

Annual Report 2013

Governing Bodies of the Compagnia di San Paolo

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Luca Remmert

Vice Chairman

Marco Mezzalama

Secretary General

Piero Gastaldo

General Council

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Fabrizio Cellino

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Franca Fagioli

Suor Giuliana Galli

Giorgio Groppo

Ernesto Lavatelli

Isabella Massabò Ricci

Gian Giacomo Migone

Giorgio Palestro

Pietro Rossi

Giulio Sapelli

Marco Staderini

Roberto Testore

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Stefano Delle Piane

Paolo Montalenti

Patrizia Polliotto

Board of Statutory Auditors

Sergio Duca

Chairman

Adalberto Giraudo

Regular auditor

Fabrizio Morra

Regular auditor

Giovanni Ossola

Alternate auditor

Margherita Spaini

Alternate auditor



The Compagnia's headquarters in Corso Vittorio Emanuele II 75, Turin.

Letter from the Chairman

Looking back at the year that just ended evokes mixed feelings. There is satisfaction, of course, for what the Compagnia di San Paolo has accomplished in terms of meeting goals and deadlines while facing new challenges, in conditions that are growing more and more difficult. But there is concern as well, because in Italy - and in Piedmont in particular - the shadows of 2013 seem to be reaching out into 2014, and the challenges ahead appear even more daunting. This document takes stock of 2013 from the standpoint of the Compagnia, as a Foundation that believes in building a solid and straightforward connection with the community. In our communication strategy we prefer to keep our distance from self-incensing, and yet we believe in the need to present our role and our work to the community and to all stakeholders as clearly as possible. This is because transparency is a *sine qua non* for an institution like the Compagnia, which is engaged in investing resources that originated within

the community and that are intended to benefit the community itself. Secondly, it is important to have a clear picture of what we do - also in the light of the Planning Guidelines 2013-2016 - so that we can build effective relations with our partners old and new. Over the last few years, the Compagnia has strived to maintain its level of spending unchanged in spite of the deteriorating financial scenario through careful management of our financial assets. Our success is not to be considered a minor achievement, particularly in the light of the performance of other Italian philanthropic institutions. This is perhaps a less visible aspect of our activity, and as such it may go largely unnoticed.

For this reason I take this opportunity to stress that the Compagnia's financial performance is by no means a casual occurrence, but rather the result of qualified, professional expertise and a carefully weighed decision-making policy. We have never enjoyed going out on a limb when it comes to financial management, and we never will.

Our goal is finding answers to a wealth of issues raised by the community. Looking back at our activity in 2013 I believe it is fair to say that it was coherence and a touch of healthy stubbornness that helped us to create opportunities in spite of the ongoing economic crisis and its endless social and economic facets.

We resolved to create the conditions that will lead us out of the woods, rather than chasing fires to put out. This document presents a summary of our actions that were all geared towards supporting innovation - in organization, production and creativity - not only with the aim to consolidate but also to generate human, social and intellectual resources that are the basis of the future of the community.

This approach continues to guide us also in 2014. Nobody knows when the wind of recovery will eventually pick up across the lands of Italy and Piedmont in particular - where the Compagnia is most actively involved - and how powerful the drive will be.



Luca Remmert
Chairman of
the Compagnia
di San Paolo.

For the time being we are aware that we have a major role to play in helping to jump-start the regional economy, and this fact makes us more acutely aware of the burden of responsibility that lies on our shoulders. It is encouraging to know that our actions are recognized and appreciated by many, from public institutions to the numerous and wonderful social and cultural actors involved.

Today 2014 appears rather challenging. There are signs, however, that point towards a new beginning – a rebirth even, to use a more dramatic expression. It is this spirit that dictates our actions and urges us to move forward. If you believe that it is worth planning the future for the good of all, the Compagnia di San Paolo is going to be on your side. Lastly, let me express our deepest

gratitude to my predecessor, Sergio Chiamparino, who managed to give an invaluable contribution to the Compagnia's activity with his intelligence, his familiarity with the regional community, his unperturbed pragmatism and, undoubtedly, his delightful wit and levity.

Turin, April 2014

2013 at a glance

In 2013 total grants approved by the Compagnia di San Paolo amounted to € 123,941 million and consisted of 781 individual allocations under the

2013 budget. Additionally, € 5 million were paid out under funds allocated in previous years to projects that were not implemented as planned.

Over the past five years the trend shows an increase in allocations, with a peak in 2011 due to accounting changes, particularly as regards funds earmarked for the Foundation for the South.

Breakdown of allocations by Sector 2009-2013 (total €/000).

