



An Italian story since 1472

Report
09

Social responsibility of the Montepaschi Group

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Remarks from the **Chairman**

In what way did a commitment to ethics help the Group face this extraordinarily bad year for finance and the global economy?

2009 was a complicated year for finance and the Italian economy in general. It was a year in which gross domestic product decreased by 5%, in which we saw an extremely significant increase in temporary suspensions from work, unemployment, families in difficulty, companies that didn't manage to retain a high enough turnover to sustain their financial commitments.

Against this backdrop, we chose to retain our traditional vocation as a bank that is close to its territories, a bank with a retail profile that does not change its essential nature despite market conditions. This decision allowed us to sail a turbulent sea without going off-course. Certainly, we may have lost certain opportunities along the way in our priority to keep risk at bay, but we preferred to remain close to the concept of traditional core revenues; and all this is reflected in the year-end results.

I believe this was the right decision, though, a reasonable one, because being distracted from the usual route may lead to good short term results but risks creating some real disasters in the long term. On the other hand, the recession was caused by the imposition of a business model which has given rise to irresponsible behaviour in the corporate management of certain companies, both in terms of risk-taking and in terms of relationships with people, customers, businesses and employees.

We chose not to take this path even when this seemed to be a modern, easy-going, and even winning approach from the point of view of profits. It would have been paradoxical for us to adopt this kind of position at the very moment this sort of approach was being questioned.

In moments of economic difficulty the focus on the banking system as a driver in promoting development increases: what are the scenarios?

The banking system is an important part of a country's economy and a determining factor in guaranteeing the correct allocation of resources. At a time when resources are scarce it is very difficult to do this well. It is necessary to consider that a mistake not only determines a future loss for a bank, but probably also means a failure to promote a good initiative which deserved to be supported. Therefore from this point of view, responsibility increases.

The future context will be extremely volatile. At least in our country, periods of recovery will be followed by slowdowns, and this will mean that it is not possible to blindly trust a medium term trend. Instead, we will have to assess, a little at a time and on a case by case basis, the best way of allocating resources.

In this regard, the only way is to be aware that investments and costs will remain in our reports and we will be responsible for them for a long time. It is therefore necessary to support those who contribute to the economy, whether they are companies – small, medium and large – or households. We must never move away from this approach, which is currently called 'territorial banking', but which could be more simply called 'the Monte dei Paschi approach', because this is what our bank has tenaciously been delivering since 1472.

Remarks from the **Ceo**

The report expresses the quality of the work Monte dei Paschi achieved during the 2009 financial year: what are your views on this?

2009 was a highly important year for corporate sustainability, and the results we achieved, along with the results the bank attained in the market, are considerable.

We were included in the Dow Jones Sustainability World Index, but above all, the issues opened up on a wider scale have made some leaps forward. In particular, I'm referring to the restructuring of the Group, which we have achieved thanks to the efforts of all our personnel, thereby completing an important business venture 18 months ahead of schedule.

In respect of our customerbase, this difficult period has seen our commitment to helping households and companies in difficulty through our branches. In fact, we were the first to offer our customers a suspension of mortgage repayments with our « Fight the Crisis » initiatives, a real sign of sensitivity within this struggling economy, thus guaranteeing our continuing support as a bank.

Overall, despite the reorganisation of the bank, our customerbase held up well. All the initiatives launched on customer perceived quality, including ConsumerLab, have given positive results, irrespective of the complex scenario. This is why we are particularly satisfied with this report.

What qualitative and social responsibility aspects will influence the Group's future policies?

We will proceed in this direction, continuously improving the quality of our work in all fields and measuring results, which clearly must be profit related, at a time in which all banks must be profitable. However, we also want to reconcile this aspect with the ability to stay close to our customers providing a better service which is better tailored to their needs, as this is the basis for a path that leads to sustainable growth.

At the same time, we will look after all aspects concerning the management of our human resources, who are called upon to respond positively to our customers in all aspects of their work, and in particular we will invest in their professional and qualitative growth.

There will be a heavy focus on customer relations, which will see the entire Group involved, not just our branches. This will be a major focal point of our next business plan.

1. Strategy and Analysis

1.1

REMARKS FROM
THE CHAIRMAN AND
THE CEO

See pages [3-4](#)

1.2

KEY IMPACTS,
RISKS AND
OPPORTUNITIES

The competitive scenario for banks is being characterised by an increase in competition and strict rules, as well as an increase in scrutiny and pressure by customers, financial operators and the media, above all on questions relative to corporate governance, the management of corporate risk and financial products.

A decrease in profitability, the worsening of investment quality, and scarce consideration by customers and public opinion are some of the factors which leads banks to focus mainly on the management of credit based on efficiency and transparency criteria, so that it increasingly becomes more crucial to:

- Be compliant, using the best international practices.
- Develop prudent products and services which at the same time are innovative, involving the relevant stakeholders.
- To have competent and motivated personnel at all levels.

Social development also increasingly influences the business, since it is a driver of possible risks and opportunities. Among these are the following: demographic and climate change, the scarcity of natural resources, the disintermediation of supply chains.

Starting from these considerations, which are also supported by our research, from the inputs collected through our relationships with stakeholders and ideas developed within the multi-stakeholder organisations we cooperate with, **we have identified the issues which we believe can measure the social responsibility of Montepaschi in the most appropriate way:**

- risk control transparency and ethics in the marketplace;
- business responsibility and the distribution of financial products;
- customer satisfaction and reputation;
- the management of human capital (with particular regard to the analysis of ideas for organisational change related to personnel and development and motivation systems);
- supply chain management;
- the impact of the business on society and the environment.

Our research activities increasingly supports the strategic direction of the Group. The analyses carried out also regard the main social changes currently taking place in Italy and the possible banking business developments related to them.

The issues analysed in 2009 by the Strategic Planning department - Research and Investor Relations Office, include the following:

- Consumer credit and family indebtedness
- Industrial areas (through continuous observation of local developments)
- The renewable energy sector
- No profit organisations
- Demographic trends and migratory flows
- Islamic banking.

These are all issues the Group has been committed to through specific projects and commercial development.

The CSR strategy in 2009 was also focused on the most important issues for customers and our personnel.

The Group also got involved in issues relating to society and the environment. The main indicators which were monitored (a selection of the indicators are shown in the table) show generally positive trends and developments.

CSR strategy - 2007 - 2009 Plan (summary)

STRATEGIC ISSUES	2009 OBJECTIVES	2009 ACTIVITIES-RESULTS	PERFORMANCE INDICATORS (selection)	2009	2008
Governance and risk					
Strategic integration of the CSR	Complete the CSR risk and opportunities analysis	Integrate additional performance indicators in management practice.	Sustainability project: a set of preliminary KPIs to be integrated in the planning control and reporting system, was defined.		
	Develop policies to involve the stakeholders.			A specific policy was defined.	
Corporate governance	Further integrate CSR in the "corporate project".		The "corporate project" was integrated in accordance with the instructions of the Bank of Italy, including a new remuneration policy for top management with additional medium and long term incentive parameters.		
Risk management	Implement the new management of reputational risk model.		A self evaluation of reputational risk was carried out.		
Compliance	Implement the Code of Ethics.		The planned training and internal sharing activity regarding the new Code of Ethics was re-scheduled for 2010 .		
			The monitoring of conformance to regulations was reinforced.		

STRATEGIC ISSUES	2009 OBJECTIVES	2009 ACTIVITIES-RESULTS	PERFORMANCE INDICATORS (selection)	2009	2008
Personnel					
Employee motivation and satisfaction	Employee motivation and satisfaction	Undertaking of the annual survey on the perception of the network's employees regarding working conditions and the relative impact of quality levels on customers. For the first time the survey focused on "corporate values".	Employee perception index (scale 20-100)	65.2	64.5
	Employee motivation and satisfaction	Introduction of a Human Resources Management figure also to reinforce listening and motivational capacity versus employees.	Turnover (%)	0.45	0.97
	Express the human resources development policy in an organic manner.	The planned explanation of the sustainability policy in the management of human resources was re-scheduled for 2010 .	Per capita training (hours) ⁽¹⁾	36	51
Responsible management of re-organisations		The effects of organisational developments on personnel were managed in agreement with the Unions, assuring the relevant resources uniformity in their treatment and a constant "listening" to their needs. Employment contract terminations were assisted by using specific incentive plans. Circa 700 people attended re-training schemes.			
Equal opportunities	Develop initiatives to reconcile work and family time.	Avviare iniziative di mobilità sostenibile. Sustainable mobility initiatives were started-up. The study of further measures related to improving the management of work-family time for employees was re-scheduled for 2010 .	Women managers- middle and lower management (%)	29.0	26.5
			Female personnel (%)	44.2	43.2
Customers					
Information and support for consumers	Implement an "anti-recession" plan for our clientele.	An articulate "anti-recession" plan with numerous solutions was implemented for the customers who were in the most difficult situations. The new transparency instructions were implemented.	Suspended mortgages - private individuals (n.)	8,200	--
			Suspended mortgages - companies (n.)	6,858	--
Compliance with service commitments	Further develop the analysis and levels of customer satisfaction.	The scope and coverage of customer care and customer satisfaction surveys was defined in more detail. The management of customer claims was reinforced with the objective of reducing resolution timescales.	Customer perception index (scale 20-100)	73.5	73.0
			Customer claims (n.) ⁽²⁾	11,267	10,258
	Develop competences regarding relevant quality and customer service aspects.	Cooperation with consumer associations was further strengthened, also in respect of network personnel awareness and training activities.	Customer retention (%) ⁽³⁾	93.9	95.3
	Develop the banking customers "rights charter"	The development of a "banking customers rights and duties charter" was started-up, in cooperation with consumer associations.			

⁽¹⁾ The 2008 figure was strongly influenced by the extraordinary training effort on service procedures and models which involved ex Antonveneta personnel.

⁽²⁾ Customer claims increased in relation to the transferability of mortgages and a few problems tied to the mergers that occurred during the course of the year. The values do not include contestations relative to anatocism and the cloning of credit/debit cards.

⁽³⁾ Retention decreased because of the sale of certain branches and the elimination of the double counting of clients shared by banks merged during the course of the year

STRATEGIC ISSUES	2009 OBJECTIVES	2009 ACTIVITIES-RESULTS	PERFORMANCE INDICATORS (selection)	2009	2008
Society					
	Enhance operations in the micro-credit field.	Considerable intensification of micro-credit and charitable activities by the company in the Group specialised in micro-credit.	Micro-credits (n.)	312	158
The social impact of services	Develop products for new categories of customers.	The service model based on "migrant banking" was consolidated. Also, possible action by the Group in the so-called "Islamic banking" segment is being studied.	Migrant banking (% of customers)	4.7	4.4
	Increase the range of products for small businesses in high social impact fields.	A "third sector" project was started-up			
	Develop policies for the management of the social impact of investments	This objective was rescheduled for 2010.			
CSR Performance in the supply chain	Implement the new "supply chain sustainability" policy.	The new management policy for the supply chain based on sustainability criteria was implemented.	Supplier sustainability rating (scale 1-10)	4.7	--
			"Green" purchases (%)	4	--
Support to the community	Analyse the social impact of sponsorships in more detail.	This objective was rescheduled for 2010.			
		Various fund collections were carried out for social purposes.	Direct contributions to communities (million)	46.4	60.0
Eco-efficiency	Improve eco-efficiency levels.	Various forms of financial assistance to customers and populations affected by natural disasters were assured.			
		The supply of electricity from renewable sources was also extended to the Banca Antonveneta.	Energia elettrica da fonte rinnovabile (%)	87	64
		Significant Energy savings were attained through the renewal and increase in efficiency of IT devices.	Energy per capita (TEP - Equivalent tons of petroleum)	2.03	1.99
			Per capita CO2 emissions (kg)	1,226	1,858
Develop mobility management activities.		The consumption of paper was reduced.	Per capita paper (kg)	75	103
		The usage rates of eco-compatible paper and the recycling of toners were increased.			
Green banking	Implement the "Energy and climate change" policy. Increase the level of business in the renewable energy sector.	More than 1,000 projects in the renewable energy sector were financed.	Financing of renewable energy (millions)	379	320
		The environmental risk of specialised credit and risk related to overdrafts and loans to big companies were analysed.	Medium-low level specialised credit risk operations (%)	77	--
			Medium-low level overdrafts and loans to big companies (%)	67	--
Environment					

2. Group Profile

2.1 - 2.5

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

The Monte dei Paschi di Siena bank is considered to be the oldest bank in the world. Its origins date back to 1472 when it was called the "Monte di Pietà". It was a public institute until 1995, and is now at the head of the third biggest banking group in Italy (the Montepaschi Group).

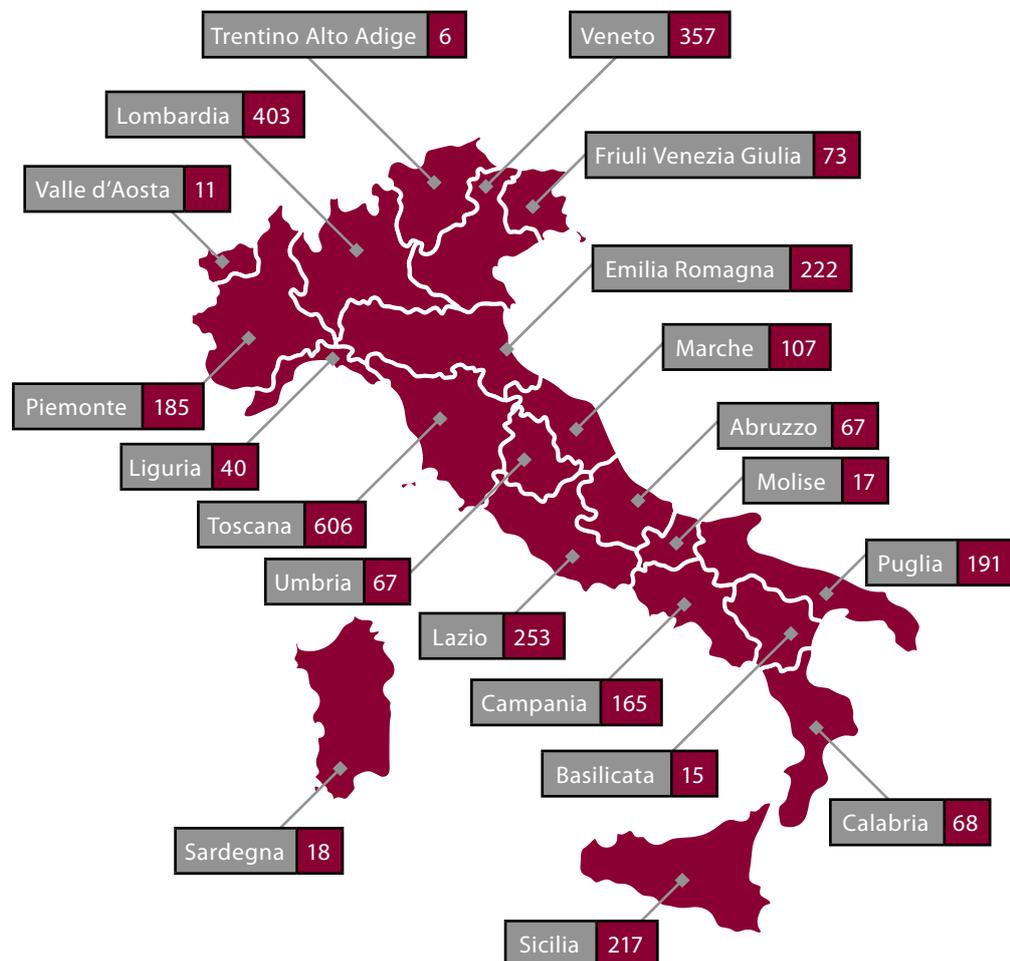
MAIN ACTIVITIES

The Group's main business activity is the provision of banking services and other related financial services, including long term credit for families and companies, leasing, consumer credit, real estate investments and shares and bonds brokerage.

It also works in the insurance sector through a strategic partnership with the AXA Group.

In the asset management sector, the Group sold its majority shareholding in its asset management company, focusing its involvement on the distribution phase.

The Montepaschi Group branches in Italy



TERRITORIAL PRESENCE

It is present all over Italy - where the majority of its turnover comes from - with a distribution network that comprises more than 3,088 branches, 253 specialised centres (for small and medium size companies, public bodies and private customers), 163 financial offices, 836 promoters and 3.635 ATMs.

It is also present overseas, above all in supporting internationalisation projects for Italian companies. At the end of 2009: 4 branches - London, New York, Honk Kong, and Shanghai -, 11 representation offices and 3 subsidiary banks: MontePaschi Banque, in France, MontePaschi Monaco, in the principality of Monaco, MontePaschi Belgium, in Belgium.

OPERATING STRUCTURE AND THE MAIN COMPANIES IN THE GROUP

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

- A **centralised** management coordination structure, the Bank's parent company, which undertakes operating activities on behalf of the commercial networks.
- A **production based structure**, constituted by the product companies, which are dedicated to the development of specialist financial instruments for the market. The following are among these: Consum.it (a consumer credit company), MPS Capital Services bank for businesses (specialised in corporate finance, capital market and structured finance), MPS Leasing&Factoring (specialised in leasing and factoring services for businesses).
- A **distribution structure**, composed of the Business Units, principally represented by the following banking networks: Banca Monte dei Paschi di Siena, Banca Antonveneta, BiverBanca and MPS Banca Personale (incorporated by the Parent company in March 2010).
- A **service structure**, composed of companies which manage information system activities (Group Operating Consortium), estate agents (Paschi Gestioni Immobiliari) and other business support companies.

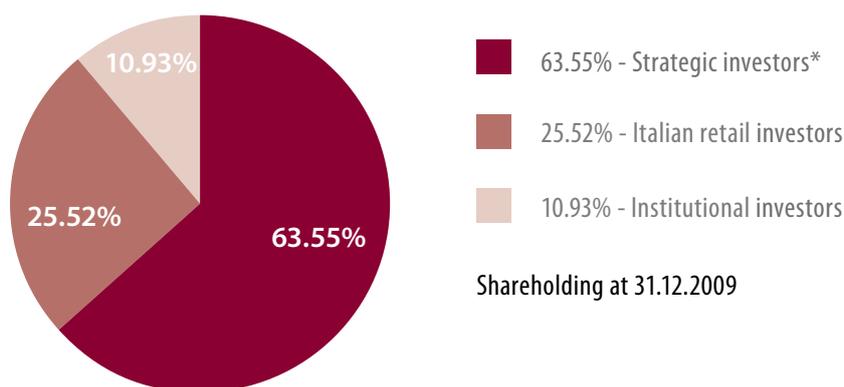
2.6

OWNERSHIP

Banca Monte dei Paschi di Siena is a public limited company listed on the Italian stock exchange.

It is a member of the FTSE MIB40 - the main benchmark index for the Italian shares markets - with a market capitalisation at 31.12.2009 of circa 8.2 billion Euros.

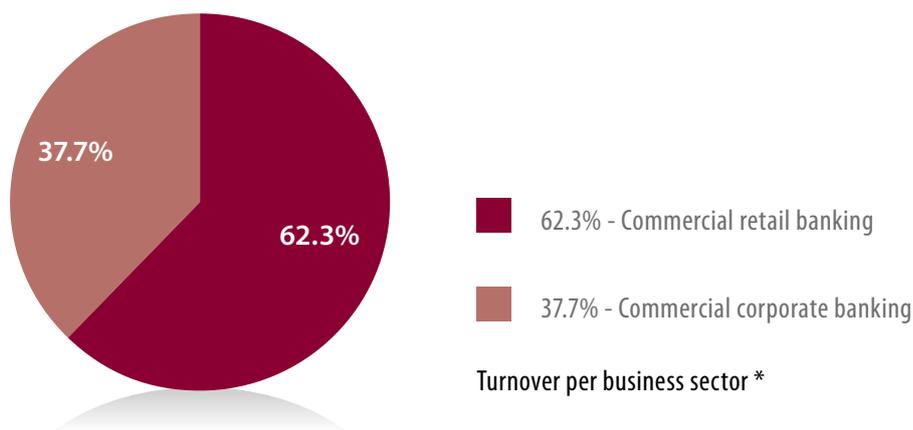
There are 5,569,271,362 ordinary shares, divided-up as follows:



*Fondazione MPS 45.68% JP Morgan Chase 5.54% AXA S.A. 4.56% Caltagirone Francesco Gaetano 4.45% Unicoop Firenze 3.32%

2.7, 2.8 SIZE AND MARKETS SERVED

The Group has more than 32,000 employees, over 3,000 branches and circa 6.3 million customers.



*Finance and insurance management margin

2.9 SIGNIFICANT ORGANISATIONAL CHANGES

This year the Group has been involved in company transactions in reference to the guidelines defined in the 2008-2011 Business Plan. The following are the main transactions:

- January 2009**
 - formation of the Nuova Banca Antonveneta with a network of over 400 branches in the Triveneto
- March 2009**
 - incorporation of Banca Toscana
- April 2009**
 - selling-off of the share capital in the Group's asset management companies and finalisation of the partnership with Clessidra for the creation of an independent Sgr (Prima Sgr)
- July 2009**
 - transfer of 15 Banca Monte dei Paschi di Siena branches to the Banca Popolare di Puglia e Basilicata
- October 2009**
 - resolution passed for the merger of Mps Banca Personale and Mps SIM into the Banca Monte dei Paschi di Siena
- December 2009**
 - agreement for the transfer of 50 Banca Monte dei Paschi di Siena branches to the Banca Cassa di Risparmio di Firenze - Intesa SanPaolo banking group
- January 2010**
 - agreement for the sale of 22 Banca Monte dei Paschi di Siena branches to Banca Carige

2.10 RECOGNITIONS AND AWARDS RECEIVED

MUTUO MPS PROTEZIONE (MPS PROTECTION MORTGAGE)

Best mortgage in 2009 according to the Osservatorio Finanziario (financial observatory) - an institute that monitors the products and financial services of 40 banks in Italy.

The following was the reason given: "the Mutuo Protezione has a maximum limit of 5.5%, which is very low, and is circa 23% less than the average percentages of similar products, which in any case are still



quite rare. The product of the banking group from Siena has the advantage of numerous discounted offers in cooperation, on a local basis, with entities, consumer associations and workers". Also, according to the OF "in 2009 the Montepaschi Group organised numerous information events aimed at helping families to better understand how to manage difficult debt situations. This transparency and financial information activity has also been written down in a mortgages guideline in a series of meetings at local level as part of the ConsumerLab initiative, in cooperation with 15 consumer associations".

WEB RANKING - CSR ONLINE



In third place among the FTSE MIB 40 companies (the best ranked bank in Italy and Europe) for internet communication regarding CSR, according to specific research conducted by Hallvarsson&Halvarsson - Webranking 2009.

FINANCIAL SUSTAINABILITY INDEXES

Confirmation and new admissions of BMPS shares in financial indexes composed of shares by issuers with the best sustainability performances.



Admitted into the WORLD index and confirmed for the second year running in the STOXX index



Confirmed in the GLOBAL and EUROPE indexes.



Confirmed in the Excellence Register.



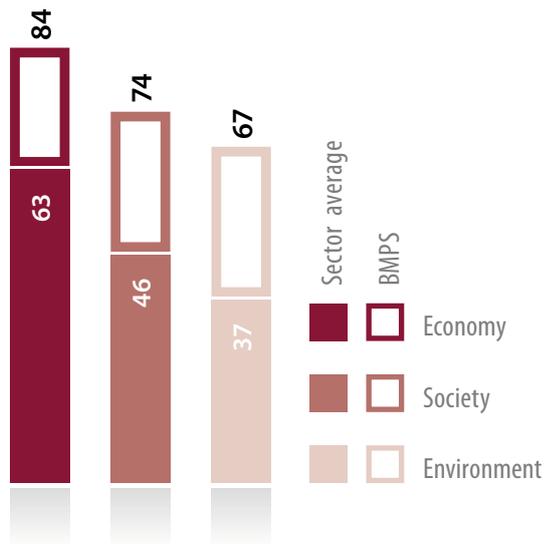
Included in the ranks of the 120 top in European sustainability companies.

SUSTAINABILITY RATING

The sustainability opinions regarding our performance, expressed by specialised rating companies, are an important reference point for verifying our CSR strategy, as well as reputation indexes which influence the investment decisions of an increasing number of financial operators. From 2010 we will also be monitoring ethical funds and socially responsible institutional investors to evaluate any opportunities to attract investment.

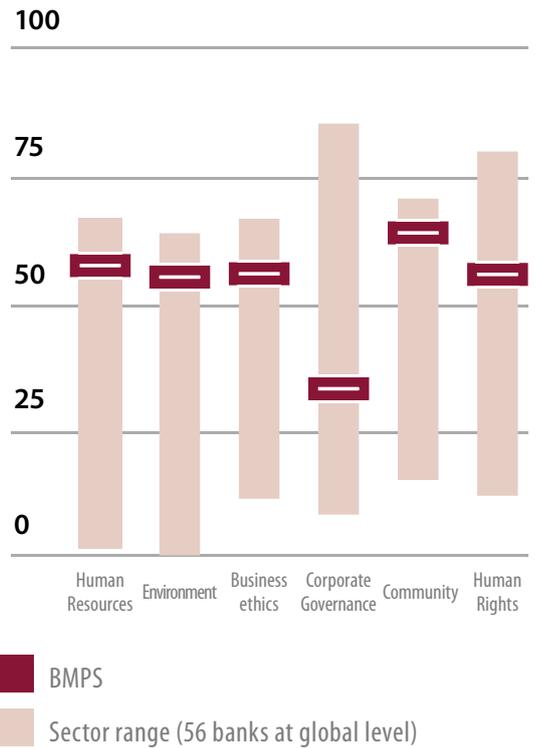
Group Profile

SAM

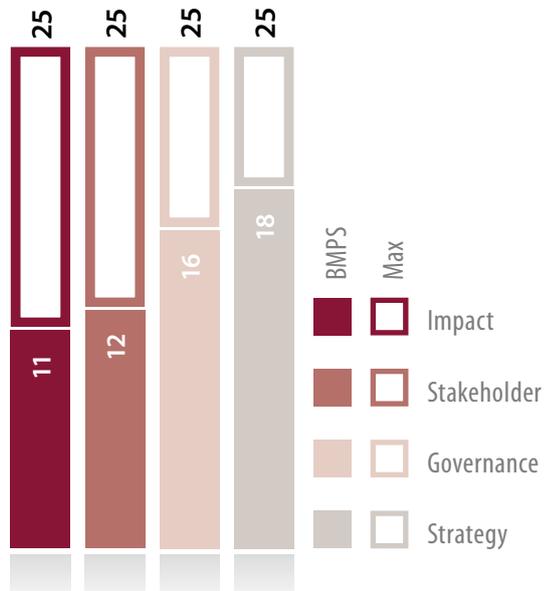


Overall points: 76 (sector average 51)
 Positioning: Bronze Class (among the first 14 banks at global level)

VIGEO

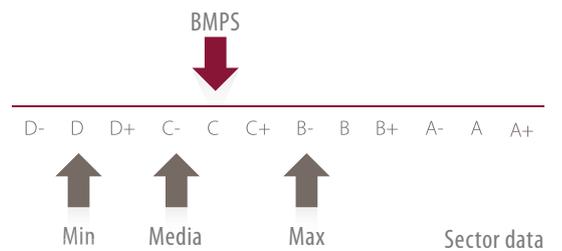


ACCOUNTABILITY RATING ITALIA



Points overall 58.4 (sector average 38.4)
 Positioning: first place in the FTSE MIB 40 (5th in absolute terms)

OEKOM RESEARCH



Rating: C
 Positioning: First class (15th among 79 banks at global level)

3. Report Parameters

3.1-3.11

REPORT SCOPE
AND BOUNDARY

The report provides an updated picture of the Group's performance in relation to its values system. It is an important element for diagnosing and planning necessary improvements, and it is part of a wider project, aimed at increasing and valorising the ethical characteristics of our image and reputation versus stakeholders.

