



# UN Global Compact Communication on Progress Report 2010



**BANCA INTESA**

*Thinking ahead with you.*

# Letter from the President of the Executive Board



Dear friends and clients,

It is a great pleasure to present, for the first time, the Communication on Progress Report of Banca Intesa Beograd, this time as a separate publication, which will guide you through our responsible initiatives and explain how we incorporate social responsibility into our business activities.

The success and the leading position are, inevitably followed by a sense of responsibility, as well as high expectations by the public and the management of the Bank. Being the leading company in the market means initiating changes in all fields and moving boundaries, setting good examples to the local market and being a role model to partners and suppliers.

In our daily activities, we follow the principles of the United Nations Global Compact, promoting human and labour rights, environmental protection and the combat against corruption, both internally within our company and by supporting initiatives of this organisation through participation in the activities of its working groups:

Social Inclusion Working Group

Corporate Social Responsibility in Banking and Finances Working Group

Education and Development of Corporate Social Responsibility Working Group

Complying with our internal values, principles and policies, the implementation of which we monitor very closely as we try to quantify, we, at Banca Intesa tend to cherish a transparent way of cooperation with all interest groups.

Even in a period of recession, we are focused on progress of the generations to come, which are the carriers of our future, through the long-term cooperation with non-profit organisations.

Moreover, by our influence on the local community and responsible tailored-made products, we continue to support and promote the entrepreneurial spirit and the concept of self-employment and thus local economic and social development.

In 2011 as well, we tend to cherish our existing partnerships, social and corporate values, together with the principles we follow, which will help us to contribute to the community where we operate in, having the role of a good citizen, trying to reduce our negative impact on the environment.

A handwritten signature in black ink, reading 'Đurić' with a stylized flourish at the end.

Draginja Đurić

President of the Executive Board Banca Intesa Beograd

## BANCA INTESA – ABOUT US

Banca Intesa Beograd arrived on the Serbian market in 2005, when it acquired the first private domestic bank, and now is operating within a large, international group – Intesa Sanpaolo. In order to circle the offer of its financial services, Intesa Leasing was founded a year after the arrival on the local market.

Intesa became the leading bank in Serbia in 2007, by all major parameters of business performance. The acquisition of Panonska banka took place during the next year, which additionally enhanced team of 3,000 people. Considering the fact that this business venture provided the Bank with geographic coverage, whereby Novi Sad became its second headquarters, the leading position of Banca Intesa on the market was additionally strengthened.

## BANCA INTESA BEOGRAD AS A MEMBER OF INTESA SANPAOLO GROUP

Being a member of Intesa Sanpaolo, Banca Intesa is a part of the most powerful Italian banking group, the seventh bank in the Eurozone by market capitalisation and one of the fifteen largest banks in the world. Created by the merger of leading Italian banks, Intesa Sanpaolo is today present in over 40 countries, with 11 international subsidiary banks, 3 international commercial banks, 16 foreign affiliates and 21 representative offices. In total, Intesa Sanpaolo serves 19.6 million clients via its business network including 8,200 branch offices. The international operations of our Group are especially focused on the region of Central, Eastern and South-East Europe, as well as the Mediterranean Basin, where it serves 8.5 million clients via a network of universal banks in 13 countries.

## OUR CORPORATE VALUES



### Integrity

We accomplish our goals in an honest, fair and responsible manner, respecting ethical rules and principles required in the profession.



### Excellence

We are committed to continuous learning and cherishing creativity in the service of innovation.



### Equality

We are against all kinds of discrimination; we respect gender, racial, religious, political, language and intellectual differences, as well as age differences.



### Transparency

Transparency is the pillar of all our activities, communications and contracts, in order to enable our clients to make autonomous and conscientious decisions.



### Respecting every individual

We listen carefully and work on the improvement of relationship with each of our clients.



### Individual values

The value of each individual is the guideline of our modus operandi: we apply the technics of listening and dialogue as tools for continuous improvement of our relationship with all interest groups.



### Responsible use of resources

We tend to use all resources carefully and promote activities based on optimal use of resources and prevention of losses.



