



2019 Consolidated Non-financial Statement

in accordance with Legislative Decree No. 254 of 2016

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.

Boards, Management, Auditors

BOARD OF DIRECTORS

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Deputy Chairperson Paolo Andrea COLOMBO

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Chief Executive Officer Carlo MESSINA (a)

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Daniele ZAMBONI
Maria Cristina ZOPPO (**)

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

Fabrizio DABBENE

INDEPENDENT AUDITORS

KPMG S.p.A.

(a) General Manager

(*) A member of the Board of Directors and the Management Control Committee self-suspended from 13 December 2019 and stepped down from 2 March 2020

(**) Member of the Management Control Committee

(***) Chairman of the Management Control Committee

(****) Appointed by co-option on 2 December 2019 following the resignation tendered by Giovanni Gorno Tempini

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Letter to stakeholders

Also in 2019 Intesa Sanpaolo confirms its ability to position itself among the most solid and profitable European banks, capable of generating benefits for all stakeholders and being the engine of inclusive and sustainable growth; the Group also continues to be the engine of the social economy in Italy: the dividends distributed by the Bank have enabled the foundations that are among its shareholders to grant more than half of the total funds granted by all Italian banking foundations.

In line with the commitments undertaken with the 2018-2021 Business Plan, the Group continues to act as a point of reference in social, cultural and environmental sustainability, as evidenced by its positioning within the main sustainability indices and rankings. Intesa Sanpaolo is indeed the only Italian bank to feature in the Dow Jones Sustainability Indices, in the CDP Climate A List and in the Corporate Knights ranking of the world's 100 most sustainable companies.

In 2019, the Group's commitment to sustainability was further strengthened by joining three important United Nations initiatives, which are part of the achievement of the UN Sustainable Development Goals: the Principles for Responsible Banking, launched in September 2019 to bring the banking sector closer to the Sustainable Development Goals and those set in the 2015 Paris climate agreement; the Principles for Sustainable Insurance, with the participation of Intesa Sanpaolo Vita, for the inclusion of sustainability and ESG criteria also in the insurance business; and finally the Women's Empowerment Principles, for the promotion of gender equality and women's professional development. With the Principles for Responsible Investments, signed by Eurizon as early as 2015, the Intesa Sanpaolo Group is one of the few European financial groups to have joined all the main United Nations initiatives related to its business in the field of sustainability.

Intesa Sanpaolo continues to be a driving force in the growth of Italy's real economy with approximately 58 billion euro in new medium/long-term loans in 2019, approximately 48 billion euro of which was disbursed in Italy, and around 38 billion of which was granted to households and SMEs. The Group is a point of reference for all companies capable of overcoming conditions of temporary difficulty: in 2019 about 18,500 Italian companies returned from non-performing to performing status, protecting around 93,000 jobs.

The ability to act as the engine of sustainable and inclusive development is also substantiated with the Group's disbursements for social and environmental purposes, equal to approximately 6 billion euro in 2019 and accounting for over 10% of the total: approximately 3.8 billion euro is comprised of high-social impact loans and around 2.2 billion euro is directed towards supporting the green economy and the circular economy.

The high-social impact loans include microcredit and anti-usury initiatives (75 million), support for social enterprises and the non-profit sector (over 200 million), subsidised loans for communities and people impacted by natural disasters and emergencies (over 135 million) and loans to vulnerable categories or those who find it difficult to access credit (3.4 billion). The commitment to ensuring credit access to excluded individuals or those who are unlikely to fall within the traditional financial channels has also translated into "per Merito", the first initiative activated by Fund for Impact, with 28 million euro being granted to over 3,200 students. Investment in young people, their education and job promotion is also tangible in the *Giovani e Lavoro* programme, created in collaboration with *Generation Italy*, a job orientation project involving 1,000 companies and training 700 young people in the classroom.

In the context of the loans for the green economy and the circular economy, 2019 saw the launch of the activity envisaged in the 5 billion credit plafond dedicated to the circular economy: out of approximately 250 projects analysed, around 60 were funded for a total amount of 760 million, based on criteria developed in partnership with the Ellen MacArthur Foundation. The first 750 million Sustainability Bond successfully placed by the Bank in November 2019 is dedicated to the circular economy, following the Green Bond issued in 2017 for 500 million euro, entirely allocated for the funding of 77 projects, which allowed an annual saving of more than 353,000 tonnes of CO₂ emissions.

Furthermore, Intesa Sanpaolo has continued to pursue its strategic commitments in terms of digitisation and multichannel projects, maintaining the centrality of the customer, the care of the relationship and the excellence of the service offered as its primary objective, establishing itself as Italy's leading digital bank and among the top three European banks with around 9.2 million multi-channel customers, equal to over 78% of its customer

base. In the belief that the innovation challenge in Italy plays a role of primary importance in the development of the new economy, the Group has continued with its start-up development and enhancement programme, activating 6 acceleration programmes on over 120 start-ups.

The commitment to sustainable investments continued and the Group confirms its position as the leading operator in Italy with 39 funds (ethical and ESG), approximately 8.4 billion worth of assets and a market share of over 27%.

Consistently with its commitment to the social environment and the community, the Group disbursed over 86 million euro as contribution, thus being one of the leading players in the social area in Italy. An important initiative undertaken by the Group concerned the promotion of social inclusion; in 2018 and 2019, the support provided to charity bodies and associations, allowed for 8.7 million meals and over 519,000 beds to be offered, 131,000 medicines to be provided, and 103,000 items of clothing to be given out. The Charity Fund, through which the Bank allocates a share of the profits to support projects of solidarity, social benefit and the value of individuals, disbursed 12.9 million euro in 2019. Work also continued on disseminating financial culture, with particular attention being paid to young people and socially and economically disadvantaged groups.

The responsibility to defend, promote and share the Italian historical and artistic heritage represents a commitment that has become intrinsic to Intesa Sanpaolo's identity and role. In 2019, Gallerie d'Italia received over 560,000 visitors and 80.000 students took advantage of free educational activities. With the opening - scheduled in 2022 - of the Gallerie d'Italia museum in Turin after those of Milan, Naples and Vicenza, Intesa Sanpaolo becomes the first banking Group in the world to have four museums open to the public.

The commitment to the environment translated not only in the offer of sustainable investments and loans dedicated to the green and circular economy but also in the actions put in place to improve efficiency and reduce the Group's environmental impact, which led to a decrease in the Group's CO₂ emissions of over 21% in 2019. In addition, the environmental certifications were extended to all the branches and buildings in Italy, while the Turin Skyscraper received the highest international recognition (LEED Platinum) for the sustainable management of buildings.

Attention and commitment to the people working in the Group continued - those same people who enable the achievement of all the strategic objectives - through development, growth, training (approximately 11 million hours of training provided this year) and welfare initiatives. In particular, the 2018-2021 Strategic Plan confirms, as in the past, the importance Intesa Sanpaolo attaches to job protection: in 2019 more than 2,000 people were involved in professional reallocation and training programmes. The Group has promoted a series of measures and interventions that have significantly contributed to the enhancement of diversity, inclusion and organisational well-being (including the extension of the flexible work scheme to some 17,250 employees). Attention to female talent promotion also continued: in 2019, the performance evaluation for approximately 1,100 managers also included dedicated indicators.

The actions and results achieved in 2019 demonstrate the extent of the Group's commitment to sustainability, which is increasingly the focus of our stakeholders' choices and assessments. In particular, 2019 witnessed a great degree of mobilisation in favour of the environment, with a strong commitment also from the European authorities. Aware of the significant impact that Group's activities can have in this area, Intesa Sanpaolo has made available, within the European Green Deal, 50 billion euro for the green economy in Italy. Lastly, a wide-ranging internal project with a significant impact - ISP4ESG - was launched, which involved all the Group's areas and structures, with the aim of consolidating Intesa Sanpaolo's leadership in sustainability, leveraging more effectively the evolution of the external context and better responding to the expectations of our stakeholders.

Carlo Messina



Gian Maria Gros-Pietro



KEY

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Link to the pages
2019 Consolidated Non-financial Statement pages
Links to websites

[i]



Keyboard short cut

Back

Methodology

The 2019 Consolidated Non-financial Statement - hereinafter also Statement - was drafted in accordance with Article 4 of Italian Legislative Decree 254/2016, the Comprehensive option of the GRI Standards defined in 2016 by the GRI (Global Reporting Initiative) and the “Financial Services Sector Supplements”. Consideration was also given to the recommendations issued in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), adopted by Intesa Sanpaolo in October 2018, for the voluntary dissemination of transparent reporting on the risks and opportunities linked to climate change. Furthermore, the indicators provided for by the Sustainability Accounting Standards Board (SASB) were taken into account, where applicable.

MATERIALITY AND REPORTING PRINCIPLES

As required by Legislative Decree 254/2016, content was identified and chosen for this Statement in such a way as to clearly communicate the activities of the Group, its progress, its results and the impact of its activities, also in consideration of the GRI Standard principles of materiality, stakeholder inclusiveness, sustainability context and completeness. The materiality analysis (see page 28), conducted in compliance with the GRI Standards, made it possible to assess the topics based on their relevance in terms of their potential impact on both the Bank’s activities and the community and stakeholders. The GRI Standards principles were also applied to define the quality of information (balance/neutrality, comparability, accuracy, timeliness, clarity and reliability) and the reporting boundary. Further details on the information provided in the Consolidated Non-financial Statement are published in the Sustainability section of the website [1]. Links to this additional information are included within the Statement, in the descriptions and in the GRI Content Index. In addition, as from this year, the GRI Content Index contains the alignment between the GRI indicators covered by this Statement and the related indicators provided for by the SASB, where deemed applicable.

The 2019 Consolidated Non-financial Statement was subject to a limited audit by KPMG S.p.A. The report describing the steps involved and related conclusions can be found on page 217.

THE REPORTING PROCESS

All company structures contribute to the drafting of the 2019 Consolidated Non-financial Statement and to dialogue activities with stakeholders through the CSR Delegates who, appointed by the various heads of Group areas and companies, work in close contact with the CSR structure. Data collection is centralised on the same reporting platform used for monitoring the economic, financial and commercial performances of the Business Units. The Statement’s reporting process was formalised with specific Guidelines and the related Process Guide, which establish the process, activities and roles and responsibilities of the Group structures and bodies involved in the drafting, approval and publication of the document.

MEASUREMENT SYSTEMS

The indicators illustrated in the 2019 Consolidated Non-financial Statement were identified on the basis of the indications of the reference standards (GRI Standards), obligations deriving from Intesa Sanpaolo’s adoption of international sustainability protocols, and our commitment to ensuring that the process of achieving our improvement objectives is measurable. With the exception of certain estimates which are duly indicated, almost all of the data was acquired through accurate measurements. To ensure the accurate collection and consistent interpretation of the identified indicators, the data measurement systems are supported by a technical manual which establishes the relevance, calculation method and data source of quantitative indicators.

The data presented refers to the 2019 financial year and, where possible, is compared to the previous two years. Unless otherwise specified, re-statements concerning data published in previous years were not carried out.

REPORTING PERIOD AND BOUNDARY

The Statement is published on an annual basis, with the previous edition published in March 2019. In addition, in September 2019, for the first time and on a voluntary basis, Intesa Sanpaolo published a half-yearly Consolidated Non-financial Statement providing evidence of the most relevant indicators.

The reporting boundary of the Intesa Sanpaolo 2019 Consolidated Non-financial Statement covers 99.71% of the scope of the 2019 Consolidated Financial Statements as regards number of employees (net of employees with non-standard contracts), and therefore makes it possible to understand the activities of the Group, its progress, results and impacts.

In particular, compared to the previous edition, Eximbank was included in the reporting boundary, while the non-financial data of the Risanamento Group companies and Autostrade Lombarde S.p.A., for which the parent company Intesa Sanpaolo does not carry out management and coordination activities, remain excluded.

This edition of the Consolidated Non-financial Statement is also available on the website [1].

The Consolidated Non-financial Statement was prepared in accordance with current regulations and with particular reference to the areas outlined in Italian Legislative Decree 254/2016 in the social and environmental spheres that are applicable to the Group.



Identity
and profile

Group Presentation

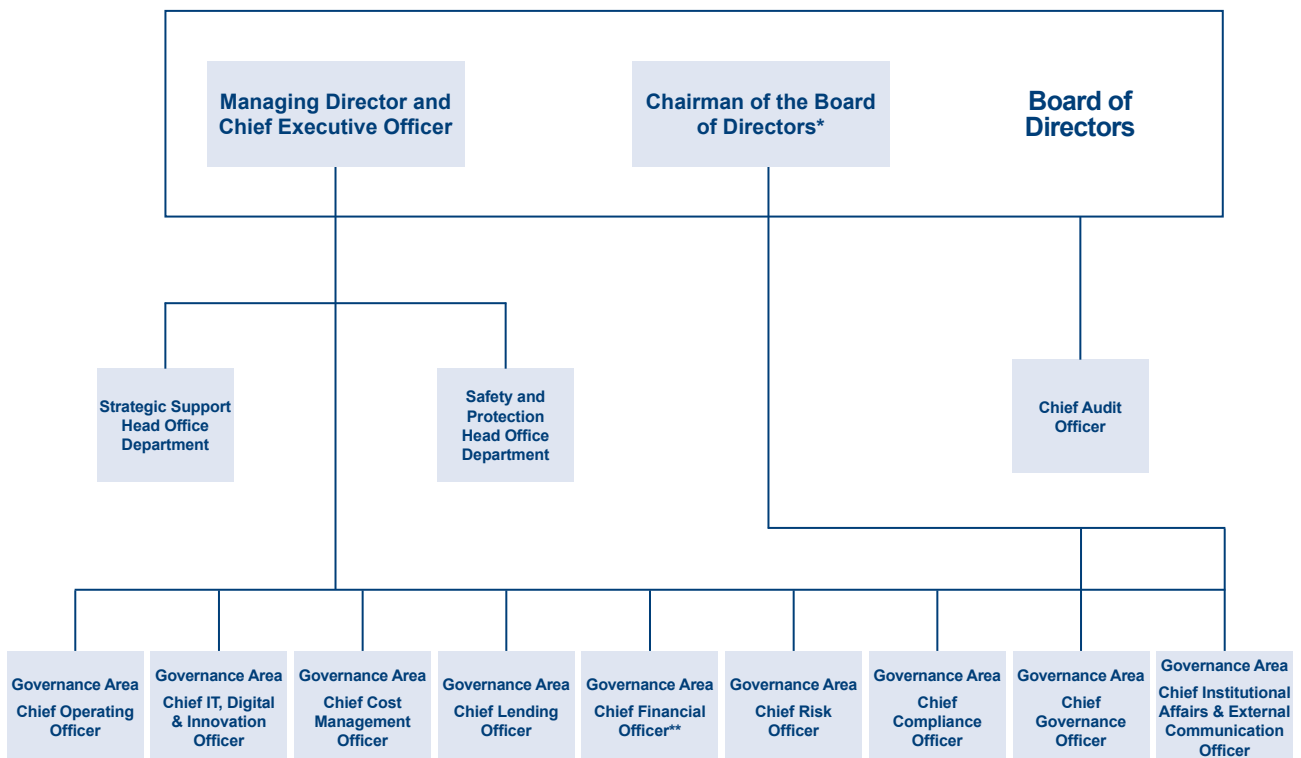
The Intesa Sanpaolo Group is one of the leading banking groups in Europe, with a market capitalisation of 38.5 billion euro¹, and is committed to supporting the economy in the countries in which it operates, particularly in Italy, and to becoming an exemplary model in terms of sustainability and social and cultural responsibility.

Intesa Sanpaolo is the market leader in Italy in all operating sectors (retail, corporate and wealth management). The Group supplies its services to some 11.8 million customers via a network of around 3,800 branches across the country, boasting a market share of at least 12% in most regions.

Intesa Sanpaolo has a strategic international presence, with roughly 1,100 branches and 7.2 million customers, including subsidiary banks operating in commercial banking in 12 countries in Central/Eastern Europe and in the Middle East and North Africa. It also has an international network specialising in providing support to corporate customers in 25 countries, particularly the Middle East and North Africa, and in countries where Italian businesses are especially active, such as the United States, Brazil, Russia, India and China.

¹) As of 28 February 2020

The Group is organised into Governance Areas and Head Office Departments reporting directly to the Managing Director and CEO, and six divisions - also reporting to the Managing Director and CEO - focusing on customers.



* Reporting to the Chairman of the Board of Directors: Chairman's Technical Secretariat.

** Reporting to the Chief Financial Officer: Manager Responsible for preparing the Company's financial reports.

The six divisions into which the Group's activities are organised are:

Banca dei Territori	Focused on the market and on the central role of the territory, with a view to strengthening relationships with individuals, small and medium-sized enterprises and non-profit entities. It includes industrial loans, leasing and factoring and instant banking (through Banca 5).
Corporate e Investment Banking	A global partner to support the balanced and sustainable development of businesses and financial institutions, from a medium/long-term perspective and on a national and international basis. It includes capital markets and investment banking activities (carried out through Banca IMI) and operates in 25 countries in support of the cross-border operations of its customers through a specialised network of branches, representative offices and subsidiaries that engage in corporate banking activity. The Division operates in the Public Finance sector as a global partner for public administration.
International Subsidiary Banks	Includes subsidiary banks performing commercial banking activities in the following countries: Albania (Intesa Sanpaolo Bank Albania), Bosnia-Herzegovina (Intesa Sanpaolo Banka Bosna i Hercegovina), Croatia (Privredna Banka Zagreb), Egypt (Bank of Alexandria), Moldova (Eximbank), Czech Republic (the Prague branch of VUB Banka), Romania (Intesa Sanpaolo Bank Romania), Serbia (Banca Intesa Beograd), Slovakia (VUB Banka), Slovenia (Intesa Sanpaolo Bank), Ukraine (Pravex Bank) and Hungary (CIB Bank).
Private Banking	Serves customers in the Private and High Net Worth Individuals segment by offering targeted products and services. The division includes Fideuram – Intesa Sanpaolo Private Banking, with 5,834 private bankers.
Asset Management	Provides asset management solutions aimed at the Group's customers, non-Group distribution networks and institutional customers. The division includes Eurizon, with assets managed totalling 266 billion euro.
Insurance	Develops the provision of insurance and pension products for the Group's customers. The division is headed by the companies Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita and Intesa Sanpaolo Assicura, with direct deposits and technical reserves of 166 billion euro.

A detailed presentation of Intesa Sanpaolo's organisational structure is available on the Group's website [\[i\]](#).

International presence

■	ITALY 3,752 Branches
■	OTHER EUROPEAN COUNTRIES 863 Branches 2 Representative Offices
■	AMERICA 2 Branches 1 Representative Office
■	ASIA 7 Branches 6 Representative Offices
■	AFRICA 175 Branches 1 Representative Office
■	OCEANIA 1 Representative Office



Figures as at 31 December 2019

Competitive positioning

Ranking in Italy

1st	Loans		17.0%
1st	Deposits ¹		18.2%
1st	Asset management ²		21.1%
1st	Pension Funds ³		23.0%

Figures as at 31 December 2019.

1 Include bonds

2 Mutual funds, figures as at 30/9/2019

3 Figures as at 30/9/2019

Business Model

VISION AND VALUES

GOVERNANCE

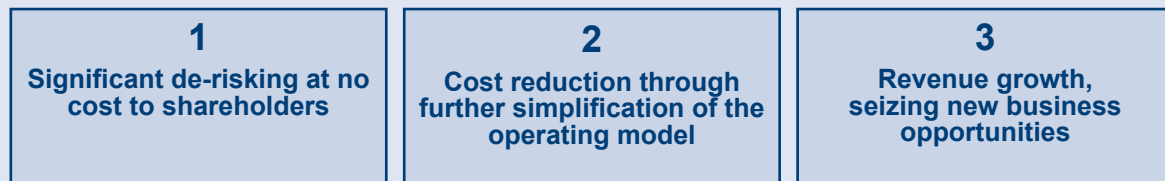
STRENGTHS

- Strong balance sheet
- One of the best cost/income ratios in Europe
- Leader in risk management
- High number of customers
- Capital exceeding regulatory requirements
- Excess liquidity reserves
- Low degree of leverage
- Leader in Corporate Social Responsibility

STRATEGIC PRIORITIES

- Being a real-economy Bank
- Achieving sustainable profitability
- Being the #1 Bank in Europe for risk profiles
- Being the #1 Bank in Europe for efficiency
- Being the #1 Bank in Italy for all banking products, and a European leader in Wealth Management & Protection
- Supporting Italian businesses abroad with our international presence
- Being a simple and innovative Bank
- Ensuring the very best customer relations with a multichannel approach

OUR FORMULA FOR SUCCESS



Our People and Digital Technology representing key enablers

OUTCOME

- Solid and sustainable value creation and distribution, whilst maintaining a high capital base
- Medium/long-term credit disbursed to households and businesses
- Support for groups struggling to access credit, despite their potential
- Employment protection and HR development
- Supplier partnership development
- Contribution to fulfilling the needs of the community
- Improvement of customer relations
- Innovation in products and service models
- Being an exemplary group for society in terms of social and cultural responsibility
- Support for combating climate change

SOCIO-ECONOMIC CONTEXT

Company value and solidity

THE 2018-2021 BUSINESS PLAN

The 2018-2021 Business Plan seeks to maintain solid and sustainable value creation and distribution for all stakeholders. In addition, Intesa Sanpaolo, already a leader in the field of Corporate Social Responsibility, is seeking to become an exemplary group in terms of social and cultural responsibility. The Business Plan integrates the commitments set by the Group, by defining measures to contribute to global development, in order to support its customers, promote the development and well-being of people and communities, and protect the environment, including through combating climate change. In particular, Intesa Sanpaolo wishes to become an exemplary group for society, through a series of initiatives aimed at, among other things, granting loans to groups who have difficulty accessing credit despite their potential, ensuring support to disadvantaged people, mitigating the consequences of natural disasters for households and businesses, supporting the Circular Economy's development, and making the most of the artistic, cultural and historical heritage of the Group to promote art and culture in Italy and abroad. In this sense, the Group, including in its strategy, takes into consideration the Sustainable Development Goals (SDGs) set by the United Nations, and therefore wishes to provide a concrete response not only in wording, but also in implementing the commitments undertaken, whose results have now become an integral part of the Bank's sustainable and responsible business model. Intesa Sanpaolo thus intends to seize every opportunity to strengthen the central role of sustainability and social and environmental responsibility within its overall strategy.

All this is made possible by the Bank's ability to consistently create value over time, reinforcing the Group's resilient and highly-diversified business model, in particular positioning itself as a leading player in wealth management & protection.

In a highly digitalised and competitive world, the Bank is continuing to achieve its goals by relying upon its values and the proven implementation capacity of a results-oriented delivery machine.

The Group's strategy hinges on a number of priorities that are now part and parcel of Intesa Sanpaolo, which aims to confirm its leadership as a Bank of the real economy, supporting households and businesses. With a strong balance sheet and a leading position, the Group fulfils requests for credit and responsibly manages customers' savings. Intesa Sanpaolo wishes to be a Bank with sustainable profitability, in which the operating results, productivity, risk profile, liquidity and soundness/leverage are carefully balanced.

The 2018-2021 Business Plan is based on three central pillars:

- significant de-risking at no cost to Shareholders;
- cost reduction through further simplification of the operating model;
- revenue growth seizing new business opportunities.

The enabling factors are people, who continue to be Intesa Sanpaolo's most important resource, and the completion of the digital transformation, which will make it possible to increase the levels of efficiency and offer advanced, high-quality products and services to customers.

People, in particular, will benefit from a series of initiatives aimed at strengthening their involvement, promoting inclusion and ongoing dialogue with the company, developing the best talents, improving skills, maintaining employment levels, promoting internal fairness and facilitating a work/life balance through flexibility initiatives. (see 2019 Financial Statements, page 43 [1]).

Through the Business Plan, Intesa Sanpaolo has set itself goals which will generate value for its stakeholders and for the achievement of which the Group has continued to develop the main strategic projects (see 2019 Financial Statements, page 44). As a solid Bank that is increasingly profitable, Intesa Sanpaolo is able to make a positive contribution for the interests of its shareholders and all other stakeholders.

These objectives are detailed in the various sections of the document, together with the progress achieved during 2019. These include:

Stakeholder	Benefits	2019 results	Plan Objectives for 2021 Cumulative value 2018-2021
Shareholders	Cash payout ratio	80% 3,362 million euro*	85% in 2018, 80% in 2019, 75% in 2020 and 70% in 2021
Households and businesses	New medium/long-term credit granted to the real economy	~58 billion euro (~118 from the beginning of 2018)	~250 billion euro
Employees	Personnel expenses	~5.7 billion euro (~11.5 from the beginning of 2018)	~24 billion euro
Suppliers	Procurement and investments	~2.8 billion euro (~5.5 from the beginning of 2018)	~11 billion euro
Public sector	Direct and indirect taxes	~2.7 billion euro (5.3 from the beginning of 2018)	~13 billion euro

*The Board of Directors shall propose to the Shareholders' Meeting to allocate 0.192 euro per share, totalling approximately 3.4 billion euro.

ECONOMIC AND FINANCIAL PERFORMANCE AND DISTRIBUTION OF THE VALUE GENERATED

ECONOMIC AND FINANCIAL PERFORMANCE¹

The Intesa Sanpaolo Group closed its income statement for 2019 with net income of 4,182 million euro, up by around 3.3% on 4,050 million euro for the previous year, which also included the positive effect of significant non-recurring income. The change was driven by a rise in operating income, a fall in operating costs, and lower adjustments for credit risk. The amount of levies and charges for the banking system was still significant, although slightly lower than in 2018.

In detail, operating income amounted to 18,083 million euro, up on 2018 (+1.5%) due to the significant performances of profits losses on financial assets and liabilities designated at fair value (+31% at 1,928 million), the increase in income from insurance business (+9% at 1,184 million) and the stability of net fee and commission income (+0.1% at 7,952 million). By contrast, net interest income (-3.7% at 7,005 million) declined, primarily due to lower interest on non-performing assets as a result of de-risking activities, as did other net operating income (4 million against 34 million in 2018).

Operating costs were down (-2.1% at 9,290 million), both for personnel expenses (-1.2%), due to the downsizing of the workforce, and for administrative expenses (-5%), which fell across all the main expense items. Amortisation – which under the new IFRS 16 also includes the amount related to property and equipment and intangible assets under operating leases – was, overall, essentially in line with the same figure in 2018 (+0.1%).

Net adjustments to loans fell overall (approximately -13% to 2,089 million), due to lower adjustments for stage 3 loans and for bad loans in particular. This performance was also influenced by the recoveries on performing loans, which benefited from a better risk profile.

Other net provisions and net impairment losses on other assets increased overall to 254 million euro (187 million euro for 2018).

Other income, which includes realised profits (losses) on investments and income and expenses not strictly linked to operations, amounted to 55 million euro, compared to 506 million euro for 2018, which included the gain resulting from the signing of the agreement with Intrum for the strategic partnership regarding non-performing loans (443 million euro).

Income from discontinued operations, amounting to 88 million euro (71 million euro in 2018 on a like-for-like basis), reflected the income effects, before tax, of the acquiring business line that will be transferred to Nexi in 2020 under the agreement signed with regard to the payment systems.

¹ Commentary refers, unless otherwise specified, to the reclassified data published in the 2019 Consolidated Financial Statements of the Intesa Sanpaolo Group. Changes in annual percentages are based on 2018 figures, restated, where necessary and if they are material, to take into account changes in the scope of consolidation. Amounts are in millions of euro. For additional details or information, see the 2019 Consolidated Financial Statements of the Intesa Sanpaolo Group.

As a result of the changes illustrated above, gross income increased (+4.3% to 6,593 million euro).

Taxes on income for the period, which were impacted by the realignment of the tax values in the year, came to 1,838 million euro.

Charges for integration and exit incentives were recorded for 106 million euro as well as effects of purchase price allocation for 117 million euro.

The charges aimed at maintaining the stability of the banking industry, which are still significant, amounted to a total of 360 million euro after tax (378 million euro in 2018).

With regard to the balance sheet figures, as at 31 December 2019 loans to customers exceeded 395 billion euro, up slightly overall (+1.7 billion euro, or +0.4%) on the beginning of the year. In this area, net non-performing loans declined sharply (-2.4 billion, approximately -14%).

On the funding side, direct deposits from banking business totalled 426 billion euro at the end of 2019, up from the beginning of the year (+10.4 billion euro, or +2.5%). Direct deposits from insurance business – which includes technical reserves – was also up compared to the start of the year (+16.5 billion euro, or +11%), amounting to 166 billion at the end of 2019.

The Group's indirect customer deposits at the end of the 2019 amounted to around 534 billion euro, up since the start of the year (+38 billion euro, or +7.8%), due to the positive performance of all the components, also in relation to the more favourable market conditions.

The persisting complexity of the macroeconomic environment and the marked volatility of financial markets call for constant control of the factors enabling the Group to pursue sustainable profitability: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations.

Group liquidity remains high: as at 31 December 2019, both the regulatory indicators, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), also adopted as internal liquidity risk measurement metrics, had reached a level well above fully phased-in minimum requirements provided for by the regulations.

At the end of the year, the Central Banks' eligible liquidity reserves came to 190 billion euro (175 billion euro in December 2018), of which 118 billion euro, net of haircut, was unencumbered (89 billion euro at the end of December 2018). The Loan to Deposit Ratio at the end of 2019, calculated as the ratio of loans to customers to direct deposits from banking business, stood at 93%.

In terms of funding, the widespread branch network remains a stable, reliable source: 80% of direct deposits from banking business come from retail operations (338 billion euro). In addition, the following were placed during the year: 1 billion euro of covered bonds, 13.2 billion Yen of unsecured senior Tokyo Pro-Bonds, 3.5 billion euro and 2 billion USD of unsecured senior bonds, unsecured senior bonds in Swiss francs of 250 million CHF, unsecured senior green bonds of 750 million euro, focused on the Circular Economy, within the scope of the Intesa Sanpaolo Sustainability Bond.

With regard to the targeted refinancing operation TLTRO, at the end of December 2019, the Group's participation amounted to 49 billion euro: 17 billion of TLTRO III loan (54 billion euro being the financing cap), against a partial repayment of 29 billion euro of the amount received in the previous TLTRO II (equal to 60.5 billion).

The Intesa Sanpaolo Group's leverage ratio was 6.7% as at 31 December 2019.

The capital base also remains high and well above regulatory requirements. At the end of the year, the Total capital ratio stood at 17.7%, while the ratio of the Group's Tier 1 capital to its total risk-weighted assets (Tier 1 ratio) was 15.3%. The ratio of Common Equity Tier 1 capital (CET1) to risk-weighted assets (the Common Equity Tier 1 ratio) was 13.9%.

Key indicators [millions of euro]		
Economic indicators	2019	2018*
Loans to customers	395,229	393,550
Direct deposits from banking business	425,512	415,082
Direct deposits from insurance business and technical reserves	165,838	149,358
Consolidated shareholder's equity	55,968	54,024
Consolidated net income	4,182	4,050
Dividends	3,362	3,449
Stock Exchange average capitalisation	36,911	44,947
Total assets	816,102	789,385
Economic value generated	17,371	16,960
Economic value distributed	-15,687	-14,827

* Figures were restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

The economic value generated by the Group in the year is calculated in accordance with ABI ("Italian Banking Association") instructions and consistent with international reference standards. The calculation is made by reclassifying consolidated income statement items recorded in the financial statements, as required under Bank of Italy Circular 262.