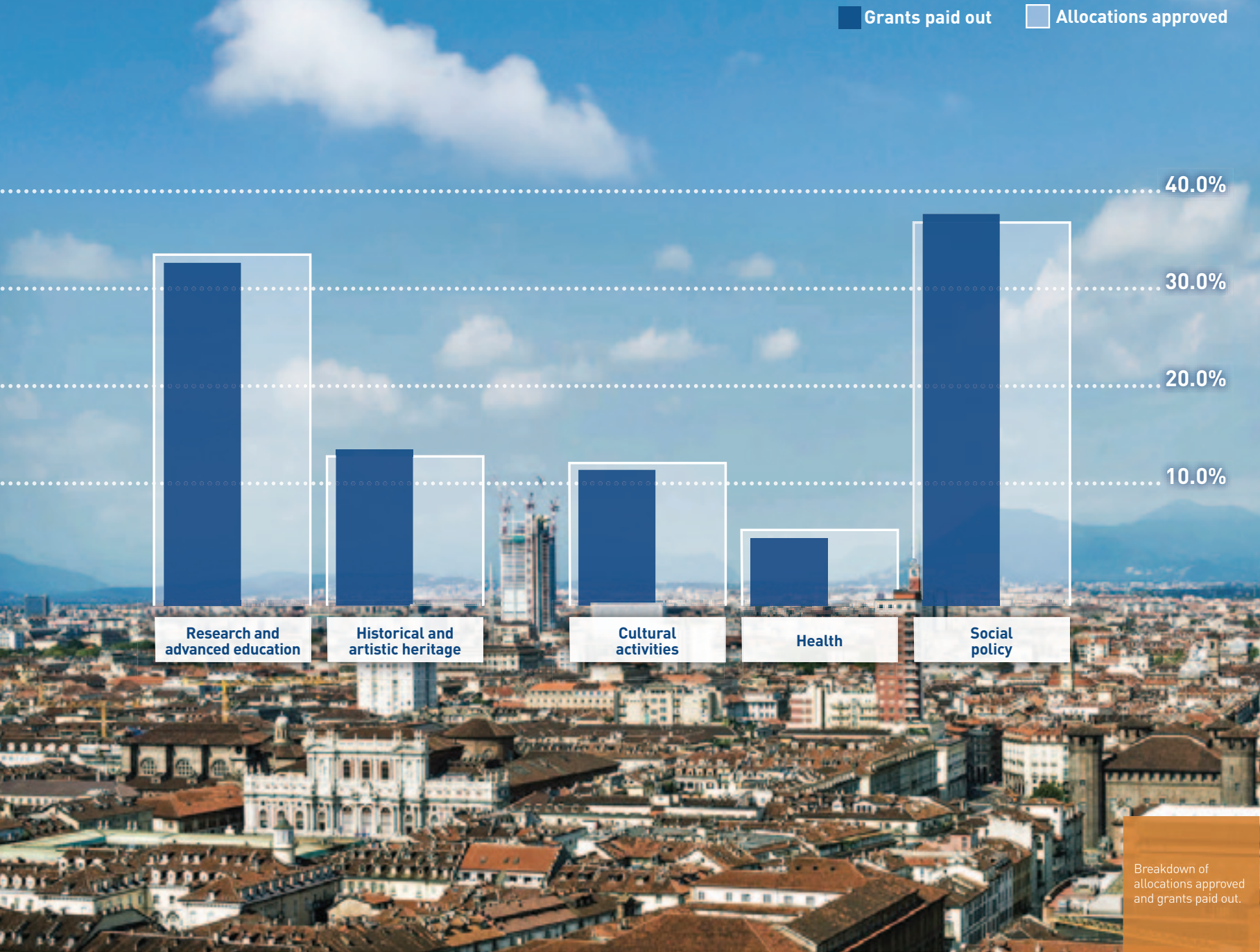
| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------------|----------------|----------------|----------------|----------------|
| Research and advanced education | 44,221 | 44,000 | 43,844 | 43,994 | 41,764 |
| Historical and artistic heritage | 17,480 | 18,137 | 16,683 | 15,999 | 15,193 |
| Cultural activities | 14,135 | 14,471 | 15,123 | 14,991 | 14,629 |
| Health | 10,000 | 5,354 | 5,965 | 3,000 | 5,000 |
| Social policy | 35,539 | 40,000 | (°) 43,348 | 49,570 | 47,355 |
| Total allocated under 2013 funds | 121,374 | 121,962 | 124,964 | 127,554 | 123,941 |
| Allocated under budgets from previous years | 0 | 850 | (*) 6,221 | - | 5,615 |
| Total allocations in 2013 | 121,374 | 122,812 | 131,162 | - | 129,556 |
| Special funds for Voluntary Work Law 266/91 | 4,556 | 5,662 | 4,566 | 5,226 | 4,693 |
| Memorandums of understanding / Extraordinary funds | 4,556 | (*) 2,221 | - | 460 | (**) 401 |

(°) Includes € 2,348 million euros earmarked for the Foundation for the South under the ACRI-Voluntary Work agreement.

(*) Funds allocated to the Foundation for the South in 2010, paid out in 2011.

(**) 2012 provisions allocated to ACRI Common Initiatives Fund.

Breakdown of allocations by Sector



Allocations paid out.

| Allocations under 2013. | ALLOCATIONS UNDER 2013 BUDGET | | ALLOCATIONS UNDER PREVIOUS BUDGETS | | TOTAL ALLOCATIONS 2013 | | TOTAL ALLOCATIONS PREVIOUS YEAR | |
|----------------------------------|-------------------------------|--------------|------------------------------------|--------------|------------------------|---------------|---------------------------------|---------------|
| | No. projects | Amount | No. projects | Amount | No. projects | Amount | No. projects | Amount |
| Research and advanced education | 95 | 24,104,917.8 | 173 | 32,511,248.9 | 268 | 56,616,166.7 | 265 | 47,163,287.7 |
| Historical and artistic heritage | 60 | 7,942,180.2 | 206 | 17,141,235.8 | 266 | 25,083,416.1 | 259 | 21,081,324.6 |
| Cultural activities | 142 | 6,747,000.0 | 186 | 8,369,913.7 | 328 | 15,116,913.7 | 344 | 16,033,792.8 |
| Health | 2 | 6,500.0 | 75 | 7,714,831.6 | 77 | 7,721,331.6 | 89 | 12,347,243.9 |
| Social policy | 233 | 25,994,395.1 | 338 | 27,463,124.1 | 571 | 53,457,519.2 | 479 | 52,197,776.2 |
| Total | 532 | 64,794,993.1 | 978 | 93,200,354.2 | 1.510 | 157,995,347.3 | 1,436 | 148,823,425.3 |

The projects presented here count as 1 even when they require several payments and extend over several years.

The data explained.

This document presents the Compagnia's institutional activities - that is to say allocations as well as programs and projects in general - with reference to the moneys included in the 2013 budget. Consequently, the figures contained in the tables do not include unused funds from previous budgets and amounts allocated in previous years, unless otherwise noted. The figures reflect the decisions made by the Management Committee which, according to the Compagnia's Charter, is in charge of allocating institutional resources. In general, it should be noted that the amounts that were actually paid out during the year are higher. This is because, in some cases,

provisions are paid out in financial years subsequent to the budget year in which they were allocated, due to the nature of the project involved, to deadlines and payment instalments agreed. When all the sums that the Compagnia actually paid out in 2013 are considered, the total figure is around € 158 million. Lastly, not all grants correspond to individual projects: for example, calls for proposals serve to allocate funds to a number of projects over more than one year. The figures concerning individual allocations (781 in 2013 compared to 673 in 2012) should therefore be regarded with some caution, in that their

variation over time does not provide a comprehensive view of the complex activity of the Compagnia. As regards the Compagnia's Sectors, in recent years Social policy has gained momentum (38% of funds allocated by the Compagnia in 2013), followed by Research and advanced education (around 34%). There is no doubt that this scenario reflects the Compagnia's deliberate attempt to address the social crisis more directly and to invest for the future. The same logic applies to the funds awarded to Historical and artistic heritage, Cultural activities, and Health. The tables that follow provide a more detailed illustration of the activities broken down by Sector.

