

08

REPORT

Social Responsibility in the Montepaschi Group

SUPPLEMENT ACCORDING TO THE GLOBAL REPORTING INITIATIVE (G3)

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Remarks from the **Chairman**

Monte dei Paschi is sometimes described as an unusual bank, if for no other reason than its centuries-old history and for being uniquely rooted in its region, even as a large national bank. Can we also speak of a Monte uniqueness with regard to the topic of Social Responsibility?

Of course we can, and the two aspects are closely interconnected. The fact that we have such a long history and such strong regional roots – which I would define as Italian regional rootedness, even though it has its most important base in Siena – makes Monte objectively more sensitive to topics of social responsibility. A topic that can be approached in many ways – for example, in energy savings and the use of renewable energy sources – but it also takes the form of a different relationship, more proper and more transparent, with customers and with employees. Ultimately the Bank is a place where various requests and demands come together, and the employee and the customer are the final and most important terminus of this encounter. The quality of this relationship – first and foremost the quality of the work of those in direct contact with the customer – also determines the bank's business success.

The current economic and financial crisis has obvious social implications. What are the implications it has had on the way Monte dei Paschi interprets its own social responsibility?

The current economic crisis, in which finance is a detonator and multiplier, has had a significant impact on the economic system. As a bank and financial entity, Monte obviously cannot claim to be extraneous to this; certainly it suffers from the country's economic difficulties, but at the same time it is not profoundly touched by those critical issues affecting those who have undertaken fanciful and high-risk financial adventures. In such a context, you frame your social responsibility by declaring who you are, i.e., by continuing to do what you have always done: in our case, a retail bank that remains close to families and enterprises, small, medium and large, as required. All the efforts of management as part of the "Fight the crisis" project are aimed in this direction.

Today the scarcest resource is time, because it takes time to pay; it takes more time to recover productivity and efficiency; it takes more time to restart a process of growth in the country's product and income. If this scarce time is not properly managed, the crisis will worsen and the living conditions of our customers, their families, and small and medium enterprises will worsen. Making this time manageable for those who are now in trouble, looking after those who have the greatest objective problems to overcome right now but have the ability to get out of the crisis with new force helps enhance the social value of the Bank, reaffirming its inclination to realise profits that can be repeated over time, to have solid assets, to be efficient, to reduce costs, and, in a word, to be a perfectly functioning machine. Only a perfectly functioning machine, in fact, can really be socially responsible.

Remarks from the CEO

How did the sustainable-growth approach undertaken by the bank move ahead this year?

Two-thousand-eight was a very important year that saw us specifically committed to the two areas most relevant for carrying forward our sustainable-growth approach: customers and staff. In terms of customers, in the midst of one of the worst crises since the Second World War, we focused even greater attention on the quality of the relationship. This strong commitment was rewarded: the relationship asset expanded, satisfaction levels rose, and we managed to further reduce the number of complaints. In terms of human resources, in 2008 our Group moved ahead with a radical organisational transformation, with migration of the Banca Antonveneta information system and the Banca Agricola Mantovana merger, the incorporation of the 600 branches of Banca Antonveneta, and the establishment of the "New Antonveneta", the most recent incorporation of Banca Toscana. This radical transformation was made possible, very quickly and with excellent results, by the commitment in the field of the colleagues and task forces that we employed at the most sensitive moments. Sustainable growth now means developing and sharing the contributions and culture of those who have become part of the Group, creating a substantial union of human assets, as well as a legacy of traditions, values and relationships with the Bank's territory. This territory, if you will, synthesizes the Bank for its customers, and human resources for its customers, and this reorganisation will open up opportunities for additional improvement. Everything we have done in terms of organisational evolution and human resources has also been achieved because of the positive relations the Group has developed over the years with the Unions. We have found common ground while respecting our different roles, thereby contributing to laying the groundwork for moving ahead and facing a market that continues being very complex, but that also offers opportunities to be seized.

How has Montepaschi responded to deal with its own customers' problems?

We are going through a major crisis that touches small firms and families in particular, and they are absolutely core to our relational assets. Right from the onset of the crisis, we declared our intention to stand by our customers, and we have done that in a specific and real way.

With regard to companies, we have given our support to the economy, albeit as part of a responsible selectivity, which obviously was required by the economic situation.

We have also introduced various major packages in support of private individuals. We were the first to allow families in difficulty, perhaps because of painful events like the unemployment compensation fund, to suspend payment of loan instalments for up to 12 months.

Similar actions will be implemented for small and very small enterprises.

Lastly, I want also to note what we are doing and intend to continue doing for the people of Abruzzo, who suffered the tragedy of the earthquake, in line with the traditional solidarity our Bank has also shown in similar situations.

1. Strategy and Analysis

1.1

REMARKS FROM
THE CHAIRMAN AND
THE CEO

See page 3.

1.2

KEY IMPACTS,
RISKS AND
OPPORTUNITIES

Our objective is to achieve an effective convergence between economic events and the social impacts that are directly and indirectly important for business performance, in the short and long terms. Corporate Social Responsibility (CSR) means doing the job for which we are responsible while focusing on the real needs of society through coherent behaviours, decisions and stakeholders' interests.

The areas of special attention that we want to turn into **opportunities** for creating value are:

- the **relationship with the customer** which, in cooperation with consumer advocacy groups, we are committed to making increasingly transparent and inclusive, with quality services capable of meeting constantly changing real needs
- the **development of human resources**, and their skills, in a positive work environment capable of best sustaining the company's growth
- **geographic focus**, i.e., the ability to be an integral part of all the communities where we are active, contributing in our own interest to the country's social and economic growth and to the local systems we serve
- the **energy question and associated climate change**, which involve everyone, and which involves us in specific programmes to rationalise consumption, and in the markets through investments and lending that support renewable energy sources and resource savings.

The **Risks** arising out of CSR are mainly operational and compliance-related, with possible effects on the Bank's reputation. These involve in particular:

- bank transparency and customer satisfaction
- non-compliance with laws relating to: money laundering and corruption pursuant to Leg. Dec. 231/2001, market abuses, anti-trust, etc.
- violation of the principles of integrity and probity and in general of our Code of Ethics
- the security of banking services.

To manage these opportunities and risks, this year we worked in compliance with the **2007-2009 Social Responsibility Plan**.

| STRATEGIC AREAS | 2007-2009 OBJECTIVES | RESULTS | 2009 TARGETS |
|---------------------------------------|--|--|---|
| Strategic integration of CSR | Analysis of CSR risks and opportunities | Preliminary analysis done | Complete the reference map and relative deviation analysis |
| | Development of extra-financial reporting | <ul style="list-style-type: none"> -Participated in the Europe CSR Workshop "Market valuation of extra-financial performances" -Measured the Brand's value using the Interbrand method -Trial application of the XBRL taxonomy proposed by the GRI -In first place in Italy in CSR Web communication | Integrate extra-financial performance indicators into management |
| | Greater stakeholder involvement | <ul style="list-style-type: none"> - Held discussions with union members on the CSR Report and on the environmental programme -Conducted internal survey via the Web and among interest groups to identify the strategic areas of CSR. | Develop policy to implement and verify stakeholder involvement |
| Consumer information and support | Development of a method of offer closer to customer needs | Formulated a plan to aid customers in difficulty in agreement with consumer advocacy groups. | <ul style="list-style-type: none"> -Implement the Aid Plan -Develop the offer for new customer categories |
| Meeting service commitments | Formulation of a "Contract with customers" | The Service Contract was implemented on a trial basis. Some 250 customers participated. Only two asked for reimbursement. | Develop the "Charter of Bank Customer Rights" |
| | Improvement in customer satisfaction | Customer satisfaction rose by 3.1%. | Increase the survey sample and "hot" checks on the effects of choices/critical issues for the company and the system |
| Employee motivation and satisfaction | Development of systems for listening | Employee Perception surveys conducted regarding conditions and tools available to better service customers. | Increase the sample and the analysis range |
| Responsible reorganisation management | Communication on strategy and management | Impacts of corporate developments on personnel were managed in accordance with industrial relations. | Fully implement the policy of Sustainability in human resources development |
| Skills development | Training and support for implementation of sustainability policy | <ul style="list-style-type: none"> -Significant effort in training for compliance in the prevention of money laundering, 231, MIFID, health and safety. -30 meetings held with regional retail offices and representatives of Consumer advocacy groups | <ul style="list-style-type: none"> -Train employees in the Code of Ethics and provide incentives for sustainability objectives -Training in the branches on significant aspects of customer service quality |
| Equal opportunity | Work-life balance programmes | Feasibility analysis done on corporate nursery | Objective confirmed |
| Corporate governance | Development of CSR-related principles of governance | Activities partially completed | Better incorporate CSR into the corporate plan, consistent with the instructions from Bank of Italy. |

| STRATEGIC AREAS | 2007-2009 OBJECTIVES | RESULTS | 2009 TARGETS |
|---|---|--|---|
| Compliance | Implementation of a new Code of Ethics | The Code has been drafted and introduced into the regulations. | Train employees and integrate the Code into internal audits |
| Risk management | Development of reputation-risk management model | Internal task force set up. | Implement the corporate directive |
| Social impacts of services | Support for small and micro-enterprises | New service model developed | Expand the range of offers for small enterprises in areas with high social impact |
| | Development of CSR criteria in investments | Participated in the ABI-Forum for Financial Sustainability on possible developments of socially responsible investments | Develop a policy for managing the social impacts of investments |
| | Increasing levels of financial inclusion | Formulated a line of "Customised" offers for vulnerable customers | Increase operations in the field of microfinance |
| Support for Communities | Development of guidelines on investments in the Community | Defined a new "Policy of Social Involvement in the Community" | Further analyse the social impacts of sponsorships |
| Environment and sustainability | Improving eco-efficiency | Confirmed the positive trend of reductions of CO ₂ emissions (-58% in five years). Our objectives for rationalising consumption and waste were not reached. | Objective confirmed |
| | Sustainable mobility programmes | -Mobility Manager position introduced -Plan initiated to improve business mobility | Carry forward on activities under way |
| | "Energy and Climate" policy development | Formulated a new "Energy and Climate Change" Policy | Implement the new Policy |
| | Increasing business in the renewable energy sector | Increased loans to businesses and individuals (+43%) | Objective confirmed |
| Compliance with CSR standards in the supply chain | Development of a sustainability policy | Formulated a new policy of "Sustainability in the supply chain" | Implement the new Policy |

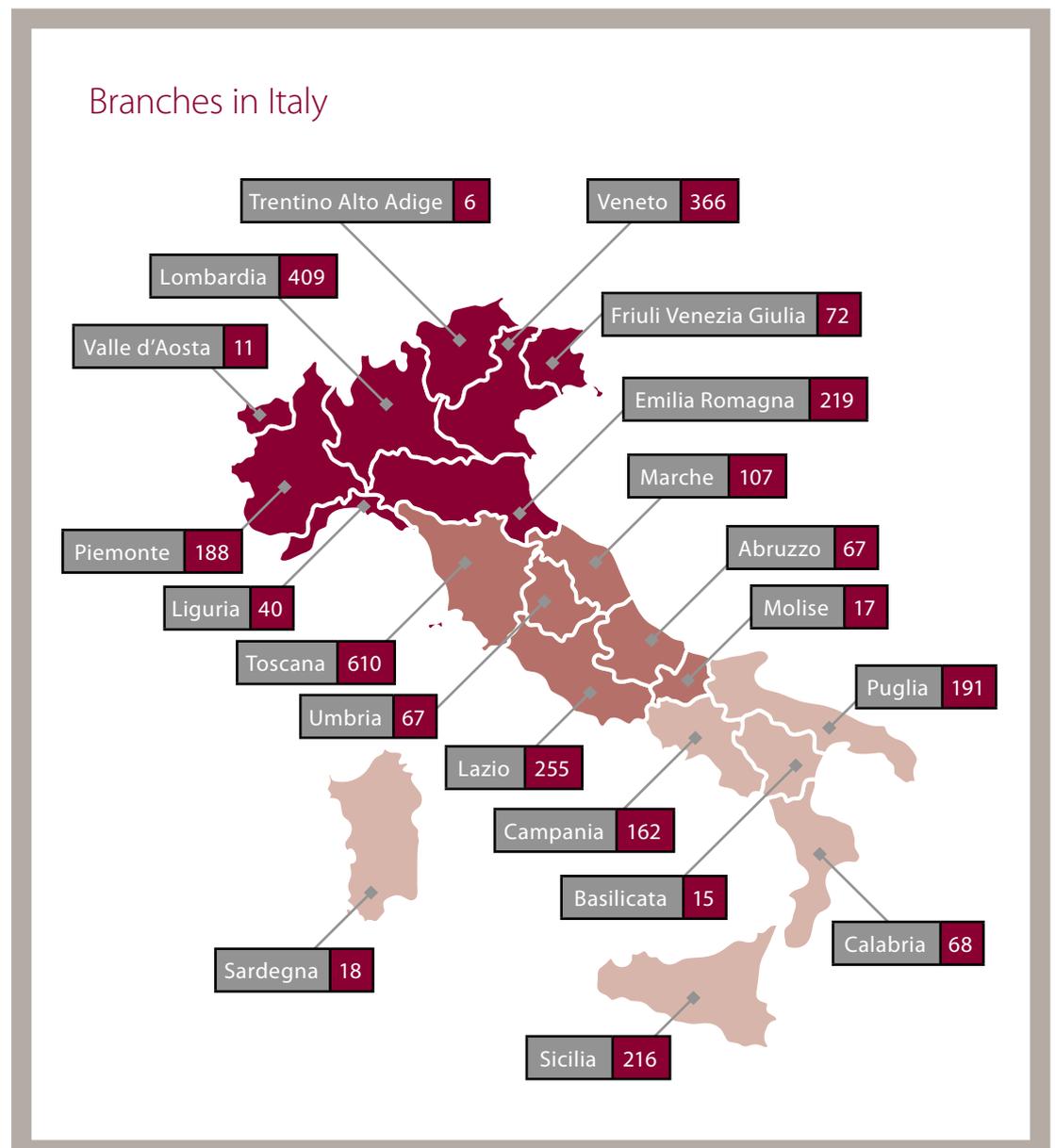
2. Group Profile

2.1 - 2.5

MAIN BRANDS,
PRODUCTS AND/OR
SERVICES, OPERATIONAL
STRUCTURE, REGIONAL
PRESENCE

Banca Monte dei Paschi di Siena, established in 1472 as Monte di Pietà to provide aid to the underprivileged classes of Siena, **is considered the world's oldest bank**. Its HQ is in Siena. **It is the head of the Montepaschi Group: the third-largest bank in Italy**, with significant market shares in all the business areas in which it operates. Its operations range from traditional banking activity to asset management and private banking (investment funds, financial management, pension funds and life-insurance policies), from investment banking to innovative business finance (project finance, merchant banking and financial consulting), with a **special interest in retail customers** (private individuals, families, small businesses).

The Group operates mainly in Italy with 3,104 branches and 167 financial promotion offices, as well as specialised centres for SMEs, institutions and private customers.



It is also present abroad with 4 offices (London, New York, Honk Kong and Shanghai), 11 representative offices and 3 subsidiaries (Monte Paschi Banque, Monte Paschi Monaco and Banca Monte Paschi Belgium).

The Group's **Mission** is "to create value for shareholders in the short and long term, giving priority to satisfying customers, to the professional growth of individuals, and to the interests of all stakeholders."

Our **Brand** is characterised by:

- strong identity, solidity, security and trust in relations with our various contacts
- attention to the development of the local and economic systems in which we operate
- tradition combined with innovation.

The **Organisational Structure** reflects our integrated and multi-market approach to financial, credit and insurance activities, with an architecture that includes:

- a **central structure** to provide administrative and managerial coordination – the Bank's parent company - Banca Monte dei Paschi di Siena, which also conducts operations on behalf of the commercial branches
- a **production structure**, consisting of the Product Companies, dedicated to developing specialised financial instruments to offer to the market. These include: Consum.it (consumer credit company), MPS Capital Services Banca per le Imprese (specialising in corporate finance, capital markets and structured finance), MPS Leasing&Factoring (specialising in offering leasing and factoring services for companies)
- a **distribution structure**, consisting of the Business Units, represented mainly by the banking networks of Banca Monte dei Paschi di Siena, Banca Antonveneta, Banca Toscana (incorporated into the parent company in March 2009), Biverbanca and by the network of financial promoters of MPS Banca Personale
- a **service structure**, consisting of the companies responsible for IT activities (Consorzio Operativo di Gruppo), real estate (Paschi Gestioni Immobiliari) and others that support the business.

2.6

OWNERSHIP

Banca Monte dei Paschi di Siena is a public limited company listed on the Italian Stock Exchange for a capital at 31.12.2008 that was equal to 10.2 billion. There were 5,545,952,280 shares distributed as follows:

The **strategic investors** - with shares of more than 2% of the capital are:

- Fondazione MPS 45.88%
- JP Morgan Chase 5.56%
- Caltagirone Francesco Gaetano 4.72%
- Axa S.A. 4.58%
- Unicoop Firenze 3.34%
- Barclays Global Investor 2.45%

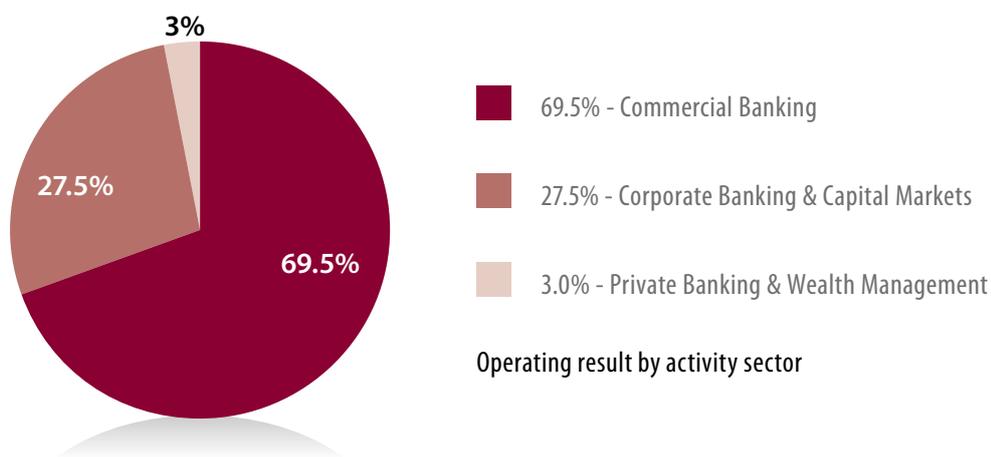
The remainder of the ordinary capital is held mainly by Italian retail investors (approximately 65%).

A consultation pact is in effect among 50 shareholders in the Bank, corresponding to 2.9475% of the ordinary share capital and 2.4439% of shares with voting rights in the Extraordinary General Meeting.

Of the institutional investors, 2.4% are characterised by socially responsible asset management policies, in line with international principles in this area - UN Principles for Responsible Investment, Carbon Disclosure Project, UNEP Finance Initiative, and European Social Investment Forum

2.7, 2.8 SIZE AND MARKETS SERVED

The Group has more than 30,000 employees, more than 3,000 branches and some 6.4 million customers.



2.9 SIGNIFICANT ORGANISATIONAL CHANGES

This year the Group was affected by many corporate operations that fell under the guidelines laid by the new 2008-2011 Industrial Plan. The main ones were:

- May 2008** ■ acquisition of Banca Antonveneta
- June 2008** ■ sale of 100% of Quadrifoglio Vita to Axa Assicurazioni
- September 2008** ■ merger by incorporation of Banca Agricola Mantovana
- agreement for the sale of 67% of MP Asset Management to Fondo Clessidra
- January 2009** ■ establishment of the New Banca Antonveneta with a network of more than 400 branches in the Triveneto area
- March 2009** ■ merger by Incorporation of Banca Toscana

2.10

RECOGNITIONS AND
AWARDS RECEIVED

The Banker Award

Italian Bank of the Year according to The Banker – the magazine of the Financial Times publishing group. The reason: *in a critical market situation, the Bank showed a cautious approach to risk and interesting performances that complied with the lines of industrial development, achieved through the commitment of management and employees who played a joint role in obtaining this award.*

Sustainability indices

Confirmations and new admissions in financial indices consisting of companies with the best sustainability performance.

Included into:

- Dow Jones Sustainability Index STOXX, with an overall rating of 73/100



- ASPI Eurozone-in the list of 120 top companies in Europe for sustainability

Confirmed in:

- FTSE4Good-World, Europe, Environmental Leaders



FTSE4Good

- Ethibel - Registers Pioneer and Excellence



Environment-Society-Governance Rating

For the fourth year the Bank was in the First categories and hence the object of special attention among socially responsible investors, according to the evaluations of the Oekom Research extra-financial analysis company.



ACCOUNTABILITY RATING-ITALY

The Bank was classified in third place among S&P MIB40 companies, and first among credit institutions, in the first edition of the Accountability Rating-Italy.

WEB RANKING

In first place among S&P MIB40 companies in the Web Ranking Italy, for best communication on CSR.

3. Report Parameters

3.1-3.11
PROFILO,
OBIETTIVO E PERIMETRO
DEL RAPPORTO

This year the Social Responsibility Report consists of two parts: a [Summary Report](#), focusing on the CSR aspects most significant for our business strategy and for our stakeholders (identified through a process of evaluation of the significance and priority of the various areas of social responsibility), and this **Supplement prepared according to the Guidelines of the Global Reporting Initiative (GRI-G3).**

This is the ninth edition, and the fourth at the Group level.

The Supplement presents activities and data relating to the financial year closing at 31 December 2008, and the most significant facts for the first quarter of 2009, referring to the Montepaschi Group as defined in our consolidated annual financial statements.

It is also compliant with GRI-G3 – included the supplement for the financial sector - and highlights the main requirements of the “Report to the Stakeholders” model proposed by the Italian Banking Association, as well as the standards of analysis of the main extra-financial rating agencies.

The level of application of GRI-G3 Guidelines is A+ (maximum level).



The Objective is to present to all interested parties an updated overview of our CSR policy and its impacts on the business and the company. That is because we believe that this can contribute to improving our relations with investors, customers and other stakeholders and hence to generating a business value that will satisfy the general interest as well.

The reporting area excluded those activities external to the Group and the insurance compartment (AXA MPS Assicurazioni Vita and AXA MPS Assicurazioni Danni), which are run by the AXA Group.

Only some of the main initiatives are reported for MP Asset Management – which left the Group at the end of the year.

The data presented were taken from the company’s various information systems: from general accounting to the customer databank, from the personnel management system to procurement procedures. Some of them, for which there is not currently uniform management within the Group, were taken from each corporate and regional entity and then aggregated centrally by the competent Parent Company offices.

The data at 31.12.2008 refer to a more extensive organisational scope than the previous edition, inasmuch as they include the activities of companies that joined the Group during the year (Banca Antonveneta and Biverbanca) and of others already part of the

Group but not yet participating in the consolidation.

In order to allow a meaningful comparison with previous years, where relevant, “comparable-value” analyses are also offered whose data at 31.12.2008 do not take these integrations into account.

Limitations of scope

Unless otherwise indicated, the areas of analysis of the indicators at 31.12.2008 presented in the Report involve the following corporate scope:

| | |
|--------------------|---|
| Customers | Data do not include the customers of Biverbanca, Consum.it (not shared with the Group's other banks) and foreign branches |
| Environment | The data refer to: Banca Monte dei Paschi di Siena (including Banca Agricola Mantovana and Banca Toscana, now merged), Banca Antonveneta, Banca Personale, Biverbanca, Consum.it, MPS Capital Services, Consorzio Operativo |
| Personnel | The data do not include foreign branches and the cleaning personnel |
| Suppliers | Data do not include Biverbanca |

3.13

EXTERNAL ASSURANCE

The Report as a whole – the Summary Report and this Supplement – was audited by the audit company KPMG. S.p.A.. This activity was coordinated as indicated in their report, and it provided us with many suggestions for improvement, both in the reporting process and for effective application of our CSR policy.



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(Translation from the Italian original which remains the definitive version)

Report of the auditors on the review of the social responsibility report

To the board of directors of
Banca Monte dei Paschi di Siena S.p.A.