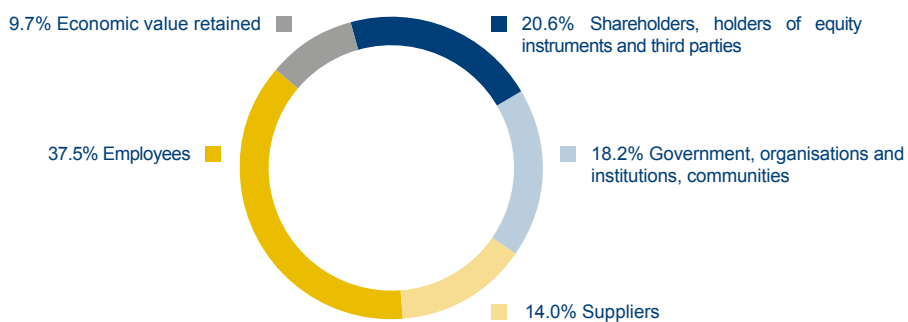
The economic value generated, which in 2019 was over 17 billion euro, came from net income from banking and insurance activities – which therefore takes into account the impairment losses on loans and other financial assets – plus the realised gains and losses on investments in associates and companies subject to joint control, investments and other operating income. The amount of the economic value generated expresses the value of the wealth produced, most of which distributed among the stakeholders with which the Group interacts in various ways on a day-to-day basis. In particular:

- employees and other staff benefited from over 37% of the economic value generated, for a total of 6.5 billion euro. In addition to staff pay, the total also includes payments to the network of financial advisors;
- suppliers received 14% of the economic value generated, for a total of 2.4 billion euro in payment for goods and services;
- the Government, Organisations and Institutions recorded a total flow of funds of 3.2 billion euro, around 18% of the economic value generated, almost 900 million euro of which referring to indirect taxes and duties, over 1.7 billion euro to taxes on income from continuing operations, and over 500 million to levies and other charges concerning the banking industry, consisting of contributions to resolution and guarantee funds. There were also numerous social and cultural initiatives and other actions taken to support the charity funds and issue disbursements by way of social and cultural contributions;
- approximately 21% of the economic value generated was allocated to Shareholders, holders of equity instruments and minority interests, largely in terms of the proposed dividend, for a total of approximately 3.6 billion euro.

The remaining amount, around 1.7 billion euro, was withheld by the corporate system and mainly comprises deferred tax assets and liabilities, amortisation and depreciation, provisions for risks and charges, and retained earnings. Self-financing is to be considered an investment that other stakeholder categories make each year to maintain efficiency and allow the sustainable development of the Bank as a whole.

BREAKDOWN OF 2019 ECONOMIC VALUE

Economic Value	millions of euro	
ECONOMIC VALUE GENERATED	17,371	100.0%
ECONOMIC VALUE DISTRIBUTED	-15,687	90.3%
Employees	-6,513	37.5%
Suppliers	-2,437	14.0%
Government, organisations and institutions, communities	-3,167	18.2%
Shareholders, holders of equity instruments and third parties	-3,570	20.6%
ECONOMIC VALUE RETAINED	1,684	9.7%



Vision and Values

“We work to provide quality banking and financial services to our customers and activate ways to promote development in all the areas in which we operate.

Conscious of the value of our activities in Italy and abroad, we promote a style of growth that focuses on sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

We compete on the market with a sense of fair play and are ready to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall capacity for growth of the economies of the countries in which we operate.

We take responsibility for prudent savings management, we commit to extending access to credit and financial instruments to everyone, and we support sustainable development of the entrepreneurial system, aware that our decisions have a significant direct and indirect impact on the natural environment and on the community. We want to contribute to the wellbeing (not only material) of both by supporting and implementing cultural initiatives and projects for the common good.”

(from the Code of Ethics [1])

The Intesa Sanpaolo Group growth strategy aims at creating solid and sustainable value from an economic and financial, social and environmental point of view, built on the trust of all our stakeholders and based on the values outlined in the Code of Ethics.

Integrity

The Group pursues its goals with honesty, fairness and with a sense of responsibility in full compliance with the rules, professional ethics and spirit of signed agreements.

Quality

The Group's aim is to continually improve. It is forward-looking and anticipates challenges, cultivating widespread creativity with the objective of achieving innovation and worth.

Transparency

Transparency forms the basis for all our activities, communications and contracts in order to enable stakeholders to make independent, fully informed decisions.

Respect for specific qualities

The Group's intention is to combine its international and national dimension with its local roots, becoming a bank that “thinks big”, without losing sight of individuals.

Equality

We are committed to eliminating discrimination from our conduct, and to respecting differences of gender, age, race, religion, political beliefs, trade union membership, sexual orientation and identity, language or disability.

Value of individuals

The value of each and every individual guides the entire modus operandi of the Group, which adopts listening and dialogue as tools for continually improving relations with all stakeholders.

Responsibility in the use of resources

We strive to use all resources with the utmost care, encouraging conduct focused on optimisation and the prevention of waste and ostentation and prioritising choices geared towards long-term sustainability.

The Group is committed to complying with sustainable development principles and has been involved in important international initiatives that promote dialogue between companies, international organisations and civil society, and that pursue respect for the environment and human rights.

Commitment to domestic and international initiatives and the United Nations Sustainable Development Goals



In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**
Established by UN Women and the
UN Global Compact Office



Founding Signatory of:



Signatory of:



Global Compact [i]

A UN initiative that promotes corporate social responsibility through the adoption of ten fundamental principles relating to human rights, labour rights, the environment and combating corruption.

Women's Empowerment Principles – WEPs [i]

Principles promoted by the UN that define guidelines for companies aimed at promoting gender equality and women's professional development in the workplace.

UNEP Finance Initiative [i]

The UN Environmental Programme that promotes dialogue among financial institutions on economic performance, environmental protection and sustainable development.

UNEP Finance Initiative – Principles for Responsible Banking – PRB [i]

UNEP FI Programme that intends to bring the banking sector closer to the UN Sustainable Development Goals and the 2015 Paris Agreement on Climate.

UNEP Finance Initiative – Principles for Sustainable Insurance – PSI [i]

UNEP FI programme for the insurance industry, with the aim of addressing the risks and opportunities related to environmental, social and governance issues. The Intesa Sanpaolo Group subscribes to the Principles as a signatory through Intesa Sanpaolo Vita.

Principles for Responsible Investment – PRI [i]

Principles on the integration of ESG criteria on investments, the result of the partnership between UNEP FI and the Global Compact. The Intesa Sanpaolo Group subscribes to the Principles as a signatory through Eurizon Capital SGR and the Group's Pension Fund.

Equator Principles [i]

Guidelines for social and environmental risk assessment and management in projects, based on criteria recommended by the International Finance Corporation, a World Bank organisation.

CDP [i]

An independent non-profit organisation that maintains and manages the most extensive database on climate change worldwide. Members of the CDP pledge to make their greenhouse gas emissions and their strategies for managing the problem of climate change public. The Intesa Sanpaolo Group adheres to the CDP as a signatory through Eurizon Capital SGR and the Group's Pension Fund.

Task Force on Climate-related Financial Disclosures – TCFD [i]

Established in December 2015 by the Financial Stability Board (FSB), the Task Force published eleven recommendations in June 2017 to promote transparent reporting of risks and opportunities linked to climate change by companies.

Global Reporting Initiative [i]

Organisation which develops (GRI Standard) Guidelines for sustainability reporting recognised at a global level. Intesa Sanpaolo is a member of the GRI Community.

Forum per la Finanza Sostenibile [i]

Multi-stakeholder association with the objective of spreading the culture and supporting the development of sustainable finance. It is the Italian representative of the EuroSIF (European Forum for Sustainable and Responsible Investments).

LBG [i]

An internationally recognised reporting standard on investments in the community by businesses.

Intesa Sanpaolo participates in the Global Compact initiative and is an active member of the community of businesses that support the UN Sustainable Development Goals.

SUSTAINABLE DEVELOPMENT GOALS (SDGS – SUSTAINABLE DEVELOPMENT GOALS)



The Sustainable Development Goals were set by the United Nations 2030 Agenda and adopted by all 193 member states of the UN, including Italy, at the end of 2015. The 17 Global Goals and their 169 targets build on the Millennium Development Goals launched in 2005.



The Goals aim to:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure access to water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development

Intesa Sanpaolo is aware of the fact that many of the objectives set in the 2018-2021 Business Plan are strictly connected with certain Sustainable Development Goals. This link is also confirmed by the materiality analysis, which highlighted the importance of certain issues both in terms of impact on the Group's strategies and on its stakeholders. Therefore, the link with the Business Plan and the material issues (namely the topics that the materiality analysis has shown to be of key importance) have been bolstered by the various Sustainable Development Goals, as well as with the actions, projects and results of greatest significance in terms of their positive effects on the community. This approach is proof of the Group's contribution to generating positive change at a global level, through a commitment that, considering the loans granted by the Group to support families and businesses, it extends to all SDGs and is focused on 11 objectives in particular.


Contribution to SDGs	1 NO POVERTY	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Company value and solidity											
Direct environmental impacts				■						■	
Green economy				■					■	■	
Employee growth and development		■	■		■		■				
Employee well-being					■						
Employment protection					■						
Quality and innovation in customer relations											
Access to credit and financial inclusion	■	■	■		■	■		■			
Responsible asset management and customer protection											
Relations with the community	■	■						■			
Integrity in corporate conduct											■

These are the identified goals, the main actions carried out in 2019 and the strategies for the future, with specific reference to 2021, unless otherwise specified.

SDGs	2019 Actions	Objectives
	<p>Intesa Sanpaolo for disadvantaged people (see page 97) 8.7 million meals, over 519,000 beds, 131,000 medicines and 103,000 items of clothing were given out in the 2018-2019 period.</p> <p>Supporting the Third Sector (see page 79) In 2019, approximately 200 million euro was granted to support social enterprises and the third sector.</p> <p>Intesa Sanpaolo Fund for Impact (see page 77) As part of the Fund for Impact, in addition to "per Merito", the first initiative, which in 2019 financed the university studies of 3,240 students and granted approximately 28 million euro, two new initiatives were announced in January 2020 to support working mothers and people over 50 who lost their jobs or have difficulty accessing pension schemes.</p> <p>Microcredit (see page 77) In 2019 approximately 75 million euro was granted for microfinance or anti-usury projects, in Italy and abroad.</p> <p>Charity Fund (see page 96) In 2019, the Fund for charitable, social and cultural donations of Intesa Sanpaolo has disbursed approximately 12.9 million euro in support of over 800 projects carried out by non-profit organisations. The target of allocating a high share of resources (>70%) to donations supporting projects benefiting more vulnerable sections of the population has been exceeded by a considerable amount, being 95%.</p>	<ul style="list-style-type: none"> ■ The 'Cibo e Riparo per le persone in difficoltà' (Food and Shelter for disadvantaged people) initiative to guarantee 10,000 meals a day, 6,000 beds a month and 3,000 clothing items and medicines a month by 2021. ■ New medium to long-term loans in support of social enterprises, totalling approximately 0.7 billion euro over the 2018-2021 period, thus confirming Intesa Sanpaolo's position as the largest third-sector lender in Italy. ■ Intesa Sanpaolo Fund for Impact (established by allocating 0.5% of the shareholders' equity, for an estimated value of ~250 million euro), which will enable the disbursement of loans totalling 1.25 billion euro over the 2018-2021 period to sections of society who find it hard to access credit despite their potential.
	<p>Training (see page 116) The training solutions, based on key skills for each position, prioritised digital channels with quick, simple and interactive participation methods, providing around 11 million hours of training in 2019.</p> <p>Per Merito (see page 77) With "per Merito", a loan without collateral for all young university students residing in Italy and studying in Italy or abroad, launched as part of the Fund for Impact, 3,240 students received funding and approximately 28 million euro was granted in 2019.</p> <p>Contribution to the community (see page 95) Investment in young people, their education and job promotion is also tangible in the <i>Giovani e Lavoro</i> programme, created in collaboration with <i>Generation Italy</i>, a job orientation project involving over 1,000 companies and training 700 young people.</p>	<ul style="list-style-type: none"> ■ 1 billion euro of investment in training and learning for employees, with the provision of around 46 million hours of training in the 2018-2021 period (11.9 million hours in 2021). ■ Continuation of the 'per Merito' initiative, launched as part of the Fund for Impact. ■ Supporting training and access to the Italian labour market for 5,000 young people in 2019-2021 through the <i>Generation</i> initiative.

SDGs	2019 Actions	Objectives
 <p>5 GENDER EQUALITY</p>	<p>Inclusion and diversity management (see page 117) The Diversity & Inclusion (D&I) structure is committed to defining the D&I strategy, also starting from the results of a specific Survey carried out on the Italian territory. In particular, the number of managers also assessed on the basis of a KPI, equal to 10% of the overall evaluation, dedicated to the promotion of female talent, was extended to more than 1,100 (900 in 2018) and projects in support of female empowerment and talent continued. At International Subsidiary Banks, structured action plans are being defined following the results of the D&I Pulse Survey carried out in 2019.</p> <p>Support for female entrepreneurship (see page 86) With Business Gemma, the loan in support of businesses run by women and for self-employed women, 267 loans were disbursed for a total of 10.1 million euro in 2019. Banca Intesa Beograd and Intesa Sanpaolo Bank Albania entered into agreements with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business program, disbursing in 2019 355 loans amounting to approximately 3.6 million euro and approximately 670 thousand euro for 21 loans, of which 19 to female entrepreneurs.</p>	<ul style="list-style-type: none"> ▪ Launch of dedicated initiatives to ensure diversity and inclusion are fully promoted.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Loans and services for the Green Economy (see page 137) In 2019, the Group disbursed 1,419 million euro for the Green Economy (almost 20 billion euro over the 2010-2019 period), equalling 2.4% of all Group loans. The proceeds of the 500 million Green Bond issued in 2017, 64.0% of which being allocated to photovoltaic power, 12.6% to wind power, 9.3% to hydroelectricity power, 12.5% to bioenergy and 1.6% to energy efficiency, financed 75 projects with an annual saving of more than 353,000 tonnes of CO₂ emissions.</p> <p>Renewable energy (see page 132) In 2019 the consumption of electricity from renewable sources reached approximately 83% of the total consumption. The Group itself produced over 1,119 MWh of energy from renewable photovoltaic sources.</p>	<ul style="list-style-type: none"> ▪ An increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Supporting production and innovation (see page 82) Approximately 58 billion euro in new medium/long-term loans was disbursed in 2019, approximately 48 billion euro of which in Italy, and around 38 billion of which was granted to households and SMEs.</p> <p>In 2019 the Group facilitated the return from non-performing to performing status of around 18,500 Italian companies, with a positive impact on employment through the protection of approximately 93,000 jobs.</p> <p>In 2019, 674 loans were disbursed for a total of 14.8 million euro with 'Finanziamento Microcredito imprenditoriale' (Business Microcredit Financing). With 'Resto al Sud', the initiative promoted by the Italian Ministry of the Economy aimed at young people for the launch of start-ups in southern Italian regions with 1.25 billion euro made available in funding by the Development and Cohesion Fund, 822 loans were disbursed amounting to 35.7 million euro.</p> <p>Employment protection (see page 112) In 2019, the employment protection measures implemented by the Group allowed the reassignment of 2,039 employees to new priority activities, as well as the hiring of 393 people with specialised profiles. With the new mixed work contract, 150 people were hired and 200 traineeships activated.</p> <p>Assessment and incentive systems (see page 115) Over 80% of eligible employees joined the LECOIP 2.0 Plan for an Initially Allocated Capital value of around 184 million euro. Second-level agreements were signed for the pay-out of the Variable Result Bonus and the Protection Excellence System.</p> <p>Talent development (see page 117) The International Talent Program, aimed at developing a new generation of managers with an international outlook, continued and reached 254 talents at the end of 2019.</p> <p>Welfare and quality of life in the company (see page 119) In 2019, the flexible work scheme involved an increasing number of structures and people across the Group with approximately 17,250 employees, of which 3,500 in International Subsidiary Banks.</p>	<ul style="list-style-type: none"> ▪ New medium to long-term loans disbursed to the real economy and totalling around 250 billion euro (~500,000 new investments financed). ▪ Hiring of at least 1,650 people in the 2018-2021 period to support the growth of the core business and facilitate generational change. ▪ Reassignment of excess capacity (5,000 people) into new high-value added initiatives (Proactive HR In-Placement) ▪ Support for well-being (Process and People Care) and flexibility programmes (24,000 employees to participate in smart working schemes by 2021) to improve individual productivity and satisfaction, part-time and mixed work contracts. ▪ International Talent Program aimed at strengthening the international middle management community through training programmes and personalised career paths involving around 500 resources by 2021.

SDGs	2019 Actions	Objectives
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Digital Transformation (see page 69) Intesa Sanpaolo was Italy's leading digital bank and among the top three European banks with:</p> <ul style="list-style-type: none"> ▪ a further increase in sales through digital channels equal to over 9% of total sales; ▪ around 9.2 million multichannel customers, equalling over 78% of total customers; ▪ 17.2 million digitised transactions in 2019 (33 million since 2018) and approximately 56 million since the launch of the initiative; ▪ about 85% of products available on multi-channel platforms; ▪ around 34.6% of activities digitised (17.8 % in 2018). <p>Supporting production and innovation (see page 82) The following actions were developed through Intesa Sanpaolo Innovation Center:</p> <ul style="list-style-type: none"> ▪ frontier trials: two patents filed (in the field of Cybersecurity and risk analysis of investment strategies), 6 active projects in the Neuroscience field; ▪ start-up development and enhancement: around 720 start-ups were analysed (approximately 1,300 since 2018) and 6 acceleration programs on 124 start-ups (235 since 2018) which were presented to 850 selected investors and other ecosystem players (around 1,600 since 2018); 293 applications were obtained, including 49 Italian start-ups in the Techstars acceleration programme; 100 million euro was allocated to direct investments through Neva Finventures and the equity crowdfunding platform BackToWork24 (owned by Neva) through which over 7.2 million euro was channelled in 2019; ▪ open innovation: about 400 companies were analysed in 2019 of which about 90 were selected to undertake transformation processes; ▪ dissemination of culture and development of the innovation network: 6 orientation programmes abroad were carried out in the main innovation ecosystems and 26 national and international events. <p>41 innovation projects amounting to over 41 million euro were financed with Nova+ in 2019. Through the Innovfin guarantee, issued by the EIF with EU financial support, around 58 million euro was disbursed to 38 loans in 2019.</p>	<ul style="list-style-type: none"> ▪ 2.8 billion euro of investments in 2018-2021 to complete the digital transformation. ▪ 70% of activities digitised in 2021 (10% in 2017). ▪ Increase the % of sales on digital channels (15% in 2021 from 2% in 2017).
 <p>10 REDUCED INEQUALITIES</p>	<p>Inclusion and diversity management (see page 117) Projects were launched to encourage the inclusion of people with intellectual disabilities, in particular people with Down syndrome (2 people already included) and people diagnosed with autism or autism spectrum disorder.</p> <p>In 2019 most members of the inter-functional working group on disability management attended the "Disability Manager e mondo del lavoro" (Disability Manager and the working world) higher education course organised by Cattolica University of Milan, thereby attaining the Disability Manager certification by the Lombardy Region.</p> <p>The commitment on the dyslexia front also continued: Intesa Sanpaolo was Italy's first Dyslexia Friendly certified bank in December 2018.</p> <p>Assessment and incentive systems (see page 115) The adoption of the system to map organisational managerial positions in the company called Global Banding was consolidated, including through the adoption of an international Title valid for managerial positions in Italy and abroad.</p>	<ul style="list-style-type: none"> ▪ Launch of dedicated initiatives to fully promote diversity and inclusion (e.g. gender, age, nationality, religion, personal and social conditions).
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Promotion of culture for social cohesion (see page 102) 18 exhibitions organised with over 560,000 visitors; around 80,000 students participated in free educational activities; 230 masterpieces were lent to Italian and international museums, and over 100 art historians are working at the Gallerie d'Italia on a permanent basis.</p> <p>Support to households and businesses affected by disasters (see page 78) Intesa Sanpaolo's commitment to tackling situations of hardship and difficulty has also extended to communities and people affected by natural disasters and emergencies, such as the collapse of the Genoa bridge and the adverse weather events in the Venice area, through payment suspension programmes for mortgages on affected properties totalling 0.8 billion euro and subsidised loans amounting to over 135 million euro (approximately 335 million euro since 2018).</p>	<ul style="list-style-type: none"> ▪ Proactive management of the artistic, cultural and historical heritage of the Group and promotion of art and culture in Italy and abroad.

SDGs	2019 Actions	Objectives
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Circular economy (see page 139) The Group's commitment to the Circular Economy, developed in partnership with the Ellen MacArthur Foundation, planned - for the 2018-2021 period - to establish a dedicated credit plafond amounting to 5 billion euro and the launch of the Circular Economy Lab, the first Italian laboratory - in conjunction with Cariplo Foundation - with the aim of generating value for the Group's customers companies by developing research and circular innovation. At the end of 2019, the credit plafond made it possible to disburse approximately 760 million euro in 63 projects for the transition to the circular economy, against 248 projects under review. The placement of the first 750 million euro Sustainability Bond was successfully completed in November 2019, against a demand of over 3.5 billion euro, intended to support the loans granted by the Bank under the credit plafond dedicated to the Circular Economy.</p>	<ul style="list-style-type: none"> Allocation of a dedicated credit plafond and launch of an investment fund for the Circular Economy.
 <p>13 CLIMATE ACTION</p>	<p>Environment and climate change (see page 127) All the actions carried out in 2019, in line with the Environmental Plan, confirm the Group's commitment to reducing its environmental footprint. In 2019, Scope1 + Scope2 greenhouse gas emissions decreased by 21.4%. Management of potential risks and impacts related to climate change (see page 46) Since October 2018, Intesa Sanpaolo has decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change, in order to include the main climate-related communications within the framework of financial disclosures for stakeholders, as shown in the TCFD Reconciliation table (see page 195). Climate Change Action Plan (see page 130) A new Multi-Year Environmental Sustainability Plan – the Climate Change Action Plan – was drawn up in 2017 with targets for 2022 and 2037. The monitoring of the Environmental Plan highlighted for 2019 a trend in line with the CO₂ emission reduction forecasts.</p>	<ul style="list-style-type: none"> The Climate Change Action Plan, Intesa Sanpaolo's Multi-Year Environmental Sustainability Plan, envisages a reduction of 37% in CO₂ emissions in the 2012-2022 period. In January 2020, Intesa Sanpaolo, in the context of the European Green Deal, stated its willingness to make available 50 billion euro loans in the coming years in Italy.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Combating corruption (see page 52) The Group's Anti-Corruption Guidelines continued to be implemented. In May 2019 Intesa Sanpaolo was among the first banks in Europe to receive the certificate of compliance of its anti-bribery management system with UNI ISO 37001 international standards. In 2019, training to prevent corruption and money laundering involved 77,383 employees for a total of approximately 307,000 hours provided.</p>	<ul style="list-style-type: none"> Update of the Anti-Corruption Guidelines and verification of their adoption by the Group's Italian and international companies. Conduct of an internal audit to verify the compliance of the Intesa Sanpaolo corruption prevention system with the requirements of the UNI ISO 37001 standard.

Sustainability indices, rankings and awards

Intesa Sanpaolo is included in the main sustainability indices and rankings defined by specialist ratings agencies that select companies not only for their financial performance but also for their results in the three ESG areas (Environment, Social, Governance), or in specific fields such as diversity.

Below is a summary of the main indices and rankings in which Intesa Sanpaolo is included:



Dow Jones Sustainability Indices e S&P ESG Indices [i]

Included in the DJSI World and DJSI Europe, based on an annual assessment carried out by RobecoSAM with a best-in-class criterion among companies with largest market capitalisation. DJSI World includes around 300 companies among the 2,500 largest businesses in the world included in the S&P Global BMI. DJSI Europe includes around 150 companies among the 600 largest European businesses included in the S&P Global BMI. Intesa Sanpaolo is also included in some indices of the S&P ESG Index Family. In January 2020, Intesa Sanpaolo received the SAM Bronze Class Sustainability Yearbook Award 2020.



FTSE4Good Index Series [i]

Intesa Sanpaolo is included in 3 indices of the FTSE4Good Index Series, based on the ESG rating, assigned by FTSE Russell which exclusively uses public information of over 4,000 companies in 47 different financial markets.



MSCI ESG Indexes [i]

Based on the analysis of the environmental, social and governance sustainability aspects of 7,500 companies, they are divided to represent the main ESG strategies. Intesa Sanpaolo is included in several families of indices including MSCI ESG Leaders Indexes and MSCI Low Carbon Indexes.



CDP - Climate Change A List 2019 [i]

Includes roughly 180 listed companies, selected based on the results of an annual assessment (over 8,400 companies participated in 2019) for their advanced approach to climate change mitigation. In February 2020, Intesa Sanpaolo was recognized as a Supplier Engagement Leader 2019.



Corporate Knights - 2020 Global 100 Most Sustainable Corporations in the World Index [i]

The index includes the 100 most sustainable companies in the world, which are assessed on the basis of public information, in relation to 21 indicators, within a universe of around 7,400 listed companies.



Euronext Vigeo Eiris Indices [i]

Intesa Sanpaolo is included in the Euronext Vigeo Europe 120 and the Euronext Vigeo Eurozone 120. The 120 companies included in both indices are selected on the basis of the assessment conducted by the rating company ESG Vigeo-Eiris on 4,500 issuers and various asset classes.



Ethibel Sustainability Indices [i]

The target universe of the Ethibel indices is composed of the Ethibel Excellence Investment Register, defined on the basis of the criteria of the independent association Forum Ethibel. Inclusion in the indices is based on the assessment conducted by Vigeo-Eiris. Intesa Sanpaolo is included in the Ethibel Sustainability Index Excellence Global and in the Ethibel Sustainability Index Excellence Europe.



STOXX® ESG, Low Carbon and Climate Impact Indices [i]

Intesa Sanpaolo is included in several families of STOXX® ESG, Low Carbon and Climate Impact Indices. The STOXX® Global ESG Leaders Index selects companies using best-in-class criteria, based on the sustainability rating assigned by Sustainalytics. The index includes around 440 leading companies worldwide.



Standard Ethics Indices [i]

These indices analyse companies in terms of sustainability, governance and Corporate Social Responsibility. Intesa Sanpaolo is included in the Standard Ethics Italian Index, Standard Ethics Italian Banks Index, Standard Ethics European Banks Index and Standard Ethics European 100 Index.



ECPI Indices [i]

A family of over 50 indices based on the analysis of the public information of over 4,000 companies. Intesa Sanpaolo is included in the ECPI World ESG Equity and ECPI Euro ESG Equity, to name a few.



2020 Bloomberg Gender - Equality Index - GEI [i]

Thematic index dedicated to gender equality: it includes 325 companies analysed in terms of five areas of investigation. The initial target universe for the analysis includes over 11,500 listed companies.



World Benchmarking Alliance (WBA) – SDG2000 [i]

In January 2020, Intesa Sanpaolo was included in the SDG2000, a list that identifies the 2,000 companies belonging to 7 key sectors which, worldwide, have the potential to influence the achievement of the United Nations Sustainable Development Goals (SDGs) in 2030.

Intesa Sanpaolo has also received some awards in the field of sustainability, in particular:



2019 Sustainable Development Grand Prix - ASSOSEF

(European Sustainability and Financial Services Association) [i]

The award was given for its contribution to the promotion of the United Nations 2030 Agenda for Sustainable Development Goals, in particular for the commitment shown in support of the Circular Economy.



2019 Diversity & Inclusion Award

Intesa Sanpaolo received the Diversity & Inclusion Award, which is awarded to companies that promote job placement policies for disadvantaged individuals.



Green Building Council Italia

Green Building Council - (Existing Buildings Operations & Maintenance – EB O&M) [i]

In 2019 the Turin Skyscraper obtained the LEED Platinum (Leadership in Energy and Environmental Design) certification from the Green Building Council in the sustainable management category. In 2015 the New Headquarters had already received the LEED Platinum certification for the construction of the building, thanks to the design features and the technological solutions adopted.

Materiality analysis

Non-financial and sustainability reporting focuses on key aspects that reflect the impacts, positive or negative, generated by the Group's activities in the economic, social and environmental sphere which are capable of significantly influencing the stakeholders' perception of it. As well as constituting the core of non-financial and sustainability reporting, these aspects are also crucial for identifying and managing risks and opportunities, also contributing to shaping the company's strategy with regard to relevant issues for the business and its stakeholders. To this end, in line with the process outlined in the GRI Standards, Intesa Sanpaolo updates its Materiality analysis on an annual basis by performing the following steps and activities:

- identification of relevant issues for the company and for stakeholders;
- prioritisation of issues and definition of the materiality matrix;
- validation of the materiality matrix.

IDENTIFICATION OF MATERIAL ISSUES AND STAKEHOLDERS

Intesa Sanpaolo has identified the priority issues for the company and for its stakeholders through a documentary analysis that is periodically updated. The main documents considered are:

- internal document sources, including the 2018-2021 Business Plan, the Code of Ethics, the Sustainability Reports / Consolidated Non-financial Statements of the last three years, the communications of the top management, the minutes of the Shareholders' Meetings and company policies;
- external documents, including: reference standards and frameworks for sustainability reports (AA1000, GRI Standards, <IR>, SASB, Guidelines on reporting climate-related information), international documents linked to sustainability issues (Agenda 2030, COP24, SDGs, European Commission Action Plan on sustainable finance, Recommendations of the Task Force on Climate-related Financial Disclosures, Principles for responsible banking) and the main regulations in the sector (pursuant to Legislative Decree 254/2016);
- Sustainability Reports/Consolidated Non-financial Statements of other Italian and international financial groups;
- documents drafted by national and international institutions for the identification of general and specific megatrends in the banking sector.

In 2019, in particular, the documentary analysis focused on the Action Plan on financing sustainable growth, on the communication from the European Commission published in March 2018, and on the related documents made available during 2019 (Taxonomy, Report on EU Green Bond Standards, Report on climate benchmarks and non-binding Guidelines on climate reporting).

In 2019, the previously identified material issues in response to the requests contained in Legislative Decree 254/2016 were essentially confirmed. In order to provide clear definitions to all stakeholders, these issues were described (see outline on page 215) with their meaning to Intesa Sanpaolo clearly explained. Finally, the issues were evaluated in terms of priority, related risks, areas of priority action and specific actions.

The stakeholders identified by Intesa Sanpaolo as representative of the Bank's relational universe are shown on page 150.

PRIORITISATION OF ISSUES AND DEFINITION OF MATERIALITY MATRIX

In order to evaluate the priority of each theme, both the interests of the company with respect to the objectives and corporate strategies, reported on the "Impact on strategies" axis of the Materiality Matrix, and those of the stakeholders with respect to their expectations and needs, reported on the "Importance for stakeholders" axis of the same Matrix.

In both cases, the issues were assessed using a scale of 1-5, where 1 indicates that the company strategies or stakeholders have minimal interest in the issue, and 5 indicates that they have maximum interest.

