, gender and region	✓	✓	✓	✓	34
10. G4-LA 2 benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	✓	✓	✓	✓	35
11. G4- LA 3 C Return to work and retention rates after parental leave, by gender	✓	✓	✓	✓	34
<b>Aspect: Occupational Health and Safety – DMA</b>					33
12. G4- LA 8 Health and safety topics covered in formal agreements with trade unions	x	x	x	→	33
<b>Aspect: Training and Education – DMA</b>					34
13. G4 -LA 9 Average hours of training per year per employee by gender, and by employee category	✓	✓	✓	✓	34
14. G4- LA Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	✓	✓	✓	34, 35
15. G4- LA 11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	✓	✓	✓	✓	34
<b>Aspect: Diversity and Equal Opportunity – DMA</b>					32
16. G4- LA 12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	✓	✓	✓	✓	32, 33
<b>Aspect: Supplier Assessment for Labor Practices– DMA</b>					41
17. G4-LA 14 Percentage of new suppliers that were screened using labor practices criteria* *new indicator introduced in GRI G4	N/a	N/a	N/a	✓	42, 43
<b>Aspect: Labor practices and Grievance Mechanisms - DMA</b>					35
18. G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms* *new indicator introduced in GRI G4	N/a	N/a	N/a	✓	35
<b>Sub-category: Human Rights - Disclosure on Management Approach</b>					15, 16, 38, 41
<b>Aspect: Supplier Human Rights Assessment– DMA</b>					41
19. G4- HR 10 Percentage of new suppliers that were screened using human rights criteria* * new indicator introduced in GRI G4	N/a	N/a	N/a	✓	42, 43

GRI categories and indicators	2012.	2013.	2014.	2015.	Page
<b>Aspect: Human Rights Grievance Mechanisms -DMA</b>					15, 16
20. G4- HR 12 Number of grievances about human rights impacts field, addressed, and resolved through formal grievance mechanisms	✓	✓	✓	✓	16, 35
<b>Sub-category: Society – Disclosure on Management Approach</b>					37
<b>Aspect: Local Communities – DMA</b>					37
21. FS 13 Access points in low-populated or economically disadvantaged areas by type	x	x	✓	✓	27
22. FS 14 Initiatives to improve access to financial services for disadvantaged people	x	x	✓	✓	27
<b>Aspect: Anti-corruption – DMA</b>					18
23. G4- SO 3 Total number and percentage of operations assessed for risk related to corruption and the significant risks identified	x	x	x	→	18
24. G4- SO 4 Communication and training on anti-corruption policies and procedures	✓	✓	✓	✓	19
25. G4-SO 5 Confirmed incidents of corruption and actions taken	✓	✓	✓	✓	19
<b>Aspect: Public Policy – DMA</b>					19
26. G4-SO 6 Total value of political contributions by country and recipient/beneficiary	✓	✓	✓	✓	19
<b>Aspect: Supplier Assessment for Impacts on society – DMA</b>					41
27. G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society* * new indicator introduced in GRI G4	N/a	N/a	N/a	✓	42, 43
<b>Sub-category: Product Responsibility - Disclosure on Management Approach</b>					24
<b>Aspect: Product and Service Labeling – DMA (Including former indicator FS 16 - Initiatives to enhance financial literacy by type of beneficiary)</b>					28, 30, 31
28. G4- PR 3 Type of product and service information requires by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	✓	✓	✓	✓	30
29. G4- PR 5 Results of surveys measuring customer satisfaction	✓	✓	✓	✓	29, 30
<b>Aspect: Customer Privacy – DMA</b>					31
30. G4- PR 8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	✓	✓	✓	✓	31
<b>Financial Services Sector Supplements according to GRI G4</b>					
<b>Aspect: Product Portfolio – DMA (Former FS 1 and FS 2)</b>					16-18
31. FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	x	✓	✓	✓	27, 28
32. FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	x	✓	✓	✓	45-47

The level of meeting the indicators in accordance with the GRI methodology:

- ✓ Fully met
- Partly met
- x Not met

Report has been prepared in accordance with the Core option of the GRI G4 Guidelines (core). Additionally, some requirements for comprehensive options have also been met: G4-2, G4-35, G4-38 do G4-42, G4-51, G4-52, G4-57, G4-58