- 1 We have carried out the review of the social responsibility report of the Montepaschi Group (the “Group”) at 31 December 2008, consisting of the Summary report and the Supplement according to the Global Reporting Initiative (the “Supplement”). As stated in the “Report parameters” paragraph of the Supplement, the social responsibility report has been prepared in compliance with the “Sustainability Reporting Guidelines” established by GRI - Global Reporting Initiative in 2006. The parent’s directors are responsible for the preparation of the social responsibility report in accordance with the above-mentioned guidelines. Our responsibility is to issue this report based on our review.
- 2 We carried out our work in accordance with the criteria established for review engagements by “International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board (IAASB), carrying out the following procedures:
 - verifying that the financial data and information in the “Direct economic value generated and distributed” paragraph included in the “Economic performance” section of the Supplement are consistent with those included in the group’s consolidated financial statements as at and for the year ended 31 December 2008, and on which we issued our report pursuant to article 156 of Legislative decree no. 58 of 24 February 1998 dated 9 April 2009;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the social responsibility report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management delegates of Monte dei Paschi di Siena S.p.A. and personnel of Paschi Gestioni Immobiliari S.p.A. and MPS Capital Services Banca per le Imprese S.p.A., to gather information on the IT, accounting and reporting systems used in preparing the social responsibility report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the social responsibility report;

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia Catania
Como Firenze Genova Lecce
Napoli Novara Padova Palermo
Parma Perugia Pescara Roma
Torino Treviso Trieste Udine
Varese Verona

Società per azioni
Capitale sociale
Euro 7.470.300,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part IVA 00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI



- sample-based analysis of documentation supporting the preparation of the social responsibility report to confirm the effectiveness of processes and their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information;
- analysing the completeness of qualitative information included in the social responsibility report and its consistency throughout;
- verifying the stakeholders' involvement process, in terms of methods used and completeness of persons involved, and analysis of the minutes of the meetings or of any other information available, with regard to the salient features identified;
- obtaining the representation letter signed by the legal representative of Banca Monte dei Paschi di Siena S.p.A., on the compliance of the social responsibility report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it offers a lower level of assurance that we have become aware of all significant events that would be identified during an audit.

- 3 Reference should be made to our report dated 11 April 2008 on the prior year social responsibility report, the figures and information of which are presented for comparative purposes as required by the guidelines referred to in paragraph 1.
- 4 Based on our review, nothing has come to our attention that causes us to believe that the Montepaschi Group's social responsibility report at 31 December 2008 is not in conformity with the guidelines referred to in paragraph 1.

Florence, 20 April 2009

KPMG S.p.A.

(Signed on the original)

Andrea Rossi
Director of Audit

4. Governance, commitments, engagement

4.1

GOVERNANCE
STRUCTURE

Our approach to “corporate governance” commits us to keep faith with our values, with behaviour that is always transparent, upright and proper. The objective is to pursue harmonious and sustainable development, aware of the social relevance of our activity.

For the Parent Company, we have chosen a **traditional system of administration and control** characterised by the presence of:

- a Board of Directors, responsible for policy and strategic oversight
- a Board of Statutory Auditors that oversees compliance with laws, regulations and statutes regarding proper administration, organisational appropriateness, and administrative/accounting auditing of the company;
- the General Meeting of shareholders, competent to decide in ordinary or extraordinary session on, among other things, appointment and removal of the members of the Board of Directors and the Board of Statutory Auditors and their compensation and responsibilities, approval of the annual report and appropriate of profits, mergers, demergers, capital increases and on any amendment to the articles of association and appointment of the auditing firm.

There are specific **committees set up within the Board of Directors: Compensation, Internal Audit, Corporate Social Responsibility.**

The system is based on the principles indicated by the self-governance code of listed companies issued by the Corporate Governance Committee of Borsa Italiana S.p.a.; the System also pursues the following objectives:

- a clear distinction in roles and responsibilities
- an appropriate balance of powers
- balanced composition of corporate bodies
- effective controls
- oversight of all corporate risks
- adequacy of information flows
- corporate social responsibility.

Further information is given in the [Report on Corporate Governance](#).

4.2, 4.3

INDEPENDENT AND/OR
NON-EXECUTIVE
DIRECTORS

There are no Board members with executive roles. In particular:

- the Chairman of the Board has no management authority and has no specific role in formulating corporate strategies
- there is no Managing Director
- there is no Executive Committee.

Nine out of the ten Directors are considered independents, i.e., they have no relations with the Bank or with subjects tied to it that might affect the independence of their judgment and their free assessment of the work of management. The current Chairman, in relation to his previous office of president of the MPS Foundation, cannot be considered an independent based on the provisions of the Self-Governance Code.

4.4 MECHANISMS FOR SHAREHOLDERS AND EMPLOYEES TO PROVIDE RECOMMENDATIONS OR DIRECTIONS TO THE HIGHEST GOVERNANCE BODY

The democratic participation of shareholders is ensured through measures such as:

- each share is worth one vote, within a limit of 4% (with the sole exception of the MPS Foundation)
- the limitation on the voting power of the MPS Foundation, which can participate in the general meeting for a number of shares less by at least one unit than the total shares held by the other shareholders present.

In addition:

- shareholders who, even jointly, represent at least one-fortieth of the capital with voting rights may, within five days from publication of the notice calling the Meeting, request additions to the list of matters to be treated, indicating in the request the other topics proposed
- in the Meeting each shareholder may speak to topics on the agenda
- employees holding ordinary Bank shares may exercise their voting rights and participate in the Ordinary and Extraordinary Meetings.

[\(Report on Corporate Governance pg. 7-9, 42\)](#)

4.5 LINKAGE BETWEEN COMPENSATION AND PERFORMANCE

In principle, **performance-linked compensation systems are structured so as to avoid producing incentives that conflict with the objective of creating long-term value.**

For members of the Board, there is no form of variable compensation linked to the Bank's economic results or achieving certain objectives. In addition, no indemnities are provided in the case of resignation/removal without just cause.

For the company's top executives, compensation policies are formulated in pursuit of a proper balance between the fixed and variable components of the compensation.

The variable component for employees is on average about 5% for staff and 26% for managers. It is linked to objectives that also include general qualitative factors involving the relationship with customers (in terms of loyalty, development and customer satisfaction) and/or the implementation of strategic projects called for by the Group's industrial planning, so that the medium- and long-term vision becomes important.

[\(Report on Corporate Governance pg. 25-27\)](#)

4.6 ACTIVITIES IN THE HIGHEST GOVERNANCE BODY TO ENSURE THAT CONFLICTS OF INTEREST DO NOT ARISE

Audit and control systems provide:

- a Code of Behaviour for operations with correlated parties
- any participation by the Bank's corporate representatives in other companies must be reported to the Board of Directors; every Board member must notify the other directors and the Statutory Auditors' Committee of any interest he may hold in his own behalf or for third parties in a specific operation of the Bank
- The Articles of Association exclude the presence on the Board of Directors of individuals who are at the same time members of administrative bodies of other, competing credit institutions that are not part of the Group.

In addition, we have independent relations with the audit company, assigning tasks and consulting services to affiliated companies only with the approval of the Statutory Auditors' Committee. In 2008, the fees paid by the Bank to companies belonging to the KPMG network for these services amounted to 651,668 Euros.

[\(Report on Corporate Governance pg. 28-41\)](#)

4.7 DIRECTORS' QUALIFICATIONS

Directors are elected based on a list.

The [Curriculum vitae](#) of candidates for the position of member of the Board, including positions they hold in other companies, are communicated to the shareholders for due evaluation prior to voting.

Nine out of the ten directors are men, and the average age is 62.

[\(Report on Corporate Governance pg. 9-15\)](#)

4.8 MISSION, VALUES, CODES OF CONDUCT AND PRINCIPLES

The Group's [Mission](#) is "to create value for shareholders in the short and long term, giving priority to satisfying customers, to the professional growth of individuals, and to the interests of all stakeholders."

Our [Values](#): the ethics of responsibility, customer orientation, attention to change, an entrepreneurial and pro-active spirit, a passion for professional know-how, team spirit and cooperation.

Consistent with the company's Mission and Values, the [Code of Ethics](#) sets forth the principles of social responsibility that guide the conduct of all companies in the Group.

The Code includes and supplements, among others, the commitments made by the Group internationally: the United Nations Global Compact, the Finance and Sustainability Declaration of the United Nations Environmental Programme (UNEP) Finance Initiative – The Alliance on CSR promoted by the European Commission.

4.9 PROCEDURES FOR IDENTIFYING AND MANAGING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCES

Aspects of Sustainability - areas and indicators with respect to which we can check our long-term performances **are identified through careful observation of economic, social and environmental scenarios and dynamics** – as well as through constant listening to and dialogue with stakeholders – regularly assessing their implications for the sector and the role the Bank can play on a case-by-case basis.

These aspects are then considered in developing the CSR Strategy.

This year the Strategy followed the guidelines of the CSR 2007-2009 Plan, implementation of which is overseen by the company's Social Responsibility Committee.

The activities and **performances achieved are reported on annually through the Social Responsibility Report**. The Committee checks the report, which is then discussed by the Board of Directors for approval and then presented to the General Meeting.

[\(Report on Corporate Governance pg. 38-39\)](#)

The Committee for Corporate Social Responsibility

It consists of four Directors. Meetings include the CEO and the chairman of the Board of Statutory Auditors.

This year it met 3 times to discuss the following topics: the Code of Ethics, developments of the CSR Strategy, and the Social Responsibility Report.

Duties

It consults with and proposes to the Board of Directors regarding measures aimed at safeguarding the environment, professional development of personnel, customer satisfaction, and protecting all stakeholders' interests. It supports efforts to formulate the CSR Policy, assessing significant risks and opportunities for the Bank and its relative performance.

4.10 PROCESS FOR EVALUATING THE PERFORMANCES OF THE HIGHEST GOVERNANCE BODY

The Board of Directors regularly checks its own work, analysing the Group's performance with support from the management.

In particular, with regard to long-term performance – or sustainability – a key point of reference for the Group and the Board, the Board itself checks the validity of its performance through the annual analysis of the Social Responsibility Report.

Quantitatively speaking, the Board's work is evaluated by the number of meetings held each year, their average duration and the attendance rate. In 2008: 32 meetings lasting an average of 2 hours, with an attendance rate of 80.4%.

[\(Report on Corporate Governance pg. 25-27\)](#)

4.11
METHOD OF APPLYING
THE PRECAUTIONARY
PRINCIPLE OR
APPROACH

Risk prevention and mitigation are basic factors in pursuing corporate objectives.

Healthy and prudent management, risk containment and financial stability are ensured through special Governance, Management and Audit centres, along with probity and transparency of behaviours in providing services. Information transparency is also significant: the important aspects here are the procedures and audit system for the accounting process and surveillance reports.

Decisions on risk management are made by the Parent Company, whose Board of Directors, at least once a year, defines the Group's propensity for and tolerance of risk, exercising general oversight over this activity.

Policies, processes and mechanisms are in place to identify and manage the various types of risk the Group may be exposed to: credit risk, market risk, operational risk, compliance risk, etc. In 2009 the parameters for monitoring and managing reputation risks will also be defined.

[\(Report on Corporate Governance pg. 28-42\)](#)

4.12, 4.13
ENDORSEMENT OF
EXTERNAL CODES
AND PRINCIPLES AND
PARTICIPATION IN
INDUSTRY ASSOCIATIONS

We endorse the following international codes and charters in the area of sustainability:

- The United Nations Declaration on "Finance and Sustainability" - UNEP Finance Initiative (since 1998)
- the principles of the United Nations Global Compact (since 2002)
- the Alliance on CSR promoted by the European Commission – Communication n. 136 of 22 March 2006 (since 2006).

We support and participate in the activities of Italian and international organisations to promote CSR. These include:

- Italian Banking Association – members of the CSR Technical Commission and many other commissions and task forces
- Forum for Sustainability Finance– this year we participated in a programme to revitalise socially responsible investments in Italy
- CSR Europe – this year we participated in some workshops as part of the Alliance on CSR promoted by the European Commission (market assessments of extra-financial performance, financial inclusion, immigrant job integration).

Our idea of corporate responsibility is based on the conviction that taking a cooperative approach with stakeholders can generate a surplus of social value.

Stakeholders are those who:

- contribute to carrying out the Bank's mission
- are able to influence the achievement of corporate objectives through their many decisions (spending, investment, work, regulation and control)
- are influenced by our choices and activities.

We acknowledge as stakeholders those who have a significant interest in the Bank's activity, such as shareholders/partners, employees, customers, suppliers and other business partners, institutions (including control and oversight authorities, the government) and local communities.

One of our objectives is to achieve an effective relationship with stakeholders, which makes it all the more important to be able to analyse their expectations and take them into account in our CSR Policy.

Among our more long-standing experiences in getting stakeholders involved in CSR:

- Union relations – various joint Bank-Union bodies deal with such topics as equal opportunity, work climate, environmental sustainability. In addition, the Social Responsibility Report is the subject of specific discussions.
- **Consumer Lab** – a workshop begun in 2004 with the 15 largest Italian consumer advocacy groups. The objective: to shorten the distance between customers and the Bank, ensuring clarity and simplicity in communication and identifying practical solutions to “hot topics” relating to banking services.

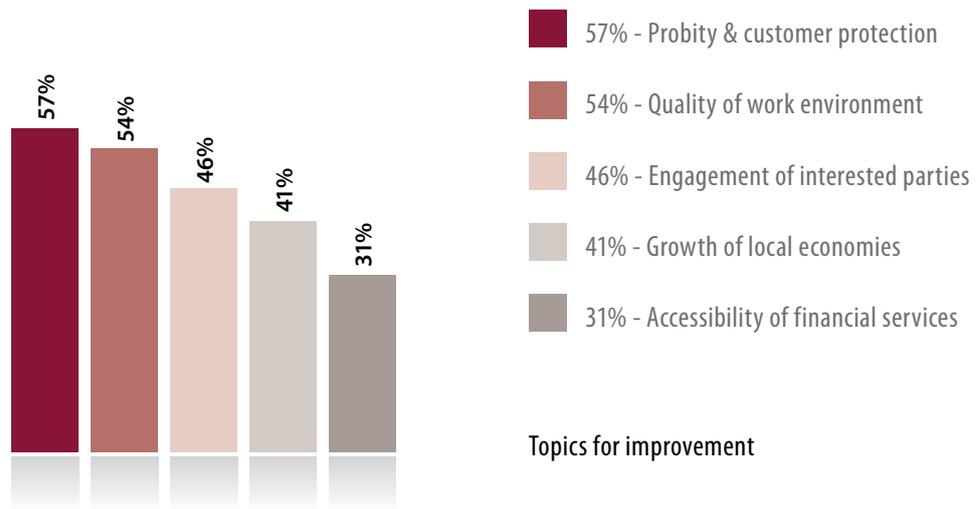
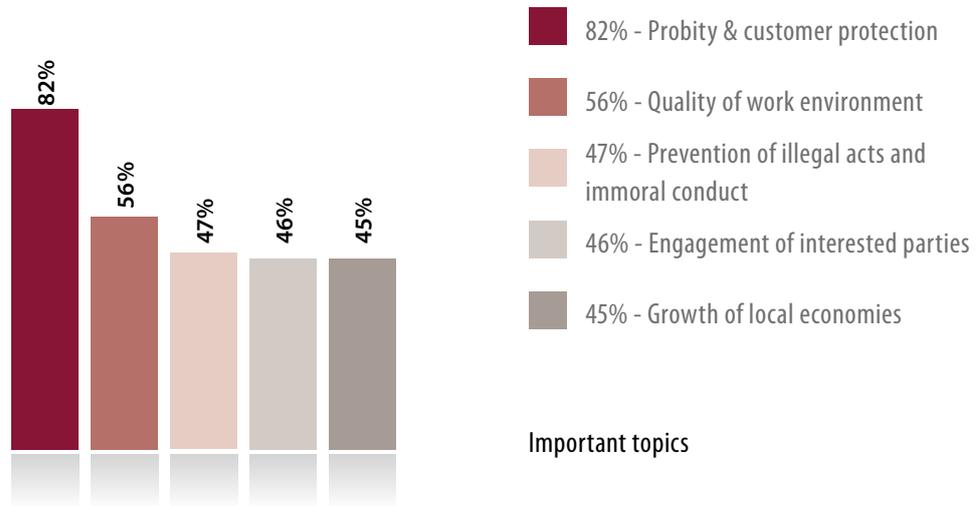
Employees can contribute in various ways to the development of corporate policies, for example by participating in annual Employee Perception surveys to identify possible areas for improvement in working support on behalf of the customer, or by reporting and discussing with their managers their expectations for career growth.

This year we opened up another channel for listening directly to our employees to determine their opinions and practical ideas for increasing the effectiveness of our CSR Policy, The first survey had more than 3,000 participants.

The first internal survey on CSR

3,200 Group employees participated in the first survey of satisfaction with the company's CSR policy.

The aspects considered most important for creating an effective CSR Policy included: probity and customer protection, quality of work environment, preventing illegal acts, engaging the interested parties, and growth of local economies. Also indicated were the areas of responsibility where more needs to be done, with many operational recommendations especially in the need to ensure greater clarity in the products and services offered and on confirming the bank's attachment to the community, in service of the real economy, aimed at sustainable growth.



Governance, commitments, engagement

In 2009 we expect to develop more systematic relations on CSR, including with investors and suppliers. And we feel the need for a more systematic approach to consulting employees, in order to check how satisfied they are with their work. We are considering this, in order to further develop the ways in which we relate.

Communication and interaction among employees and among the various structures is stimulated through a composite platform

Montepaschi Channel – Corporate TV, available on the Intranet. Multiple project objectives: provide constant updates and make important internal events accessible to an expanding audience, dynamically manage the company's know-how, strengthen corporate identity and promote change.

Filodiretto, house organ aimed at all of the Group's colleagues, since 2006 in digital version offered in various forms:

- *Filodiretto7* - information and news weekly. In 2008 a survey was done of all colleagues to obtain indications, advice, opinions on improving the newsletter technically and in terms of content
- *Filodiretto30* - monographic monthly
- *Filodiretto1* - spot newsletter to launch communications or previews of special importance relating to news which is then explored further in the other communication tools
- *FilodirettoAdvice* - monthly newsletter aimed at "advice platform" personnel to support the offer of financial consultation.

Below is a summary map of our stakeholders, their areas of interest, how they are involved, and the emphases and expectations that emerge from dialogue with them.

Governance, commitments, engagement

| STAKEHOLDER | AREAS OF INTEREST | INVOLVEMENT | EMPHASES/EXPECTATIONS |
|--------------|---|--|--|
| All | Strategic integration of CSR | Discussions with extra-financial analysis companies | Sector Ratings and comparisons |
| | | Participation in task forces in Italy (e.g..CSR-ABI Technical Commission) and abroad (e.g. CSR Europe workshops) | Good practices and work tools (e.g. www.csreurope.org/toolbox) |
| | | Surveys and consultations | -Review of the Report by CSR Europe -More than 3,000 questionnaires gathered through a survey of employees. |
| Customers | -Consumer information and support -Meeting service commitments | Consumer Lab | Transparency and simplification, service requirements, operational solutions |
| | | Annual Customer Satisfaction surveys | To be improved: relational aspects, listening ability, and staff skills. |
| | | Annual reputation surveys | Points for attention: product simplicity and usefulness, customer care |
| Personnel | Motivation and satisfaction | Annual Employee Perceptions Surveys | Expectations: more training in products and consulting, greater operating independence in serving customers. |
| | Responsible reorganisation management | Union organisations | Fairness and probity in dealing with redundant workers |
| | Skills development | Verifications of training appreciation | Perceived quality =5.07/6 |
| | Equal opportunity | Equal Opportunity Commission, Bank - Union Organisations | Expectation: equal opportunity of placement and career based on merit. No critical issues found. |
| Shareholders | -Corporate Governance -Compliance -Risk management | Investor Relations | Greater disclosure on policies, management systems and performance. |
| Community | Social impacts of services | -Participation in the CE-CSR Alliance Workshops "Financial Inclusion" and "Integrating Immigrants in the Workplace" - Conversations with interest groups that are experts in the area of migrant banking. | Analysis of the demand for immigrant services |
| | Community support and solidarity | -Partnerships with non-profit organisations -Participation in Sodalitas Foundation | To create a successful partnership, we need to share the organisation's social mission |
| | Environment | Union Relations - Joint task force with the Bank. Participation in the "Kyoto Club-Finance" task force | Greater specificity in environmental efficiency programmes Market analysis for development of "green finance" products. |
| Suppliers | Respect for CSR standards | To be developed as part of implementation of the new "Sustainability in the procurement chain" policy | --- |

FS. Social and environmental aspects of the financial sector

DISCLOSURE ON MANAGEMENT APPROACH

Cf. [FS1](#) – [FS5](#).

MANAGERIAL APPROACH

FS1
POLICIES WITH SPECIFIC
ENVIRONMENTAL AND
SOCIAL COMPONENTS
APPLIED TO BUSINESS
LINES

The first point of reference for our CSR policy is the [Code of Ethics](#).

The Code involves all of the Group's activities, from labour relations to the various business areas, constituting a point of reference for individual conduct and corporate processes and, in line with the Mission and our Values system, contributes toward the objective of creating sustainable value.

Probity and transparency, useful and accessible products and services are the primary parameters against which we check our relationship in the markets and with customers.

In particular, in direct and indirect economic relations with companies the seriousness and reliability of the other party are what matter. The right amount of attention is paid to their possible implication in illicit activities that harm human rights or are harmful to the health and safety and people and nature. If these requisites are not met, we assess whether or not to establish or continue the relationship. This assessment is at the discretion of the Board of Directors in response to the opinion of the company's Social Responsibility Committee.

We know that there are economic sectors that can have significant social impacts and are the object of careful scrutiny by public opinion, sometimes with controversial positions.

These so-called controversial sectors include: the production of and trade in weapons, alcoholic beverages, tobacco, furs, genetically modified organisms, etc.

Precisely because of their controversial – i.e., problematic – nature, our operations in these sectors are not precluded generally or in absolute terms but is checked case by case in order to minimise the associated reputational risks.

With relation to the armaments sector, the Group's position is to avoid possible involvements in financing or brokering operations attributable to the production of and trade in arms pursuant to Italian law n.185/1990.

This does not exclude the possibility of maintaining commercial relations with companies operating even marginally in the weapons sector, providing them general financial services not intended for specific projects. At 31.12.2008, the Bank's investments in the sector were 107.5 million, including also an involvement – for 35 million – in the pool of

Social and environmental aspects of the financial sector

banks that this year have supported Finmeccanica for the purchase of the US firm DRS Technologies, supplier to the US government of electronics for defence.

Other major policies:

- The **Environmental Policy** commits us to keeping an appropriate watch on the constant developments in legislation to protect the environment, national programmes and technological systems, to understand the operational and economic impacts on companies and be ready to manage them together in a mutually suitable manner, as part of all our areas of business, from credit to investments.
As of 2009 a specific **Climate change policy** will also be implemented to support and promote investments in renewable energy and in the development of low-emission technologies.
- Plans for financial inclusion – paying attention to the needs of the socially disadvantaged, promoting their access to banking services, the informed use of credit, and prevention of over indebtedness.

FS2
PROCEDURES
FOR ASSESSING
AND SCREENING
ENVIRONMENTAL AND
SOCIAL RISKS IN
BUSINESS LINES

Credit-policy guidelines are part of the system of Values in lending procedures.

There is in particular a systematic consideration of the environmental risk of credit to businesses and precise instructions from the Board of Directors with regard to operations in the armaments sector.

We find no particular critical issues regarding the quality of credit in relation to the environmental risks of our customers and the projects we finance. **The environmental risk of credit is rather a variable that we seek to understand in order to serve the associated needs of our customers.**

We conduct various analyses for this:

- Financing projects exceeding 5 million Euros, which are the purview of Mps Capital Services, are also checked through an environmental screening that takes into account: the danger of the activity and the legislative obligations in the sector, the scale of the activity – as an approximation of the extent of potential harm to the environment – the holding of environmental certifications.