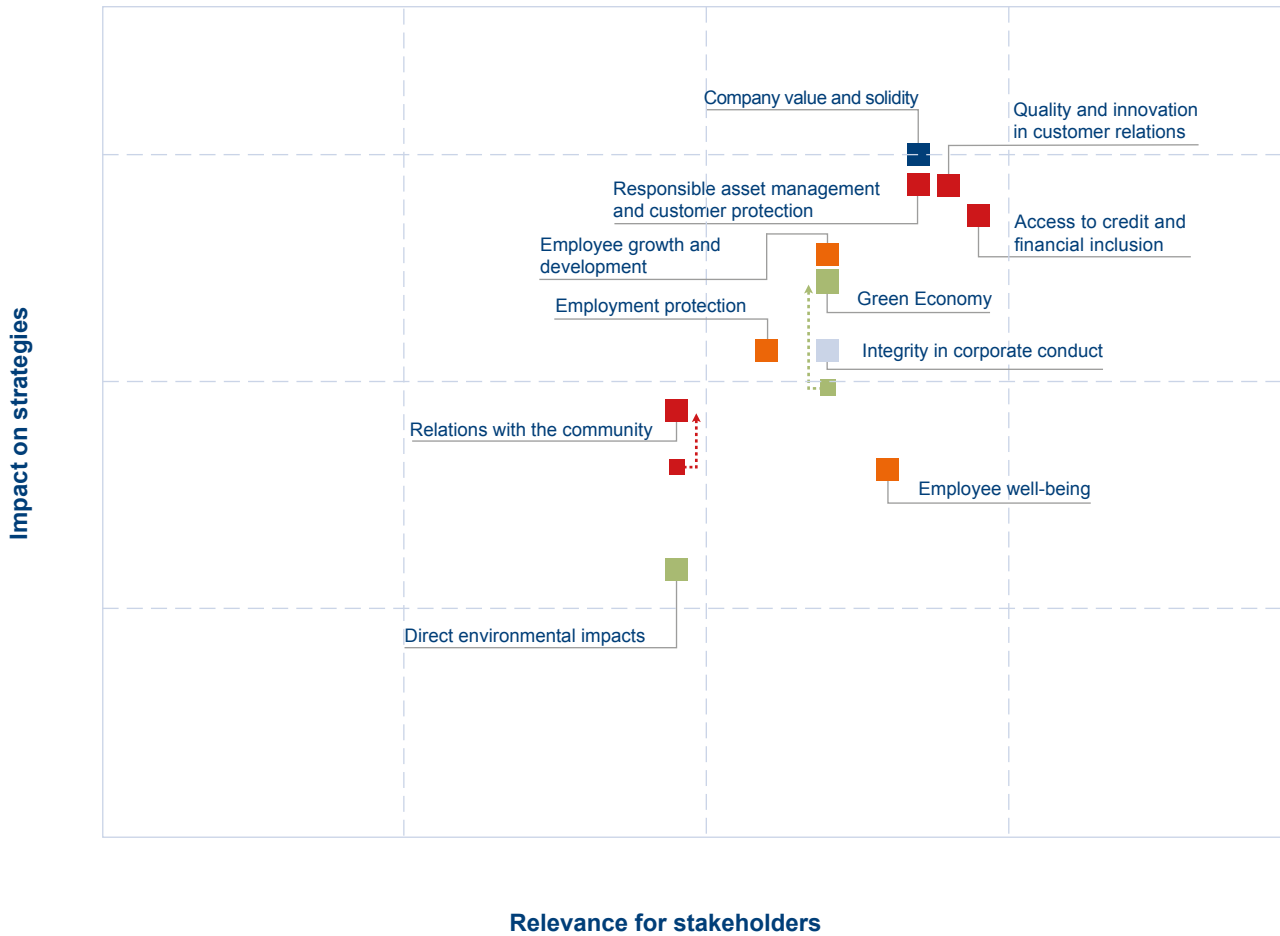
The results of the "stakeholder engagement" process (see page 151) were used when updating the stakeholder axis. The results were classified on the basis of Intesa Sanpaolo's issues and weighted according to the stakeholder's relevance for the Bank.

The strategies axis was built as follows:

- documentary analysis: in order to highlight any aspects, including in the ESG context, to which the Group paid particular attention, the press releases and company policies published in 2019 as the voice of the company's management were analysed.
- update of the strategy axis: the values assigned to the axis in 2018 were updated based on the results of the documentary analysis taking into consideration that, in 2018, the matrix had been built by paying particular attention to the commitments defined in the 2018-2021 Business Plan.

The results of the materiality analysis are graphically represented using a Cartesian coordinate system known as the Materiality Matrix which reports the company’s interest on the vertical axis and the stakeholder’s interest on the horizontal axis. This representation makes it possible to assess the significance (“materiality”) of each issue on the basis of its overall position with respect to the two axes. The 2019 Intesa Sanpaolo Materiality Matrix is composed as follows.

2019 MATERIALITY MATRIX



- Company value and solidity
- Integrity in corporate conduct
- Community
- Employees
- Environment and climate change
- Theme positioning in 2018

MAIN VARIATIONS IN THE 2019 MATERIALITY MATRIX COMPARED TO 2018

The 2018-2021 Business Plan specifies the strategies, policies and objectives that guide the Bank in the four-year period of reference. This document has profoundly influenced the construction of the Matrix presented in the 2018 Consolidated Non-financial Statement and the strategic guidelines set out there continue to play a central role also in 2019.

A look at the 2019 Materiality Matrix shows that the most important issues for the Bank continue to be Company value and solidity, Quality and innovation in customer relations, Access to credit and financial inclusion, and Responsible asset management and customer protection. These areas are touched upon by initiatives and objectives set out in the Business Plan which, while maintaining an understandable focus on the creation of economic value, opens up to social commitments such as the launch of the Fund for Impact to facilitate credit access for certain categories in difficulty despite their potential, as well as the launch of the "per Merito" initiative aimed at university students in 2019, and the offer of new investment funds and ESG products.

Furthermore, in 2019, the Green Economy issue takes an even more predominant role compared to the assessment obtained in 2018. This is due to the Group's awareness of the role that a financial institution such as Intesa Sanpaolo can play in the transition towards a low carbon economic model and towards the circular economy. In this regard, the Bank has made available to the European green deal a programme which, over the next few years, will allow the disbursement of 50 billion euro in Italy. Furthermore, in 2019 Intesa Sanpaolo issued the first Sustainability Bond of 750 million euro in support of the circular economy, which follows the issue in 2017 of the Green Bond of 500 million euro as the first Bank in Italy. There have been many initiatives promoted by the Group in recent years: from the establishment, envisaged in the Business Plan, of a funding plafond dedicated to the Circular Economy, to the decision to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), to the disbursement of loans dedicated to the Green Economy and the development of sustainable funds.

Even the stakeholders confirm a high score for the same issues appreciating the Bank's work in financing the Green Economy and the Circular Economy and ensuring credit access for vulnerable people or those who would not be able to access the traditional financial channels. Furthermore, in the area of Quality and innovation in customer relations, more attention is being paid to the aspects of Cyber security and privacy protection, also in the light of the General Data Protection Regulation (GDPR).

The position on the Matrix of the Employee growth and development issue reflects the attention paid in the Business Plan to aspects such as training, enhancement of diversity and inclusion. This aspect is also reflected in the establishment of the Diversity & Inclusion corporate structure and, in parallel, is relevant in terms of engagement with the stakeholders, who recognise the positivity of the Bank's approach and commitment on these topics. Again, with regards to the topics relating to employees, Employment protection confirms its importance on both axes of the Matrix. Employee well-being remains stable for the company and for the stakeholders, influenced by the numerous work-life balance and welfare promotion initiatives put in place.

The importance of the Group's commitment to sustainability also emerges from the position of the Integrity in corporate conduct topic, connected to the need to monitor reputational risks, and is confirmed by the Bank's adherence, in September 2019, to the UNEP FI Principles for Responsible Banking. The stakeholders continue to rate the topic highly, signifying that they perceive it as a structural requirement for financial institutions.

The good score on the 2019 Matrix of the Relations with the community topic, up from 2018, is also linked to the relevance of the Food and shelter initiative for the disadvantaged people and to the promotion of art and culture, aspects which are both present in the Business Plan. In addition, the Group is showing increasing attention to investing in young people, educating them and promoting employment, for example with the implementation of the Youth and work programme. Intesa Sanpaolo's social commitment is also reflected in the growth of the endowment of the Charity Fund. This is in line with the expectations of the stakeholders who ask the bank for a role to support virtuous and responsible approaches for society.

Although relations with suppliers is not a material issue, Intesa Sanpaolo recognises their considerable social and environmental value, and therefore provides summary disclosures on this matter in this document, and detailed information on the website [\[i\]](#).

MATRIX VALIDATION

All the issues that are significant (i.e. that have a score of 3 or higher, on a scale from 0 to 5) for the company and/or for at least one of its stakeholders are material and have been reported in this document.

Each one is assessed in terms of its positive and negative impact on internal and external stakeholders and the company structures, and on the basis of potential associated business risks/opportunities. The reporting boundaries are also stated for each issue (see page 215). The Materiality Matrix was shared with the Risks Committee, which forms part of the Board of Directors, and with the Executive Committee, in order to present feedback provided by company units concerning these activities to the governing bodies.

ANALYSIS OF MATERIAL ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

The results represented in the Materiality Matrix were examined in terms of their consistency with a context analysis on general sustainability issues and a sector analysis at national and international level. This analysis was also updated through the critical reading of the most relevant documents focused on sustainable finance published in 2019.

The 2019 context analysis was enriched, compared to previous years, with the findings that emerged from the use of a platform that employs a large database of information relating to sustainability and ESG issues, allowing the identification and sorting of Intesa Sanpaolo material topics based on the frequency with which they were founding the following sources:

- annual financial and sustainability reports and public statements attributable to the banking sector worldwide;
- European standards (mandatory and voluntary) referable to the banking services sector which entered into force or changed since 2000.

The results of the analysis essentially confirmed the aspects that emerged in 2018, also as regards the risks and opportunities.

As regards national and international trends and objectives, additional aspects were identified to take into account the relevance that issues such as sustainable finance and the fight against climate change had in 2019.

IMPACTS, RISKS AND OPPORTUNITIES AT NATIONAL AND INTERNATIONAL LEVEL

MATERIAL ISSUE	RISKS AND OPPORTUNITIES	NATIONAL AND INTERNATIONAL TRENDS AND OBJECTIVES
Integrity in corporate conduct	Corruption prevention Compliance risk management Investments in controversial sectors	Spread of organised crime Incentive of ethical conduct Fight against active and passive corruption
Company value and solidity	Credit quality Efficient use of capital and diversification Attracting sustainability-conscious investors Management of business, ESG and reputational risks	Globalisation and competitiveness Long-term performance planning Evaluation of long-term scenarios including climate-related risks and opportunities Promotion of transparent and efficient financial markets
Quality and innovation in customer relations	Proximity to the customer and operational streamlining Product innovation and service models IT risk Unfair commercial practice	Stabilisation of investors' consumer habits Business continuity and consumer satisfaction Reorientation of the financial system towards an offer that incorporates the ESG criteri
Responsible asset management and customer protection	Offer diversification Management of reputational and ESG risks in investments	Investors' attention to ESG aspects and to the measurement of the sustainability of investments, also as tools to combat climate change Customer satisfaction with asset management by financial operators Integration of ESG risk factors into investment management and insurance activities Decreased propensity to save in the private sector
Green Economy	Risks related to climate change Management of reputational and ESG risks in loans	Supporting the growth of demand and supply of green products and services Increase in Italian companies' green competitiveness Transition to a sustainable economy through a collaborative network and the promotion of circular development models Support to loans for environmental projects Identifying, management and reporting of climate risks, promoted by the TCFD Promotion of actions aimed at mitigation and adaptation to climate change
Employee growth and development	Talent attraction Investments in training Diversity management	Incentive of the banking consultant's proactivity for the dissemination of ESG products ESG criteria in the incentivisation and inclusion of employees Gender diversity and equal treatment
Direct environmental impacts	Operational protection in risk situations Business cost reduction Risks related to climate change	Reduction and reporting of atmospheric emissions to combat climate change Responsible use of energy and natural resources Waste management Clean and accessible energy and water Promotion of concrete climate actions
Employment protection	Employment Labour law risks	Employment recovery Consultation and inclusion of employees
Access to credit and financial inclusion	Financial inclusion Support to SMEs Management of reputational and ESG risks in loans	Increase in credit and consumption Increased levels of financial education including in terms of sustainability Integration of ESG risk factors into credit management Actions to eradicate poverty
Relations with the community	Brand enhancement Bank's leadership in society for the dissemination of the sustainability culture Promotion and measurement of activities with high social impact Investments in controversial sectors and reputational risk	Importance of communication on sustainable finance Social and economic development of local communities Strengthening cooperation to achieve global sustainable development objectives
Employee well-being	Company welfare initiatives Work-life balance and flexibility Management of employees' health and safety risks	Attention to company climate

Level of emphasis detected in the context analysis



Governance and
management of risks

Governance structure

Intesa Sanpaolo adopts the "one-tier" management and control model, in which the management and control functions are exercised, respectively, by the Board of Directors and the Management Control Committee set up within it, both appointed by the Shareholders' Meeting.

Detailed information on the corporate governance system and remuneration – including references to diversity in the Board of Directors – is provided in the "Report on Corporate Governance and Ownership Structures" and in the "Report on Remuneration" published on the Bank's website, to which reference should be made.

THE BOARD OF DIRECTORS

The Board of Directors is tasked with corporate management and may undertake all transactions considered necessary, useful or appropriate in achieving the corporate purpose, both of an ordinary and extraordinary nature. It performs strategic guidance and supervision functions for the Company and resolves on all the most important corporate deeds. The Managing Director and CEO is the Chief Executive Officer and General Manager and supervises the company's management to the extent of his/her assigned powers, in compliance with the general planning and strategic guidelines set forth by the Board. The Chairman of the Board of Directors oversees the work of the Board, organises and directs the activity and performs all the tasks set by the supervisory regulations. He/She has a non-executive role and does not carry out, not even de facto, management functions.

Within the Board* there is a Management Control Committee, appointed by the shareholders' meeting, which is made up of five independent directors pursuant to the Articles of Association and exercises the control functions also as an internal control and audit committee (pursuant to Italian Legislative Decree no. 39/2010). The Ordinary Shareholders' Meeting of 30 April 2019 set the number of members of the Board of Directors at 19, appointing directors for the three-year term of office on the basis of the lists submitted by shareholders. Subsequently, following the resignation tendered by a director in November 2019, during the meeting of 2 December 2019 the Board of Directors co-opted a new member, who shall remain in office until the meeting called for the approval of the 2019 financial statements.

All directors are non-executive, with the exception of the Managing Director and CEO. 14 directors are independent. Minority shareholders are adequately represented (5 members) and present in all Board Committees with the chairmanship of the Management Control Committee and the Committee for Transactions with Related Parties. The Directors meet the requirements of fitness for office required by the regulations of reference and the provisions of the Articles of Association.

Following are the Board Committees which are composed of five directors, the majority of whom are independent, are chaired by independent directors and provide support to the Board of Directors, with the duty of performing investigations, providing advice and making proposals:

- Nominations Committee;
- Remuneration Committee;
- Risks Committee;
- Committee for Transactions with Related Parties and Associated Entities.

RESPONSIBILITIES AND DIVERSITY OF THE MANAGEMENT AND CONTROL BODIES

According to Intesa Sanpaolo's Articles of Association, the Board shall adopt the necessary measures to ensure that each Director, and the Board as a whole, have a continually adequate level of diversification, including in terms of experience, age, gender and international orientation, in addition to competence, fairness, reputation, independence of mind, and time commitment.

In the document on the qualitative and quantitative composition of the Board of Directors published on the Bank's website in February 2019, in view of the renewal of the Corporate Bodies the shareholders were asked to ensure that the new Board of Directors had the broadest gender diversity with adequate professional skills, as well as a diversity of age brackets amongst Directors, in addition to a comprehensive level of knowledge and experience.

With particular reference to the adequacy and diversity of the professional profiles required, a "Skills Directory" has been drawn up in the document cited outlining the set of experiences, knowledge and skills – very good or distinctive, with a very broad, intermediate or limited dissemination – that are considered appropriate to achieve the optimal qualitative composition of the new Board of Directors of Intesa Sanpaolo. The skills and expertise were subsequently strengthened and supplemented on the basis of training programs as well as of the intensive induction plan for both the new directors (onboarding) and the entire Board.

For further information on the skills declared by the individual directors at a distinctive level, reference is made to the Report on Corporate Governance and Ownership Structures (page 14 [i]).

* A member of the Board of Directors and the Management Control Committee self-suspended from 13 December 2019 and stepped down on 2 March 2020.

The less-represented gender must be reserved a share of at least one third of the total members (7 members out of 19), as established by laws on the matter of equal access to the administrative and control bodies of listed companies. Furthermore, in the current structure of the Board, the female gender is represented within all the Board Committees, reaches the majority of the members of the Committee for Transactions with Related Parties and has the chairmanship of the Risks Committee and the Nominations Committee.

In May 2019, the Board of Directors assessed its composition as adequate, including in terms of diversity, and suitable for a properly balanced composition of the Board Committees.

Senior officers of the subsidiaries are also appointed by the Board of Directors, which operates according to uniform policies and principles at Group level and in compliance with the regulations and best practices applicable to each subsidiary, with specific importance given to the level of diversity, including in terms of age, gender, seniority of service, geographical origin and international orientation. In establishing the composition of the Bodies, the most adequate and effective mix of personal and professional profiles is sought for each subsidiary in terms of its nature, the structure of its activities and the risks taken. To this end, any indications made by the Management Body of each subsidiary during the annual self-assessment process are taken into account.

TRAINING AND UPDATING OF THE DIRECTORS

With the support of the Nominations Committee, the Board of Directors shall ensure that the Bank draws up and implements induction and training programmes for the members of the Board. In this context, following the Chairman's indications, Board Members' participation in initiatives is promoted to enhance the degree of knowledge of the operating sectors of the Bank and of the Group's companies, company dynamics and their development, the principles of sound risk management and the regulatory and self-regulatory environment of reference, and in formal and informal meetings, aimed at further review of strategic matters.

During 2019, specific induction sessions (6 sessions) were carried out including: incorporation of Banca IMI into the Parent Company - information on the project, meeting with the Chief Lending Officer (activity presentation and project initiatives), IDD regulations on insurance brokerage, regulatory developments in the USA, internal models for the calculation of capital requirements and Pillar 2 and IT analysis.

Furthermore, during the same period 10 onboarding sessions were held for newly appointed Directors regarding the following issues: governance of the Intesa Sanpaolo Group, 2018-2021 business plan and 2019 budget, balance sheet and tax issues, ICAAP/ILLAP and Group Capital Plan - Basel 3, internal control system, remuneration and incentive policies, 2018-2021 Group NPL Plan, IT Plan, Cybersecurity, Innovation and data/artificial intelligence, Risk Appetite Framework and Risk Management Policies, Supervisor Relations (SSM - SRM).

To promote better understanding of the reference corporate and regulatory environment and its evolution, a collection of governance documents, regulatory references, key correspondence with the Supervisory Authorities, accounting positions and any additional documentation conducive to the performance of their duties is available to Board Members via a dedicated electronic platform and regularly updated.

The Board of Directors receives periodic reports from the corporate control functions on their activities, which illustrate the checks carried out, the results achieved, the weaknesses found and the proposals for action to be taken to eliminate them within the various company areas. These reports shall also cover anti-corruption issues. Several Directors also hold positions on the Boards of Directors of leading Italian universities as well as on the Boards of foundations and third sector bodies active in the fields of art and culture, health, support for poverty and the circular economy and support for nutrition policies. In particular, a member of the Board of Directors, as well as Chairman of the Risks Committee, is a member of the Creates Scientific Council, a Centre for Research in Business Ethics and Social Responsibility which aims, among other things, to enhance research on business ethics, ethical finance, corporate governance and social reporting.

REMUNERATION

Full information, both in qualitative and quantitative terms, is provided in the Report on the remuneration policy and the remuneration paid ("Remuneration Report"), available on the website [\[1\]](#).

The Bank's Articles of Association envisage that the members of the Board of Directors be entitled, in addition to the reimbursement of expenses incurred due to their office, to a remuneration for the services rendered, which is determined by the Shareholders' Meeting in a fixed amount for the entire period of their office. The Shareholders' Meeting also determines the additional remuneration for the office of Chairman and Deputy Chairperson. Pursuant to the Articles of Association, the Shareholders' Meeting has the duty to determine, at the time of the appointment of the Management Control Committee and for the entire term of office, specific remuneration for the Board Members of this Committee, consisting of an equal amount for each Member, but with a special addition for the Chairman.

Pursuant to the Articles of Association, the Managing Director is entitled to receive a fixed and variable remuneration tied to the position of General Manager, determined by the Board of Directors in line with the Remuneration and Incentive Policies approved by the Shareholders' Meeting.

As required by the Supervisory Provisions, in accordance with the principle of external competitiveness and

in order to support the achievement of the ambitious objectives set out in the 2018-2021 Business Plan, the Shareholders' Meeting resolved to increase the incidence of variable remuneration to fixed remuneration up to a maximum of 2:1 for Group Risk Takers, including the Managing Director and General Manager.

The variable component of remuneration, bound to the achievement of specific performance objectives linked to the creation of value for shareholders and adjusted for the risks assumed, is composed of the Annual Incentive System and 2018-2021 POP (Performance-based Option Plan) Long-Term Incentive Plan. In accordance with the Supervisory Provisions and the Group's Remuneration and Incentive Policies, both the short- and long-term variable components are subject to deferral and partly assigned in financial instruments subject to holding periods after the vesting period.

Specifically, under the Annual Incentive System, if the bonus accrued is equal to or less than 100% of the fixed remuneration, 55% is paid in shares and the remainder in cash. On the other hand, if the bonus accrued is more than 100% of the fixed remuneration, 60% is paid in shares and 40% in cash. Furthermore, the disbursement of 60% of the bonus is deferred for 5 years.

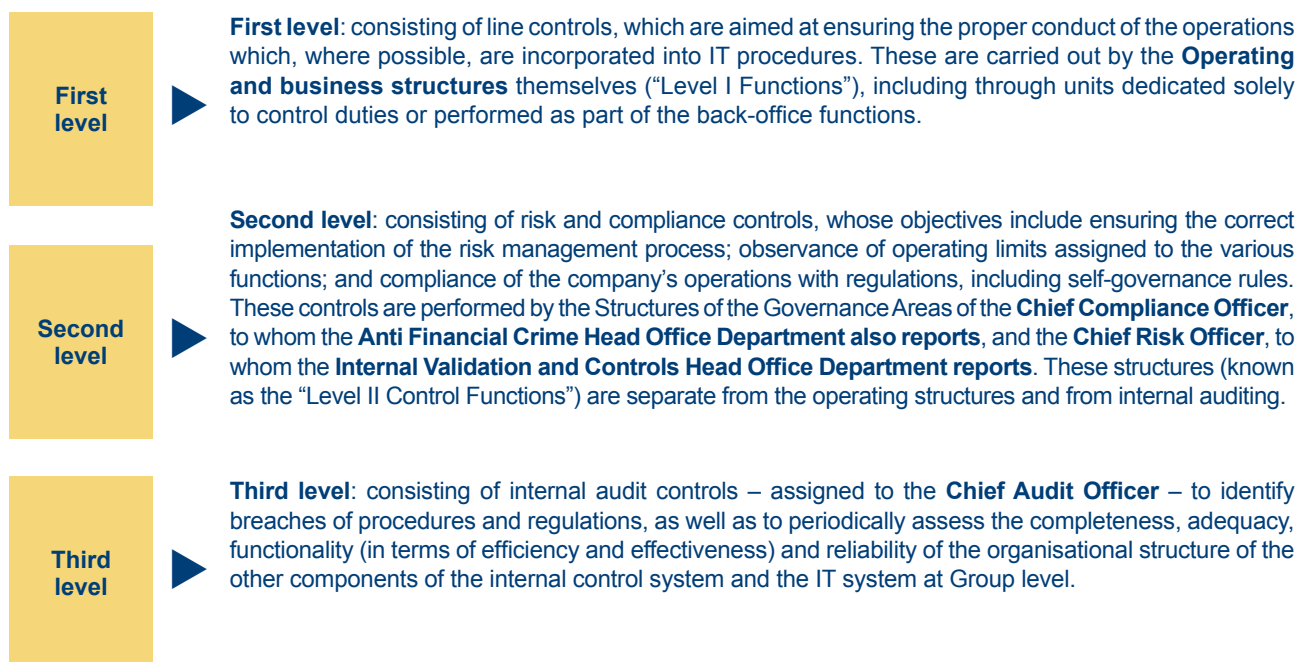
The payment of the deferred amounts is subject to the verification of the malus conditions each year.

Finally, the company reserves the right to activate claw-back mechanisms on bonuses already paid in the 5 years following their payment in the event of disciplinary measures against fraudulent or grossly negligent conduct and in the event of conduct that does not comply with the provisions of the law, regulations, articles of association or any codes of ethics or conduct resulting in a "significant loss" for the Bank or for customers.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

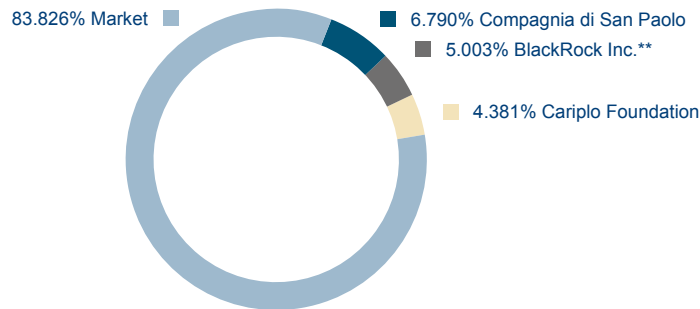
To ensure sound and prudent management, which combines business profitability with informed risk taking and operating conduct underpinned by fairness, the Bank has adopted the Integrated Internal Control System Regulations.

The internal control system has been designed to achieve constant monitoring of the identification, governance and control of the risks involved in our activities and is based on three levels:



SHAREHOLDER

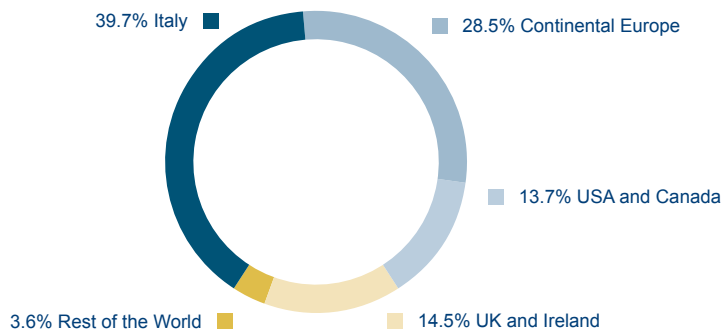
Intesa Sanpaolo's share capital is equal to 9,085,663,010.32 euro, divided into 17,509,728,425 ordinary shares. In February 2020, Intesa Sanpaolo's shareholder base was composed as follows (holders of shares with voting rights exceeding 3%*):



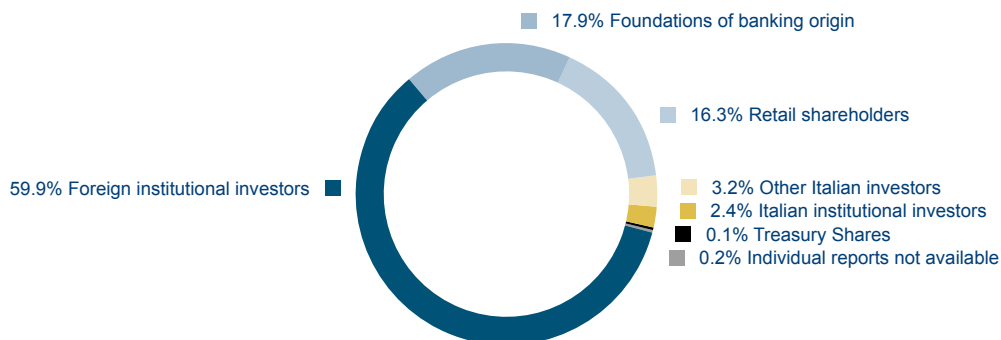
(*) Shareholders being fund management companies may be exempted from disclosure up to the 5% threshold.
 (**) Held as assets under management.

Below is a breakdown of the shareholder base by geographic area and type of shareholder, based on the names of the receivers of the dividend paid for the year 2018, as reported by the intermediaries (ex-dividend date 20 May 2019).

SHAREHOLDER COMPOSITION BY GEOGRAPHICAL AREA



SHAREHOLDER COMPOSITION BY TYPE OF SHAREHOLDERS



RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY

In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on fair and timely communication.

During 2019, communications with the financial community continued to focus on sustainable profitability and the Group's solidity as a firm point of reference for stakeholders. To guarantee access to all, again in 2019 this information was made available quickly, easily and economically through a number of channels like Internet and conference calls via a freephone number. The Investor Relations section of the website [i] boasts well-organised content and updates on topics, always providing stakeholders with extensive, systematic information. In order to contribute to the creation of sustainable value over time, regular and frequent meetings were held with the financial community that consolidated long-term relations based on mutual trust.

Special attention was also paid to SRI (Socially Responsible Investment) investors and analysts, with dedicated events and road-shows.

INTESA SANPAOLO STOCK PERFORMANCE

The performance of the Intesa Sanpaolo ordinary shares in 2019 mirrored that of the banking sector indices, showing an upward trend until mid-April, followed by a sharp downturn until early June, when they reached their lowest point. After that the shares performed unevenly until mid-August and then rebounded, reaching their peak on 20 December and ending the year up 21.1% on the end of 2018.

Intesa Sanpaolo's capitalisation rose to 41.1 billion euro at the end of December 2019, from 34 billion euro at the end of 2018.

The Board of Directors shall propose to the Shareholders' Meeting to allocate 0.192 euro per share, totalling approximately 3.4 billion euro.

SHAREHOLDERS' MEETING

For the Bank, Shareholders' Meetings are one of the main opportunities for contact and dialogue with shareholders, as well as important occasions for the disclosure of news, in accordance with the principle of non-selective disclosure and rules on price sensitive information. At the same time, the Shareholders' Meeting represents for shareholders an opportunity for active participation in the Bank's operations and a chance to express their opinions, through the methods and on the topics envisaged by law and by the Articles of Association.

Intesa Sanpaolo has always strived to encourage the broadest possible participation in the Shareholders' Meetings and to guarantee the best quality standards for the information provided in order to realise the full potential of the meeting.

The Shareholders' Meeting is called by the Board of Directors whenever it is deemed appropriate, or upon request by Shareholders representing at least one twentieth of the share capital.

The Shareholders' Meeting may also be called by the Management Control Committee, where required for the fulfilment of its duties, subject to sending notice thereof to the Chairman of the Board of Directors.

In 2019, the ordinary Shareholders' Meeting was held on 30 April.

RIGHT TO ATTEND AND VOTE

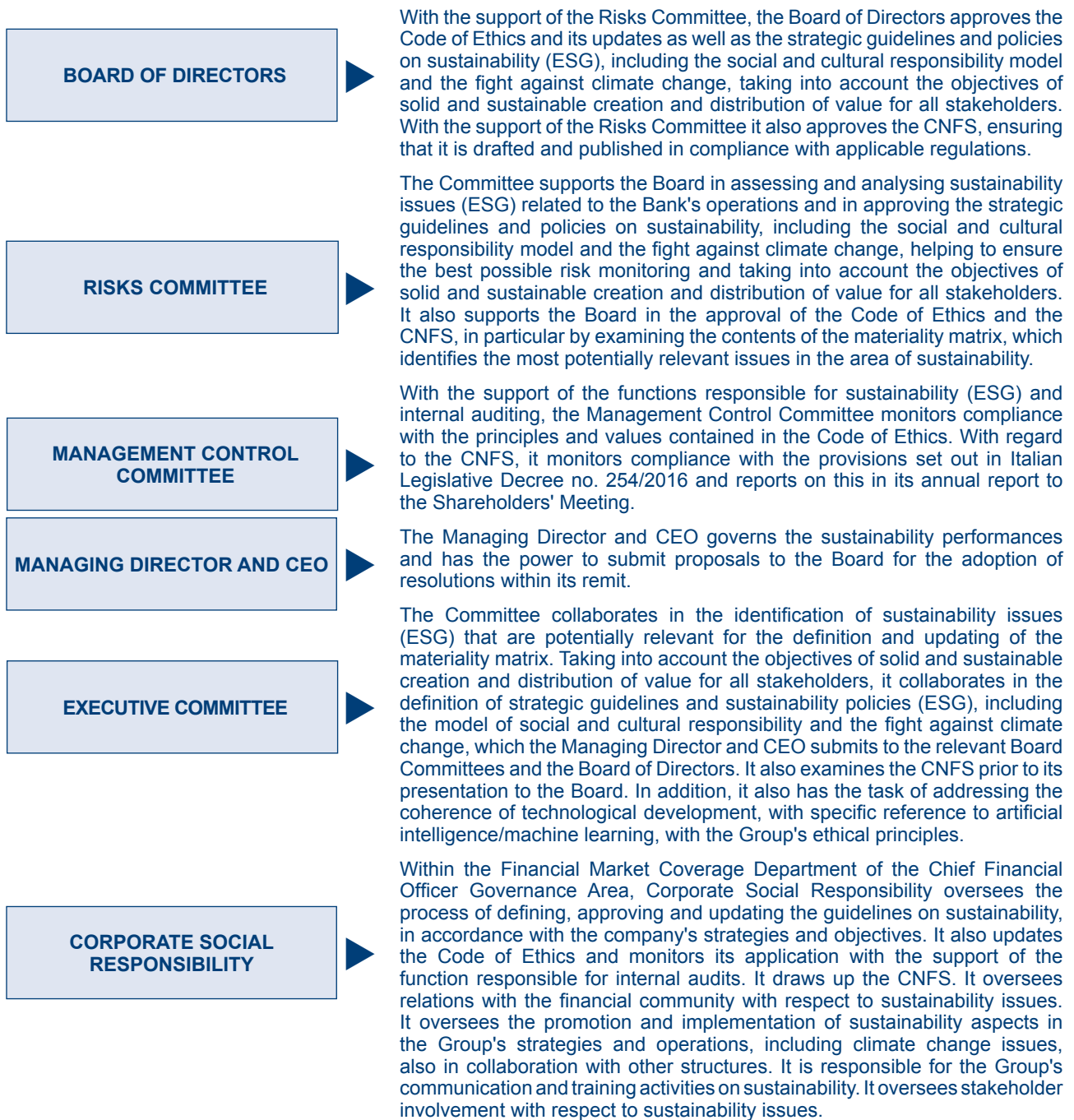
Each share gives the right to attend and vote at Ordinary and Extraordinary Shareholders' Meetings (each share carries one voting right).

