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# Report of the Board of Directors

## Item 4 on the agenda

### Remuneration and own shares:

- e) Integration to the criteria for the determination of the compensation to be granted in the event of early termination of the employment agreement or early termination of office

Distinguished Shareholders,

you have been called to this Ordinary Meeting to discuss and pass resolutions on the proposal of taking advantage of the possibility regarding the ex-ante definition of a formula for the calculation of compensation to be granted ahead or in the event of termination of the employment agreement or early termination of office, defined through an agreement reached in order to settle a current or prospective litigation, independently from the context in which the agreement is drawn up.

The distinguished Shareholders should note that the mentioned possibility is given to each Intermediary following the updating of the Supervisory Provisions on remuneration (“Remuneration and incentive policies and practices”, Title IV – Chapter 2 of the Circular 285 of 17 December 2013 adopted in application of “Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013” (CRD IV), published in the EU Official Journal on 27 June 2013) published in the Official Gazette of the Italian Republic on 12 November 2018.

Specifically, Intesa Sanpaolo aims at adopting a default formula, based on seniority as well as differentiated for cluster of personnel, according to national and international practices.

In particular, for personnel identified according to the Group Global Banding System<sup>1</sup> with a job title the proposed formula is the following:

Seniority (years)	Severance
Up to 2	2 months of fixed remuneration
More than 2 up to 21	2 months of fixed remuneration + a half of monthly salary per year of seniority (starting from the third year)
Over 21	12 months of fixed remuneration (maximum)

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<sup>1</sup> The Global Banding System adopted by the Intesa Sanpaolo Group is based on the grouping in homogeneous categories of managerial positions that are similar by levels of complexity/responsibility managed, measured using the international IPE (International Position Evaluation) methodology. Linked to the Global Banding, Intesa Sanpaolo adopted a job titling system (including Chief, Executive Director, Senior Director, Director, Senior Manager, Manager), clearly identifying roles and responsibilities and going beyond the hierarchical-organizational approach.

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For other personnel, the proposed formula is the following:

Seniority (years)	Severance
Up to 2	1 month of fixed remuneration
More than 2 up to 21	1 month of fixed remuneration + a quarter of monthly salary per year of seniority (starting from the third year)
Over 21	6 months of fixed remuneration

It should be pointed out that payments defined through an agreement reached in order to settle a current or prospective litigation and calculated on the basis of the proposed formula:

- are included in the maximum limit, already approved by the Shareholders' Meeting, that is confirmed as 24 months of fixed remuneration and may result in a maximum severance payment equal to 5.2 million €;
- are excluded from the calculation of the ratio between variable remuneration of the last year of employment and the fixed remuneration, according to the recent updating of the Supervisory Provisions on remuneration.

Eventually, note that in defining the formula proposed in the present resolution, Intesa Sanpaolo decided to set the maximum amount to be agreed, in application of the relevant formula, at a level even lower than the sector-specific National Collective Bargaining Agreement provisions (which allows to issue up to a maximum of 39 monthly payments, including the indemnity for failed notice) and national practices (36 monthly payments, of which up to 24 in excess of the indemnity for failed notice), considering instead, as a reference, the best international practice, in line with the aim of the Group to stand at the level of major European players.

Distinguished Shareholders, all that said, you are therefore invited to approve the formula for the determination of the compensation defined through an agreement reached in order to settle a current or prospective litigation ahead or in the event of termination of the employment agreement or early termination of office.

19 March 2019

For the Board of Directors  
the Chairman – Gian Maria Gros-Pietro

*This is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.*