*In its activities and initiatives, Banca Intesa is bound to support and promote ten principles of the Global Compact.*

**Human rights:**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Businesses should make sure they are not complicit in human rights abuses

**Labour standards:**

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining
- Principle 4: eliminate of all forms of forced and compulsory labour
- Principle 5: effectively abolish child labour
- Principle 6: eliminate discrimination in respect of employment and occupations

**Environmental protection:**

- Principle 7: Business should support a precautionary approach to environmental challenges
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

**Anti-Corruption:**

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



## **BANCA INTESA BEOGRAD – CORPORATE SOCIAL RESPONSIBILITY**

As a member of Intesa Sanpaolo Group, we are committed to making business accomplishments in a socially responsible manner, along with the constant care for the local community, the satisfaction of clients and employees and reduced negative impact on the environment.

**In our business ventures, we comply with the following values, principles and policies**

- **Ten principles of the UN Global Compact**
- **Ethical Code**
- **Internal common policies**

In addition to adequate business performance, the last year's activities of Banca Intesa recorded a great progress in terms of profiling our company in the field of corporate responsibility. Recognising the responsibilities of the market leader, we decided to introduce a strategic approach towards socially responsible activities, in order to maintain our integral approach to CRS on one hand, and be more efficient on the market and provide adequate and timely assistance to our community in all fields on the other hand.

In August 2010, Banca Intesa introduced full time post of CSR Manager and became one of the few companies on the domestic market to allocate adequate resources for the improvement of this business segment. At the very beginning, the existing practices were analysed and the process of strategic planning of further Banca Intesa activities was launched. The goal of strategic planning was to build a systematic approach to corporate responsibility and institutionalise it within the system.

The commitment to a responsible manner of conducting business activities at the Bank is measured by success in the field of client satisfaction, employee performance and satisfaction, overall impact on the development of the national economy and society and reduction of the negative effects on the environment. We believe that each of the aforementioned parameters, combined with business reports, form a complete picture of the success of an institution on the market.

# Slušamo Vas [100%]

## WORKING WITH STAKEHOLDERS

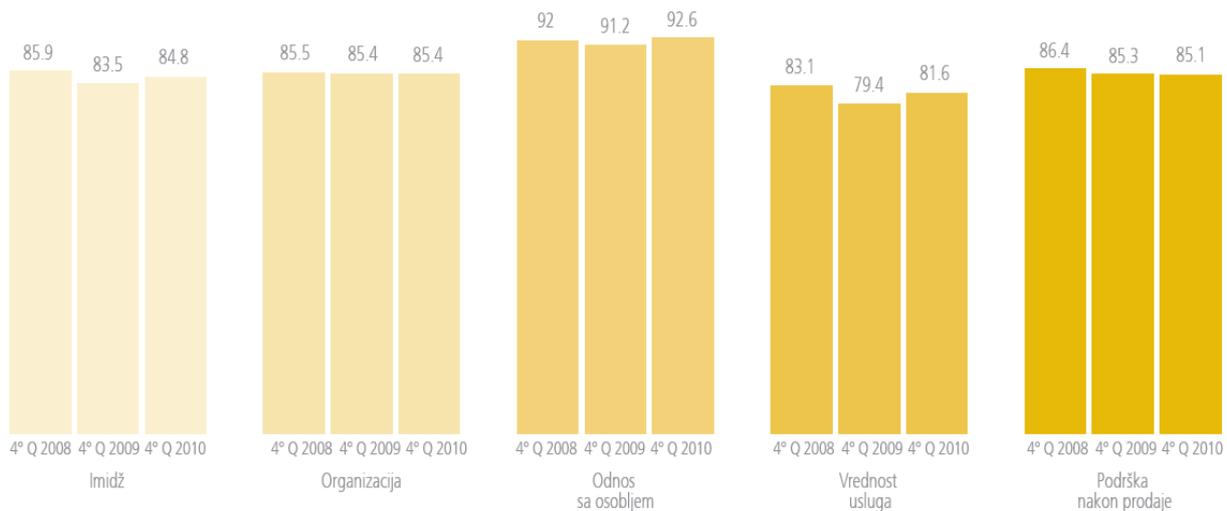
### Care for Clients

Following the example of its parent group, Banca Intesa pays great attention to client satisfaction, aware of the fact that only continuous development of mechanisms helping us realize what our clients want can improve our operations to mutual satisfaction. In addition to the mere fact that the results of client satisfaction surveys are used as a starting point for numerous business strategies, our Bank stands out on the market also because it includes the aforementioned results in its own success parameters, approaching thus a more responsible and comprehensive method of reporting to all interest groups.