Cross Reference Table United Nations Global Compact Principles (UNGC)	GRI G4 Indicator
<b>Human Rights</b>	
Principle 1 Businesses should support and respect the protection of internationally proclaimed human right and	G4 - HR 12
Principle 2 make sure that they are not complicit in human rights abuses.	G4 - HR 10
<b>Labour</b>	
Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining,	G4 - 11
Principle 4 the elimination of all forms of forced and compulsory labour,,	G4 -HR 10*
Principle 5 the effective abolition of child labour and	G4 -HR 10*
	G4 - 10
	G4 - LA 1
	G4 - LA 3
Principle 6 the elimination of discrimination in respect of employment and occupation.	G4 - LA 9
	G4 - LA 11
	G4 - LA 12
<b>Environment</b>	
Principle 7 Business should support a precautionary approach to environmental challenges,	G4 - EN 3
	G4 - EN 8
	G4 - EN 27
	G4 - EN 3
	G4 - EN 6
Principle 8 undertake initiatives to promote greater environmental responsibility, and	G4 - EN 8
	G4 - EN 23
	G4 - EN27
	G4 - EN32
Principle 9 encourage the development and diffusion of environmentally friendly technologies.	G4 - EN 6
	G4 - EN 27
<b>Anti-corruption</b>	
	G4 - 56
	G4 - 57
	G4 - 58
Principle 10 Business should work against corruption in all its forms, including extortion and bribery.	G4 - SO 3
	G4 - SO 4
	G4 - SO 5
	G4 - SO 6

\*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.

## Report Parameters

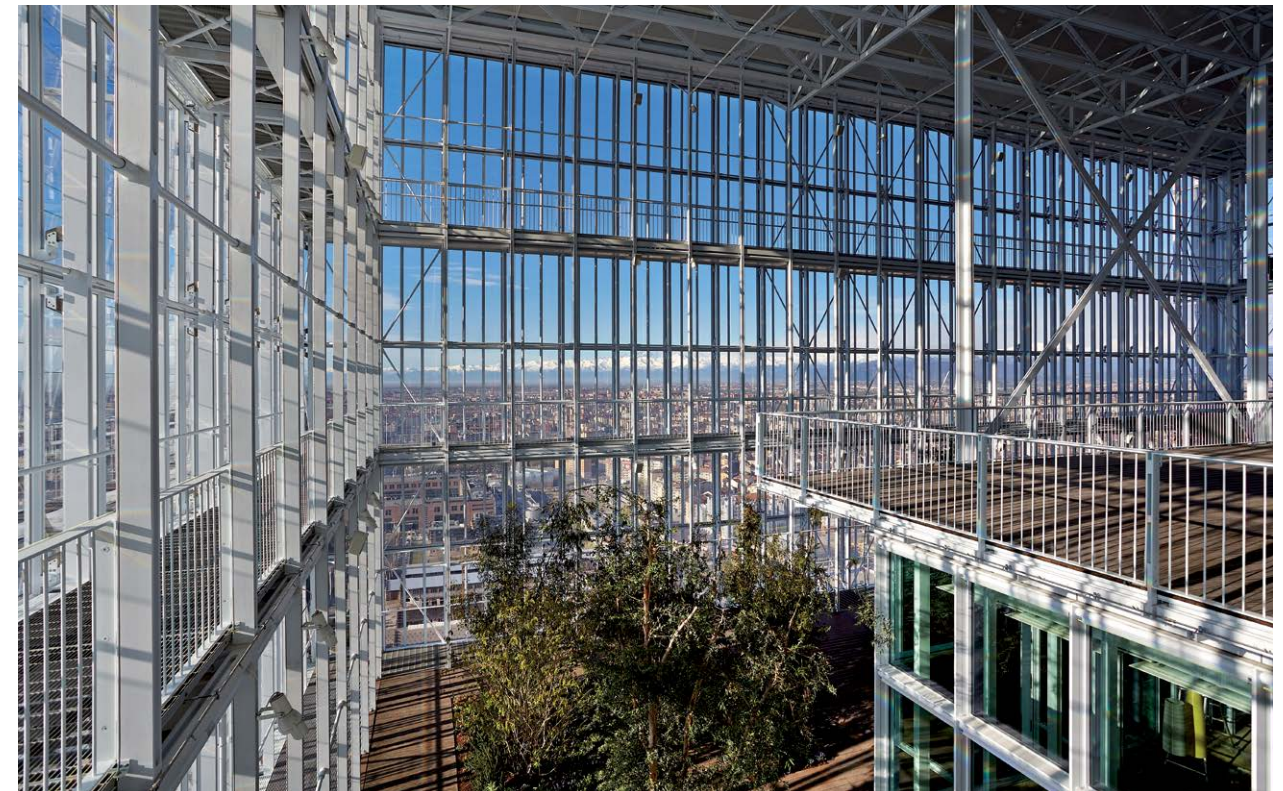
The Sustainability Report cycle is annual. The data stated in the Report relates to the activities of Banca Intesa ad Beograd in 2015. Wherever possible, the Report also provides comparable data for previous years (2014, 2013, and 2012). **The GRI principles for report quality: timeliness and comparability** are thus complied with. There were no significant changes in relation to the basic Report parameters relative to the previous year, and changes in the methodology related to the shift from GRI G3.1 to the GRI G4 version of the Sustainability Guidelines. The PR & Marketing Communications Department of the Bank was assigned the production of the Report, and other individual organisational units of the Bank were involved in information gathering and processing through delegated CSR Ambassadors. Most of the data was collected directly and estimates, measuring methods and data sources were specially mentioned where necessary. The credibility of the information presented in the Report was ensured by consistently adhering to the **GRI principles for report quality: balance, accuracy, clarity, and reliability**.