The report has been prepared in accordance with the "Sustainability Reporting Guidelines & Financial Services Sector Supplement" defined in 2008 by the Global Reporting Initiative (GRI). For the purpose of identifying the most significant issues on which reporting should focus, it also valorises the main requirements of the "accountability to stakeholders" model proposed by the Italian Banking Association, as well as the analysis standards of the principal general rating agencies (also see [1.2](#)).



The level of application of the GRI-G3 guidelines has an A+ rating (the maximum level).

The report is prepared on an annual basis. It includes business activities and data relative to the financial year closed 31 December 2009, and the most important facts of the first quarter of 2010, in reference to the Montepaschi Group - as defined in our consolidated report.

The following are excluded from the scope of the reporting:

- The insurance sector (AXA MPS Assicurazioni Vita - life insurance and AXA MPS Assicurazioni Danni - accidents insurance), whose management is the responsibility of the AXA Group.
- The asset management sector (Monte Paschi Asset Management e ABN Amro Asset Management Italy), whose management has been transferred to Clessidra as part of a partnership for the formation of a new independent asset management company - Prima Sgr.

The data we provide has been extracted from various company information systems: from the general accounts to the customers database, from the personnel management system to the purchasing procedures. Some of this data, which are not yet managed in a unified way at Group level, were taken from each company and local business unit and centrally aggregated by the relevant parent company organisational functions.

In order to correctly show the performance of the Group, directly measurable qualitative and quantitative information was included, avoiding the use of estimates as much as possible, which where necessary, are based on the best available methodology.

In order to ensure the most appropriate benchmarks, the data at 31.12.2008 is also included. Data related to other previous years has instead not been included, since they relate to company parameters that do not permit significant comparisons.

The data at 31.12.2009 in the “Environmental Performance” chapter refers to an organisational scope that is wider than the previous edition since it integrates the activities of companies that were already part of the Group but that were not previously part of the consolidated figures. In order to permit a significant comparison with the previous year, where appropriate, we have also included “constant limits” analyses in which the data at 31.12.2009 does not take the additions into account.

Scope limitations

The scope of the indicators analysis at 31.12.2009 included in the report, unless otherwise defined, regard the following corporate scope:

- Clients** The print-outs do not include clients of BiverBanca, Consum.it (which are not clients shared with other banks in the Group), or the overseas branches and banks
- Environment** The print-outs do not include the overseas branches and banks
- Personnel** The print-outs do not include Monte Paschi Ireland Ltd, overseas branches or clearing staff
- Suppliers** The data does not include BiverBanca

3.13

EXTERNAL ASSURANCE

The report was audited by the auditors KPMG. S.p.A. The audit was undertaken following the procedures defined in their report, and it gave us a number of ideas for improvement of the reporting process and in relation to more effective implementation of our CSR policy.



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

Independent limited assurance report on the report on social responsibility

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

- 1 We have reviewed the 2009 report on social responsibility of the MONTEPASCHI Group (the "Group"). The parent's directors are responsible for the preparation of the report on social responsibility in accordance with the Sustainability Reporting Guidelines & Financial Services Sector Supplement issued in 2008 by GRI - Global Reporting Initiative, as set out in the "Report parameters" section. They are also responsible for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. 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). That Standard requires that we comply with applicable ethical requirements (the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, IFAC), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on a report on social responsibility consists of making inquiries, primarily of persons responsible for the preparation of information presented in the report on social responsibility, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
 - comparing the information and data presented in the "Directly generated and distributed economic value" paragraph of the "Economic performance" section of the report on social responsibility to the corresponding information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2009, on which we issued our report dated 9 April 2010 pursuant to article 156 of Legislative decree no. 58 of 24 February 1998;

- analysing how the processes underlying the generation, recording and management of quantitative data included in the report on social responsibility operate. In particular, we have performed the following procedures:
 - interviews and discussions with management representatives of Banca Monte dei Paschi di Siena S.p.A. and personnel of Paschi Gestioni Immobiliari S.r.l. and Consorzio Operativo Gruppo MONTEPASCHI to gather information on the IT, accounting and reporting systems used in preparing the report on social responsibility, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the report on social responsibility;
 - sample-based analysis of documentation supporting the preparation of the report on social responsibility to confirm the effectiveness of processes, their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information;
- analysing the completeness of the qualitative information included in the report on social responsibility and its overall consistency in relation to the guidelines referred to in paragraph 1, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about 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 report on social responsibility 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 matters and events that would be identified during an audit.

The report on social responsibility includes the corresponding information and data of the prior year report on social responsibility for comparative purposes, with respect to which reference should be made our report dated 20 April 2009.

- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2009 report on social responsibility of the MONTEPASCHI Group is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines & Financial Services Sector Supplement issued in 2008 by GRI - Global Reporting Initiative, as set out in the "Report parameters" section.

Florence, 16 April 2010

KPMG S.p.A.

(signed on the original)

Andrea Rossi
Director of Audit

4. Governance, commitments, engagement

4.1

GOVERNANCE
STRUCTURE

Prudence, integrity and transparency - consistent with the Self-Regulation Code issued by the corporate governance Committee of the Italian Stock Exchange - are the fundamental values of our corporate governance.

In particular, the parent company has decided to use a “traditional” management and control model, since it is believed to be the most appropriate model to ensure healthy and prudent management and effective control, because of certain peculiarities and prerogatives of the bank:

- The ownership structure, the protection of minorities and the degree of openness to the market and risk capital.
- The size and complexity of transactions.
- Orientation towards medium and long term objectives.
- The organisational structure of the Group.

The Model includes the following:

- A Board of Directors which exercises its directional, strategy supervision and management powers, delegating powers of an executive nature to a CEO.
- An Auditors’ Board which supervises compliance with legal rules and regulations and legislation, correct management, the adequacy of the company’s organisational, control, administrative and accounting structures.
- A shareholders’ meeting which has the responsibility for passing both ordinary and extraordinary resolutions relative to the following:
 - appointment and revocation of members of the Board of Directors and the Auditors’ Board, as well as their remuneration and responsibilities.
 - approval of the report and the distribution of profit.
 - mergers, divisions, increases in capital and all by-law modifications.
 - appointment of auditors
 - remuneration policies and compensation schemes based on financial instruments in favour of Board of Directors members, the bank’s employees and collaborators- who do not have employee relationships.

The rules include the possibility of constituting Board of Directors Committees with advisory functions, its members being mainly independent directors. The activities of the Committees are regulated by specific regulations approved by the Board. **The Board of Directors have constituted the following committees:**

- Remuneration committee.
- Internal monitoring committee.
- Corporate social responsibility committee.

Governance, commitments, engagement

The model is based on principles defined by the aforementioned Self-Regulation Code, and it also pursues the following objectives:

- A clear definition of the roles and responsibilities.
- An appropriate balancing of powers.
- The balanced composition of the company's organs.
- Monitoring effectiveness.
- The governance of all corporate risk.
- The adequacy of information flows.
- Corporate social responsibility.

During the year the model was implemented through a "corporate governance project", also in accordance with the specific instructions of the Bank of Italy. The following were among the main actions:

- Modification of the by-laws relative to the basic corporate organisation guidelines.
- The modification/implementation of internal rules and the implementation of the resolutions passed by the social organs, with particular reference to their requirements and responsibilities.
- The definition of remuneration and incentives policies, which are consistent at Group level, in other words that are applicable to all the subsidiaries, whether or not they are banks, which operate in Italy and abroad.

[Report on Corporate Governance.](#)

4.2, 4.3

INDEPENDENT AND/OR
NON-EXECUTIVE
DIRECTORS

All the directors are not executives, except:

- The Managing Director, which is a figure required by the by-laws, has not been appointed.
- The Executive Committee, also required by the by-laws, has not been constituted.
- No directors have management positions in the bank.

Two out of the twelve directors are independent, in other words they do not have relations with the bank - or with subjects that have ties to it - which could condition autonomous decision making and unimpeded opinions on the management's performance.

Each electoral list for the Board of Directors has at least two candidates with specific independence requisites, who must be specifically identified.

[Report on Corporate Governance, page 16; 25-26.](#)

Democratic participation of the shareholders is assured through measures such as the following:

- Each share has one vote, with a limit 4% (only the Fondazione MPS - MPS foundation - is an exception to this rule).
- The limitation of voting power of the Fondazione MPS is substantiated by the fact that in the ordinary shareholders' meeting it can participate with a shareholding that is at least one share less than the total share holding of the other participating shareholders.

Also:

- The shareholders who separately or jointly represent at least one fortieth of the shareholding with a right to vote may request, within five days of the publication of the meeting convocation notices, additions to the agenda, defining the additional issues they wish to be included in their application.
- In meetings, each shareholder may speak on the subject matters in the agenda.
- Employees who hold ordinary shares in the bank may exercise their right to vote and speak in the ordinary and extraordinary meetings.
- On the basis of the modifications to the by-laws approved in 2009, the meeting approves the remuneration policies and compensation schemes based on financial instruments in favour of Board of Directors members, the bank's employees, and collaborators who do not have employee relationships.

[Report on Corporate Governance, 6-10; 53-55](#)

In principle, **the remuneration systems tied to performance are structured in such a way as to avoid creating incentives in conflict with the objective of creating long term value.**

On 25.6.2009 the shareholders' meeting approved the [Policy](#) which defines the remuneration mechanisms in favour of Board of Directors members, the bank's employees, and collaborators who do not have employee relationships. In particular, the criteria for determining the variable amount of remuneration to top management has been confirmed and reinforced, in order to avoid creating incentives in conflict with the objective of creating long term value. According to the new provisions, which also comply with the Bank of Italy's requirements, the total amount of remuneration from 2010 shall have a fixed amount and a balanced mix of short, medium and long term variable amounts.

[Report on Corporate Governance, page 30-33.](#)

4.6

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

The **verification and monitoring systems** include:

- A behavioural code for transactions with associated parties.
- The possible participation of bank exponents in other companies, which must be communicated to the Board of Directors; each director must declare all other interests they have in corporate transactions to the other directors and to the Auditors' Board.
- The by-laws exclude the presence of subjects in the Board of Directors who are simultaneously members of management organs of other competing credit institutes which are not part of the Group.

These systems have been further reinforced this year.

Also, we keep independence relations with the Auditors (this task will be undertaken by KPMG until the completion of the figures at 31.12.2010, in accordance with the law). Any contracts or consultancy services with affiliated companies are authorised after approval by the Auditors' Board. The fees paid by the bank to companies in the KPMG network for these activities are reported in the [consolidated report at 31.12.2009 \(page 421\)](#).

[Report on Corporate Governance, page 13-25.](#)

4.7

DIRECTORS'
QUALIFICATIONS

The directors are elected by the shareholders' meeting using a voting list.

The [Curriculums](#) of candidates for the appointment of director, as well as the appointments they hold in other companies, are communicated to the shareholders for their assessment before voting takes place.

The following are the necessary requisites: professionalism and authority of a level that ensures a high level of discussion within the organ and brings an important contribution to its opinions.

In particular, the professionalism requisites are also subject to verification by the Board after appointments have been made.

All of the directors are men and the average age is 59.

[Report on Corporate Governance, page 13-15.](#)

We see CSR as a business factor which stimulates us to constantly search for a balance between conformance to regulations, competitive decisions, consistency with our system of values and the different points of view of stakeholders.

We have formalised our positions and aspirations in this respect, in a “cascade” system of voluntary principles and rules:

- The **Mission**: “create value for the shareholders, in both the short and long term, focusing on customer satisfaction, the professional development of our personnel, and the interests of all the stakeholders as priorities”.
- The **Values** charter: ethic regarding responsibility, customer orientation, attention to change, a business like and proactive approach, a passion for professional competences, and team and cooperative spirit.
- The **Code of Ethics** expresses the company’s values through a compendium of commitments which must guide the Group when it is implementing them, with constant and attentive consideration of stakeholder expectations.
- The **Policies regarding issues** develop the Group’s guidelines in specific CSR areas and on specific CSR issues.

We want customers and public opinion to see us as a solid and reliable Italian bank which has integrity. In this sense we are developing our relationships with the markets, which are traditionally characterised by a cautious approach, tied to the real local economies, focused on customers and with an innovative spirit, although at the same time keeping our distance from the development of particularly risky financial situations.

The importance and reputation of our trademark-brand are continually monitored, through the qualitative and quantitative analysis of the Group’s exposure in the press, on television, and from this year also on the web, by specific surveys with bank customers and opinion groups.

In particular, this year’s findings show an increase in the weight associated by the various stakeholders to the ethics characteristics expressed by the bank, with generally positive opinions:

- 56% of the key messages regarding Montepaschi in the press were focused on CSR (741 articles);
- the financial journalists interviewed by Demoskopea as part of the “best place for green” research gave us advice on how the bank has improved in social responsibility and environmental terms.

According to the Interbrand company’s methodology, **the value of the bank’s trademark-brand,** measured through financial flows concerning the bank at 31 December 2008, **was 5.5 billion Euros.**

Sustainability aspects - areas and indicators - against which we verify our performance in the long term **are identified through observation of financial, social and environmental scenarios** - and also through constant listening and dialogue with stakeholders - systematically evaluating the implications for our sector and the role the bank can have on a case by case basis.

These aspects are therefore considered in developing our CSR strategy.

This year the strategy followed the guidelines of the 2007-2009 CSR plan, whose implementation is supervised by the Social Responsibility Committee (which has been managing this issue since 2004), with the support of the Parent company's Communication department, which has a specialist team of three people. This area reports directly to the CEO (the highest executive role in the Bank) and the Chairman.

The activities and **performance we attained have been recorded on an annual basis on the Social Responsibility report**. The Committee checks the report, which is subsequently discussed by the Board of Directors for approval and then presented to the shareholders' meeting.

Our objective is to further develop the evaluation logic of our performance in order to further integrate non financial and sustainability variables (CSR Intangible Assets), in the overall planning, control and reporting system.

Therefore, during the course of the year the "Sustainability project" was started up, which involved the following:

- an organic measurement model connected to the main value drivers - productivity and management of costs, business opportunities and market share, the brand and the bank's reputation (see the diagram in the margin).
- a summary index of the value generated in the long term.
- responsibilities and management by objectives.

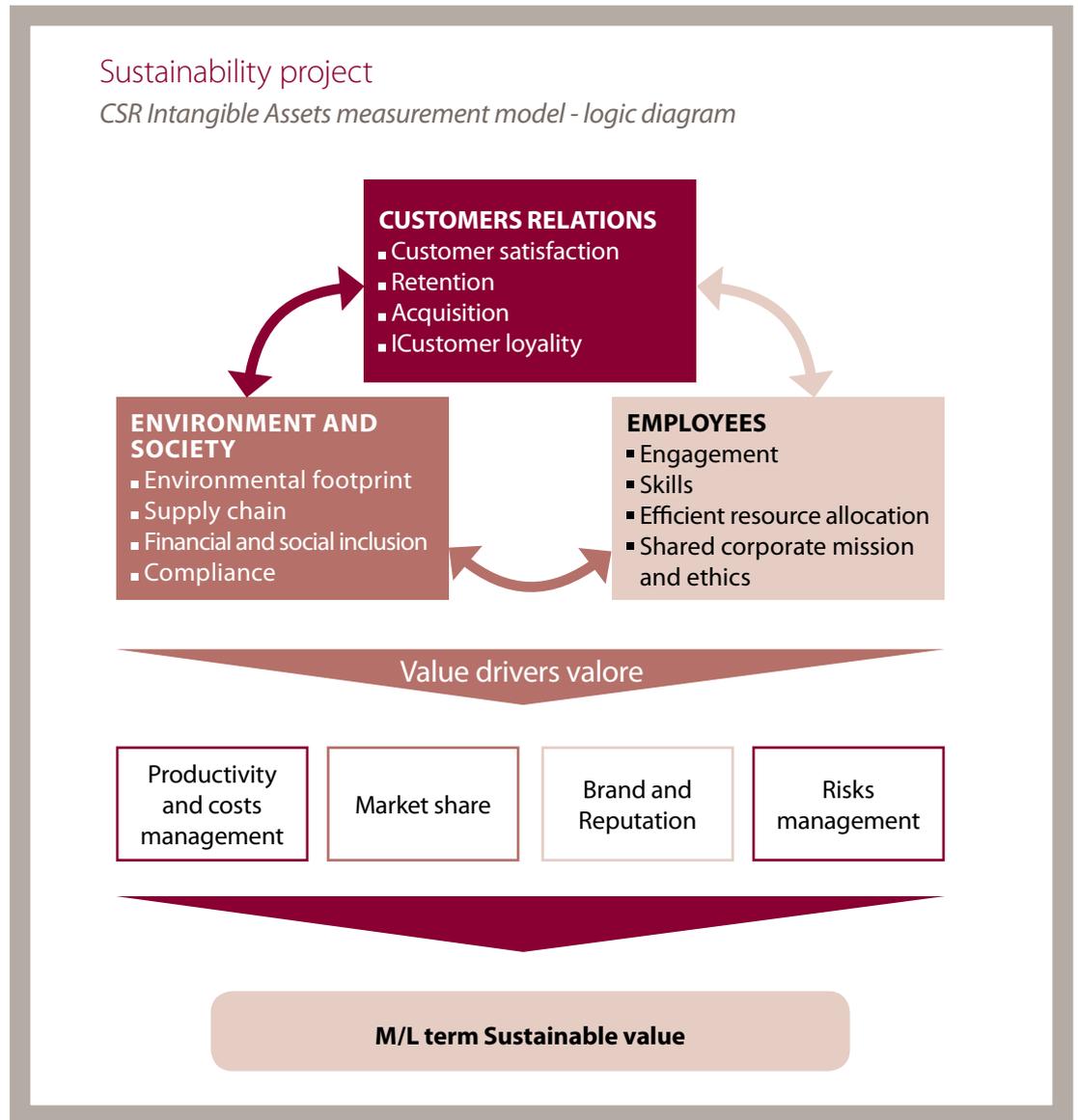
The Business

Social Responsibility Committee

It is composed of three directors, and the meetings are also attended by the CEO and the President of the Auditors Board. This year it met twice to examine the CSR report at 31.12.2008 and the strengths and margins for improvement of the social responsibility strategy.

Its duties

It has advisory functions versus the Board of Directors for the development of initiatives aimed at safeguarding the environment, customer satisfaction, the professional development of personnel and the protection of the interests of all the stakeholders. It therefore supports its actions in defining the CSR policy, evaluating risks and opportunities that are relative to the bank and its performance.



4.10
 PROCESS FOR
 EVALUATING
 THE PERFORMANCES
 OF THE HIGHEST
 GOVERNANCE BODY

The Board of Directors systematically verifies, at least one per year, the adequacy of its size, composition and professionalism - meaning the overall type and variety of skills and experience - as well as its functioning and its capability to implement new initiatives.

The results of the self-evaluation are shown in the minutes of its meeting. In consideration of the small amount of time the current Board has been operative, this assessment has not yet been carried out. However, it is worth pointing out the high number of meetings it held during the year (30) and the average level of attendance (82%).

In respect of performance in the long term - in other words sustainability - the central issue for the actions of the Group and Board, the Board verifies this also through the analysis of the social responsibility report.

[Report on Corporate Governance page 18-19.](#)

The recession has shown the importance of a banking system based on responsibility. An objective, from a sustainability point of view, is to prevent and mitigate the effects of these risks on the real economy, and for this reason it is necessary to assure suitable governance, management and control to guarantee constantly correct and transparent behaviour in the marketplace, since the prevention and mitigation of risk are fundamental factors for pursuing company objectives.

Even if the Montepaschi Group, by virtue of a traditionally prudent approach to financial management, has no significant responsibility for the causes of the recession, consistent with our Code of Ethics, we have:

- Punctually responded to the new corporate governance and risk management regulatory requirements.
- Reinforced the risk management and control system and the assets necessary to cover risks.
- Further developed our remunerations policy, confirming our propensity for long term sustainable objectives.

In particular, regarding the management and control of risk:

- Completion and extension activities concerning other companies in the Group, relating to internal credit risk and operating models, were continued. These models had already been implemented in the parent company in 2008 (Basil 2, the first pillar).
- The Risk Management department, which defines the methodology for analysing and measuring the actual risks was moved in the organisational structure so that it directly reports to the CEO and the Chairman, while also maintaining a functional relation with the CFO. This change, which is in line with the best International regulations and practices, aims to ensure greater effectiveness and independence in carrying out their activities.
- The self-evaluation processes, the adequacy of the bank's assets, and the preparation of the relative ICAAP - Internal Capital Adequacy Assessment Process - report, in compliance with Basil 2, the second pillar, were optimised.
- The market was provided with information regarding assets, risk exposure and the relative management systems - available in the "investors & research" section of the following website: www.mps.it - in compliance with Basil 2, the third pillar.
- The policy, processes and mechanisms for managing the various types of risks the Group could face were reinforced; risk related to credit, the market, operations, compliance etc.
- New procedures for monitoring the liquidity risk, with operating and tolerance limits differentiated for normal situations and periods of market stress, as well as opportunities and "contingency plans" to be launched where necessary, were defined.
- Self-evaluation of reputational risk was carried out and the organisational and management criteria that needs to be implemented were defined.

4.12, 4.13

ENDORSEMENT OF
EXTERNAL CODES
AND PRINCIPLES
AND PARTICIPATION IN
INDUSTRY ASSOCIATIONS

We comply with the following Codes and International Charters regarding sustainability:

- The declaration of the United Nations on “Finance and Sustainability” - [UNEP Finance Initiative](#) (from 1998).
- The principles of the [Global Compact](#) of the United Nations (from 2002).
- [The CSR Alliance](#) promoted by the European Commission - Communication n. 136 dated 22 March 2006 (from 2006).

We sustain and participate in the activities of Italian and international Organisations to promote CSR, including the following: the **Italian Banking Association** (components of the CSR Technical Commission and numerous other commissions and work groups); the **Forum for Financial Sustainability, Csr Europe** (also through the **Sodalitas Foundation**, in 2009 we participated in the activities for the definition of [the European sustainability strategy Enterprise 2020](#), also contributing to good practices on “supply chain sustainability” and “evaluations of CSR aspects in investments”).

4.14-4.17

STAKEHOLDER
ENGAGEMENT

Our idea of social responsibility is based on our belief that it is possible to generate surplus financial and social value from a cooperative approach with shareholders.

In our opinion stakeholders are those who:

- Contribute to the realisation of our bank’s mission.
- Are capable of influencing the attainment of company objectives through their numerous decisions (in relation to expenditure, investments, cooperation, regulation and monitoring).

We see stakeholders as holders of relevant interests in relation to the bank’s business activities, like shareholders/partners, employees, our clientele, suppliers and other commercial partners, institutions (including monitoring and supervisory authorities, and public administration bodies), and local communities.

In order to manage stakeholder engagement we are committed to realising the following activities in a systematic manner:

- The identification of subjects that have interests.
- The assessment of the relevance and significance of every stakeholder.
- The analysis of the perception of stakeholders.
- The mapping of the expectations of stakeholders and their relative satisfaction.
- The mapping of corporate strategies and the risks and opportunities related to any conflict or positive relationship.

We are committed to continually increasing the quality of relationships, fine tuning the methods of engagement and ensuring that each counterparty is listened to and that there are opportunities for discussions.

Governance, commitments, engagement

The following are **some of the most mature experiences in which stakeholders are involved in CSR:**

- **Relationships with the Unions** - the following issues were discussed through joint bank and union organisms: equal opportunities, working climate, environmental sustainability. The Social responsibility report was also discussed (see [LA4](#)).
- **Consumer Lab** - a working group started up at the end of 2004 with the 15 most important Italian consumer associations. Their objective: to bring customers and the bank closer together, ensuring clarity and simplicity in communications and the identification of practical solutions to “hot issues” relative to banking services. (see [FS5](#)).

Further discussion and cooperation initiatives in 2009 regarded in particular:

- **The personnel**, in relation to “sustainable transferability” projects (see [EN7](#)).
- **The Italian Government, the banking system, local institutions, industrial and consumer associations**, in order to look for effective ways of facing the financial recession (see [FS7](#)).
- **Supervisory authorities**, to better implement the new regulatory requirements regarding corporate governance and risk management (see [4.1](#), [4.11](#)).
- **Customers, institutions and commercial partners**, for supporting the development of renewable energy ([FS8](#)).
- **Investors**, through various conference calls to go into more detail regarding CSR aspects relevant to their investment policies.
- **Suppliers** involved in the process of implementing the new “supply chain sustainability” project (see [EN26](#)).
- **Customers**, through customer satisfaction surveys (See [PR 5](#)).

FS. Social and environmental aspects of the finance sector

POLICIES AND MANAGEMENT AND VERIFICATION SYSTEMS

See [FS1](#) - [FS5](#).

MANAGEMENT APPROACH

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

The [Code of Ethics](#) commits us to considering the conduct of organisations we relate to, either directly or indirectly, from the point of view of integrity and reliability, paying attention to any implications in activities that are illegal, harmful to human rights, or harmful to the health and safety of human beings and nature.

If the business activities of these organisations are found not to be in line with the expected good conduct principles, the parent company's Board of Directors, based on the opinion of the social responsibility committee, will assess the possibility of not establishing or continuing the relationships.

For certain industrial sectors the assessment of possible social impact is not univocal and they are subject to careful scrutiny by public opinion, even if there are often contrasting opinions. Examples of the latter: the manufacturing and sale of arms, alcoholic beverages, tobacco, genetically modified organisms, and the nuclear industry.