The summary judgment – on a rising risk scale of A to D – contributes to determining the overall credit risk. In 2008, 656 projects for 5.3 billion were analysed.

| ENVIRONMENTAL RISK LEVELS OF MPS CAPITAL SERVICES OPERATIONS | PROJECTS | % | AMOUNTS (EURO) | % |
|--|----------|------|----------------|------|
| Low (A) | 323 | 49.2 | 656,872,187 | 12.3 |
| Medium (B) | 249 | 38.0 | 3,299,167,979 | 61.9 |
| Significant (C) | 67 | 10.2 | 1,164,440,960 | 21.8 |
| High (D) | 17 | 2.6 | 212,790,000 | 4.0 |

Social and environmental aspects of the financial sector

- The rating assigned to large firms (with turnover exceeding 500 million) also takes into account qualitative aspects of the operational risk, such as potential environmental harm produced by the activity and, on the positive side, whether they hold environmental certifications. In 2008, loans for almost 15 billion Euros were analysed, equal to 80% of the loans to this type of client.

| OPERATIONS SUBJECTED TO ENVIRONMENTAL SCREENING | 2008 | 2007 | 2006 |
|---|------------|-----------|-----------|
| SMEs financed by MPS Capital Services | | | |
| Number of operations | 656 | 922 | 2083 |
| Amounts (thousands of Euros) | 5,333,271 | 6,687,097 | 4,318,879 |
| Firms with turnover in excess of 500 million | | | |
| Number of clients | 308 | -- | -- |
| Amounts (thousands of Euros) | 14,981,583 | -- | -- |

- We monitor credit exposure to industrial sectors with a high environmental impact (petroleum, steel, chemicals and pharmaceuticals, etc.). At 30.09.2008 loans were equal to 14.291 million (12% of the total).

| OPERATIONS IN SECTORS WITH HIGH ENVIRONMENTAL IMPACT | 2008 | 2007* |
|--|--------|--------|
| Investments (millions of Euros) | 14,291 | 14,035 |
| Portion of total investments (%) | 12.0 | 11.7 |

* The figure was recalculated to make it comparable with 2008 in the wake of the change in perimeter

With regard to operations in "controversial" sectors, as has been stated, there is no absolute preclusion. The same can be said for activities in countries that are "controversial" for being considered to have a high rate of corruption, tax havens, or that do not provide effective respect for human rights.

| LOANS TO "CONTROVERSIAL" SECTORS | AMOUNTS (millions of Euros) | % OF TOTAL |
|----------------------------------|-----------------------------|------------|
| Production and trade in arms | 107.5 | 0.08 |
| Production and trade in tobacco | 12.9 | 0.01 |
| Production and trade in alcohol | 125.7 | 0.10 |
| Production and trade in furs | 29.8 | 0.02 |

| LOANS TO "CONTROVERSIAL" COUNTRIES (millions of Euros) | 2008 | 2007 | 2006 |
|--|------|------|-------|
| Countries with high corruption rates(*) | 285 | 211 | 570 |
| "Tax haven" countries (**) | 802 | 680 | 1,659 |
| Countries with poor human rights records (***) | 385 | NA | NA |

*Countries with a Transparency International CPI index <= 3

**Countries considered tax havens by the World Monetary Fund

***Countries with poor human rights records (countries subject to arms embargos and countries with human rights violations)

Social and environmental aspects of the financial sector

In particular, for the armaments sector, there is a Board of Directors provision from 2000 that is applied to the entire commercial and credit process. This led to our being excluded from the lists of financing banks in the sector included annually in the Report of the Prime Minister's Office pursuant to Italian Law 185/1990.

As of 2009 this provision will also be applied by Banca Antonveneta, which at 31.12.2008 had 45.8 million in activities in this area.

FS3
PROCESSES FOR
MONITORING CLIENT'S
IMPLEMENTATION AND
COMPLIANCE WITH
SOCIAL-ENVIRONMENTAL
REQUIREMENTS
INCLUDED IN
AGREEMENTS OR
TRANSACTIONS

As part of our "Project Financing" operations loan agreements contain requirements that the beneficiary comply with national legislation and the standards set by regional governments in the area of environmental protection and respect for workers' rights.

These requirements are checked and monitored in the process of monitoring the loan by the competent Agency Office of MPS Capital Services.

If it is found that these requirements are not met, the Bank seeks a solution to the problem with the client. If the commitment signed by the client continues to go unmet, the Bank reserves the right to withdraw from the financing and to seek immediate restitution of the loan issued.

FS4
PROCESSES FOR
INCREASING STAFF
COMPETENCY TO
IMPLEMENT SOCIAL
AND ENVIRONMENTAL
POLICIES AND
PROCEDURES AS
APPLIED TO BUSINESS
LINES

Analysis of the social and environmental risks and opportunities in the business is the subject of training processes and internal communications aimed at increasing the specific skills of employees, with particular attention to those working in the commercial network.

The processes carried out to date include:

- Regular training in preventing corruption risks (Leg. Dec. 231/2001) and on combating money-laundering
- Discussions between representatives of the consumer advocacy groups and the heads of the Retail regional offices regarding customers' needs and relational aspects of the banking service.
- Adding products information sheet with a focus on social and environmental factors of sales motivations (e.g., loans for renewable energy sources and products for financial inclusion)
- Information kits on ethical funds
- Online training in "migrant banking"
- Constant updates for employees through publication on the Bank's Intranet of operating rules and other internal communication channels (the weekly newsletter Filodiretto7, the monthly expanded version Filodiretto30, and MPChannel, the corporate Web TV channel).

Social and environmental aspects of the financial sector

FS5
INTERACTION WITH
CUSTOMERS AND
OTHER STAKEHOLDERS
ON SOCIAL/
ENVIRONMENTAL RISKS
AND OPPORTUNITIES
IN BUSINESS

Interaction – listening, discussing, collaboration and partnerships – with customers and their representatives is an important part of marketing policies.

The objective is to understand customers' needs and to develop shared and hence more effective solutions.

The following are important initiatives for getting people involved in terms of impacts in society and for the environment:

- the formulation of a special offer of products/services for immigrants, "Paschi Senza Frontiere," by listening to representatives of the main foreign communities in Italy and dialoguing with the consumer advocacy groups that participate in the Consumer Lab
- the design as part of the Consumer Lab of a Braille card to enable visually impaired customers to access telephone banking services. Also for the visually impaired, adapting ATMs to their needs, in collaboration with the Italian Union of the Blind
- a programme of aid to families through the initiative "Fight the Crisis," shared with the consumer advocacy groups (cf. [FS7](#))
- commercial partnerships with primary Italian electricity companies, to facilitate customers in carrying out projects in the field of renewable energy.

Significant social and environmental risks and opportunities are also analysed in the ABI and in the various multi-stakeholder workshops, with participation by the laboratories coordinated by CSR Europe, the Sustainable Finance Forum and the Kyoto Club, among others.

PRODUCTS AND SERVICES

FS6
CLIENT PORTFOLIO BY
BUSINESS LINE, REGION,
SIZE AND SECTOR

The Group has a pool of some 6 million customers, primarily retail (families and small businesses).

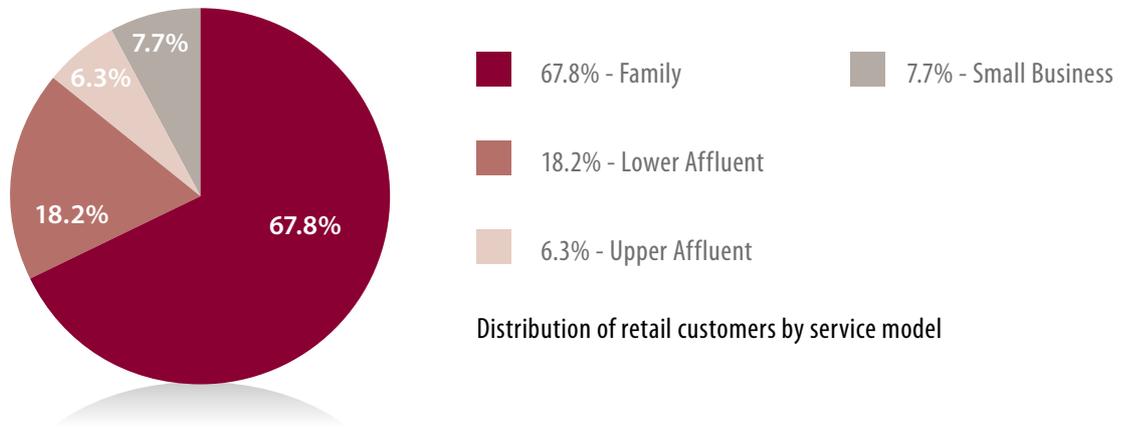
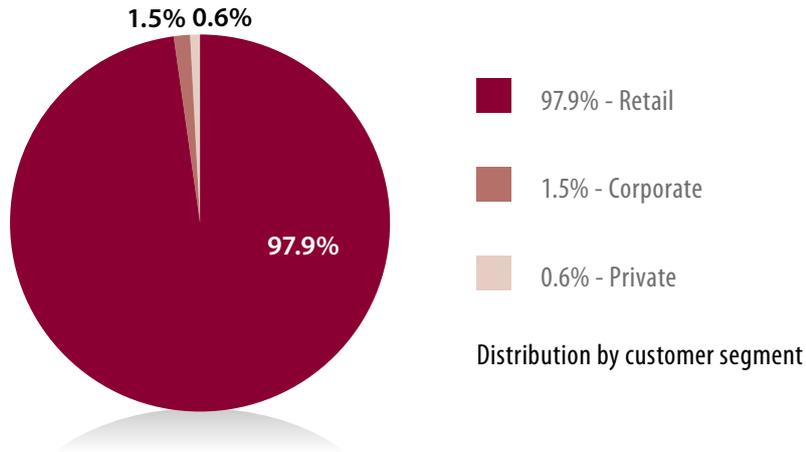
| CUSTOMERS | 2008* | 2007** | 2006** |
|------------------|-----------|-----------|-----------|
| Active customers | 5,904,523 | 4,229,354 | 4,103,513 |

* The figure does not include customers of Consum.it not shared with the other banks in the Group (382,831), Biverbanca (140,663), foreign branches.

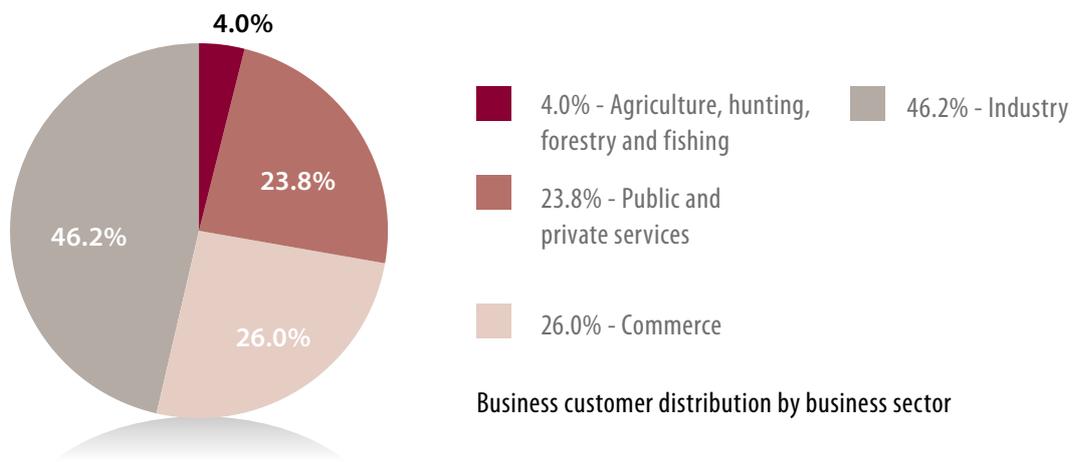
**The figures were recalculated after the merger by incorporation of Banca Agricola Mantovana in order to take into account the customers previously shared with the Bank. They also do not include the customers transferred to Banca Antonveneta from Banca Agricola Mantovana.

Social and environmental aspects of the financial sector

Family customers (with deposits of less than 25,000 Euros) represent 68% of the retail segment. "Small businesses"- with turnover up to 2.5 million Euros – number 443,488.

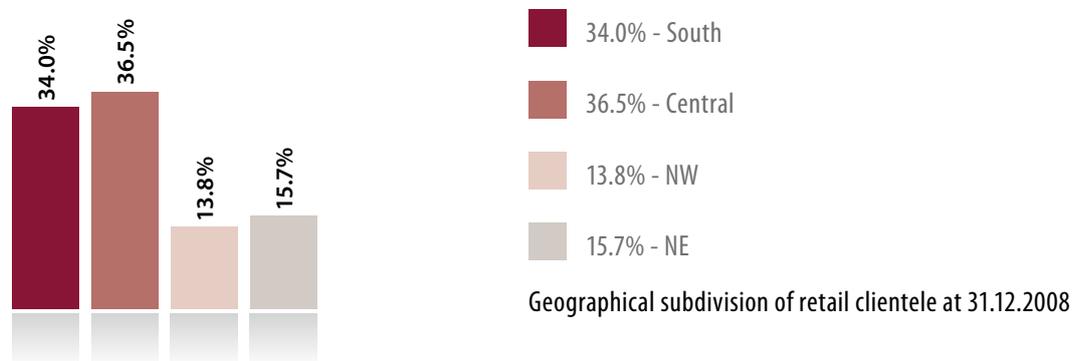


The Corporate clientele (70,317 companies) is dominated by the industrial sector (46.2%).



Social and environmental aspects of the financial sector

On a regional scale, customers are more numerous in Central-Southern Italy (70.5%). With the entry of Banca Antonveneta into the Group, our presence has also grown in the Northeast, with a more homogeneous distribution than previously.



FS7 PRODUCTS AND SERVICES WITH SOCIAL GOALS

Demographic and social dynamics (changes in the labour market, globalisation, consolidation of migratory flows, population ageing) together with the worsening international crisis are increasing the numbers of people facing problems in accessing bank services.

New models are therefore needed, both in terms of offer and of approaches.

The Group is working through **Financial Inclusion Plans** that include:

- The offer of a **Basic Banking Service**, for the needs of savers who want a simplified, economical account combined with a set of tools and services for basic bank operations – from the deposit of wages to the ATM, from bill payment to bank transfers – For the same purposes, the “Spider Card” – a rechargeable card that allows most bank operations, with an annual cost of just 10 Euros and with no obligation to open a current account – which is especially popular with young people (more than 140,000 customers to date)
- The **FuoriSerie** line, directed at young people, immigrants, precarious workers; to date it has attracted some 400,000 customers
- A package offer for immigrants – **Paschi Senza Frontiere** – which among other things allows for remittances at zero cost and personal loans at especially favourable conditions. At 31.12.2008, immigrant customers numbered 237,547, plus another 80,000 foreigners who have taken out personal loans with the Consum.it subsidiary
- Personal loans for workers with fixed-term contracts – in agreement with the National Bilateral Agency for Temporary Labour – and, for university students – “Let’s give them credit”, in agreement with the government and the ABI
- Creation of **Microcredito di Solidarietà S.p.A.** - the financial company in which the Bank has a 40% interest; the rest of the capital is held by Sienese public, religious and volunteer institutions. In 2008 97 loans were issued for some 245,000 Euros

Social and environmental aspects of the financial sector

- Microloans to combat usury, with loans guaranteed in part by the Tuscan Foundation to Prevent Usury (more than 5 million issued this year) and loans to small businesses (up to 15,000 Euros) with a Confidi guarantee, as part of the Assisted and Guided Microcredit Office promoted by the Tuscan Region (790,083 Euros in loans in 2008)
- Support for various organisations operating in the social area through direct devolution of part of the commissions or purchase cost of rechargeable credit cards, and in relation to the operations of the ethical funds managed by MP Asset Management ([Dialogos](#)).

| MICROLOANS | 2008 | | 2007 | | 2006 | |
|--|--------|---------------|--------|---------------|--------|---------------|
| | number | Amount (Euro) | number | Amount (Euro) | number | Amount (Euro) |
| Anti-usury loans (pursuant to Law 108/96) | 77 | 5,356,700 | 97 | 6,337,400 | 91 | 4,922,638 |
| Solidarity Microloan | 97 | 245,000 | 111 | 416,764 | 10 | 33,000 |
| SMOAT (Tuscan Region) | 56 | 790,083 | 35 | 481,595 | - | - |
| Other microloans | 5 | 17,150 | 7 | 25,200 | 22 | 98,700 |

As of 2009, also for Retail clients, the **“Fight the Crisis”** package is also available. Aimed at mortgage holders in difficulty (estimated at 100,000 families), this provides for:

- the possibility of suspending monthly payments for 6-12 months without charges or additional interest and of subsequently recovering any unpaid instalments
- a new “MPS Protection” mortgage, variable-rate (indexed to Euribor) with cap, especially well suited for those wanting to be covered from the risk of a sudden increase in the rate, exploiting the favourable differential currently existing between the rate applied to the variable-rate mortgage and that applied to the fixed rate
- A “Secure Plus Mortgage” insurance policy that allows the mortgagee to obtain reimbursement of the instalments not paid up to 12 consecutive months in the case of accident or loss of job
- in the area of consumer credit, as of May 2009 customers in good standing with their payments can subscribe to the “Fuoriclasse” option, the possibility of reducing the repayment rate to 2% of the residual capital or of suspending payment for up to six months.
- the indications of the European Directive on consumer credit (2008/48/CE) will be implemented early and with some positive extensions. These include the chance for the consumer to exercise a right of withdrawal on a loan issued and reduction from 1% to 0.5% of the early discharge commission when the residual amortisation is equal to or less than 12 months. A guide for consumers will also be published as a contribution towards promoting wiser use of credit and preventing the risk of family overindebtedness.

Our services to businesses also have significant social impacts.

Social and environmental aspects of the financial sector

We support small and medium enterprises which have such a great impact on the economy and employment in Italy. A support that we do not want to end, especially in this critical phase for the economy.

The credit invested in small enterprises is 17% of the total.

There are many programmes aimed at developing sustainable businesses. From development of typical and regional farm production to support for sustainable fisheries. In the works for 2009: solutions for entrepreneurial mothers and equal opportunities, new services for the immigrant micro-business, packages to support local tourism and the development of historic centres, offers in the field of eco-compatible transport and bio-architecture.

We know that one problem for the growth of small businesses is their undercapitalisation.

With “Private Equity,” we support the start-up and development of unlisted companies with strong growth potential. This is conducted primarily through MPS Venture. The company manages 6 closed equity investment funds reserved for professional investors, for a total of 360 million. This year eleven investments in the capital of Italian companies were made.

During the year two operations were completed that were significant in environmental terms:

- entry into the risk capital (about 22%) of Moncada Solar Equipment, the newly established company specialising in producing solar panels with the innovative “thin film” technology
- participation by MPS Capital Services in the listing of the company Servizi Energetici Integrati S.p.A. in the alternative capital market.

For medium-size companies, the offer is aimed at creating new and specific opportunities on both the asset and the liability side. Areas of involvement include: management of corporate liquid assets, management of financial risks, offer of structured, facilitated investment products with specific destinations.

The environment is a very important resource for the economic and a fundamental value for society at all levels.

Therefore, the environment and its protection are areas in which we put our CSR Policy to the test, with an attitude that is consistent with our identity and appropriate business strategies.

Our efforts are focused mainly on the topic of energy and the impacts of its use on climate, and so beginning in 2009 a specific **Policy** will also be implemented.

Social and environmental aspects of the financial sector

The business areas most affected this year are:

- Project Financing and the Corporate and Retail Commercial segments, with about **319 million in loans to the renewable energy sector**
- Investment Banking, which at the end of 2008 posted equity in the capital of companies active in the renewable energy sector equal to approximately 63 million.

| LOANS IN THE RENEWABLE ENERGY SECTOR | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|
| Operations | 546 | 386 | 130 |
| Amounts issued (thousands of Euros) | 319,611 | 223,735 | 130,582 |
| % of total loans issued | 1.85 | 1.28 | 0.91 |

The following is a list of the main projects by area of business.

Project Financing

As arranger, MPS Capital Services handled the structuring of loans to install 9 wind farms and 2 photovoltaic facilities, for more than 194 million Euros. At the end of 2008 there were 590 million in investments in the renewable energy sector.

Other significant operations, under way or being formulated, include:

- 260 small photovoltaic facilities (total power: 5.2 MW) in Trapani province with a cost of 27.1 million
- a methane co-generating station and a district heating network in Piemonte
- two co-generating plants fed by natural gas and a district heating system in the town of Rozzano (MI)
- 2 biomass facilities in Calabria with a total power of 60 MW
- a power plant fed by agricultural biomass (marc left over from grappa processing) with a power of about 24 MW, with a cost of some 57 million.

Corporate and Retail Commercial

More than 200 loans were issued to small and medium enterprises for more than 29 million Euros, mainly through special agreements with specialised contractors. Added to these are leasing solutions for 24 facilities with a value of 88 million.

In the Retail segment we concluded almost 300 operations for approximately 7.8 million. These were mainly turnkey installations of photovoltaic panels and energy-efficiency projects in residential buildings, under agreements with major players in the sector.

Investment Banking

The Group holds equity in the capital of Sorigenia, Alerion, Kerself and as of this year Moncada Solar Equipment as well.

Social and environmental aspects of the financial sector

FS9 AUDIT TO ASSES IMPLEMENTATION OF SOCIAL-ENVIRONMENTAL POLICIES AND RISK ASSESSMENT PROCEDURES

As of 2009 the Code of Ethics and the underlying social-environmental policies will be subjected to checks as part of ordinary internal audits, which in this case already deal with aspects of activities with significant social impacts (application of Leg. Dec. 231/2001, anti-money-laundering, banking transparency, etc.).

Currently specific internal audits are done on application of the Environmental Policy, the Worker Health and Safety Policy, and the ABI-Patti Chiari programme. The audits are regular and comply with the international reference standards (ISO 14001, OHSAS 18001, etc.) and involve all our activities and operating units according to a Three-Year Plan.

This year 120 internal audits were done in the aforementioned areas.

FS10 RELATIONS WITH INVESTEE COMPANIES ON SOCIAL AND ENVIRONMENTAL PROGRAMMES

The companies belong to Montepaschi Banking Group operate according to a Charter of Values, the parent company's policies and directives, including the Code of Ethics and the associated standards (Risk Management, Model 231/2001, Anti-money-laundering, Health and Safety, etc.).

In addition, through direct and active shareholdings in capital companies, and various institutions and organisations, we support their goal of social and environmental promotion, participating in their industrial development.

There were 25 investments in portfolio at the end of 2008, for a total of 190 million, whose social and environmental impacts are especially significant.

| INVESTMENTS IN SOCIALLY AND ENVIRONMENTALLY ACTIVE COMPANIES (Values in Euros) | 2008 | 2007 | 2006 |
|--|--------------------|--------------------|--------------------|
| Financial companies with social mission | 104,999,322 | 101,288,645 | 95,392,673 |
| Renewable energy producers | 63,387,420 | 55,342,921 | 45,554,981 |
| Water management companies | 9,289,778 | 7,500,918 | 7,465,267 |
| Environmental management companies | 5,041,177 | 5,120,672 | 3,057,647 |
| Bio-technological research | 816,736 | 800,000 | 800,000 |
| Regional development companies | 820,060 | 894,547 | 788,768 |
| Non-profits organizations | 5,969,780 | 700,520 | 700,520 |
| Microcredit | 400,000 | 400,000 | 400,000 |
| BIC –Business Innovation Center | 89,054 | 96,318 | 74,127 |
| Total | 190,813,327 | 172,144,541 | 154,233,983 |

FS11 ASSETS SUBJECTED TO ENVIRONMENTAL AND SOCIAL SCREENING

We propose financial instruments that combine the objectives of investment yield with their ethical and useful purposes for the real economy.

MP Asset Management manages a line of socially responsible funds ("Ducato Etico") with investment policies that favour those companies who:

- Stand out for their social responsibility and sustainable business practices. Or who positively combine market parameters and thinking – making a profit and maximising the

Social and environmental aspects of the financial sector

value over time – with the requirements of maximum transparency and probity

- They do not operate in “controversial” sectors.

As of late 2008 the assets in the Ducato Etico portfolio were 42.6 million Euros (0.3% of the total).

| SOCIALLY RESPONSIBLE FUNDS MANAGED BY MP ASSET MANAGEMENT | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|
| Managed assets (millions of Euros) | 42.6 | 72 | 98 |
| % of total assets | 0.3 | 0.5 | 0.64 |

Invested financial products also include:

- Third-party investment firms’ ethical funds
- A “Personality” unit link policy that provides for two ethical compartments among the alternative underlying investments
- During the year a “Sustainable Europe Income” structured bond was issued with a yield linked to the Dow Jones Euro Stoxx Sustainability 40 index
- Montepaschi Monaco SAM offers its private clients a “Planets” asset management profile, with investment solutions centring on: renewable energy, water, reuse of waste, agricultural raw materials, personal care, infrastructure and security development and a list of funds selected according to ethical criteria
- As of 2009 new instruments will be designed, linked to environmental indexes with special reference to climate change and energy savings. In particular, a formula fund is now being structured that is indexed to Clean Energy, a shareholder index relating to companies operating in the field of clean energy.