Contact person in charge of the 2015 Sustainability Report: Branislav Jovanović, CSR Manager, [branislav.jovanovic@bancaintesa.rs](mailto:branislav.jovanovic@bancaintesa.rs)

Previous Banca Intesa sustainability reports (for 2010, 2011, 2012, 2013, and 2014) are available at <http://bancaintesa.rs/drustvena-odgovornost/drustvena-odgovornost/izvestavanje.1807.html>

## The Intesa Sanpaolo skyscraper. Innovation and reinvention in the Bank and the city.

Designed to bring together the central offices and the main management departments of the Bank in a single location, the Intesa Sanpaolo skyscraper is a new meeting point in the city of Turin. Built in a strategic position, at the edge of the city centre in a high traffic area, the building is an original example of "relational architecture". Designed by Renzo Piano Building Workshop and constructed by the most qualified Italian companies at the global level, the skyscraper embodies the values of growth, architectural innovation, social and environmental sustainability and integration between workspaces and areas open to the public. The base and the top of the building have areas that can be accessed by the public, such as the Auditorium and the bioclimatic greenhouse with a restaurant, an exhibition room and a panoramic café. These spaces make the skyscraper a public attraction, contribute to integrating the building in the social fabric of the city, and consolidate the historic bond between the Bank and the territory, which has been innovating and reinventing itself since 1563.



- 166.26 m high
- 7,000 m<sup>2</sup> basement surface area
- 38 floors above ground (27 devoted to offices)
- 1,600 m<sup>2</sup> photovoltaic panels
- 15,000 m<sup>3</sup> greenhouse
- 175 new trees to redevelop the "Grosa" public garden
- 364 seats in the multi-purpose Auditorium
- 49 children cared for in the company crèche
- 500 workers and technicians employed to construct the tower
- 30 specialist studios involved in the planning phases
- 35 young graduates involved at the worksite



### ENVIRONMENTAL CERTIFICATION

Thanks also to the "double skin" facade, the use of geothermal energy and the LED lighting system, the skyscraper manages, controls and optimises its overall energy consumption. For this reason it was the first tall building in Europe to be awarded LEED (Leadership in Energy & Environmental Design) Platinum, the highest level of certification awarded by the Green Building Council, the most authoritative international body for the environmental assessment of buildings.

Cover: *Intesa Sanpaolo skyscraper Turin - Bioclimatic greenhouse - detail*  
Photos: *Enrico Cano, Andrea Cappello, Fabio Polosa*