Breakdown of allocations by Sector.

| | PROJECTS | | PREVIOUS YEAR | | ALLOCATIONS | | PREVIOUS YEAR | |
|----------------------------------|----------|-------|---------------|-------|---------------|-------|---------------|-------|
| | No. | % | No. | % | Euro | % | Euro | % |
| Research and advanced education | 144 | 18.4 | 128 | 19.1 | 41,763,805.0 | 33.7 | 43,994,071.8 | 34.5 |
| Historical and artistic heritage | 87 | 11.0 | 99 | 14.7 | 15,193,172.2 | 12.3 | 15,999,048.7 | 12.5 |
| Cultural activities | 183 | 23.0 | 181 | 26.9 | 14,629,252.4 | 11.8 | 14,991,048.7 | 11.8 |
| Health | 15 | 2.0 | 13 | 1.9 | 5,000,000.0 | 4.0 | 3,000,000.0 | 2.4 |
| Social policy | 352 | 45.0 | 252 | 37.4 | 47,354,564.6 | 38.2 | 49,570,170.6 | 38.8 |
| Total | 781 | 100.0 | 673 | 100.0 | 123,940,794.3 | 100.0 | 127,554,340.2 | 100.0 |

Actual allocations vs. 2013 budget.

| | ORIGINAL BUDGET | | VARIATION | | TOTAL BUDGET | | FINAL BALANCE | |
|----------------------------------|-----------------|-------|-----------|-----|---------------|-------|---------------|-------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Research and advanced education | 43,000,000.0 | 33.6 | 0.0 | 0.0 | 43,000,000.0 | 33.6 | 41,763,805.0 | 33.7 |
| Historical and artistic heritage | 16,000,000.0 | 12.5 | 0.0 | 0.0 | 16,000,000.0 | 12.5 | 15,193,172.2 | 12.3 |
| Cultural activities | 15,000,000.0 | 11.7 | 0.0 | 0.0 | 15,000,000.0 | 11.7 | 14,629,252.4 | 11.8 |
| Health | 5,000,000.0 | 3.9 | 0.0 | 0.0 | 5,000,000.0 | 3.9 | 5,000,000.0 | 4.0 |
| Social policy | 49,000,000.0 | 38.3 | 0.0 | 0.0 | 49,000,000.0 | 38.3 | 47,354,564.6 | 38.2 |
| Total | 128,000,000.0 | 100.0 | 0.0 | 0.0 | 128,000,000.0 | 100.0 | 123,940,794.3 | 100.0 |

Note: The “Original budget” and “Total budget” columns coincide when no variations have occurred in the budget (“Variation” column is empty).

Size of allocations. Looking at the size of allocations approved in 2013 and comparing this figure with the previous year, larger allocations (€ 50,000 – € 500,000) appear to have decreased, in favor of smaller

ones (up to € 50,000) which account for 60% of the sum total. One explanation for this trend lies in the difficulty of finding co-financing partners, one the Compagnia’s criteria for project selection.

In the face of decreasing public funds, the only solution is a budget reduction, which in turn translates into smaller projects.

Breakdown of allocations by size.

| | PROJECTS | | AMOUNT APPROVED | | PROJECTS PREVIOUS YEAR | | AMOUNT APPROVED PREVIOUS YEAR | |
|------------------------------------|----------|-------|-----------------|-------|------------------------|-------|-------------------------------|-------|
| | No. | % | Euro | % | No. | % | Euro | % |
| Up to 10,000.00 | 332 | 16.9 | 951,993.7 | 0.8 | 87 | 12.9 | 588,581.1 | 0.5 |
| From 10,000.01 to 50,000.00 | 342 | 43.8 | 10,007,597.7 | 8.1 | 260 | 38.7 | 7,655,551.9 | 6.0 |
| From 50,000.01 to 500,000.00 | 268 | 34.3 | 43,605,829.0 | 35.2 | 285 | 42.3 | 47,125,108.8 | 36.9 |
| From 500,000.01 to 1,000,000.00 | 23 | 2.9 | 16,148,656.9 | 13.0 | 21 | 3.1 | 14,567,843.0 | 11.4 |
| From 1,000,000.01 to 10,000,000.00 | 15 | 1.9 | 42,666,717.1 | 34.4 | 20 | 3.0 | 57,617,255.0 | 45.2 |
| Above 10,000,000.00 | 1 | 0.1 | 10,560,000.0 | 8.5 | - | - | - | - |
| Total | 781 | 100.0 | 123,940,794.3 | 100.0 | 673 | 100.0 | 127,554,339.9 | 100.0 |

Breakdown of received/approved applications by Sector.

| | REQUESTS RECEIVED | | APPLICATIONS APPROVED | | Average value of applications received |
|----------------------------------|-------------------|-----------------|-----------------------|----------------------|--|
| | Projects | Varied amount % | Projects | Allocations approved | |
| Research and advanced education | 303 | 65,628,998 | 144 | 41,763,805 | 216,597 |
| Historical and artistic heritage | 304 | 48,791,347 | 87 | 15,193,172 | 160,498 |
| Cultural activities | 322 | 22,223,930 | 183 | 14,629,252 | 69,018 |
| Health | 81 | 33,713,525 | 15 | 5,000,000 | 416,216 |
| Social policy | 662 | 61,935,099 | 352 | 47,354,565 | 93,558 |
| Total | 1,672 | 232,292,899 | 781 | 123,940,794 | 138,931 |

Rejected applications.