With the objective of making room for “ethical products” in the portfolio:

- An information kit on the Ducato Etico system is available online to the manager and clients
- The general catalogue of investment funds includes benchmarks on performance and profitability of the “ethical funds” category.
- We participate in a task force promoted by ABI and by the Sustainable Finance Forum to contribute to promoting the Italian market for socially responsible investments.

FS12

VOTING POLICIES APPLIED TO ENVIRONMENTAL OR SOCIAL ISSUES FOR SHARES OVER WHICH THE REPORTING ORGANIZATION HOLDS THE RIGHT TO VOTE SHARES OR ADVISING ON VOTING

In financial markets, mutual funds, as shareholders, can play an important role in guiding industrial policies, corporate governance and social responsibility in the investee companies and thereby contribute to making the markets more efficient.

In this regard, the [Asset Management Investment Policy](#) states a commitment to:

- Meet obligations associated with the fiduciary relationship with investors of their own investment funds
- Represent their interests, including by exercising the right to vote

Social and environmental aspects of the financial sector

- Developing the managed assets over the long term.

Generally speaking, participation in the companies' general meetings is conditional on the ability to obtain – after exercising the right to vote – concrete benefits for the assets managed.

In particular, MP Asset Management considers it important to participate in general meetings at which the following topics are dealt with:

- protection of shareholder rights
- appointment of members of the company bodies
- conflicts of interest
- analysis of the financial status and approval of the financial statements
- compensation policies and incentive systems
- amendments to the articles of association
- methods of selecting the audit company and its duties
- corporate social responsibility

Guidelines have been formulated on these topics to ensure uniformity in exercising the right to vote. In the area of social responsibility, the instruction given is to favour the adoption and development by the issuer of programmes to manage and minimise the potential social-environmental impacts of the activity, in the hope that the annual reports will give appropriate information about the results obtained.

Information on application of the guidelines – companies and topics regarding which the right to vote has been exercised at the general meeting – are available in the annual reports to the funds' management, published on the Internet site www.mpsam.it – in the Documentation section.

EC. Economic Performance

DISCLOSURE ON MANAGEMENT APPROACH

The Group's foremost responsibility is to create value for shareholders, primarily by establishing a solid and lasting relationship with the customer based on the quality of services offered, and to distribute value to all stakeholders by paying salaries to employees, sustaining the savings achieved, and meeting our fiscal responsibilities ([Code of Ethics](#)).

Economic-financial management is achieved through solid planning systems ([2008-2011 Business Plan](#)), auditing and reporting, presided over by the Chief Financial Officer. ([Annual Financial Statement at 31.12.2008](#))

Also increasingly contributing to the Bank's performance are the positive developments of its own extra-financial assets; it is our objective to further integrate these into corporate processes.

EC1
DIRECT ECONOMIC
VALUE GENERATED AND
DISTRIBUTED

The year 2008 was characterised by a pronounced dip in the real economy, by a deep crisis in asset management, by an increase in corporate defaults, all phenomena that increased in intensity over the course of the year. Despite the difficult context, the Group has strengthened its relationship with customers, concentrating on the traditional activity of credit brokering, adapting its offer of services and products to the needs of customers and undertaking major organisational and marketing changes in line with the 2008-2011 Business Plan. The consolidated net profit is approximately 953 million Euros.

Information on the results of the Group's economic-financial management are published in the Annual Financial Statements at 31.12.2008, available on the Bank's Internet site

The total value added was equal to 2.8 billion Euros.

| DISTRIBUTION OF GROSS VALUE ADDED (Values in thousands of Euros) | 2008 | 2007 | 2006 |
|--|------------------|------------------|------------------|
| Shareholders | 34,682 | 263,636 | 212,570 |
| <i>Dividends distributed to Shareholders (excl. MPS Foundation)</i> | 34,682* | 263,636 | 212,570 |
| Human resources | 2,348,181 | 1,848,924 | 1,861,573 |
| <i>Direct personnel costs</i> | 1,960,283 | 1,526,922 | 1,547,250 |
| <i>Indirect personnel costs</i> | 387,898 | 322,002 | 314,323 |
| System, agencies, institutions | - 663,245** | 808,337 | 731,941 |
| <i>Indirect and financial taxes</i> | 261,380 | 204,948 | 203,032 |
| <i>Tax on operating profit</i> | - 924,625 | 603,389 | 528,909 |
| Community and environment | 77,972 | 390,684 | 317,167 |
| <i>Grants and donations</i> | 14,065 | 14,097 | 11,577 |
| <i>Dividends to the MPS Foundation in the public interest</i> | 63,907* | 376,587 | 305,590 |
| Corporate System | 1,017,525 | 912,047 | 523,365 |
| <i>Reserves and undistributed profit</i> | 824,163 | 974,836 | 391,932 |
| <i>Depreciation</i> | 193,362*** | 114,711 | 131,433 |
| <i>Use of extraordinary reserve</i> | | -177,500 | |
| Third-party profits | 8,357 | 15,641 | 19,838 |
| Total | 2,823,472 | 4,239,269 | 3,666,454 |

Refer to the model proposed by the ABI for calculation and distribution of gross value added

** The data are based on the dividend proposal decided by the Board of Directors meeting of 26.3.2009*

*** The negative amount is attributable mainly to accounting/fiscal aspects related to the merger by incorporation of Banca Agricola Mantovana and Banca Antonveneta.*

****The data also include businesses being divested*

EC2 FINANCIAL IMPLICATIONS, RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

Compared to those of other economic sectors, our activities do not involve significant consumption of energy, and the consequent direct emissions of CO₂ (the main gas responsible for climate change) do not have any substantial impact on the global climate.

On the other hand, we know that:

- there are risks we run in relation to the way in which our trusted customers manage their own energy/CO₂ balance and the associated regulatory procedures
- there are economic opportunities in the renewable energy, energy efficiency, and CO₂ emission certificate markets.

Risks and opportunities that we check regularly through internal analyses and research, and which we communicate to the public by participating in the Carbon Disclosure Project (CDP). The Bank's CDP questionnaires are also available on the www.mps.it site in the Environment – Environmental Risk section.

We are also CDP partners:

- we collaborated in producing the first **CDP Italy Report** focusing on the energy performance of companies in the S&P-MIB40

- as investors, we subscribe to the request that CDP makes each year to the world's largest firms (some 3,000 in 2008) to account for their own policies and performances in containing climate impacts. We want to utilise this information even more in our investment processes.

As of 2009 a specific [Policy](#) will be implemented with the objective of extracting the maximum possible value, for the Bank and for the community, from our involvement in this area.

EC3
COVERAGE OF THE
ORGANIZATION'S
DEFINED BENEFIT PLAN
OBLIGATIONS

All of the Group's companies provide their employees with a complementary corporate social-security system for the purpose of assigning to the employees or their beneficiaries pension services that complement those of the basic mandatory system.

The amounts of the relative liabilities posted in the balance sheet are published in the [Annual Financial Statements \(pg. 41,151 and 203\)](#).

At present, typical forms of complementary and supplemental pension are in force at the Group's various entities; based on voluntary registration by those entitled to do so, they all benefit from the company's substantial contribution; the amounts vary from one company to another, but they are in any case guaranteed to each registered participant.

In the Parent Company, pension management is conducted through two closed contractual funds:

- the Corporate Pension Fund reserved for employees hired before 31 December 1990
- the Complementary Pension Funds for employees hired since 1 January 1991.

The Corporate Pension Fund in turn is divided into two distinct sections:

- defined benefit plan (supplementing the base pension)
- defined contribution plan (with individual capitalisation).

The Fund's assets are thus fed by the voluntary contributions of the individual participants and by the Bank, which, for participants in the defined-contribution plan, are currently 2.5% of the useful compensation base for purposes of determining the Employee Severance Indemnity, as happens for those participating in the Fund reserved for employees hired since 1 January 1991.

The movable assets of the two Funds are managed according to various lines of investment, including one that is ethical, chosen respectively by 6.64% (4% in 2007) and 8.6% (5.7% in 2007) of those registered.

The Bank provides, free of charge, the personnel, offices and other resources necessary for administration and bears all related expenses and costs, including operating costs of the administrative and audit bodies.

EC4
SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

In 2008, as in previous years, no company in the Group received any significant contributions from the Government.

A part of the training plans for this year was funded by the Banks and Insurance Fund for:

- 3,371,800 Euros, in Banca Monte dei Paschi di Siena
- 360,000 Euros in Banca Toscana
- 180,000 Euros in Banca Antonveneta

EC5 (ADD)
RANGE OF RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

Information not available.

EC6
POLICIES, PRACTICES AND PROPORTION OF SPENDING ON LOCALLY-BASED SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION

Because of the ubiquitous presence of our branches all over the country, we consider it appropriate – with the necessary respect for the objective of thrift – to make use of suppliers present locally. At the end of the year there were 11,421 (58.5% of the total) suppliers who invoiced the Group for less than 10,000 Euros. Hence, these are generally small, local vendors for a total expense of 41.8 million.



Procurement procedures are supplemented by evaluations and selection criteria that focus on the sustainability performance of the suppliers and their products and services, with particular attention to small companies in order to keep that from being a competitive disadvantage for them.

However, it is not always easy to strike the right balance between sharing values and prospects for growth that bind us to the local social economy, with the objective of achieving economies of scale in the purchasing process which normally only large companies can provide. And that allow us to develop more effectively our [Policy on Sustainability in Supply Chain](#).

This year, for example, this balance was possible for the cleaning services that were assigned to a company established ad hoc from among many small local firms. This will make the relationship with the supplier more efficient and maintain employment locally.

EC7
PROCEDURES FOR
LOCAL HIRING AND
PROPORTION OF
SENIOR MANAGEMENT
HIRED FROM THE
LOCAL COMMUNITY AT
LOCATIONS OF
SIGNIFICANT OPERATION

Young resources are hired primarily on the professional training apprenticeship contract pursuant to Legislative Decree 276/03. These hires were made through selection procedures conducted for the most part on a geographical basis, with the idea that the newly hired can be more efficiently integrated into the Group's network. In the event an employee's first assigned workplace is located in a town other than the one of residence, a monthly personal allowance is given on an extraordinary basis until the next compensation level is attained (second compensation level of the Third Professional Area).

In relation to the mergers by incorporation of Banca Agricola Mantovana and Banca Antonveneta, which occurred during the year, organisational solutions were reached to promote operational continuity and the development of existing professional skills (at all levels), including through the creation of "delocalized" headquarters in the areas where these banks are most deeply rooted.

Nota

The Group operates overwhelmingly in Italy. Since there are no substantial differences among the various regions in social and economic terms, we do not consider it important to monitor data indicating distribution based on the residence of the personnel hired locally at any grade level.

For the Group, investing in the progress and wellbeing of the community is not an auxiliary component of its business but rather key factor in its competitiveness.

Present throughout Italy by means of its extensive network of branches, the Group is an integral part of the many communities in which it operates.

That is why it is in our interest to contribute to the social and economic growth of the country and of the local systems we serve.

It does this:

- through its normal banking activity – together with producers – with products and services that are accessible even to society's more vulnerable segments (cf. [FS7](#)), and collaborations with institutions for sustainable growth of the economic fabric, local infrastructure and public-utility services
- by direct allocations, aimed at generating social benefits in the community.

Collaboration with institutions

This year we participated in carrying out major infrastructure and public-utility projects:

- in project financing, we funded public transport systems and 11 renewable-source energy production facilities; others are under way or being finalised (cf. [FS8](#))
- a ceiling of 200 million has been reserved for loans to the government at especially favourable rates.

Our support for local government agencies also takes other forms:

- as Lead Manager, MPS Capital Services coordinated 22 bond issues for municipalities and provinces for about 91.5 million, as part of an agreement with the Emilia Romagna Centre for Local Government Finance Services. The issues were wholly subscribed by the Bank.
- to deal with the financial problems of small municipalities, MPS Leasing&Factoring and the Tuscan Association of Small Towns signed a memorandum of understanding to develop an innovative technical instrument: "Leasing while Building".

Direct contributions to the community

Our [Policy of Social Involvement in Communities](#) is implemented through:

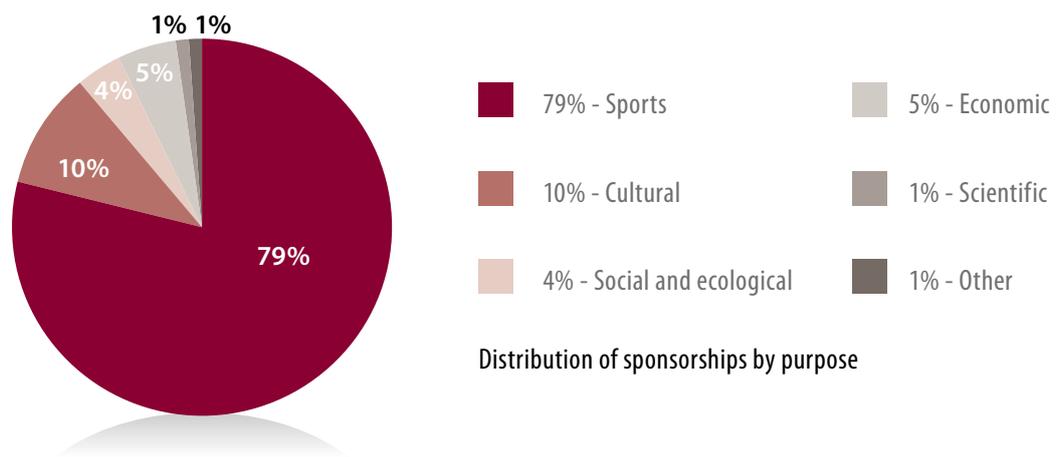
- contributions in the public interest or to charity. Namely generous economic contributions made at the proposal of the company's various bodies not for purposes of image, and programmes in favour of humanitarian and solidarity projects through fundraising supported by marketing activity;
- sponsorship of cultural, artistic, scientific and sports programmes, etc. They constitute a fundamental support for the Group's communication policies, capable of combining commercial objectives with social purposes.

This year our total contribution was more than 60 million Euros.

| DIRECT CONTRIBUTIONS TO THE COMMUNITY (thousands of Euros) | 2008 | On a comparable basis | | |
|--|--------|-----------------------|--------|--------|
| | | 2008 | 2007 | 2006 |
| Total contributions | 60,081 | 46,384 | 53,796 | 38,093 |
| <i>Sponsorships</i> | 46,015 | 36,807 | 39,698 | 26,516 |
| <i>Donations</i> | 8,769 | 5,806 | 7,691 | 7,660 |
| <i>Contributions to local government agencies as part of cash services</i> | 5,296 | 3,771 | 6,406 | 3,917 |

Specifically:

- **contributions amounted to 8.8 million** in favour of many organisations, many of them local, with cultural, scientific, health and humanitarian purposes
- the contributions made in combination with cash services, which we perform for many local government agencies, went to **many social causes, for a total of 5.3 million Euros**
- **“social sponsorships”** supported the activities of many non-profit organisations and minor-league and amateur sports



Special attention is paid to the world of children. The main projects we participate in include: the Olympics of the Heart and Operation Smile.

The Olimpiadi del Cuore is a sports event and show designed by TV journalist and MC Paolo Brosio, whose objective is to support organisations that aid children in difficulty, turning the funds collected over to them. This year 132,000 Euros was collected on behalf of the Meyer Paediatric Hospital, the Ibiscus League and other associations involved in treating children.

Operation Smile Italia is a non-profit established in Rome in 2000. It consists of physicians and volunteers who conduct humanitarian missions in 23 countries around the world, using reconstructive plastic surgery to correct serious facial malformations such as harelip, cleft palate, and the aftermath of burns and traumas.

The Bank supports this activity, turning over to the Foundation part of the cost of purchasing co-branded rechargeable credit cards and sponsoring various initiatives to advertise Operation Smile.

Other marketing projects combined with social goals

DIALOGOS - VOICES OF SOLIDARITY. A part of the ethical fund management fees of MP Asset Management is turned over to public-interest projects selected through a public call for tenders.

This year 150,000 Euros was distributed among these associations:

- **Chirurgo e Bambino**, a non-profit that works in Africa, for the purpose of identifying new skills in children and families to deal with the problems associated with disabilities, and also performs surgery where possible to reduce or resolve certain specific handicaps
- **Libera**, for the management of assets confiscated from the Mafia through the creation of a social cooperative that also allows job reinstatement for the unemployed
- **Renato Piatti Foundation**, for the design and construction of a therapeutic tub, and the training of an experimental group to identify techniques suitable for giving handicapped children an effective benefit
- **Comunità via Gaggio**, a non-profit for organising workers for small businesses to promote the hiring of foreign-born youths.

CIVITA. MP Asset Management normally turns over 50% of the commissions of the Ducato Etico Civita fund to the Civita organisation to support the protection and development of Italy's historic, artistic and environmental patrimony.

"ETHICAL" CARDS. The Group's banks have issued various co-branded rechargeable credit cards to promote the programmes of non-profit organisations. This year a part of the commissions was turned over to: Tutti i Cuori di Rossana, Associazione Tumori Toscana, Fondazione Mayer, Calcit, Operation Smile, LIPU and Lions, for a total of some 42,000 Euros.

The Bank supporting non-profits

In 2008 the Bank's branches collaborated in the **Fabbrica del Sorriso**, the well-known fundraising campaign promoted by the non-profit Mediafriends Foundation. At the branches there were T-shirts and "Fabbrica del Sorriso" gifts available to customers in return for donations. The corporate Call centre was also used to manage donations by credit card, and ample advertising space was allotted to spread the programme and invite people to donate even through our ATMs. The total amount collected for the Smile Factory was about 3 million Euros.

Over the Christmas season, the Bank promoted "**La solidarietà rende il Natale splendente**", which made it possible to allocate some 180,000 Euros to support 19 solidarity projects by organisations active in various Italian cities.

EC9 (ADD)

ANALYSIS OF THE MAIN
INDIRECT ECONOMIC
IMPACTS

Our services are important for the economy, growth in production, and consumption.

Our commitment is to ensure that our work has positive impacts for the Bank's value, the economy, the community, and the environment, all at the same time.

Contributing to sustainable development is a guiding criterion of our CSR policy, which we apply with financial solutions capable of serving the market's needs in a new way and meeting the interests of the community.

The areas of general interest, with an indirect economic impact, on which we focus our efforts include:

- financial inclusion for the more vulnerable segments of society (cf. [FS7](#))
- combatting climate change (cf. [FS8](#))
- sustainability of the supply chain (cf. [EC6](#) and [HR2](#))
- social involvement in communities (cf. [EC8](#)).

EN. Environmental Performance

DISCLOSURE ON MANAGEMENT APPROACH

We believe that careful consideration of our environmental impacts contributes to effectively managing our business, making it more sustainable and competitive.

The [Environmental Policy](#) involve the consumption of paper, energy and water, and the production of waste and polluting emissions.

Direct impacts involve the consumption of paper, energy and water, and the production of waste and polluting emissions.

Indirect impacts are attributable to customer and supplier activities:

- environmental risk of operations and activities financed (cf. [FS2](#))
- loans and other business solutions to promote economic and technological activities that are efficient from an environmental and energy standpoint (cf. [FS8](#))
- environmental rating of suppliers and the purchase of ecological products (cf. [EN26](#)).

We apply specific guidelines, operating according to ISO 14001 standard in approximately 60% of our activities (Banca Monte dei Paschi di Siena and MPS Capital Services):

- industry legislation is integrated into our audit procedures
- performances are checked regularly and are the basis for our improvement plans
- personnel training and involvement are important indicators. There is a dedicated area on the Intranet and an online course (mandatory for new hires) and news on the topic are communicated to everyone via the corporate newsletter and television. In addition, specialised courses are given for those in positions most interested in the operational aspects (some twenty people in the branches)
- the activity schedules and performances are discussed with the union organisations as part of the “Corporate Sustainability” Commission

Because of our good governance of environmental impacts to date, BMPS stock is included in the Ftse4Good Environmental Leaders, the London Stock Exchange and Financial Times index that lists the 40 European companies with the best performances.

The objectives and results achieved are summarised in the [2007-2009 CSR Plan](#).

MATERIALS

EN1

MATERIALS USED BY
WEIGHT OR VOLUME

Paper

Paper is the main material consumed by our business. The objective is to reduce the quantities used in order to save on administrative costs.

And to contribute to the environment, for which purpose, where possible, we also check on the conditions for using environmentally friendly paper.

The reduction in consumption is pursued through:

- a streamlining of procurement processes and internal use
- transfer of a part of internal communications and those with customers to e-format (in 2008, Internet Banking customers downloaded or viewed more than 2.2 million documents without the Bank having to reproduce them on paper for sending by mail)
- raising staff awareness

Environmentally friendly paper is used for printers and photocopiers (approximately 70% of the total), which is produced at ISO 14001-certified facilities.

As of 2009 the new supplier will also guarantee PEFC (Programme for Endorsement of Forest Certification schemes) certification, which indicates that the cellulose comes from sustainably managed forests.

This year consumption was particularly high, mainly to meet new requirements on banking transparency introduced by the European MIFID Directive, which made it necessary to reprint many contracts and other documents for customers.

| PAPER CONSUMPTION* | 2008 | On a comparable basis | | |
|--|-------|-----------------------|-------|-------|
| | | 2008 | 2007 | 2006 |
| Total paper (t) | 3,244 | 2,418 | 2,080 | 2,265 |
| Environmentally friendly paper (%) | 74 | 70 | 67 | 71 |
| Paper per employee (Kg) | 103 | 111 | 94 | 104 |
| A4 paper (sheets per employee per day) | 56 | 55 | 42 | 48 |

*Consumption estimated based on purchase orders

Other materials

This year 25,140 toner cartridges were consumed, about half of which were reconditioned by SIBAS, the Consortium promoted by the Bank in partnership with one of its technological service providers, Bassilichi S.p.A..

As of 2009, the office products catalogue will incorporate environmentally friendly criteria. The objective is to purchase high-quality environmental items, concentrating the sourcing on suppliers capable of handling large volumes, so as to overcome the price differential that currently characterises these types of products.

EN2
PERCENTAGE OF
MATERIALS USED THAT
ARE RECYCLED INPUT
MATERIALS

The main product made by recycling discarded materials is toner.

Since 2006 the cartridges used in most of our printers, once used up, are reconditioned and hence reused. The process is managed for all our offices in Italy by SIBAS, which collects the used cartridges through a network of local suppliers, then reconditions the product in its own plants which is then reused by the Bank.

This year, some 50% of the toner cartridges used were derived from the reconditioning process. As of 2009 this service will be extended to the Banca Antonveneta offices as well.

| TONER CONSUMPTION * | 2008 |
|---------------------|--------|
| Total | 25,140 |
| % of reuse | 50.6 |

* Figures referring to Banca Monte dei Paschi di Siena (including Banca Toscana and Banca Agricola Mantovana, today merged by incorporation)

ENERGY

EN3 –EN4
DIRECT AND INDIRECT
CONSUMPTION OF
ENERGY, BY SOURCE

Energy consumption represents a considerable cost for the Bank and for the environment.

This year we consumed 62,532 TEP (Equivalent Tons of Petroleum) for a total cost of 46.5 million Euros (3.5% of all administrative costs).

It is our objective to ensure the highest environmental quality and the maximum comfort in offices and branches open to the public, by adopting the best standards of light and AC output. When reorganising or upgrading older or less-served sites, pursuing this objective may not make it possible to obtain an immediate net reduction in consumption, even when operating with much better energy yields.