Sustainability Governance

The strategic guidelines and policies on sustainability (ESG – Environmental, Social, Governance) are approved by the Board of Directors with the support of the Risks Committee, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders.

In its 2018-2021 Business Plan, Intesa Sanpaolo committed to strengthening its leadership in corporate social responsibility, aiming to become a model of reference in terms of sustainability and social and cultural responsibility.

The main ESG responsibilities of the Intesa Sanpaolo Bodies and Structures are specified below.



The sustainability governance system is based on the strong involvement of the Risks Committee, established within Board of Directors to offer support, including in the assessment and analysis of ESG issues. To this end, Corporate Social Responsibility (CSR) periodically meets with the Committee to agree upon the approach and report on the progress of processes and activities related to sustainability and non-financial reporting. In 2019, it

took part in three meetings with the Risks Committee (with the Management Control Committee also invited to two of them) to provide information on the 2018 Consolidated Non-financial Statement, on the Consolidated Non-financial Statement as at 30 June 2019, drawn up on a voluntary basis for the first time this year and published in September and on Intesa Sanpaolo's positioning in the main sustainability/ESG indices and rankings.

In addition, it presented the Annual Report on the implementation and governance of the Code of Ethics to the Management Control Committee together with the Surveillance Body pursuant to Italian Legislative Decree 231/2001.

In these activities, CSR is supported by a network of about 60 CSR Contacts appointed in the main structures and by the CSR Delegates identified in each of the Banks that are part of the International Subsidiary Banks Division. Also in 2019, in order to strengthen sustainability governance, CSR involved those reporting directly to the CEO in specifically organised meetings with the aim of further increasing engagement and knowledge of ESG issues. For each Governance Area, Division and Head Office Department, each Chief identified Sustainability Managers capable of playing a strategic role in the definition and implementation of sustainability objectives and in the cooperation and coordination between Top Management and CSR.

In 2019, CSR promoted specific initiatives including:

- the adoption of the UNEP FI Principles for Responsible Banking - PRB, a planning document that intends to bring the banking sector closer to the UN Sustainable Development Goals and the 2015 Paris Climate Agreement;
- responding to 23 assessments from investors and analysts on ESG and climate change issues, and holding 33 meetings with 47 parties including investors and analysts focusing on sustainability, in collaboration with Investor Relations and Investor Coverage.

Moreover, in order to consolidate the Group's leadership in sustainability the ISP4ESG project was launched, a wide-ranging initiative with a significant impact promoted by the Financial Market Coverage Department of the Chief Financial Officer Governance Area in coordination with the Strategic Support Department, which involved the various Group structures. Starting with the mapping of the ESG positioning with respect to the main players in the sector, strengths and areas for specific focus were highlighted, also in light of recent regulatory scenarios, with the aim of being an exemplary model in the sustainability/ESG strategy.

IMPLEMENTATION AND GOVERNANCE OF THE CODE OF ETHICS

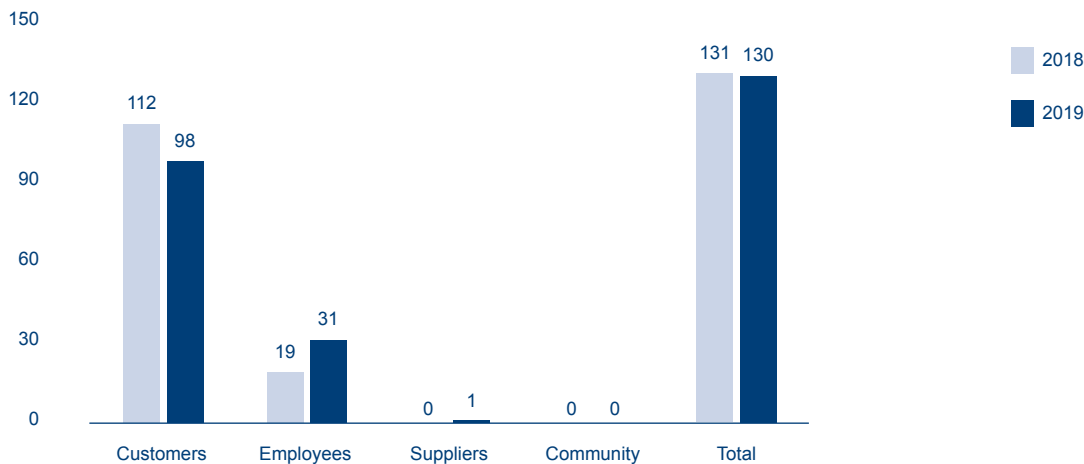
The Code of Ethics is the self-regulation document for the integration of social and environmental considerations into company processes, practices and decisions. It contains voluntary commitments in the management of relations with all the Group's internal and external stakeholders, setting out the core values and foundations of the corporate culture.

The Code's implementation and governance mechanism is based on the following cornerstones:

- The principle of self-responsibility, where each structure is directly responsible and ensures adherence to the values and principles of the Code, setting the related objectives and action plans and, where appropriate, appointing a CSR Contact and Sustainability Managers.
- The commitments set out in the Code are given practical expression in the annual reporting process (Consolidated Non-financial Statement), which presents the management policies and procedures, initiatives, indicators and objectives for the issues relevant to the stakeholders and the business. Furthermore, in 2019 the process was also reinforced by the half-yearly non-financial reporting.
- The analysis and subsequent certification of corporate social responsibility governance by an independent third party in accordance with the principles and contents of standard ISO 26000, published annually on the website [i]. The Governance was assessed according to the method UNI PdR ("Reference Practice") 18:2016, which concluded with a rating of "Consistent and committed to excellence" and a score of 44 on a scale from 15 to 45 (in 2018 the score was 42). The update of the third-party assessment relating to the application of the Code of Ethics was carried out by focusing on the analysis of the Governance of relevant issues that emerged from the annual materiality analysis. The assessment revealed that the Group's CSR governance has matured substantially, with clear assignment of ESG responsibilities to the Executive Committee. The scoring for Italy shows an increase in relation to 7 out of 10 issues. It should be noted that the Direct Environmental Impacts had already achieved the maximum score. The monitoring of cross-cutting processes (human resources management, health and safety, management of direct impacts on the environment, prevention of corruption, Community commitment) was found to be robust and effective for Italy, distinguished by further innovative ideas. The introduction of ESG logic in the granting of credit, asset management and management of insurance products emerged with greater clarity, particularly with respect to Italy. In relation to International Subsidiary Banks, in line with the strengthening of CSR Governance activities, an improvement in 9 of the 10 topics analysed is appreciated. In particular, the most significant improvements were recorded in the issues Integrity in corporate conduct, Quality and innovation in customer relations, Responsible asset management and Employee growth and development.
- Management of cases of non-compliance with the Code of Ethics: CSR receives reports sent in and, following the necessary checks, replies in collaboration with the structures concerned, ensuring to protect the reporting parties from any form of retaliation, discrimination or penalisation, and guaranteeing the utmost confidentiality, without

prejudice to obligations laid down by the law. In 2019, 130 reports were received, of which 84 were received in Italy and 46 from abroad, similar to 2018.

Reports of alleged non-compliance with the Code of Ethics



The highest number of reports came from customers (98), followed by those from employees (31). The category having the greatest impact in the area of customer complaints concerns the difficulty of access to branches or online services by people with disabilities (18 reports), in particular due to the complexities of access channels. There are 13 complaints related to products deemed to be incorrectly offered, which are often caused by a lack of understanding of certain products by customers who are increasingly diverse in age, origin and culture. There are 31 reports received from employees, 22 of which come from abroad, regarding conflicts at work, difficulties in integration for workers with disabilities and – on the foreign front – reports of alleged irregularities. Non-discrimination issues were constantly and carefully monitored in 2019 as well.

- The dissemination of the culture of sustainability: the collection of 9 pieces of training modules (videos and training fiction) on the values and principles of the Code of Ethics made available in 2018 was further expanded in 2019 with 6 new items dedicated to the analysis of sustainability issues within Intesa Sanpaolo, like the challenge related to climate change, human rights, financial inclusion and sustainable investments. The course on financial inclusion and the role played by the Group had about 29,600 views, while the remaining had at least 2,000 views each. Moreover, a new training plan dedicated to CSR Delegates of the International Subsidiary Banks Division was launched in 2019 with a specific focus on issues and activities related to the integration of sustainability in the organisation. The first two modules were dedicated respectively to ISO 26000, GRI Standards and reporting quality requirements. Each session involved a total of 15 participants. During the year training sessions also continued for the structures involved in the management of complaints and customer satisfaction of the International Subsidiary Banks Division, aimed at identifying and reporting potential breaches of the Code of Ethics. The 2019 editions involved Intesa Sanpaolo Bank Albania and Intesa Sanpaolo Bank Romania for a total of more than 450 participants.

Compliance with the principles and values of the Code of Ethics was monitored with the support of the Chief Audit Officer, so that it could be reported annually to the Management Control Committee and the Surveillance Body pursuant to Italian Legislative Decree 231/2001. Checks were conducted on 15 risk areas that also considered social and environmental responsibility aspects and implications including:

- Transactions with Related Parties and associated entities;
- Personnel remuneration and incentive systems (in various Group companies);
- Reporting on the Research and Development Special Fund financing and more generally the disbursement of loans (involving an assessment of social and environmental elements) in specific segments or business areas (New York Hub - Structured Finance Desk);
- Checks on the methods of data collection and management for the Consolidated Non-financial Statement;
- Management of purchasing procedures (i.e. centralised purchasing or for specific companies and activities), of monitoring and qualification of suppliers and of processes concerning specific categories of suppliers (infopvider);
- Role and activities of the subsidiaries ISPIC Spa and Neva Finventures Spa, for some aspects related to the circular economy;
- Sponsorships and local donations (assessments of some specific entities).

The audits did not identify any particular breaches or critical issues.

Management of environmental, social and governance risks

The Group has implemented specific processes and responsibilities to understand and manage risks in such a way as to ensure long-term soundness and continuity, extending the benefits to its stakeholders.

Below is an overview of the main ESG risks that are significant due to their potential impact on company activities and the related mitigation measures.

The following sections go into more detail and describe the main controls relating to some of the risks identified in the table below. A specific table explains in depth the risks associated with the environment and climate change.

Issue	Potential risk	Potential impacts	Mitigation measures
Integrity in corporate conduct	<p>Risks of non-compliance with applicable legislation (corruption, money laundering, taxation, free competition, privacy, labour law) and ineffective response to regulatory changes</p> <p>Risk of providing employees with insufficient or no training</p> <p>Reputational risks</p>	<p>Fines and penalties, limitations to conducting business</p> <p>Damage to reputation and brand</p>	<p>Compliance system divided into different levels to monitor the risk of non-compliance, with specialised functions</p> <p>Internal control system</p> <p>Definition of corporate internal regulations</p> <p>Specialist training for employees</p> <p>Introducing a whistleblowing system</p> <p>Drafting self-regulation policies for sensitive sectors</p> <p>Adherence to UNEP FI's Principles for Responsible Banking</p>
Customer protection and responsible sales	<p>Unfair commercial practices</p> <p>Inadequate customer service levels</p> <p>Inadequate customer communications</p> <p>Ineffective transition from traditional to digital channels</p> <p>Inadequate customer communications</p> <p>Business continuity in the event of an emergency, blocking or malfunctions</p>	<p>Loss of competitiveness, customers and market shares leading to reduced profitability</p> <p>Disputes and complaints</p> <p>Fines and penalties</p> <p>Damage to reputation and brand</p> <p>Damage to persons and objects during robberies</p>	<p>Model focussing on the level of service, on personalised advice, and on transparency</p> <p>Process of clearing for new products and services</p> <p>Careful and proactive management of complaints</p> <p>Innovation in the offer aimed at ensuring accessibility to services</p> <p>Business continuity plan</p>
Multichannel approach and accessibility	IT risk		Prevention of IT risk
Health and safety of customers and employees	Robberies		Preventing and combating robberies
Supporting to businesses	<p>Management of social and environmental risks in loans</p> <p>Transactions or loans in sensitive sectors</p> <p>Reputational risks</p>	<p>Non-performing loans or needs for provisions</p> <p>Damage to reputation and brand</p>	<p>Rating model which also includes intangible aspects of companies</p> <p>Risk clearing processes</p> <p>Equator Principles for project finance</p> <p>Drafting self-regulation policies for sensitive sectors</p> <p>Opinions involving social-environmental factors</p>

Issue	Potential risk	Potential impacts	Mitigation measures
Responsible asset management and customer protection	Assessment and control of ESG risks in the investment portfolios Investments in sensitive sectors Reputational risks	Loss of competitiveness, market shares and customers who are conscious of ESG aspects, leading to reduced profitability Damage to reputation and brand	Subscription to PRI (Principles for Responsible Investment) and the Principles of Stewardship Subscription to PSI (Principles for Responsible Insurance) Range of Ethical/ESG funds Company engagement activities Drafting self-regulation policies for sensitive sectors
Employee growth and development	Inadequate employee growth and motivation Incapacity to acquire and maintain talent Insufficient focus on diversity and inclusion issues	Employee dissatisfaction with impacts on productivity Lack of adequately trained and qualified personnel Inadequate customer service levels	Investments in training activities Talent management programmes Recognition of employees' merit Initiatives to ensure diversity and inclusion
Employee well-being	Health and safety of employees	Accidents in the workplace Employee dissatisfaction with impacts on productivity	Certification of the health and safety management system (OHSAS 18001) in all branches in Italy Coordination and rules for health and safety management systems in Banks of the ISBD scope Assessment of work-related stress Work-life balance initiatives Prevention and welfare for employees
Responsible reorganisations	Conflicts and related labour dispute risks	Disputes Strikes with impacts on service continuity for customers Employee dissatisfaction with impacts on productivity	Responsible management of corporate restructuring processes, with the reallocation of employees to other activities New hires to promote generational change Management of labour dispute risks

The risk management system also involves the identification, understanding and monitoring of so-called emerging risks, i.e. risks characterised by components that are scarcely known or rapidly evolving, potentially significant in the medium term to the Group's financial position and business model, even though their effects are not easy to assess and cannot yet be fully integrated into the most consolidated risk management frameworks.

In this perspective, the outlook for global economic growth shows significant vulnerabilities and downside risks, primarily relating to the uncertainty of the recovery of global trade and manufacturing and geopolitical tensions remaining high. In addition, the spread of COVID-19, with its implications for public health, the economy and trade, may have a significant dampening effect on global growth.

MONITORING OF ESG AND REPUTATIONAL RISKS

In accordance with its approach to Corporate Social Responsibility and the principles outlined in the Code of Ethics, the Intesa Sanpaolo Group is aware of the importance of the correct and responsible allocation of resources, following social and environmental sustainability criteria. Therefore, it promotes balanced development that can redirect capital flows towards sustainable investments that balance interests like the preservation of the natural environment, health, work, the well-being of the whole community and the safeguarding of the system of social relations.

To this end, it takes into account social, environmental and governance risks ESG (environmental, social and governance) associated with the activities of customer companies and pays particular attention to the study of sustainability issues related to sectors considered to be sensitive, i.e. those having a significant risk.

In particular, the monitoring of these risks provides for:

- their inclusion in the Risk Management framework, with particular reference to the Governance of Reputational Risks¹ and the Management of the Most Significant Transactions²;

¹ Reputational risk is defined as the current or prospective risk of a decrease in profits or capital due to a negative perception of the Bank's image by customers, counterparties, bank shareholders, investors and Supervisory Authorities.

² Transactions of particular importance, of a proprietary type or with individual customers or counterparties, potentially capable of having a significant impact on the overall risk profile and/or the specific risks of the Group.

- their assessment within the processes related to the implementation of the Equator Principles³ and Reputational Risk Clearing;
- a specific focus on reputational and climate change risks within the "Risk Appetite Framework"⁴;
- the definition of the list of "sensitive" sectors with reference to ESG and reputational risks and subject to self-regulatory policies.

Among the sensitive sectors, the production and trade of arms is of particular importance and is subject to internal regulation. Specifically, in keeping with the values and principles expressed in the Code of Ethics and aware of the need to support national and European defence together with the allied countries in NATO, the Intesa Sanpaolo Group, with regard to the activities of its domestic and foreign subsidiaries, does not support operations that relate to the production and/or trade of military goods, even if permitted by applicable law, in countries that do not belong to the European Union and/or NATO.

Any operations in countries which do not belong to the European Union or NATO shall be submitted for approval to Intesa Sanpaolo's Managing Director and CEO, after consultation with the Chief Compliance Officer, who shall assess such requests, having regard in particular to the existence of intergovernmental programmes with the Republic of Italy.

The company rules also prohibit the undertaking of any kind of banking or lending activity related to the production of and/or trade in controversial weapons and/or those banned by international treaties and in particular: nuclear, biological and chemical weapons; cluster and fragmentation bombs; weapons containing depleted uranium; and anti-personnel landmines. In addition to the provisions already adopted by Intesa Sanpaolo by its domestic and foreign subsidiaries, in accordance with the provisions of Italian Law 185/1990, in 2017 specific rules were issued for the Group's International Subsidiary Banks that provide a ban on the support to any operation related to the production and/or trade of military goods, with the exception of military supplies provided by the Bank's customers to the Armed and/or Police Forces of the Country to which a Subsidiary Bank belongs.

The operations of the Group's Branches and International Subsidiary Banks are also subject to local regulations, when they are stricter than the Group regulations.

REPUTATIONAL RISK GOVERNANCE MODEL

The reputational risk governance model of Intesa Sanpaolo envisages that management and mitigation of reputational risks is pursued:

- through compliance with standards of ethics and conduct by all employees: the Code of Ethics adopted by the Group contains the core values that Intesa Sanpaolo intends to commit itself to and sets out the voluntary principles of conduct for dealings with all stakeholders (customers, employees, suppliers, shareholders, the environment and, more generally, the community) with even broader objectives than those required by current legislation. As already noted, the Group has also issued voluntary conduct policies (human rights policy, environmental policy and arms industry policy) and adopted international principles (UN Global Compact, UNEP FI, Equator Principles) aimed at pursuing respect for the environment and human rights;
- systematically and independently by the structures tasked with safeguarding the company reputation, which maintain relations with stakeholders, within their respective areas of responsibility;
- across the various corporate functions, through the Reputational Risk Management processes coordinated by the Chief Risk Officer Governance Area. In this context, in addition to the Clearing process, better described in the dedicated section, we would mention Reputational Risk Monitoring to monitor the evolution of Intesa Sanpaolo's reputational positioning over time, and identify the main areas of exposure, above all through periodic analysis of its web reputation, and the Reputational Risk Assessment with which Top Managers identify the main reputational risk scenarios the Group is exposed to;
- with an integrated monitoring system for primary risks (like credit risk, operational risks, market risks) to limit exposure to those risks, and compliance with the related limits contained in the Risk Appetite Framework.

The Group aims to achieve constant improvement of reputational risk governance also through an integrated compliance risk management system, as it considers compliance with the regulations and fairness in business to be fundamental to the conduct of banking operations, which by nature are founded on trust.

³ The Equator Principles (EP or Principles) are international Guidelines (that financial institutions adhere to on a voluntary basis) for the management of socio-environmental risks arising from project financing. The Principles are based on the criteria of the International Finance Corporation (IFC) of the World Bank (the Performance Standards), which concern, amongst other issues: the assessment of social and environmental impacts; the protection of workers' rights; the exclusion of child labour and forced labour; the prevention of pollution and the promotion of energy efficiency; risks to the health and safety of communities; the consultation of the populations concerned and protection of their rights; safeguarding biodiversity and the sustainable management of natural resources; and the preservation of cultural heritage.

⁴ The RAF represents the overall framework within which corporate risk management is developed, and is divided into (i) general principles of risk appetite; (ii) monitoring of the Group's Overall Risk Profile; (iii) monitoring of the Group's Main Specific Risks.

MANAGEMENT OF ESG AND REPUTATIONAL RISKS IN BUSINESS OPERATIONS

The Code of Ethics requires investment decisions and the credit policy to take into account the socio-environmental risks associated with the activities of corporate customers. This commitment is also contained in the Rules for the environmental and energy policy and in the Principles on Human Rights.

The assessment of creditworthiness, which includes the socio-environmental aspects, is conducted for all corporate customers, in accordance with the Rules of the Internal Rating System.

In particular, thanks to its long-term collaboration with Confindustria Piccola Industria, an innovative rating model has been developed, validated by the ECB. In the model, social and environmental aspects can also have a positive impact, leading to an improvement in the rating. In addition to the usual economic and financial assessments, the new model aims to make it easier to access credit, with more favourable financial terms, by highlighting the intangible qualities of the business, such as trademarks, patents, quality and environmental certifications, research and development activities, innovation and digitalisation, development and competitive positioning projects, management of business risk and being part of a supply chain.

Moreover, a study was launched in the third quarter of 2019 to assess the degree of correlation between the risk factors usually considered in ESG-type assessments and credit risk. On the basis of the evidence that will emerge at the end of the analysis, the most appropriate way of introducing these factors into the bank's risk management processes will be assessed (e.g. creditworthiness assessment).

Within the above mentioned Reputational Risk Management (RRM) processes coordinated by the Chief Risk Officer Governance Area, Reputational Risk Clearing is particularly important, aimed at the ex-ante identification and assessment of the potential reputational risks associated with the most significant business operations, the main capital budget projects and the selection of the Group's suppliers/partners.

As part of Reputational Risk Clearing, a class of risk is assigned to transactions/counterparties that are potentially exposed to reputational and ESG risks in order to support decision-making processes, thus enabling an informed acceptance of risk.

In 2019, clearing activities were further strengthened through:

- the introduction of a category dedicated to assessing the ESG risk profiles of transactions in sensitive sectors as part of the Group's Most Significant Transactions;
- the incorporation of reputational and ESG assessments into the credit process;
- the inclusion of the assessment of transactions subject to Equator Principles (EP) in the "Reputational Risk Clearing" process.

With regard to the assessment of business transactions, methodological developments have focused on strengthening the structural assessment of ESG risks associated with transactions/counterparties, with a particular focus on customers/counterparties operating in sectors that are also sensitive to climate change risk. In 2019, a total of 40 partnerships and 130 financing transactions were assessed, 17 of which were screened under the Equator Principles (EP).

The assessment of the transactions subject to EPs, which Intesa Sanpaolo has adhered to since 2007, has been included in the risk management framework where it contributes to more effectively outlining the risk of the loans subject to assessment, meeting the objective of making risk management increasingly integrated.

The implementation process of the EPs is also fully integrated with the Group's credit policies in order to identify all loans, starting from the application stage, that come under the scope of the Principles. The latter includes the technical form of Project Finance, from 10 million US dollars, and Project related Corporate Loans, from 100 million US dollars.

The EPs envisage the assignment of a risk category to the projects to be financed (A is high, B medium and C low), based on variables such as the socio-environmental characteristics of the country, the industrial sector and the characteristics of the project in question.

Higher-risk projects, and medium-risk projects if necessary, are assessed by an independent advisor who identifies the main social and environmental impacts.

2019 saw the EP Association's launch of the new EP IV, which will come into force in July 2020 and which extend the scope of application to refinancing loans and acquisition loans, while the threshold is lowered to 50 million US dollars for project related corporate loans. Intesa Sanpaolo has actively participated in the review process by providing its contribution together with the other members of the Association.

In 2019, a total of 11 loans subject to screening according to the Equator Principles reached financial close (a total of 357 since 2007).

In 2019, the amount granted for projects that adopted the Equator Principles assessment process, was 825 million euro. The amount disbursed during the year for transactions subject to EP screening have been equal to 5.7% of total disbursement related to project finance transactions.

The table below shows the number of projects that reached financial close in 2019, with a breakdown by category.

	Total	Category A	Category B	Category C
Project Finance	11	3	7	1
Project related Corporate Loans	0	0	0	0

Management of potential risks and impacts related to climate change

Climate change represents a complex challenge that is set to have a major impact on the future of our planet and society. Climate change is responsible for the increase in extreme weather events (flooding, whirlwinds, forest fires, etc.), and has permanent effects on climate conditions (increase in average temperature, increase in sea level, etc.) which may lead to significant economic, environmental and social costs. These events may generate a loss of wealth and income for companies and families, thus having a potential impact on the financial system. Banks have a key role to play and a responsibility on the issue of climate change, because they have the possibility of directing loans and investments towards companies that are virtuous from an environmental point of view, and operate with a view towards raising awareness and risk containment. In the same way, banks must analyse and contain possible risks to their buildings and consequently to their daily operations.

The growing focus given to the possible consequences of climate change has led to a greater awareness among financial institutions of the need to develop specific knowledge about such risks and the opportunities associated with them.

Climate change risks are divided into “physical risks”, associated with the physical impact of climate events, and “transition risks” arising from the process of adjustment to an economy based on low carbon emissions, associated with the changes in public policies, technology and consumer choices.

Since October 2018, Intesa Sanpaolo has decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change, in order to include the main climate-related communications within the framework of financial disclosures for stakeholders, as shown in the TCFD Reconciliation table (see page 195).

GOVERNANCE

In 2019 Intesa Sanpaolo strengthened its governance of sustainability and climate change. With the support of the Executive Committee, the Managing Director and CEO submits the definition of strategic guidelines and sustainability policies (ESG) including the fight against climate change to the relevant Board Committees and the Board of Directors. The Board of Directors then approves the strategic guidelines and policies on sustainability (ESG) with the support of the Risks Committee, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders, including the environment as declared in the Group’s Code of Ethics. Moreover, the Executive Committee – composed of the first organisational line – meets quarterly to examine sustainability issues (ESG), including the fight against climate change.

In this context, Intesa Sanpaolo actively participates in a series of international initiatives, including the Global Compact, the United Nations Environment Programme Finance Initiative (UNEP-FI) and the Equator Principles, and since 2019 the Principles for Responsible Banking (PRB), an initiative that aims to formalise the banking sector’s commitment to increasing social and environmental sustainability. Through its subsidiaries, it adheres to the Principles for Responsible Investments (PRI) in asset management and the Principles for Sustainable Insurance (PSI) in the insurance sector.

STRATEGY

Intesa Sanpaolo is aware that a large banking group has a significant influence in terms of environmental and social sustainability, both in the short and long term. In fact, in addition to directly managing energy consumption with a view to increasing efficiency and reducing greenhouse gas emissions in its buildings, Intesa Sanpaolo can exert an influence on activities and behaviour that it cannot directly control, in particular those of customers and suppliers.

Intesa Sanpaolo's climate strategy is mainly oriented towards the promotion of sustainable financial instruments to support the transition to a low-carbon economic model. Indeed, the integration of climate considerations into the provision of financial services can have a significant impact and contribute significantly to the fight against climate change.

Intesa Sanpaolo has a diversified business model – with revenues from financing, investment, insurance underwriting and asset management – serving the various sectors of the economy at an international level. This breadth and diversification helps on the one hand to reduce the Group's vulnerability to different specific aspects of climate risk and to take advantage of a wide range of climate-related opportunities, but on the other hand it increases the breadth of analysis and action to be taken with respect to the transition to a low-carbon economy.

In 2019 Intesa Sanpaolo started participating in the working group TCFD Banking Sector Pilot - Phase II, which involves more than 35 international banks coordinated by UNEP FI, with the aim of developing methods for the assessment of risks related to climate change through the performance of long-term scenario analysis. In particular, this method of analysis is applied to certain sectors of the Group's credit portfolio that are sensitive to climate change, in order to quantify the impact of both transition risk and physical risk.

RISK MANAGEMENT

Intesa Sanpaolo takes into account the social, environmental and governance risks, associated with the activities of its customer companies and the economic activities it invests in and pays particular attention to the in-depth study of sustainability issues related to sectors considered sensitive, i.e. those with a significant socio-environmental risk. In this context, the Bank pays particular attention to the risk arising from climate change (both physical risk and transition risk).

Key activities in climate risk management concern:

- the identification, assessment and measurement of such risks;
- the implementation, development and monitoring of a company-wide risk management framework, including risk culture, risk appetite and credit limits.

With the support of a cross-functional working group, the Chief Risk Officer Area and the Chief Financial Officer Area are responsible for identifying and analysing the range of risks and opportunities related to climate change in order to incorporate them into the ordinary processes of risk assessment and monitoring and credit strategies, and for setting objectives and guidelines to implement actions to manage and mitigate these risks.

Within the Risk Appetite Framework (RAF), the Group has introduced a specific reference to climate risk, working to develop its integration into the existing risk management framework with particular reference to credit risk and reputational risk.

In 2019 work began on identifying the business sectors in the credit portfolio that are potentially most affected by climate risk, both from transition risk and physical risk, in order to quantify the Group's exposure to these risks. The work follows the TCFD approach, i.e. the logic of financial materiality (impact of climate change on the value of the counterparty and consequently on credit risk).

The potential impacts, the related time horizon (short, medium, long) and the mitigation and adaptation actions taken for each potential risk observed are identified annually, with reference to both indirect and direct risks.

Indirect risks related to climate change

Potential risks	Timeframe*	Potential impacts	Actions
Transition Changes in public policies Technological changes Changes in customer/ consumer preferences	Short/medium/long term	LOANS Reduction of business or increase in costs for customer companies with possible consequences on creditworthiness and solvency ASSET MANAGEMENT Consequences of climate change on companies in the portfolio with consequent reduction in the value of assets under management	LOANS Assessment of ESG and climate risks on loans in sensitive sectors Inclusion of environmental risks when assessing creditworthiness Implementation of self-regulation policies for the assessment and management of the socio-environmental risk of loans in sensitive sectors Energy transition support through funding to the Green Economy and Circular Economy ASSET MANAGEMENT Assessment and control of ESG risks in the investment portfolios
Transition Changes in public policies Technological changes Changes in customer/ consumer preferences	Short/medium/long term	Reputational impact, negative perception from stakeholders and in particular from SRI investors due to nil or inadequate management of such risks Possible exclusion from sustainability (ESG) indices or a worse ESG position or lower rating	Inclusion of environmental risks when assessing creditworthiness Implementation of self-regulation policies for the assessment and management of the socio-environmental risk of loans in sensitive sectors Stakeholder engagement initiatives Participation in international working groups on climate change issues
Transition Changes in environmental regulations Introduction of new greenhouse gas emission limits or new related reporting systems	Short/medium term	Financial implications of environmental regulations and emission limits and/or taxes imposed on customers operating in certain economic sectors	Offering dedicated financial solutions and specialist advisory services for customers in the field of renewable energies and energy efficiency Participation in working groups and initiatives relating to climate change Active collaboration with policy makers to highlight the need for stable and clear environmental regulations
Transition Changes in the regulations and incentives on renewable energy	Short term	Negative impact on loans to customers interested in investing in renewable energy sources, due to an Italian scenario characterised by the uncertainty of public intervention	Offering advisory services to customers on new regulations and incentives for the renewables and energy efficiency sectors

* 0-2 years short term; 2-5 years medium term; over 5 years long term

Potential risks	Timeframe*	Potential impacts	Actions
Transition Changes in customer/ consumer preferences	Short/medium term	Reduction in revenues for the Group due to a lower demand for certain financial services/products	Offering green products and services Green bond issues Support to the Circular Economy
Physical Extreme weather events (floods, heavy snowfall, whirlwinds)	Short/medium/long term	Financial implications for corporate and retail customers damaged by extreme weather events, with possible consequences on their creditworthiness and solvency	New subsidised loans intended to restore damaged structures Suspension or moratorium of repayments of loans issued to damaged customers Implementation of a credit ceiling for the reconstruction of damaged properties in case of disaster events

* 0-2 years short term; 2-5 years medium term; over 5 years long term

Direct risks related to climate change

Potential risks	Timeframe*	Potential impacts	Actions
Transition Changes in environmental regulations	Short/medium term	Possible fines in the event of failure to comply with new regulations	Constant and precautionary monitoring of possible changes to national and European regulations
Transition Introduction of new greenhouse gas emission limits or new related reporting systems Increased cost of greenhouse gas emissions	Short/medium term	Costs for upgrading heating and air conditioning systems and for new monitoring tools Costs related to greenhouse gas emissions Increase in costs of energy supply	Implementation and monitoring of the Climate Change Action Plan Energy efficiency actions Increase in the use of renewable energy sources Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches and buildings
Transition Changes in environmental regulations and standards that the Group voluntarily adheres to (ISO standards)	Short/medium term	Costs of changing the processes of certification in the event of changes to standards	Continuous and precautionary monitoring of possible changes in standards Participation in specific training courses and workshops
Physical Extreme weather events (floods, landslides, heavy snowfall, whirlwinds)	Short/medium/long term	Possible damage to the Bank's infrastructure and possible disruption of activities	Precautionary assessment of the hydrogeological risks for buildings Adoption of a business continuity plan and measures to prevent/mitigate/manage physical damage to the Bank's structures

* 0-2 years short term; 2-5 years medium term; over 5 years long term

With reference to direct impacts, Intesa Sanpaolo is committed to analysing and containing possible risks on its properties.