The bank does not generally preclude working with these sectors in absolute terms, but because of their controversial, and therefore uncertain, nature, the situations are verified on a case by case basis to avoid related reputational risk.

In particular, **in respect of the armaments industry, the policy is not to finance intermediary transactions which relate to the manufacturing and sale of arms in accordance with Law 185/1990**. This policy is applied throughout our network and to credit, and this year it has also been extended to the Banca Antonveneta's operations.

Among the other business related social responsibility issues for which the Group has defined a specific policy, the following are the main ones:

- **The environment** - among our commitments is that of "developing investment policies which favour processes and products that have a positive effect on the environment and social issues".
- **Climate change** - which formalises the Group's wish to "sustain and promote investments in the renewable energy sector and in the development of low emissions technology".
- **Financial inclusion** - with the requirement also expressed in our [Code of Ethics](#) to assure that we "pay attention to the needs of the weakest sections of society, favouring access to banking services, an aware use of credit and the prevention of excessive indebtedness". In this respect, a strategy is being followed to sustain the most vulnerable sections of our clientele and of society."

Social and environmental aspects of the finance sector

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

We mainly finance projects and investments in Italy, where the environmental and social standards are extensively covered by current legislation (the evaluation of environmental impact of infrastructures and productive activities, regulations regarding employment contracts and health and safety in the workplace etc).

Therefore, we have not found any particular criticalities regarding the effects on the quality of credit and any social or environmental problems related to our customers and the projects we have financed.

In any case certain procedures for monitoring aspects such as the environmental risk of credit and working in the armaments industry were launched some time ago.

Another issue which is believed to be significant to measure social responsibility in the banking business, which is above all relevant to businesses that work on an international scale, is the financial support provided to ethically “controversial” sectors and countries. In this case, the Group’s policy is aimed at ensuring adequate levels of disclosure.

THE ENVIRONMENTAL RISK OF CREDIT

The possible environmental impact of business customers and their projects are additional management quality indicators, in relation to which we have set ourselves an objective of increasing understanding, in order to transform them, along with our customers, into opportunity factors.

In this sense various analyses are carried out which managers include in their general assessments of the quality of credit and in certain cases they also effect contractual clauses. In particular, these assessments relate to the following:

- **Specialised credit and project financing** - since 2002, Mps Capital Services has been carrying out an environmental screening of financing requests, which consider the following: the dangerousness of business activities and the legal obligations in the relevant business sector; the dimension of business activities - in terms of an approximation of additional potential damage to the environment - the holding of environmental certification.
- This year 215 transactions for 2.1 billion Euros were analysed. 23% were classified as being in the medium-high risk range, above all because of the significant entity of the average amounts financed; a factor which carries a lot of weight in the overall evaluation.
- **Overdrafts to big companies** (with a turnover of more than 500 million) - also in this case, the credit rating is assigned while also taking into consideration operating risk qualitative aspects, such as possible environmental damage generated by the activities, and from a positive point of view, any environmental certification these companies hold.
- From this point of view, 470 companies were analysed this year, for credit of circa 18 billion Euros overall. In 67% of these cases the risk was nil or marginal, also in virtue of certifications the companies already held or where applying for.

Social and environmental aspects of the finance sector

FINANCING SUBJECTED TO ENVIRONMENTAL SCREENING	2009	2008
Specialised credit - Mps Capital Services		
Number of transactions	215	656
Amount (in thousands of Euros)	2,151,247	5,333,271
Companies with a turnover of more than 500 million		
Number of customers	470	308
Amount (in thousands of Euros)	18,354,797	14,981,583

LEVEL OF ENVIRONMENTAL RISK OF MPS CAPITAL SERVICES TRANSACTIONS (2009)	PROJECTS	%	AMOUNT (Euros)	%
Low (A)	90	41.86%	163,139,010	7.58%
Medium (B)	75	34.88%	1,333,565,204	61.99%
Significant (C)	34	15.81%	359,278,199	16.70%
High (D)	16	7.44%	295,264,250	13.73%

LEVEL OF ENVIRONMENTAL RISK OF COMPANIES WITH A TURNOVER OF MORE THAN 500 MILLION (2009)	%
Absent	43%
Marginal	24%
Of an average entity and adequately covered	25%
Of a high entity and adequately covered	8%
Of a medium entity and poorly covered	0%
Of a high entity and poorly covered	0%

TRANSACTIONS IN THE ARMS INDUSTRY

Our work in this industry is directly supervised by the General-Directorates of the Group's companies. The policy in this case is to "avoid financing and intermediation activities relating to flows derived from supplies that are covered by the provisions of Law 185/90". Consequently, since 2004 the parent company and other companies in the Group are not included in specific lists published in the Council of Ministers' annual report. During this year even residual transactions, carried out by the Banca Antonveneta before it was merged into the Group, were being terminated (circa 22 million Euros).

Outside of the scope of the application of Law 185/90, the Group has commercial relationships with companies which, even if only marginally, work in this industry, providing general financial services that do not involve specific projects. At the end of 2009, these investments amounted to 145.4 million Euros.

FINANCIAL SUPPORT TO "CONTROVERSIAL" SECTORS AND COUNTRIES

We monitor the exposure of credit versus industries that have a high environmental impact (petroleum, steel, chemical and pharmaceutical etc). At the end of 2009 these investments amounted to 14,009 million (11.6% of the total).

Social and environmental aspects of the finance sector

TRANSACTIONS IN HIGH ENVIRONMENTAL IMPACT SECTORS	2009	2008
Investments (million Euros)	14,009	14,291
Percentage of total investments (%)	11.6	12.0

As far as operations in the “controversial” sectors are concerned, as we have stated, there are no pre-defined preclusions.

INVESTMENTS IN “CONTROVERSIAL” SECTORS	2009		2008	
	Amount (million Euros)	% of the total	Amount (million Euros)	% of the total
Manufacturing and sale of arms	145.4	0.11	107.5	0.08
Manufacturing and sale of tobacco	17.4	0.01	12.9	0.01
Manufacturing and sale of alcohol	146.3	0.12	125.7	0.10
Manufacturing and sale of furs	27.5	0.02	29.8	0.02

The same applies to operations in countries which are also “controversial” since they are considered to have a high level of corruption, privileged taxation systems, or do not assure respect of human rights. The investments in these countries mainly relate to transactions carried out with local banks and direct support in the sales activities of Italian customer companies which export products to other countries.

INVESTMENTS IN “CONTROVERSIAL” COUNTRIES (million Euros)	2009	2008
Countries with a high level of corruption *	334	285
Countries with privileged taxation systems **	14	34
Countries with scarce respect for human rights ***	397	385

* Countries with an International Transparency CPI of ≤ 3

** Countries on the OCSE Grey List (updated at 22.03.2010)

*** Countries with scarce protection of human rights (countries subject to arms embargoes and countries that violate human rights)

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

Project financing contracts also include specific clauses which make the beneficiaries comply with regulation and other standards imposed by local authorities, also in respect of the protection of the environment, health and safety at work and other workers’ rights, as well as transparency in works contracts.

Effective compliance with these clauses is checked by the relevant Mps Capital Services department, also on the basis of the statements and evidence presented by financed companies; if we find that they have not been complied with the bank contacts the customers to find an agreed solution. If commitments continue not to be ignored the bank reserves the right to withdraw its financing, requesting immediate repayment of the funds.

The issues of sustainability and business ethics are the subject of various research, training and communication processes aimed at increasing the specific skills of employees, with particular regard to the employees of the sales network.

Social and environmental aspects of the finance sector

FS4

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

The following are some of the current processes:

- **Research activities** that support the strategic direction of the Group. The analyses also regard the main social dynamics Italy is currently undergoing in the banking and associated businesses. The following are some of the themes analysed by the Strategic Planning, Research and Investor Relations Division:
 - Consumer credit and the indebtedness of families
 - Industrial areas (through continual observation of relative local developments)
 - The renewable energy sector
 - No profit organisations
 - Demographic trends and migratory flows
 - Islamic banking.

These are issues the Group is committed to through projects and specific commercial development.

- **Training courses** - in classrooms and online, on the prevention of corruption risk (in accordance with Legislative Decree 231/2001), anti money laundering, banking transparency, regulations and procedures
- **Internal communication** - for the prompt availability of useful information for work activities, and for greater sharing of company issues (see [LA-Development strategies and models](#)).
- **Product sheets** - which are integrated, where necessary, in reference to regulations and other information on social and environmental issues (for example, renewable energy financing products and products for immigrant customers).
- The **discussions between the management, the managers of branches, and consumer associations** on issues that are crucial to customer and bank relationships, with the involvement of the latter also in internal training courses.

In 2010, further training areas in which the point of view of consumers are included will be verified.

The planned training and internal agreement activity regarding the new Code of Ethics was rescheduled for 2010.

Inter-action - listening, discussions, collaborations, and partnerships - with customers and their representatives is an important part of commercial policy.

Social and environmental aspects of the finance sector

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

In this sense, our Consumer Lab has a very important role. It is a permanent collaboration with the 15 main Italian consumer associations - started up in November 2004, which has been progressively reinforced.

Consumer Lab
The permanent collaborator of 15 of the main Italian consumer associations.



Consumer Lab is a true bank and consumers equivalent to a laboratory. Constituted in November 2004, its aim is to prevent possible "financial difficulties" situations for the bank's customers.

Over the years its activities have been progressively intensified, focusing on issues that from time to time are considered the most relevant issues, and proposing specific and real solutions (see the table).

In particular, the following were its main activities in 2009: the publication of a consumer credit guideline and good rules for preventing excessive indebtedness phenomena; guidelines on the rights and duties of banking clientele (which will be completed in 2010); the commencement of a programme of meetings and debates all over Italy, involving the network, associations, including local associations, and the media. In respect of the latter, 3 of the 11 events that were planned overall took place, also seeing the opening for a few days of specific areas for the public at our branches. Among the issues that were discussed the most: mortgages, consumer credit, costs related to the substitution of overdraft limits, and in general, the financial problems of families in the current recession.

QUESTIONS	SOLUTIONS
Effectiveness and quality of customer relationships	<p>The association participated in various information initiatives with our network, explaining their points of view on "hot" issues regarding bank and customer relationships:</p> <ul style="list-style-type: none"> ■ 2 thousand employees trained on "The pension bank: new regulations and the social responsibility of asset management". ■ 45 meetings with branch managers. ■ 11 information areas in our branches (project currently underway). <p>The specific requirements of the Group's Code of Ethics were agreed. A "rights and duties of bank customers charter" was defined (project currently underway).</p>
Clarity in communications with customers	<p>Review of contract documentation on current accounts and other basic products. Other communications to customers were reviewed.</p>
Financial education	<p>Information guidelines and a dynamic FAQ (replies to frequently asked questions) product were developed regarding relevant current issues: 7 guidelines were printed in about 50 thousand copies each, distributed using the network and local associations, which are also available on internet (www.mps.it/Consumer+lab/).</p>
Home mortgages	<p>An information guideline was developed on this issue. Facilitative solutions were defined, including renegotiation at zero cost. The "Fight the Crisis" package designed to help customers in the greatest amount of difficulty, was agreed.</p>
Financial inclusion	<p>A security card in Braille was developed to permit blind persons to carry out phone banking transactions. The "paschi without frontiers" service was developed for immigrant customers.</p>
Customer- product risk profiles	<p>The internal methodology was reviewed, anticipating the MIFID Directive.</p>
Excessive indebtedness	<p>Solutions to prevent this phenomena were agreed, also defining a guideline for customers and employees.</p>

Social and environmental aspects of the finance sector

Further local inter-action initiatives during the course of the year regarded the following:

- A programme of 5 discussion seminars with companies regarding opportunities and regulatory procedures for investing in the photovoltaic sector. The seminars were held in cooperation with Enel.si, the electricity services operator, and other interested institutions. Always in relation to renewable energy and issues, the Group has participated in specific work groups with regional institutions.
- Numerous meetings with companies and institutions to present different measures to Fight the Crisis proposed by the Group to companies and private individuals.
- Road-shows in Mantua, Catania, and Salerno to enter into discussions with the principal representatives of institutions and local businesses on possible methods to stem recession related criticalities.

Social and environmental risk and opportunities relevant to business have also been analysed in the ABI and in other multi-stakeholder work groups we participate in, including the following: the laboratories coordinated by CSR Europe, the forum for Sustainable Finance, and the Kyoto Club. Among the issues which have been developed the most in these contexts during the course of the year: socially responsible investments and ethical traceability of banking products, micro-credit, ESG (Environment, Society, Governance) issues that are significant for the banking sector, the measurement and reporting of non financial assets and long term ESG performance.

PRODUCTS AND SERVICES

The Group has circa 6 million customers, who are mainly retail customers (families and small businesses).

CUSTOMERS	2009*	2008
Active customers	5,785,205	5,904,523

** this figure not include Biver Banca (147.443) and Consum.it (378,213 at November 2009), overseas branches and banks*

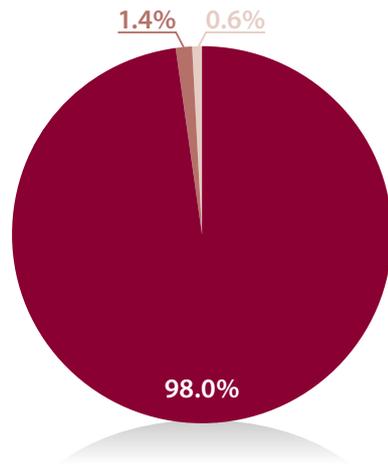
The development dynamics of the customer portfolio, described below, have been influenced by certain important company and organisational changes, including the following:

- The merger of the Banca Toscana and part of the Banca Antonveneta network into the Parent company, which have caused a “technical” reduction in the number of customers, since some of them were shared customers.
- The sale of certain branches significantly affected the retention indicator.

Families are the main component of the retail segment.

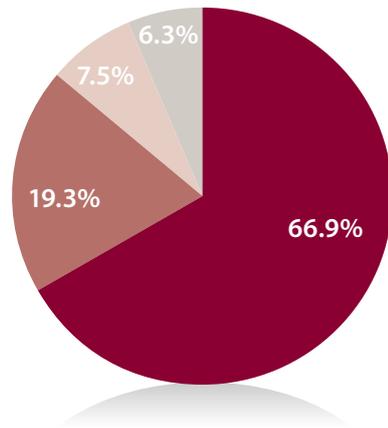
Business customers mainly carry out industrial activities (45.9%).

Social and environmental aspects of the finance sector



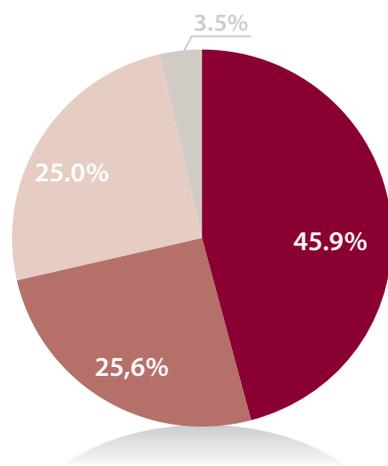
- 98.0% - Retail
- 1.4% - Corporate
- 0.6% - Private

Breakdown of the clientele by segment



- 66.9% - Family
- 19.3% - Lower Affluent
- 7.5% - Small Business
- 6,3% - Upper Affluent

Breakdown of the retail clientele by services model

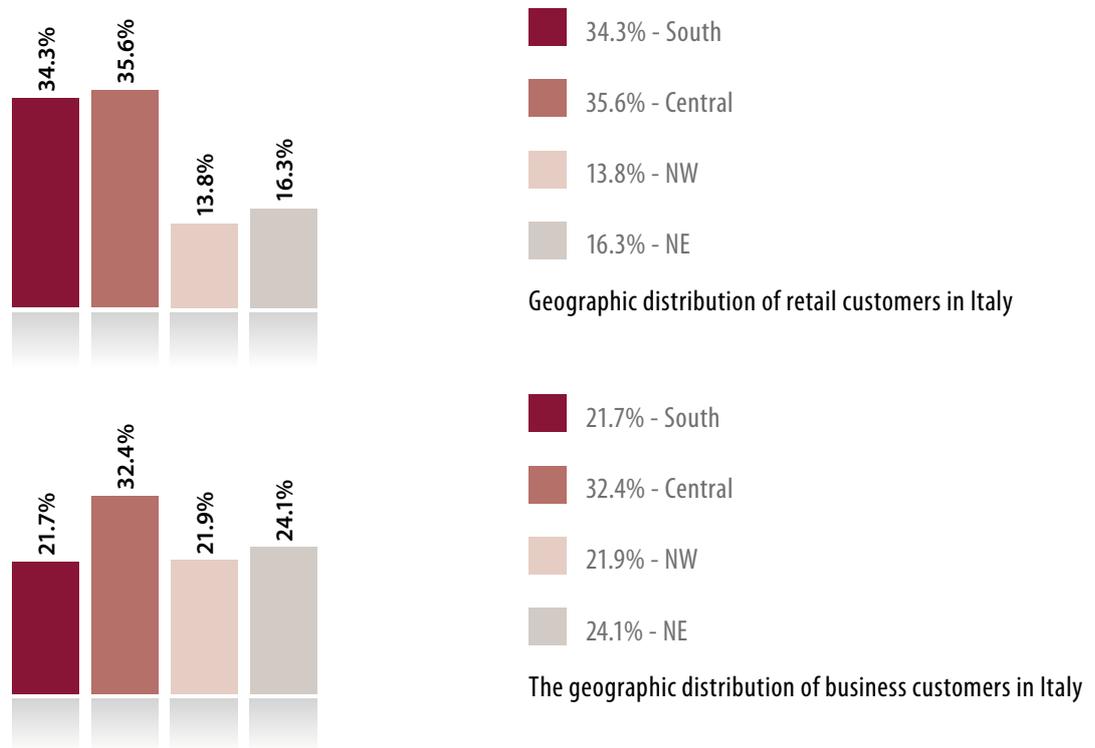


- 45.9% - Industry
- 25.6% - Public and private services
- 25.0% - Commerce
- 3.5% - Agriculture, hunting, forestry and fishing

Breakdown of business customers by business sector

Social and environmental aspects of the finance sector

On a local scale, the retail customers in Central-South Italy are the biggest number of customers (69.9%). The geographic distribution of companies is instead more balanced.



FS7
PRODUCTS AND
SERVICES WITH
SOCIAL GOALS

Demographic and social dynamics, and the effects of the financial recession on the real economy, effect the role of the banking system as the driver to get development going and create wealth distribution.

The difficulties many families and companies have in managing their debt in the current financial situation, the systems for protection and prevention of excessive indebtedness, reduced accessibility to credit and other banking services by the most vulnerable sections of society, and also serious problems, including financial problems of the populations affected by natural disasters, are some of the customer needs we particularly focused on in relation to this year's product and service innovation.

THE MANAGEMENT OF THE INDEBTEDNESS OF CONSUMERS, PRIVATE INDIVIDUALS AND FAMILIES IN DIFFICULT FINANCIAL SITUATIONS

In February 2009, anticipating the Family Plan defined by the ABI -the Italian Banking Association-, **we launched an articulated programme called "Fight the Crisis"**. The programmes main measure was the possibility for people in financial difficulty who also have mortgages to suspend payment of the rates for up to 12 months (including capital and interest) or to recover any rates in arrears. During 2009 circa 8,200 mortgages were suspended, for 950 million Euors of residual debt overall, for customers in conditions of particular difficulty following the loss of their jobs, temporary redundancy, or the termination of autonomous work contracts, a too high rate/income ratio etc. This possibility was subsequently extended

Social and environmental aspects of the finance sector

to personal loans as well as products aimed at increasing the levels of protection and prevention against future excessive indebtedness problems:

- The mutuo MPS Protezione (MPS protection mortgage - a mortgage with a low variable interest rate which, by fixing a maximum limit of 5.5%, protects customers from the negative fluctuations of interest rates. Therefore, customers have the possibility of fixing the maximum monthly expenditure they can afford for the entire period of payment of their mortgages, thereby planning the maximum effect of the rate on their income and family budgets. This product was chosen by many customers (about 70% of those taking out new mortgages) and the Finance Observatory stated that it was the “best mortgage of the year”.
- The “Mutuo Sicuro Plus” (secure plus mortgage policy), to cover the failure to pay rates for up to 12 months, also in cases in which the customers have lost their jobs. Mutuo Sicuro Plus was awarded the “golden circle” as the best assurance product of the year according to the Italian Association of Financial Innovation.

Further initiatives for supporting customers in difficulty were the following:

- Giving workers in temporary redundancy situations the amounts already matured but not yet paid by the relevant social security institute.
- The transferability of mortgages, also in implementing the specific instructions contained in regulations, and the consequent possibility for customers to improve their financial condition. The “Sostimutuo” product was chosen by 7,524 customers, for circa 910 million Euros overall.
- The introduction of a “family credit specialist”, a new professional figure which we expect will further help our relationships with customers, also supporting them in a more aware management of indebtedness.

THE SUPPORT OF COMPANIES IN DIFFICULTY

For **PMIs - Small and Medium Size Companies**, in the second half of the year a specific set of support measures was launched, also in this instance anticipating the solutions provided by the system:

- **Time out** - this involves a moratorium for the payment of account capital rates for up to 12 months for medium and long term financing (6,000 loans were already suspended for this reason).
- **Force 5 and Force 3** - a short term credit line for sums of up to 1 million Euros, which has the objective of financing the recovery of investments. Its peculiarity is the reduction in the rate (up to 200 basis points) for 12 months, upon condition that the companies demonstrate, once the credit has expired, that their entire workforce present on the date the contract was stipulated has been kept in employment.
- **Prorogatio** - for requesting the postponement, for up to 6 months, of the expiry date of credit owed by public administrations which are channelled to the bank.
- **Investo plus and Insieme plus** - new generation participative loans to sustain the reinforcement of company assets.
- **Italian products** - short term pre-financing dedicated to Italian companies that usually export goods and services, including hotel and tourism businesses. It involves a bonus of

Social and environmental aspects of the finance sector

25% of the applied, upon condition that the company demonstrates that it has exported goods for the value of 10% of the previous year's export turnover to new markets.

By maintaining the initiatives it has independently promoted, the Group subsequently and additionally:

- Adhered to **"Common notification"**, the protocol defined by the ABI, the Economics Ministry and business associations, which involves the following:
 - The suspension of payments of the capital depreciation rates of mortgages and leasing contracts.
 - The extension of short term deadlines for cash advances based on certain credit to 270 days.
 - Specific financing for companies that implement asset reinforcement processes.
- An agreement protocol was signed with the Tuscany regional authority for the "Economic emergency" programme, which included the involvement of Fidi Toscana as the provider of guarantees. In implementing this programme we also adhered to the agreement to suspend payments by companies.
- We operated using Confidi (the Medio Credito Centrale guarantee fund) amounting to 52 million Euros, as well as anti-usury protocols throughout Italy in accordance with Law 108/96, amounting to 23 million Euros).
- We participated in "Orizzonte" (Horizon) fund, the first fund created by a public and private joint venture, which will operate by adhering to funds that already invest in PMIs, but above all through a "private equity" instrument, in other words becoming a shareholder of companies, as a minor shareholder, for the time necessary to recapitalise them.

Specific solutions also for smaller companies:

- The same measures prescribed by the "Common Notice" agreement were applied to PMIs.
- The solutions of the "Fight the Crisis" programme were extended with further provisions:
 - the possibility of providing company employees with an advance sum in respect of temporary redundancy pay.
 - Medium term "Innovation and Safety" finance for the purchasing and modernising of machinery, new technologies and the reinforcement of safety at work (during the year, the parent company provided 33 finance deals for over 1 million Euros).
 - An extension, similar to the one applied to PMIs.
- An extension of 120 days for deadlines relative to agricultural credit.
- The possibility of suspending the capital repayment rates for the company contract facilitated mortgages (contribution to the interest account or capital account by entities).

SUPPORT INITIATIVES FOR POPULATIONS AFFECTED BY NATURAL DISASTERS

We provided various forms of financial assistance to customers and populations affected by natural disasters (the earthquake in Abruzzo, the floods in Messina and in northern Tuscany). In particular, in Abruzzo, the following were proposed:

- The suspension of mortgage and loans payments rates for customers up to 30 June 2010 (circa 3,470 cases). Similar measures were implemented in other cases.
- Financing with facilitated rates for the reconstruction or re-acquisition of owned property, for which we are channelling the specific amounts made available by the Cassa Depositi e

Social and environmental aspects of the finance sector

Prestiti (deposits and loans authority) to our customers.

- Current accounts at extremely advantageous conditions - zero fees for 24 months (this provision was later also extended to Messina) and a savings interest rate of 2.5%.
- Deposit certificates for a duration of 18 months, with guaranteed remuneration at 3%. This initiative, which will last until June 2010, has seen the opening of over 100 accounts at 31 December 2009, for a total of 4.3 million Euros.
- Three year bonds with a fixed interest rate of 3% at the end of the first year and subsequent six monthly interest payments indexed to the 6 months Euribor. The amount of money collected for this product was considerable (almost 30 million Euros).

THE DEVELOPMENT OF PRODUCTS TO FAVOUR ACCESS TO CREDIT AND OTHER BANKING SERVICES BY THE MOST VULNERABLE MEMBERS OF SOCIETY

The main initiatives in 2009 regarded the following:

- The promotion of direct bank services and functions regarding pre-paid cards without current account expenses.
- Services to immigrant customers, including additional agreements with corresponding banks in some of the main countries of origin (Albania, Senegal, Morocco) for the optimal management of transfers. During the year, the number of immigrant customers increased, reaching 4.7% of the total.
- **The activities of the micro-credit solidarity Group company**, which considerably intensified (255 small loans; there were 96 small loans in the previous year), with an increase in demand above all by Italian customers, also because of the effects of the country's difficult economic situation; there was an extension to the areas where this service is available, bringing the number of listening centres in Tuscany up to 29 (there were 15 in 2008); the interest rate was substantially reduced from 4.55 to 2%.
- Micro-credit - above all in Tuscany - in the fight against usuries with loans partially guaranteed by the Tuscany foundation for the prevention of Usuries (over 4.6 million Euros divided into loans in accordance with law 108/96, and other small financing for amounts of less than 7,500 Euros), via the SMOAT - orientated and assisted Tuscan Micro-credit system - branch (circa 963 thousand Euros of financing for small companies in 2009).
- Participation in the agreement between the ABi and the Italian Episcopal Conference and in this context small loans will be provided to people who are particularly in need.
- The definition of agreements with local entities to finance the needs mainly of young people, university students and workers temporarily suspended from their jobs
- The start-up of a project for the development of products and relationships, including non commercial ones, with no profit organisations.