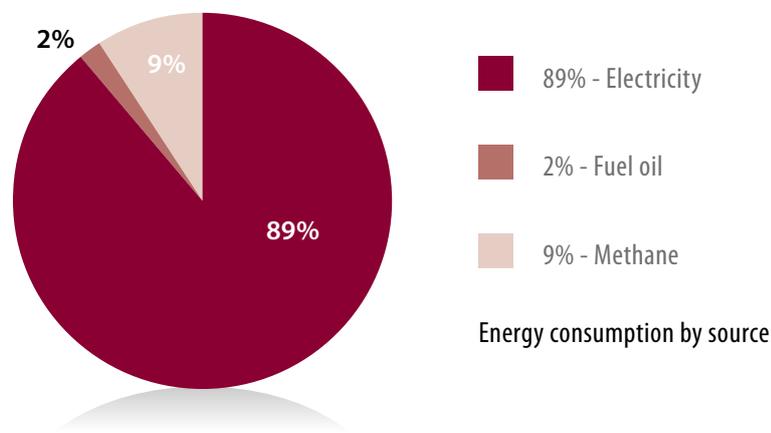
Analysis on a comparable basis shows a slight increase in average per capita consumption (1.86 TEP, +2.7% compared to 2007), partly attributable to the organisational work that was especially intense this year in order to quickly complete the integration of Banca Antonveneta and Banca Agricola Mantovana – some offices worked beyond regular hours, and energy consumption was certainly higher for this reason.

| ENERGY CONSUMPTION | 2008 | On a comparable basis | | |
|---------------------------------|-------------|-----------------------|-------------|-------------|
| | | 2008 | 2007 | 2006 |
| Electricity (kWh) | 231,037,674 | 151,846,855 | 149,160,568 | 148,387,318 |
| from renewable sources (%) | 64 | 96 | 96 | 94 |
| Electricity per employee (kWh) | 7,344 | 6,983 | 6,710 | 6,781 |
| Methane (m3) | 7,101,768 | 4,241,861 | 3,973,269 | 4,734,659 |
| Fuel oil (litres) | 1,084,681 | 622,647 | 667,428 | 1,094,778 |
| Total energy (TEP) | 62,532 | 40,472 | 40,295 | 40,565 |
| Total energy per employee (TEP) | 1.99 | 1.86 | 1.81 | 1.85 |

Consumption is monitored monthly to identify possible areas for improved efficiency. This year a new Energy Data Manager procedure was implemented that will make it possible over the years to accurately manage energy supplies, control their costs, hypothesise future scenarios and analyse the load curves for high-consumption sites.

Electricity accounts for 89% of total consumption.

It is purchased in large part on the free market through the Hydroenergy Consortium, which produces it at hydroelectric plants with good cost savings compared to the protected market, As of 2009 Banca Antonveneta will also transfer its supply contracts to the Hydroenergy Consortium, and this will make our rate of use of renewable-source energy substantially higher.



EN5 (ADD) ENERGY SAVED DUE TO CONSERVATION AND EFFICIENCY IMPROVEMENTS

Saving energy is our objective.

This year we did not achieve net energy savings (cf. [EN3](#), [EN4](#)).

Responsibility in this area is assigned to the Group's Paschi Gestioni Immobiliari company, where the Energy Manager works according to Law 10/91 to ensure a rational use of energy, achieve savings, and develop renewable sources.

The 2008 Plan involved:

- new branches and those being reorganised
- reorganisations of large buildings
- systems maintenance
- Information Systems .

New branches, reorganisations and moves have for some time being carried out using the "Model Service" model, which calls for high efficiency standards and the following guidelines:

- Identification of the dimensions and qualitative type of the premises
- Cost effectiveness in construction and maintenance

- Maximum attention to the problems of environmental impact and on containing energy consumption
- Check of the range of application of energy-savings legislation
- Evaluation of the works for possible improvements in energy performance of the building and its systems
- Evaluation of the type of system to be adopted
- Intelligent management of interior lighting, according to the criterion of "light where it is needed, when it is needed."

This year 37 branches were constructed according to this model.

In addition, **some large administrative centres were reorganised according to criteria of efficiency.**

Refurbishment and energy efficiency

Bari Administrative Centre

The building is on 11 floors, with glass walls and a gross area of more than 7,000 m².

For AC, 2 heating-cooling units were installed allowing simultaneous production of hot water and cooled air and the use of condensation heat to heat or dehumidify north-facing areas.

Given the local climate, this made it possible to avoid installation of a thermal plant, reducing consumption and the relative CO₂ emissions.

For the windows, a new generation of fixtures was installed that reduces heat dispersion to a minimum.

The building was also equipped with a sophisticated system that allows centralised management of interior lighting and the shielding of windows with awnings and other shading mechanisms; a special sensor located on the roof of the building measures the level of light and its direction, sends the information to a software that adjusts the intensity of the light in the various rooms according to the programmed settings. The objective is to use external light efficiently while achieving appreciable energy savings.

San Miniato Administrative Centre- Siena

The main characteristics of the work from an energy standpoint involve management of the lighting system, with light and motion sensors for work environments, and the use of high-efficiency lighting fixtures and latest-generation fluorescent bulbs that save on the order of 20%. The project also calls for covering the roof with a 40 kW photovoltaic array.

Banca Agricola Mantovana Historic Headquarters - Mantova

During structural consolidation work, a new glass roof for the salon was created; in addition to all the energy-efficiency devices, it includes a 15 kW photovoltaic array.

The new roof also collects rainwater in special tanks, and its reuse for cleaning the glass and for lowering the surface temperature of the photovoltaic panels make the system more performing.

Eco-sustainable branch of Castelnuovo Berardenga - Siena

In January 2009 work will begin on an eco-sustainable branch in the town of Castelnuovo Berardenga. In addition to the ordinary parameters of the "Model Service" model, the project features the following:

- room air conditioning with geothermal heat pump
- rainwater recovery for non-potable uses
- adoption of "light stacks" for natural room lighting with a consequent reduction in artificial light
- artificial lighting controlled and completely managed
- materials used evaluated with criteria of eco-compatibility, for the full life cycle.

Through ordinary maintenance, obsolete systems are progressively replaced with new-generation systems.

Projects in 2008:

- transformation of 19 fuel-oil systems to methane condensing boilers
- installation of 46 high-efficiency heat pumps for air conditioning
- replacement of 5 Air Treatment units with heat-recovery systems
- replacement of numerous inefficient fan coils.

Computer management applies various measurements for containing electricity consumption:

- energy yields are an important criterion in deciding to purchase new systems
- management of the systems' standby status
- use of software and infrastructures that allow more efficient management of servers.

Projects in 2008:

- in evaluating the total cost of the new systems, electrical absorption for at least 4 years was also taken into account. Analyses show that high-efficiency personal computers allow savings of about 15 Watts compared to average models; with 34,000 computers in service as at the Bank, the savings to be achieved over the next four years is more than 9 million kWh in all, equal to about 1.6 million Euros
- 2,100 servers were replaced in the branches with Fujitsu Primergy TS120 – the winner of the EcoHighTech Award. Total savings over the next four years is estimated at about 3.3 million kWh, equal to about 550,000 Euros
- As part of the Ghio Project, which is intended to better manage electrical absorption by personal computers, we completed replacement of all obsolete machines that did not allow energy management when on standby. At present all workstations are centrally controlled for deactivation and turn-on
- at the Siene and Florence data processing centres, where some 2,000 servers are active, a specific software is used that concentrates processing on large-dimension machines, avoiding the installation of new servers and consequently saving energy

- adoption of the GRID (Gestione delle Risorse Distribuite – Distributed Resources Management) infrastructure, which manages parallel processing on servers momentarily not in use, avoiding the purchase of more processors.

EN6 (ADD)

INITIATIVES TO PROVIDE ENERGY-EFFICIENT OR RENEWABLE ENERGY BASED PRODUCTS AND SERVICES, AND REDUCTIONS IN ENERGY REQUIREMENTS AS A RESULT OF THESE INITIATIVES

We support the spread of renewable energies and investments by our customers in energy-efficiency projects.

Our first experiences date from 2002 with BancaVerde, a bank specialising in products and services for the environment, which today is included in MPS Capital Services.

The Group's current offer is included in the Welcome Energy line, which we offer to companies, government agencies and retail customers. There are various opportunities for customers: from the long-term mortgage to the personal loan, leases and auxiliary products, such as an insurance policy that covers any material damages to the systems financed.

Additional facilities for customers are possible under agreements with primary operators in the sector, who handle the turnkey delivery of the systems financed.

This year, other measures involved:

- combating climate change with efforts in Project Financing, Commercial Banking and Investment Banking (Cf. [FS8](#))
- the education of customers/consumer with the publication of 65,000 copies of an informational guide on specific government incentives. The guide was created in cooperation with the consumer advocacy groups participating in the Consumer Lab and with the sponsorship of ENEA and the Electrical Services Operator
- progressive spread of the use of direct banking channels by customers. This allows secure transactions with no need to stand in line, with consequent benefits for the environment as well. More than one million customers have made this choice. Frequent users (+37%) and transactions (+20%) are both increasing.

EN7 (ADD)

INITIATIVES TO REDUCE INDIRECT ENERGY CONSUMPTION AND REDUCTIONS ACHIEVED

Considerable energy consumption is associated with activities that are only partly controlled directly by the Bank. Our commitment is to limit these impacts.

We do not have a systematic evaluation of the energy savings to which we contribute.

Our attention is focused on:

■ business mobility, for staff training and commuting

We have identified a "**Mobility Manager**" position which will be operational as of 2009, with the objective of seeking effective solutions for more sustainable home-work mobility for personnel. MPS Capital Services already has such measures in place for its employees: an "ecological" contribution of up to 350 Euros is granted for the purchase of bicycles, electric

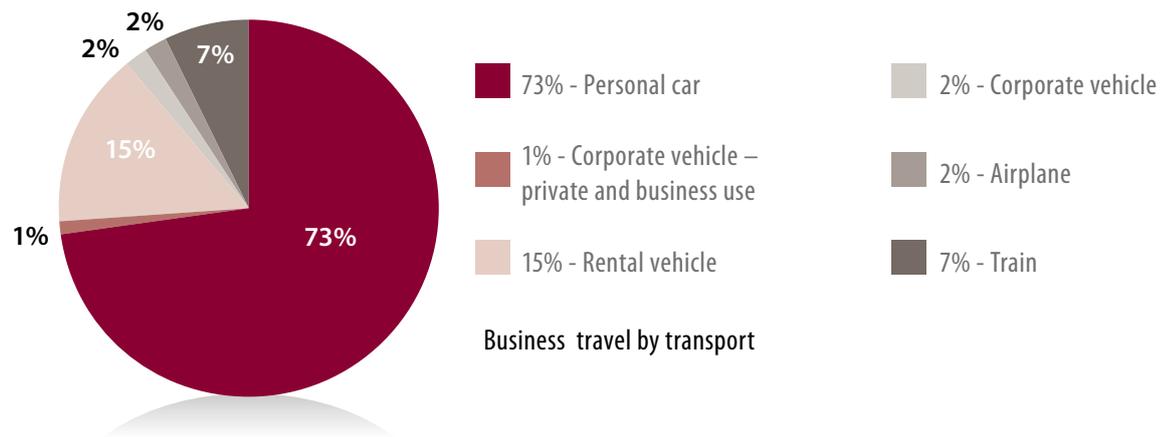
Environmental Performance

automobiles, subscriptions for public transit, and as of this year for the replacement of boilers and household appliances with more energy-efficient models (about 42,000 Euros issued this year to 67 people).

Travel for work and training is regulated so as to minimise the use of private cars in favour of public transit or corporate or rental cars, which perform better in terms of consumption and emissions.

This year the Bank's employees made some 172,000 work-related trips. With a new information system, it will be possible to analyse, more precisely and for all of the Group's companies, the distance travelled per means used, and to identify additional areas for improvement.

The amount of training given online is increasing (by 28% in 2008) and more and more meetings are being held by video- and teleconferencing. In particular, our premises have 132 videoconferencing systems which this year were used more than 7,000 times.



■ transport for supplies of goods and services

Supplies of consumables to our operations centres – especially paper and office supplies – are made locally without first going through a central warehouse.

Internal correspondence is primarily electronic. Otherwise we make use of an internal courier service, for which we are checking into the possibility of gradually replacing the vehicles currently in use with others having a greater yield and less environmental impact. We are also studying optimisation of **securities transport** with positive fallout for consumption and the associated pollutant emissions.

■ customers' travel to access bank services

we are promoting the use of our direct banking channels by customers (the "Infinity – the bank without limits" platform). This enables customers to reduce the need to travel to conduct many of the typically bank transactions. More than one million customers have made this choice.

WATER

EN8

TOTAL WATER
WITHDRAWAL BY
SOURCE

We use water primarily for health-sanitary purposes and only minimally for the operation and cooling of air conditioning plants.

The water is supplied primarily by aqueduct. There are only a few wells in use to cool systems and water green areas next to our buildings.

Consumption is based on the annual costs incurred.

| WATER CONSUMPTION | 2008* | On a comparable basis** | | |
|-----------------------------------|---------|-------------------------|---------|---------|
| | | 2008 | 2007 | 2006 |
| Total water (m ³) | 957,395 | 451,292 | 475,213 | 543,407 |
| Water per capita per day (litres) | 123 | 96 | 95 | 111 |

*The figures do not include Consum.it

** The figures do not include the Consorzio Operativo

EN9 (ADD)

WATER SOURCES
SIGNIFICANTLY
AFFECTED BY
WITHDRAWAL OF WATER

This indicator is not considered relevant to our business.

EN10 (ADD)

PERCENTAGE AND
TOTAL VOLUME OF
WATER RECYCLED
AND REUSED

This indicator is not considered relevant to our business.

BIODIVERSITY

EN11

LOCATION AND SIZE
OF LANDS OWNED,
LEASED OR MANAGED IN
PROTECTED AREAS OR
THOSE WITH HIGH
BIODIVERSITY

The Group owns some farmlands located in Liguria and Tuscany for approximately 1,150 hectares in areas with significant landscapes but which are not classified as protected.

EN12

IMPACTS OF ACTIVITIES
PRODUCTS AND
SERVICES ON
BIODIVERSITY

The Group does not directly operate in protected areas or those with high biodiversity.

For information on other indirect environmental impacts associated with the business, see [FS1](#) and [FS2](#).

EN13 (ADD)

PROTECTED AND
RESTORED HABITATS

This indicator is not considered relevant to our business.

EN14 (ADD)

STRATEGIES, ACTIONS
TAKEN, FUTURE PLANS
FOR MANAGING
IMPACTS ON
BIODIVERSITY

This indicator is not considered relevant to our business.

EN15 (ADD)

PROTECTED SPECIES
IN AREAS WHERE THE
ORGANISATION
OPERATES

This indicator is not considered relevant to our business.

EMISSIONS, EFFLUENTS AND WASTE

EN16

TOTAL DIRECT AND
INDIRECT GREENHOUSE
GAS EMISSIONS
BY WEIGHT

Our greenhouse gas emissions consist mainly of carbon dioxide (CO₂).

We are aware of the relative impacts on climate and it is our objective to reduce them. As of 2009 this objective will be pursued through a specific [Policy](#).

The emissions originate directly from the production of energy to heat our buildings (**Scope 1**); indirectly and hence only partly attributable to the Bank and under its control:

- emissions from the plants from which we purchase electricity (**Scope 2**). Most of the electricity supply contracts are currently managed through the Consorzio Idroenergia which supplies power from hydroelectric plants. As of 2009 the buildings of Banca Antonveneta will also be using this system, which will confirm our high rate of use of electricity from renewable sources and the limited levels of CO₂ emissions.
- emissions associated with job-related travel by employees and transport of supplies (**Scope 3**). At the present time, it is possible to directly quantify the emissions caused by employee car travel and to estimate those produced in air travel (168.4 tonnes) and rail travel (176.2 tonnes). For this latter calculation – related to Banca Monte dei Paschi di Siena for 2008 only – we took into account the average trip length (300 km by train and 500 km

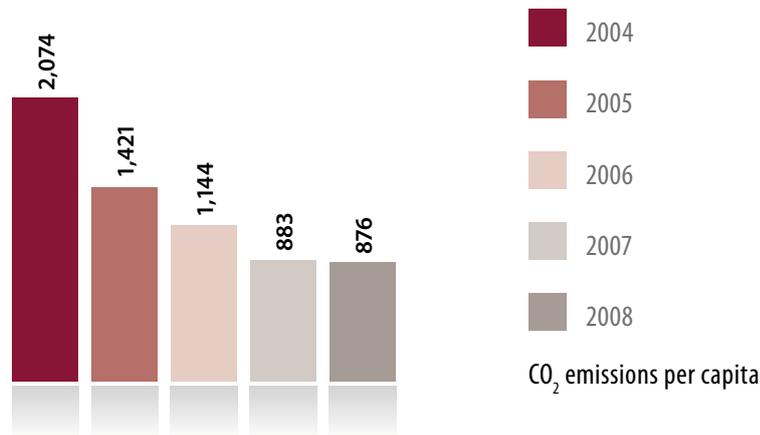
Environmental Performance

by air) and the emissions factors suggested by Ferrovie dello Stato (0.044 kg/km for the train and 0.14 kg/km for the plane).

| GREENHOUSE GAS EMISSIONS | 2008 | On a comparable basis | | |
|---|--------|-----------------------|--------|--------|
| | | 2008 | 2007 | 2006 |
| CO ₂ emissions (t) | 58,437 | 19,050 | 19,629 | 25,037 |
| CO ₂ emissions Scope 1 (t)* | 19,451 | 11,750 | 11,376 | 14,102 |
| CO ₂ emissions Scope 2 (t)* | 32,172 | 2,526 | 2,840 | 4,599 |
| CO ₂ emissions Scope 3 (t)* | 6,814 | 4,774 | 5,414 | 6,336 |
| CO ₂ emissions per capita (kg) | 1,858 | 876 | 883 | 1,144 |

* according to the GHG-Protocol definition, the international standard developed by the World Business Council for Sustainable Development and the World Resources Institute for calculating and reporting greenhouse gas emissions.

The emission coefficients are taken from the specific guidelines of the Environment Ministry (DEC/RAS/854/05), emission factor database www.sinanet.apat.it and ENEL Environmental Report 2007.



EN17 TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

There are no other significant greenhouse gas emissions.

EN18 (ADD) INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND RESULTS ACHIEVED

Analysis of the “comparable basis” data (with the 2008 values that do not include Banca Antonveneta and other companies which in previous years did not participate in the environmental reporting - Biver Banca, Consum.it and Banca Personale) confirms the downward trend in total and per capita emissions, 2.9% and 0.8% respectively. This is mainly due to a reduction in the length of work-related automobile trips (from 39.9 million in 2007 to 36.3 million in 2008) and, to a lesser extent, to the energy efficiency programmes for buildings and computer systems (cf. [EN5](#)).

EN19
EMISSIONS OF OZONE-
DEPLETING SUBSTANCES

In keeping with legislation (Regulation CE 2037/2000) we are planning a progressive elimination of refrigerant gases (R22) used heretofore in some of our plants. At present we have 1,094 systems using R22. Of these, about half contain less than 3 kg each. A system is in place that monitors the systems and their proper operation that includes: periodic checks of the maintenance firms, reporting by branches on possible breakdowns, periodic on-site inspections by technicians from Paschi Gestioni Immobiliari. The system has not found any anomalous emission by the systems.

EN20
OTHER SIGNIFICANT AIR
EMISSIONS

Air conditioning systems and the use of transport vehicles (for now we are able to monitor road transport) produce additional polluting emissions: in particular, nitrogen oxides (NOx) and sulphur oxides (SOx), which are the cause of urban smog and acid rain.

| OTHER EMISSIONS | 2008 | On a comparable basis | | |
|---|------|-----------------------|------|------|
| | | 2008 | 2007 | 2006 |
| NO _x emissions (t) | 94.5 | 42.5 | 46.3 | 56.7 |
| NO _x emissions per capita (kg) | 3.0 | 2.0 | 2.1 | 2.6 |
| SO ₂ emissions (t) | 50.1 | 7.4 | 9.5 | 14.7 |
| SO ₂ emissions per capita (Kg) | 1.6 | 0.3 | 0.4 | 0.7 |

The emissions coefficients are taken from the emission factors database www.sinanet.apat.it

EN21
WATER DISCHARGES

The Bank's business produces wastewater that in terms of quality is similar to that from homes and hence goes into urban sewerage systems.

EN22
WASTE PRODUCTION
AND DISPOSAL

Most of the waste produced is wastepaper.

Increasingly, this waste is subjected to selective collection (in some cases plastic and glass as well) and turned over to the local operators of the waste management service; we intend to apply this method to all our sites, with the involvement of the cleaning services suppliers.

A significant quantity of wastepaper is produced by document files, kept for processing personal data as required by law. This is managed as special waste, disposed of in "controlled" fashion and recycled in paper mills.

Other waste produced by the Bank includes used toner cartridges (which are for the most part reconditioned in a "closed cycle") and obsolete electronic equipment.

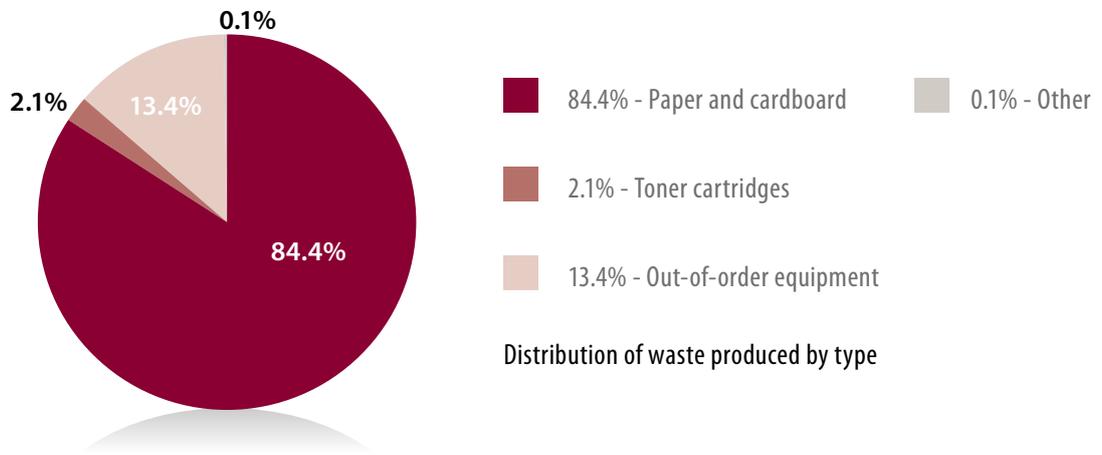
Environmental Performance

An analysis “on a comparable basis” shows an appreciable increase in waste production due to extraordinary operations aimed at streamlining the files and the conversion of premises formerly used as warehouse and for other purposes.

| WASTE PRODUCTION | 2008 | On a comparable basis | | |
|-----------------------------|-----------|-----------------------|-----------|-----------|
| | | 2008 | 2007* | 2006* |
| Total waste (kg) | 3,624,245 | 1,883,005 | 1,199,128 | 1,337,199 |
| Waste per capita (kg) | 134 | 102 | 61 | 69 |
| Waste sent for recovery (%) | 84.7 | 75.7 | 86.2 | 80.2 |

Figures “on a comparable basis” refer to Banca Monte dei Paschi di Siena (including Banca Toscana and Banca Agricola Mantovana, today merged by incorporation) The new scope also includes Banca Antonveneta

*Figures recalculated to take into account waste produced in the streamlining of files, not considered previously



EN23

TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

This indicator is not considered relevant to our business.

EN24 (ADD)

WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

Our business ordinarily does not produce hazardous waste. This year there was an extraordinary disposal of 2,442 kg of fluorescent tubes that were no longer functioning and replaced during remodelling. They were given to firms authorised in Italy for disposal.

EN25 (ADD)

IMPACTS OF WATER DISCHARGES ON AQUATIC FLORA AND FAUNA

This indicator is not considered relevant to our business.

PRODUCTS AND SERVICES

EN26
INITIATIVES TO
MITIGATE THE
ENVIRONMENTAL
IMPACTS OF PRODUCTS
AND SERVICES

Indirect environmental impacts are attributable to customer and supplier activities:

- environmental risk of operations and activities financed (cf. [FS2](#))
- loans and other business solutions to promote economic and technological activities that are efficient from an environmental and energy standpoint (cf. [FS8](#))
- the use of direct banking channels (web and telephone) by customers as a method of service complementary or alternative to the branch
- **environmental rating of suppliers and the purchase of ecological products.**

In relation to this last point, registered suppliers (about 33% of purchases) are rated during acceptance and review in environmental terms as well. The evaluation includes:

- checking whether they hold an environmental process certification (ISO 14001 or EMAS)
- an examination of the requirements of environmental compatibility of the activities performed based on information released by the supplier through a special questionnaire regarding: policy, organisation, procedures and tools likely to ensure proper and effective management of the supplier's impacts.