In 2010, over 20,000 clients were successfully interviewed in association with GfK Marketing Research Centre, which provided a representative and statistically relevant sample. In accordance with the principle „We Listen to You 100%“, applying all available communication channels, in order to understand the expectations, needs and opinions of clients to the greatest possible extent, great attention was paid to the analysis of suggestions, remarks and questions of clients. Feedback by clients thus became the initiator of actions aimed at improvement and was successfully included in the development of products and services, communication strategies, business network development and the education of employees.

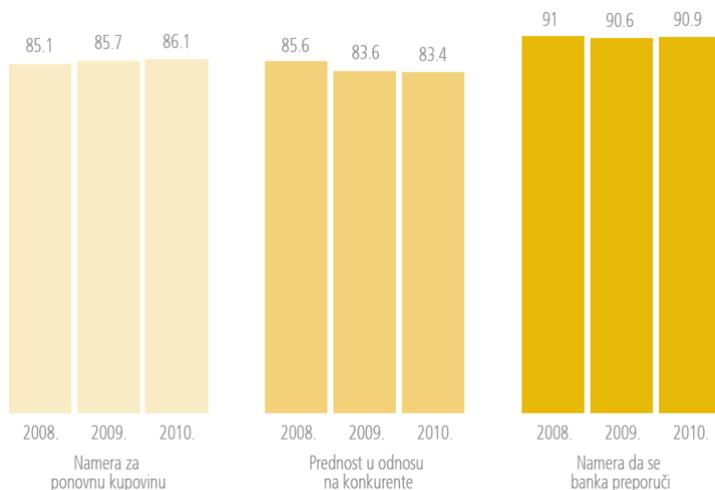
With the goal of further increase of client satisfaction and loyalty, special attention was paid at the strengthening of our corporate image, improvement of the quality and adjustment of the prices of products and services, as well as the improvement of organisational efficiency of the work of branch offices. Special stress was placed on the elimination of the basic causes of dissatisfaction, simplification of business procedures and education of clients about the use of alternative channels (online and phone banking, M-banking).





The results reflect in the best possible way the efficiency of the steps taken in order to increase the satisfaction and loyalty of clients: in Q4, the European Client Satisfaction Index reached 86.2, which is also a confirmation of the historical high recorded in 2008. Concerning the Loyalty Index, it shows apparent progress compared to the previous year. The exceptionally high percentage of clients who are willing to recommend the Bank is especially pleasing, and it further confirms the quality of the Bank's relationship with its clients.

## CLIENT LOYALTY INDEX



Aware of the fact that online banking plays an increasingly important role in the relationship between the Bank and its clients, Banca Intesa launched a survey of client satisfaction with services offered by online banking, under the auspices of its parent group. This survey, which is unique on the local market and beyond by the application of the most advanced scientific methods, provided the Bank with very important information in connection with the expectations and needs of clients who use the services of online banking, as well as the direction of the future development of this service.

## CARE FOR EMPLOYEES

We at Banca Intesa Beograd are building strong and long lasting relationships through the efforts of our people. Our employees are our most valuable resource, and thus, managing our employees effectively is fundamental to the success of the business and imperative in achieving our business vision.

We are building a high commitment, high performance organization. We are clear and transparent about what we expect from our employees. This ensures that our employee understand how their personal objectives relate to the strategy and that their contribution is measured against a range of factors, including long term growth of the business. Through a yearly formal reviews and feedback, all our people understand how their performance impacts on other employees, customers and our overall business success. Together, these act as robust processes for differentiating high performance and addressing and managing overall performance.

Our internal Group values give us a clear guidance in all our dealings with the employees, customers and the wider community. Acting in accordance to our Group values, we believe that we are attracting the highest performing people, and in the same way we are securing the commitment of those who are the strongest performers and have the highest potential to stay.

We remain committed to invest in and develop our employees so that they can deliver great customer service and great results. Our learning and development focuses on the capability and skills needed for current roles as well as those we will need to be successful in the future. Developing and strengthening management capabilities remains a priority, along with personal learning plans built around the specific learning and future needs of our employees. Thus, main focus in 2010 was to show commitment in talent development and strong succession plans.

The success of a company largely depends on its employees, their professionalism, efforts, knowledge, management of decisions and teams. The position of Banca Intesa is that it is important to listen to clie4nts and find ways to meet their needs, but it is also very significant to listen to employees, invest in their development and hence increase the company's advantage on the market. Our advantage is the value of each of our employee individually.