MICRO-CREDIT	2009		2008	
	number	Amount (in Euros)	number	Amount (in Euros)
Prevention of usury loans (in accordance with law 108/96)	61	4,629,100	77	5,356,700
Micro-credit for charitable purposes	255	906,000	97	245,000
SMOAT (Tuscany region)	54	962,768	56	790,083
Other micro-credit	3	12,500	5	17,150

Social and environmental aspects of the finance sector

The commitment of the Group for the protection of the environment is formalised in a specific policy, also realised through **our products and the specialist support of customers who wish to invest, in particular, in the efficiency and quality of energy use.**

The business areas we mainly worked in during the year are the following:

- Project financing, leasing and the “corporate” and “retail” commercial segments, with over projects financed mainly in the renewable energy segment for almost 380 million Euros
- Investment banking, which at the end of 2009 involved taking shares in companies working in this sector for circa 68 million Euros overall

FINANCING IN THE RENEWABLE ENERGY SECTOR	2009	2008
Transactions	1,094	546
Amounts provided (in thousands of Euros)	379,131	319,611

PROJECT FINANCING

Mps Capital Services has sustained the development of renewable energy production plants and other relevant works for the protection of the environment. Overall, the amount of finance provided was 171 million Euros. The main transactions involved the following:

- **In the wind sector** - two plants in Sicily (total power: 63 MW) and one in of 26 MW.
- **In the photovoltaic sector** - systems in roofs and parking covers; one in Piedmont and five in Umbria (total power: 8.4 MWp); ground based plants, 14 in Puglia and 2 in Sicily (total power: 16 MWp).
- A **co-generation** power station fuelled by methane gas with an installed power of 480 MW.

LEASING

Mps Leasing&Factoring supported the development on a leasing basis of 56 plants (above all photovoltaic plants), for 63 million Euros overall.

CORPORATE SALES

The sales network carried out over 330 financing projects to PMIs and smaller companies, for 113 million Euros overall. Of particular importance was a photovoltaic park of 16,000 m2 in the countryside of Siena, which will cover the energy needs of 600 families.

Operating in this sector was particularly incisive also because of the agreements with installers and operators.

COMMERCIAL RETAIL SALES

In respect of agreements with some of the major players in the sector, the sales network financed numerous installations of photovoltaic panels and energy efficiency improvement works for housing: 650 transactions, for 31 million Euros overall. In 2010 our investment will be further increased.

Social and environmental aspects of the finance sector

INVESTMENT BANKING

The Group holds shares in the following companies: Sorgenia, Alerion, Moncada Solar Equipment, Kerself and other companies which operate in the renewable energy sector (over 68 million at the end of 2009).

In order to support and verify the effective implementation of the aspirations and commitments defined in the Code of Ethics and the underlying operating policy and regulations, systematic audits of the main aspects and activities were carried out. In particular: the regulatory requirements of legislative Decree 231/2001, the prevention of market abuse, the management of risk, anti money laundering, privacy, banking transparency etc.

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

During the year **over 2,400 internal reviews were carried** out at locations belonging to the Parent company, subsidiaries and Italian and overseas branches.

Additional specialist checks, both by internal resources and third parties, were carried out as part of the scope of application of the environmental management and health and safety systems, respectively certified to ISO 14001 and OHSAS 18001 standards (110 during the course of the year).

FS10 RELATIONS WITH INVESTEE COMPANIES ON SOCIAL AND ENVIRONMENTAL PROGRAMMES

All of the companies in the Group have implemented the Code of Ethics and comply with European Community directives on all relevant corporate management aspects.

The **Code of Ethics** will also be promoted with companies in which the bank holds shares.

In respect of the latter, the findings show that in the portfolio of Group shareholdings there are numerous businesses that work in sectors that generate profit that is particularly useful for society and the environment, for an overall value at the end of 2009 of 195 million Euros.

SHARES IN COMPANIES THAT ARE INVOLVED IN SOCIAL AND ENVIRONMENTAL ISSUES (Values in Euro)	2009	2008
Financing for social purposes	109,879,066	104,999,322
Renewable Energy production companies	68,268,263	63,387,420
Water management companies	8,700,175	9,289,778
Environmental management companies	7,429,158	5,041,177
Bio-technological research	810,773	816,736
Local development entities	78,178	820,060
No profit organisations	0	5,969,780
Micro-credit	400,000	400,000
BIC - Business Innovation Centre	91,837	89,054
Total	195,657,450	190,813,327

Social and environmental aspects of the finance sector

FS11

ASSETS SUBJECTED TO
ENVIRONMENTAL AND
SOCIAL SCREENING

For years the Group has kept so-called socially responsible business available: not only ethical funds, in other words common investment funds that exclude business that are believed to be negative for communities (for example, the production of armaments, tobacco, genetically modified organisms, betting companies) but above all financial instruments that buy shares in companies that have the best sustainability performances.

The main new items this year are the following:

- With the completion of the asset management segment, the direct activities of the Group have been focused on the distribution phase of investment products, among other things defining an “ethical” category in the range of products on offer which now includes 15 funds that invest mainly in environmental and renewable energy sectors (at the end of 2009 there were circa 750,00 Euros of collocated assets).
- Two bonds tied to the performance of “sustainability” finance indexes were issued - Sustainable Growth, indexed to the DJ EuroStoxx Sustainability Index (23.5 million Euros collocated); Clean Energy Private, tied to the S&P Global Clean Energy index (22 million Euros collocated).
- An evaluation and rating system was developed, which in 2010 will permit us to inform customers of the levels of sustainability of all the principal funds on offer.

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

During 2009 the major shareholdings in the Groups’ asset management companies were sold.

There are currently no specific policies on exercising votes in companies in which shares are held.

EC. Economic Performance

POLICIES AND MANAGEMENT AND VERIFICATION SYSTEMS

The main responsibility of the Group is to create value for its shareholders, mainly through the constitution of solid and lasting relationships with customers based on the quality of the services on offer, as well as distributing value to all stakeholders, through the payment of salaries to employees, support for indirect economies, and the payment of taxes ([Code of Ethics](#)).

Financial management is carried out through consolidated planning, control and reporting systems ([Business plan 2008-2011](#)), governed by the Chief Financial Officer ([Consolidated Financial Report at 31.12.2009](#)).

Positive developments of the banks own extra financial assets are increasingly contributing to the bank's performance, and the objective is to further integrate them into the company's processes (See [4.9](#)).

Notwithstanding a difficult scenario, in 2009 the Montepaschi Group attained positive results in financial (a net profit of more than 220 million Euros), commercial (direct cash collection +9,1% and investments +4,9% compared to 2008), and competitive positioning terms. The element which has brought the most satisfaction is the increase in market share due to a commercial strategy focused on paying attention to customers and a pricing policy that is suitable to the current situation.

Information regarding the financial results of the Group's business activities are published in the consolidated financial report at 31.12.2009, which is available on the following website: www.mps.it.

EC1
DIRECT ECONOMIC
VALUE GENERATED AND
DISTRIBUTED

The economic value generated during the year was 4.4 billion Euros. This indicator, calculated starting from the report data in accordance with the new methodology recommended by the ABI, gives the measure of the added value also from a "social" point of view of business activity, a substantial benefit for our main stakeholders.

BREAKDOWN OF THE FINANCIAL VALUE GENERATED (in thousands of Euros)	2009	2008
Economic value generated	4,422,092	4,512,127
Economic value distributed	4,244,800	5,754,051
to employees	2,391,621	2,380,316
to suppliers	1,246,599	1,261,431
to central and local administrations	590,226	1,991,292
To the community and for the environment (1)*	11,851	77,972
to shareholders*	4,503	43,040
Economic value retained (2)	177,292	(1,241,924)**

(1) This item includes free provisions and dividends to the MPS Foundation for socially useful initiatives.

(2) In particular, this item includes the profit used for reserves, allocations and net rectifications/ write-backs for tangible and intangible assets.

* The 2009 data is based on the dividend proposal that was approved by the Board of Directors on 25.3.2010.

** This negative figure is mainly due to accounting and tax related issues- relative to the merger operations of the Banca Agricola Mantovana and the Banca Antonveneta.

EC2
FINANCIAL
IMPLICATIONS, RISKS
AND OPPORTUNITIES
ASSOCIATED WITH
CLIMATE CHANGE

Our business activities, compared to those of other sectors of the economy, do not involve significant consumptions of energy and the consequent direct emission of CO₂ (the main gas responsible for climate change), and they do not affect the climate at global level in any significant way.

Despite this, we have defined a specific **Policy** with the objective of going into more detail regarding the possible risks and opportunities of related businesses:

- **Risks** we can run in relation to the way in which trusted customers manage their energy/CO₂ balance and compliance with related regulations.
- Financial **opportunities** in renewable energy and energy efficiency markets and other aspects of the so-called *carbon-energy finance markets*.

These are risks and opportunities we also check through internal analysis and research, which we communicate to the public, also participating in the Carbon Disclosure Project (CDP). The Group's CDP prospects are available in the "our values" section (download area) of the website www.mps.it.

We are also partners of CDP:

- We collaborated in 2008 in the development of the first CDP Italy report focused on the energy performances of FTSE MIB40 companies.
- As investors, we agree with the request CDP makes every year to the biggest companies in the world to be accountable for their policies and performance in containing the impact on the climate. This is information we want to make better use of in our investment processes.

EC3
COVERAGE OF THE
ORGANIZATION'S
DEFINED BENEFIT PLAN
OBLIGATIONS

All the companies in the Group have complementary pension systems for their employees with the objective of providing its subscribers, or their heirs, with pensions that are complementary to the basic compulsory system.

The different companies in the Group have typical types of complementary and integrative pensions, which are founded on voluntary subscription by their personnel, and which benefit from significant contributions from the companies. The contributions vary from company to company but they are in any case guaranteed to all subscribers.

The amounts relative to the liabilities recorded in the report are published in the [Consolidated Financial Report \(page 254, 286, 432-439\)](#).

In the Parent company the management of the company pension fund is carried out through two negotiated closed funds:

- The **Company pension fund**, which is reserved for employees hired before 31/12/1990.
- The **Complementary pension fund**, for those who became employees since 01/01/1991.

The **Company pension fund** is articulated in two distinct sections:

- Defined benefit (integrates the basic pension).
- Defined contribution (with individual capitalisation).

The fund's assets are therefore increased by voluntary contributions of individual subscribers, including employees of the bank who, for those in the defined benefit section, currently have 2.5% of the remuneration base used for determining employment termination benefit, as occurs for subscribers to the fund reserved for employees hired since 01/01/1991.

The real estate assets of the two funds are managed according to various investment lines. During 2009, the Boards of Directors of the two funds studied the changed conditions of the financial scenario in depth, and resolved to review the asset allocations of the various investment lines, in order to make them respond better to the needs of the subscribers and the changed conditions of the real estate markets.

The decision to **extend the social responsibility criteria to the financial management of the investment lines**, and not only those that were previously referred to as being "ethical", has become particularly important.

The bank provides the personnel, premises and other means necessary for the management of the funds at its own cost, and it also takes responsibility for all expenditure and relevant costs, including those relative to the functioning of the administrative and monitoring organs.

EC4 SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

On 14 December 2009 the Economy and Finance Minister approved the undersigning of financial instruments convertible into ordinary shares in accordance with Legislative Decree 185/2009 (the so-called Tremonti Bonds), issued by the Banca Monte dei Paschi di Siena for 1.9 billion Euros.

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

Because of the widespread presence of our branches all over Italy, with the necessary objective of making savings, we are considering the opportunity of using local suppliers, paying particular attention to the main and original locations of the banks in the Group. The following are among these locations: Siena, Florence, and Padua, in which overall 40% of the expenditure on goods and services is concentrated (Also see [EN26](#) and [HR2](#)).

Geographic distribution (values expressed in % of turnover) - 2009



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

The **employment of young resources**, through specific selection procedures, mainly occurs using professional apprenticeship contracts in accordance with Legislative Decree 276/03. In these cases, the Group ensures that the assigned work locations are within two nearby geographical areas in relation to the areas in which newly hired personnel live.

Generally, the **hiring of management figures** are carried out by acquiring specific professional skills in central structures - if internal personnel with these skills are not already present or cannot be developed quickly enough - at the relative main operating locations (in 2009 there was no recruitment of this type of figures). A similar policy is followed for our business activities abroad.

EC8
DEVELOPMENT
AND IMPACT OF
INFRASTRUCTURE
INVESTMENTS AND
SERVICES PROVIDED
PRIMARILY FOR PUBLIC
BENEFIT THROUGH
COMMERCIAL, IN-KIND,
OR PRO BONO
ENGAGEMENT

The Group's actions in support of local infrastructural development, social systems, and public utility issues is carried out, in particular, through the following:

- **Cooperation** with local **institutions**.
- **Direct contributions** to organisations and projects relating to cultural, scientific, social and environmental issues.

COOPERATION WITH INSTITUTIONS

This year our relations with institutions have been particularly intense in order to search, along with other interested parties (the Italian government, the banking system, trade and consumer associations), for effective financial solutions for companies and families (see [FS7](#)).

The usual financial support to carry out public utility works was assured in different technical formats:

- **Financing for production sites and infrastructures in the water, sanitary, transport, council housing and school buildings** sectors was provided in favour of **circa 60 public administrations** in Italy, for circa 61 million Euros overall.
- A number of renewable energy production plants were financed by projects and leasing (see [FS8](#)).
- Mps Capital Services is the financial adviser of the project for developing the Cremona-Mantua motorway tract, for which the best health and safety and environmental protection standards will be used (for example, photovoltaic panels on noise reduction barriers and the production of biogas energy for the needs of motorway services areas). It also had the "Lead Manager" role for the bonds issued for the municipalities and province for a total of circa 5.7 million Euros.
- Mps Leasing & Factoring proposed "building leasing" to its public administration customers, which permit the completion of public works while attributing the expenditure to a long period of time, thus not excessively affecting current report.

DIRECT CONTRIBUTIONS

Consistent with a specific [Policy](#), relative to the financial and organisational support of projects regarding cultural, scientific, social and environmental issues, the Group's actions regarded the following

- **Sponsorships**, which are increasingly being combined with commercial and communication objectives with adherence to social objectives (this year 559 sponsorships for circa 34.7 million Euros). Circa 9% of the initiatives had active no profit organisations as the beneficiaries, in particular charities, voluntary services and environmental protection organisations.
- **Donations** for 5.5 million Euros overall.
- Contributions to social projects promoted by communities, in relation to which we provide treasury and account services for the entities (more than 6 million Euros).

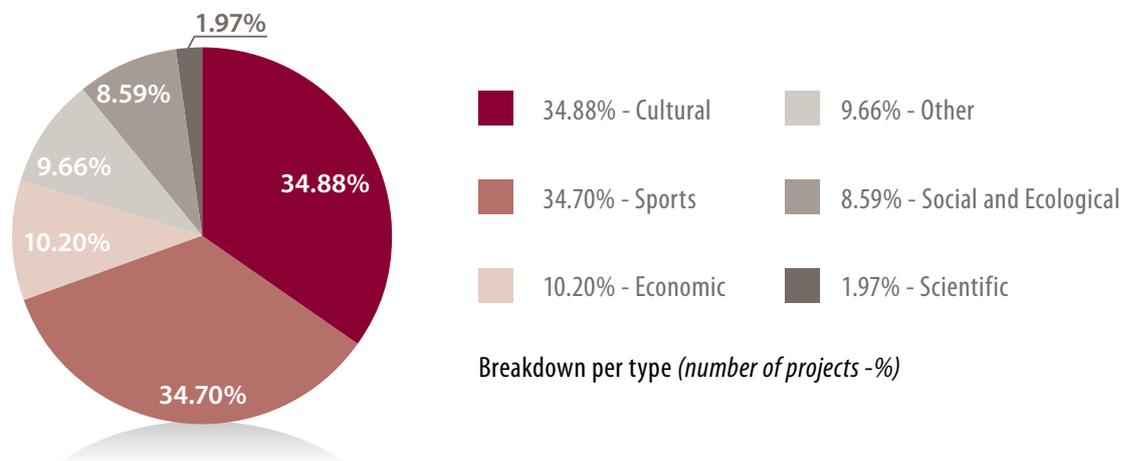
Our overall financial commitment was of circa 46 million Euros.

DIRECT CONTRIBUTIONS TO COMMUNITIES (in thousands of Euros)	2009	2008
Total contributions	46.389	60.081
<i>Sponsorships</i>	34.725	46.015
<i>Donations</i>	5.575	8.769
<i>Contributions to local entities in terms of treasury and cash services</i>	6.089	5.296

Some of the main sponsorships in 2009

Cultural

- The "100 years of the Vivo aqueduct" exhibition at the town hall in Siena, which provided an interesting historical and technical split in relation to the development and subsequent management of the city's main aqueduct.
- The itinerant exhibition for the "150 years of our country", initiative produced by the polygraphs editor who convinced the main branches of the Monte dei Paschi bank in Tuscany to get involved.
- The 2009 Summer Festival 2009, the traditional event on the streets of Lucca with the most important international and Italian pop artists of the moment.
- The support of the Teatro Povero di Monticchiello, an original experience of popular theatre which started as a local phenomena and was able to bring itself to the attention of the whole country for its originality and the quality of the performances over the years.
- The 4th edition of the "Documentary festival"; a short film show that has never been shown, produced by young film directors, organised in Siena.
- Support for the activities of the Foundation "La Città Aromatica" (the aromatic city); a traditional Siena summertime musical event .



Sports

As well as the consolidated relationships with the following: A.C. Siena, the Mens Sana Basket, A.C. Arezzo, Orioles Grosseto Baseball Club, la Libertas Siena Tennis club, the Viadana Rugby club, the U.S. Virtus Poggibonsi, Colle Basket, Colligiana Calcio football club, Poggibonsi Basket, Mantova Calcio football club, Viadana Calcio football club, Basket Bancole, the Mantova Top Team Volley, we would like to mention the following:

Our support to the GEAS female Basket team of Milan.

- The agreement finalised with the Calcio Femminile Siena (female football) sporting association.
- Our support to the Italian Canoe and Kayak Federation.

Among the most important events we would like to mention the following:

- The Monte Paschi Strade bianche professionisti (winter roads professional) bicycle race.
- The "La Bagnaia" International horse racing competition
- The participation of the Val Gardena and Cortina world cup skiing events.
- The 35th edition of the Rome half marathon.
- The ATP Challenger Tour male tournament organised by the Orbetello Tennis club.
- The MPS tournament at the Punta Ala and Argentario golf clubs.

Social

- The Montepaschi Group has constituted a reference point: "La Fabbrica del Sorriso 2009" (the smile factory) an initiative for collecting funds in support of charity projects in Italy and other countries in favour of children in need, defined by Mediafriends, which this year was held in March, and which the Montepaschi Group extended to 12 April, holding numerous ad hoc events all over Italy.
- Support for the "Olimpiadi del cuore" (charity Olympics) continued, and in its 2009 edition it collected

funds in favour of the “Friendship Power” project aimed at improving the activities carried out in the Polyvalent Assistance Centre: schooling and training for children. The centre carries out its activities in Sri Lanka, near the Moralagawattha - Pilana, Thelapythia and Thakola.villages.

- On the occasion of the festival to celebrate the 150th anniversary of the Italian Red Cross the Montepaschi Group wanted to renew its close relationship to red cross activities by supporting the realisation of the event.

Financial

Among numerous initiatives, we think it necessary to highlight our support of Promosiena, a special company in the Chamber of Commerce dedicated to the promotion of local companies in the principal overseas markets. We confirmed our punctual support to the institutional activities of Enoteca italiana (Italian wine), an entity whose purpose is the valorisation and promotion of great wine from our domestic wine producers.

Additional social solidarity initiatives:

- The promotion and realisation of various **collection funds for circa 2.5 million Euros**:
 - Through issuing pre-paid cards, in cooperation with no profit organisations. At the end of 2009 there were 20,443 in circulation, which is 45% of the overall stock.
 - In order to sustain assistance and reconstruction in areas affected by natural disasters in Italy (in particular the earthquake in Abruzzo and the flood in Messina), making all the various banking channels of the Group available, without commission (branches, ATMs, call centres, internet banking).
 - In partnership with the Mediafriends Onlus Foundation for the “La Fabbrica del Sorriso” (smile factory) project.
 - In the Christmas period, with the “La solidarietà rende il Natale splendente” (charity makes Christmas splendid), initiative, which gave support to 24 projects for circa 120 thousand Euros.
 - To support UNICEF, making the Parent company’s network available in the Christmas period for the sale of gifts and greeting cards.
- The donation of the components of a noteworthy steel structure used for restructuring works in an historical location of the bank (Palazzo Strozzi, in Mantua) in favour of a voluntary organisation, to build a polyvalent building in a village in Togo which will host a school, clinic, church and other social services.

EC9 (ADD) ANALYSIS OF THE MAIN INDIRECT ECONOMIC IMPACTS

Our services are important for the economy, development of industry and consumption. Our commitment is to ensure that our actions are positive for the bank and at the same time for the economy, communities and the environment.

Contributing to sustainable development is a guideline criteria of our CSR policy, which we apply with financial solutions that are capable of serving the needs of the market in a new way, as well as meeting the needs of the community.

Among the issues of general interest on which we concentrate our actions, and which have an indirect financial impact, are the following:

- Financial inclusion for the weakest members of society (see [FS7](#)).
- Fighting climate change (see [FS8](#)).
- Sustainability in the supply chain (see [EN26](#), [HR2](#), and [EC6](#)).
- Social actions in the community (see [EC8](#)).

EN. Environmental Performance

POLICIES AND MANAGEMENT AND VERIFICATION SYSTEMS

Our **Environmental policy** includes the principals and guidelines relative to the Group's commitment to ensure careful monitoring of the most significant environmental aspects:

- **In relation to transactions** - in other words the consumption of paper, energy and water, waste and other polluting emissions related to office activities, real estate management, information technology, transport and business travelling, logistics and purchasing processes.
- **In relation to the business** - typically, the possible negative effects on credit and of any deficient eco-compatibility profiles in the company and financed projects (see **FS2**), as well as a contribution to eco-efficient economic activity and technologies, which can be realised through the bank's products (see **FS8**).

Since 2002, the organisational and procedural assets conform to the ISO 14001 standard:

- This management system is used in the Parent company and in Mps Capital Services, in other words **in more than 80% of our locations in Italy**. The scope of application of the system has also been extended to banks incorporated during the year - Banca Toscana and Banca Agricola Mantovana.
- The system is coordinated by a centralised unit (the Environment and management systems sector), with the technical support of around twenty RAS Environment and Safety representatives.
- The correct functioning of the system and its relative performance indicators are systematically checked and are the basis of our improvement plans. During the year a specific information application called MOSafe was further developed to better support the RASs and network personnel in the activities related to the constant monitoring of conformity and the communication of any problems to the centralised unit. Even the measurement and reporting processes have this year been subject to information system optimisation actions, in particular through the implementation of a new e-procurement platform and certain data energy system improvements.
- The training and involvement of personnel are important factors. The intranet has the general references and operating tools of the system - the "Quality and the Environment" channel - and continual updates on activities, also through the various internal communication channels - from the weekly newspaper to the company television channel. It contains courses of a general nature - in particular for new employees - and technical courses - for the RASs - (453 hours overall in 2009). During the year the personnel of the General-Directorate with specialist skills, attended updating and finalisation courses on issues relative to supply chain sustainability (63 hours overall),
- The activity programmes and relative performance are subject to discussions with the Unions in the joint "company sustainability" committee. This year the committee particularly focused on the issue of travelling and sustainability in the personnel's travels to and from work.

MATERIALS

EN1

MATERIALS USED BY
WEIGHT OR VOLUME

PAPER

The consumption of raw materials is one of the most relevant environmental aspects of our office activities and communication with our clientele.

The main areas of use are the following:

- The printing and reproduction of documents for internal use in the offices of the General-Directorate and the network (mainly A4 format for printers and photocopiers).
- Contractual documentation and back office activities to serve the clientele (mainly A4 format paper, pre-printed forms and carbon paper). This use is largely compulsory by law and according to contractual provisions, and therefore difficult to cut back on (for example, receipts of communications, contracts, informative sheets for transparency reasons)
- Periodic communications to customers. This activity is carried out by external suppliers, so currently we have no data on the volumes of paper used for this reason.

It is our objective to optimise the use of paper, also because it means significant financial savings. The main actions are the following:

- A progressive reduction in the need to use paper for printing and the reproduction of documents for internal use.
- The alternative diffusion of communications to customers on electronic supports.
- A greater monitoring of consumption, also through the application of the new e-procurement platform.
- A greater use of scanners and intranet systems for the internal sharing of documentation.
- The continual improvement of the quality and eco-compatibility of the paper products we use.

The following are among the main initiatives in 2009:

- The distribution of wage-slips to the personnel on electronic supports, with annual savings on paper estimated as circa 10 tons.
- The further diffusion of the on-line invoicing service for customer companies.
- The promotion of the internet banking channel, and in particular, the choice by customers to receive statements and other banking services correspondence only on electronic supports. In 2009, with over 170 thousand customers adhering to this initiative, we estimate an overall saving of circa 50 tons of paper.
- The start-up of the new e-procurement platform, with positive effects on the reduction of stock and better overall management of orders and product investments.
- All the paper, in A4 or A3 format, for printing or photocopying, is made of cellulose extract from forests managed in a sustainable way (quality trademarks like PEFC and from this year, FSC). The weight of paper sheets will also be progressively reduced (from 80 to 75g/m²) with benefits in terms of a lower volume of raw materials usage and less transportation.
- This report and other communication products are printed on certified colabel paper.

Environmental Performance

PAPER CONSUMPTION*	2009**	Constant limits data	
		2009	2008
Total paper (t)	2,294	2,278	3,244
Ecological paper (%)	83	83	74
Paper per employee (Kg)	75	75	103
A4 paper (number of sheets per employee per day)	41	41	56

* Data estimated on the basis of purchasing orders.

** This data does not include the Gestione Crediti Banca, Paschi Gestioni Immobiliari, Mps Investment, Mps SIM, MpsVenture.

OTHER MATERIALS

The catalogue of "green" products was further developed - in relation to products for the office and information technology -, including the following:

- Pens with water based ink, without solvents.
- Files with elastic produced with almost entirely recycled materials.
- Paper for printers and photocopiers that is FSC certified.
- Pencils in wood that comes from forests involved in re-forestation programmes.
- Regenerated toners.

"GREEN" PRODUCTS IN THE CATALOGUE

	General catalogue	"Green" catalogue	
	number	number	%
Toner	373	178	48
Other IT related products	153	2	1
Stationery	237	29	12
Forms	598	0	0
Photocopying paper	2	1	50
Total	1,363	210	15

Overall, "green" products are 15% of the total number of products in the general catalogue, equal to circa 41% of the relative purchasing volume.