This leads to a score of from 0 to 6, the minimum accepted value being 3. At 31.12.2008, the average environmental rating of the suppliers is 3.9.

| ENVIRONMENTAL RATING OF SUPPLIERS | 2008 | 2007 | 2006 |
|-----------------------------------|------|------|------|
| ISO 14001 or EMAS certified | 50 | 42 | 37 |
| Percentage of invoiced amount (%) | 22.4 | 16.7 | 17.7 |
| Average environmental rating | 3.9 | 3.7 | 3.8 |

In terms of products, this year we undertook an analysis of all current categories of goods to determine the relative environmental impacts that need to be responded to, introducing specific provisions in the area of certain important projects and tenders, such as:

- the supply of meal vouchers - the environmental impacts of producing the tickets have been evaluated
- the purchase of office products, with the creation of an eco-compatible price list;
- workplace cleaning services - the new agreements commit the supplier among other things to cooperate in selective collecting of paper, plastics and other urban waste;
- management of the corporate auto pool and business mobility - current levels of consumption have been checked and possible measures for improvement identified (use of smaller vehicles, models with lower emissions, more eco-sustainable management of work missions, etc.).

We are implementing a new [Policy on Sustainability in Supply Chain](#) that calls for:

- training for the staff involved
- specific discussions with suppliers

- application of criteria of exclusion and environmental and social preference in assessing the supplies
- monitoring of actual compliance with contractual requirements
- monitoring of performances and benchmark analysis.

The new policy will be operational in 2009. Its implementation is being overseen by the head of the Bank's Costs and Logistics Area who is also the founder of the non-profit "Procurement and Sustainability" organisation (www.acquistiesostenibilita.org).

EN27
RECYCLING OF
PRODUCTS SOLD AND
THEIR PACKAGING

This indicator is not considered relevant to our business.

COMPLIANCE

EN28
MONETARY VALUE OF
SIGNIFICANT FINES AND
NON-MONETARY SANCTIONS
FOR FAILURE TO COMPLY
WITH ENVIRONMENTAL
STANDARDS

This year we did not receive any significant fines or sanctions for failure to comply with environmental legislation.

TRANSPORT

EN29 (ADD)
SIGNIFICANT ENVIRONMENTAL
IMPACTS OF THE TRANSPORT
OF PRODUCTS AND GOODS/
MATERIALS USED FOR THE
BUSINESS AND FOR MOVING
PERSONNEL

Cf. [EN7](#) and [EN16](#).

OVERALL

EN30 (ADD)
EXPENDITURES AND
INVESTMENTS FOR
ENVIRONMENTAL
PROTECTION

At present we do not have a precise and overall quantification of expenditures and investments in the environmental field.

LA. Labor Practices and Decent Work

We are committed to ensuring safe, wholesome and satisfying work conditions and environments where employees are treated fairly and with respect, supported in their professional development and rewarded for good performances.

DISCLOSURE ON MANAGEMENT APPROACH

Strategies to develop human resources involve implementation of the new System, started in 2007, which is based on differentiated planning approaches and instruments for families and professional communities.

The System, focusing on the characteristics of individuals so as to develop their potentials in a setting that balances corporate requirements (current and prospective) and individual aspirations, works by:

- **raising the levels of professionalism of front-line resources**, with specific reference to the ability to manage the relationship with the customer and to a proactive approach to the customer
- **ensuring the best coverage of critical roles for the businesses**, through professional, training and career approaches, with specific attention to young people
- **formulating plans for the constant development and renewal of management**, starting with the formulation of a new model of behaviours functional to achieving the objectives of the [2008-2011 Business Plan](#) and with a complete systematic mapping of managerial qualities
- **implementing specific reorientation and retraining programmes for resources “freed up” by the reorganisation projects**, to further improve the relationship between front-office and back-office roles.

Training and skills management support these lines of development (cf. [LA10](#)).

They are also central in promoting employee participation in corporate objectives and their work motivation/satisfaction, **industrial relations** (cf. [LA4](#)) and **internal communication**.

The objective of **internal communication** is to ensure at all levels a prompt availability and a constant updating of information useful to the business. Various instruments have been prepared that allow sharing and socialisation of corporate events and promote effective synergies and collaboration among the various parts of the Bank.

The corporate Intranet also makes it possible to present internal rules, Group directives, corporate regulations, etc., as well as a bulletin board containing useful messages for performing one's own duties.

EMPLOYEMENT

Being aware of the influence that a good corporate climate has on the firm's productivity and competitiveness, we are strongly committed, including through constant dialogue with the union organisations, to ensure that the operational and relational context in which work processes are pursued is as positive as possible, through opportunities for constructive dialogue with employees, listening to their aspirations and motivations, and the enhancement of fundamental qualities in the work environment such as trust, respect, probity and fairness.

One of the corporate tools that allows direct dialogue between the company and its employees is the **PaschiRisorse human resources development and management system**, which in a dynamic and constantly evolving way surveys distinctive job skills and checks levels of adequacy of individuals with respect to the established job descriptions by means of a special form turned over to the employee by his/her direct superior in a face-to-face meeting. The form highlights the professional expectations of each employee and his/her comments regarding the set of skills possessed and the relative path for development suggested by the manager.

LA1
TOTAL WORKFORCE BY
EMPLOYMENT TYPE,
EMPLOYEMENT
CONTRACT AND REGION

The Group has **32,867** people in its **effective workforce** (32,951 on payroll), against the **acquisitions of BiverBanca and Banca Antonveneta** last year, with a **drop of 1,321 units** compared to the base line of the 2008-2011 Business Plan.

This decrease, accompanied by a significant internal restructuring in favour of the commercial network, can be attributed to the following measures:

- **substantial departures of high-level senior personnel** (1,119 of the total 1,811 terminations) achieved by implementing the "technical mechanisms" of Encouraged Departure and the Solidarity Fund
- **new hires** (707) of high-potential young people, most of whom when **into the Network** (78%)
- **placement in the branches of 700 resources** from the central offices against the "**freeing up**" generated by the processes of merger by incorporation of **Banca Agricola Mantovana and Banca Antonveneta** into Banca Monte dei Paschi di Siena The necessary vocational readjustments were achieved through specific retraining courses, individually structured around sequences of operational and training experiences.
- **asset disposal** for **217** people (departure from the Group's consolidation perimeter of Intermonte Sim, MP Asset Management and other lesser companies.

The percentage of front-office resources out of the total was therefore 64.2%, compared to 62.5% in late 2007 and 67% called for at the end of the Plan.

Average age is 42.8, in line with industry figures¹ (42.5).

¹ "2008 Report on the job market in the financial industry- Compensation and labour costs in Italian and European banks", *Rapporti ABI, Bancaria Editrice*.

Labor Practices and Decent Work

The percentage of female personnel is growing steadily, to 43.2% (it was 42.8% at the end of 2007, whereas the industry figure is 39%), as is the percentage of employees who are university graduates (30.8%; it was 28.8% at the end of 2007, whereas the system figure is 30.2%).

| PERSONNEL NUMBERS AND REGIONAL DISTRIBUTION | 2008 | 2007 | 2006 |
|---|--------|--------|--------|
| Payroll | 32,951 | 24,167 | 24,348 |
| Actual workforce | 32,867 | 24,109 | 24,262 |
| <i>Italy</i> | 32,282 | 23,513 | 23,670 |
| <i>Abroad</i> | 585 | 596 | 592 |

| EMPLOYMENT TYPES | 2008 | 2007 | 2006 |
|------------------------------------|-------|-------|-------|
| Open-ended contracts (%) | 97.1% | 96.8% | 97.0% |
| Other contracts (%) ^(*) | 2.9% | 3.2% | 3.0% |
| Part time (n.) | 2.212 | 1.515 | 1.513 |

^{*} Job training, full-time employment, professional training apprenticeships, fixed-term

| COMPOSITION (VALUES EXPRESSED IN %) | 2008 | 2007 | 2006 |
|-------------------------------------|------|------|------|
| Grades | | | |
| Executives | 1.8 | 1.9 | 2.2 |
| Administrative | 33.7 | 29.1 | 28.2 |
| Professional areas | 64.5 | 68.9 | 69.7 |
| Age brackets | | | |
| 00-30 | 12.1 | 13.8 | 14.1 |
| 31-40 | 28.2 | 30.4 | 31.2 |
| 41-50 | 33.7 | 33.5 | 33.8 |
| Over 50 years. | 26.0 | 22.4 | 20.9 |
| Length of service | | | |
| 00-10 | 54.7 | 39.9 | 38.3 |
| 11-20 | 17.8 | 25.8 | 28.5 |
| 21-30 | 17.1 | 21.9 | 22.9 |
| Over 30 years. | 10.4 | 12.5 | 10.3 |
| Education level | | | |
| University graduate | 30.8 | 28.8 | 27.5 |
| High school graduate | 61.4 | 64.4 | 64.9 |
| Other | 7.8 | 6.8 | 8.3 |

Note

The Group operates overwhelmingly in Italy (98.2%). Since there are no substantial differences among the various regions in social and economic terms, we do not consider it significant to monitor data indicating the distribution of personnel in Italy, which moreover mirrors the regional distribution of the branches (cf. 2.1)

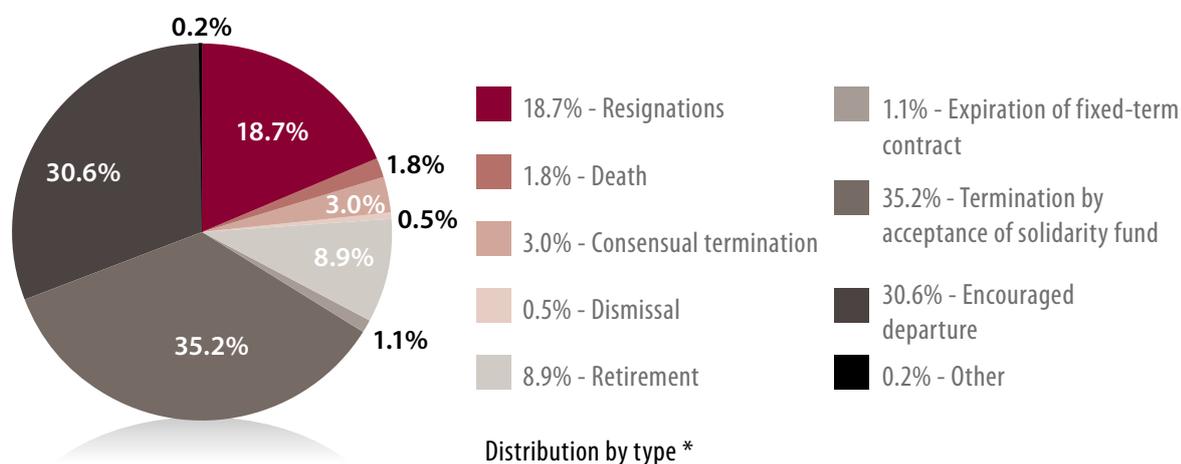
Labor Practices and Decent Work

LA2

TOTAL NUMBER AND
RATE OF EMPLOYEE
TURNOVER BY AGE
GROUP, GENDER
AND REGION

Voluntary resignations during the year numbered 313, with a turnover that remains low (0.97%) although up slightly compared to 2007 (0.88%).

| HIRES AND TERMINATIONS* | 2008 | 2007 | 2006 |
|-------------------------|-------|------|------|
| Hires | 707 | 806 | 887 |
| Terminations | 1,811 | 980 | 971 |



* Excluding changes in perimeter, sale of division, transfers to other companies in the Group.

| TURNOVER (%)** | 2008 | 2007 | 2006 |
|-----------------------|---------|------|------|
| General | 0.97 | 0.88 | 0.90 |
| By grade level | | | |
| Managers | 2.77 ** | 0.86 | n.a. |
| Administrative | 1.38 | 1.07 | n.a. |
| Professional areas | 0.70 | 0.80 | n.a. |
| By sex | | | |
| Men | 1.15 | 1.00 | n.a. |
| Women | 0.72 | 0.70 | n.a. |
| By age | | | |
| Up to age 30 | 1.94 | n.a. | n.a. |
| 31 to 40 | 1.34 | n.a. | n.a. |
| 41 to 50 | 0.81 | n.a. | n.a. |
| Over age 50 | 0.43 | n.a. | n.a. |

* Ratio of voluntary resignations to total workforce.

** The 2008 is affected by the departure of managers from Banca Antonveneta

Note

The Group operates overwhelmingly in Italy (98.2%). Since there are no substantial differences among the various regions in social and economic terms, we do not consider it significant to monitor data indicating the distribution of personnel turnover

LA3 (ADD)
BENEFITS PROVIDED
TO FULL-TIME TIME
EMPLOYEES THAT ARE
NOT PROVIDED TO
TEMPORARY OR PART-
TIME EMPLOYEES

Average compensation levels for Group personnel are in line with those in the industry; the 2008 reduction in personnel costs in fact reflects the structural effects of the staff reorganisation efforts implemented beginning in the previous year, with the departure of very senior, high-level resources, which was compensated by the hiring of high-potential young people, which led to a slight reduction in average compensation in the professional areas and for management staff.

| AVERAGE GROSS ANNUAL COMPENSATION (Euros) | 2008 | 2007 | 2006 |
|---|---------|---------|---------|
| Executives | 129,210 | 116,381 | 109,117 |
| Administrative | 54,124 | 50,370 | 50,715 |
| Professional areas | 35,942 | 32,005 | 32,116 |

Total Annual Compensation (TAC) consists of the fixed part (GAC - Gross Annual Compensation) and the "incentive" (APB – Annual Performance Bonus) and "productivity" (APV) variables.

According to contractual provisions, the **APB** is determined by an incentive system based on the correlation between level/weight of the position held, results achieved and individual bonus, aimed at raising the motivation level of personnel and involving them in corporate objectives and strategies. In particular, each year during programming the objectives forms are made out, containing the expected performance levels and indicators, weighted according to responsibilities and managerial options available at the various organisational levels. The objectives also include general qualitative factors involving the relationship with customers (in terms of loyalty, development and customer satisfaction) and/or the implementation of strategic projects called for by the Group's industrial planning, so that the medium- and long-term vision becomes important.

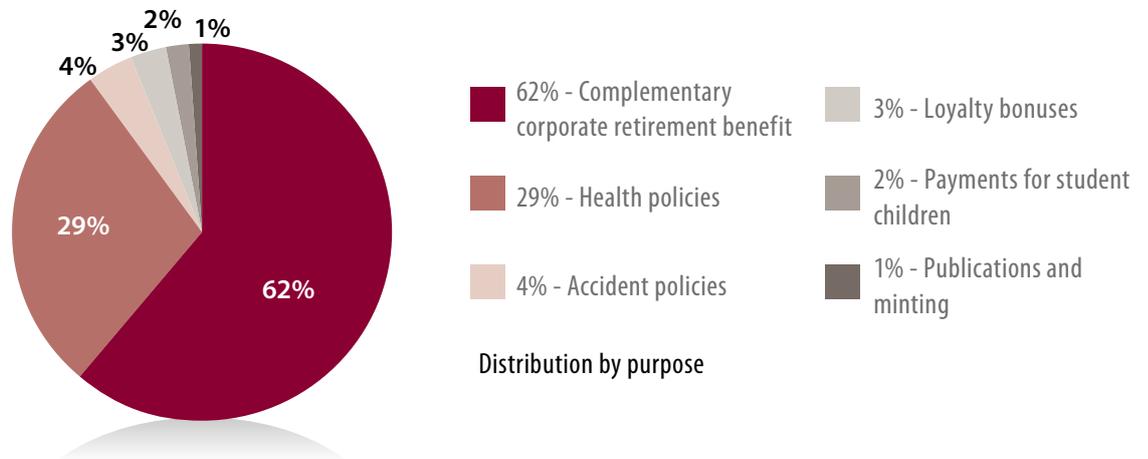
The APB for 2008 is currently being paid out.

| VARIABLE COMPONENT (% on total annual compensation) | 2008 | 2007 | 2006 |
|---|------|------|------|
| Executives | 26.1 | 30.0 | 25.1 |
| Administrative | 7.3 | 9.2 | 8.9 |
| Professional areas | 5.0 | 4.4 | 4.1 |

With reference to the **APV**, in 2008 almost 22 million ordinary shares of Banca Monte dei Paschi di Siena were assigned free of charge. This component is provided for most of the Group's companies.

Other contributions totalling some 70.5 million are given to employees primarily for supplemental pensions and health care coverage (supplemented this year with the Long Term Care policy - as expressly called for by contract in anticipation of the provisions in the agreement to renew the national collective bargaining contract (CCNL) that ensures an annuity in the event of permanent loss of self-sufficiency in carrying out basic acts of everyday life).

| SUPPLEMENTAL CONTRIBUTIONS | 2008 | 2007 | 2006 |
|----------------------------|------------|------------|------------|
| Amounts (euro) | 70,422,198 | 50,929,978 | 46,854,241 |



Employees with a fixed-term contract or part-time contract are given the same benefits provided for employees with open-ended and full-time contracts.

For part-time contract employees, the benefits attached to compensation are generally proportional to the hours worked.

SOCIAL PROJECTS

The company participates significant in employees' complementary social security and health-care expenses and, in order to provide moral and material aid to employees and their families, the Group's larger entities provide their grants, loans and other types of assistance (grants to handicapped children, workers and their student children, etc.).

An essential part of this work is the **Mutual Assistance Fund**, established in Banca Monte dei Paschi di Siena and Banca Toscana at the initiative of some employees who, with support from the banks (in 2008 corporate contributions amounted to € 5,428,804) and voluntary payments from members, make important contributions to protect health (advances for dental care, hearing aids, purchase lenses and other health issues) and the family (wedding costs, grants to handicapped children, birth and adoption of children, scholarships, high school diplomas and university degrees, etc.).

Support is also given to employee social and solidarity organisations.

The Group's **63 recreational clubs**, created to promote socialisation among personnel, provide social services, for educational recreation, promotion of cultural, artistic, sports and tourism activities, have approximately 16,700 members. This year the Group's companies **contributed** almost **590,000 Euros** in all.

LABOR RELATIONS

Dialogue with the union organisations occurs in a climate inspired by principles of probity, respect, transparency and a sense of responsibility for achieving overall results.

| EMPLOYEES REGISTERED WITH THE UNIONS | 2008 | 2007 | 2006 |
|--------------------------------------|--------|--------|--------|
| Employees registered | 27,538 | 20,250 | 19,778 |

This dialogue also occurs within various joint bodies, with special attention to the following topics: employment quality, professional development (with primary attention on equal opportunity, the internal climate and career paths), workplace safety and environmental impacts of activities (in 2008 the Joint Commission and the Corporate Monitoring Centre met one time each. No critical issues were noted at these meetings.)

During the year, in particular, industrial relations were characterised by a period of ongoing discussion of the implementation of concentration projects in the 2008-11 Industrial Plan, i.e.:

- merger by **incorporation of Banca Agricola Mantovana** into Banca Monte dei Paschi di Siena
- bestowal of a company division by Banca Agricola Mantovana on Banca Antonveneta
- merger by **incorporation of Banca Antonveneta** into Banca Monte dei Paschi di Siena and simultaneous bestowal of a company division into the “new” Banca Antonveneta
- sale of a division by ABN AMRO Asset Management SGR to Banca Monte dei Paschi di Siena.

For all these measures, the dialogue concluded with the signing of specific agreements making it possible to achieve, among other things, objectives of efficiency and development of professional skills, ensuring that resources receive uniform treatment by means of constant “listening” to their needs. These understandings also called for a necessary phase of harmonisation of the various corporate contractual arrangements.

These reorganisation projects led to a strengthening and rationalising of the distribution network in quantitative and qualitative terms, and reorganisation of the centre of governance, with a consequent streamlining of the central offices, with obvious consequences for personnel.

In implementation of the specific contractual provisions in this regard, and with reference to the Parent Company, dialogue continued on the “Work Organisation Protocol” signed with the unions on 21 November 2002, on the reorganisation/restructuring projects envisioned by the Group’s Industrial Plan and on the relative personnel policies.

In particular, an agreement was reached on reorganisation of the Banca Monte dei Paschi di Siena’s central structures (parent company and the branch administrative office), which allowed the implementation of organisational and commercial solutions that initially

favoured operational continuity to promote the integration of the networks of commercial banks, and subsequently made it possible to implement the final set-up described in the corporate rules and regulations.

The reorganisation of the commercial network was also the subject of a signed union agreement on the creation of the new Emilia Romagna Regional Area.

LA4

PERCENTAGE OF

EMPLOYEES COVERED BY

COLLECTIVE BARGAINING

AGREEMENTS

All employees are covered by national collective bargaining contracts.

Employment is normally open-ended (97.1%) and favours selection of a full-time schedule (93.2%).

Young people were put into service through special selection procedures, mainly using the **professional training apprenticeship** contract pursuant to Legislative Decree 276/03.

| OVERTIME (hours) | 2008* | 2007 | 2006 |
|-------------------|-----------|---------|---------|
| Year total | 1.429.240 | 666.296 | 755.644 |
| Weekly average | 27.485 | 12.813 | 14.532 |
| Annual per capita | 68 | 59 | 64 |

* The increase is mainly due to organizational work for the integration of Banca Agricola Mantovana and Banca Antonveneta.

The labour contract means that in performing their duties personnel are required to meet their duties deriving from legislation or the contract, as well as the instructions given by their superiors. Given this, in the event of non-performance of the aforesaid duties or of negligence in performing the duties assigned, the worker is subject to disciplinary sanctions in proportion to the seriousness of the infractions committed. During 2008, 127 measures were taken, of which 7 involved expulsion and 120 were for retention, almost all attributable to an "anomalous management of credit".

| DISCIPLINARY MEASURES | 2008 | 2007 | 2006 |
|-----------------------|------|------|------|
| Dismissal | 7 | 6 | 9 |
| Non dismissal * | 120 | 58 | 43 |

* For example: admonishment, temporary suspension from service or from compensation.

Labour disputes pending at year's end numbered 353, involving 499 employees, almost all of them against the bank, involving mainly:

- establishment of the employment relationship;
- request for a higher grade
- compensation differences
- harassment and professional downgrading
- dismissal

- complementary pension.

| LABOUR DISPUTES | 2008 | 2007 * | 2006 * |
|----------------------------|------|--------|--------|
| Cases under way | 353 | 217 | 190 |
| <i>Against the bank</i> | 330 | 206 | 184 |
| <i>Brought by the bank</i> | 23 | 11 | 6 |
| Employees involved | 499 | 419 | 413 |

**Figures referring to Banca Monte dei Paschi di Siena (including Banca Toscana and Banca Agricola Mantovana, today merged by incorporation)*

LA5
MINIMUM NOTICE
PERIOD FOR
OPERATIONAL AND
ORGANISATIONAL
CHANGES

In the event of organisational changes, the Group operated according to the national collective bargaining provisions which call for advance reports to the union organisations and procedures for dialogue and negotiation to be carried out with pre-established deadline: 50 days unless otherwise agreed between the parties.

OCCUPATIONAL HEALTH AND SAFETY

There is an operative Workplace Health and Safety Management system that complies with the OHSAS 18001 (Occupational Health and Safety Assessment Series) quality standard. The system is certified in relation to Banca Monte dei Paschi di Siena and the companies of the Group responsible for property management (Paschi Gestioni Immobiliari) and information systems (Consorzio Operativo).

The System is subjected to regular internal audits: this year checks were conducted in 46 branches and in various administrative offices and regional centres.

The Prevention and Protection Services staff also does constant monitoring of work environment conditions and the relative health and safety risks, including by means of special regional contacts and a specific "MPSafe" computer procedure.

With regard to protecting health on the job, monitoring is done through the Group's Health Service: this year medical exams were done on 1,078 employees, with 72 specialist visits and 87 on-site exams.

LA6(ADD) "HEALTH AND SAFETY COMMITTEES"

The Bank - through the Employer Delegate and the Prevention and Protection Service manager-, the company doctor and the labour representatives for Safety meet periodically pursuant to Leg. Dec. 81/08. This occurs in all of the Group's companies.

The meetings deal with topics such as:

- risk analysis
- accident trends, occupational illnesses and health supervision
- decision-making criteria, technical characteristics and effectiveness of the protection systems adopted
- information and training programmes.

During 2008, 15 meetings of this type were held.

For more important issues, additional meetings are held, even nationwide.

At the end of these meetings, a schedule of activities and improvements is formulated regarding the problems dealt with.