| | A | B | C | D | E | F | G | H | I | L | M | N | O | P | Q | Total |
|----------------------------------|-----|----|---|---|----|---|-----|----|---|---|---|---|---|---|---|-------|
| Research and advanced education | 41 | 4 | - | 3 | - | - | 73 | - | - | - | - | - | - | - | - | 121 |
| Historical and artistic heritage | 38 | 10 | 1 | - | 1 | - | 51 | 40 | - | - | - | - | - | - | - | 141 |
| Cultural activities | 18 | 22 | 3 | - | 1 | 6 | 39 | 29 | - | - | - | - | - | 1 | 7 | 126 |
| Health | 43 | - | - | - | - | 1 | - | - | - | 2 | - | - | - | - | - | 46 |
| Social policy | 20 | 16 | 2 | - | 20 | - | 173 | 3 | 1 | - | - | - | - | - | 2 | 237 |
| Total | 160 | 52 | 6 | 3 | 22 | 7 | 336 | 72 | 1 | 2 | - | - | - | 1 | 9 | 671 |

Key

| | | |
|---|---|--|
| A Not a priority action | B Not in line with Guidelines | C Lacking objective requirements |
| D Falling under Agreement with University of Turin | E Relevant to specific call for applications | F Lacking objective requirements for application submission |
| G Rejected after comparative evaluation (call) | H Does not meet call criteria | I Rejected by the Management Committee |
| L Rejected by external consulting experts | M Application incomplete | N Lacking adequate co-funding |
| O Previous project not completed | P Applicant's management problems | Q Not eligible due to incorrect application submission |

Applications approved. The Compagnia continues to approve around half of the grant applications it receives, without any decrease in the overall amount of financial resources available and a

slight reduction in the average size of the projects selected. More projects have been approved: around one hundred more from 2012 to 2013. On the other hand, projects are rejected

mainly because they fail to meet in full the call's criteria or because they are not in line with the Compagnia's Planning Guidelines.

Breakdown of received/approved applications by project type.

| | PROJECTS | | ALLOCATIONS APPROVED | | PROJECTS PREVIOUS | | APPROVED PREVIOUS YEAR | |
|---|------------|--------------|----------------------|--------------|-------------------|--------------|------------------------|--------------|
| | No. | % | Euro | % | No. | % | Euro | % |
| Grant making | 436 | 55.8 | 33,903,035.8 | 27.4 | 342 | 50.8 | 33,025,669.3 | 25.9 |
| Funds for institutional activities | 70 | 9.0 | 8,464,000.0 | 6.8 | 67 | 10.0 | 8,419,000.0 | 6.6 |
| Participated organizations, membership fees | 34 | 4.4 | 13,063,641.1 | 10.5 | 35 | 5.2 | 13,149,703.0 | 10.3 |
| Operating Bodies | 9 | 1.1 | 29,950,000.0 | 24.2 | 10 | 1.5 | 29,500,000.0 | 23.1 |
| Calls for applications | 124 | 15.9 | 6,135,000.0 | 4.9 | 98 | 14.6 | 6,458,750.0 | 5.1 |
| Agreements | 56 | 7.2 | 19,927,500.0 | 16.1 | 43 | 6.4 | 18,065,130.0 | 14.1 |
| Integrated projects, Operative activities | 51 | 6.5 | 11,897,617.4 | 9.6 | 75 | 11.1 | 17,936,087.6 | 14.1 |
| Programs | 1 | 0.1 | 600,000.0 | 0.5 | 3 | 0.4 | 1,000,000.0 | 0.8 |
| Total | 781 | 100.0 | 123,940,794.3 | 100.0 | 673.0 | 100.0 | 127,554,339.9 | 100.0 |

Type of projects. A breakdown of allocations by project type confirms that 27% of the Compagnia's resources are used for grant-making concerning "spontaneous" social projects - projects submitted by voluntary work organizations that are evaluated positively by the Management Committee and then implemented with the assistance of the Compagnia's staff. Weighing in heavily on the Compagnia's budget as well as on its strategies are the Operating Bodies. These are specialized entities that operate autonomously, but that are issued from the Compagnia which is their founder and main (or sole) source of funding and which provides guidelines

in terms of governance and strategic management. Funds that support the activities of the Operating Bodies – which are generally Foundations or recognized Associations – amounted to around € 30,000 in 2013. They fall under general allocations and weigh in for about 25% of approved allocations. Additional funds may be allocated during the year if the Operating Bodies take on new projects, particularly when requested by the Compagnia. Ufficio Pio and the Foundation for School were established by the Compagnia in the late 16th century, while Fondazione 1563 per l'Arte e la Cultura issued from the reorganization of the Foundation for Art.

The other Operating Bodies – Associations, Foundations or other entities – were set up starting in the mid-90s. They are engaged in advanced scientific research and were created jointly by the Compagnia and the University of Turin or the Turin Polytechnic (Mario Boella Institute, Collegio Carlo Alberto, SiTI, HuGeF Foundation). The third-largest group of allocations (16%) corresponds to partnership Agreements. These are multiannual agreements with Universities or Public Institutions with which the Compagnia sets shared objectives in line with the mission of each partner, for the purpose of providing financial support.

Other instruments include support to institutional activities (depending on the organization's overall initiatives and not individual projects); support to participated Institutions or Institutions where the Compagnia is a member (in those cases, the Compagnia provides funding and it is involved in the governance process); calls for proposals; and lastly, direct projects and programs that are conceived, designed and implemented with the direct involvement of the Compagnia as a lead partner in strategic projects.

Beneficiaries. The Compagnia is allowed to award funds only to non-profit or public entities, but not to private operators and for-profit enterprises (as well as other entities like political parties or other movements). Data indicate that, as in previous years, most of the funds have benefited private non-profit social operators, which account for the largest portion of allocations. Significant allocations (37%) were made to Foundations. This is due to the fact that this category also includes the Compagnia's Operating Bodies and to the general definition of Foundations (of non-banking origin) according to Italian law and practice, which brings together operative entities with limited financial assets as well as cultural Institutions (like museums and opera houses). Significant percentages of funds are allocated to municipalities (6%) and Universities (12%), bearing witness to the Compagnia's social engagement.