EN2

PERCENTAGE OF
MATERIALS USED THAT
ARE RECYCLED INPUT
MATERIALS

The main product we use, which comes from recycling scrap materials, is toner.

The toner cartridges we use in most of our printers, once spent, are regenerated in a plant in the province of Siena, and then reused.

This process is managed by SIBAS, the consortium that resulted from a partnership with our technological services supplier, Bassilichi S.p.A. The spent cartridges procedure is carried out by SIBAS also using a network of local suppliers.

The scope of the activities has been extended during the year to currently include almost all our locations in Italy (for now the BiverBanca locations are excluded). Circa 50% of the toner cartridges we bought in 2009 were regenerated type cartridges.

TONER CONSUMPTION	2009**	2008*
Total (number)	43,336	25,140
Regenerated (%)	46.9	50.6

* Purchasing data referred to Banca Monte dei Paschi di Siena.

** Purchasing data referred to Banca Monte dei Paschi di Siena, Banca Antonveneta and Consorzio Operativo.

The following were the additional applications of recycled materials carried out during the year:

- Print-outs for the branches and certain companies in the Group - - circa 3.5 million sheets used.
- The setting-up of a branch entirely using recycled materials (see the picture in the margin), as an experimental project for possible extensions on a larger scale.

A consultancy room in Prato made from recycled and ecological materials

Technical characteristics:

- Furniture totally made with recycled wooden materials (woodwork scrap, old furniture, old wooden structures).
- Certain cabinet shutters were covered with strips made from 100% recycled old tyres. .
- Self-installing gres porcelain flooring (laid dry without using glue), totally made from recycled heterogeneous materials (ceramic scrap, recycled glass, old sanitary items, ceramics from building materials waste disposal sites).
- Office accessories made of wood, plastic, aluminium, from recycled used materials (e.g. a clock with its structure made of recycled wood).
- Chairs made from 100% recycled materials and covered with natural vegetable fibres.
- Recyclable metal or glass walls (no scrap) "at the end of their useful lives"
- Table lamps made with recycled aluminium (old tin cans, old fixtures) with a led energy saving lighting system and an adjustment system for optimal light quality for visual well-being.
- Luminous signs made of plastic material with totally recyclable components "at the end of their useful lives"
- The box can be totally dismantled and reused in other ways since it is made with materials, from the flooring to the walls, that are dry assembled without using binders, mortars or glue.



ENERGY

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

The consumption of energy is an important factor in our environmental accounts and a cost item that is not small. These costs are monitored every month on the basis of the figures sent by our suppliers. In 2010 the Energy Data Manager information system procedures will be further enhanced to permit even more precise analysis.

This year we consumed circa 62.934 TEP (equivalent tons of petroleum) with an overall cost of over 45 million Euros.

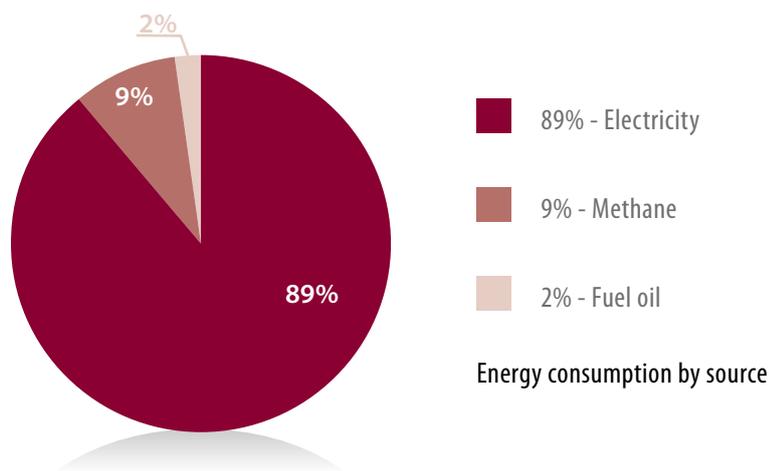
The “constant limits” analysis shows a reduction in consumption in all the different energy sources, which however, is not reflected in a similar trend in the data per capita, because of a reduction in personnel in the same period.

In order to better analyse energy consumption data, from 2010 it will be possible to also compare it to the surface areas of buildings. Also, a detailed survey is being conducted on a representative sample of branches, in order to identify the areas of use (lighting, information technology etc) with margins for improvement.

The amount of electricity produced by renewable sources has been confirmed as being a high percentage. (87%). Electricity is bought for the most part in the free market through the Idroenergia consortium, which produces hydro-electric plants, also with good cost savings compared to the contractual market value (circa 6% less).

ENERGY CONSUMPTION	2009	Constant limits data *	
		2009	2008
Electricity (kWh)	232,329,385	229,053,061	231,037,674
From renewable sources (%)	87	87	64
Electricity per employees (kWh)	7,395	7,492	7,344
Methane (m ³)	7,129,917	6,827,159	7,101,768
Gasoil (litres)	1,056,638	1,056,638	1,084,681
Total energy (TOE)	62,934	61,936	62,532
Total energy per employee (TOE)	2.00	2.03	1.99

* Data referred to Banca Monte dei Paschi di Siena, Banca Antonveneta, BiverBanca, Consumit, Mps Capital Services, Banca Personale and Consorzio Operativo.



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

The “constant limits” analysis shows a **slight reduction in consumption compared to the previous year (-1%)**.

The objective is to progressively reduce this data, following an Energy Management strategy that fully complies with Law 10/1991, and which will be further enhanced in the coming years along the following main lines:

- The purchasing of quality energy at the best prices in the market.
- Optimisation of the use of energy, implementing plant and management solutions that are more efficient.

The main initiatives in 2009 regarded the following:

- The new branches and those being restructured.
- The restructuring of large buildings.
- Plant maintenance.
- Information systems.

NEW BRANCHES AND BRANCHES UNDER CONSTRUCTION

The reference model for design purposes is confirmed as being the so-called “Performance type”, which involves high standards of efficiency and the following guidelines:

- Identification of the size and qualitative type of premises.
- Containment of development costs and maintenance.
- Maximum level of attention paid to environmental impact problems and the containment of energy consumption.
- Verification of the scope of application of the energy savings regulations.
- Evaluation of the works to identify possible energy performance improvements in the buildings and plants.
- Evaluation of the type of plants to be installed according to a “light where and when it is needed” logic.

In compliance with this model two buildings were developed this year - the locations of specialist centres - and 21 branches, including one “entirely ecological” branch near Siena (see the box in the margin).

the ecological branch of castelnuovo berardenga (siena)

The new branch, which was developed by recovering and reconvertng an ex rural building, was built according to criteria aimed at energy savings and obtaining a high level of environmental well-being.

The architectural project included important technical details regarding the building’s characteristics:



- Insulation of the upper structure according to the minimum requirements.
- Usage of low emission glass.
- Development of a ventilated roof.
- Insertion of vertical sensors to bring natural light inside.
- Recovery of rainwater accumulated in a specific underground tank.

Instead, in respect of the systems, numerous works were identified:

- High performance systems like that of air conditioning using a geo-thermal heating pump.
- Heat recovery with replacement of the air with fresh ambient air.
- An adjustable lighting system which changes based on the amount of natural light present. The lighting in the rooms is switched on by presence sensors and the cables were made from reduced environmental impact rubber.

The concept of energy saving was used for the lighting system as well, which can be defined as being an “intelligent” system, since it can reach a perfect balance between the amount of artificial and natural light, which also enters the rooms thanks to so-called solar light sensor chimneys.

The restoration works were carried out while paying the maximum attention to environmental problems, and they permitted the completion of a building classified as a class “B” building (in a scale from A to G) from the point of view of energy consumption, with savings estimated at 30% of a “traditional” structure.

THE RESTRUCTURING OF LARGE BUILDINGS

Among the main works in 2009:

■ **Palazzo Strozzi - Mantua, historical Headquarters of the ex Banca Agricola Mantovana**

The cover of the new hall was completed with the installation of glass to glass photovoltaic panels for the production of electricity (power 15kW), and a system for recovering and reusing rainwater.

■ **Management centre - Bari**

A new facade with camera selective windows was completed. This glass ensures minimum heat dispersion and consequently considerable energy savings. Also, “intelligent” lighting systems have been installed, and a heat pump system which replaced the less efficient diesel fuel boiler.

■ **Data processing centre - Siena**

A new technological centre was installed for the production of refrigerated water, with optimised continuous functioning all year round based on effective needs. These works will permit the attainment of annual energy savings of circa 1,350,000 kWh.

THE MAINTENANCE OF SYSTEMS

The following were among the main works in 2009:

- The transformation of 19 diesel fuel plants (low efficiency) with condensation methane

plants.

- The installation of 45 high efficiency heating pumps for air conditioning rooms, to replace the obsolete plants.
- The installation of 19 cooling groups and/or multi split systems with variable cooling capacity, to replace the obsolete plants or those with cooling gas that are no longer in line with regulations.
- The replacement of 9 units for the treatment of air with heat recovery systems.
- The replacement of numerous inefficient fan-coils.
- "Routine" works to lighting systems, installing highly efficient lighting devices, and temporised infra-red detection devices in the service rooms.

INFORMATION SYSTEMS

The progressive development of Information Technology devices towards increasingly efficient functioning, including energy consumption, was confirmed.

Through an articulated refurbishment and optimisation programme regarding branch offices and data processing centres completed during the year, we estimate annual savings of circa 10 million kWh (-4.4% of total electricity consumption and -67% compared to the pre-existing systems).

For details, see the picture in the margin.

Renewal and Optimisation of Information Technology Equipment

The principal actions in 2009

The new office equipment for branches:	Annual unit savings - estimate (KWh)
■ 9,000 Energy Star certified PCs	200
■ 5,000 Energy Star certified monitors	140
■ 3,500 counter scanner readers	70
■ 600 servers	69
■ 600 ATMs	1,700

On average these initiatives increase efficiency by 50%, permitting annual savings of circa 3,700,000 kWh overall.

We estimate further savings in the network of circa 150 kWh for each of the over 33,000 PCs on which the "GHIRO" software was installed for optimal management of the stand-by mode.

The data processing centres

Obsolete PCs were replaced, with an annual saving of 1.5 million kWh. The savings were obtained in virtue of the new technologies in use, because of the lower consumption of energy - for example, to check functioning temperatures - and reduced losses. Also, through software tools and GRID (management of Distributed Resources) applications, it is possible to distribute the workload of the data centre on existing PCs, optimising their functioning also in terms of energy consumption.

OTHER PROJECTS

■ Photovoltaic systems

The installation and activation of these systems was completed in two branches - connecting 3 kW photovoltaic systems to the electricity grid. The building work was started on a 40 kW plant at the biggest offices in Siena.

■ "Solar" ATMs

An additional two fixed "solar" ATMs were installed. There are now a total of 4 ATMs for which solar energy is used to satisfy energy needs.

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

The range of products and services in support of renewable energy and energy efficiency is very extensive. In particular:

- Project finance and specialised credit using the tools and ad hoc skills of MPS Capital Services.
- The Welcome Energy product line, which has long term mortgages, personal loans, leasing and ancillary products such as insurance policies to cover damage caused by the financed plants.

(see [FS8](#))

Other initiatives carried out this year in order to favour the spreading of good practices in this field among customers and society, were the following:

- A programme of 5 discussion seminars with companies on the opportunities and regulatory procedures for investing in the photovoltaic sector. The seminars were developed in collaboration with Enel.si, the electricity services operator, and other interested institutions. Always in respect of renewable energy and energy efficiency issues, the Group participated in specific work groups with regional institutions.
- The enhancement and promotion with customers of the use of the internet banking channel, which also limits the need to travel to and from branches, for which we estimate significant environmental benefits. In fact, many of the Group's customers are already using this channel (610 thousand +50% in a year).

EN7 (ADD)

INITIATIVES TO REDUCE INDIRECT ENERGY CONSUMPTION AND REDUCTIONS ACHIEVED

As well as rationalising "direct" consumption of energy (electricity, diesel and methane gas), our objective is to exercise increasing control on aspects of our activities for which "indirect" energy consumption is produced: among these, travelling to work and transport for the supply of goods and services.

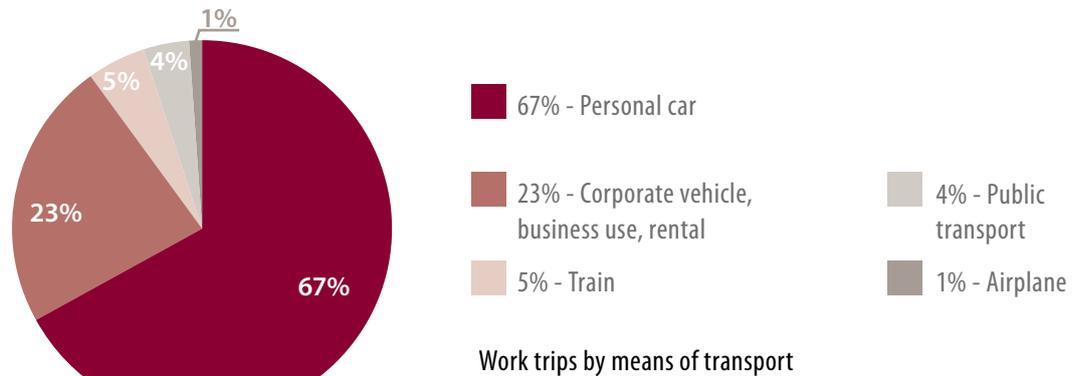
At the moment we do not have an organic picture of this consumption. Below we show the main initiatives in 2009.

TRAVEL FOR TRAINING NEEDS AND EMPLOYEE TRAVEL TO AND FROM WORK

The travel Manager has been constantly busy during the course of the year, starting-up an organic programme aimed at increasing the eco-compatible levels of transport for work needs and sustainability, including social sustainability in the employee travel to and from work.

Transportation for work and training reasons are regulated so as to minimise the use of private cars in favour of public transport, company cars, or rental cars, which perform better in terms of consumption and emissions.

This year over 400 thousand trips to work were made. Private cars remains the main way of travelling, even if more eco-compatible alternatives are increasing.



In particular, company cars used by the parent company in the locations in Siena and Florence (851 cars) assure a level of performance which is already good (low consumption, diesel fuel usage, replacement within 10 months of use) and a progressive improvement through gradual replacement of the oldest vehicles with the purchasing or rental of other more “green” vehicles.

Where possible, car pooling was also promoted. In other words the sharing of company cars among a number of colleagues with similar travelling needs to get to work, as evidenced by the information system for the management of business trips. This year the trips made using vehicles from the car fleet of Siena and Florence had an average number of 2.5 occupants (estimated figure).

The number of courses available on-line (23%) is confirmed as being high, and meetings held using video conference equipment has further increased (7,500, against 7 thousand in the previous year).

The trips to and from work by employees were analysed starting with the municipalities of Siena and Rome, where the bank has the biggest number of employees. The analysis was carried out using data collected through questionnaires and a number of focus groups with employees involved in the study. Possible improvement measures that may be included in specific travel plans were identified. The plans will be completed in the next period using internal resources and with institutions and other local citizens.

Travelling to and from work

Pilot project

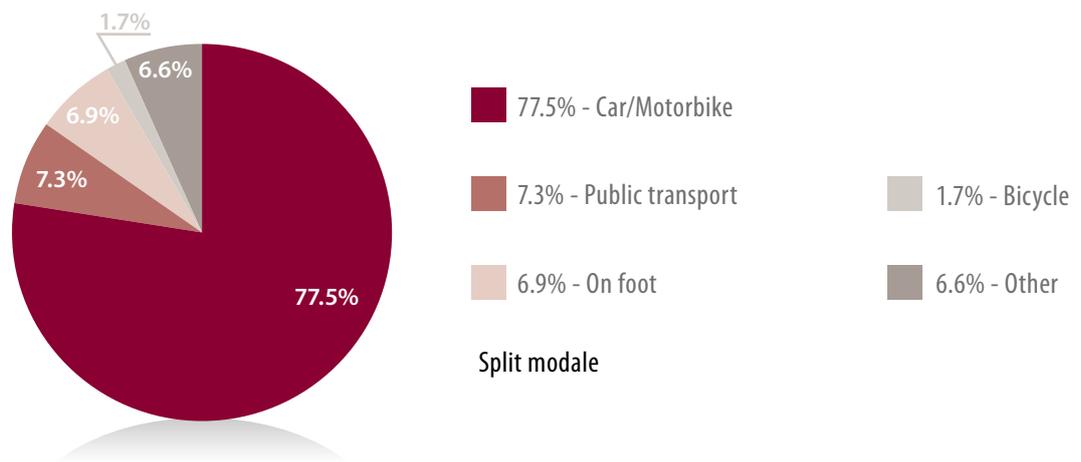
Siena

The first project, which regarded the city of Siena, focused on the collection of information regarding travel needs, and it was carried out using two main tools: a questionnaire distributed in electronic format to over 3,200 employees and 4 focus groups organised according to their work location, with 41 people taking part.

The questionnaire obtained a redemption of over 65 percent and 313 employees sent in requests and advice to improve their travelling.

Certain interesting indications resulted from the questionnaires findings:

- 77% uses private transport (car/motorbike).
- 7.3% use local public transport.
- The average travelling time from home to work is 25 minutes.
- The average time for finding parking is 3.5 minutes.
- The average distance for travelling to and from work was 32 km's.



The main improvement proposals suggested by the Focus Group were focused on the following:

- A shuttle service which connects the city's main inter-change points with work locations.
- An improvement in the times and frequencies of local public transport (creation of new routes and changes to the timetable of existing routes).
- The creation of a series of off-work services: company nursery, info-travel service, on-line shopping, on-line laundry.
- Company contributions for the purchasing of electrical vehicles (scooters and bikes with assisted pedals) and for the conversion of employees' cars to gas.

Rome

A similar survey was carried out in Rome, involving over 2,000 employees.

The following were the main findings:

- 59% uses private transport (car/motorbike).
- 19% use local public transport.
- The average time for finding parking is 6 minutes.
- The average distance for travelling to and from work was 20 km's.

The main improvement proposals suggested by the Focus Group were focused on the following:

- A shuttle service which connects the city's main inter-change points with work locations.
- (Via Pedicino, Via del Corso, Via Salaria).
- The development of new cycle paths by the municipality.
- The installation of bike racks for parking bikes near work locations.
- The improvement of timetables and frequencies of local public transport (the establishment of new routes and changes to the timetables of existing routes).
- The installation of recharging points for electric scooters, both by the municipality and the company.

Co-financing was obtained by the municipality of Rome for starting up a bus shuttle service to connect the suburbs in Via Pedicino with two local public transport terminals.

TRANSPORT FOR THE SUPPLY OF GOODS AND SERVICES

The supply system for stationery materials was reorganised (e-procurement catalogue) with a consequent significant reduction in the relative number of trips.

What has changed?

Before

Separate delivery of each type of supply (paper, toners, stationery etc) since it was carried out by different suppliers.

After

Deliveries for all products in the catalogue carried out by a single supplier in only one trip. Transport needs have been further optimised and reduced by the fact that the supplier uses a third party company which also serves other customers for logistics purposes.

WATER

Water is used for hygienic reasons and for the functioning-cooling of air conditioning plants.

Water supplies essentially come from aqueducts. There are very few wells in use for cooling plants and managing the greenery next to our locations.

Consumption is estimated on the basis of the annual costs sustained.

WATER CONSUMPTION	2009**	Constant limits data*	
		2009	2008
Total water (m ³)	1,031,768	1,021,877	957,395
Water per capita per day (litres)	133	135	123

* Data referred to Banca Monte dei Paschi di Siena, Banca Antonveneta, BiverBanca, Mps Capital Services, Banca Personale and Consorzio Operativo.

** This does not include Paschi Gestioni Immobiliari, Mps Immobiliare, Mps Investment, Mps SIM, MpsVenture and Mps Fiduciaria.

EN8

TOTAL WATER

WITHDRAWAL BY

SOURCE

BIO-DIVERSITY

EN11
LOCATION AND SIZE
OF LANDS OWNED,
LEASED OR MANAGED IN
PROTECTED AREAS OR
THOSE WITH HIGH
BIODIVERSITY

The Group owns agricultural land located in Liguria and Toscana, being 1,150 hectares of important landscapes, which are not however classified as protected areas.

The Group does not directly work in protected areas or areas with a high level of bio-diversity.

EN12
IMPACTS OF ACTIVITIES
PRODUCTS AND
SERVICES ON
BIODIVERSITY

For useful information regarding other indirect environmental impact related to business activities see [FS1](#) and [FS2](#).

EMISSIONS, DISCHARGES, AND WASTE

EN16
TOTAL DIRECT AND
INDIRECT GREENHOUSE
GAS EMISSIONS
BY WEIGHT

Substantially, the only greenhouse gas produced by our activities is carbon dioxide (CO₂).

This year 41,301 tons of CO₂ were produced overall, (circa 1.3 tons per capita), a substantial decrease compared to 2008, with the following dynamics:

■ **Scope 1 - emissions produced by heating plants and company cars.**

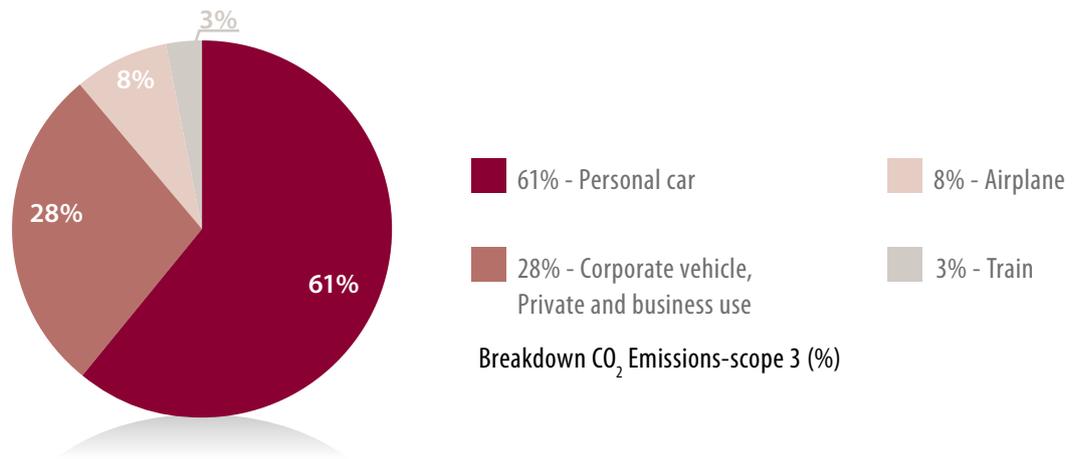
Lower emissions of this type are related above all to the effects of the progressive replacement of diesel boilers with methane gas plants and the optimisation of work trips.

■ **Scope 2 - emissions relative to the use of electricity.** Almost all the companies in the Group purchase energy through the Idroenergia consortium, which produces it in hydro-electric plants with zero emissions.

■ **Scope 3 - emissions relative to work trips and transport for the supply of goods and services.**

The monitoring of these emissions was enhanced, although there are still margins of error regarding purchasing processes data.

Environmental Performance



EMISSIONS OF GREENHOUSE GASES	2009	Constant limits data	
		2009	2008
Emissions of CO ₂ (t)	41,301	37,480	58,437
Scope 1 (t)*	19,143	18,564	19,451
Scope 2 (t)*	14,021	13,980	32,172
Scope 3 (t)*	8,137**	4,936	6,814
Emissions of CO ₂ per capita (Kg)	1,314	1,226	1,858

The emission coefficients are taken from the specific guidelines of the Ministry for the Environment (DEC/RAS/854/05), emission factors database www.sinanet.apat.it and the Enel 2008 Environmental report..

* According to the definition of the GHG-Protocol, the international standard developed by the World Business Council for Sustainable Development and World Resources - an Institute which calculates and reports on the emissions of greenhouse gases.

** The data also includes emissions related to the use of rental cars, cars assigned as benefits, trains and aeroplanes, that are not counted in the "constant limits" values, since they are not available in a uniform format for both years.

EN17

TOTAL DIRECT AND
INDIRECT GREENHOUSE
GAS EMISSIONS

There are no further significant emissions of greenhouse gases.

EN18 (ADD)

INITIATIVES TO REDUCE
GREENHOUSE GAS
EMISSIONS AND RESULTS
ACHIEVED

From the analysis of the "constant limits" data **we can confirm the positive trend towards the objective of progressively reducing CO₂ emissions (-35.9% compared to the absolute values; -34% per capita on average).** The main reduction factors were the following:

- A consistent increase in the amount of electricity produced by renewable sources (from 64% to 87% in a year).
- The variation of the energy mix, giving priority to fuel with a lower carbon intensity.
- The optimisation of work trips and the relative decrease in distances covered by cars (from 45 to 40.6 million kms per year).

EN19 EMISSIONS OF OZONE- DEPLETING SUBSTANCES

In compliance with the timing defined by European regulations (Regulation 2037/2000) we are progressively eliminating R22 gas which up to now has been regularly used in air conditioning plants for cooling purposes. We currently have 1,070 plants that use R22. Of these, circa half of them contain less than 3 Kg.

The monitoring of our plants include the following:

- Periodic verification by maintenance companies.
- Site inspections by the Group's technical personnel.
- Possible checks carried out by our employees.

Any malfunctions are reported to the call centre of the company in the Group called Paschi Gestioni Immobiliari, so that the necessary works can be carried out.

EN20 OTHER SIGNIFICANT AIR EMISSIONS

There are no other significant emissions.

EN21 WATER DISCHARGES

The sewage produced by the bank's activities are substantially similar to those produced by residences. They are therefore discharged into public sewers.

EN22 WASTE PRODUCTION AND DISPOSAL

The main waste we produce is paper waste.

Increasingly, this waste is being collected separately (in certain cases plastic and glass as well) and passed to local urban cleaning operators: a method we wish to apply in all our locations, with the involvement of the suppliers of cleaning services.

A significant volume of paper waste is produced from document archives, preserved for the processing of personal data in accordance with the law. It is therefore treated as special waste, disposed of in a "controlled" manner and recycled in paper mills.