The Risk Assessment Document evaluating risks to workers' health and safety (Italian Legislative Decree 81/2008) also includes, for example, the assessment of the hydrogeological risk due to flooding and landslides. A hydrogeological risk assessment of buildings is conducted as a preventive measure in relation to local risk and building vulnerability, and also subsequent to an external event with a view to maintaining the practical features of the buildings involved. Based on the provisions of the Italian Institute for Environmental Protection and Research (ISPRA, Istituto Superiore per la Protezione e la Ricerca Ambientale), which divides the territory into 5 hazard classes (very high P4, high P3, medium P2, moderate P1 and attention areas AA), more than 1,000 Intesa Sanpaolo buildings in Italy are subject to landslide and flood risk. For the Bank's assessment of flooding, the benchmark is based on the level of danger associated with a floodable area, and depends on the probability that the area can be flooded. With regard to landslides, on the other hand, the benchmark is also based on the level of danger (from P1 to P4) associated with an area subject to landslides, but depends on the relationship between the probability of occurrence of the event and its magnitude taking into account both the speed of the landslide's movement and the extent of its spread over the area. These assessments enable the Intesa Sanpaolo Group in Italy to implement actions that take account of the effects of critical events linked to natural phenomena attributable to climate change, allowing for the management of different potential risk scenarios, through the implementation of specific Emergency Plans, in order to mitigate and reduce possible damage, particularly to workers and third parties.

In addition, in order to improve the intervention and mitigation of hydrogeological risk, a pilot project was recently launched to define a vulnerability index for the Bank's properties. This index is useful for defining priority criteria for intervention or in-depth analysis when emergency situations occur. Based on the results of the pilot project, possible intervention measures to make the buildings safe will then be identified in order to prevent the occurrence of potential risk situations.

In general, with regard to all direct risks related to climate change and to the occurrence of crisis events in Italy, the adopted model calls for the activation of CEM (Critical Events Management) at the first alert of bad weather. CEM guarantees the continuous and precise monitoring of the situation and supports the overall coordination of the actions agreed to by the territorial structures, in constant connection with the relevant central structures.

In the case of very serious calamitous events, the EMOC (Emergency Management Operations Centre) of the Business Continuity Management Department is also activated, which monitors the situation, assesses the temporary closure of buildings and initiates any other actions.

In order to guarantee operational continuity in the areas most affected by bad weather, the local and central structures' crisis contacts are also activated for the timely reporting of critical issues, with particular reference to delays in the transport of valuables and correspondence, staff difficulties in reaching the workplace and difficulties of the branches with operations and systems.

Finally, with regard to the Environmental and Energy Management System according to the UNI EN ISO 14001:2015 standard, the Background Analysis has been updated to shed light on the needs and expectations of all stakeholders involved in applying the System, and on the specific associated risks. The update identified four categories of risks (economic/financial, management, application/operational and reputational/ethical/social).

In general, a "low" level of risk is considered acceptable, whereas for "medium" and "high" level risks, corrective actions are foreseen within six months and one month respectively, followed by monitoring of their progress. Among the risks identified and monitored as part of the Context Analysis, the risks associated with failure to comply with mandatory environmental regulations are also considered.

Integrity in corporate conduct

RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

The Intesa Sanpaolo Group recognises that compliance with internal and external regulations and codes of conduct is of significant importance, also from a strategic viewpoint, and therefore it acts in the belief that respecting standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust and transparency. Indeed, Intesa Sanpaolo believes that compliance with standards encourages the creation and maintenance of a competitive economic environment and protection of customer rights, which contributes to the development of local areas and communities.

Intesa Sanpaolo also seeks to be a reliable and professional partner for the regulators. In this context, the Group actively adheres to the principles of the United Nations Global Compact that envisage the development of policies for combating corruption, protecting human rights, workers' rights and safeguarding the environment.

The Group has defined and implemented a well-structured system of risk assessment throughout the company structures, which is applied according to risk assessment criteria. Adherence to the rules and integrity of corporate conduct are also ensured through compliance activities focused on the monitoring of risk in relation to fighting corruption and money laundering, combating the financing of terrorism, embargo management and protecting competition. The Group adheres to the principle of active cooperation in preventing these phenomena, which represent a serious threat to the legal economy. Intesa Sanpaolo monitors developments in international tax regulations guided by the OECD and aimed at countering base erosion and profit shifting from high-tax to low-tax countries, with the ongoing commitment to adhere to those principles. Internal auditing involves constant and independent monitoring of the due conduct of the Group's operations and processes.

PERFORMANCE INDICATORS AND RESULTS ACHIEVED

Macro-issue	Projects/Indicators	2019 Actions/Results
Fighting against corruption and combating money laundering	Training to prevent corruption and money laundering	77,383 employees trained (87.3% of the total) 306,937 hours provided
	Disciplinary sanctions due to staff corruption	0
	Dismissals due to corruption	0
	Internal advice and clearing on transactions in the highest corruption risk areas	228
	Certifications	Received the certificate of compliance of its anti-bribery management system with UNI ISO 37001 international standards

Macro-issue	Projects/Indicators	2019 Actions/Results
Protection of free competition	Training on free competition	54,748 employees trained (61.7% of the total) 1,149,496 hours provided
	Internal requests for antitrust advice and clearing on Group projects	Advice and clearing requests were made for 73 initiatives, of which 37 advice and 16 clearing requests have been completed (opinions not subject to changes or updates), with the rest still ongoing
Privacy protection	Training on Privacy protection	62,828 employees trained (70.8% of the total) 81,510 hours provided
	Cases of customer data being lost or stolen	In Italy 17 cases were assessed, for 15 of which no risk to the rights and freedoms of the data subjects was found and therefore it was not necessary to notify the Italian Data Protection Authority. For the remaining 2 cases the Italian Data Protection Authority was notified Abroad in the EU 28 cases of alleged personal data breach, 26 of which were found not to pose a risk to the rights and freedoms of the data subjects by the local Data Protection Officers, the remaining 2 cases were reported to the local authorities
Consumer protection	Training on consumer protection	48,131 employees trained (54.3% of the total) 1,213,215 hours provided
Whistleblowing	Whistleblowing reports	17 reports, of which 7 were judged to be not pertinent and 10 were subject to specific investigations

FIGHTING AGAINST CORRUPTION

The Group's Code of Ethics provides that business goals are pursued with honesty, fairness and with a sense of responsibility in full compliance with the rules, professional ethics and spirit of signed agreements. It recognises the strategic importance of the work aimed at ensuring compliance with internal and external regulations and codes of conduct, and sets high standards of compliance for all employees, which are also included in the Code of Conduct. The Code of Ethics also establishes Intesa Sanpaolo's commitment to contributing to combating corruption, supporting the OECD (Organisation for Economic Co-operation and Development) Guidelines, and the anti-corruption principles established by the United Nations in 2003, including by taking a "zero tolerance" approach. The Group has adopted strict internal procedures and specific Guidelines over time to prevent the risk of corruption.

MODEL FOR THE MANAGEMENT OF ADMINISTRATIVE LIABILITY PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01

Legislative Decree 231/01 establishes a system of administrative liability for Italian Companies for certain specifically identified crimes or offences, committed in their interest or for their benefit by their senior officers and/or employees. Intesa Sanpaolo has long had a specific Organisational, Management and Control Model in place that defines the principles of control and conduct that must be adopted to reduce the risk of committing crimes and offences envisaged by the Decree, including, in particular, corruption, environmental crimes and the violation of human rights.

In preparing the Model, the Bank first of all took into account all the existing regulations, procedures and control systems already being implemented, insofar as they were also suitable as measures for preventing crimes and illegal conduct in general, including those envisaged by Italian Legislative Decree 231/01.

The Bank identified the following as specific instruments already existing and aimed at planning the formation and implementation of company decisions and carrying out controls on business operations, including in relation to crimes and offences to be prevented:

- the corporate governance rules, adopted in compliance with the Corporate Governance Code for listed companies and the relevant company regulations and regulatory legislation;
- internal regulations and company policies;
- the Group's Code of Ethics, Internal Code of Conduct and Anti-Corruption Guidelines;

- internal control system;
- power and delegation system.

The Board of Directors delegates the structures the task of implementing the content of the Model and ensuring the constant updating and implementation of internal regulations and company processes, which are an integral part of the Model, in compliance with the principles of control and conduct defined for each sensitive activity.

The effective and concrete implementation of the Model is also guaranteed by:

- the Surveillance Body, in exercising the powers of initiative and control assigned to it in relation to the activities carried out by the individual organisational units in sensitive areas;
- the heads of the various organisational units of the Bank (Governance Areas, Divisions, Departments and Organisational Units) in relation to the activities at risk carried out by them. Without prejudice to the independent responsibility of each Italian-registered company of the Group regarding the adoption and effective implementation of its own Model, Intesa Sanpaolo in performing its duty as the Parent Company issues general criteria and instructions, and verifies the compliance of company Models with those criteria and instructions.

In October 2019, the Board of Directors approved the update of Intesa Sanpaolo's Model, which takes account of the evolution of legislation in the following areas:

- Italian Legislative Decree no. 107/2018 which contains the rules for compliance with the provisions of EU Regulation no. 596/2014 on market abuse;
- Italian Law no. 3/2019 which introduced the new predicate offence of "trafficking in illicit influences" (art. 346 bis of the Italian Criminal Code) and widened the scope of persons who may be involved in international corruption offences (art. 322 bis of the Italian Criminal Code);
- Italian Law no. 39/2019 which introduced into Italian Legislative Decree no. 231/01 the offence of "fraud in sports competitions, abusive gaming or betting" (art. 25 quaterdecies).

Moreover, in addition to the aforementioned regulatory alignments, the Model has been updated with respect to:

- organisational changes like the merger by incorporation of ISGS into Intesa Sanpaolo and the transfer of certain credit recovery activities to Intrum Italy;
- new business activities like the concession to third parties (commercial partners) of physical and digital spaces for the promotion and sale of products (so-called retailisation);
- other adjustments like a change to the causes of suspension and revocation of the members of the Supervisory Body and the updating of the sensitive activity "Management of Relations with the Supervisory Authorities" in order to take into account the organisational changes resulting from the establishment of the ESFS (European System of Financial Supervision).

Following the approval of the new Model by the Parent Company, the other Italian companies of the Group began the adoption of these updates.

To provide the Surveillance Body with an overall picture of the planning of the various control structure activities (compliance, anti-money laundering, administrative/financial governance, internal audit), the Compliance function collects the respective plans from the relevant structures on an annual basis regarding the scheduled supervision of sensitive areas and incorporates them into the 231 Audit Plan. On the basis of this document, the Surveillance Body assesses the adequacy of the programme of audits on individual sensitive company activities and identifies any further actions needed to strengthen the audit plans proposed by the structures concerned.

The heads of the organisational units involved in sensitive processes pursuant to Italian Legislative Decree 231/01 certify the level of implementation of the Model, by means of an overarching self-diagnosis process on the work carried out, with a particular focus on compliance with the principles of control and conduct and the operating rules.

Lastly, constant attention is paid to training initiatives and the dissemination of compliance culture: in this regard, the new remote learning course for the three-year period 2019-2021 has been designed to provide specific training modules.

The Group's Anti-Corruption Guidelines, approved in 2017 by the Board of Directors, identify the principles and the sensitive areas and define the roles, responsibilities and macro-processes for the management of this risk, further strengthening an internal regulatory framework which already consists of the Code of Ethics, the Group Internal Code of Conduct and – for the Italian Group companies – the Organisational, Management and Control Model adopted pursuant to Italian Legislative Decree 231/2001.

The Guidelines define the commitment to comply with the regulatory provisions aimed at combating corruption in all its forms, where corruption means the direct or indirect offering or acceptance of money or other benefits capable of influencing the recipient, in order to induce or reward the performance of a function/activity, or alternatively its omission. In line with international best practices, the Group does not tolerate:

- any type of corruption, in any form, manner or jurisdiction, not even if activities of this kind are permitted, tolerated or not prosecuted under the laws in force in the countries in which the Group operates;
- any conduct involving the offer or acceptance of money or other benefits – directly or indirectly – with the aim of inducing or rewarding the performance of a function/activity, or alternatively its omission. Such conduct is not tolerated even with regard to small payments aimed at speeding up, facilitating or ensuring the performance of a routine activity, or any activity that forms part of the recipient's duties (known as facilitation payments). Benefits that cannot be granted include, for example, gifts and services offered free of charge (except for those envisaged by specific regulations on gifts, and entertainment and charitable expenses), the undue hiring of a person, the granting of credit on terms that do not conform to the principles of sound and prudent management and, more generally, all transactions that entail the generation of a loss for the Group and the creation of a profit for the recipient.

Monitoring in this area is assigned to the Anti Financial Crime Head Office Department, and its Manager is allocated the role of Group Anti-Corruption Officer.

The Anti-Corruption Guidelines have been approved by the main Group companies, including the Banks of the Banca dei Territori Division, Banca IMI, Fideuram Intesa Sanpaolo Private Banking, Intesa Sanpaolo Vita and Eurizon Capital. Within the scope of the International Subsidiary Banks Division, all banks have submitted the document for formal acknowledgement to their relevant bodies and have adapted the Guidelines to the regulatory environment.

In 2019, there were continued checks on the consistency of the detailed internal regulations with the general principles set out in the Anti-Corruption Guidelines, in order to implement the necessary alignment, in addition to a detailed analysis of the anti-corruption controls currently in place in the individual “highest risk areas”, in order to identify any strengthening measures. In particular, the regulations governing the Suppliers List have been amended, the regulations on non-financial investments, territorial charities and guest houses have been updated and operations in the social area have been regulated.

Note also that in May 2019 Intesa Sanpaolo was among the first banks in Europe to receive the certificate of compliance of its anti-bribery management system with UNI ISO 37001 international standards. Issued by a third party, the certification came at the end of a process of analysis and verification of the Bank's anti-corruption system and covered all banking and financial operations and services and all other operations that are instrumental or connected to the achievement of the corporate purpose.

During the year, the Anti Financial Crime Head Office Department processed 228 “advice” and “clearing” files for specific operations in the highest risk areas, particularly concerning the purchase, management and sale of equity investments and other assets, donations, sponsorships and relationships with suppliers, the hiring of personnel, and gifts.

At the end of October 2019, the training course on the Anti-Corruption Guidelines – issued for people of the Group's Italian companies in 2018 – was made mandatory and expanded to include a specific focus on the UNI ISO 37001:2016 standard. The same course has been translated into English and also issued to the people of the foreign branches of Intesa Sanpaolo.

Finally, during 2019 specific classroom training initiatives were held for personnel dedicated to compliance issues or who work in the areas most exposed to the risk of corruption.

In Italy, there were no cases of disciplinary measures related to corruption incidents.

There were no significant penalties for non-compliance with laws or regulations relating to corruption.

COMBATING MONEY LAUNDERING

Intesa Sanpaolo pays particular attention to compliance with national and international regulations aimed at combating money laundering and terrorist financing, which it recognises as a serious threat to the legal economy with destabilising effects for the banking system, and it adheres to the principle of active cooperation in preventing these phenomena.

In compliance with the legislative provisions of the legislator and the sectoral supervisory authorities, and based on the international standards contained in the FATF (International Financial Action Task Force) Recommendations, the Group has adopted procedures, instruments and controls designed to mitigate the risk of being involved, even unknowingly, in acts of money laundering, terrorist financing, violation of embargoes and arms regulations.

The Group's governance system to combat money laundering and the financing of terrorism is based on

Guidelines that constitute a systematic and functional reference framework, with active collaboration by the Group in preventing these illegal activities. Specific processes and procedures are in place in the areas of obligations of customer due diligence, reporting of suspicious transactions, recording of relations and transactions, storage of documents, risk assessment and management, internal control and guarantee of compliance with all of the relevant provisions to prevent and impede the completion of transactions connected to money laundering, the financing of terrorism, violation of embargoes and arms regulations. The guidelines and standards established by the Parent Company are developed and implemented within the individual operating structures in accordance with the characteristics and complexity of the activity carried out, as well as in accordance with their size and organisational structure, in compliance with the requirements of local regulations and ensuring the sharing of information at a consolidated level.

Procedures that provide automatic checks on the Group's register and transactions have been active for some time now, in order to mitigate the risk of having customers included in the list of entities subject to restrictions or freezing of assets (black list). The Group has also adopted a stricter approach, going beyond the regulatory requirements, by envisaging more detailed assessments of credit and reputational aspects to prevent its involvement, in any capacity, in transactions with counterparties or countries under embargo, even if the transaction is among those permitted by the restrictive provisions issued by the international authorities. 2019 saw the completion of the projects aimed at adapting AML controls to the new regulatory requirements of the AML IV Directive (transposed by Italian Legislative Decree 90/2017), and in December the Guidelines were brought into line with the Bank of Italy's 2019 Provisions on organisation, procedures and internal controls and on customer due diligence. The implementation of the related IT projects is still ongoing. The activities of the multi-year programme for the overall review and strengthening of anti-money laundering, embargoes, anti-terrorism and anti-corruption controls at Group level (ENIF Project - Enabling Integrated Financial Crime) also continued. The complexity of the project suggested that it should be restructured in order to identify the priorities for implementation for the two-year period 2020-2021 according to a risk-based logic in terms of geography, processes and customer segments.

RELATIONS WITH POLITICAL PARTIES AND MOVEMENTS

The internal policies establish that political parties and movements cannot be recipients of donations and sponsorships. With regard to the financing of political parties, connected associations and individual candidates, specific rules state that the only form of new credit concession for them, that can solely be decided upon by the Board of Directors, consists of the advance on an annual basis of the "2x1,000 contribution" against the transfer, to be notified in accordance with the law, of the sums due to the parties for this form of contribution. In 2019 no financing was granted in this area.

COMPLIANCE WITH TAX REGULATIONS

In compliance with the Code of Ethics, the entire Group is committed to observing principles based on values of honesty and integrity in managing tax matters, compliance with the tax regulations applicable in the countries in which the Group operates, and maintaining a collaborative and transparent relationship with the tax authorities, including through adherence to cooperative compliance schemes.

Intesa Sanpaolo places a particular focus on the evolution of tax regulations, both on a domestic and international level, aimed at countering base erosion and profit shifting, with the ongoing commitment to adhere to those principles. The Group has strengthened the internal control system for tax risk, known as the Tax Control Framework, to make it capable of covering the strategically important area of tax risk and meeting the requirements for access to the collaborative compliance scheme introduced in Italy, in accordance with Italian Legislative Decree 128/2015. On 10 December 2018, Intesa Sanpaolo was granted access by the Italian Revenue Agency to the Cooperative Compliance scheme, starting from 2017 when the application was submitted. Under this scheme, Intesa Sanpaolo and the Italian Revenue Agency can perform joint assessments on certain situations that could lead to tax risks thanks to ongoing, preventive contact, with a view to resolving any potential disputes before they occur.

In December 2017, the Intesa Sanpaolo Group adopted its Principles in relation to tax matters, in order to ensure compliance with the tax and fiscal rules of the countries where it operates over time, and to guarantee the financial and reputational integrity of all the Group companies. In particular, guidelines have been established to ensure uniform management of taxation at all Group companies, based on approach of: (i) correct and timely determination and payment of taxes due by law and performance of the related obligations, (ii) containment of tax risk, understood as the risk of operating in violation of tax regulations or in conflict with

the principles or with the aims of the legal system in the various jurisdictions in which the Group operates, both due to outside factors (primarily, uncertainty of the interpretation of tax laws due to ambiguity or lack of clarity of tax regulations) and internal factors (usually, incorrect and/or untimely compliance with mandatory requirements, failure to detect regulatory changes affecting the taxation of the Group; and transactions that may be challenged by the tax authorities as abusive).

The Principles are:

- Corporate Responsibility - The Group, in compliance with the Corporate Responsibility principle, acts according to the values of honesty and integrity in the management of tax matters, in the knowledge that revenue from taxes is one of the main sources of resources contributing to the economic and social development of the countries in which it operates.
- Legality - The Group adopts conduct based on compliance with the tax regulations applicable in the countries in which it operates and on interpretations that allow it to manage tax risk responsibly, so that it can satisfy the interests of all its stakeholders and ensure its positive reputation.
- Tone at the top - The Board of Directors defines the principles of conduct in relation to Group tax matters and ensures its application, therefore assuming the responsibility of driving the spread of a corporate culture based on the values of honesty and integrity and principle of lawfulness.
- Relationship - The Group maintains a collaborative and transparent relationship with the tax authorities, guaranteeing, among other things, to provide them the information needed to fully understand the circumstances underlying the application of tax rules. To this end, Intesa Sanpaolo encourages the Group companies to adhere to cooperative compliance schemes, which supplement the national regulations, in order to create stronger relationships with the tax authorities.

The Guidelines were also approved for the management of tax risk within the collaborative compliance scheme with the Italian Revenue Agency, which govern the criteria and processes that Intesa Sanpaolo must adopt to ensure the adequacy and effectiveness of its Tax Control Framework, as well as the related Rules.

The types of tax risk that may arise in the context of business processes have been identified by Intesa Sanpaolo as:

- Tax compliance risks. These are risks of an operational nature and arise in both business processes (such as risks of not correctly performing all the operational tasks necessary to ensure correctness – in terms of completeness, accuracy and timely processing – of the relevant data for tax purposes), and in specific tax compliance processes (from data collection through to its processing and preparation of tax declarations/ payments and communications sent to the tax authorities);
- Tax risks of an interpretative nature in transactions/routine operations. This type of risk relates to the uncertainty about the actual meaning of the regulations and the classification of actual cases with respect to theoretical circumstances, and arises within the following processes: regulatory alignment, advice given to the Structures of the Bank and interpretation choices adopted in tax compliance processes;
- Tax risks of an interpretative nature in non-routine transactions. These risks arise whenever non-routine transactions/operations are carried out, which are characterised by objective and defined uncertainty regarding the risk of adopting incorrect interpretations or, in any case, interpretations that are contrary to the principles and aims of the tax system.

Based on the periodic reports and other information flows provided by the Tax structure and the other corporate control functions, and checks conducted directly, the Compliance, Governance and Controls Head Office Department produces an independent assessment of the regulatory non-compliance risk in relation to tax matters and the adequacy of controls put in place for its mitigation, and, when it deems necessary, it requests the Tax structure to implement appropriate strengthening measures.

During 2019¹, the Group, in addition to indirect taxes of 895 million euro, recorded accrued income taxes for the year of 1,838 million euro, for the most part in Italy, where the majority of operating income was earned, as per the table below.

2019 Figures [millions of euro]	Italy	Europe	Rest of the world
Taxes on income	-1,381	-366	-91
Operating income	14,354	2,952	777

The International Branches are presented in the geographical breakdown in relation to the country where these branches are located. As far as taxes on income are concerned, since Intesa Sanpaolo did not apply the option for the scheme of income exemption for international branches (known as Branch exemption), these

¹ The comments refer to the reclassified data published in the 2019 Consolidated Financial Statements of the Intesa Sanpaolo Group, which can be referred to for additional details or information.

branches' income is also taxed in Italy.

In compliance with the applicable regulations, Intesa Sanpaolo also publishes a country-by-country disclosure in which the following information is provided for each country (according to the rules established by the Bank of Italy): gross income, number of employees, profit or loss before tax and tax on profit or loss. The report is available at the following link [1].

PROTECTION OF FREE COMPETITION

The Group constantly monitors and promotes free competition, and spreads a culture of compliance with anti-trust regulations, working to ensure that the international, European and national rules and procedures are effectively applied and observed.

In the Group's Code of Ethics, Intesa Sanpaolo declares its commitment to compete fairly in the market and cooperate with other economic, private and public entities, whenever necessary, to strengthen the overall capacity of the countries where the Group operates. The Bank has an ongoing commitment to manage relations with institutions and organisations, in monitoring existing regulations and in conducting attentive advocacy on any bills that could impact the activities of the Group and of its stakeholders at the national, European and international level, with a view to limiting legal, economic and reputational risks and exploiting new opportunities.

Due to the growing importance of antitrust issues, the Group has long since adopted a risk control system for antitrust non-compliance, under the responsibility of the Institutional Affairs Department. In this regard, it has adopted an extensive Antitrust Compliance Program that among its key elements includes the establishment of a specific internal team to monitor compliance with antitrust rules, the adoption of a Group Antitrust Regulation (which has incorporated the Antitrust Compliance Policy), the Antitrust Conduct Rules and the Antitrust Inspection Rules, as well as a training and information programme. The control of this area has been extended beyond the more traditional forms of antitrust (mergers, abuses of dominant positions and agreements) to also include EU regulations on state aid and the recent Italian regulations in support of Italy's competitiveness.

In 2019 the Group continued to raise awareness and spread the culture of antitrust compliance within the Group through the creation of 10 Web TV clips, the publication of 14 articles for the Group's communications magazine "Mosaic" (also translated in English) and the circulation of specific "Antitrust Update" reports. During the year, a series of remote and classroom training initiatives were also carried out on specific topics within various Group companies. The Appendo platform offers employees in Italy the collection "Antitrust... just rules or market support?". The promotion of a culture of competition has enabled the Antitrust Affairs Structure to attain an important recognition in the "Competition" category of the 7th edition of the TopLegal Corporate Counsel & Finance Awards.

PRIVACY PROTECTION

Intesa Sanpaolo is continually committed to implementing regulatory, organisational and technological measures aimed at adequately meeting the needs of privacy protection. These actions reflect the principles of the Group's Code of Ethics which commit the Bank to adopting criteria of absolute transparency in informing customers and employees about their data privacy rights and how their personal information is processed. This commitment is set out in Company rules for the processing of personal data and in Guidelines on the protection of personal data of private individuals, approved by the Board of Directors, which provide an overall framework for conduct for all Bank staff, as well as for those who work in cooperation with it. The EU Regulation no. 2016/679 of the European Parliament and Council of 27 April 2016 [General Data Protection Regulation (GDPR)], which came into force on 25 May 2018, makes each data controller responsible, based on the principle of accountability, for implementing regulatory, organisational and technological measures to adequately comply, following a risk-based approach, with the regulatory principles of the GDPR: Data Protection by design and by default, appointment of the Data Protection Officer, Privacy Impact Assessment, Register of Processing Activities, subjective role of Third Parties, and Data Breach. The GDPR alignment project under the responsibility of the Privacy structure has defined the organisational measures and continues to develop the technological and IT security measures needed to comply with the requirements of the European Regulation in Italy and for the Group's companies located within the EU, following a risk-based logic and depending on the solutions available on the market and the complexity of the measures.

The Data Protection Officer, who is supported by the Privacy structure in the Safety and Protection Head Office Department, provides supervision, for the Parent Company and the Group Companies that have signed specific service agreements, of the privacy regulations, ensuring the adoption of the related updates and regulatory

alignment, in addition to compliance with the provisions of the Italian Data Protection Authority. This structure conducts prior assessments on the compliance of new products, initiatives and services involving the processing of personal data, and represents the Company before the Italian Data Protection Authority during inspection procedures.

The Data Protection Officer assesses the role performed by the Group's suppliers/Third Parties based on the provisions for the processing of personal data contained in the contracts, and supports the business and support structure in preparing any letters of appointment as Data Processor, and in updating the Register of Processing Activities. It also updates and publishes the List of Third Parties that process the personal data of customers and employees. The Data Protection Officer manages the responses to the Italian Data Protection Authority and the interested parties, following reports or complaints submitted to the Authority. It also processes customer requests associated with Data Subjects' rights in compliance with the legal provisions and the measures issued by the Authority, and oversees training on privacy, in collaboration with the designated structures through the provision of mandatory training courses on the protection of personal data offered online.

For the other Group Companies, the Data Protection Officer performs a role of guidance, coordination and control, overseeing the correct application of the Group guidelines and regulations on privacy, and provides support and advice for the performance of the current activities in this area. For the Group, it ensures control of the non-compliance risk in relation to privacy regulations, performing the role of Specialist Function set out in the Group Compliance Guidelines. The Function updates the Register of Processing Activities for personal data performed by the Parent Company, with the cooperation of the business and support functions, and provides assistance with regard to other Group companies.

This commitment allows for the mitigation of reputational and non-compliance risks in the processing of personal data, also with respect to the lawfulness and fairness of the processing, the purposes of the processing and its relevance, and the completeness and non-excessive nature of the data collected.

With regard to requests received from customers regarding personal data protection, in Italy 77 reports were received in 2019 for alleged instances of non-compliance (59 of which related to Intesa Sanpaolo) and 9 requests from the Italian Data Protection Authority regarding companies belonging to the Group, for which the necessary responses were given. In 2019, 17 cases (13 of which related to Intesa Sanpaolo) of loss or theft of data of customers of the Group (Data Breach) were assessed in Italy, 15 of which (11 related to Intesa Sanpaolo) were not found to pose a risk to the rights and freedoms of the data subjects and therefore it was not necessary to notify the Italian Data Protection Authority. For the remaining two cases it was deemed necessary to notify the Italian Data Protection Authority¹.

The Companies of the International Subsidiary Banks Division established in the European Union reported a total of 28 incidents/events of alleged personal data breach, of which 2 reported to local authorities, while for the remaining 26 the local Data Protection Officers did not detect a risk to the rights and freedoms of the data subjects so it was not necessary to notify the respective Italian Data Protection Authority.

COMPLIANCE WITH LABOUR LAWS

Consistent with the commitment set out in the Code of Ethics for the development of a working environment permeated by mutual trust, loyalty and enriched by the contribution of each person, the management model in this area is based on national and second-level (Group) collective bargaining agreements. Compliance with these rules, in addition to the legal provisions, is instrumental to improving the working environment, with a view to continued growth in the quality of relations between the Company and its personnel and customers. They also have the goal of asserting the need for a transparent and sustainable work organisation, with clear operational responsibilities at the various levels to continuously ensure compliance with the rules and the prevention of non-compliant behaviour, identifying measures that ensure the effective encapsulation of company objectives and worker expectations in terms of the working environment and internal relations. Responsibility for management, and consequently also for monitoring the effective application of the trade union agreements, is assigned to the Trade Union Affairs and Labour Policies Head Office Department. The protocol for Labour Relations enables joint research and sharing between the Company and Trade Union Organisations on solutions to improve the well-being of employees and make a positive contribution to productivity with advanced and innovative responses in the area of pensions, assistance and services for families, education and an improved work-life balance. The aims of the actions include improving the work-life balance for the employees. In general, the number of labour lawsuits is small: 34 cases for violations of labour law were notified in 2019 and around 42 cases were closed. The main types of litigation initiated include the termination of employment relationships – sale of business unit (Intrum), compensation for damages for deskilling and mobbing, higher job positions and appeals of disciplinary sanctions (in any event in 2019, no lawsuits were reported by current employees that related solely to cases of mobbing).