Breakdown by legal form and category.

| | PROJECTS | | ALLOCATIONS APPROVED | |
|---|------------|--------------|----------------------|--------------|
| | No. | % | Euro | % |
| Ministry national Institutions | 2 | 0.3 | 50,000.0 | 0.0 |
| Ministry, satellite Institutions | 8 | 1.0 | 3,036,000.0 | 2.4 |
| Regional government | 2 | 0.3 | 20,000.0 | 0.0 |
| Provincial government | 1 | 0.1 | 30,000.0 | 0.0 |
| Municipal government | 58 | 7.4 | 7,853,919.2 | 6.3 |
| Mountain communities or similar | 1 | 0.1 | 65,000.0 | 0.1 |
| Local consortia or associations, park authorities | 9 | 1.2 | 965,000.0 | 0.8 |
| Supranational Organizations | 6 | 0.8 | 1,777,000.0 | 1.4 |
| Chamber of commerce or related Associations | 1 | 0.1 | 7,000.0 | 0.0 |
| Public research and technological transfer institutes | 7 | 0.9 | 595,000.0 | 0.5 |
| Public charitable institutions (IPAB) | 4 | 0.5 | 271,500.0 | 0.2 |
| Hospital trust | 14 | 1.8 | 4,727,000.0 | 3.8 |
| Local Health Authority | 5 | 0.6 | 757,200.0 | 0.6 |
| University, Polytechnic | 32 | 4.1 | 15,083,156.9 | 12.2 |
| Schools except Universities | 1 | 0.1 | 8,000.0 | 0.0 |
| Foundation | 121 | 15.5 | 45,341,745.6 | 36.6 |
| Recognized Association | 130 | 16.7 | 18,107,240.7 | 14.6 |
| Non-recognized Association | 83 | 10.7 | 3,800,395.0 | 3.1 |
| Social advancement Associations | 30 | 3.8 | 1,031,000.0 | 0.8 |
| Voluntary work Organization | 37 | 4.7 | 1,915,750.0 | 1.5 |
| Non-profit consortium | 6 | 0.8 | 2,578,000.0 | 2.1 |
| Committee | 5 | 0.6 | 270,000.0 | 0.2 |
| NGO recognized under law 49/87 | 3 | 0.4 | 174,000.0 | 0.1 |
| Other private non-profit entity | 101 | 12.9 | 6,587,900.0 | 5.3 |
| Religious entity | 49 | 6.3 | 3,803,000.0 | 3.1 |
| Social enterprise | 8 | 1.0 | 383,700.0 | 0.3 |
| Social solidarity cooperative (type A) | 12 | 1.5 | 764,000.0 | 0.6 |
| Social solidarity cooperative (type B) | 18 | 2.3 | 859,500.0 | 0.7 |
| Social solidarity cooperative (Mixed type) | 13 | 1.7 | 949,287.0 | 0.8 |
| Direct (CSPTO) Projects | 14 | 1.8 | 2,129,500.0 | 1.7 |
| Total | 781 | 100.0 | 123,940,794.3 | 100.0 |

Note: The breakdown reflects the legal forms listed online in the Applications System that were chosen by applicants when submitting their application, in addition to projects managed by the Compagnia directly.

Breakdown by geographical area.

| | PROJECTS | | VARIED AMOUNT 2013 | | PROJECTS | | VARIED AMOUNT 2012 | | PROJECTS | | ALLOCATIONS APPROVED 2013 | | PROJECTS | | ALLOCATIONS APPROVED 2012 | |
|---|--------------|------------|----------------------|------------|--------------|------------|----------------------|------------|------------|------------|---------------------------|------------|------------|------------|---------------------------|------------|
| | No. | % | Euro | % | No. | % | Euro | % | No. | % | Euro | % | No. | % | Euro | % |
| Turin | 704 | 42.1 | 150,510,729.5 | 64.8 | 630 | 42.7 | 149,776,161.2 | 69.5 | 445 | 57.0 | 91,138,995.0 | 73.6 | 397 | 59.0 | 94,871,768.0 | 74.4 |
| Province of Turin | 257 | 15.4 | 18,307,053.2 | 7.9 | 201 | 13.6 | 14,822,240.2 | 6.9 | 95 | 12.2 | 11,689,101.3 | 9.4 | 69 | 10.4 | 11,654,400.0 | 9.1 |
| Other areas of Piedmont | 356 | 21.2 | 21,808,246.2 | 9.4 | 385 | 26.1 | 19,805,174.4 | 9.2 | 119 | 15.2 | 5,854,606.9 | 4.7 | 95 | 14.2 | 5,366,858.9 | 4.2 |
| Valle d'Aosta | 10 | 0.6 | 624,000.0 | 0.3 | 12 | 0.8 | 2,894,580.0 | 1.3 | 4 | 0.5 | 265,000.0 | 0.2 | 6 | 0.9 | 410,000.0 | 0.3 |
| Genoa and its surroundings | 187 | 11.2 | 27,058,922.3 | 11.6 | 98 | 6.6 | 12,542,989.6 | 5.8 | 62 | 7.9 | 6,677,250.0 | 5.4 | 45 | 6.7 | 6,084,250.0 | 4.8 |
| Other areas of Liguria | 43 | 2.6 | 1,101,837.3 | 0.5 | 28 | 1.9 | 1,269,343.7 | 0.6 | 8 | 1.0 | 248,000.0 | 0.2 | 7 | 1.0 | 228,300.0 | 0.2 |
| Northern Italy (except Piedmont, Liguria and Valle d'Aosta) | 37 | 2.2 | 1,867,580.4 | 0.8 | 42 | 2.8 | 2,519,584.0 | 1.2 | 14 | 1.8 | 620,000.0 | 0.5 | 15 | 2.2 | 545,500.0 | 0.4 |
| Central Italy | 34 | 2.0 | 4,969,851.1 | 2.1 | 35 | 2.4 | 6,056,287.0 | 2.8 | 14 | 1.8 | 3,859,341.1 | 3.1 | 13 | 1.9 | 4,208,133.0 | 3.3 |
| Naples and its surroundings | 25 | 1.5 | 4,448,296.5 | 1.9 | 18 | 1.2 | 2,897,726.3 | 1.3 | 11 | 1.4 | 2,267,500.0 | 1.8 | 13 | 1.9 | 2,741,500.0 | 2.1 |
| Other areas of Campania | 2 | 0.1 | 40,000.0 | 0.0 | 1 | 0.1 | 20,000.0 | 0.0 | - | - | - | - | - | - | - | - |
| Southern Italy and islands (except Campania) | 10 | 0.6 | 357,382.0 | 0.2 | 7 | 0.5 | 708,000.0 | 0.3 | - | - | - | - | 1 | 0.1 | 80,000.0 | 0.1 |
| Foreign - E.U. | 5 | 0.3 | 345,000.0 | 0.1 | 8 | 0.5 | 432,500.0 | 0.2 | 6 | 0.8 | 365,000.0 | 0.3 | 5 | 0.7 | 410,000.0 | 0.3 |
| Foreign - Other | 3 | 0.2 | 906,000.0 | 0.4 | 12 | 0.8 | 1,914,630.0 | 0.9 | 3 | 0.4 | 956,000.0 | 0.8 | 7 | 1.0 | 953,630.0 | 0.7 |
| Total | 1.673 | 100 | 232,344,898.6 | 100 | 1.477 | 100 | 215,659,216.4 | 100 | 781 | 100 | 123,940,794.3 | 100 | 673 | 100 | 127,554,339.9 | 100 |