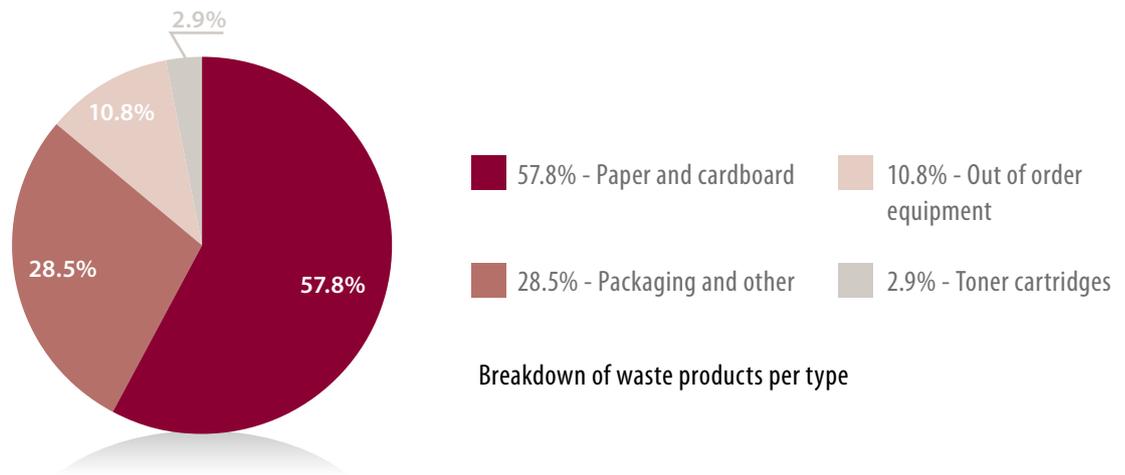
Other types of waste are also produced. In particular: spent toner cartridges (mainly internally regenerated and recycled) and heavy materials (essentially obsolete furniture).

Environmental Performance

PRODUCTION OF SPECIAL WASTE*	2009	Constant limits data	
		2009	2008
Total waste (Kg)	3,066,253	2,842,155	3,624,245
Waste per capita (Kg)	100	108	134
Waste recovered (%)	69.7	72.3	84.7

* The data refers to waste disposed using companies that are not owned by municipalities.

The "constant limits" data refers to Banca Monte dei Paschi di Siena an Banca Antonveneta. The new scope also includes Biverbanca, Mps Capital Services, Consumit, Mps Banca Personale and Consorzio Operativo.



EN23

TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

Considering our activities, we do not believe this indicator to be relevant.

EN24 (ADD)

WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED OR TREATED HAZARDOUS WASTE

This year circa 62 thousand kilograms of dangerous waste was disposed of (out of order equipment, fluorescent tubes for lighting and spent batteries).

We are verifying the terms of applicability of the new Italian regulations regarding dangerous waste to the Group's activities: the Decree of the Ministry for the Environment dated 17.12.2009, and known as "SISTRi - Control system for the traceability of waste".

PRODUCTS AND SERVICES

EN26

INITIATIVES TO MITIGATE THE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

The "indirect" environmental impact of banking activities relates to the bank's relationships with customers and its purchasing processes.

The following is applicable to our relationships with customers:

- The inclusion of environmental components in the evaluations of project financing activities and credit to large companies (see [FS2](#)).
- The range of products and financial services in contributing to more extensive use of renewable sources (see [FS8](#)).
- The development of internet banking services (see [EN6](#)).

Environmental Performance

We also manage the supply chain through careful consideration of the sustainability profiles of suppliers, also searching for the most eco-compatible (“green”) products and services.

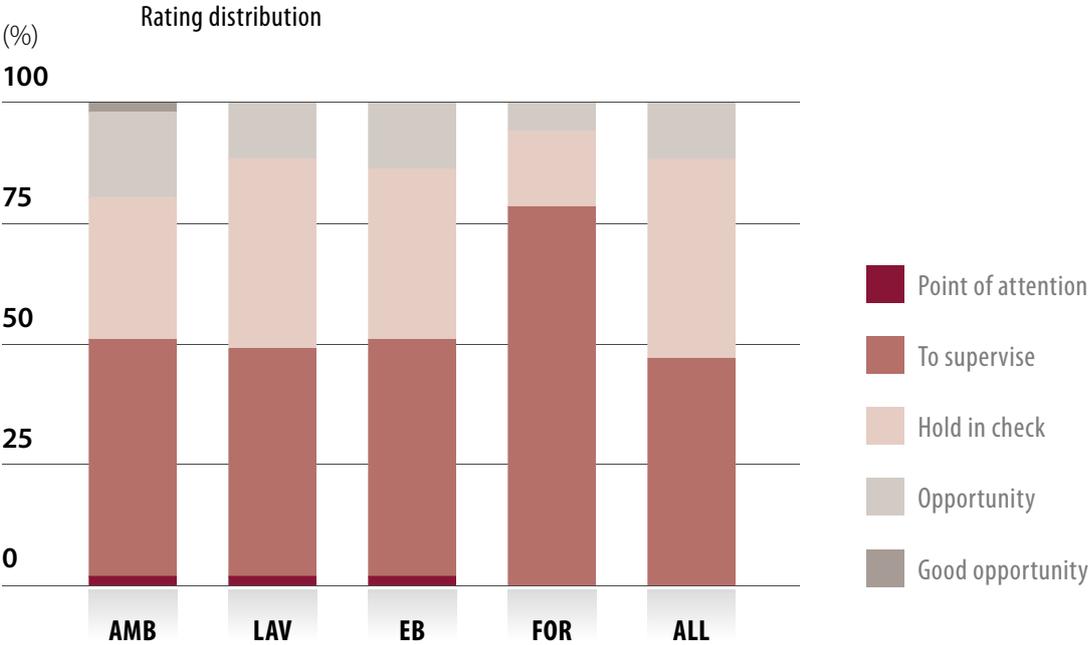
SUSTAINABILITY RATING OF SUPPLIERS

During the year the new supply chain management **Policy** in accordance with sustainability criteria came into effect, with over 130 specific actions planned for the 2009-11 period.

In particular, a new supplier evaluation model was developed, substantially increasing the depth of analysis of environmental and social components (CSR) and their relative effect on the overall qualification process (15%).

In respect of the CSR part, the model has been applied in a pilot-experimental phase, involving 51 representative suppliers (representing circa 37% of overall expenditure). in the Group’s suppliers register, during a real “supplier day”,

The evaluations, which were organised by Ecovadis - a specialised French company - regarded 4 CSR issues: the environment (AMB), working conditions (LAV), business ethics (EB) and the supply chain (FOR).



The required data was collected through:

- Verifying any certifications.
- A web platform based questionnaire, by specific product category and the geographical location of the companies.
- The analysis of relevant documentation, made available by the companies (reports, internal policies and procedures).

- Third party sources (the press, the Unions, civil organisations etc).

The results (summary rating 4.7 on a scale from 1 to 10) are in line with the average values of the group of companies monitored by Ecovadis all over the world: very positive results in the “work conditions” category and with wide margins for improvement in the management of the supply chain.

The model will progressively be applied to all the companies in the suppliers register (circa 680 companies). The objective of evolving the current sustainability profiles for a relevant part of the suppliers we examined will be pursued through an agreed and cooperative process.

“GREEN” PURCHASES

We significantly increased the catalogue of “green” products relative to office materials and Information Technology, transferring the relative purchasing processes onto an electronic platform (see [EN1](#)), with significant benefits also in environmental terms:

- the “green” products are 15% of the general catalogue.
- our governance of consumption in respect of individual operating units was improved.
- the number of trips for delivering supplies was reduced.

Also because of additional “green” purchasing measures (for example, the high standard required in purchasing hardware products and the assured ecological status of cleaning products) **this type of expenditure in 2009 was circa 4% of total expenditure, with financial savings in the order of circa 13 million Euros.**

EN27
RECYCLING OF
PRODUCTS SOLD AND
THEIR PACKAGING

Considering our business activities this indicator is not believed to be relevant.

CONFORMITY

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 penalties for non compliance 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

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

GENERAL

EN30 (ADD)

EXPENDITURES AND
INVESTMENTS FOR
ENVIRONMENTAL
PROTECTION

We do not currently have any organic measurements of expenditure and investments concerning the environment.

The expenditure includes payments for the management of waste, amounting to over 10 million Euros.

The investments include a high number of resources dedicated to the management of some of the main environmental assets: circa 15 people (estimated figure).

LA. Labor practices and decent work

In line with the programme defined in the 2008-11 business plan, in 2009 **the organisational changes and the management of human resources were developed as a priority along the following lines:**

- Completion of the redefinition of the Group through mergers, centralisation of back office activities and the review of operating processes.
- Pursuit of efficiency objectives and further rationalisation of the number of resources, with related effects in terms of costs on the basis of the structural increase of the front to back ratio.
- Development and quick implementation of a new management model, which includes the univocal responsibility of the parent banking company in relation to the personnel in all the operating functions, with a change in the relationship between infrastructure functions and the network.
- Cultural uniformity of the network “post integration”, pursued through the exchange of resources in roles of high responsibility, the activation of service models and functional training on their correct application.
- Reinforcement of professional skills, with priority for front end roles, through punctual verification of skills, the mapping of individual competences, focused training, and the implementation of career paths/development plans aimed at ensuring the planned coverage of organisational positions and a turnover in the management.

Among the extraordinary and additional actions implemented by the Group to effectively contrast the effects of the recession on the quality of credit, there were consistent and focused organisational actions (assets modification, reinforcement of structures and activities), and actions concerning human resources (training, and the qualitative enhancement of our personnel). A lot of attention was then focused on the network, in order to accelerate the alignment time for ex Banca Antonveneta¹ resources to the Group’s standards, in relation to commercial and operating behaviour and the governance of risk. This was carried out through a series of combined initiatives such as the exchange of resources (starting with branch managers), training, on the job training and focused organised visits.

DEVELOPMENT STRATEGIES AND MODELS

The strategies for developing human resources in the Group pass through the implementation of the new system, which was started in 2007, and which is based on logics of planning and differentiated tools for families and professional communities. The system, which is focused on the characteristics of individuals, so as to valorise their

¹ Needs not identified for the other incorporated banks since the same methodology used by Banca Monte dei Paschi di Siena is already used by them

Labor practices and decent work

potential considering a balanced between company needs (current or future) and individual aspirations, effectively involves the following:

- **Raising the levels of professionalism of the first line resources**, with specific reference to the capacity to manage relationships with customers and a pro-active approach to customers.
- **Assuring the best possible coverage of critical business roles**, through professional training and career paths, with specific attention paid to young employees.
- **The implementation of plans for the constant development and renewal of the management**, starting with the definition of a new behavioural scheme for realising the plan's objectives and the objectives of the related systematic mapping of managerial competences.
- **Implementing specific conversion and re-training programmes for resources "freed" by organisational review projects**, in order to further improve the relationships between front and back office roles.

Training and the management of competences support these development lines (see [LA10](#)).

They are also centralised in order to favour the participation of employees in company objectives and employee work motivation/satisfaction, industrial relations (see [LA4](#)) and internal communication.

In respect of the latter, the bank has various tools, at all levels, for the development of effective synergies and cooperation between the various parts of the organisation, which are promptly available and constantly updated with useful information on work related activities, socialising and the sharing of information on company issues.

In this sense the company intranet is important and it contains two fundamental tools:

- The **Regulations** - for finding documents, communications, instructions and Group regulations etc (its contents are currently being reviewed for better legibility of documents etc.).
- A **Message board** - containing all urgent messages.

The Human Resources and Training channel on internet was recently updated. This channel has all the documents which regulate the working lives of employees (national collective bargaining contract, company additional contract, the Group's Code of Ethics, regulations regarding tasks, part time regulations, etc), and the services on offer (tax assistance, agreements etc), as well as a link to the training portal "Click" and a section dedicated to CRALs (company recreational clubs), and the pension fund. A section on "incorporated company FAQs and information" has also been added to reply to the questions most frequently asked by employees of companies that have been incorporated into the Group.

There is also as section dedicated to **Communication**, from which it is possible to access the following:

- **Montepaschi Channel**, the Group's video-communication channel, developed with the objective of channelling contents to internal users with the maximum level of effectiveness and efficiency, firstly of a financial nature, and then the presentation of business plans, reports etc;
- **Filodiretto (direct line)**, a periodic newsletter used for:
 - Calling the attention and bringing awareness to employees on particularly important issues (Filodiretto 7).
 - Supporting commercial initiatives, and not only those of the Group (Filodiretto 1).
 - Providing details on company issues (Filodiretto 30).

RELATIONSHIPS AND WORKING CONDITIONS

Being aware of the influence that a positive company climate has on the Group's productivity and competitiveness, we are committed to ensuring that the operating and relational context in which we carry out our work processes are as positive as possible, through constructive discussions with employees, listening to their aspirations and motivations and the valorisation of the work environment in terms of fundamental qualities such as trust, respect, correctness and equity.

Among the company tools which permit direct discussions between the company and its employees we would like to point out the **PaschiRisorse human resources management and development system**, which in a dynamic and continually changing manner uses a specific sheet given to employees directly during discussion meetings in order to reveal their distinctive competences in their roles, and permits the verification of profile status compared to established profiles. By using the sheet it is also possible, among other things, to reveal the professional expectations of each employee and their observations in respect of the competences they possess and the relative development path proposed to them by their managers.

Also, during 2009 the figure of the **Human Resources Manager** was created, to implement the policies of management, development and training of resources belonging to the same structure, being delegated to do this by the relevant network operating department manager¹.

This commitment involves:

- Revealing any internal problems in each organisational unit.
- Supporting the verification of knowledge, skills and the development direction decided by the direct managers of the resources, also through accompaniment activities aimed at raising the quality level of the operating process (PaschiRisorse).
- Ensuring the correct implementation of career paths and development plans (also

¹ Collocated in 2009 directly reporting to the Human Resources department of the parent company and no longer within the individual network local areas. In the end this ensures the maximum level of uniformity - at Group level - in directing and coordinating the management of personnel, from the point of view of better utilisation in relation to strategic and operating needs.

managing periodic interviews) in constant contact with the Human Resources Development department, in order to pursue the best possible valorisation of human resources.

- Carrying out management and motivational interviews with the relevant resources etc.

This “manager” also manages local union relations (as specifically agreed with the Unions) and verifies the functionality, effectiveness and efficiency of company processes in respect of the relevant local areas structures.

LA1
TOTAL WORKFORCE BY
EMPLOYMENT TYPE,
EMPLOYEMENT
CONTRACT AND REGION

At 31 December 2009 the number of employees in the **Group** in terms of the “effective workforce” was certified as being **32,003 units**, with a reduction of 2,185 **resources compared to 31/12/2007** (the baseline of the 2008-11 business plan).

In particular:

- **3,447** employees **terminated** their careers (circa 98% of the total planned for the entire 2008-11 four year period), of which **2,355** in relation to voluntary adherence by senior employees to the **Redundancy with incentives and solidarity funds** plans. The number of people leaving in the 01/01/09 - 31/12/09 period was 1,636.
- There were **1,346** new **employees** (639 in 2009), most of which were channelled into the network.
- **Job changes from the centralised structure to the network** involved **700 resources** (mainly concentrated in Banca Antonveneta), through programmes sustained by individual structured plans, and operating and training experience.
- **The asset disposal and branch termination** operations (15 branches to the Banca Popolare di Puglia and Basilicata) involved **-84 units**.

Redundancy with incentives:

This is reserved for personnel which has already matured the right to have a pension from the general compulsory pension scheme. Employees who subscribed and who have terminated their employment contract receive a “once only” sum as an incentive, equal to a year’s annual gross salary.

Solidarity fund:

All those who mature the right to an old age pension have the right to a pension from the general compulsory pension scheme within a maximum period of 60 months from the date their employment relationship ceased.

Employees who subscribe to this fund receive an extraordinary cheque for income support, instead of their salary on a monthly basis. - the sum they receive is equal to the INPS pension they have matured, with an increase of an old age pension contributions for the period that is left before the right to an old age pension matures.

Labor practices and decent work

Therefore, in consideration of a staff **turnover** rate of 7%, and a strict policy of structural containment of costs, which has been the policy for some time, the **personnel costs** remained on a downward trend compared to the previous year if the trend is “recalculated” (over -6%). These benefits did not exhaust their effects in 2009, but allowed us to lower personnel costs on a structural basis, and they will continue over the next financial years.

Instead, compared to last year the front office percentage of resources was essentially stable, 64% compared to 62% at 31/12/07, and the 67% objective required to complete the business plan.

CONSISTENCY OF PERSONNEL AND TERRITORIAL DISTRIBUTION	2009	2008
Personnel registered in employee journals	32,047	32,951
Actual number*	32,003	32,867
<i>Italy</i>	31,419	32,282
<i>Overseas</i>	584	585

*Value obtained excluding personnel registered in employee registers, those on loan from companies that are external to the Group and clearing staff

EMPLOYMENT RELATIONSHIPS	2009	2008
Open ended contracts (%)	97.3%	97.1%
Other contracts (%) *	2.7%	2.9%
Part Time (n.)	2,222	2,212

*Work training, Insertion, Professional apprenticeship, Fixed period contract

COMPOSITION (values expressed in %)	2009	2008
Category		
Managers	1.8	1.8
Middle and lower management	35.4	33.7
Professional areas	62.8	64.5
Age bands		
Less than 30	11.7	12.1
31-40	28.4	28.2
41-50	34.5	33.7
Over 50	25.4	26.0
Years of service*		
Less than 10	64.6	54.7
11-20	13.3	17.8
21-30	15.1	17.1
Over 30	7.0	10.4
Education		
Degree	30.8	30.8
High school diploma	59.5	61.4
other**	9.7	7.8

* The significant lowering of the average years of service of the Group's personnel starting from 2008 is due to the merger processes which occurred in the two year period.

** The 2009 value is strongly influenced by an unusual number of “unclassified” cases generated by the process of realignment of the information systems after mergers.

Labor practices and decent work

Geographic distribution (values expressed as a %) - 2009

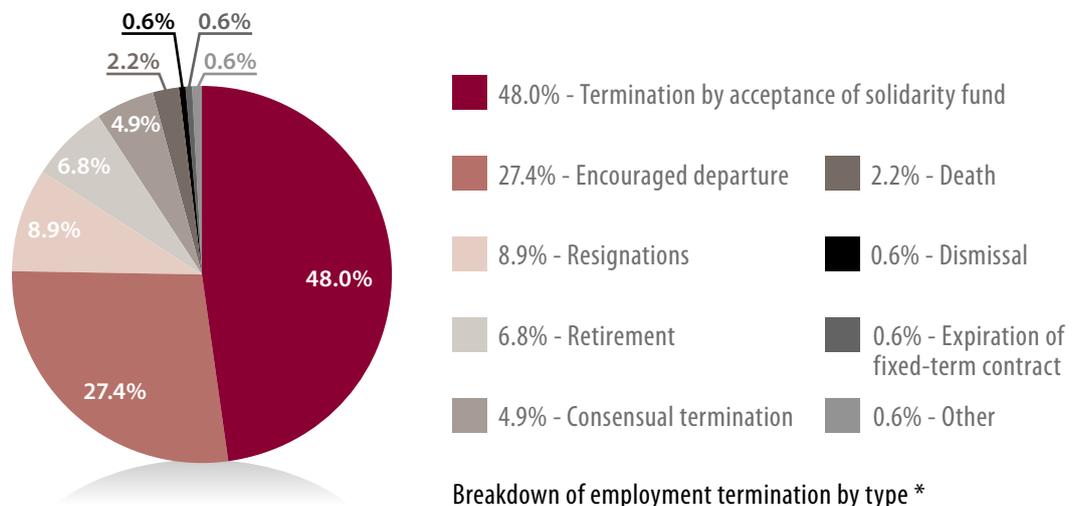


LA2

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

There were 145 resignations in 2009, with a turnover that is still low (0.45%) and is decreasing compared to the 2008 value (0.97%).

HIRING AND TERMINATIONS	2009	2008
Hiring	639	707
Terminations	1,636	1,811



* Excluding scope variations, transfers of parts of companies, transfers to other companies in the Group.

TURNOVER* (values expressed in %)	2009	2008
General	0.45	0.97
By category		
Managers	0.53	2.77
Middle and lower management	0.65	1.38
Professional areas	0.35	0.70
By sex		
Men	0.54	1.15
Women	0.36	0.72
By age		
Up to 30 years of age	0.83	1.94
From 31 to 40	0.66	1.34
From 41 to 50	0.44	0.81
Over 50 years of age	0.07	0.43

* Ratio between the number of voluntary resignations and the overall number of employees.

Note

The Group works mainly in Italy (98.2%). Since we do not have significant differences between the regions from a social and economic point of view, we do not think it is significant to monitor data in terms of geographic breakdown of personnel turnover.

LA3 (ADD)

BENEFITS PROVIDED TO FULL-TIME TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

The **Global annual remuneration** (RGA) of the Group's personnel, which is in line with the average values of this sector, has a fixed part (**annual gross remuneration**) and variable components, being the **company bonus** for all employees, the **performance bonus for middle managers (PAR)** and the **incentives system for the professional areas**.

ANNUAL GROSS AVERAGE REMUNERATION (in euros)	2009	2008
Managers	134,974	129,210
Middle and lower management	55,523	54,124
Professional areas	36,993	35,942

The **company bonus** has two percentages: the calculation and payment of the **first percentage** is related to the positioning of a pre-defined company structural productivity indicator, which is tied to the management of operating performance focused on intermediation with the clientele (primary intermediation margin); the **second percentage** (stock granting) is tied to the results achieved in the relevant year, at company and Group level, compared to the annually planned objectives for overall profitability (net operating profit). In respect of this percentage of the bonus, in 2009, in reference to the 2008 financial year, over 23 million Banca Monte dei Paschi di Siena ordinary shares were freely granted.

Labor practices and decent work

The **PAR and incentives system for the professional areas**, which are currently being paid for the 2009 results, are calculated in accordance with the company's contractual forecast. In particular, each year, during the planning phase, the objectives sheets containing the expected *performance* levels and indicators, weighted on the basis of the responsibilities and management levers available to the different organisational levels, are defined. The objectives also include general qualitative elements which regard, among other things, the relationships with customers (from a loyalty, valorisation and customer satisfaction point of view) and/or the realisation of strategic projects in the Group's business plan, so that the medium and long term view becomes relevant.

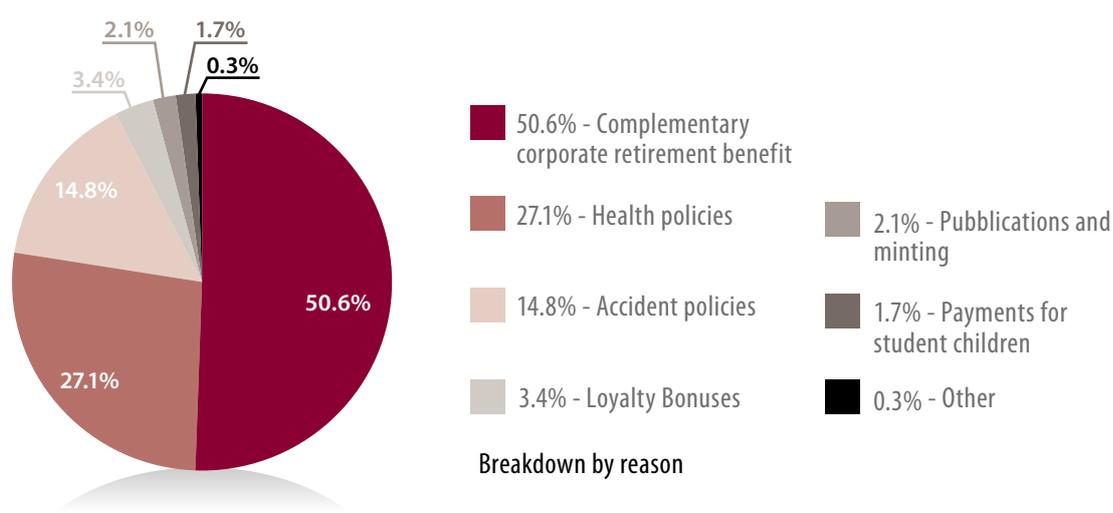
VARIABLE COMPONENTS (% on RGA)	2009	2008
Managers	19.1	26.1
Middle and lower management	6.7	7.3
Professional areas	3.4	5.0

The remuneration of Top Management is excluded from this calculation

The employees with fixed term contracts or part time contracts receive the same remuneration component as employees with open-ended and full time contracts.

In relation to employees with part time contracts, these are normally re-proportioned depending on the number of contractual hours.

ADDITIONAL CONTRIBUTIONS	2009	2008
Amounts (in Euros)	87,784,041	70,422,198



Social actions

We participate significantly in pension funds, complementary pension schemes and the health related costs of our employees, which in 2009 involved the provision of circa 88 million Euros. Also for the purpose of moral and material help to employees and their families, the bigger companies in the Group assure subsidies, loans and other kinds of assistance (subsidies in favour of handicapped children, workers or children that are students etc).

Basically, in this sense the **Mutual Assistance Fund**, constituted in Banca Monte dei Paschi di Siena on 26 may 1950 by the efforts of some employees, and thanks to company contributions and the voluntary contributions of its members, provides important contributions for the protection of health (advance sums for dental care, the purchasing of hearing aids, lenses, and other health related items) and for the family (advance sums to cover wedding expenses, subsidies for handicapped children, funds for old people who are not independent, funds for the birth or adoption of children, grants and holiday study periods abroad and assistance to students, advance sums for the payment of school fees, diploma or university costs etc). In total circa 4.6 million Euros were paid out in 2009.

We would also like to point out the extraordinary payment in 2009 (67 thousand Euros) made by the fund in favour of employees of the bank who suffered damage in the earthquake in **Abruzzo** on 06/04/2009.

Even the health insurance fund has over time paid particular attention to culture and leisure time, through the bank's publication offers, and special hotel and travel agreements. In respect of the latter, from this year there will be specialist holidays along with the general travelling proposals (skiing weeks or breaks for scuba diving, and sporting events like running, and many others.

We support socialising and solidarity between our employees. The Group has **65 clubs**, which were created to favour socialising by our personnel, providing social services for recreational education, the promotion of cultural, artistic, sporting and tourism activities, used by **circa 13,100 employees**. This year the companies in the Group **contributed** circa **466 thousand Euros** overall.

INDUSTRIAL RELATIONS

The activity of constant discussions with the unions, in a climate inspired by principles of correctness, respect, transparency and a sense of responsibility for attaining overall results, was continued.

The same spirit applies to the work of similar organisms, with particular regard to the following issues: the quality of work relationships, professional development (with the attention mainly focused on equal opportunities, the internal company climate and career paths), safety at work and the environmental impact of business activities¹.

¹ During 2009 all the Joint Committees and the Company Observatory met once, except for the Bank robbery risk committee. No critical elements were identified in these meetings.