In the area of Robbery Risk, there is a special Joint Commission. The Commission meets quarterly to:

- examine the security measures present
- check any new security systems that might appear in the industry
- analyse any unique features of criminal acts and the circumstances that surrounded them
- make observations and proposals regarding corporate programmes.

LA7 RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENTEEISM AND NUMBER OF WORK RELATED FATALITIES BY REGION

| WORKPLACE ACCIDENTS | 2008 | On a comparable basis | | |
|-----------------------|-------|-----------------------|-------|-------|
| | | 2008 | 2007 | 2006 |
| Accidents | 217 | 162 | 123 | 118 |
| Days lost | 3,637 | 2,721 | 2,626 | 2,212 |
| Frequency index (*) | 4.04 | 4.64 | 3.91 | 3.56 |
| Seriousness index(**) | 0.068 | 0.078 | 0.084 | 0.067 |

*Number of accidents per million hours worked

**Days lost per accident for every thousand hours worked

| ABSENCES | 2008 | 2007 | 2006 |
|--------------------------------|------|------|------|
| Per capita days of absence (*) | 10.9 | 9.7 | 6.9 |

* Illnesses and accidents

The absenteeism rate (days of absence for illness, accident out of the total days worked (annual average) was 4.65.

LA8
EDUCATION, TRAINING,
PREVENTION AND
CONTROL OF RISKS IN
TERMS OF EMPLOYEE
AND FAMILY HEALTH
AND SAFETY

The employees of the Prevention and Protection Service conduct suitable, qualified training.

Training in the area of health and safety involves a large number of employees every year.

| HEALTH AND SAFETY TRAINING RECIPIENTS | WORKERS TRAINED | HOURS |
|---|-----------------|---------------|
| Video screen operators | 379 | 379 |
| Firefighting staff | 1,358 | 10,828 |
| First aid staff | 3,397 | 24,132 |
| Newly hired workers | 350 | 1,225 |
| Safety figures (Executives, regional contacts, worker representatives...) | 197 | 1,517 |
| Total | 5,681 | 38,081 |

This year a Joint Task Force was set up to formulate a more effective method of identifying “video screen workers” and best orienting the relative health prevention and protection measures.

It was also decided to begin an ongoing dialogue with the union organisations to manage and monitor the risk of work-related stress.

For employees and their families, health-care expenses covered by a special insurance policy are reimbursed. The Policy calls for annual checkups, including: blood exam, advanced exams and various specialist diagnostic checks.

As of this year health care coverage is supplemented with the Long Term Care policy – as expressly called for by contract in anticipation of the provisions in the agreement to renew the national collective bargaining contract that ensures an annuity in the event of permanent loss of self-sufficiency in carrying out basic acts of everyday life.

LA9(ADD)
FORMAL AGREEMENTS
WITH UNIONS
REGARDING HEALTH
AND SAFETY

Pursuant to Leg. Dec. 81/08, the meetings between the Bank and the representatives of the union organisations formalise specific joint activity and improvement programmes.

This year, as part of the works of the Joint Commission on the Risk of Robbery, a protocol was drafted on the methods to be used to evaluate robbery in the Bank.

TRAINING AND EDUCATION

The main 2008 objectives in training policies were:

- consolidation of the **offer by position**, both in the central and outlying offices
- efforts aimed at improving the technical and professional skills of employees, both in the branches and the head office, employed in positions relating to the Family and Affluent, SME, and Credit Line Workshop and Small Business segments
- specialised training for internal auditors
- specialised training in the new anti-money-laundering legislation by Branch position
- focus on the managerial component through courses in skills development (leadership and team building) aimed in particular at branch managers
- training in procedures, instruments and service models necessary to integrate Banca Antonveneta (approximately 370,000 hours)
- creation of knowledge management tools, structured to as to be easily consulted by branch personnel (in BMPS alone some 14,000 spontaneous accesses were recorded in six months)
- construction of the **self-development workshop** as part of the “resource development” project, which seeks to expand the understanding of individual attitudes in order to enhance this capacity.

SELF-DEVELOPMENT WORKSHOP

FEATURES:

The workshop consists of training and self-development sessions formulated to bring to light the behavioural characteristics of the individuals participating in them, for the purpose of giving them an awareness of their own strengths and areas for improvement, as well as to establish a development plan aimed at improving any gaps found in their skills.

This approach actively involves the participants in the diagnosis (gaps between their own current skills and those expected of them), promotes self-development by sharing the process of diagnosing the behaviours at work and customizing subsequent efforts.

PURPOSE:

- to promote a gradual acquisition of awareness by constructing individual development plans
- to contribute to improving the participants’ effectiveness in covering their position (current or to be offered)
- to formulate personalized development objectives to maximize strengths and to promote improvements in skills/behaviours as needed.

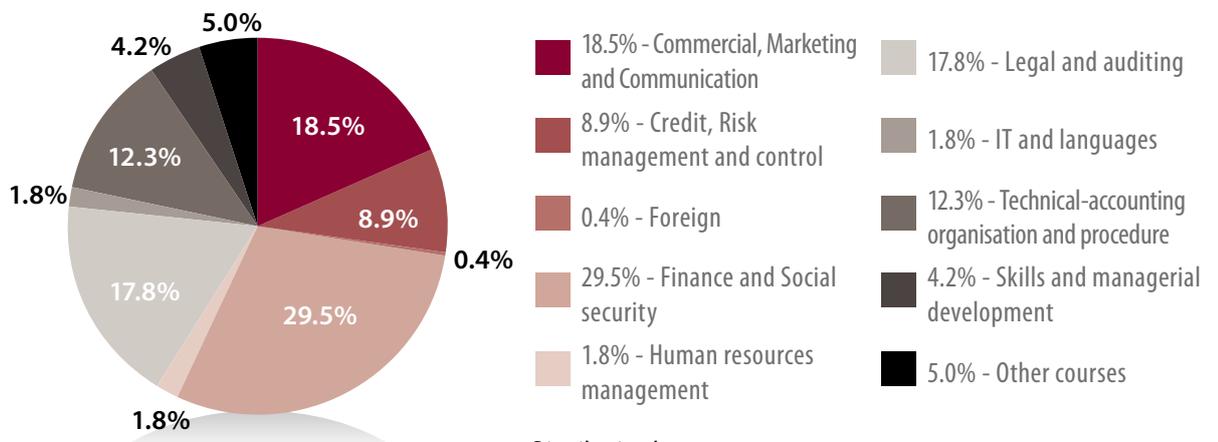
Labor Practices and Decent Work

LA10

ANNUAL TRAINING PER
EMPLOYEE AND PER
EMPLOYEE CATEGORY

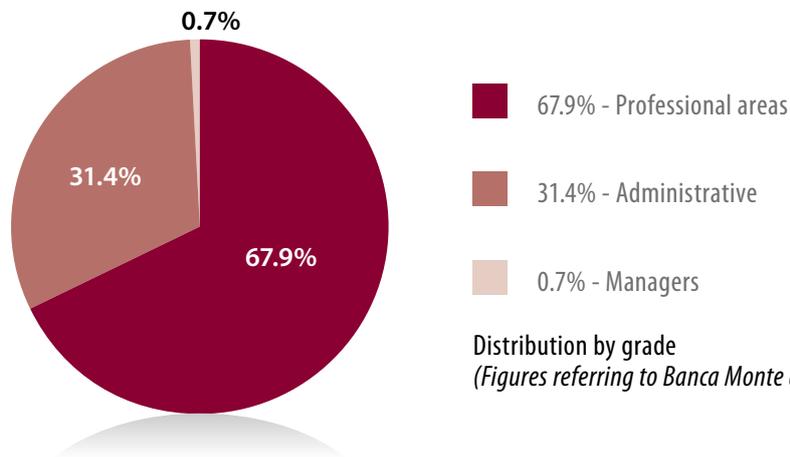
Training activities involved a total of 92% of the personnel (+10 percentage points over 2007) for an additional 218,000 days. On average, during the year, each employee involved in the training process participated in 6.78 days of training.

| TRAINING | 2008 | 2007 | 2006 |
|----------------------------|-----------|-----------|-----------|
| Training per capita (days) | 6.78 | 6.93 | 4.35 |
| Cost of training (Euro) | 6,726,683 | 5,559,375 | 5,037,550 |



Distribution by area

(Figures referring to Banca Monte dei Paschi di Siena)

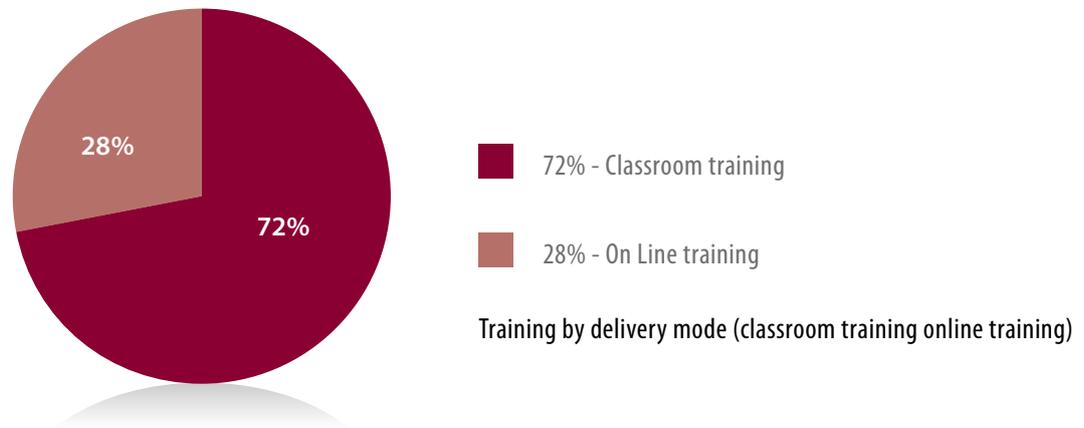


Distribution by grade

(Figures referring to Banca Monte dei Paschi di Siena)

Labor Practices and Decent Work

The amount of online courses (some 466,000 hours in all) out of the total hours of training is in line with the trend to date (about 28%) and is concentrated on legislation (anti-money-laundering, Leg. Dec. 231/2001 etc.) and ISVAP.



We should also note the implementation of special efforts designed for the visually impaired.

The Bank continued to provide preparation for internal trainers operating in the Regional Area, in order to ensure a teaching centre as close as possible to the perimeter where the need arises. Generally speaking courses that introduce employees to a position (e.g., for Affluent, Small Business and other operators) are entrusted to Segment Managers in order to remove the training from the dimension of classroom event every so often and to connect it to their daily job activity (teams in the classroom and on the job).

Constant monitoring - for purposes of ongoing improvement – of the effectiveness of the courses, not only by surveying participants' customer satisfaction but also by introducing entrance tests and final exams on the skills acquired for the main courses on technical and professional disciplines. In relation to approximately 1,300 courses, the evaluation forms filled out by the participants showed an overall **perceived quality index of 5.07** out of a **maximum of 6**. The highest levels of appreciation correspond to the parameters relating to "interest in the topics treated" (5.15), "instructor clarity" (5.36) and "usefulness for professional activity" (5.02).

Finally, the economic commitment dedicated to training, equal to some 7 million Euros, with part of this year's training plans funded by the Banks and Insurance Fund for:

- 3,371,800 Euros, in Banca Monte dei Paschi di Siena
- 360,000 Euros in Banca Toscana
- 180,000 Euros in Banca Antonveneta.

LA11(ADD)
PROGRAMS FOR SKILLS
MANAGEMENT AND
LIFELONG LEARNING
THAT SUPPORT
THE CONTINUED
EMPLOYABILITY OF
EMPLOYEES AND ASSIST
THEM IN MANAGING
CAREER ENDINGS

The most significant achievements in 2008 were:

- the start of the **2nd edition** of the **professional paths**², which for the first time also involved personnel at the central facilities. The paths, which at the Group level involve some 500 resources, make use of the functions of the **PaschiRisorse system** as a basic tool for planning and monitoring to define the distinctive skill sets for each position and to check individual levels of adequacy compared to the job description established for the position held
- implementation of **development plans** for the positions of SME Centre Manager and Private Centre Manager, with the preparation of individual growth schedules. The project is aimed at ensuring – in terms of scheduling – coverage of significant positions of responsibility in the Network and of specialised professional figures in the central facilities.
- extension of the managerial qualities mapping (which in 2007 involved Group Managers) to administrative staff who hold high-responsibility positions in the branches and in the HQ, to support management choices and prepare continuity plans.

²“Vertical” paths regulate growth towards target positions up to Level II of Administrative personnel, whereas the horizontal paths promote the integration of skills in joint roles of the central and peripheral structures.

LA12(ADD)
PERCENTAGE OF
EMPLOYEES RECEIVING
REGULAR PERFORMANCE
AND CAREER
DEVELOPMENT REVIEWS

Evaluations of professional development involve all employees at all levels, with varying methods for each company and by type of grade.

DIVERSITY AND EQUAL OPPORTUNITY

Development of human capital and employee motivation, which in the company’s culture have always been considered factors that create a competitive advantage, are achieved by improving the quality of employees’ life at work.

In particular, the Group, compatibly with its organisational needs and workloads, focuses on encouraging corporate efforts aimed at promoting a balance between personal and work time. In this sense, some of the company’s contractual provisions, which represent additions and/or improvements with respect to legal and collective-bargaining provisions, which have been achieved through constant dialogue with the union organisations, include:

- flexibility in work hours in terms of arrival, departure and break
- conversion of jobs from full-time to part-time with various possibilities of horizontal, vertical and mixed arrangements
- paid and unpaid leave at special times in personal and family life (death of a spouse, wedding, births, adoptions, medical treatment and visits, completion of studies)
- hire by direct call of the spouse or orphan of the employee who dies while on the job, if they meet the requirements for the position.

Solutions involving childhood services are also under study.

LA13
EMPLOYEE
DISTRIBUTION BY
CATEGORY: SEX, AGE,
PROTECTED CATEGORY
AND OTHER DIVERSITY
INDICATORS

The Group's corporate policies, with increasing attention and responsibilities, including through the establishment and operation of specific joint commissions and observers with the union organisations, focus on the topic of equal opportunity, in order to identify solutions for developing professional skills and improving the quality of professional life.

In recent years, various factors have led to positive indicators in this area:

- the growth of women in the company, especially among new hires, where women exceed men by 6.3 percentage points.
- women in responsible positions, especially in the branches. Specifically, women hold 26.5% of managerial positions (managers and administrative personnel).
- promotions of women reached 43.4% of the total number of promotions during 2008.

| FEMALE PERSONNEL IN MANAGERIAL POSITION AND CAREER ADVANCEMENT (Values expressed in %) | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|
| Female personnel | 43.2 | 42.8 | 41.8 |
| Managers | 3.8 | 3.2 | 3.7 |
| Administrative | 27.7 | 23.5 | 21.7 |
| Female promotions | 43.4 | 42.3 | 41.0 |

With regard to the opportunities provided by the company to allow and facilitate work-life balance, woman make use of part-time at a percentage of 14.7%, +13.8 percentage points compared to men (0.9%). Finally, special attention is reserved for working mothers who return from maternity leave, who are given an initial phase of vocational upgrading.

For personnel belonging to protected categories, we are committed to providing the conditions for the best possible integration, if necessary making special updates to workstations and instruments, whether structural or IT-related, so that we can achieve full integration of this category of employees into the job context, making them autonomous in their jobs.

| HANDICAPPED PERSONNEL | 2008 | 2007 | 2006 |
|-----------------------|-------|-------|-------|
| Handicapped personnel | 1,564 | 1,099 | 1,128 |

For the visually impaired, as part of the “accessibility project” that provides that this category of worker be given a computer workstation and the training necessary to use it, in the last months of 2008 and continuing into 2009, we implemented IP telephony, a new technology that combines typical telephone functions with those of the corporate information system. Specific training courses were planned and provided for this measure as well.

Cf. [4.7](#) and [LA1](#) for information on the composition of the Board of Directors and other indicators of personnel distribution.

LA14 RATIO OF BASE SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY

Base compensation levels of female staff, among the Professional Areas and Administrative staff, do not differ from those of men, on comparable levels of grade and seniority.

| COMPENSATION OF FEMALE PERSONNEL (*) (Values expressed in %) | 2008 | 2007 |
|--|------|------|
| Managers | 82 | 94 |
| Administrative | 88 | 86 |
| Professional areas | 91 | 91 |

* Percentage ratio between average compensation of female personnel and of male personnel.

However, because of social and cultural reasons, women in the work place have to date made fewer career advancements. This is a dynamic that is still reflected in the Bank in discrepancies in average compensation, especially in the medium-high grades. In particular, with regard to the Managers category, where compensation is “weighted” according to the position held, the variation occurring between 2007 and 2008 is attributable to staff increases in relation to the merger by incorporation of Banca Antonveneta.

HR. Human Rights

DISCLOSURE ON MANAGEMENT APPROACH

The financial sector plays an important role in the development of society, in greater quality of life, in promoting positive dynamics in the job market and realising civil and human rights.

Banks can contribute to these objectives:

- directly – through personnel management policies that ensure equal opportunity, non-discriminatory practices, safe and wholesome work environments, and through careful management of the supply chain
- indirectly – in conducting their own business, for example by ensuring its financial support for socially useful projects, promoting financial inclusion, checking on the social impacts of investments in the community.

Within our sphere of influence, and given the primarily regional dimension of the Group, in keeping with the [Code of Ethics](#):

- we support the United Nations Global Compact. This year we confirmed our commitment once again, on the occasion of the 60th anniversary of the Universal Declaration of Human Rights, by signing a specific [Statement](#)
- in employment we do not tolerate any form of discrimination, guaranteeing equal opportunity for all, and conditions of accessibility for disabled employees. We combat coercion, exploitation and harassment, and we see to the safety and health of people in application of the laws and the principles of the Social Accountability standard SA 8000
- we demand that our suppliers respect the rights of their workers and responsibly manage the social impacts of their activities
- in our business activities we pay attention to the needs of the socially disadvantaged, promoting their access to banking services, the informed use of credit, and prevention of overindebtedness
- we exclude involvement in the financing of terrorist activities, including by preventing money laundering In 2008 more than 2,533 suspect transactions were evaluated (1,875 in 2007). Of these, 1,417 were reported to the Financial Information Unit for the necessary investigations
- we exert careful control over our operations in the armaments sector
- we provide appropriate training on topics of worker health and safety and on preventing money laundering
- we participate in the effort of civil and humanitarian institutions and organisations to protect basic economic and social rights, such as health, home, education and employment.

INVESTMENTS AND PROCUREMENT PRACTICES

HR1
INVESTMENT
AGREEMENTS INCLUDING
CLAUSES ON HUMAN
RIGHTS OR THAT HAVE
UNDERGONE HUMAN
RIGHT SCREENING

We work essentially in Italy, with Italian firms, and for this reason we apply the parameters and constraints of labour law and the protection of human rights.

Credit policy lines are part of the Values system in financing procedures, with criteria of internal ethical analysis and provisions that are sometimes more far-reaching than those of the law, as for example in Project Financing (cf. [FS3](#)) and in loans to the arms production and marketing sector (cf. [FS1](#) and [FS2](#)).

Corporate globalisation and sustainability

In partnership with the Forum for Sustainable Finance, we conducted a pilot project aimed at checking how our customers manage the social aspects connected to their own activities in countries where the environment, human rights and worker rights are still poorly protected.

Surveys of some 20 customers showed a general awareness of these issues and the associated risks, which some of them declared that they manage in reference and according to the more stringent Italian laws.

The information gathered was included in a Forum programme for possible development of models and processes for evaluating the sustainability of corporate globalisation.

HR2
SIGNIFICANT SUPPLIERS
AND CONTRACTORS
THAT HAVE UNDERGONE
SCREENING ON HUMAN
RIGHT AND ACTIONS
TAKEN

We are committed to working with suppliers who ensure seriousness in business, respect the rights of their workers and responsibly manage their environmental and social impacts.

We work with more than 19,000 suppliers. Those with whom we have an ongoing relationship and who maintain a significant volume of business with the Group's companies (at 31.12.2008, there were 630 of these, equal to 33% of the invoiced amount of supplies) are evaluated not just in economic and quality terms but also in terms of social ethic, workplace and environmental health and safety. The objective is to promote behaviours in line with our CSR Policy. In particular, they are assigned a rating that takes into account any certifications and information regarding the application of environmental and job-safety policies. The rating is important for the supplier's admission to tenders, notwithstanding the necessary condition of meeting legislative obligations, the principles of the SA 8000 standard, and laws regarding workplace health and safety, which we do by means of specific contractual clauses.

HR3 (ADD)

TRAINING IN HUMAN RIGHTS PROMOTION POLICIES

Areas of training most significant for impacts on human rights include:

- protection of safety and health in the workplace (cf. LA8)
- combating money laundering and international terrorism

In regard to the latter and the major updates in this area, in 2008 new training was given to Network personnel: a 3.5-hour online course and a 5-hour classroom course for the Bank's branch managers.

NON-DISCRIMINATION

HR4

CASES OF DISCRIMINATION AND ACTIONS TAKEN

No form of discrimination or harassment is tolerated.

Episodes of harassment and job downgrading are sometimes among the causes of labour disputes.

The Bank has an active, joint Bank-union Corporate Monitoring Centre to monitor how Bank personnel interact, suggesting models for communicating and relating among employees at all levels, as well as improving relationships in order to preserve individual personalities and to maintain in general a high standard for the "quality" of life in the Bank.

The Centre is responsible, among other things, for monitoring situations that are potentially harmful to the dignity of workers, with special attention to formally reported instances of harassment.

This year the Centre met once; no particularly critical matters were reported.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5

RISKS FOR THE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

This indicator is not considered relevant to our business.

CHILD LABOUR

HR6
ACTIVITIES WITH A
HIGH RISK OF RECOURSE
TO CHILD LABOUR

This indicator is not considered relevant to our business.

FORCED AND COMPULSORY LABOUR

HR7
ACTIVITIES WITH A
HIGH RISK OF RECOURSE
TO FORCED LABOUR

This indicator is not considered relevant to our business.

SECURITY PRACTICES

HR8(ADD)
SECURITY PERSONNEL
TRAINED IN HUMAN
RIGHTS PROMOTION
POLICIES

This indicator is not considered relevant to our business.

INDIGENOUS RIGHTS

HR9(ADD)
VIOLATIONS OF THE
RIGHTS OF LOCAL
COMMUNITIES

This indicator is not considered relevant to our business.

SO. Society

DISCLOSURE ON MANAGEMENT APPROACH

Compliance with the law is a requirement in all our conduct and a necessary condition for playing a positive role in society.

The Compliance Office ensures compliance with the law and protects against the associated risks.

It began operation in 2008 according to a new organisational-managerial model and is directly under the CEO and the Chairman.

In accordance with the [Code of Ethics](#), we are concerned with the possible social and environmental impacts of our business, whether positive (cf. FS6, FS7, EC8) or negative (cf. FS2), including in regard to our relations with institutions and the community, as well as aspects relating to any instances of corruption, to handle which we have special organisational models, operating tools and training processes.

COMMUNITY

SO1
ACTIVITIES IMPACTING
THE COMMUNITY

Cf. [FS6](#), [FS7](#), [EC8](#) (positive impacts) and [FS2](#) (negative impacts).

In particular, in terms of sponsorships, each company in the Group has its own programme, which determines the types of activities that can be supported, the procedures and timeframes for the request, and how events are to be held.

Probity and fairness must always be ensured through complete and transparent processes of evaluation and selection, including:

- evaluation of the seriousness of the applicant and its reputation;
- examination of the project and its consistency with Group policies
- assessment of the potential social impacts of the project.

[\(Policy of Social Involvement in the Community\)](#)

FS13
ACCESS POINT IN
LOW-POPULATED
OR ECONOMICALLY
DISADVANTAGED AREAS
BY TYPE

Our [Mission](#) commits us to “maintaining a strong attachment of each company of the Group to the community in which it operates.”

The Group is present throughout Italy with a dense network of branches. As of 31.12.2008, there were 3,104 branches, 12.8% of them located in communities of fewer than 5,000 residents, and 21% in regions with a lower rate of development (Campania, Basilicata, Puglia, Calabria, Sicily, according to the European Union’s classification).