Note: "Applications received" refers to applications received and processed during the year; "Approved applications" refers to approvals made during the year regardless of the year when the application was received.

A geographical breakdown of allocations. While the Compagnia is not bound to allocate funds according to geographical criteria, in 2013 the area of reference continues to be Piedmont and particularly Turin and its surroundings (which account for around 83% of total allocations). Other geographical areas of interest are Liguria (Genoa in particular) and Naples in Campania.

Sometimes the beneficiary and the area where the projects are implemented differ. This, however, does not entail any shift in the geography of allocations, with one notable exception:

the Foundation for the South, which is headquartered in Rome (almost € 3 million over the past few years) but operates mainly in Italy's southern regions. Allocations concerning foreign beneficiaries refer either to Europe (European networks) or Countries of the South of the World (Cooperation for Development) - particularly Africa's Sub-Saharan region.

Grants approved and provisions paid out in 2013.

| Type. | Balance 1/1/2013 | Allocations | Reallocations | Total Increase | Allocations approved 2013* | Allocations approved before 2012** | Reallocations | Total Decrease | Balance 31/12/2013 |
|-----------------------------------|-----------------------|-----------------------|---------------------|-----------------------|-------------------------------|--|-------------------|-----------------------|-----------------------|
| Allocations Approved | | | | | | | | | |
| Research Sector | 67,008,936.86 | 41,763,805.01 | - | 41,763,805.01 | 24,104,615.33 | 32,511,551.32 | - | 56,616,166.65 | 52,156,575.22 |
| Art Sector | 68,386,383.06 | 15,193,172.23 | 1,100,000.00 | 16,293,172.23 | 7,942,180.23 | 17,141,235.84 | - | 25,083,416.07 | 59,596,139.22 |
| Cultural heritage and activities | 13,710,855.21 | 14,629,252.44 | 864,781.28 | 15,494,033.72 | 6,747,000.00 | 8,369,913.74 | 9,775.78 | 15,126,689.52 | 14,078,199.41 |
| Health Sector | 33,223,564.65 | 5,000,000.00 | - | 5,000,000.00 | 6,500.00 | 7,714,831.61 | - | 7,721,331.61 | 30,502,233.04 |
| Welfare Sector | 51,529,080.12 | 47,354,564.62 | 2,420,574.00 | 49,775,138.62 | 25,994,395.11 | 27,463,124.11 | 663,779.78 | 54,121,299.00 | 47,182,919.74 |
| Total allocations approved | 233,858,819.90 | 123,940,794.30 | 4,385,355.28 | 128,326,149.58 | 64,794,690.67 | 93,200,656.62 | 673,555.56 | 158,668,902.85 | 203,516,066.63 |

| | | | | | | | | | |
|---|-----------------------|---------------------|-------------------|---------------------|----------|-------------------|---------------------|---------------------|-----------------------|
| Funds for institutional activities | | | | | | | | | |
| Fund for grant-making stabilization | 265,186,885.82 | - | - | - | - | - | - | - | 265,186,885.82 |
| Funds for grants in relevant Sectors of which: | 8,090,161.37 | 4,000,000.00 | 673,555.56 | 4,673,555.56 | - | - | 4,385,355.28 | 4,385,355.28 | 8,378,361.65 |
| Museums Program | 1,627,898.67 | - | - | - | - | - | 1,627,898.67 | 1,627,898.67 | - |
| Housing Program | 4,158,233.42 | - | 663,779.78 | 663,779.78 | - | - | 1,403,427.33 | 1,403,427.33 | 3,418,585.87 |
| Program for Operating Bodies' Property | 1,704,029.28 | - | - | - | - | - | 1,154,029.28 | 1,154,029.28 | 550,000.00 |
| Fund for Baroque | 600,000.00 | - | 9,775.78 | 9,775.78 | - | - | 200,000.00 | 200,000.00 | 409,775.78 |
| Reserves for ongoing programs or programs starting in 2013 | - | 4,000,000.00 | - | 4,000,000.00 | - | - | - | - | 4,000,000.00 |
| Other funds of which: | 48,885,554.86 | 399,098.82 | - | 399,098.82 | - | 412,923.48 | - | 412,923.48 | 48,871,730.20 |
| Endowment Fund Foundation for the South (tied) | 29,395,555.86 | - | - | - | - | - | - | - | 29,395,555.86 |
| Fund for purchasing art works (tied) | 8,598,275.52 | - | - | - | - | - | - | - | 8,598,275.52 |
| Funds for Piazza Arbarello 8 project (tied) | 10,431,800.00 | - | - | - | - | - | - | - | 10,431,800.00 |
| National Fund Common Initiatives ACRI - Foundations agreement | 400,923.48 | 399,098.82 | - | 399,098.82 | - | 400,923.48 | - | 400,923.48 | 399,098.82 |
| Manerba scholarships | 59,000.00 | - | - | - | - | 12,000.00 | - | 12,000.00 | 47,000.00 |
| Total funds for institutional activities | 322,162,602.05 | 4,399,098.82 | 673,555.56 | 5,072,654.38 | - | 412,923.48 | 4,385,355.28 | 4,798,278.76 | 322,436,977.67 |