UNION ORGANISATIONS	2009	2008
Number of employees who are members	27,071	27,538

In particular, during the year industrial relations focused on the continued implementation of centralisation projects defined in the 2008-11 Group business plan, in other words:

- **The merger by incorporation of the Banca Toscana** into the Banca Monte dei Paschi di Siena.
- **The sale of Monte Paschi Asset Management SGR** to the Clessidra fund;
- The company re-organisation of ABN Amro Asset Management SGR and MPS Leasing & Factoring.
- **The sale of 15 branches to the Banca Popolare di Puglia e Basilicata**, as per the instructions of the supervisory authority for competition and the market.
- The undersigning of an agreement relative to the Union procedure in article 15 of the current national collective bargaining contract, in terms of **uniformity**, as required by the agreements concluded through negotiation with the Unions regarding the different company merger operations. The objective of the agreement, from the point of view of the convergence of different company regulations versus the Banca Monte dei Paschi di Siena model, starting from 01/01/2010, was that of looking for transitory or specific solutions in relation to particular statutory institutes.

In almost all the circumstances the negotiations were concluded with the undersigning of specific agreements in the common intent to realise, among others, efficiency and professional enhancement objectives, ensuring uniform treatment by constantly “listening” to people’s needs.

The merger and re-organisation projects have determined optimisation actions in relation to distribution assets, so as to increase the effectiveness of the distribution network and permit the improvement of the Group’s structural efficiency. The enhancement of the network has generated a concentration of branches in a limited geographical area, and this phenomena has led to the redefinition of the territorial areas with the creation of a new areas in Tuscany. This project was also concluded with the undersigning of an agreement with the Unions. In relation to the re-organisation of the territorial areas of the Banca Monte dei Paschi di Siena’s network, since the operations related to the re-definition of the Group’s structure have been concluded, which caused a consistent increase in the size of the Banca Monte dei Paschi di Siena network, the need arose to implement organisational and commercial solutions aimed at the structural improvement of the area functions and the rationalisation of centralised structures. Always in applying the provisions of the “work organisation protocol” mentioned above, an agreement between the parties was reached, aimed at safeguarding the levels of professionalism of the human resources.

LA4
PERCENTAGE OF
EMPLOYEES COVERED BY
COLLECTIVE BARGAINING
AGREEMENTS

All the employees are covered by national collective bargaining contracts.

The work relationships in the company are normally based on open-ended contracts (97.3%) and *full time* (93.0%) contracts.

The insertion of young resources in the organisational structures, which was carried out in accordance with our specific selection procedures, were mainly in relation to **professional apprenticeship contracts** in accordance with Legislative Decree 276/03.

OVERTIME (hours)	2009	2008
Total year	1,316,826	1,429,240
Weekly average	25,324	27,485
Per capita annual	66	68

In virtue of the employment contracts, in undertaking their duties the personnel is obliged to comply with the duties derived from legal and contractual regulations, as well as the instructions given to them by their superiors.

In consideration of the above, in case of non compliance with above mentioned duties or negligence in carrying out the tasks they are entrusted with, workers are subject to disciplinary penalties in proportion to the gravity of the infractions they commit.

There were 86 disciplinary proceedings in 2009, with 8 dismissals and 78 retentions, almost all in reference to "anomalous credit management".

DISCIPLINARY PROCEEDINGS	2009	2008
Dismissals	8	7
Retentions *	78	120

* For example: warnings, temporary suspension from work and remuneration.

At Group level there were 644 pending employment disputes at 31/12/2009, almost all passive in nature, regarding 984 employees, mainly regarding the following:

- Constitution of employment relationships.
- Requests for superior categorisation.
- Remuneration differences.
- Mobbing and professional disqualification.
- Dismissal.
- Complementary pensions.

EMPLOYMENT DISPUTES	2009	2008
Current cases	644	353
<i>Passive</i>	608	330
<i>Active</i>	36	23
Employees involved	984	499

The differences between the 2008 and 2009 values are mainly due to a not always punctual alignment of documentation management procedures regarding employment cases, also in relation to the ex Banca Antonveneta integration process.

LA5
MINIMUM NOTICE
PERIOD FOR
OPERATIONAL AND
ORGANISATIONAL
CHANGES

In relation to the merger and incorporation organisational initiatives that took place during the year, the Group operated in compliance with the national contractual regulations which require advance preventive informative phases with the Unions and negotiation and discussion proceedings to be carried out within the maximum terms defined in the national collective bargaining contract (50 days unless otherwise agreed by the parties) and in compliance with the “work organisation protocol” currently in force in the Banca Monte dei Paschi di Siena.

HEALTH AND SAFETY AT WORK

The Group operates with a health and safety in the workplace management system which complies with the OHSAS 18001 (Occupational Health and Safety Assessment Series) **international standard**. The system of the Banca Monte dei Paschi di Siena and companies in the Group that deal with real estate management (Paschi Gestioni Immobiliari) and information systems (Group operating consortium) is certified, **covering over 80% of the Group’s employees overall**. Further extensions to the system to other companies in the Group are currently being assessed.

The system is subject to systematic internal audits: this year audits were carried out in 56 buildings, including branches, management Headquarters and territorial premises.

The Prevention, Protection and Environment department assures constant monitoring of environmental conditions at work and the relative risks for health and safety, also through circa twenty territorial representatives (RAS - environment and safety representatives) and a specific application called “MPSafe”, which since 2010 permits the monitoring, with increased accuracy and in a more widespread way, of compliance by each location-branch with the law and internal environment and safety procedures.

As far as the protection of health in the workplace is concerned, monitoring is carried out by the Group’s health service: this year medical examinations were carried out on 1,958 employees, with 91 specialist visits and 175 site inspections.

LA6(ADD)
“HEALTH AND SAFETY
COMMITTEES”

In all the companies in the Group, the company representatives - delegated by the employer and the manager of the Prevention, Protection and Environment department - the company doctor and the workers safety representatives meet periodically in accordance with Legislative Decree 81/08.

The meetings regard the following issues:

- Risk analysis.
- Accident trends, professional diseases and sanitary monitoring.
- The criteria for deciding upon the technical characteristics and effectiveness of the individual protection devices used.
- Information and training programmes.

During 2009, 16 of these types of meeting were held at centralised level and 9 in the biggest territorial locations.

Activities and improvement programmes were defined in these meetings regarding the problems that were discussed.

The following are the main issues discussed this year:

- The examination of the causes of accidents and the possible preventive measures to be implemented. This is an issue that was highlighted as being particularly relevant in the audits carried out by third parties in relation to the OHSAS 18001 system.
- The measures implemented in certain locations to mitigate radon risks - radon being the natural radioactive gas emitted by certain types of rock - which in closed environments may generate health risks.

In respect of the issue of bank robbery risk, a specific joint committee is active, which is responsible for the following:

- The examination of the security system present in the premises and verification of possible developments.
- The analysis of any peculiarities regarding criminal acts and the circumstances which determined them.
- The formulation of observations and proposals regarding company programmes on this issue.

The committee did not meet this year.

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

ACCIDENTS IN THE WORKPLACE	2009	2008
Accidents	178	217
Days lost	2,599	3,637
Frequency percentage*	3.56	4.04
Gravity percentage**	0.05	0.068

* Number of accidents for each million hours worked

** Days lost for accidents for each thousand hours worked

During the year, "almost accidents" were monitored (2 were identified), as a useful source of information to define yet more effective prevention programmes.

ABSENTEEISM	2009	2008
Days of absence per capita *	8.8	10.9

* Sickness and accidents

Absenteeism (for sickness and accidents) is decidedly decreasing, as well as the so-called "absenteeism percentage" (days of absence for sickness, accidents and leave of absence for voluntary activities on the total average annual working days), which had a value of 3.95 days (-15% compared to the previous year). This percentage, only considering absenteeism for sickness of less than three days, had a value of 1.54 days (the Parent company's percentage).

Training activities regarding health and safety involves a bigger number of employees each year.

HEALTH AND SAFETY TRAINING		2009		2008	
Trainees	Workers trained	Hours	Workers trained	Hours	
Video-terminal workers	14	107	379	379	
Emergency staff					
- Fire prevention	408	3,264	1,358	10,828	
- First aid	592	5,402	3,397	24,132	
Newly hired workers	428	1,446	350	1,225	
Safety figures (Managers, local staff, Workers' representatives...)	4,845	12,392	197	1,517	
Total	6,287	22,611	5,681	38,081	

The management of **personnel health and the prevention of relative risks** are also assured by the following:

- Organic governance by the Group's health department.
- "Health monitoring" - in particular for "video terminal" and "night-time" workers - and the relative additional specific training courses (577 people involved in 2009).
- The insurance policy covering health expenses sustained by employees and their family members. Among other items, the policy includes the following: annual check-ups- including blood tests, various specialist diagnostic checks - and additional cover - Long Term Care - which assures lifetime payments in case of permanent loss of self-sufficiency in carrying out elementary activities in everyday life.

Also, during the year the terms for starting-up a work group for active supervision of **"stress related risk"**, also in compliance with Legislative Decree 81/08, were further verified.

The meetings between the Group's companies and Union representatives are held to formalise agreements related to specific programmes for activities and improvements, in accordance with Legislative Decree 81/08 (see [LA6](#)).

TRAINING AND RESOURCES DEVELOPMENT

On the basis of the **Training Plan**, the main objectives pursued in 2009 were the following:

- **Service models for ex Banca Antonveneta** personnel (with courses and on the job training for about 2,000 resources in the network, including operational and branch managers, while a "dedicated" *task force* completed the on the job training).
- **The reinforcement of skills regarding credit**, in terms of commercial opportunities and

risk monitoring, by personnel throughout the company's functions (over 1,000 network resources involved).

- **The consolidation**, for both the centralised and local structures, **of individual and role related training programmes** (for new jobs or professional development), through the constant updating of the PAFI and GRAF tools.
- **Training** regarding **"insurance - pensions"**, focused on "life" and "accident" policies, as well as the regulations required by the Isvap, developed in cooperation with AXA.
- Training on specific contents (*pricing*, health and safety, MiFID, compliance, the new European directive regarding payment services- the *Payment Services Directive* - etc)
- Specialist training for *Internal Auditors*.
- The systematic use of the **"Self-development laboratory"**, which is aimed at increasing the amount known about the individual attitudes of employees, to improve effectiveness in carrying out their roles. Up to now this initiative has involved circa 340 resources (for more details see the table below).

Self-Development Laboratory

Characteristics:

The laboratory consists in training and self-development sessions developed to bring the behavioural characteristics of individuals that participate in them to light, with the aim of providing them with an awareness of their strong points and areas of improvement, as well as developing development plans that point in the right direction to improve the identified gaps. It is a methodology which actively involves the participants in diagnosing the gaps (the gaps between their current skills and expected skills), helping self-development by sharing the process of behavioural diagnosis and the personalisation of subsequent actions.

Purposes:

- to favour the progressive acquisition of awareness through the development of individual development plans
- Cto contribute to improving the efficiency of participants in doing their jobs (current or future)
- Tthe definition of personalised development objectives to maximise the strong points and promote skills/behavioural improvements, where necessary.

- An increase in the number of **knowledge management tools**, structured so as to be easily consulted by the network's personnel (in the Banca Monte dei Paschi di Siena alone the tools were accessed on a voluntary basis over 16,000 times in six months).

In relation to future plans, **the 2010-12 Training Plan** was prepared, which contemplates all the training initiatives for the three year period, in terms of guidelines, objectives, timescales, contents, participants, delivery methods (classroom based training, on-line training, structured on the job training), financing and organisational sustainability (planned mandays). The priority objectives of the programme regard the following areas:

- the **consolidation of professionalism levels of resources dedicated to the management of credit** (in terms of risk monitoring and the development of commercial

opportunities), also through the certification of competences for network and dedicated centralised structure roles (the “Credit Academy” project).

- the **development of relational skills**, for roles dedicated to commercial activities (managers of the Affluent, Small Business etc areas) and managerial roles, from the point of view of the management and motivation of teams (branch managers and other coordination roles).

Also, the following will be carried out in accordance with the logic of continuity with previous plans:

- an increase in training programmes for critical roles in the business (branch managers and the main network positions), also through constant updating of the relative GRAFs (training programme role guidelines).

The continuous alignment of “qualifying/compulsory” training (ISVAP, anti money laundering, Legislative Decree 231, transparency, privacy, safety at work, Patti Chiari (clear agreements) etc) with legal requirements.

Knowledge management tools

Knowledge Management Tools are *online* consultation tools which combine two essential characteristics:

- Quick access to information;
- The contextualisation of information for the users activities

In fact, they are developed so as to be used easily, permitting the finding of only useful information immediately, since they are designed as a support to everyday activities. They are structured in hyper-textual formats, designed to be read according to supporting - but not univocal - criteria, in a process logic as part of the overall activities in question, constituting a connection point for consultation of the relevant regulations and manuals in reference to the relevant operating process, for which all the *tools* are connected through dynamic *links* which ensure their updating, integrating themselves, and partly arranging, the wealth of information already existent within the Group on a specific topic.

Currently, the main Knowledge Management Tools available in the Banca Monte dei Paschi di Siena are the following:

- **operating support**: this has the main requirements for members of the branch operating support staff, dividing them on a temporal basis during the day;
- **quick CEBI Web guide**: this accompanies users in using the application for preparing the report;
- **Branch Manager**: just as for the operating support, this shows the main requirements for branch managers, dividing them on a temporal basis during the day;
- **Credit portal**: this summarises the fundamental principles for the management of credit in the bank.

As well as an up to date link to specific regulations and operating manuals, this tool permits immediate access to the latest version of product sheets and any FAQs and operating tools already present within the company intranet.

LA10

ANNUAL TRAINING PER
EMPLOYEE AND PER
EMPLOYEE CATEGORY

Training activities involved circa 86% of the Groups personnel; in fact, from the beginning of the year state **over 1 million hours of training** were provided overall, of which 23% circa were on-line, with a per capita average at Group level of circa 36 hours.

The relative financial commitment, which was 4.3 million Euros, was significant.

TRAINING	2009	2008
Training per capita (hours)	36	51*
Training costs (Euros)	4,350,904	6,726,683

* The 2008 value was strongly influenced by an extraordinary training effort regarding service procedures and models involving ex Antonveneta personnel.

BREAKDOWN TRAINING PER EMPLOYMENT CATEGORY (hours)	2009	2008
Managers	4,514	5,436
<i>per capita</i>	12	16
Middle and lower management	281,836	227,848
<i>per capita</i>	37	34
Professional areas	486,110	492,805
<i>per capita</i>	33	37

Data referred to Banca Monte dei Paschi di Siena



* data referred to Banca Monte dei Paschi di Siena

We would like to inform you of the start-up during the year of the planned training for **Human Resources managers** (circa 60 units involved) on the new personnel management and development system.

Constant monitoring was carried out - from a continuous improvement point of view - of the effectiveness of courses, not only through measuring the *customer satisfaction* of the participants, but also using before and after tests to check the acquired skill levels, for the main technical and professional subjects.

The findings show a *trend* of punctual growth in knowledge.

In particular, in classroom training courses the cognitive increase was between 10% - 30%,

with the attainment of over 80% of the right answers in the “after” test. As far as **on-line courses** are concerned, which involve the passing of a final test, the results of fruition of courses - depending on the courses - was between 70% and 100% of right answers.

In relation to the evaluation sheets filled-in in the various courses, a summary ratio of the **quality perceived by the participants** of **5.11** out of a **maximum of 6** emerged. The highest levels of satisfaction related to the following parameters: “interest in the issues covered in the course” (5.14) and “clarity of the teacher” (5.42) and “useful for professional activities” (5.8).

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

In respect of the situation we have described, the most significant developments in 2009 were the following:

- The start-up of the **3rd edition** of the **career paths** programme¹, which circa 200 resources adhered to. These programmes, which at Group level concern 600 employees overall (with an average age of circa 35), used the functions of the **PaschiRisorse system** as a fundamental planning and monitoring tool for the definition of the distinctive skills for each role, verification of the status levels of individuals compared to the established job related profiles and a choice of training programmes aimed at closing any gaps.
- The **mapping of managerial skills** of managers and middle managers whose jobs involve a high level of responsibility in the network or centralised structure, to support management decisions and develop continuity plans (circa 500 units).
- The carrying out of **internal study grants** for the valorisation of young resources with high specialist study profiles destined for strategic functions characterised by innovative dynamics (credit models and processes, *compliance, risk management* etc).

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

As per article 69 of the current national collective bargaining agreement, all the companies give professional opinions on an annual basis concerning workers in the professional area and middle managers category, communicated to the employees in writing and as part of interviews which provide them with a summary of the reasons for these opinions.

¹ The “vertical” routes regulate growth compared to the objectives up to level 2 of middle managers (cadres), while the “horizontal” route favours the integration of competences in joint roles in the central and local structures.

QUALITY OF WORKING LIFE AND EQUAL OPPORTUNITIES

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

The valorisation of human capital and the motivation of personnel, which for cultural reasons have always been considered determinant factors for competitive advantage, are also carried out through the improvement of the quality of working life of employees.

In particular, compatibly with organisational needs and workloads, the Group's attention is focused on providing incentives for company actions aimed at favouring the balance between working and private hours. In this sense some of the company contractual provisions, which are additional and/or an improvement compared to legal requirements and the national collective bargaining contract, are the following:

- Working hours flexibility in terms of starting, finishing and break times.
- The transformation of the working relationship from a full time to a part time basis, with different possibilities to articulate the relationships from a horizontal, vertical or mixed point of view.
- Leave of absence and expectations, for both paid and unpaid leave, in particular moments of employees' personal and family life (death of a spouse, weddings, births, adoptions, medical care and visits, completion of studies).
- Direct line employment of spouses or orphans of employees that die while employed by the bank, as long as the subjects have the necessary requisites to be employed.

The percentage of female personnel is continually increasing, and it reached 44.2%, compared to 43.2% in 2008 and the 42.1% average of the banking system.

The Group's company policies are dealing with the topic of equal opportunity with increasing care and responsibility, in order to identify solutions for valorising professionalism and the improvement of the quality of life of our personnel.

In recent years, positive percentages in this respect are the result of different factors, being:

- The presence of women in roles of responsibility (33.8%), in particular in the network. Women occupy 29% of the management positions (in detail they are 4.5% of the total number of managers and 30.9% of middle and lower level managers), which is an increase of 26.5% compared to the previous year.
- The promotion of female staff has reached 46.5% of the total number of promotions in 2009 (43.4% in 2008), in other words a percentage that is more than proportional to the percentage of women in the Group (44.2%).

FEMALE PERSONNEL IN MANAGEMENT POSITIONS AND CAREER ADVANCEMENT (%)	2009	2008
Female personnel	44.2	43.2
Managers	4.4	3.8
Middle and lower management	30.9	27.7
Promotions	46.5	43.4

Instead, as far as the opportunities provided by the company to reconcile private and working

lives are concerned, women using part time contracts are 14.85% of the total number, compared to 0.7% for men.

Lastly, particular regard has been reserved for women who are in maternity leave, for whom an initial phase of professional updating is reserved.

DISABLED PERSONNEL	2009	2008
Disabled personnel	1,565	1,564

In relation to personnel which belongs to protected categories there is a commitment to assure the conditions for better work insertion, where necessary making suitable adjustments in the work stations and tools, both structural and in terms of information systems. This is for the purpose of fully integrating this category of employees in the workplace, making them independent from a professional point of view. Also, all employees with specific pathologies are provided with devices that are suitable to their particular characteristics, which are also specifically identified with the assistance of company doctors.

For the benefit of partially sighted and blind employees, the **“accessibility project”**, which requires this category to be provided with computers and the training necessary to use them, we continued the 2008 initiative to provide IP telephones - new technology which integrates typical telephone functionalities with those of the company's information systems (32 new work stations in 2009).

Activities for the preparation of suitable work stations for workers with other disabilities continued in 2009, for the purpose of permitting them to do a job that is suitable to their status (11 new work stations in 2009).

See [4.7](#) and [LA1](#) for information regarding the composition of the Board of Directors and other indicators showing the breakdown in terms of personnel.

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

The basic remuneration levels of female personnel in the professional areas and middle and lower level management positions are no different to that of male personnel, with equal categorisation in relation to length of service. The slightly lower average values are exclusively related to the greater use of *part time* contracts by female employees compared to males.

Instead, as far as the Managers category is concerned, for which remuneration is defined in consideration of the positions they hold, the variation which started in 2008 is related to the development of the ex Banca Antonveneta workforce.

REMUNERATION OF FEMALE PERSONNEL * (%)	2009**	2008
Managers	78	82
Middle and lower management	87	88
Professional areas	93	91

* Percentage comparison between the average remuneration of female and male personnel .

** This data does not include Banca Monte Paschi Belgio

HR. Human rights

POLICIES AND MANAGEMENT AND VERIFICATION SYSTEMS

The finance sector plays an important role in economic and social development, the improvement of living standards, the creation of jobs and in the realisation and exercising of basic human rights.

Banks may contribute to these aspects in the following ways:

- Directly, through a management approach based on the criteria of non- discrimination, equal opportunities, and the protection of health and safety through careful consideration of issues relative to human rights and workers in the supply chain.
- Indirectly, through business activities, assuring the provision of finance for socially useful projects, favouring the financial inclusion of these people, assuring that projects are developed in a socially responsible manner, and through social investments and initiatives aimed at improving the promotion of human rights.

Consistent with the [Code of Ethics](#), within our sphere of interest we:

- Have been supporting the United Nations [Global Compact](#) since 2002.
- We do not tolerate any form of discrimination, guaranteeing equal opportunity to all, and accessibility conditions to employees with different disabilities. We contrast corruption phenomena, exploitation and oppression, and we take care of people's health, in applying the law and the principle of the SA8000 standard.
- We demand that suppliers respect the rights of their employees and responsibly manage the social impact of their activities.
- In commercial activities we pay attention to the needs of the weakest sections of society, favouring their access to banking services, an aware use of credit and the prevention of excessive indebtedness.
- We cautiously audit our business activities in the armaments industry.
- We participate in the actions of institutions and civil and humanitarian organisations for the protection of basic financial and social rights, such as health, housing, education, and work.
- We exclude involvement in the financing of terrorist activities, and also prevent money laundering.

In respect of the latter, this year, and also following the development of specific standards, we further reinforced our internal management system. The following are some of the main activities:

- A massive customer profiling campaign, using an application for the identification of dubious situations (Know Your Customer).
- We intensified internal network controls.
- Internal training plan (see [HR3](#)).

Also because of the aforementioned development of standards and the internal management system, the assessment of suspect operations was substantially increased (3,582; 2,533 were assessed in the previous year). Effectively, we confirmed the high number of reports made to the relevant financial information authorities relating to more in-depth investigation (1,309 this year).

Also, certain legal proceedings are currently under way against the Cassa di Risparmio di San Marino.

INVESTMENTS AND SUPPLIES

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

We almost exclusively finance Italian companies that work in Italy, where the standards relative to the protection of human rights are covered by legal provisions.

Credit policy integrates the system of values in financing procedures, with constant attention being paid to ensure savings are always used in a correct, integral manner, for useful and sustainable purposes.

Ethical analysis criteria and specific internal requirements, which are sometimes more detailed than legal requirements, are applied, for example, in project financing (see [FS3](#)) and in the intermediation of transactions that are relative to the manufacturing and sale of materials for armaments. (see [FS2](#)).

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

We take care to ensure that our suppliers act with integrity in business activities, respect the rights of their workers, make quality investments and responsibly manage environmental and social impact ([Code of Ethics](#)).

We work with circa 24 thousand suppliers. The suppliers with which we have continuative relations and that have a significant volume of affairs with the Group (at 31.12.2009, the Group's register contained 679 companies) are evaluated, not just from a financial and qualitative point of view, but from an ethical, social, health and safety in the workplace, and environmental point of view as well.

In 2009 a new supply chain management policy in accordance with sustainability criteria came into force. In particular, we further developed the evaluation process in respect of environmental and social performance, using an innovative model which we experimented on a significant sample of suppliers (51 companies covering circa 37% of overall expenditure). See [EN26](#).

In particular, we confirm the **necessary conditions for inclusion in the Register, a**

declared commitment to respect the principles of the SA8000 standard. Until now this requirement was only breached by one company that was consequently expelled from the Register.

HR3 (ADD) TRAINING IN HUMAN RIGHTS PROMOTION POLICIES

The most significant training initiatives with the greatest impact on issues relative to the promotion of human rights included the following:

- The protection of health and safety in the workplace (see [LA8](#)).
- Anti money laundering and contrasting International terrorism. In 2009 7,426 employees were trained for a total of 22,707 hours.

NON DISCRIMINATION

HR4 CASES OF DISCRIMINATION AND ACTIONS TAKEN

No form of discrimination or oppression is tolerated.

Among the causes of employment disputes there are sometimes episodes of mobbing and professional de-skilling.

A company observatory is active, jointly with the Unions, for monitoring inter-actions between the personnel at all levels, as well as the improvement of relationships from a point of view aimed at preserving individual personality and maintaining, in general, a high standard of “quality” of life in the bank.

The observatory also has the duty to specifically monitor situations which are potentially harmful to the dignity of workers, with particular regard to formally reported “mobbing”.

This year the observatory met once, without reporting any particularly critical elements.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5 RISKS FOR THE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Considering the activities we undertake and the countries where our personnel are located, this indicator is not believed to be relevant.

CHILD LABOUR

HR6
ACTIVITIES WITH A
HIGH RISK OF RECOURSE
TO CHILD LABOUR

Considering the activities we undertake and the countries where our personnel are located, this indicator is not believed to be relevant.

FORCED LABOUR

HR7
ACTIVITIES WITH A
HIGH RISK OF RECOURSE
TO FORCED LABOUR

Considering the activities we undertake and the countries where our personnel are located, this indicator is not believed to be relevant.

SO. Society

POLICIES AND MANAGEMENT AND VERIFICATION SYSTEMS

Compliance with laws, correctness and professional ethics are the fundamental requisites of our behaviour and the conditions necessary to have a positive role in society.

In order to control compliance with regulations and the related risk there is a “compliance” function, which this year was further reinforced by the constitution of a “Compliance e Customer Care” organisational office, directly reporting to the CEO and the Chairman.

In implementing the [Code of Ethics](#) we pay attention to the possible social and environmental impact of our business activities, both those that are positive (see [FS7](#), [FS8](#), [EC8](#)) and those that are negative (see [FS2](#)), also in consideration of our relationships with institutions and communities; as well as aspects which may refer to corruption phenomena, which are managed by specific organisational models, operating tools and training processes.

COMMUNITY

SO1
ACTIVITIES IMPACTING
THE COMMUNITY

See [FS7](#), [FS8](#), [EC8](#) (positive effects) and [FS2](#) (negative effects).

In particular, as far as sponsorships are concerned, each company in the Group has its own programme which establishes, among other things, the procedures and timescales for requesting and carrying out programmes.