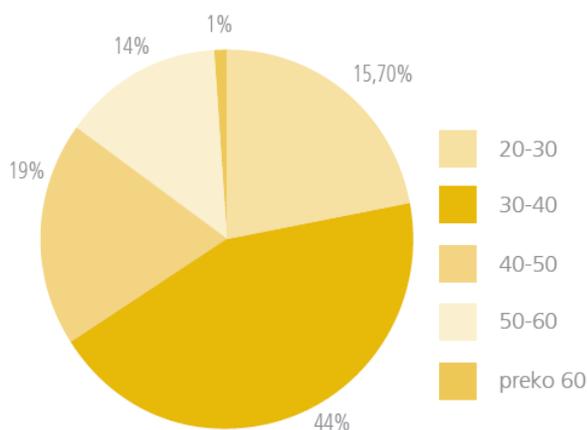
### Education of employees

Hours of training for all employees	67.822,5
Percentage of employees who have passed some form of training	59.1%
Average number of training per employee	22h per employee

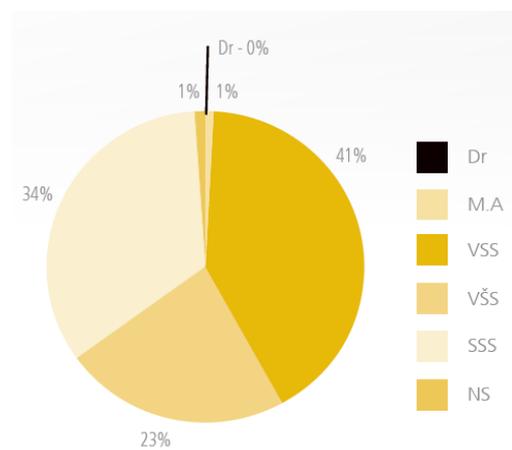
We believe that having effective, transparent and open dialog with our employees, listening and evaluating needs of our employees, gives us a foundation to create trust and above all provide a steady environment for our employees.

Through the effective discussion and transparent communication with our Trade Union representatives we are continuously achieving mutual agreements and therefore building stronger relationship on all levels of the organization.

Our main focus will remain continues attraction and retention of top performers, employee engagement increase as well as advancement of our capability to meet the changing learning and development needs of our employees.



STAFF COMPOSITION BY AGE



STAFF COMPOSITION BY EDUCATIONAL ATTAINMENT

## GENDER EQUALITY

We cherish diversity regarding age, nationality and gender.

Women employees	71.5%
Women in the management	64,2%
Women executives	52.2%

## CARE FOR SUPPLIERS

Following the example of its parent group, Banca Intesa Beograd respects the principles of the Code of Ethics in all aspects of its business. The Bank's relationship with its suppliers is defined by the document which is globally accepted by all member banks of Intesa Sanpaolo Group.

We insist on transparency in all supply procedures, as we believe that a clear and transparent approach contributes to lasting fair relations with our suppliers.

Our intention is to set an example to suppliers through our best practice and experience, and be role model and pillar in their further business ventures and development of their own principles and values.

## ENVIRONMENTAL IMPACT

Trying to conduct all our activities in a responsible manner, but also to reduce our own negative impact on the environment, we have been implementing and improving the programme of „**printing consolidation**“ for the second consecutive year. In 2010, Banca Intesa introduced rented printers in each sector of its Administrative Buildings, with the goal of reducing unnecessary printing and use of paper.

Only 43 printers were installed during the year, and according to estimates, the use of paper should be decreased by even 20% compared to the previous years. In addition, we should not neglect the fact that according to an analysis of the situation, the total saving owing to this type of printing in the next five years will amount to 1.8 million euros.

In association with a company authorised to recycle electronic waste, the Bank destroyed **39,400 kg of waste** of this kind in 2010, while it sold a total of **18,172 kg of paper for recycling**, donating the funds collected from the sale to Fruška Gora environmental association.

In March 2010, the Bank's Executive Board adopted the **Social and Environmental Risk Management Procedure**. This document comprises a set of guidelines we follow in the process of granting loans, namely upon the assessment of the potential risk of the client's activities.

Each loan contract signed with a legal entity includes an article on environmental protection, safety of the employees of the legal entity in question and protection of cultural heritage.

After the adoption of the Procedure, a Social and Environmental Risk Management training was organised for sector executives, mainly within the Corporate Banking Division. A total of 49 managers have successfully passed the training.