| | | | | | | | | | |
|--|----------------------|---------------------|----------|---------------------|----------|---------------------|----------|---------------------|----------------------|
| Fund for Voluntary Work | 14,881,969.54 | 4,693,046.01 | - | 4,693,046.01 | - | 5,419,213.45 | - | 5,419,213.45 | 14,155,802.10 |
| Funds for ACRI / Vol. Work agreement for Service Centers | 4,602,412.15 | - | - | - | - | 1,019,184.35 | - | 1,019,184.35 | 3,583,227.80 |
| Total Fund for Voluntary Work | 19,484,381.69 | 4,693,046.01 | - | 4,693,046.01 | - | 6,438,397.80 | - | 6,438,397.80 | 17,739,029.90 |

* Provisions paid out in 2013 do not coincide with allocations (see column "Allocations") because funds may be paid out at a later date after allocation approval. This is particularly relevant for large multiannual projects.

** Provisions paid out under grants approved in previous years for multiannual programs, grants paid out from allocations approved in previous years, and more generally grants approved for projects implemented at a later date than the actual approval of the grant.

Research and advanced education

| Area of activity. | Projects | % | Allocations Approved | % |
|---|----------|-------|----------------------|-------|
| Natural and technological sciences | 17 | 11.8 | 2,315,000.0 | 5.5 |
| Dissemination of scientific and technological culture | 21 | 14.6 | 1,599,000.0 | 3.8 |
| Innovation and internationalization: Economic and legal profiles | 33 | 22.8 | 1,888,462.5 | 4.5 |
| Italy's North-West | 23 | 16.0 | 1,653,700.0 | 4.0 |
| Subjects and dynamics of European integration and international relations | 13 | 9.0 | 2,602,045.0 | 6.2 |
| UN Center in Turin | 6 | 4.2 | 1,779,000.0 | 4.3 |
| Education/Schooling | 4 | 2.8 | 3,060,097.5 | 7.3 |
| Universities | 24 | 16.7 | 14,466,500.0 | 34.7 |
| Operating Bodies for Research | 3 | 2.1 | 12,400,000.0 | 29.7 |
| Total | 144 | 100.0 | 41,763,805.0 | 100.0 |

Health

| Area of activity. | Projects | % | Allocations approved | % |
|---|----------|-------|----------------------|-------|
| Medical equipment for research, diagnosing and care | 7 | 46.7 | 4,373,347.0 | 87.5 |
| New management and organizational solutions | 8 | 53.3 | 626,653.0 | 12.5 |
| Total | 15 | 100.0 | 5,000,000.0 | 100.0 |

Historical and artistic heritage

| Area of activity. | Projects | % | Allocations approved | % |
|---|-----------|--------------|----------------------|--------------|
| Civil artistic and monumental heritage | 9 | 10.3 | 977,000.0 | 6.4 |
| Religious artistic and monumental heritage | 25 | 28.8 | 5,286,000.0 | 34.9 |
| Landscape | 5 | 5.7 | 630,000.0 | 4.1 |
| Promotion of the Historical and cultural heritage and exhibitions | 29 | 33.4 | 5,686,172.2 | 37.4 |
| Promotion of Contemporary artistic creativity | 18 | 20.7 | 914,000.0 | 6.0 |
| Operating Bodies | 1 | 1.1 | 1,700,000.0 | 11.2 |
| Total | 87 | 100.0 | 15,193,172.2 | 100.0 |

Cultural activities

| Area of activity. | Projects | % | Allocations approved | % |
|--|------------|--------------|----------------------|--------------|
| Music, theater, ballet and live performances | 97 | 53.0 | 9,377,000.0 | 64.2 |
| Cinema and visual media | 15 | 8.2 | 1,439,000.0 | 9.8 |
| Archives and Memory of the 20th Century | 22 | 12.0 | 1,249,601.3 | 8.5 |
| Libraries and promotion of books and reading | 32 | 17.5 | 2,125,000.0 | 14.5 |
| Research and training in humanities | 17 | 9.3 | 438,651.1 | 3.0 |
| Total | 183 | 100.0 | 14,629,252.4 | 100.0 |

Social policy

| Area of activity. | Projects | % | Allocations approved | % |
|---------------------------------------|------------|--------------|----------------------|--------------|
| Home-based care | 27 | 7.7 | 1,859,500.0 | 3.9 |
| Support for children and young people | 74 | 21.0 | 9,608,500.0 | 20.2 |
| Pathways to social autonomy | 216 | 61.3 | 30,288,723.5 | 64.0 |
| Culture and promotion of philanthropy | 8 | 2.3 | 3,582,341.1 | 7.6 |
| Public spaces and socializing | 21 | 6.0 | 1,325,500.0 | 2.8 |
| Cooperation for development | 6 | 1.7 | 690,000.0 | 1.5 |
| Total | 352 | 100.0 | 47,354,564.6 | 100.0 |