FS14

INITIATIVES TO IMPROVE
ACCESS TO FINANCIAL
SERVICES FOR
DISADVANTAGED PEOPLE

We pay attention to the needs of the disadvantaged segments of society by promoting access to our services:

- with banking products better suited for immigrants (with information available in 8 different foreign languages), the young, micro-enterprises, and precarious workers (cf. [FS7](#))
- by adapting our distribution channels and facilities to the needs of the disabled.

In this latter regard:

- some 70% of our ATMs have been height-adjusted to allow their use by the mobility handicapped
- 59% of our ATMs support the functions needed for the visually impaired. This is the result of cooperation with the Italian Union of the Blind, which will be gradually extended to the remaining machines
- also for the visually impaired, there are secure Phone Banking services available with the use of a security card with passwords coded in Braille and access to the Integrated Multi-channel system using special electronic keys
- our Internet sites are created according to WAI (Web Accessibility Initiative) guidelines to ensure they can be used by those with physical, motor and visual problems, the elderly, and those who do not have adequate computer tools.

CORRUPTION

Combating corruption is a commitment we maintain within our sphere of influence (the Bank follows the United Nations Global Compact).

To this end we have an organisational model that complies with Leg. Dec. 231/2001 regarding corporate administrative responsibility.

The model provides:

- rules and procedures to prevent such crimes
- processes for managing and controlling financial resources in at-risk activities
- an oversight body (the Internal Audit Committee) to ensure that the model functions properly and is constantly updated
- employee training
- reporting systems and sanctions.

SO2

INTERNAL DIVISIONS
MONITORED FOR RISK
OF CORRUPTION

The Model 231/2001 monitoring is performed by the internal audit unit as part of ordinary audits.

This year 298 audits were conducted, involving:

- 20 companies
- 9 foreign branches

- 13 facilities/processes of the Bank's parent company
- 243 Network units/facilities
- investment services (13 audits)

In addition, from time to time more intensive, specific investigations are conducted on more significant areas of activity, which this year involved the Retail Area and Investor Relations.

SO3
EMPLOYEES TRAINED
IN ANTI-CORRUPTION
POLICIES AND
PROCEDURES

During 2008, 9,350 employees of Banca Monte dei Paschi di Siena and 1,170 of Banca Toscana received training in anti-corruption procedures called for by model 231.

For this report, we are unable to provide a breakdown in this activity for the various grade levels, but we are committed to doing this next year

SO4
CASE OF CORRUPTION
AND MEASURES TAKEN

No case of corruption was found in 2008.

PUBLIC POLICY

SO5
PUBLIC POLICY
POSITIONS AND
PARTICIPATION IN
PUBLIC POLICY
DEVELOPMENT AND
LOBBYING

The Group's interests and positions regarding community and public policies are represented by a presence in national and community institutions. The objective is to closely follow legislative trends that can have an impact on our operations.

In addition:

- we operate in constant contact and dialogue with the oversight bodies (Bank of Italy, CONSOB, etc.)
- we are members of the ABI Executive Committee, through which we participate in regulatory developments in the industry
- we participate in various associations that lobby institutions on matters relating to CSR.

SO6 (ADD)
CONTRIBUTIONS TO
POLITICAL PARTIES AND
RELATIVE INSTITUTIONS

No grants may be made to movements or organisations with a purely political purpose. Participation in promotional and marketing efforts associated with programmes promoted by political parties and union organisations is defined in compliance with current laws, and in the utmost transparency ([Code of Ethics](#)).

In 2008 we paid out grants in this area totalling 579,000 Euros.

ANTI-COMPETITIVE BEHAVIOUR

Honest and fair competition is a necessary condition for developing and keeping the company in the markets, in formal and substantive compliance with the relative regulations and legislation. In the markets, the Group competes based on the quality and security of its products and services, avoiding agreements and other behaviours that limit competition ([Code of Ethics](#)).

SO7 (ADD)

LEGAL ACTIONS FOR
ANTI-COMPETITIVE
BEHAVIOUR, ANTI-
TRUST AND MONOPOLY
PRACTICES AND THEIR
OUTCOMES

In 2008 we were involved in three proceedings of the Antitrust Authority:

Mortgage portability . Banca Monte dei Paschi di Siena and Banca Antonveneta, together with 20 other banks, were charged with having made it burdensome for consumers to transfer their mortgages as called for by the Bersani Decree. In addition to being required to halt this commercial practice, identified as improper pursuant to articles 20-23 of the Consumer Code, the two banks were fined, 350,000 and 460,000 Euros, respectively. The fines were paid, but we proceeded nonetheless to challenge the Authority's ruling before the Lazio Regional Administrative Court, which let the ruling stand by its judgment of February 4, 2009.

INAIL Funds Management Service Together with three other banks, Banca Monte dei Paschi di Siena was subjected to a proceeding for an agreement restricting competition in relation to four tenders for the contract for INAIL's funds management service. The Authority asserted that there was collusion by the banks in question, which it categorised as concerted practice for anti-competitive purposes. For its marginal role in the matter, Banca Monte dei Paschi di Siena was given an administrative sanction of 50,000 Euros.

Overdraft fees Banca Monte dei Paschi di Siena was charged with having failed to inform its customers in a sufficiently clear and thorough manner regarding the nature of the "overdraft fee" and the "over-credit-line overdraft fee" and the distinction between the two. The Bank committed itself to introducing an alternate form of fee to the present one, called the "Actual Use Fee," which will be commensurate with the amount of the account's credit line and the number of days it is used. The case concluded without the Bank having been found guilty of infraction, and no sanctions were applied.

SO8

SIGNIFICANT SANCTIONS
FOR NON-COMPLIANCE
WITH LAWS AND
REGULATIONS

In 2008 sanctions for legislative non-compliance totalled 1,124,777 Euros. Also significant were the aforementioned fines over mortgage portability (810,000 Euros). Lesser sanctions involved the anti-money-laundering regulations and workplace health and safety.

PR. Product Responsibility

DISCLOSURE ON MANAGEMENT APPROACH

In an increasingly competitive context, we are committed to creating and developing relationships of trust and reciprocity, and lasting satisfaction.

We want to be at the customer's service to meet their needs and preferences, while being prepared, capable of innovating, and credible.

Our objectives are:

- to ensure a simple, useful and convenient offer
- to expand the channels of access to our service
- to innovate the offer to anticipate/meet the customer's expectations and guarantee the maximum security of our products and services
- to support customers in the wise use of credit and management of savings, in the absence of conflicts of interest
- to increase levels of financial inclusion through microfinance solutions and financial education of customers.

We seek to create accessible products and services that meet the actual needs and expectations of our customers. We also try to simplify our offer and make it advantageous for customers; in determining the price of certain products, including the current account, we include how much the instrument is actually used.

We also support development of our commercial network and the points of access to our services:

- both by increasing the "physical" channels such as branches and ATMs, even in less-populated areas (12.8% of our offices are located in towns of fewer than 5,000 residents), specialised centres for businesses and institutions
- and by expanding the online operations available to customers (integrated multi-channel service).

We invest in technology and security for our products and services. In 2008 the Consorzio Operativo worked at more than 1,100 projects relating to all areas of the Bank's operations, with investments of approximately 100 million Euros.

FS15

POLICIES FOR FAIR
DESIGN AND SALE OF
FINANCIAL PRODUCT
AND SERVICES

The Group is committed to creating and developing relationships of trust and mutual and lasting satisfaction with customers. The objective is to be at the service of customers to meet their needs and preferences, always behaving honestly and transparently, being prepared and capable of innovating, and credible. Customers are informed clearly and completely regarding the conditions under which products and services are provided, facilitating their understanding and more informed choices. By this means we hope to help customers clarify their needs, supporting them in informed and knowledgeable savings management ([Code of Ethics](#)).

Hence the customer and his satisfaction with the services he receives from the Bank are at the core of the Group's marketing policy.

We check this satisfaction regularly – with ad hoc surveys and through complaint management – and seek constantly to improve it, with increasingly effective methods and quality processes.

The objective of creating responsible products and sales systems is also pursued with the appropriate involvement of our stakeholders. Here the [Consumer Lab](#), is especially important; this year it focused its efforts on:

- preparing an “anti-crisis” package for mortgage holders in special difficulty (cf. [FS7](#))
- training officers in the Commercial branches on customer/consumer expectations of service and relationship
- an examination of consumer credit, with two specific internal commissions that will work on early implementation of certain elements of the recent European Directive in this area and creation of a guide for consumers on preventing overindebtedness.

Topics of greatest interest this year included:

Home Mortgages

Following the significant increase in interest rates that were reflected negatively on loan repayments for many customers, the Group implemented a policy aimed at innovating the product and on its flexibility of use. The measures adopted included:

- new offers for young couples
- mortgages that allow choosing the type of rate with precise due dates
- variable-rate mortgages with a guaranteed maximum limit the rate.
- restructuring of repayment plans (more than 6,000), determining with the customer the most convenient solution – from an extension of the term to a variation in the rate.

Investment services

In this case, too, the approach followed was that of identifying the best solution with the customer by analysing his financial needs.

The MIFID Directive has gone into full effect, with new rules for financial operators in order to increase the protection of investors and the transparency of the markets. This year's activities included a major effort by the Commercial Network to review, with customers (870,000 of

them), their financial situation, experience and propensity for risk, to better guide our future relationships and proposals.

Efforts to guard against possible conflicts of interest associated with investment services were also strengthened, with a new policy.

The Pact with the Customer – Satisfied or Reimbursed

In 2008 we tested an innovative and free new service called “Patto con il cliente” (Pact with the Customer), which consists of guaranteeing a high level of service, with reimbursement if our promises are not kept:

- sms notification service for overdrawn or overdue accounts. Free notification service for overdraft or overdue on the account indicated by the customer upon signing the contract. A reimbursement of 5 Euros is provided for poor service.
- ATM operation. Promise relating to ATM withdrawals and withdrawal from current account. In the event of poor service, a reimbursement of 3 Euros is made
- sms reply to a request for personal loans in less than 24 hours. Poor service leads to a reimbursement of 10 Euros.

To date 250 customers have signed up for the service: 2 request for reimbursement were submitted.

FS16

INITIATIVE TO ENHANCE
FINANCIAL LITERACY BY
TYPE OF BENEFICIARY

Recognising the importance of raising financial-education levels among customers and consumers, especially in this difficult phase in the economic cycle, the Group offers information and awareness-raising programmes with some regularity, either by itself or participating in industry programmes. These efforts have mainly involved schools and the more vulnerable segments of society, with the involvement of a corps of trainers that was put together over time for this purpose.

The keynote effort in our financial education programmes is the series of Informative Guides produced in cooperation with the 15 consumer advocacy groups belonging to the Consumer Lab. Topics dealt with: what to know before taking out a mortgage; how to find your way among the many financial instruments; new features of the banking relationship introduced by the European MIFID Directive; how to read account and securities statements; consumer credit; how to access public incentives for measures aimed at reducing energy consumption and installing plants to produce energy from renewable sources. With more than 600,000 copies printed, the guides were distributed to customers and consumers through the Bank's branches and the regional networks of the consumer advocacy groups.

Industry initiatives include: “The economy and I”. This measure, promoted by ABI, called for our representatives to be present in classrooms together with the teachers to facilitate children's understanding of basic concepts like saving, investment and use of credit.

CONSUMER HEALTH AND SAFETY

Computers represent a basic resource for managing relations with customers and for constantly innovating our offer, including through direct banking channels like Internet banking.

Hence it is advantageous for the Bank and a necessity for the customer to ensure that this information is protected from improper and fraudulent use.

Computer security

A special company of the Group, Consorzio operativo, is responsible for protecting computer security.

Interfaces between the Intranet and Internet are secured using authentication systems that controls connections.

Direct-banking services are being constantly developed towards Integrated Multi-channel performance – at the end of 2008 there were more than one million customers (+20.7%).

These services are made secure through measures such as:

- the use of electronic keys with temporary passwords
- real-time systems for monitoring transactions
- the ability to report “critical” online events via e-mail or SMS (without cost)
- an additional level of control based on secret questions and answers.

Starting in 2009 there will be a digital signature service for private customers that will let them make transactions and conclude contracts remotely. This overcomes problems of identification, and identity theft is prevented.

During the year there were many attempted attacks on the Internet, and all were successfully rejected. This year there were 24 cases of computer fraud for a total of 160,000 Euros.

We also thwarted 25 cases of phishing, avoiding some 1.5 million in damages.

Continuity of banking services

To guarantee the continuity of banking services in the presence of especially critical scenarios, such as natural disasters, malicious events and computer attacks, the Group, in accordance with specific Bank of Italy standards, has established an Operational Continuity plan, which includes suitable organisational measures and specific instrumental resources.

The Operational Continuity plan includes the Disaster Recovery Project, which establishes the technical and organisational standards to compensate for any outages of the data processing centres. The Project is intended to ensure the continuity of computer

procedures by using alternatives to the production sites. The Group has two approved data processing centres (located in Siena and Florence). In addition to being production centres, they also serve as mutual backups.

In 2009, the Project will receive further significant investments to beef up current security measures.

Robbery risk

A specialised "Security" staff is dedicated to managing robbery risk.

Projects in 2008 included:

- Intelligent keys: for accessing branches
- a new management database
- a study of new anti-theft protection systems for ATMs
- identification of ATMs at risk for robbery.

For high-risk branches, in addition to the standard security measures (man-trap door, video surveillance cameras, etc.), there are access-control systems using biometric technology, i.e., based on taking both the image and the fingerprint. These systems are used according to legislation on the protection of privacy. This year there were 216 robberies (-38.8%). Also down were attempted robberies (29, compared to 39 in 2007).

PR2 (ADD)
NON-COMPLIANCE
WITH REGULATIONS
AND CODES REGARDING
SAFETY OF PRODUCTS
AND SERVICES

In 2008 there were no significant cases of non-compliance with codes or regulations regarding the safety of products and services.

PRODUCTS AND SERVICES LABELLING

PR3
INFORMATION ON
PRODUCTS AND
SERVICES REQUIRED
BY CORPORATE
PROCEDURES

Customers are informed clearly and completely regarding the conditions under which products and services are provided, facilitating their understanding and more informed choices. By this means we hope to help customers clarify their needs, supporting them in informed and knowledgeable savings management ([Code of Ethics](#)).

Transparency and communication are values we put into practice in our relations with customers in so many ways: from the use of internal communication channels to support the branches to constant updating of Internet sites, to informational brochures and other media that accompany the delivery of products.

This area is managed through a specific set of internal Regulations that implement and go beyond binding laws and provisions: the “Testo Unico Bancario” (Banking Consolidation Act), the Decision of the Interministerial Committee for Credit and Savings (CICR) of 4.3.2003, the instructions of Bank of Italy.

They apply to all main banking services (deposits, loans, collections and payments, issue of electronic money, etc.), calling for:

- display in the branches of notices indicating the rights and protective measures in favour of customers
- customers to receive informative brochures with the main characteristics of the product acquired and the summary document with the most significant contractual and economic conditions
- informing the customer of the annual summary conditions and any unfavourable variations in contractual conditions.

This area is also at the core of our collaboration with the consumer advocacy groups ([Consumer Lab](#)) and the ABI-Patti Chiari (Clear Agreements).

In recent years the Consumer Lab has reviewed the Retail product and services contracts and the questionnaires to be used in financial services in accordance with the MIFID Directive.

Beginning in 2009 we will also implement the new “Quality Commitments” for Patti Chiari, starting with the first 4 (of the 30 scheduled): Comparison engine and Price Summary Indicator for ordinary current accounts as well as for “package” accounts.

PR4 (ADD)
NON-COMPLIANCE WITH
VOLUNTARY REGULATIONS
AND CODES REGARDING
INFORMATION ON
PRODUCTS AND SERVICES

During the year, following audits conducted in the Bank’s branches, the Bank of Italy initiated a sanction proceeding for violations of the Testo Unico Bancario (Banking Consolidation Act), objecting to anomalies attributable to non- or incomplete observance of transparency legislation. After the appropriate internal investigations, the Bank asked that the proceeding be dropped. Over the years, in fact, many positive solutions have been implemented in this area, and any irregularities involve less-important operational aspects and are to be considered episodic. We are waiting to learn the Bank of Italy’s decision.

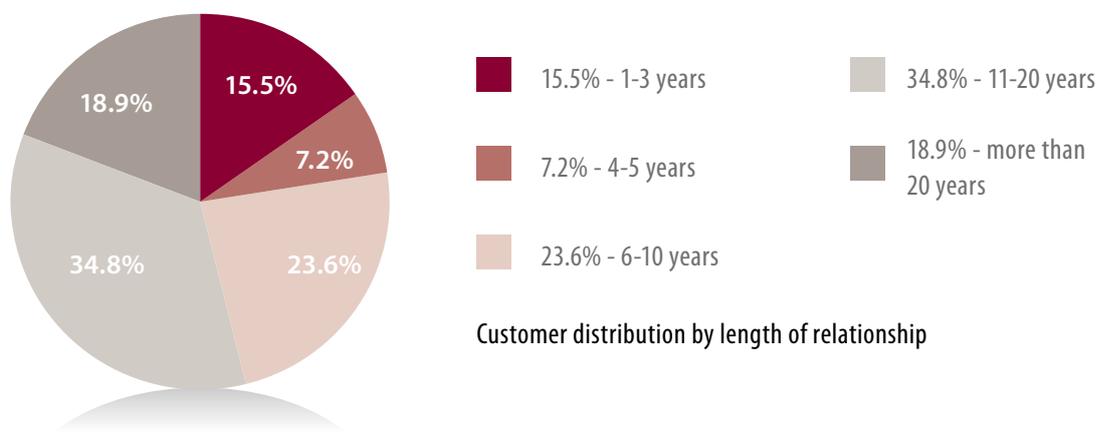
PR5 (ADD)
PRACTICES RELATING
TO CUSTOMER
SATISFACTION
INCLUDING RESULTS OF
SURVEYS AIMED AT
MEASURING IT

Knowing the levels of customer satisfaction and the factors behind it is essential for developing our marketing policy.

The indicators we monitor include: loyalty rates, customer acquisition and retention rates, customer satisfaction, and complaints.

Customer loyalty

As of 31.12.2008, 53.7% of customers had had relations with the Bank for more than 10 years, and 18.9% more than 20 years.



Acquisition and Retention

Despite the Group's intense reorganisation work, we are posting excellent results in terms of retention, and a slight fall in acquisition.

| ACQUISITION AND RETENTION (%) | 2008 | 2007 | 2006 |
|-------------------------------|------|------|------|
| Retention (%) | 95.2 | 94.9 | 93.5 |
| Acquisition (%) | 7.4 | 8.2 | 7.0 |

The data do not include Banca Antonveneta. The 2007 and 2008 data were recalculated to take into account the merger by incorporation of Banca Agricola Mantovana.

Customer Satisfaction

The level of attention to customers (the so-called Care Score Index – CSI) and their satisfaction with the service are regularly monitored. In 2008 the CSI was 55.3 (53.9 in 2007). Up especially was quality perceived by the customer (from 70.8 to 73), despite the effects of the market crisis and the general climate of mistrust towards finance and the banking systems.

Surveys done after September in fact indicate an improvement in perception compared to the months preceding the crisis: an important signal, in general on the quality of management of relations with customers, and in particular on the quality of the investment choices made by the commercial network. Customer perception of the average level of service provided in the branch was down slightly, however. To be improved: relational aspects, listening ability, and staff skills.

This in summary is what emerges from the fourth [Annual Customer Satisfaction Survey](#) of Retail customers, which is part of a broader survey model of delivered and perceived quality, called the "Care Score."

The Care Score Model

Four survey areas:

- CPI – quality perceived by customers (by telephone survey, which this year reached more than 20,000 customers)
- EPI – quality perceived by “internal” customers (or satisfaction of branch employees with respect to the conditions and tools available to them to serve customers. More than 2,000 employees participated in the survey)
- SQI – quality of service provided at branches
- OPI – Bank’s level of operational performance impacting customers (complaint flows, turnover at branches, ATM functioning, etc.).

Complaints

Complaints are handled with sensitivity and constitute opportunities for improvement, to overcome conflicts and regain the customers’ trust and satisfaction, including under existing agreements with consumer advocacy groups ([Code of Ethics](#)).

One specific [Policy](#) spells out responsibilities and processes for managing complaints, how the customer goes about presenting a complaint, and the response time we are committed to meeting: on average, 65 days in 2008 (51 in 2007).

This year we received 7,920 complaints relating to banking activity and 2,338 in relation to the sale of financial plans (in all: 1.7 complaints for every 1,000 customers).

| COMPLAINTS | 2008 | On a comparable basis | | |
|---|-------|-----------------------|-------|-------|
| | | 2008 | 2007 | 2006 |
| Banking activity(*) | 7,920 | 5,333 | 4,312 | 4,752 |
| Securities | 1,134 | 827 | 888 | 1,287 |
| Loans | 839 | 576 | 337 | 238 |
| Current accounts/deposits | 1,901 | 1,217 | 1,440 | 1,240 |
| Other | 4,046 | 2,713 | 1,647 | 1,987 |
| Financial plans | 2,338 | 2,338 | 2,261 | 3,337 |
| Compound interest | 557 | 359 | 580 | 540 |
| Total complaints per 1000 customers (excl. compound interest) | 1.7 | 1.8 | 1.6 | 2.1 |

* The figures do not include cases of cloning of credit/debit cards, since this phenomenon is not attributable to bank procedures

One hundred fifty of the Bank’s customers made use of the Bank Ombudsman (126 in 2007).

In the wake of the failure of the American business bank Lehman Brothers in September of this year, some of our customers were exposed to unexpected risks to their own investments. So far 270 complaints have been submitted.

MARKETING COMMUNICATIONS

PR6

COMPLIANCE WITH
VOLUNTARY LAWS,
STANDARDS AND
CODES RELATING TO
MARKETING AND
ADVERTISING

The Group follows the “Codice di autodisciplina pubblicitaria” (Advertising Self-Discipline Code”) promoted by the Istituto di Autodisciplina Pubblicitaria (Advertising Self-Discipline Institute) (IAP), which commits subscribers to transparent, true and never deceptive advertising. All advertising channels for all companies in the Group are managed by the Communication Area – Advertising and Image Office, whose duties include checking effective application of the Code.

As for advertising relating to investment products, the relative texts are communicated to CONSOB for evaluation of their regulatory compliance and consistency with the principles of truth and transparency.

PR7 (ADD)

CASES OF NON-
COMPLIANCE
WITH VOLUNTARY
REGULATIONS AND
CODES REFERRING TO
MARKETING AND
ADVERTISING

In 2008 there were no issues raised by the IAP nor any sanctions imposed by the Antitrust Authority for deceptive or comparative advertising.

CUSTOMER PRIVACY

PR8 (ADD)

COMPLAINTS FOR
VIOLATION OF PRIVACY

Information regarding the Group, its customers and others, such as employees, suppliers, directors and shareholders is treated confidentially in compliance with privacy laws. Marketing and advertising efforts are directed only at customers who have given their consent to receive them ([Code of Ethics](#)).

Regarding the protection of privacy, the “Documento Programmatico per al Sicurezza” (Basic Security Programme) indicates:

- how to analyse the risks of handling personal data
- duties and responsibilities
- organisational, physical and logical measures to ensure data integrity
- the necessary training.

In 2008 we received 297 requests for access to personal data from customers and 11 queries from the Privacy Authority. All were duly answered, and no management irregularities were found.

COMPLIANCE

PR9

SANCTIONS FOR NON-COMPLIANCE WITH LAWS OR REGULATIONS REGARDING THE PROVISION AND USE OF PRODUCTS AND SERVICES

In 2008 complaints were settled for approximately 6 million Euros.

| BANKING ACTIVITY ^(*) | 2008 | On a comparable basis | | |
|---|-------|-----------------------|-------|-------|
| | | 2008 | 2007 | 2006 |
| Complaints formulated | 7,219 | 5,258 | 4,270 | 5,414 |
| Amounts settled (in thousands of Euros) | 6,087 | 5,693 | 4,436 | 6,767 |

**The data do not include complaints for cloning of credit/debit cards, compound interest and financial plans*

Other costs involved:

- judgments relating to suits with customers – 9,434,912 Euros paid by Banca Monte dei Paschi di Siena (the amount includes costs for cases concluded in 2008 and with unit values of more than 5,000 Euros)
- sanctions by the Antitrust Authority on the portability of loans and in relation to the credit line for the INAIL cash management service (cf. [SO7](#)).

Refer also to the Annual Financial Statements at 31.12.2008 [pag 41, 149, 324-326](#).

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Our commitment to social responsibility

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