¹ 1 case of Data Breach which involved Intesa Sanpaolo Vita and Intesa Sanpaolo both as Data Controller, the DPO of Intesa Sanpaolo Vita and Intesa Sanpaolo jointly notified the Italian Data Protection Authority; 1 case of Data Breach which involved Intesa Sanpaolo as Data Controller and the DPO notified the Italian Data Protection Authority.

There is no evidence of cases of discrimination that have led to investigations for measures to be issued under formal procedures or processes. Ongoing monitoring has also been conducted on compliance with the rules laid down by the Internal Code of Conduct, through carrying out investigations of potentially abnormal situations. Amendments to the same Code and initiatives aimed at more effective knowledge dissemination with a view to risk prevention are being studied.

AUDITS

The planning of Audits is coordinated by a specific internal structure, which supports the Chief Audit Officer in setting and assigning medium/short term objectives and plans to the Auditing Responsibility Centres, which are internal structures focused on specific sectors (e.g. head office functions, ITC, branch network, product companies, etc.). This activity takes into account the findings from risk analysis, the requests from the Company Management and Control Bodies, and from Top Management, as well as the obligations arising from external regulations and instructions from the Supervisory Authorities. In terms of timing, the planning is divided into:

- Multi-year Strategic Planning: in line with the company's strategic guidelines;
- Annual Operational Planning: annual audit plan, subject to approval by the Bodies;
- Quarterly Operational Planning.

As required by international standards, the Internal Audit function is subject to an external Quality Assurance Review at least every five years. The most recent audit was started at the end of 2018, at the request of the Management Control Committee, and was concluded in the first quarter of 2019 with the confirmation of the best result ("Generally Compliant"). In addition, on an annual basis, the Internal quality assurance and improvement plan is prepared, which also includes the Annual Plan submitted for approval to the Corporate Bodies. At the international level, the audits are structured in such a way as to ensure the direct monitoring of Intesa Sanpaolo's international branches, in addition to guaranteeing supervision of the Head Office Departments and the International Subsidiary Banks Division. For these banks, the dedicated offices of the Parent Company provide direct auditing, together with governance of the activities carried out by local audit units.

With regard to the audits carried out in 2019 in the Head Office Departments, Banks and Group Companies, the activities regarding the 230 Risk Areas identified in the planning phase were completed, with the completion of 252 audits (52 of which "extraordinary", i.e. originating from specific requests of Corporate Bodies, Supervisory Authorities or from events/circumstances occurring after the completion of the annual planning). In 2019, 90 audits were reported as significant for the purposes of Italian Legislative Decree 231/2001, and among these 18 concerned activities related to corruption risk. These latest audits involved 9 Governance Areas/Divisions*. In 2019, there were 15 audits regarding actions that directly or indirectly also related to aspects linked to social and environmental policies. The impact of audits that have an effect on the implementation of social and environmental policies should nevertheless be assessed differently depending on the various areas in question: as an example, interventions concerning the disbursement and management of loans may also involve certain aspects related to rules for operations in sectors such as arms and energy policies.

In July 2019 it was made possible to specify on the "Tableau de Bord" (a tool that summarises the critical issues facing the Banking Group) the "sensitivity" of an individual point of attention that emerged during an audit to issues concerning Corporate and Social Responsibility.

Following on from the Internal Audit Transformation (IAT) project completed at the end of 2017, the new development programme called FAST - Future Audit Solutions & Transformation (an integral part of the broader Multiannual Audit Plan) continues, aimed at improving reporting, identifying solutions focused on the strategic aspects of the internal control system and ensuring the proactive management of the corrective actions suggested after audits.

* 2 Governance Areas had only 1 audit, the others at least 2. Some audits involved several Divisions/Governance Areas.

WHISTLEBLOWING

Since 2016, a whistleblowing system has been in place, which allows employees to report actions or occurrences that could constitute breaches of the regulations governing banking activities (whistleblowing). Whistleblowing, which ensures the confidentiality of the individual making the report without the risk of retaliatory, unfair or discriminatory behaviour, encourages employees (including suppliers and consultants) to report acts or conduct they become aware of that may constitute a breach of the regulations governing banking activities or related activities that may also be instrumental to a breach or other illicit conduct. The Chief Audit Officer is responsible for ensuring the correct performance of the process; in 2019 a total of 17 reports were received, of which 7 were judged not pertinent whereas 10 resulted in the launch of specific investigations.

DISPUTES AND FINES

As at 31 December 2019, a total of about 22,000 disputes, other than tax disputes, were pending at Group level for a total amount of around 5,635 million euro. This amount includes all outstanding disputes, regardless of the estimated risk of a disbursement of financial resources resulting from a potential negative outcome and therefore also includes disputes with a remote risk. The risks associated with these disputes are thoroughly and individually analysed by the Parent Company and Group companies.

In terms of tax litigation, there were disputes pending amounting to a total of 365 million euro for the Group. With regard to compliance with environmental regulations, for damage caused to the environment as a result of the Bank's operations and in relation to health and safety, over the last three years, no significant reports emerged and no fines were imposed (see page 160).

With regard to labour litigation, at the end of December 2018 there were no significant disputes from either a qualitative or quantitative standpoint.

For information on the legal risks and the most significant civil, administrative and penal lawsuits, please refer to the Consolidated Financial Statements (see page 493 ff.) [1].



Society

RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

Intesa Sanpaolo attributes a key role to projects focused on the economic, social, cultural and civil growth of the communities in which it operates: financing the real economy, supporting those in need and the Third Sector, sustainable investments and investments in innovation, and promoting Italy's artistic heritage are long-standing commitments and an indelible part of the Group's history and business approach.

As such, in line with the corporate mission, the Group is focused on providing top-quality banking, financial and insurance products and services to its customers, fostering the development of the areas in which it operates.

As outlined in the 2018-2021 Business Plan, Intesa Sanpaolo intends to maintain the sustainable growth of the business through the active involvement of its employees and its cutting-edge digital infrastructure. Thanks to these two enabling factors, Intesa Sanpaolo is able to provide its customers with innovative, high-quality products, expanding its range of services and available channels, as well as their accessibility.

Another equally important aspect is the ability to satisfy its customers through an operational structure that offers simple solutions, tailored to their needs and closely focused on IT security and the physical safety of customers, also thanks to the continuous reinforcement of the controls implemented by the Group, while maintaining a responsible and transparent approach when it comes to relations.

Its support for the real economy enables it to guarantee deserving businesses financial support also in times of difficulty, helping them to develop innovative restructuring, revitalisation and growth solutions.

The Group's activities benefiting society also include initiatives to support the Third Sector and the financial inclusion of groups that find it difficult to access credit despite their potential, in particular young people with their educational and training needs.

The range of sustainable investments and the availability of insurance solutions for the protection of customers are other key examples of the Group's responsible approach.

With the 2018-2021 Business Plan, Intesa Sanpaolo wants to be the point of reference for communities and their growth, embracing social challenges and developing partnerships, including in the cultural sphere, to meet emerging needs in an efficient and innovative way.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2019 Actions/Results (cumulative value since the start of 2018 or 2018 value)	2021 objectives
Real-economy Bank	Medium/long-term credit granted to the real economy	About 58 billion (about 118 billion from the beginning of 2018)	About 250 billion (cumulative value 2018-2021)
Quality and innovation in customer relations	Net Promoter Score*	NPS Retail: 20; NPS Personal: 7; NPS Businesses: 11. In 2019, the survey consisted of about 820,000 responses from Retail and Personal customers and 45,000 responses from SME customers	Enhancing the quality of service levels
	Average response times to customer complaints and appeals (Parent Company) in line with reference regulations (RR)	Investment products and services: 44 days (vs RR 60 days); Insurance products and services: 26 days (vs RR 45 days)	Maintaining high performance levels in listening to customers
	Expansion of the multichannel platform and digital transformation	<ul style="list-style-type: none"> ▪ About 9.2 million multichannel customers (8.3 million in 2018), equalling more than 78% of customers ▪ 17.2 million digitised transactions (33 million since 2018) and 35% of activities digitised (18% in 2018) ▪ About 5.5 million customers connected at least once to the new App since 2018 ▪ 32 Group companies already introduced into the Cybersecurity Model (76%) 	<p>70% of activities digitised</p> <p>100% of Group companies introduced into the Cybersecurity Model</p>
	Blocking of fraudulent transactions	46 million euro transactions blocked for retail customers and 86 million for corporate customers	Strengthening of cybersecurity
	IT Security training for employees	51,429 participants; 221,371 hours provided	
	Number of robberies	20 (13 in 2018)	Continuous focus on the safety of customers and employees
Access to credit and financial inclusion	Loans disbursed for initiatives with high social impact	About 3.8 billion disbursed, equal to 6.6% of total loans	Reinforcement of initiatives to foster financial inclusion and to support vulnerable groups
	Microcredit and anti-usury loans disbursed	About 75 million euro	
	Supporting people affected by natural disasters	<ul style="list-style-type: none"> ▪ About 800 million for suspension of payments related affected properties; over 135 million in subsidised loans. ▪ Support for families and businesses affected by the collapse of the bridge in Genoa with a 4.5 million credit line for the write-off of loans (0.5 million written off) and 50 million for reconstruction (4.6 million granted) ▪ Support for families affected by the flooding in Venice and the surrounding area through a credit line of 100 million euro and a 12-month suspension of mortgages 	

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2019 Actions/Results (cumulative value since the start of 2018 or 2018 value)	2021 objectives
	Fund for Impact	Launch in February 2019 of "per Merito", the first unsecured credit line dedicated to all university students studying in Italy or abroad, with 28 million euro already disbursed.	Creation of a fund of some 250 million to disburse loans of around 1.25 billion to sections of society that find it difficult to access credit
	Loans disbursed to support the Third Sector and social enterprises	About 200 million euro (about 450 million euro from the beginning of 2018)	New medium and long-term loans of 700 million to support social enterprises (cumulative value 2018-2021)
Sustainable investments and customer protection	Ethical/ESG Funds	27.3% of the Group's market share for SRI fund assets in Italy (December 2019). For Eurizon, 8.2 billion in Ethical and ESG funds (12% of the total assets of Italian funds); 37 dedicated products; 12 new funds launched in 2019. For Fideuram, 225 million of Ethical/ESG funds.	Consolidation of its leading role in sustainable investments
	Engagement activities with issuers	675 Eurizon engagements with 515 issuers. Of the companies where engagement was conducted, around 15% were primarily concerned with ESG issues.	Enhancement of engagement activities in line with the Stewardship Principles
	Gross premiums non-motor insurance	558 million (405 million in 2018)	Development of insurance offer
Contribution to the community	Cash contribution to the community**	About 86 million (61.7 million in 2018)	Become an exemplary model for society in terms of social and cultural responsibility
	Cibo e Riparo per le persone in difficoltà (Food and Shelter for disadvantaged people)	Since 2018, distribution of approximately 8.7 million meals; 519,000 beds; 131,000 medicines; 103,000 items of clothing	Combating poverty by distributing 10,000 meals a day (3.6 million a year) and providing 6,000 beds a month (72,000 a year), 3,000 medicines and 3,000 clothing items a month (36,000 medicines and 36,000 items of clothing a year)
	Cultural activities	<ul style="list-style-type: none"> ▪ Monetary contribution of 51.2 million to art and culture ▪ For the Progetto Cultura: 18 exhibitions organised with over 560,000 visitors; free educational activities for around 80,000 students; 230 masterpieces lent to Italian and international museums, and over 100 art historians working at the Gallerie d'Italia 	Promotion and sharing of the Group's artistic and cultural heritage and promotion of the culture and awareness of the country's heritage

* In 2019 it was established that the survey channel of reference is the telephone. Therefore, the 2019 NPS is calculated by applying a correction that makes it possible to make the votes collected through different channels comparable with those gathered by telephone. From 2019 the data referring to customers of the aggregate set of former Banca Popolare di Vicenza and former Veneto Banca are included.

** Overall monetary contribution to the community is calculated based on the LBG methodology.

Quality and innovation in customer relations

COMPANY POLICIES

In keeping with the values and principles of conduct defined in the Code of Ethics, which are based on listening and dialogue, transparency and fairness, and the protection of safety in business relations, the Group places its focus on the customer and strives to maintain excellent relationships. These values and principles are incorporated in the essential standards of behaviour set out in the Group's Internal Code of Conduct that commits Board members, employees and other staff to comply with them. In addition, for specific areas of activity governing the quality of customer relations, there are governance Guidelines and rules based on the initiation of processes which, adopting models involving high levels of protection, shape conduct according to criteria of considerable good faith and fairness in relations. Customer health and safety aspects are also monitored with policies that establish principles and rules of conduct and define responsibilities in operational relations, both in branches and on the digital channel.

SERVICE QUALITY

Intesa Sanpaolo has adopted a service model focused on business areas with an organisational structure that guarantees monitoring in both Italy and the other countries in which it operates. The Divisions are responsible for developing the best quality service levels through the various channels, in order to improve the efficiency of the commercial products they offer to the various types of customers. Customer satisfaction and service quality are monitored and overseen by the structures that deal with customer satisfaction and customer experience in the various business Divisions.

LISTENING TO RETAIL AND CORPORATE CUSTOMERS IN ITALY

Customer Experience surveys represent a decisive aspect of the strategic vision of the Banca dei Territori Division because by listening to the customer it is possible to identify factors of satisfaction and dissatisfaction and areas for improvement requiring action.

The Division implements the following methods:

- monitoring the Net Satisfaction Index (NSI) to detect customer satisfaction and dissatisfaction through suggestions and the identification of opportunities for improvement in products and services;
- measurement of the Net Promoter Score (NPS), which indicates people's likelihood to recommend the Bank;
- the establishment and monitoring of indicators of the quality provided and measured through three indices (excellence in service, operations and credit) whose results, together with the NPS, form the basis of the SElok programme and contribute to the determination of the Variable Results Bonus of the branches and areas of the Banca dei Territori Division, accounting for 25% of the Synthetic Performance Indicator.

In addition to ongoing surveys, there are also specific in-depth surveys to develop strategies aimed at different customer targets. Nine surveys were carried out in response to specific requirements or to examine particular issues and allowed the gathering of 14,000 pieces of feedback.

In 2019, new product Customer Satisfaction surveys were also launched thanks to which over 54,000 responses were collected. These surveys make it possible to monitor satisfaction with individual products over time and to collect any suggestions for improvement from customers, complementing Customer Experience surveys.

To align the Employee Experience with the Customer Experience, the Division monitors satisfaction with tools and services using the Internal Service Quality (ISQ) survey carried out on Network staff. The survey, now in its third edition, involved about 18,000 employees and collected almost 9,000 responses.

Furthermore, in order to measure internal satisfaction regarding commercial and relationship issues, during 2019 a total of approximately 240,000 questionnaires were sent to Group employees and more than 133,000 responses were collected. Analysis of the results of these surveys made it possible to better understand employees, with the aim of supporting them both in carrying out their daily activities and developing/strengthening relationships with customers.

The listening process is continuously evolving and expanding. Indeed, the scope of the Net Promoter Score (NPS) survey has been extended to the world of Retail Businesses and to companies belonging to the Third Sector (Impact Department). In the event of significant discontinuities like a corporate merger it is in fact essential to use the listening activities extensively in order to better monitor the quality of the Customer Experience, identifying specific actions where appropriate.

For the purposes of NPS in 2019, responses from approximately 820,000 Retail and Personal customers and approximately 45,000 Businesses were analysed.

NPS by customer type	2019
Retail	20
Personal	7
Businesses	11

Findings collected from the Banca dei Territori Division customers.

In 2019 it was established that the survey channel of reference is the telephone. Therefore, the 2019 NPS is calculated by applying a correction that makes it possible to make the votes collected through different channels comparable with those gathered by telephone.

The 2019 NPS for Retail and Personal customers is respectively 20 and 7 points.

For Corporate customers, the 2019 figure of 11 is affected by the inclusion in the survey of customers that, due to the Bank's choice to change the Service Model at the beginning of 2019, have undergone a change of Branch and/or Manager. Net of the latter, the NPS would be 19.

It should be noted that in 2019, for the first time, for all commercial areas, customers of the aggregate group of former Banca Popolare di Vicenza and former Veneto Banca ("former Banche Venete") were also included in NPS calculations.

NET PROMOTER SCORE – NPS®

The NPS is an indicator that expresses the likelihood of customers to recommend a product, service or company, calculated in index points (between -100 and +100) subtracting the percentage of detractors (dissatisfied customers) from the percentage of promoters (loyal customers) obtained. Intesa Sanpaolo carries out NPS surveys via telephone for companies and via email and Internet Banking for retail customers. Starting in 2019 the method for calculating the NPS was refined to allow the results to be compared both internally, among surveys involving different channels, and with external benchmarks (carried out mainly by telephone) in order to quantify the impact of each channel on opinions and define a corrective measure to make them comparable.

LISTENING TO LARGE CORPORATE CUSTOMERS IN ITALY

In relations with the customers of large companies in Italy, Customer Satisfaction surveys are regularly planned and carried out with the aim of identifying and pursuing improvements in products and services.

In 2019, the Corporate and Investment Banking Division designed and developed the following activities:

- qualitative survey on 100 companies during the updating of the electronic corporate banking platform focused on simplification and customisation, with a response rate of 73%;
- qualitative survey on 74 Investor Relators from companies in the STAR segment to understand the strategic drivers of success for companies, with a response rate of 49%;
- launch of a channel to communicate accessible to all users active on the corporate banking platform to understand customers' working capital needs, which received 72 responses;
- telephone interviews with 18 national Financial Institutions customers to collect qualitative assessments in terms of market positioning and level of satisfaction with the Market Hub platform service that Banca IMI offers its customers;
- telephone survey of 207 Corporate customers in Italy to understand the perception of the improvement of the new Inbiz portal and identify potential action areas, with a response rate of 57%;
- quantitative survey on 321 companies to assess the satisfaction of corporate customers in specialised and transactional foreign markets, with a response rate of 39%, a Net Promoter Score (NPS) index of 51 and general satisfaction index (CSI - Customer Satisfaction Index¹) of 87 out of 100.

LISTENING TO CUSTOMERS IN THE INTERNATIONAL SUBSIDIARY BANKS

In 2019, work continued on the measurement of customer satisfaction of the customers of International Subsidiary Banks. With respect to the Retail customers, the banks involved were Banca Intesa Beograd in Serbia, Intesa Sanpaolo Bank in Slovenia, CIB Bank in Hungary, Privredna Banka Zagreb-PBZ in Croatia and VÚB Banka in Slovakia. The surveys, which involved around 14,000 customers, show increasing levels of satisfaction and loyalty with regard to both the country's banking systems and individual banks, despite growing competitiveness in the markets. The surveys are also enriched by the information collected through the Instant Feedback programme, launched at five of

¹ The index was calculated using a structural equation model with latent variables, specifically Partial Least Squares - Path modeling (in literature, PLS-PM). The outputs of the model include the measurement, through a summary index, of the overall satisfaction level (CSI - Customer Satisfaction Index).

the international banks, which gathers the opinions of customers during their interactions with the bank and consequently resolves any problems that arise. In 2019, qualitative KPIs were also introduced to measure the perceived quality of service in the branch, and in line with the relaunch of Retail activities in Pravex (Ukraine) the first Net Promoter Score project was launched with 16% response levels. With regard to the SMEs, internal and benchmarking initiatives were carried out in CIB Bank in Hungary, Banca Intesa Beograd in Serbia, VÚB Banka in Slovakia and Privredna Banka Zagreb - PBZ in Croatia, as well as the corporate segment in Banca Intesa Beograd in Serbia. A total of 3,500 companies were involved, and the results highlighted the role of managers in listening to customers as a strength.

LISTENING TO INSURANCE CUSTOMERS

At the end of 2019, the Insurance Division launched a Customer Satisfaction survey system that involves all calls received to Customer Service on a voluntary basis using a 2-question questionnaire to assess the Service. This initiative is in addition to the already active initiative to measure the Customer Experience of Non-Life business customers who expressed a significant level of satisfaction in 2019: on a scale of one to 10, the average score was 8.9 for roadside assistance; 8.5 for home care; 8.8 for Motor liability claims and 7.9 for paid Home claims.

LISTENING TO CUSTOMERS IN FIDEURAM INTESA SANPAOLO PRIVATE BANKING

In 2019, a Customer Satisfaction survey of the Private Banking Division was carried out for the first time on the Fideuram and Sanpaolo Invest Networks and the Intesa Sanpaolo Private Banking Network. The survey took into account the distinctive traits of the two service models and was conducted through questionnaires, to which 33,860 customers replied (25,084 for the Fideuram Network, 6,667 for the Sanpaolo Invest Network and 2,109 for the Intesa Sanpaolo Private Banking Network). The results of the survey confirmed a high level of customer satisfaction for all three networks. The relationship with the Private Banker is always the fundamental element for the appreciation of the service offered: customers recognise availability, expertise and professionalism as well as the ability to customise solutions and regularity in the relationship. The NPS was 47 and the Customer Satisfaction Index was 8.5. In particular, the survey conducted on the Fideuram and Sanpaolo Invest Networks shows that customers recognise among their strengths solidity, reliability, a large Group supporting them, multi-channel, the best professionals, attention to customers and quality of services. The survey of the Intesa Sanpaolo Private Banking Network found that other important qualities are the understanding of customers' needs and the ability to make them feel like privileged customers, as well as the attention to privacy and the ability to anticipate critical issues. The customers of the Fideuram and Sanpaolo Invest Networks were asked some questions regarding ESG investments in order to investigate their knowledge and propensity to invest in ESG products. It was found that ESG issues are known to about 60% of customers and 41% believe that ESG investments create value for themselves and for the community and the environment. The percentage rises to 48% if we consider the private customer segment or the segment of customers with an aggressive risk profile. Moreover, around 30% of customers are willing to invest more than 30% of their assets in sustainable products.

MANAGEMENT OF COMPLAINTS

The Intesa Sanpaolo Group maintains an ongoing dialogue with its customers to ensure that their relationship remains excellent. To consolidate this trusting relationship, fundamental importance is attached to the careful and prompt management of complaints and other applications made which express customer dissatisfaction. In Italian law, the regulations issued by the relevant supervisory authorities provide for specific information requirements by the Compliance Function, with the aim of reporting at least once a year to corporate bodies and authorities on the overall situation of complaints received, as well as on the adequacy of the procedures and organisational solutions adopted.

The regulatory, procedural and organisational framework adopted by the Group is defined by the Guidelines for managing complaints, disclaimers and protests to the Supervisory Authority and appeals to alternative dispute resolution Bodies, approved in 2016 by the Board of Directors of the Parent Company and subsequently implemented by the various members of the Group.

In 2019, a total of 102,057 complaints¹ were registered at a Group level, broken down as follows:

Banca dei Territori: a total of 51,514 complaints were registered (down 3% compared to 2018) of which 39,841 related to Group Banks and Companies² and Banca 5 (+5% compared to 2018) and 11,673 submitted by former Accedo clients (down 23%).

During 2019, 37,972 complaints and reiterations were settled, of which 10,096 were accepted and, among these, 2,648 entailed disbursements; on the other hand, with regard to the management of complaints relating

¹ The claims include complaints and their possible reiteration (customer appeals), appeals to out-of-court dispute resolution bodies (ADR appeals) and requests for clarifications made by supervisory authorities in response to customer reports (reports).

² Banks in the BdT Division (Cassa di Risparmio in Bologna, Banca CR Firenze, CR Pistoia e Luccchia, Banca Apulia, Banca Prossima and Mediocredito) merged into the Parent Company during 2019.

to previous Accedo activities, a further 3,912 complaints and reiterations entailed disbursements. Excluding claims submitted by former Accedo customers who, in exchange for the early redemption of loans with assignment of one-fifth of salary, claim the pro-rata refund of fees and/or charges paid at the time of disbursement, the following are the complaints and reiterations submitted for the various product/service macro-categories:

- Organisational issues and the management/functionality of websites: 12,025 complaints and reiterations with an increase of 22%, mainly related to waiting times, queues in branches or problems related to branch organisation, malfunctioning of the website and the smartphone application, failure or late processing of requests for copies of documentation;
- payment systems: 10,121 complaints and reiterations from customers, up 17%, mainly relating to the results of requests for the disclaimers of transactions made with payment cards or through internet banking services, as well as errors or delays in the execution of bank transfers;
- loans: 7,784 customer complaints and reiterations, down 11%. In particular, there is a reduction in the number of disputes relating to alleged usury, the alleged usurious nature of the conditions and the illegitimacy of the compound effects of interest capitalisation, the way in which the APR is calculated or its alleged divergence from the agreed rate and errors and/or delays in the execution of transactions;
- current accounts, deposits and securities: 3,703 complaints and reiterations, with a decrease of 27%, mainly due to errors and processing delays, conditions and their application and communication problems on the part of the Bank;
- investment services: 2,150 complaints and reiterations, up by 26%, of which over 800 were due to delays in processing requests for copies of documentation made by customers of the former Banche Venete with respect to the submission of requests to the Fondo Indennizzo Risparmiatori (Savers' Compensation Fund) for reimbursement of damages caused by the investment in securities issued by the banks themselves, for which the Bank has already taken the appropriate steps;
- insurance products: 1,973 complaints and reiterations, with an increase of 38%, mainly relating to policies linked to loans, class I life insurance policies and class III policies, the main reason being the correctness of the sales process and/or delays or failures in compensation payments.

Corporate e Investment Banking:

The number of complaints was lower due to the type of operations carried out and customers served, with 624 complaints received from foreign entities (621 from Banca Intesa Russia, 1 from Intesa Sanpaolo Bank Luxembourg and 2 from foreign Branches) and 3 complaints received from Banca IMI, with an overall reduction of 19% compared to the previous year.

Private Banking Division:

A total of 2,218 complaints were recorded, with an increase of 23% influenced in particular by those that arrived in the last part of the year relating to irregularities perpetrated by a Private Banker of Sanpaolo Invest SIM. In any event, the trend of the claims is comparable to that of the BdT Division.

During 2019, 1,636 complaints and reiterations were settled, of which 766 were accepted and, among these, 153 entailed disbursements.

International Subsidiary Banks³:

A total of 42,709 complaints were registered, an increase of 15%. The complaints mainly focused on four banks (VUB, PBZ, BIB, CIB), which accounted for 96% of the Division's claims and mainly concerned malfunctions of ATM/POS equipment, various types of home banking related inefficiencies, payment system fraud and charges applied to cards, bank transfers and current accounts.

During 2019, 42,696 complaints were processed, of which 24,134 were accepted and, among these, 4,160 involved disbursements.

Insurance Division:

A total of 4,861 claims were recorded, up 6%, mainly relating to the settlement area (claims management, rejections of contracts) and administrative aspects (reimbursement of premiums paid but not received in the event of early repayment of loans associated with the policies, customer care and content of the information during the relationship).

During the year, 3,797 complaints and reiterations were handled, 1,077 of which were accepted and 110 of these involved disbursements.

Asset Management Division:

A total of 128 complaints were recorded, a decrease of 50%, mainly due to collective asset management and relating in particular to the performance of mutual funds recorded in previous years and the information provided to customers.

In 2019, 132 complaints were processed, of which only 13 were accepted and of these 2 involved disbursements.

³ The scope includes the following companies: Alexbank, Banca Intesa Beograd (BIB), CIB Bank, Eximbank, ISP Bank Albania, ISP Bank Romania, ISP Bank Slovenia, ISP Bosnia i Herzegovina (BiH), Pravex Bank, Privredna Banka Zagreb (PBZ), VUB Banka

DIGITALISATION, INNOVATION AND ACCESSIBILITY

THE DIGITALISATION PROCESSES PAVING THE WAY TOWARDS AN INTEGRATED MULTICHANNEL BANK

Intesa Sanpaolo is continuing to transform the Group into a digital company, anticipating and supporting the needs and actions of customers in order to increasingly develop their “remote” relations with the Bank. Indeed, the main goals of the 2018-2021 Business Plan entail progressive digitalisation involving ongoing interaction with customers and employees, high-impact innovation with the building of the Group’s innovation brand, and support for the development of businesses and the implementation of IT systems and processes to ensure they are digital ready. At the same time, plans are in place to strengthen the operating structure with new skills to maintain its high levels of efficiency in an approach which genuinely combines the business and IT worlds. In this regard, an in-depth review of the IT platform is ongoing, continuing to focus on cybersecurity and expansion on the multichannel nature of customer services concentrating on the use of mobile devices.

Thanks to the progress Intesa Sanpaolo has made in the area of multichannel and digital banking activities, it has already achieved notable results in terms of customer engagement and the volume of services offered. In Italy (excluding Fideuram Intesa Sanpaolo Private banking and Banca 5) the main results were:

- About 9.2 million multichannel customers (8.3 million in 2018), equalling more than 78% of customers;
- 17.2 million digitised transactions (33 million since 2018) and 35% of activities digitised (17.8% in 2018);
- 6.1 million customers connected at least once to digital channels (Internet Banking and Mobile App) in 2019, including 5.5 million from 2018 to the new App (+38% compared to 2018);
- 32 Group companies already introduced into the Cybersecurity Model (76%);
- 66.4 million average monthly accesses via App, with 48 million transactions carried out in 2019 (in 2018 there were approximately 26 million transactions);
- 5.7 million customers have activated the new access systems that are simpler and safer than a physical flash drive key (compliant with the requirements of the European Directive on Payment Services in the Internal Market PSD2, Payments Service Directive 2), i.e. the O-key Smart or the O-key SMS (OTP - One-Time Password software);
- about 85% of the retail customer product range available via multichannel platforms (including the current account, payment cards and personal loans);
- about 500,000 active customers already reached with the launch of the Intesa Sanpaolo Investo App and almost 40% of online trading transactions carried out by Banca dei Territori retail customers.

With a similar innovative drive, the relationship with business and corporate customers is also evolving digitally thanks to a multi-year transformation programme and a new portal for companies, with:

- 320,000 companies migrated to the new digital portal and 20 million transactions per month, corresponding to 140 billion euro per month transacted;
- 350,000 users (employees of customer companies) with new access credentials, highly reliable in terms of Cyber Security and based either on the use of Smartphones or digital QR Code readers;
- 170,000 users who use the New Inbiz app, which allows them to approve millions of transactions per month, even via mobile, or to consult the balances and transactions of all the accounts of the Intesa Sanpaolo Group and other banks;
- 20,000 customers activated on the new digital tool Corporate Treasury (Treasury Management System to support Corporate Treasurers as they monitor and plan Working Capital);
- 25,000 customers activated on the new Customer Journey Export (working area to support companies with Trade Export needs).

Where direct contact in the branch has decreased – moving towards the goal of an Integrated Multichannel Bank – the methods for accessing services have been expanded.

The main innovations in the digital area in 2019 concerned:

- the development of new customer journeys (sales processes) with a multi-channel logic to improve the product line and customer experience, with an expansion of the products sold through Internet Banking, app and Intesa Sanpaolo Mobile, via self-service and Remote Offers;
- a series of new functions identified as priorities to remain European best practices, like improving the OCR (optical character recognition) function on the app to allow the payment of F24 tax forms and bill payment slips from the app or the release on app and Internet Banking of the notification dashboard, for real-time monitoring of transactions on Accounts, Cards and Investments;
- digital payments over 700,000 XME Pay active, the digital portfolio of the Intesa Sanpaolo Mobile app and the dematerialisation of payment cards on mobile devices by integrating all the main solutions available on the market, as well as the extension of the possibility of dematerialising the card to the national debit card circuit;

EMPLOYEE ENGAGEMENT

In 2019 the Ottomila! change management system consolidated the support activity involving about 44,500 employees in the achievement of the objectives of the 2018-2021 Business Plan within Banca dei Territori. Ottomila! is based on listening, participation and involvement of employees in activities on the website in a process of co-creation of initiatives and KPIs designed to enhance the contribution of each of them. In 2019, a tool called Altimetro (Altimeter) was used with branches and offices for quarterly surveys (96,979 questionnaires completed in 4 surveys in 2019) to enable employees to propose and implement initiatives in order to improve work.

With the Vividigitale project, the spread of digital culture continued in a context of profound transformation through formats dedicated to employees and customers, and in particular 5,823 digital culture promoters identified in the branches and management offices, points of reference for employees and customers, involved in 122 in-depth sessions. The shared content was then presented to customers through information and direct support through 70 dedicated events organised in the branches with new layouts, better suited to hosting this type of meeting.