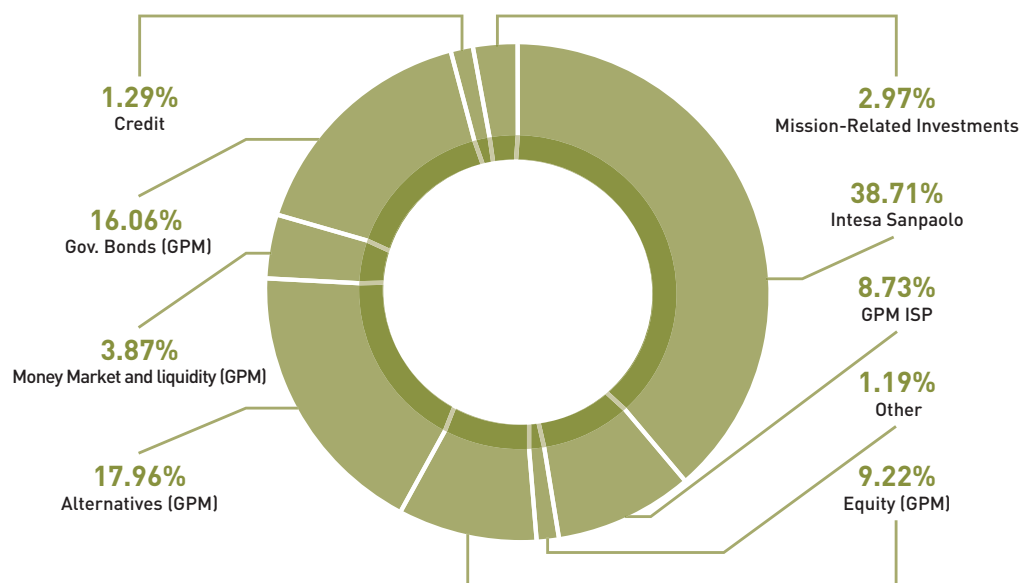
Financial management

The Compagnia's portfolio.

At the end of 2013 the overall market value of the financial portfolio of the Compagnia di San Paolo amounted to € 5.8 billion (€ 5.6 billion net of the loan taken out with J.P.Morgan, of which € 50 million was paid off in advance this year). As regards the makeup of the portfolio, at 31 December 2013 the stake in Intesa Sanpaolo (both the stakes directly owned and the managed component) accounted for around 48% of total assets (gross

value), with a considerable increase over 38% in the previous year. The "managed" component - consisting mainly of assets managed by Fondaco SGR S.p.A - make up the largest portion of the portfolio, amounting to 48% of the sum total. The breakdown of investments reflects the actions undertaken following asset reallocation, with the introduction of a credit component (1.3% of the total, to be increased to 8%); a reduction in government bonds, that dropped from

30% in 2012 to 16% in late 2013; and an increase from 4.5% to 9.2% in equity investments. Non-traditional investments (alternatives) have remained substantially unchanged over the previous year (around 18% of the total) and were characterized, at the end of the year, by greater diversification - reinsurance, commodities, currency, hedge/absolute return funds and, since September 2013, also private equity and venture capital thanks to the addition, in the managed portfolio, of the Fondaco Lux International PE Fund I, an international private equity SIF. Lastly, around 4% consists of mission-related investments, liquidity and other participations.



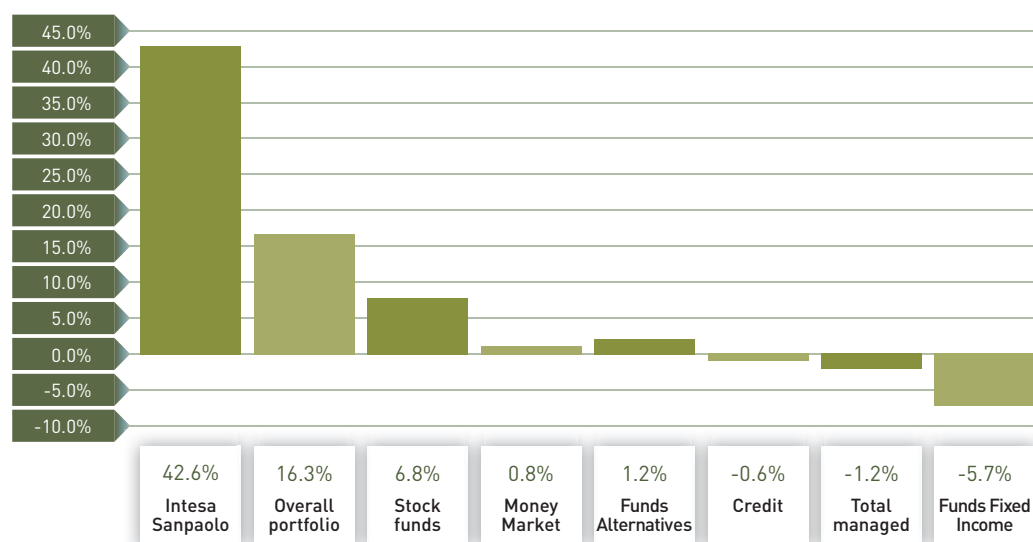
The figures for 2013.

In 2013 financial markets showed diverging trends, marked by greater volatility in Europe. In the first semester, trends in US equity reflected the slow but constant growth of the US economy, encouraged by the accommodating attitude of the Federal Reserve, while Europe continued to suffer uncertainties and concerns over prospects for growth and the end of the recession. In the second semester, EU equity finally picked up again, boosted by signs of economic recovery, while in the US the positive market trend continued. At year end the Stoxx Europe 600 index posted an increase in excess of 17% and S&P500 closed the year with a 29.6% increase. The financial sector – and the banking sector in particular – reflected market volatility and closed the year with good results. The performance of Italian banks was markedly positive (Intesa SanPaolo +38% compared to +19% EU stock market index in the banking sector).

As regards the Compagnia's portfolio, the appreciation of the Intesa Sanpaolo equity interest and related dividends translated into 42.6% total return, markedly above the 4.4% result of 2012 and against the trend of previous years (-30.8% in 2011 and -33.5% in 2010). The result of the managed component of the portfolio, entrusted to Fondaco SGR, was 1.24% net of commission,

a figure that reflects the negative performance of bonds vis-à-vis the more positive, but limited, performance of other asset classes, except for stocks and shares that yielded a +6.8%. The overall performance of the portfolio at market value, in spite of such trends, is decidedly positive and amounts to +16.3%. The graph below presents the 2013 performance of the overall portfolio and its individual components. Interestingly, the volatility of the managed component proved relatively low (2.7%). The combined effect of different investments brought the overall volatility of the portfolio (except non-strategic participations) to 15%, down from 20% in 2012.

2013 portfolio performance and breakdown by investment type.



Creative project:
The Mask Communication.

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