## CORPORATE PHILANTHROPY

Banca Intesa Beograd is investing efforts in the resolution of current existential problems and preservation of social values. In 2010, the Bank donated over 100,000,000 dinars for the implementation of numerous projects, the work of many local sports clubs around which it operates, cultural events and institutions.

Aware of the fact that the future and prosperity belong to the upcoming generations and trying to have a positive impact on the social community, we initiate and support projects devoted to the improvement of education of children, encouraging their creativity and better living conditions in general. In this context, over the past eight years, the Bank has been the general sponsor of the initiatives „School of Friendship“ and „Friendship Card“, implemented by the non-profit organisation Our Serbia (Naša Srbija) in order to protect and help the youngest. With the help of this organisation, Banca Intesa has donated an apartment to the big Vitković family, displaced from Kosovo and Metohija, who had a very difficult life for years.

We joined the City of Belgrade in encouraging birth rate and making it easier for young people to make this important decision about the expansion of their family, by supporting the project „Belgrade Baby Club“, within the framework of which each new-born baby gets a welcome gift from their home town, which helps parents not to think about expenses, at least in the initial period.

Wishing to contribute to the creation of better conditions in the treatment of heart diseases in the youngest, we have donated funds for the reconstruction of the cardiology and cardiac surgery wards at the University Clinic in Tiršova Street, after we learned that the last construction works were conducted there 15 years ago.

For the third consecutive year, the Bank has supported and financed the Blic Entrepreneur Award, which is aimed at the promotion and encouragement of entrepreneurship, in addition to awarding the best entrepreneur according to defined criteria. This is one of the ways in which the Bank supports the development of the domestic market, which contributes also to overall economic development.

We tend to always provide timely and adequate assistance to the local community, when it is needed the most and in segments where we can contribute the most. That is how we helped the citizens of Kraljevo with a significant donation after the devastating earthquake, enabling them to rebuild their homes before the winter, but we also managed to adapt to the situation by creating an adequate low-profit product designed for the citizens of Kraljevo forced to seek help for the reconstruction of their homes.

## VOLUNTARISM

Starting with the voluntary campaign for collection of New Year's gifts for special schools in Belgrade and the region in 2009, we decided to institutionalise it a year later, in order to make an annual practice out of it. This unique campaign named „Wrap a Gift, Provoke a Smile“ is aimed at encouraging individual philanthropy and voluntarism within the organisation, but also to make many kids with special needs feel part of the community they live in, to include them in a real show maybe for the first time, considering that an interactive programme was designed, within the framework of which the Bank's employees took the collected gifts to the children they were intended for in person. Over 600 gifts were wrapped by colleagues from Banca Intesa, their spouses and children, which were sent to 7 special schools across Serbia.



## **INNOVATIVE PARTNERSHIPS - EUCLID**

### **EMPOWERNET – SYNERGY OF THE FINANCIAL AND CIVIL SECTOR**

Following the example and recommendations of its parent group, Banca Intesa signed the Agreement on Cooperation with Euclid non-profit network at the end of 2010, establishing thus cooperation between the financial and the non-profit sector on the Empowernet platform, like many Western European countries.

The cooperation was established following the experiences of the parent Intesa Sanpaolo Group, which is a leading bank in the Eurozone cooperating with the Euclid Network and participating in the funding of projects of financial inclusion and strengthening of the civil society for years. In an attempt to support the development of the civil society, in addition to the incentives provided to the real sector, Banca Intesa decided to contribute to the strengthening of the financial sustainability of Serbian non-governmental organisations by using its rich global experience.

Activities planned within the framework of this partnership, which will contribute to the identification of the challenges of the non-profit sector and its dilemma on one hand, and to finding possible solutions the Bank can offer on the other hand, are going to be implemented next year, in accordance with the Action Plan included in the Agreement.

In the first stage of cooperation, an expert team composed of the representatives of Banca Intesa and the Euclid Network is going to visit organisations within the civil society in all major towns and cities of Serbia, in order to learn about the needs and challenges which these organisations face in their daily work. After a detailed analysis of the situation, the initiators of the project are going to use the obtained data to develop a strategy for a model of financial sustainability in the non-profit sector.

#### **Membership in organisations promoting corporate social responsibility:**

- United Nations Global Compact
- Business Leaders Forum Serbia
- American Chamber of Commerce
- Serbian Association of Managers