THE PHYSICAL NETWORK CHANNEL AND INTEGRATION WITH ONLINE STRUCTURES

The branches continue to represent the physical space of personal relationships of the distribution network, particularly with regard to more complex operations. The New Branch Layout project has led to significant changes in the physical place where the Bank comes into contact with its customers with modular spaces that have been made as welcoming as possible and functional areas for specific activities (booths, co-working), and are also suitable for hosting artistic and cultural events. At the end of 2019 the new branch model was available in 229 branches, including 7 corporate branches, which have hosted around 450 events and engaged around 15,000 customers.

As outlined in the 2018-2021 Business Plan, the rationalisation of the distribution network, the search for innovation, the digitalisation and the offer of integrated models come to fruition in the remote consulting of the Online Branch.

In 2019, the Remote Manager Project was progressively extended to all Regional Governance Centres with a total of 14 Remote Branches with 141 Remote Managers in operation. The Remote Manager manages the relationship, the management and development of the customers included in the portfolio, starting from an initial phase of creation thereof where customers are called to propose the new service, with voluntary and free participation and then move on to the management and advice, always remotely. The Remote Manager is not an exclusive point of contact for the customer, who can always opt to make an appointment with the Network, according to the need to be satisfied. This is a relevant innovative feature: a circular model that puts customers at the centre, with two relationships that accompany them in their choices and support them in their decisions.

The geographical coverage and accessibility of services are offered by Banca 5, the first online Bank in Italy to operate in the payment system sector and based exclusively on a network of tobacco points of sale. Banca 5 has about 17,000 businesses with terminals for the provision of proximity financial services (withdrawals and transfers) and payment services (bill payment slips and Group cards). In 2019 Intesa Sanpaolo and Sisal, through Banca 5 and SisalPay, set up a NewCo that offers banking products, payment and transactional services at over 50,000 merchants located throughout the entire country, which are visited by 45 million individuals daily. The new network, fully operational from the beginning of 2020, will add to the offering of products and services of Banca 5 and SisalPay.

In 2019, the International Subsidiary Banks Division continued its projects:

- Adopting Group Distribution Model, implementing the new commercial service model in Banca Intesa Beograd in Serbia, CIB Bank in Hungary, Privredna Banka Zagreb-PBZ in Croatia, VÚB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia, involving about 300 branches for the benefit of 300,000 customers with a personalised consulting service from the dedicated manager and a service that is constantly improving, also thanks to additional latest generation ATMs (255 advanced ATMs). Given the positive results achieved, the Division decided to include Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina and Intesa Sanpaolo Bank Romania in the project.
- DigiCal programme strengthened the integration between the physical and the digital channels in order to digitalise current processes for Retail and Small Business customers. During 2019, the number of online customers using digital channels grew steadily: 278,000 in CIB Bank in Hungary, 257,000 in Bank of Alexandria, 483,000 in Privredna Banka Zagreb - PBZ in Croatia and 35,000 in Intesa Sanpaolo Bank Albania. At the end of the year DigiCal was extended to Intesa Sanpaolo Bank in Slovenia with internet and mobile banking. In 2019, Privredna Banka Zagreb - PBZ in Croatia reached over 5,000 customers with the introduction of the Digi4Biz Internet and Mobile Banking platform dedicated to the Small Business and SME segment, which will be extended in 2020 to CIB Bank in Hungary and Intesa Sanpaolo Bank Albania.

The use of Danube tablets for gathering signatures during transactions in Privredna Banka Zagreb -PBZ in Croatia, VÚB Banka in Slovakia, Intesa Sanpaolo Bosna i Hercegovina, CIB Bank in Hungary, Intesa Sanpaolo Bank in Slovenia contributed to the dematerialisation of contracts and simplified and improved the Customer Experience.

CREDIT INNOVATION

The activity of granting credit to retail customers in terms of products and processes is also carried out in a multi-channel perspective. In fact, the offer received from the traditional branch can be completed and concluded by customers conveniently from their mobile devices, independently or with the assistance of the branch. Over 70% of approved credit applications are evaluated automatically and granted within 24 hours, completing the disbursement within about 48 hours for 90% of the cases. In consumer credit, with the PerTe Prestito Diretto product the Bank makes it possible, in self-service mode, to purchase interest-free products from an extensive catalogue of consumer durables. The product range is supplemented with the constant presence of the Online Branch, which assists customers from the purchasing stages through to the home delivery of their goods. The innovation involves the home mortgage sector with the product "Mutuo in Tasca", intended for customers looking for a property who can ask the Bank to decide the maximum amount of credit that can be granted to them; at the end of 2019 there were more than 9,300 subscribers, with more than 1,500 customers who identified a house to buy and were granted a loan.

ACCESSIBILITY FOR PEOPLE WITH DISABILITIES

Accessibility for visually impaired or blind customers is made available in Italy thanks to automatic teller machines equipped with an interface featuring easy-to-read graphics for the visually impaired, while for the blind over 6,400 machines are equipped with headphones for listening to voice guidance. The monitoring of the accessibility and usability of buildings and services led to the conclusion of the census of 4,576 operating points (consisting mainly of Retail, Personal, Business, Private and Corporate branches, satellite agencies of the various branch types, and detached and company branches) out of a total of 5,460, i.e. about 84% of coverage (the former Venetian banks excluded), inspecting the user-friendliness of automated equipment and the accessibility of various areas with the use of tactile flooring for visually impaired and blind people. You can find specific information on the accessibility of branches on the Intesa Sanpaolo website [\[i\]](#).

In particular, there is information on the accessibility of branches and self-service areas for individuals with reduced mobility; visitors can also find out if there are accessible cashier desks, accessible toilets, adequate space for manoeuvring in corridors, tactile flooring for the visually impaired and blind, lifts or lifting platforms, or stair lifts to connect the various floors.

In International Subsidiary Banks, as part of the DigiCal model, the updating of Web-WCAG 2.0 (Web Content Accessibility Guidelines) applications continues, with a service in English and in the local language.

Within the scope of the International Subsidiary Banks, in 2019 a survey of the Banks' sites was carried out on the entire network of branches and head offices (more than 900 sites) to verify the state of accessibility according to a series of common parameters (accessibility from outside, to tellers, managers, etc.) and identifying improvements to be performed throughout the scope. Accessibility to branches from the outside varies between 38% and 91% depending on the country, with the highest rates for Privredna Banka Zagreb-PBZ in Croatia (91%), Intesa Sanpaolo Bank in Slovenia (82%), CIB Bank in Hungary (72%) and VÚB Banka in Slovakia and Intesa Sanpaolo Bank in Romania (70%).

Intesa Sanpaolo has also been cooperating with the Fondazione LIA (Libri Italiani Accessibili - Accessible Italian Books Foundation), which has been working for years with Associazione Italiana Editori (the Italian Publishers Association) and Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) to improve the accessibility of its documents published on the Internet and on the Intranet.

CUSTOMER PROTECTION AND RESPONSIBLE SALES

TRANSPARENCY TO CUSTOMERS

Intesa Sanpaolo makes the information it provides to its customers clearer and more comprehensible in all stages of their relationship with the Bank through the simplicity of its language, transparent information, and the consistency of the various documents on the same products/services. The main offer documents, drawn up in line with the clarity and intelligibility requirements, can be found in branches and also on the Bank's website, under the Banking Transparency section [i]. These include Product and Service information sheets, Specific Guides and Information documents on the conditions offered to all type of customers.

INVESTMENTS: ADVISORY SERVICE

In terms of investments, Intesa Sanpaolo has offered its customers the highest possible form of protection, i.e. its consultancy service, since 2007. With regard to transactions relating to financial products or investment services, personalised recommendations are made consistent with the customer's financial profile. With this in mind, a series of specific rules that Bank personnel must observe was introduced and implemented in full. After the entry into force of the MiFID II Directive and European regulations in the area of investor protection¹, these Rules were strengthened in order to provide investors with higher levels of protection and increased transparency in negotiations on the financial instruments markets. In particular, Intesa Sanpaolo introduced new obligations in terms of the governance of financial instruments, knowledge and expertise requirements for personnel responsible for providing investment services and ex ante and ex post information on the costs, charges and incentives of the products and services available.

Among the projects concerning advisory services, "Valore Insieme" is a global consultancy solution provided by branch managers through an innovative relations platform that provides advanced and personalised consultancy in all phases of the construction, protection and transfer of investment portfolios. It is a paid service aimed at those who are looking for an exclusive relationship that combines innovative technology with ongoing professional support from a dedicated manager.

THE COMPLIANCE CLEARING OF NEW PRODUCTS AND SERVICES

New products and services, like changes to existing ones, are subject to verification of compliance with applicable regulations. Similarly, innovative projects that launch new businesses or enter new markets are assessed in advance to ensure their substantial and formal compliance with internal and external regulations. Compliance assessments are carried out in accordance with the principles of fairness and protection of the interests of customers, and also relate to the quality of the information provided and the consistency of these services, products or transactions with the needs and characteristics of the target customers.

BUSINESS CONDUCT ADVISORY

In 2019, the Business Conduct Advisory (BCA) function, created in 2018, continued its monitoring of the political and regulatory framework of the countries of the International Subsidiary Banks and advising on both the assessment of conduct risks related to the introduction of new products and on specific cases. A total of 50 opinions were provided, 17 of which related to ESG (Environment, Social & Governance) issues. To ensure a shared understanding of conduct risk, a BCA newsletter dedicated to the compliance and business functions of subsidiaries will be launched in 2020.

¹ Directive 2014/65/EU (MiFID II) Regulation 2014/600/EU (MiFIR) and Regulation 2014/1286/EU (PRIIPs).

DIALOGUE WITH CONSUMER ASSOCIATIONS

As part of a long-established, open and constructive dialogue with the Consumer Associations at the national level, Intesa Sanpaolo signed the framework agreement called "Innoviamo le Relazioni" on 12 April 2019 with all the National Council of Consumers and Users (Ministry of Economic Development). The agreement establishes the formation of six permanent round tables on the topics of greatest interest: Products and Services, Regulations and Authority, Education, Customer Care and Conciliation, Sustainability, Local Relations. Also during 2019, two round tables were held on Products and Services, and in particular on: Fondo Indennizzo Risparmiatori (Savers' Compensation Fund) (former Banche Venete), new directive on the definition of default, updated Mifid II reporting, clarity and transparency in customer communications, subsidised loan for university students "per Merito", Banca 5 - Sisal Pay agreement.

Intesa Sanpaolo is also a member of the Consumers' Forum, which in 2019 continued its commitment to Consumer Sustainability with the aim of building a fair and balanced market where consumer and business take on collective objectives. In this context, the association joined and participated in the Saturdays for future, an initiative on responsible consumption promoted by ASVIS.

Work also continued throughout the year on permanent conciliation (see the Conciliation Agreement at [i]) and its role as an out-of-court solution adopted and managed together with the Consumer Associations. The conciliation procedure, which concerns products offered to retail customers, is simple, free and quick, with a maximum case resolution time of 60 days. Customers may decide to participate, at no cost and without impacting on any other paths they may wish to take, even subsequently, in order to protect their interests. In 2019, 16 applications for permanent conciliation were received.

RESALE OF DIAMONDS THROUGH PURCHASES AT ORIGINAL PRICES

The cooperation agreement with Diamond Private Investment (DPI) for the supply of diamonds to customers was terminated in November 2017 and the Bank ceased this activity. At the same time, Intesa Sanpaolo launched a process to pay customers the original cost incurred for the purchase of the diamonds, as well as the withdrawal of the stones. This has been done in order to satisfy the resale needs of customers unsatisfied by DPI due to the illiquidity that had arisen on the market. In order to further support customers, in January 2018 the Bank sent a communication to its customers owning diamonds confirming its willingness to intervene directly to meet customers' selling needs. As at 31 December 2019, the Bank had satisfied the requests received from approximately 6,600 customers for a value of approximately 112 million euro.

In this context, in February 2019, an order for precautionary penal seizure of 11.1 million euro was served to the Bank, corresponding to the fee and commission income paid by DPI to Intesa Sanpaolo. In October 2019, the Milan Public Prosecutor's Office served a notice of conclusion of the preliminary investigations in the criminal proceedings which, as far as Intesa Sanpaolo is concerned, involves two branch managers for alleged aggravated fraud and persons still to be identified both for the aforesaid allegations of fraud and self-laundering. These investigations concern four other banks and two companies that sell diamonds involved in other alleged offences. Intesa Sanpaolo is accused of an administrative offence pursuant to Italian Legislative Decree 231/2001 in relation to the alleged offence of self-laundering. In this regard, the Bank is confident that the correctness of its actions will come to light, and that the aforementioned initiatives introduced to safeguard its customers from damage will be appreciated. For further information see page 494 of the consolidated financial statements [i].

CUSTOMER HEALTH AND SAFETY

In all its offices and branches the Intesa Sanpaolo Group protects the health and safety of all the people who work and pass through them by implementing operational rules and technological safety measures, supported by IT tools and the promotion of a health and safety culture.

PHYSICAL SAFETY

Physical safety is safeguarded by the relevant function of the Parent Company, which works directly in Italy and carries out a practical coordination role for the International Subsidiary Banks, each of which has its own safety function.

The robbery risk analysis is updated constantly and, with the improvement of the safety systems, an update is carried out to check the security level of high-risk sites. In 2019 in Italy there were 13 completed incidents and 9 attempted robberies, compared to 12 completed incidents in 2018 and 12 attempted robberies. The phenomenon remains limited and down 8% compared to 2018. Physical security risks are shifting towards threats that, unlike robberies, do not affect the health and safety of customers and employees, like attacks on ATMs (26 incidents in 2019, of which 7 were carried out and 19 attempted), mainly at night when branches are closed. Cyber physical security attacks are also on the rise and combine physical forms of breach with

cyber-attacks without any threat whatsoever to human safety. With regard to aggressive behaviour not for predatory purposes, it should be noted that the phenomenon is under continuous observation, also by INAIL, due to its continuous growth in many sectors, including Health and Education. The financial services sector is exposed for all activities involving customer contact. In 2019, a survey of the Group's Local Networks revealed 132 cases of aggression (9 of which involved medical treatment) compared with 96 cases in 2018 (4 of which involved health assistance). Mitigation actions consist of training on prevention and the detection and management of incidents with the contribution of the Banca dei Territori Division, Safety and Protection and Legal Affairs Head Office Departments.

Moreover, in 2019 the activities carried out by the Group's physical security structure were based on an on-site verification plan of the levels of exposure to security risks and the definition of an assessment methodology based on the application of the ISO 31000:2018 standard and the use of consolidated synthetic models for the identification of risk indicators. These analyses have led to: the implementation of technological solutions for theft prevention (vault protection, protection of cash systems, ATM protection, increase in alarm systems) and robbery prevention (cash splitting systems, video surveillance and replacement of security services with technology); the preparation of new training modules through the Appendo platform; raising of employees' awareness through actions carried out at branches in cooperation with the Network Departments; management actions against non-predatory attacks in cooperation with all the Bank's relevant structures.

IT SECURITY

The Group considers the protection of information and the management of related processes a matter of strategic importance. In line with current regulations, IT security is governed by guidelines and integrated processes for the protection of the interests and rights of customers and employees, with rules set out in the Bank's Integrated Internal Control System which defines responsibilities at all levels of the company.

The Group's IT security model is based on a risk-based approach and is divided into three main macro-areas:

- Orientation: defined through the review of organisational aspects and policies/processes, strategic and predictive intelligence on cyber security risks, awareness-raising activities and information flows to internal control bodies;
- Control: ensured through risk management, the execution of controls and the maintenance of the most widespread safety certifications;
- Active monitoring: guaranteed through the use of the most appropriate technologies in order to ensure adequate levels of protection to customers and through supply chain governance and management.

In accordance with the model, appropriate roles and responsibilities have been defined to support and oversee IT security, including: the Corporate Bodies and Committees that assume general responsibility for the guidance and control of information security, supported by the Governance Functions that ensure its effective management; an Information Security Officer (ISO) who ensures the protection of information and infrastructure in line with the Group's strategy, ensures consistency between internal rules, promotes and develops integration between the various responsibilities in the Security field, guarantees compliance with the regulatory framework; the Relevant Functions that provide services, design and release information security solutions in compliance with the relevant regulations.

IT security tasks are carried out according to shared Group guidelines with both a centralised management model, for Banks and companies that have a high degree of integration with the Parent Company, and a coordination and control model for the other Group companies and the International Subsidiary Banks. The model and the IT security management system as a whole are periodically reviewed and updated, at least once a year or in conjunction with any external and/or internal changes (e.g. laws and regulations, organisational, technological changes) that may have an impact in terms of IT security, with a focus on continuous improvement thereof. The IT Security structure also conducts annual Strategic Intelligence activities aimed at identifying the most relevant risk scenarios for the Intesa Sanpaolo Group, in relation to which the necessary policy areas are defined in order to enable the Group's cyber readiness.

Given the growing importance of cybersecurity issues, including in relation to the 2018-2021 Business Plan, the Intesa Sanpaolo Board of Directors annually approves the IT Security Plan which organises, in a structured and coordinated way, the challenges introduced by cyber space through the measures already established by the Group functions that are responsible in various capacities for guaranteeing security. The underlying goal of the Plan is to clearly define responsibilities in the spread of the safety culture at all levels in order to protect all of the company's assets. In particular, the Plan envisages the implementation of the Group's IT security strategy, which must be based on a perfect knowledge of every element of the area to be protected, which grows together with the services offered and the new risks, strongly linked to behaviour and the human factor. This strategy is based on four main pillars (Excellence in fundamentals, Sensitivity and dynamism, Culture, Group Governance) which have allowed for the development of the operational projects and the

related investments necessary for the implementation of the initiatives set out in the Master Plan. Some of the most important initiatives for the Bank are:

- activities aimed at improving customer service (e.g. risk-based authentication – security measures that adapt to the risk of the transaction) and strengthening internal processes in terms of actions and communications to be activated in the event of a critical event, in order to reduce the related risks
- anti-fraud actions at a Group level, the objective of which is the continuous strengthening of the predictive model based on the use of data, technology and process knowledge. The expected benefits are manifold, including improved operational and process efficiency, minimisation of successful attacks and a faster response to fraud attempts
- growth of the Security Monitoring of third parties that provides services to the Bank using its own methodology for the evaluation, classification and verification of suppliers for IT security and business continuity. The security checks cover the entire life cycle of the supplier within the Bank, from the contracting phase, during the provision of the service, to the termination of the contract. A dedicated team set up in 2019 will oversee this issue.

With regard to the direct protection of customer assets, the Bank constantly updates its anti-fraud system, which is able to analyse all operations carried out via the digital channels in real time, flagging up any suspicious ones so they can immediately be checked centrally by a team of experts.

In a context where attempted breaches are constantly growing, Intesa Sanpaolo maintains the level of effectiveness of its anti-fraud systems year after year. This made it possible to block fraudulent transactions in 2019 totalling about 46 million euro for retail customers and about 86 million euro for corporate customers. The IT security profile is also based on the spread of awareness of the risks, of the prevention methods, of the relevance of the data processed and of the use of the application procedures by all the subjects involved (Bank structures, employees, customers and suppliers). Particular attention has been paid to customer awareness of IT security issues by publishing a series of communications on the public website (information pages, documents and infographics) and on bank statements (used as safe channels), also in collaboration with the relevant Italian and European authorities. In this regard, by way of example, Intesa Sanpaolo was the only Italian bank to participate in Europol campaigns (Cyber Scams, Don't Be a Mule, No More Ransom initiatives), helping with the preparation and distribution of materials designed to increase the knowledge of computer security culture among customers through examples and direct messages, so that they can maintain control of their digital lives.

The annual training provided by Intesa Sanpaolo is aimed at all levels of the company's hierarchy, including Top Management, which in 2019 was involved in various initiatives, including some simulations of crisis management caused by a cyber/data breach and several workshops on IT security. A number of partnerships have been established with Bocconi University and the polytechnics of Milan and Turin in order to support the creation of the first courses in cybersecurity, internships, talent programmes for ethical hackers.

In 2019, the Intesa Sanpaolo Group structures responsible for the collection and analysis of information in order to technically identify cyber-threats (threat intelligence) intensified their activities for the Group Banks and companies, as well as for national bodies supporting the credit sector. Initiatives involving Intesa Sanpaolo in various working groups with international bodies like AFME, BPI, JP Morgan, HSBC, ECSO, Leonardo, EBF, Enisa and CERTFin and ABILab also continued.

The integrated monitoring of IT security and business continuity as part of crisis management procedures confirmed the Bank's effective management of events related to natural disasters and crisis situations, ensuring the continuity of services and the safeguarding and protection of employees and customers.

Finally, as in previous years, the Bank remains committed to obtaining and maintaining third-party certification for its security and operational continuity activities that guarantee quality, and also for its appropriate monitoring of the services it provides (see [i]).

Access to credit and financial inclusion

COMPANY POLICIES

Intesa Sanpaolo provides a range of products and services that promote financial inclusion and access to credit, in accordance with the Group's Code of Ethics. This code highlights, among the principles of customer relations, this policy's value as a key lever for social inclusion, enabling people to improve their lives and exercise their citizenship rights to the full. The Code of Ethics also outlines Intesa Sanpaolo's commitment to promoting economic and social development in the countries where it operates. In particular, this responsibility results in assisting companies to develop and improve their competitiveness, and to introduce innovations and internationalise their business. Among other initiatives, the 2018-2021 Business Plan launched the Fund for Impact, which is intended to disburse social impact loans of around 1.25 billion euro to sections of society that find it difficult to access credit, despite their potential.

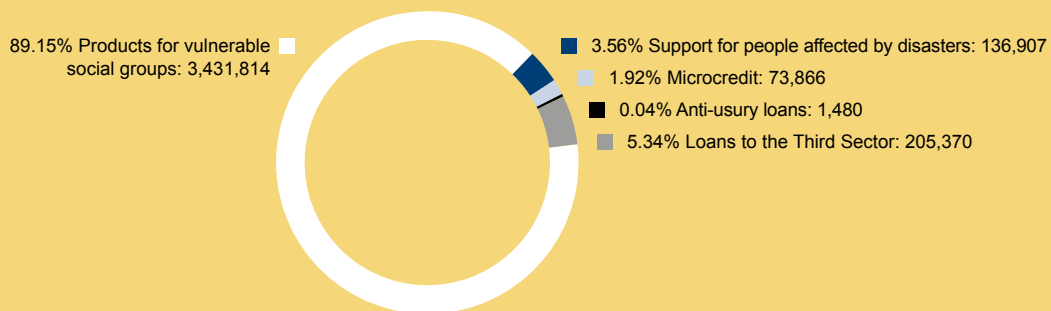
FINANCIAL INCLUSION OF VULNERABLE PEOPLE

Support of people in vulnerable conditions is offered through projects and initiatives aimed at the fair allocation of resources by identifying actors within the territory with whom agreements and synergies can be developed that will make access to credit easier for vulnerable individuals or those who would otherwise have no access to banking.

INITIATIVES WITH HIGH SOCIAL IMPACT

In 2019, the Intesa Sanpaolo Group issued new loans for high social impact activities amounting to about 3.8 billion euro, equal to 6.6% of the total granted, helping to create business and employment opportunities and also to assist people in difficulty with various initiatives: microfinance; anti-usury loans; products and services for associations and entities in the Third Sector; products for the most vulnerable social groups to support their financial inclusion; and loans to support people affected by disasters.

LOANS WITH SOCIAL IMPACT [% AND THOUSANDS OF EURO]



MICROFINANCE AND THE FIGHT AGAINST USURY

There are various partnerships with different entities to provide credit to individuals or small companies in difficulty. Altogether, in 2019 the Group disbursed about 75 million euro in microfinance or anti-usury projects, in Italy and abroad.

The longest-term initiative is the "Prestito della Speranza" loan, promoted since 2010 by the Episcopal Conference of Italy and the Italian Banking Association to support families in temporary difficulty by supporting the start-up of small businesses. The project subsequently focused on Intesa Sanpaolo by providing from 2015 to 2019 about 44.4 million euro for over 5,700 loans, of which 900 in the last two years for about 7.3 million euro. The typical mechanism for the "Prestito della Speranza" loan, whereby an entity – generally philanthropic or religious – provides money for a guarantee fund set up with the Group associated with an agreement with Intesa Sanpaolo, has been replicated with a number of counterparties.

Noteworthy initiatives include Intesa Sanpaolo's partnership with Fondazione Lombarda Antiusura and Fondazione Welfare Ambrosiano. The initiative entails supporting microfinance initiatives of a social nature, to provide income support for families, and those of a business nature, for the creation of micro and small enterprises. The catchment area is essentially the Milan area, and Intesa Sanpaolo is one of the four financial partners involved.

Lastly, there are a few other ongoing agreements for the credit inclusion of disadvantaged persons or small businesses. These include agreements once again with Fondazione Lombarda Antiusura (in collaboration with Caritas Ambrosiana and Fondazione Cariplo), with Finetica Onlus, and with NEETwork to offer free training placements provided by non-profit organisations, as well as with Adiconsum, Exodus 94, Fondazione San Nicola Medici, Fondazione Antiusura Cavalla, Fondazione Moscati and Fondazione San Matteo for anti-usury initiatives.

In addition to partnerships, the Bank makes available "Finanziamento Microcredito Imprenditoriale" ("Business microcredit financing"), dedicated to micro-enterprises in the start-up phase of a new business or when investing in growth projects, enabling them to access credit even without collateral. This opportunity was made possible by a special section of the SME Guarantee Fund (Ministry of Economic Development Fund, operational since 2000). The medium/long-term loan, with a maximum duration of 7 years and a maximum amount of 25,000 euro, is designed for the purchase of goods (including raw materials) or key business services (including lease payments), to pay for salaries to new employees or working partners, or to pay for training courses to improve professional quality and technical and managerial skills. Some of the essential characteristics of Business Microcredit Financing are assistance and monitoring services that support the business, offered free of charge by the VOBIS association (Volontari Bancari per le Iniziative nel Sociale, an association of volunteer former bank employees that operates throughout Italy and is purely focused on social solidarity). In 2019, about 700 loans were disbursed for a total of 14.8 million euro.

MICROFINANCE IN COOPERATION WITH NGOS

Bank of Alexandria, in partnership with several NGOs, has launched targeted solutions to contribute to the economic empowerment and financial inclusion of vulnerable segments of society. The solutions, also aimed at the specific needs of non-bank customers, are developed through a multi-stakeholder approach involving partner entities from different sectors. In particular, the beneficiaries are women young people in disadvantaged situations and Egyptian artisans. In 2019 20 loans for a total of more than 47,000 euro were disbursed.

FUNDS FOR IMPACT – NEW CREDIT ACCESS OPPORTUNITIES

Following the guidelines contained in the 2018-2021 Business Plan, the Fund for Impact was launched with funds of 250 million euro to support the disbursement of around 1.25 billion euro of loans to groups that would otherwise find it difficult to access credit, despite their potential.

The Fund for Impact is based on the experience of Banca Prossima, now integrated in the Impact Department of Banca dei Territori di Intesa Sanpaolo, which has introduced this method of intervention to support the non-profit sector.

In ten months of 2019, the commitment took concrete form with the launch of the "per Merito" initiative, loans for students in any economic and social condition residing in Italy to access Italian and foreign universities or master's degrees without requiring personal or family guarantees. The loan application is made online, with an increasing credit facility as long as students complete at least 20 credits or 80% of the exams scheduled

per semester. A maximum of 3,000 euro is provided for students that stay in their town or city of residence, and 5,000 euro is provided for those that live away from home to cover the length of the 3-year course, and for an additional two years for those also doing a Master's degree. For studies abroad or master's degrees, the amounts can also be higher, up to a maximum of 50,000 euro for the duration of the studies. Two years after earning the degree, the repayment of what has been used will commence, with instalments up to a maximum of 30 years at a fixed rate defined at stipulation. Repayments can be suspended three times, and there are no additional charges for early repayment. The loan complements and strengthens the solutions offered by universities, scholarships or study grants without replacing the primary role of public institutions in guaranteeing the right to study, supporting students who have not met the requirements for the support provided by universities and thus contributing to fostering university enrolment, a prerequisite for the development of young people's human capital for the country's growth.

In all the "per Merito" initiative financed 3,240 new students in 2019, disbursing about 28 million euro.

NATURAL CATASTROPHES AND DISASTERS

The Intesa Sanpaolo Group confirmed its concrete commitment to support the populations affected by the extraordinary events related to the bad weather that are increasingly affecting the Italian territory by providing new subsidised loans intended for the restoration of damaged properties (houses, shops, offices, artisan workshops, companies), suspensions on existing loans, actions in the area of protection and preferential, simplified and expedited procedures.

In 2019 there were about 1,900 suspensions of repayments on existing loans for a total residual debt of 800 million euro. In addition, about 2,800 subsidised loans were disbursed for over 135 million euro in 2019 and about 335 million euro from 2018.

The Bank has made available a credit line of 4.5 million euro to families and businesses affected by the collapse of the Genoa bridge for the write-off of loans on properties declared uninhabitable (0.5 million euro written off) and 50 million for reconstruction (4.6 million granted); it has also provided for the subscription of the Vicino a Te policy for minors who lost one or both of their parents during the collapse.

This year, among other measures, the Group allocated a credit line of 100 million euro for families and businesses affected by the bad weather emergency in Venice and has provided for the possibility of requesting a 12-month suspension of mortgages.

Intesa Sanpaolo Bank Albania has confirmed its commitment to help the population affected by the earthquake of November 2019, with the Earthquake Relief and Support Plan. Thanks also to a dedicated survey, it intervened to assist affected customers, individuals and businesses by means of a suspension on current loans (suspension of the loan for up to 12 months, rescheduling of the instalment repayment plan) and loans at preferential conditions for damages or for restarting businesses, with very short approval times.

SUPPORT FOR HOUSEHOLDS

Intesa Sanpaolo participates in the Guarantee Fund for Main Home Purchases, established by the 2014 Stability Law. Thanks to the Memorandum of Understanding between ABI and the Italian Ministry of the Economy and Finance, the beneficiaries – young couples, single-parent families with minor children, young people under the age of 35 with a temporary employment contract and tenants of public housing owned by the Istituto Autonomo Case Popolari (Social Housing Authority) – can get a guarantee on the principal amount of their loan (up to 50%).

In 2019, 6,144 mortgages of a value of 633 million euro were issued.

Support for households was also reflected in the renegotiation of mortgages, more than 63,000 in 2019, and more than 3,200 suspensions overall, defined as a result of system agreements and to provide support to households affected by natural disasters, noted above. Moreover, during 2019 initiatives were taken to suspend loan instalments (up to 12 months) for employees of companies in crisis situations and in some cases also due to related events (e.g. former Ilva of Taranto), which provided an immediate signal of support to the families of employees of the companies directly affected. Also to support retail customers, funding continued for APE (cash advances against pension entitlement) requests, a system introduced on a trial basis by the 2017 Budget Act and extended to 2020 for workers who, having turned 63 and with a minimum of 20 years of contributions, wish to retire early.

In 2019, 1,555 applications were received, bringing the total number to 9,264, and 1,327 were accepted, for a total of 6,769 since the start of the initiative, with a total of 66.7 million euro disbursed.

SOLUTIONS FOR YOUNG CUSTOMERS

Solutions for young customers include:

- mortgages, in particular Mutuo Giovani, with a total disbursement – also considering the Guarantee Fund for Main Home Purchases – of about 2.5 billion euro to over 21,700 young people;
- loans, with the product dedicated to young university students "per Merito" with the aim of facilitating access to studies, the details of which are outlined in the section "Fund for Impact - New credit access opportunities";
- current accounts, with the XME Conto product, with preferential conditions and tax paid by the Bank, up to 35 years of age, with just under 898,000 holders at the end of 2019 and with XME Conto UP! for those under 18, completely free until the age of 18;
- savings with XME Salvadanaio, the digital piggy bank that can be used by children and adults alike, which allows them to set retained sums of money, either manually or automatically for rounding off payment transactions made by card. The "children's version" of XME Salvadanaio is called XME dindi, a technological piggy bank that, in addition to collecting coins and banknotes, makes it possible to see the money saved in XME Salvadanaio, the progress in achieving the set objectives and to monitor the balance of XME Conto UP! through the touch screen on the device. In 2019, the product was proposed on World Savings Day in order to spread a financial culture and attention to savings from a very young age.