In order to evaluate assistance and support requests - in respect of which the maximum level of transparency is assured, the following criteria are followed:

- The integrity of subjects making the requests, as well as their relative reputational aspects.
- The examination of projects and their consistency compared to the Group's policies.
- The assessment of the potential social impact of assistance.

[The policy regarding social assistance in communities](#)

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

One of the particular elements of the Group's [Mission](#) is that of wishing to “maintain the strong roots of each company in the area in which it operates”.

The Group is present throughout Italy with a widespread network of branches and ATMs, which ensures adequate service coverage also in small municipalities and in regions with a lower level of growth.

PRESENCE IN AREA OF ITALY WITH LOW POPULATIONS OR THAT ARE ECONOMICALLY DISADVANTAGED (31.12.2009)

	BRANCHES	ATMS
In municipalities with less than 5 thousand inhabitants (%)	12.8	12.2
In regions with the lowest growth levels (%)*	21.2	22.1

* Campania, Basilicata, Puglia, Calabria, Sicily, in accordance with European Union classification.

FS14

INITIATIVES TO IMPROVE
ACCESS TO FINANCIAL
SERVICES FOR
DISADVANTAGED PEOPLE

We are committed to paying an appropriate amount of attention to the needs of the most vulnerable sections of society, through the following:

- Products and services for immigrants, micro-companies, young people, workers with fixed term contracts, and no profit organisations (see [FS7](#)).
- **The adaptation of distribution channels . physical and telematic - to the needs of customers with different abilities.**

In respect of the latter:

- Through a project in collaboration with the Italian Union for the Blind, circa 88% of the ATMs, are equipped with a software which permits blind and partially sighted people to use vocal information to carry out the possible transactions. Circa 70% of the machines have also been in compliance with accessibility standards for physically disabled people for quite some time.
- Secure “Phone Banking” services are available for blind people, through the use of “security card” password codes in Braille, and access to integrated multi-channel systems with specifically designed electronic keys. We are currently also developing an internet banking version dedicated to this type of customer.
- Our websites are developed and produced in accordance with Wai (Web Accessibility Initiatives) guidelines in order to make them usable also for people with physical and visual problems, senior citizens and people who do not have up to date computers.

CORRUPTION

Contrasting corruption phenomena is a commitment we sustain in our sphere of influence (consistent and in continuity with this commitment, we have adhered to the United Nations [Global Compact](#) since 2002).

For this purpose we have an organisational model which complies with legislative Decree 231/2001 in respect of the administrative responsibility of companies. This comprises the following:

- Rules and procedures to prevent these crimes.
- Processes for the management and control of financial resources in risky activities.
- A supervisory organism (the internal control committee) which ensures the correct functioning and constant updating of the model.
- Training of employees.
- Reporting and penalty systems.

SO2

INTERNAL DIVISIONS
MONITORED FOR RISK
OF CORRUPTION

In relation to its ordinary auditing activities, the internal control function verifies the correct functioning of the 231/2001 model.

2,401 audits were carried out this year, regarding the following:

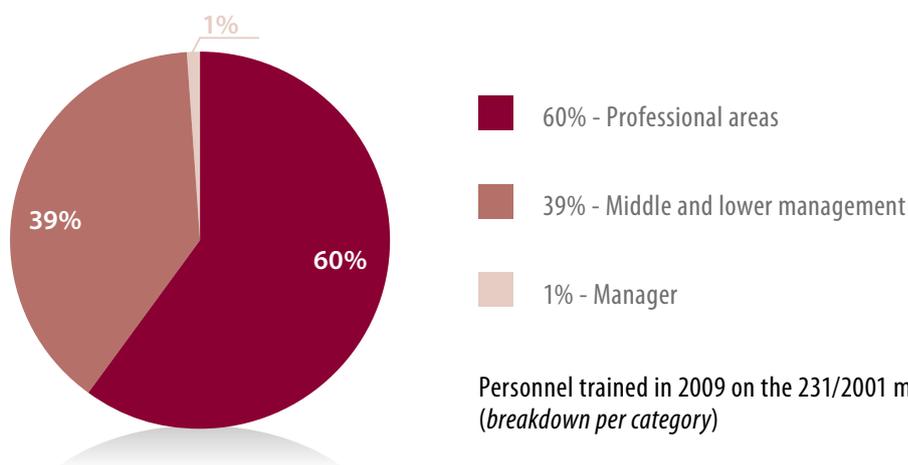
- 34 companies in the Group.
- 9 overseas branches.
- 18 structures/processes of the parent company.
- 2,340 units/structures in the network.

Two specific in-depth studies were also carried out by the Prevention, Protection, and Environmental department and the Legal Assistance department.

SO3

EMPLOYEES TRAINED
IN ANTI-CORRUPTION
POLICIES AND
PROCEDURES

In 2009 the training carried out on anti-corruption procedures required by Model 231/2001 regarded 4,541 employees for a total of 11,110 hours overall.



SO4

CASE OF CORRUPTION
AND MEASURES TAKEN

No cases of corruption were identified in 2009.

A few cases of investigations by the judiciary occurred, which are still being investigated, involving bank personnel and relating to facts which may involve offences relate to Legislative Decree 231/2001.

POLITICAL PARTICIPATION

SO5

PUBLIC POLICY
POSITIONS AND
PARTICIPATION IN
PUBLIC POLICY
DEVELOPMENT AND
LOBBYING

In respect of the participation in the development of community and public policies, the interests and positions of the Group are subject to specific safeguards with national and community institutions; moreover, it is our objective to carefully follow all regulatory trends which may have an impact on our business activities.

The Group also has relations and constantly enters into discussions with supervisory authorities (the Bank of Italy, the Consob etc), as well as cooperating on the developments of regulations for the banking sector as a member of the ABI's executive committee, as well as ensuring its participation in various associations which carry out CSR lobbying activities versus institutions.

This year our relations with the Italian Government, the ABI, local institutions, trade associations, and consumer associations, were particularly intense to give an effective response to the recession (see [FS7](#)).

In constant contact with the Government and supervisory authorities we also worked to implement numerous rules and regulations, above all regarding corporate governance, risk management, banking transparency, remuneration systems etc.

SO6 (ADD)
CONTRIBUTIONS TO
POLITICAL PARTIES AND
RELATIVE INSTITUTIONS

Contributions to movements or organisations exclusively set up for political ends is forbidden. The possibility of participating in promotional and commercial initiatives promoted by political parties and Unions is defined in compliance with current laws and with the maximum level of transparency ([Code of Ethics](#)).

In 2009 222,416 Euros were provided for this purpose.

ANTI-COLLUSIVE BEHAVIOUR

Correct and fair competition is a necessary condition for developing and keeping the company in its markets, with formal and substantial conformity to the relevant regulations. The Group competes in markets on the basis of the quality and security of its products and services, avoiding making agreements and exercising other limiting conduct with competitors ([Code of Ethics](#)).

SO7 (ADD)
LEGAL ACTIONS FOR
ANTI-COMPETITIVE
BEHAVIOUR, ANTI-
TRUST AND MONOPOLY
PRACTICES AND THEIR
OUTCOMES

In 2009 the supervisory authority for competition and the markets initiated 3 proceeding against us:

- Credit cards (Mastercard). These proceedings, which were started in July 2009 against Mastercard and various credit institutes - including the Banca Monte dei Paschi di Siena - regard the following:
 - the presumed facilitation of the payment of commission for circulating transactions, from bank acquirers to bank issuers.
 - a series of "vertical" agreements represented by license contracts between MasterCard and individual banks, which it is presumed involve the application of uniform and coordinated commission, determining a restriction in competition in

contracting phases with traders who accept payment with this credit card.

Our bank, which is convinced that it acted in an absolutely legitimate manner, proposed the implementation of suitable measures to exclude the anti-competition profiles hypothesised by the authorities, which, however, decided not to accept this proposal. The bank will defend its legitimate actions in the next phases of these proceedings.

■ **Maximum overdraft limits commission (CMS).** These proceedings, which relate to the activities of the biggest banks that deal with this issue, have been brought numerous times by the antitrust authorities, and they have been concluded without any sanctions being applied, with a general question being asked in Parliament, to the Government and to the Bank of Italy, asking them to reconsider this matter.

■ **Transferability of mortgages.** These proceedings, which were started in 2008, regarding the verification of actual implementation of the so-called “Bersani bis decree”, was concluded, in particular, with the application of a penalty to the bank in the sum of 350 thousand Euros. The bank appealed to the T.A.R. court of law for the Lazio region, sustaining that the disputed commercial practices were not incorrect, since they were not contrary to professional diligence. The T.A.R. totally accepted the appeal, annulling the disputed application of the pecuniary penalty. The supervisory authority for competition and the market was therefore condemned to reimburse the amount paid as a penalty. This sentence is currently subject to proceedings brought by the authority before the Consiglio di Stato (council of state) court of law and the bank has joined the proceedings.

SO8
SIGNIFICANT SANCTIONS
FOR NON-COMPLIANCE
WITH LAWS AND
REGULATIONS

During 2009 the penalties for non compliance with laws was for an overall sum of 413,605 Euros.

No type of pecuniary penalties were forthcoming from any parties.

PR. Product Responsibility

POLICIES AND MANAGEMENT AND VERIFICATION SYSTEMS

In an increasingly competitive scenario, we are committed to developing relationships based on trust and enduring customer satisfaction.

The pillars of our commercial policy, with particular regard to the retail segment, were confirmed to be the following:

- **Service quality.**
- **The rationalisation of the products catalogue.**
- **Product innovation.**

Additional points we paid attention to were the following:

- **Greater simplicity and clarity of information to customers**, also in implementing the Bank of Italy's new regulations regarding transparency.
- **The reinforcement of the systems for protecting customers from investment risk.**
- **The development of the channels for access to the services and relative security standards**, above all promoting multi-channelling and internet operations.

During the year commercial and product initiatives were strongly focused on the support of families and companies undergoing difficulties in the current economic scenario. (see [FS7](#)).

There was also considerable investment in the technological development of processes: circa 108 million Euros, of which 79 were for customer service applications and 13 for compliance and internal audits.

FS15

POLICIES FOR FAIR
DESIGN AND SALE OF
FINANCIAL PRODUCT
AND SERVICES

The Groups policy in this regard is defined in the [Code of Ethics](#).

Our objective of developing responsible business and sales systems is also pursued through the appropriate involvement of stakeholders.

In particular, during the year the organic cooperation with consumer associations was confirmed - Consumer Lab (see [FS5](#)) - and discussions with the Italian Government, the ABI, and trade associations were intensified, above all to search for effective solutions to the difficult situations in which many customers find themselves (see [FS7](#)).

Among the other most important issues:

- **Protection and prevention of excessive family indebtedness**, with initiatives such as:
 - The offer of new products such as "Mutuo MPS Protezione" and "Mutuo Sicuro Plus" to protect mortgagees against negative fluctuations in interest rates and transitory

financial difficulties (see [FS7](#)).

- the free transferability of mortgages.
- The introduction of a “specialist in family credit” figure.
- The publication of informative guidelines on this subject.
- implementation of the European Directive 2008/48/CE regarding consumer credit.

■ **Transparency, guarantees and systems to protect the rights of customers**, through the following:

- The end of year implementation of the new bank of Italy requirements on transparency and clarity of transactions, and banking and financial services.
- Implementation activities regarding Directive 2007/64/EC on payment systems, which aims to uniform wire transfer lead times at European level, as well as value dates and the subject of transparency, for the protection of families and companies, and with benefits in terms of service levels and prices.
- Participation in the ABI “Clear Agreements” initiatives (www.pattichiari.it).
- Further development of internet functions for independent calculation and verification by customers of current account costs and short term financing.
- The replacement of maximum overdraft commission with the so-called “Agreement based fee”, proportioned to the value of loans, with general benefits for small businesses.

■ **The monitoring of risk and customer support in the management of investment products**, through the following:

- further development of the Advice platform - the management model for customer portfolios, their investments and relative consultancy support - extending its application from investment services to the protection, pension and finance sectors. In 2009 over 130,00 consultancy proposals were made, optimising the choice of customers from a responsibility point of view, combining investment, temporal vision, risk propensity, and financial knowledge objectives in the best possible way.
- This service won the “golden circle” from the Italian Financial Innovation Association.
- The reorganisation of the asset management department, reinforcing the guarantee of independence and prevention of conflicts of interest between the production and distribution of asset management products.
- Further reinforcement the monitoring, control and support of investment products management - particularly for complex and risky products or those that impede or limit investors from withdrawing funds in a reasonable amount of time. All the investment products we offer are evaluated using qualitative and quantitative methodology that considers the various market related, credit and liquidity risk factors. The same evaluation is carried out for financial instruments directly purchased by customers and which we manage. Customers are regularly informed of progress, including variations in the risks associated to their investments. We received 402 claims - mostly “unjustified” claims - regarding products related to shares in companies that went bankrupt (primarily, Lehman Brothers).
- simple investment product proposals, consistent with the risk profile of our customers.
- In July 2009 we started-up an internal “Customer protection” Body to identify and monitor

companies that are temporarily in a particularly critical condition due to the current economic scenario, internal or sector related issues, and lack of market information. This was developed so that in the end we could exclude instruments characterised by a maximum level of risk which are linked to the ones we propose to our customers.

FS16
INITIATIVE TO ENHANCE
FINANCIAL LITERACY BY
TYPE OF BENEFICIARY

The increased levels of financial knowledge held by consumers is an objective to which we contribute with our medium and long terms commercial policies.

This activity is mainly carried out in cooperation with consumer associations - Consumer Lab (see [FS5](#)).

PR1
ASSESSMENT OF THE
SECURITY OF PRODUCTS
AND SERVICES

The security of services for the protection of customers is safeguarded in a number of ways, with particular regard to information systems security, operating continuity, and the prevention of bank robbery risk.

INFORMATION SYSTEMS SECURITY

Monitoring and the systems for protecting the various telematic services channels were further enhanced by investments in the order of 4 million Euros.

The following main actions regarded the functionality of internet banking, which at the end of 2009 had been actively used by over 610 thousand customers (+50% in a year):

- The reinforcement of measures for verifying access credentials, using certificates and secret codes generated by specific electronic devices held by customers (tokens).
- The development of services to advise customers, in real time, of transactions that are considered to be at risk.
- Making web users aware of the main risks of on-line transactions, through the free "SeiOk" service, which also permits independently checking the security of personal PCs.

Particular attention was also paid to the prevention of credit card fraud:

- The transfer of all the Group's ATMs over to micro-circuits was completed, as well as the replacement of all credit cards with cards with chips, in order to ensure better and more advanced security safeguards.
- **In 209 there were 182 cases of attempted fraud** for circa 580,000 Euros, out of a total intermediation of on-line channels amounting to 286 million Euros. **Circa 70% of these attempts were foiled**, with a loss of less than 150,000 Euros.

OPERATING CONTINUITY

We assure, also in implementing the specific regulations introduced by the Bank of Italy, the continuity of banking services in the presence of particularly critical scenarios, such as natural disasters, malicious acts, and information system attacks. For this purpose we have developed an operating continuity plan (Business Continuity Management), which includes organisational measures and specific instrumental resources.

In particular, the Disaster Recovery project guarantees the continuity of information system processes.

During the year, a plan was implemented in regard to the earthquake in Abruzzo, with specific solutions to support the population that was affected by it:

- The preparation of 2 branches in mobile structures.
- The use of scannerised signatures to permit customers to carry out transactions without documents or from other branches.
- The activation of a toll-free number dedicated to emergencies (over 1.600 calls received).

RISK RELATED TO BANK ROBBERY

In order to contrast the phenomena of bank robberies various safeguards were implemented, including the following:

- Bio-metric systems.
- Metal detectors.
- External cameras.
- Extraordinary surveillance services.
- The reduction of cash in stock.
- Safes with timers.

This year there were 191 bank robberies (-11.6% compared to the previous year) equivalent to a rate of 7.5 bank robberies for every 100 branches (the system average is 5.1).

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

In 2009 there were no significant cases of failure to comply with codes or regulations regarding product and services security.

PR3

INFORMATION ON
PRODUCTS AND
SERVICES REQUIRED
BY CORPORATE
PROCEDURES

The [Code of Ethics](#) commits us to informing customers in a clear and complete way of the conditions for the performance of products and services, facilitating understanding and the taking of informed decisions.

The transparency and quality values of communications are crucial reference points for the services we provide to our customers.

At the need of the year the new regulations regarding transparency and the clarity of banking and financial services transactions required by the bank of Italy were implemented (deposit contracts, current accounts, mortgages, leasing and factoring etc). The very tight deadlines have only permitted us to comply with the minimum requirements so far. Further measures, even beyond the minimum legal requirements, will be implemented in 2010.

The main new items:

- the set of information in informative sheets regarding products and service was enhanced, also improving clarity.
- internet and intranet functionalities for independent calculation and verification by customers and branches of current account costs and short term financing were further developed.
- The contents of contracts were reviewed, also simplifying summary documents (contractual and periodic) which show financial conditions in a personalised manner.
- The customer profiling system was further developed.

We adhered to all the new **ABI “Clear Agreements” initiatives** (www.pattichiari.it) and in cooperation with consumer associations we started the development of the **“Rights and duties of bank customers” guidelines**. The guidelines will focus on the following:

- General aspects of relationships between bank and customers.
- The principal banking and finance regulations on the most important questions (transparency, privacy, MiFID etc).
- Practical cases regarding the main banking and finance products (current account, mortgage, bank bonds, consumer credit etc).

PR4 (ADD)

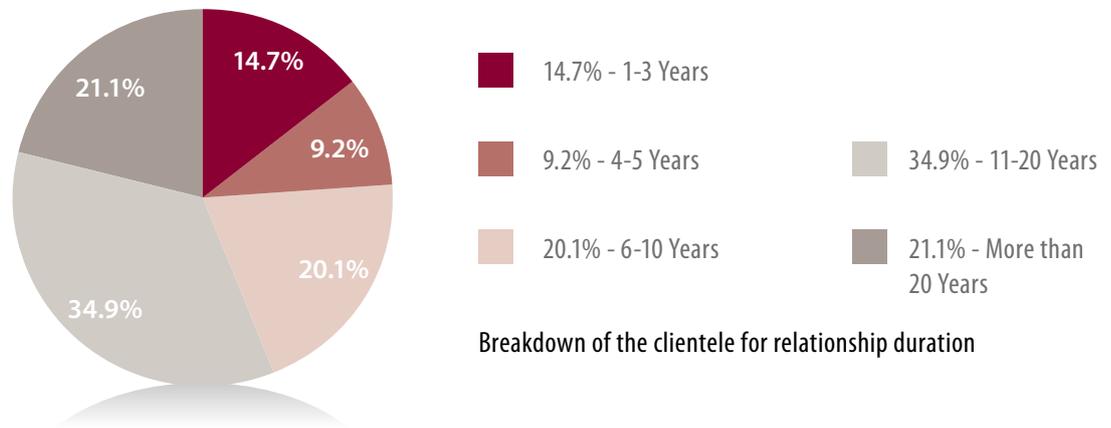
NON-COMPLIANCE WITH
VOLUNTARY REGULATIONS
AND CODES REGARDING
INFORMATION ON
PRODUCTS AND SERVICES

This year penalties were applied for two violations of banking transparency regulations, for the overall sum of 79,555 Euros.

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

Knowledge of the levels of customer satisfaction and the factors which cause it are fundamental for the development of our commercial policy.

The main indexes we monitor are the following: customer loyalty (duration of relationships), acquisition and retention percentages, customer satisfaction, and the dynamics of claims.



ACQUISITION AND RETENTION (%)	2009	2008*
Retention	93.9	95.2
Acquisition	5.9	7.4

This data does not include BiverBanca.

** Re-calculated data*

The acquisition percentage in 2009 was affected by the difficult state of the economy. Retention decreased because of the transfer of certain branches and the elimination of the double counting of shared customers belonging to merged banks that took place during the year.

CUSTOMER CARE AND SATISFACTION

A "Compliance and Customer Care" organisational function was constituted this year reporting directly to the CEO and Chairman, also with responsibility for the management of customer claims, which will make claims more functional, combined with customer satisfaction surveys, the problem solving process and an overall customer care strategy.

The customer satisfaction indicator (CPI - Customer Perception Index) was used as a corrective tool, with a bonus malus logic, in relation to the retail commercial network's reward system . From 2010, the relevance of claims will be similarly significant.

The assistance services to the networks (the so-called Network's island) have performed well, with generally short response times to queries (about 20 minutes), also because of the significant training effort that involved a consistent nucleus of "product specialists" in the network.

The contact centre, which is an important reference point for customers, above all for commercial and technical issues regarding direct banking services, performed well. The average telephone waiting times before contact is made, were in fact low (respectively 30 and 90 seconds). The biggest opportunities for improvement regard technical assistance (20% of

the phone calls were no replied to), even if overall our customers find the services satisfactory, with less than 10 claims received this year.

Monitoring of customer care and customer satisfaction

We use an analysis model called the "Care Score", which includes the following:

- CPI - quality perceived by the customer (ascertained through a telephone survey).
- EPI - quality perceived by "internal" customers (in other words the satisfaction of network employees in relation to the conditions and tools that are available to them for serving customers).
- SQI - quality of the service provided by the branches.
- OPI - the bank's operating performance level, and its impact on customers (claims flows, branch turnover, functioning of ATMs etc).

According to the "Care Score" model, the surveys are carried out on an annual basis relative to the retail segment.

The 2009 results for the Parent company show a Care Score index of 62.3 (on a scale from 20 to 100), a slight increase compared to the previous year.

In particular:

- The CPI reached 73.5 points (the index stood at 73 points in 2008), on the basis of the results collected by an external contact centre, which contacted more than 36 thousand customers (20 thousand in 2008), ensuring that the sample was also representative on a local level. A customer experience analysis was also carried out, in order to find out what the Banca Antonveneta customers feel about company developments.
- The EPI reached 65.2 points (the index stood at 64,5 points in 2008) by voluntarily filling-in a questionnaire accessible on our intranet. About 2,000 employees filled-in in the survey, which has now been integrated in a new "corporate values" section.

THE MANAGEMENT OF CLAIMS

Claims are managed confidentially and they are improvement opportunities, in order to settle conflicts and regain the trust and satisfaction of customers, also in relation to the agreements made with consumer associations ([Code of Ethics](#)).

In this respect we have a specific [Policy](#) which outlines the procedures, conditions and timing for the presentation and treatment of claims. When a new contractual relationship is established, the customer is given a copy of the policy, which is available in branches and on our website.

During the year we reinforced the management of claims, with the objective of reducing the relative resolution times and achieve compliance with the established time limit of 30 days in accordance with the Bank of Italy's new instructions, which have been in force since 15 October 2009. From that date the average resolution time has been 28 days, a

substantial reduction from the 78 days of the first semester, despite the decision to manage them in a centralised structure, even though this is a positive aspect from the point of view of efficiency and uniformity in the way claims are treated, although there are technical lead times which are difficult to decrease.

We received 9,343 claims relative to banking activities, an increase of 18% compared to 2008, above all because of the known situation regarding mortgage transferability and some difficulty due to the Banca Toscana and Banca Antonveneta mergers.

There was a decrease in claims for financial plans and anatocism (respectively -17.7% and -28.2%).

CLAIMS	2009	2008
Banking activities*	9,343	7,920
<i>Shares</i>	1,208	1,134
<i>Mortgages</i>	1,126	839
<i>Current/deposit accounts</i>	2,540	1,901
<i>Other</i>	4,469	4,046
Financial plans	1,924	2,338
Anatocism	400	557
Total claims per thousand customers (excluding anatocism)	1.9	1.7

** The data does not include cases of cloning of credit/debit cards, since this phenomena is not attributable to the bank's procedures. In relation to Lehman Brothers and other cases of default we received 402 claims overall, which were generally held to be "unfounded".*

There were 263 applications made to the Ombudsman, while 35 customers contacted the [Financial banking arbitrator](#), the new "extra judicial" system, in other words that does not involve the law courts to resolve disputes between customers and the bank.

From 2010, customer complaints and "informal" requests will also be managed using a platform integrated with the claims procedure, in order to further improve our capability to respond to customers and provide them with services.

MARKETING AND COMMUNICATION

PR6
COMPLIANCE WITH
VOLUNTARY LAWS,
STANDARDS AND
CODES RELATING TO
MARKETING AND
ADVERTISING

The Group adheres to the ["Self-Regulation Advertising Code"](#) promoted by the Advertising Self-Regulation Institute (IAP), which is committed to assure increasingly transparent, true and never misleading advertising.

All the advertising channels for all the companies in the Group are managed centrally by the Advertising and Image office of the Communication department, whose responsibility includes verifying the effective application of the Code.

As far as advertising regarding investment products is concerned, all the texts are sent to the Consob for an assessment of conformity to the regulations and consistency with the principles of truthfulness and transparency.

PR7 (ADD)
CASES OF NON-
COMPLIANCE
WITH VOLUNTARY
REGULATIONS AND
CODES REFERRING TO
MARKETING AND
ADVERTISING

In 2009 there were no findings on behalf of the IAP, or sanctions or warnings on behalf of the supervisory authority for competition and the market in respect of misleading or comparative advertising.

THE PROTECTION OF PRIVACY

PR8 (ADD)
COMPLAINTS FOR
VIOLATION OF PRIVACY

Information regarding the Group, customers and other subjects, such as employees, suppliers, directors, and shareholders are treated confidentially, in compliance with the regulations regarding the protection of privacy.

Marketing initiatives and advertising information are only sent to customers who give their consent ([Code of Ethics](#)).

The management and protection of privacy model includes the following:

- The analysis of personal data management risk.
- The responsibility of the relevant functions.
- Organisational, physical and logical measures to assure the intactness of data.
- Training of staff.

In 2009, 81 requests for access to personal data were requested by customers and the privacy supervisory authority asked questions on 4 occasions. All the applications were correctly concluded and no management irregularity emerged.

There were no cases of failure of the data management system.

CONFORMITY

PR9
SANCTIONS FOR NON-
COMPLIANCE WITH
LAWS OR REGULATIONS
REGARDING THE
PROVISION AND USE OF
PRODUCTS AND
SERVICES

In 2009 we managed over 10,000 claims, with payments for the overall sum of circa 11 million Euros (-25% compared to 2008).

Other charges regarded sentences relative to disputes with customers for circa 5.4 million Euros.

Also see the consolidated financial report at 31.12.2009 - [Risks and charges funds \(item 120 of the explanatory note\)](#).

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GRUPPOMONTEPASCHI

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Gruppo Bancario Monte dei Paschi di Siena - Bank Code 1030.6 Group Code 1030.6

Registered with the Bank of Italy at n. 5274 - Member of the Interbank Deposit Protection Fund

Our commitment to social responsibility

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