REMITTANCE MANAGEMENT

Intesa Sanpaolo offers specific products for foreign customers in Italy who need to send money to their home countries. In 2019, around 95,000 remittances were made, amounting to approximately 47 million euro.

PROJECT FOR THE FINANCIAL INCLUSION OF IMMIGRANTS

The financial inclusion project for immigrants was developed on the basis of the results of a study on the current process and the future impact of immigrant integration dynamics on the sustainable growth of the country. The analysis resulted in internal Intesa Sanpaolo Group projects focused on training and change management, business development and change management.

SUPPORTING THE THIRD SECTOR

For some time now Intesa Sanpaolo has made available an offer dedicated to third sector organisations, first through Banca Prossima and then (after its merger in 2019 into Intesa Sanpaolo) through the Impact Department, into which it was incorporated.

At the end of 2019, there were about 66,000 customers, and direct and indirect deposits of about 5.8 billion euro, of which roughly 4.1 billion euro was in direct deposits, and about 2 billion euro in loans. The intangible assets of Third Sector entities play an important role in making their long-term financial exposure sustainable. To this end, specific rating models have been developed that better suit the characteristics of customers from the non-profit and religious sectors, particularly with respect to the qualitative section. As a guarantee of its activities, the articles of association of Banca Prossima envisage a Fund for the development of social enterprises, to which at least 50% of the remaining profits net of allocation to legal and statutory reserves and the reconstitution of the share premium reserve initially used to set up the Fund were allocated each year.

The Fund continued to function even after the incorporation of Banca Prossima, through the creation of a plafond of around 0.1% of the shareholders' equity of Intesa Sanpaolo.

CROWDFUNDING PLATFORMS

For Funding is the social crowdfunding platform of the Intesa Sanpaolo Group aimed at organisations, non-profit associations and foundations which want to launch a fundraising campaign with the participation of a wider donor community. The fundraising initiatives are selected by the Intesa Sanpaolo team, which evaluates the beneficiary organisation and the type of projects in order to support the most deserving projects. Once the project has been published on the platform, donors may contribute to the fundraising process with a donation made through the website using a credit card, by online bank transfer, or with a bank transfer made at their own bank or at any Intesa Sanpaolo branch. Each transaction is free for both the donor and the beneficiary.

In 2019 For Funding became a unique, distinctive model in the world of social crowdfunding, incorporating the Terzo Valore platform developed by Banca Prossima for non-profit organisations. Supporters can underwrite part of the loan at a rate of their own choosing that is below a maximum level stated by the organisation itself. In fact, about half of lenders lend at zero interest. In 2019, 0.8 million euro were disbursed by the Bank and 0.9 million euro by third parties.

EDUCATION AND SPREAD OF FINANCIAL CULTURE

The demand for economic-financial education in Italy is constantly growing, a clear fact for the Savings Museum, which in 2019 continued its financial education projects and content aimed at informing and spreading awareness of financial services as well as avoiding the spread of over-indebtedness.

The lead project remains the SAVE Tour (Sustainability, Action, Voyage, Experience), a journey through the Italian regions in collaboration with Italscania and the European Investment Bank Institute, for students of all levels and age groups. The initiative, recognised by the Ministry of Education and Research, consists of multimedia courses and didactic workshops revolving around economic-financial education and environmental sustainability and held in a Discovery Truck set up with video and games stations (for more information [1]). The first edition of the SAVE tour of Italy took place from October 2018 to April 2019 and covered Central and Southern Italy, crossing eight Regions and engaging about 10,000 students. The second edition, launched in October 2019, will involve 21 cities through Calabria, Sicily and Sardinia, as well as Turin, Genoa and Naples. The Savings Museum pays special attention to children and young people who, due to geographical and/or socio-economic barriers, benefit from fewer educational opportunities. In 2019 it carried out specific projects for this group, to which were added personalised financial education activities for groups of people in economically and socially fragile conditions:

Project	Partner Entities	Description	Events and users involved
MOne Learning	European Investment Bank and the Fondazione per la Scuola della Compagnia di Sanpaolo	Primary school students located in mountainous areas or more than 80 km from Turin, transported by bus without any expense for the families, have access to the Savings Museum, which offers them a free guided tour and an educational workshop.	The current 2019-2022 edition is extended to schools in the regions bordering Piedmont (Liguria, Lombardy, Valle d'Aosta), located at a maximum distance of 200 km from Turin. The initiative engages about 2,000 children a year.
SKY IS THE LIMIT	GLT Foundation	Dedicated specifically to lower secondary school students of "outlying" schools, to train them to think of themselves as active builders of their professional future, equipping them with planning skills and entrepreneurship.	The pilot phase started in 2019 for 100 students coming from schools located in difficult neighbourhoods of Turin
Fuoriclasse della Scuola project	Ministry of Education and Research, Feduf, Confindustria and ABI	Financial and Business Education Campus for winners of the student School Olympics from all over Italy.	The fourth edition involved 78 secondary school students.
Welcom-ED	University of Turin	Interactive modular course on topics like saving, basic financial terminology, simple budgeting and planning techniques and operations of the most popular financial instruments.	over 500 migrants
L.E.I. (Labour, Emancipation, Inclusion)	Compagnia di Sanpaolo, Casa Circondariale di Torino (Turin prison) and its cooperatives	Project for the reintegration of women inmates into society, with a special focus based on the informed management of money and self-employment.	On average 60 inmates are involved in the training.

Among the most important events promoted and coordinated by the Savings Museum in 2019 are the following:

Project	Partner Entities	Description
Art of Saving	Various realities of the Intesa Sanpaolo Group, like International Subsidiary Banks Division, Gallerie d'Italia and Historical Archives	World Savings Day (31 October); 190 volunteer staff and 15,000 students involved; the International Subsidiary Banks Division joined with 9 out of 11 subsidiaries.
Exhibition "Tommaso Bonaventura 100 MARKS - Berlin 2019"	CAMERA – Centro Italiano per la Fotografia, Fondazione Museo storico del Trentino, Centro Ricerca Archiviazione della Fotografia di Spilimbergo (CRAF)	A photographic and video account of the Begrüssungsgeld, the welcome money that the citizens of the former East Germany received when they crossed the Berlin Wall between 1970 and 1989.
Convention "New Italians: information needs and integration" - 24 January 2019	University of Turin	Seminar addressed to CPIA teachers and associations to reflect on opportunities for economic and labour inclusion of migrants and asylum seekers
EDUTAINMENT event. A winning combination of learning and fun – 23 May 2019		Experiential and interactive event to take stock of the tools and new frontiers of edutainment applied to economic-financial education.
Seminar "Educating children and young people about economic citizenship: comparing experiences" - 26 September 2019	USR Piemonte and Fondazione Scuola della Compagnia di Sanpaolo	Seminar addressed to primary school teachers and educators aimed at spreading new teaching approaches and evaluation methods in financial education.
Sky Is the Limit initiative. Workshop on inclusive education – 10 October 2019	Global Thinking Foundation	Seminar for teachers and educators to promote good practices of inclusive and innovative education

Moreover, through a specific range of financial education and sustainability workshops, participation was confirmed in national events such as the International Book Fair, the Sustainable Finance Forum, World Investor Week and European Money Week. Finally, international networking activities were consolidated through the organisation, together with the International Federation of Finance Museums (IFFM), of the Financial Education Summit in Ottawa on 31 October, which brought together the main stakeholders working at a European and international level on the issues of financial inclusion and literacy.

The partnership with the Osservatorio Permanente Giovani-Editori for the Financial Culture at School project continued in 2019 with the aim of supporting young people's critical reading and the act of referring to quality information.

FINANCIAL EDUCATION TRAINING INITIATIVES WITH CONSUMERS

In 2019, the "Mettere in comune competenze" ("Skills pooling") project offered two training courses for managers of Consumer Associations, one locally in Florence for associations in Tuscany, and one nationally in Rome. At the events, lasting 8 days for a total of 56 hours of training, 66 delegates from 15 different consumer associations belonging to the CNCU (National Council of Consumers and Users) were involved. The seminars dealt with finance, markets, credit, insurance products and regulatory areas.

SUPPORTING PRODUCTION AND INNOVATION

Intesa Sanpaolo puts itself forward as a point of reference, and not just financially, to support the country's economic system in every phase of the economy, even in the most delicate areas, for the business and associative world, helping its customers in a consolidated and long-term model founded on quality, reliability and trust.

With regard to over a million of companies and 200,000 SME customers, the Group puts forward solutions that support the future of Made in Italy in the world and contribute to sharing their internationalisation, capitalisation, innovation and development processes, with particular attention to the topic of economic, social and environmental sustainability, as stated in the 2018-2021 Business Plan.

SUPPORT FOR BUSINESSES

In 2019, Intesa Sanpaolo allocated about 58 billion euro of new medium-long term loans to the real economy. Around 48 billion euro was granted in Italy, 38 billion euro of which to households and SMEs.

In 2019 the Group facilitated the return from non-performing to performing status of around 18,500 Italian companies, with a positive impact on employment through the protection of approximately 93,000 jobs.

The internationalisation process of Italian businesses is supported, directly or through the Group's main subsidiaries abroad, by:

- Group network with presence of branches and offices in around 40 countries worldwide and coverage across 85 countries thanks to agreements with other Banks;
- a service model that leverages specialised product expertise (trade finance, cash management and internationalisation), the presence of specialised desks (Corporate Desk and Multinational Clients Desk), with consultancy provided by specialists in financial support and Trade and Cash Management needs;
- an offering of domestic and cross-border products, which, in the purely transactional area, aims to offer corporate customers the opportunities (open banking) offered by the entry into force of PSD2.

To promote the international development of businesses Intesa Sanpaolo also organises various types of events in Italy and accompanies businesses on missions abroad in cooperation with various partners, institutional bodies and trade associations.

The growth of Italian SMEs is also supported by the Intesa Sanpaolo Structured Finance and Advisory units and the partnership with Elite of Borsa Italiana, supporting the growth and investment plans of virtuous SMEs through innovative financial solutions that give companies high visibility to institutional investors and enhance their reputation and financial culture.

In partnership with Confindustria, in 2019 Intesa Sanpaolo brought 67 companies representing Italy and economic sectors to three Elite Lounges (an international programme to accompany the most ambitious companies in their development phases), one of which was dedicated to women's entrepreneurship and another one that saw the involvement of some finalists in the Imprese Vincenti programme.

In 2019, in partnership with Elite, the Intesa Sanpaolo Basket Bond Programme was set up, an operation to allow SMEs to issue bonds and subsequent securitisation through "Notes" to institutional investors. The Programme, structured in several tranches, provides for the subscription of bonds for a total amount of up to 1 billion euro and seeks to involve a total of about 200 SMEs throughout Italy.

With regard to the financing of SMEs we note our efforts in the world of culture, and in particular the film world and the advance tax credit, thus giving substance to the important new development introduced by Italian Cinema Law no. 220/2016 (assignability of the tax credit) and responding to the pressing demand of industry operators.

IMPRESE VINCENTI PROGRAMME

In 2019, the Group launched the first edition of Imprese Vincenti, the programme to promote Italian entrepreneurial excellence, i.e. small and medium-sized enterprises that stand out nationally for growth and creation of value and jobs. The aim is to provide media visibility and services to accompany growth, in collaboration with important partners and with the support of the Intesa Sanpaolo Formazione companies, Intesa Sanpaolo Forvalue and Intesa Sanpaolo Innovation Center. The first edition saw excellent results, with about 1,800 companies nominated and 120 companies selected and celebrated as winning companies.

INDUSTRIAL DIALOGUE AND THE PRODUCTION CHAINS DEVELOPMENT PROGRAM

Dialogo Industriale ("Industrial Dialogue") was born with the aim of increasing the "strength of the relationship" of managers with companies, identifying a common language for a better understanding of their needs, oriented to offer solutions better suited to the objectives and peculiarities of each company. It combines company requirements and credit quality, supporting the creation of sustainable business.

In 2019, functions were developed and implemented in order to extend the use of the platform to potential new customers, to enhance the information assets linked to the industrial supply chains and to encourage commercial-credit collaboration.

The Sviluppo Filiera ("Supply Chain Development") programme continued concurrently with Dialogo Industriale, with the aim of facilitating access to credit, focusing on the relationship that links lead companies with the suppliers' network and enabling a more detailed understanding of the financial requirements of individual supply chains. At the end of 2019, there were around 680 participating lead companies with potentially 15,600 suppliers and a workforce of 93,000 employees.

NON-FINANCIAL SERVICES

In a situation with high innovative potential, Intesa Sanpaolo Forvalue is the Group company that offers companies advanced solutions for business development, contributing to the development of the following areas:

- servitisation (or product as a service) as a circular business model that companies can use to improve the productivity of resources employed and to reduce costs;
- the model provides for the renunciation of asset ownership while maintaining access to it and its performance, in the short or long term. For such cases Intesa Sanpaolo Forvalue offers Simple Rent, the rental solution designed to meet the needs of mobility (Simple Rent Auto) and the management of companies' capital goods (Simple Rent Beni Strumetali);
- lean thinking, to integrate technology into business processes as a source of sustainable competitive advantage;
- open innovation through collaboration with networks of expertise (universities, polytechnics, research centres, accelerators, incubators, start-ups, consulting companies, technology suppliers and customers) to identify solutions that can lead to the development of new businesses in new markets. Intesa Sanpaolo Forvalue offers the Club Forvalue, a platform that supports entrepreneurs by offering information, training, innovation and personalised consultancy services.

CORPORATE WELFARE SERVICES

The Welfare Hub service offers corporate welfare programmes through a digital multimedia and multi-channel platform (navigable from PCs, tablets, smartphones) that allows the company to offer its employees a set of goods and services called Flexible Benefits that enjoy tax benefits both for the company that offers them and for the employee who receives them. At the end of 2019, around 1,900 companies were using the platform.

CORPORATE CREDIT AGREEMENTS

With the aim of continuing to support businesses and respond to the developments occurring within the European regulatory context, and with the "Imprese in Ripresa 2.0" ("Recovering companies") initiative, operational since January 2019, the new Credit Agreement signed by ABI and the main trade associations introduced adjustments to the SME loan suspension and extension measures set out in the previous Credit Agreement of 2015.

In 2019, the Group received more than 900 requests for the suspension or extension of loans.

Within the framework of the Industria 4.0 national plan, in order to support and foster innovation processes, investment in new technologies and the digitalisation of businesses, the following sectoral agreements were entered into or continued in 2019:

Sector agreement	Purpose
FEDERLEGNO ARREDO Italian Federation of Wood, Cork, Furniture, Lighting and Furniture Industries	Innovation and circular economy processes based on a model of sustainable development of the supply chain and, more generally, of the "home system" which includes the wood trade, the wood-building sector and the home-furnishing-design world. 1 billion euro credit line
CONFAGRICOLTURA	Reinforcement of supply chains, internationalisation, innovation, digitalisation, e-commerce and initiatives dedicated to promoting training and welfare in agriculture
CNA National Confederation of Crafts and Small and Medium Enterprises	Spread the culture of corporate welfare through the innovative "Welfare Hub" platform that allows taking advantage of the opportunities granted by tax regulations and the advantages offered by the flexible benefits
CONFCOMMERCIO	Access to credit for micro-enterprises and SMEs through the provision of a guarantee on a first portfolio of 100 million euro of new loans (Tranched Cover)
ANFIA, National Association of the Automotive Industry Supply Chain	Support for the production chain, the development of human capital, and the provision of non-financial services to businesses
Ministry of Cultural Heritage and Activities - Directorate General for Tourism	Developing a "Pact for Tourism 4.0" in order to enhance the value of the sector in credit assessments, with a three-year funding plan of 5 billion euro to renovate and modernise hospitality facilities, improve the accessibility of holiday destinations, and improve the quality of hospitality
FIPE (Italian association in the sector of public-related activities)	For the benefit of more than 100,000 member companies operating in the catering, entertainment and tourism sector, it provides for the reduction to zero of POS merchant commissions for payments under 15 euro, loans at preferential conditions and training to encourage investment, with the aim of providing companies with tailor-made tools for day-to-day operations and responding to new needs to increase the quality of services and the ability to compete

In 2019, support for the internationalisation of companies continued in the context of the agreement signed with SACE to guarantee the International+ medium/long-term loans with SACE guarantee from Intesa Sanpaolo. Furthermore, after 10 years of cooperation with Confindustria Piccola Industria, a partnership born as a response to the recession and that then evolved into a support for quality growth, the credit line of the 2017-2019 three-year agreement "Designing the future" dedicated to competitiveness and digital transformation of companies to seize the opportunities offered by the fourth industrial revolution has been increased from 90 to 100 billion euro.

Within the context of Industry 4.0, in 2019 support for SMEs took the form of over 601.9 million euro of loans issued in response to over 2,229 requests processed.

Agreements and partnerships have been established with the European Investment Bank (EIB) and the European Investment Fund (EIF), and the use of the EIB funds still available and linked to the agreements signed – for a total of 1,035 million euro – has continued to be used to support investments by SMEs in all sectors, to finance energy efficiency projects in the public, industrial and residential sectors carried out throughout the country mainly by energy service companies (so-called ESCOs). In October, two further agreements were signed with the EIB for two loans of 100 million euro each, the first for SMEs and Midcap companies operating in the agriculture and bio-economy sectors, and the second for the financing of small and

medium-sized renewable energy projects in Italy in the wind, geothermal, biomass and photovoltaic sectors. The agreement with the EIF calls for the creation of a portfolio with an InnovFin guarantee for new loans of up to 300 million euro for research, innovation and development projects, and continued in 2019 with the construction of portfolios of new financing guaranteed by the SME Guarantee Fund. Operations which began in 2018 with the admission of four portfolios for a total value of loans of 1.2 billion euro, continued in July 2019 with a new initiative that benefits from the guarantees of the consortium company promoted by Confcommercio alongside the SME Guarantee Fund.

In addition, preparatory activities were launched in line with the SME Initiative, a dedicated SME initiative promoted by the European Union and the EIB Group (the European Investment Bank and the European Investment Fund) which aims to stimulate SME financing by providing partial risk coverage for SME loan portfolios by the original financial institutions.

The Bank is committed to providing more than 300 million euro in loans to SMEs.

SUPPORT FOR NEW BUSINESSES

In 2018, Intesa Sanpaolo joined the "Resto al Sud" initiative to support young people with new entrepreneurial businesses in the Southern Regions. The project, promoted by the Italian Ministry of the Economy, has access to 1.25 billion euro from the Development and Cohesion Fund.

The amount eligible for funding can be up to 50,000 euro per applicant, with a maximum of 200,000 euro for projects with several applicants and maximum coverage by the Bank of 65% and the remaining 35% by the public.

In 2019, regulatory changes were made that extended the range of beneficiaries to those under the age of 46 and to freelancers, resident or willing to move to the target regions of the initiative, and the benefits to the territories affected by the earthquakes of 2016-2017, thus including specific territories of Lazio, Marche and Umbria (regions to that point not included in the measure).

Intesa Sanpaolo was one of the first Banks to offer financing in response to the initiative, raising awareness about the project among thousands of young people at more than 70 regional meetings. Overall, 822 loans were disbursed for a total of 35.7 million euro in 2019.

"Finanziamento Microcredito Imprenditoriale" ("Business microcredit financing") supported micro-enterprises in launching a new business or investing in growth projects, offering them access to credit even without collateral. More details are available in the section Microfinance and the fight against usury. In support of new entrepreneurship during 2019 a commercial offer was launched dedicated to New Entrepreneurs who received a VAT number no more than 12 months ago and to all innovative start-ups registered in the special section of the Company Register.

The offer includes a current account and associate cards with no fee for the first three years and a reduced fee for the following two years. Further benefits are also offered in the first three years for other products that can complete the offer at the customer's request, like Internet Banking, POS and Digifattura.

Finally, a new payment system was developed through an agreement with an Italian fintech start-up, Matipay, which allows purchasing services and products online with cash using the physical network of banknote readers and vending machine token holders, making it possible to reach non-bank customers like young people who do not yet have a credit card.

WOMEN'S ENTERPRISE SOLUTIONS

The Business Gemma loan supports businesses run by women and self-employed women. While the original agreement underlying the product signed by ABI, the government and trade associations expired in 2018, the Bank has maintained the loan which benefits free of charge from the guarantee of the special section of the SME Fund for Women's Entrepreneurship and allows the Bank to request the suspension of the capital portion of the instalments for up to 12 months during the amortisation period.

267 loans were disbursed for a total of 10.1 million euro in 2019.

Among International Subsidiary Banks, Banca Intesa Beograd and Intesa Sanpaolo Bank Albania signed agreements with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business programme which, in support of micro, small and medium enterprises run by women in the Western Balkans, has offered subsidised loans, technical consulting and the sharing of know-how for women who benefit from the initiative. In 2019, Banca Intesa Beograd disbursed 355 loans for more than 3.6 million euro, and Intesa Sanpaolo Bank Albania, having renewed the programme with a new line of credit of 5 million euro, made available approximately 670 thousand euro for 21 loans, of which 19 to female entrepreneurs.

WOMEN VALUE COMPANY AWARD

In support of gender equality and the enhancement of the role of women in entrepreneurship, Intesa Sanpaolo promotes the "Women Value Company - Intesa Sanpaolo" award together with the Marisa Bellisario Foundation. In its fourth iteration in 2019, the award is given to small and medium-sized enterprises that implemented concrete and innovative policies and strategies to guarantee men and women equal opportunities and equal recognition in their careers. In 2019, in partnership with Elite, the London Stock Exchange Group's international programme dedicated to companies with high growth potential, the first Lounge edition was held dedicated entirely to female leadership for 20 Italian companies with a strong focus on gender diversity. Thanks in part to the Bellisario Foundation, companies have been identified among the top organisations of the common Intesa Sanpaolo Women Value Company business development programme.

SUPPORT FOR INNOVATION

Intesa Sanpaolo Innovation Center is the Group company dedicated to exploring and learning new business models, creating assets and skills to support the long-term competitiveness of the Group and its customers. Addressing the ecosystem of innovative start-ups, it creates a network of relationships with businesses, incubators, research centres, universities and local and international organisations to facilitate the meeting of supply and demand for innovation. The Intesa Sanpaolo Innovation Center also oversees the development of the culture of innovation with events and information initiatives both inside and outside the Group, that are also promoted via a network of specialist representatives in the Regional Governance Centres of Banca dei Territori. These initiatives contribute to strengthening the Group's position as an innovation leader, developing relations with other institutional stakeholders in the national and international ecosystem, maximising all possible collaborations.

DEVELOPMENT AND GROWTH OF START-UPS

Start up Initiative [i] is an international acceleration programme of the Intesa Sanpaolo Innovation Center dedicated to the most promising innovative companies, preparing them to face the market with coaching initiatives, and introducing them to players in the innovation ecosystem. The best start-ups are also presented at specific events (Investor Arena Meetings).

In 2019, 6 acceleration programmes were implemented, of which 124 start-ups (235 from 2018) were presented to about 850 investors and other players in the ecosystem (about 1,600 from 2018).

In 2018, a Memorandum of Understanding was signed with Compagnia di San Paolo and Fondazione Cassa di Risparmio di Torino to pool resources and expertise and define a joint strategic plan on innovation. The first concrete realisation of this collaboration is the partnership with the American accelerator Techstars, one of the first in the world, for the exclusive European launch of three acceleration programmes related to Smart Mobility between 2020 and 2022. The programme lasted 13 weeks and collected 293 applications, 49 of which were Italian. The start-ups will be guided by about 100 mentors. The 10 start-ups selected at the end of the programme will receive an investment in equity and potential follow-up in the form of convertible notes.

Furthermore, as part of the activities in support of the acceleration programmes, the partnership continued with B-Heroes, an acceleration, mentorship, investment and communication programme aimed at innovative start-ups, which reached its third edition in 2019 with the involvement of over 1,000 start-ups and over 500 meetings in the area.

For digital learning, the "Officine Formative" project provides online acceleration courses for early-stage start-ups aimed at providing the necessary entrepreneurial skills, free of charge, to create and launch a start-up on the market and raise capital from investors. There are 21 courses on the site, with over 100 lessons on various topics. So far, over 1,750 hours of lessons have been provided on the website to over 3,900 registered users. In order to support the growth of start-ups, international expansion programmes with assistance and consultancy services are also carried out to support the growth of start-ups abroad. Business development services were offered in the analysis of the potential target markets and competition's characteristics, as well as identifying the most suitable business opportunities and technological solutions.

Intesa Sanpaolo Innovation Center has created a qualitative assessment model to support the Bank's credit granting process to innovative start-ups in the Company Register. The Diligence Assessment Tool Scorecard (DATS) associates traditional credit assessment based on economic and financial aspects with a long-term vision that harnesses the growth potential of start-ups.

OPEN INNOVATION

In collaboration with the Intesa Sanpaolo Innovation Center, Intesa Sanpaolo manages the Tech-Marketplace, the digital platform that promotes interactions between start-ups and small/medium-sized enterprises, with approximately 6,000 businesses representing the demand for innovation and more than 11,000 technology supplier profiles.

Working with research institutes and universities, Intesa Sanpaolo Innovation Center creates laboratories for applied research projects that generate know-how in the academic world, the Group and corporate customers. One of the projects involves Artificial Intelligence in partnership with the ISI Fondazione of Turin to design, develop and test mathematical models and algorithms as part of applied cutting-edge research on issues of interest to the Group and/or customers. In particular, in 2019 5 challenges were concluded, and for 3 of them the research results were brought into production. Furthermore, 6 challenges are still ongoing.

As regards the protection and development of intellectual property, two patent applications have been filed and two scientific publications and a position paper have been produced. Regarding the dissemination of knowledge, 6 seminars were organised on topics related to the application frontier in the industrial field of artificial intelligence and over 40 events in humanoid robotics. The Lab Neuroscience, launched in partnership with IMT School for Advanced Studies of Lucca with the aim of designing, developing and testing the field of neuroscience with respect to business issues, in 2019 concluded 6 challenges. As far as the protection and development of intellectual property is concerned, 4 scientific papers are being prepared and a neuroscientific publication has been chosen, conducted at the Pontifical Academy of Rome and presented at the RoboEtica event. With regard to the dissemination of knowledge, 3 events have been organised with Banca IMI and more than 10 workshops.

The Group provides many loans for businesses that invest in innovation and research, most notably Nova+, a loan issued on the basis of technical and industrial assessments of the innovation and research project conducted by a team of engineers specialising in the technology sector, which in 2019 funded 41 projects for about 42 million euro. A total of 335 projects (Nova+) were funded in the period 2014-2019 for about 370 million euro.

The Innovfin guarantee, issued by the European Investment Fund (EIF) with the financial support of the European Union, aims to facilitate access to credit for Small and Medium-sized Enterprises and Small MidCaps. In 2019, 38 loans were disbursed for approximately 58 million euro.

Furthermore, as a bank granting specific public subsidies for research and innovation (in particular, the Sustainable Growth Fund, managed by the Ministry of Economic Development), in 2019 Intesa Sanpaolo approved 41 projects for about 106 million euro of investments in 88 beneficiaries (of which 55 SMEs). In total, 240 projects were approved under the Sustainable Growth Fund from 2014 to 2019, for a total of about 1.2 billion euro of investments in 394 beneficiaries (of which 222 SMEs).

Responsible asset management and customer protection

COMPANY POLICIES

Asset management and the insurance coverage of customers are central to the activities of the Intesa Sanpaolo Group, and are ensured through organisational structures in business areas specialising in asset management, private banking and protection requirements with financial and insurance products and services. Based on the response to the customers' portfolio diversification requests on the basis of their needs (expenses, reserves, investments, pensions and protection) and specific goals in terms of the effective allocation of resources, the product and service range offered was gradually expanded from financial management and consultancy to the area of protection, which concerns all customers, from small to large assets, and from SMEs to large companies, with the due adjustment of the guarantees. The activity is therefore aimed at the development of financial and insurance products and advisory services to meet the welfare and protection needs of households and businesses, including in the long term. Guidelines and Rules for the marketing of financial and insurance products clearly explain the obligation of operators to act in a transparent, fair and diligent way in the provision of investment services, as required by applicable legislation as well.

In the Group's Code of Ethics, as regards the principles of conduct towards customers, asset management's focus is to increasingly highlight social, environmental and good corporate governance criteria in investment assessments in order to promote balanced and sustainable development. With this in mind, the portfolio offered includes funds that apply selection criteria in compliance with the Principles for Responsible Investment, also with the aim of introducing sustainability dynamics in businesses and in customer choices. Eurizon Capital has also signed up to the Italian Stewardship Principles, which define the procedures for exercising administrative and voting rights in listed companies, in order to stimulate discussion and cooperation about social and environmental sustainability issues with listed issuers that the company invests in. As of 2018 Eurizon has its own Engagement Policy in which it reaffirms its commitment to carry out in-depth research and to establish a fruitful dialogue with the management and/or control bodies of the relevant issuers.

Describing itself in the 2018-2021 Business Plan as the leading Wealth Management and Protection company in Italy and Europe, and in its role as bank and insurance company, the Intesa Sanpaolo Group seeks to be a partner that is able to manage all of the assets and risks of households and businesses through a structured array of family welfare solutions and targeted insurance policies, also including protection products as pension saving, business continuity and corporate welfare choices.

In 2019, as part of a more general process of integration of sustainability into business logic and strategies, the Intesa Sanpaolo Vita Insurance Group joined the PSI (Principles for Sustainable Insurance) promoted by the United Nations.

SUSTAINABLE INVESTMENTS

The Intesa Sanpaolo Group has continued to strengthen its leadership in sustainable investments, with an overall market share of over 27%, 39 sustainable and responsible open-ended funds (of which 12 launched during 2019), assets of 8.4 billion euro and inflows of over 2 billion euro from the start of the year.

EURIZON

Eurizon Capital is the first asset management company in Italy on sustainable and responsible funds with a market share of almost 27%. For years it has been committed to formulating and promoting new rules and conduct that focus on sustainable investment issues. Having adhered to the United Nations Principles for Responsible Investment in 2015, Eurizon Capital is particularly conscious of the policies implemented by the issuers that it invests in, in the belief that healthy corporate governance policies and practices, which incorporate environmental, social and correct governance issues, are able to create value for all stakeholders in the long term.

¹ Assogestioni, Quarterly Map of Assets under Management of the 4th Quarter of 2019 (table 7) at the end of the year, its market share was 26.6%, with a range comprising 37 dedicated products (33 ESG funds and 4 ethical funds), assets of 8.2 billion euro and inflows of 2 billion euro since the beginning of the year.

The creation of Eurizon Real Asset SGR, a joint venture between Eurizon and Intesa Sanpaolo's Insurance Division, was part of the implementation of the Intesa Sanpaolo Group's 2018-2021 Business Plan at the end of 2019, aimed at enhancing expertise in the market of alternative private market investments in support of the real economy for the direct benefit of companies.

To strengthen its control over the sustainability of its investments, Eurizon is assisted by its internal Sustainable and Responsible Investments (SRI) Committee (within the SGR and chaired by the CEO) and the Sustainability Committee (an autonomous and independent body that helps with the management of Ethical Funds and performs a supporting role). The SRI Committee, set up in 2017, supports the Chief Executive Officer in setting out ESG-related proposals to present to the Board of Directors by monitoring the exposure of assets in relation to the relative assessment indicators identified, and overseeing the escalation process relating to the securities of critical issuers. As well as the Chief Executive Officer, the Heads of the Investments Department, the Heads of the Control Functions, and the ESG and Strategic Activism, Corporate Governance and Sustainability Heads also sit on the Committee.

The Sustainability Committee was set up in compliance with the provisions of the Regulation on managing open-ended mutual investment funds belonging to the Ethics System, and is composed of external persons of recognised probity and morality. It is responsible for periodically monitoring the investment choices of the ethical funds and the management strategy adopted by these funds during the reference period. If it comes to light that fund managers have diverged from the guidelines of the Committee, the Committee can make a request Eurizon to provide a detailed justification for the investment decisions taken. It then establishes guidelines for the methods of donating the proceeds from the Ethical System funds to social projects. In December, the Board of Directors of Eurizon approved the donation of 150,000 euro, of which 134,000 euro already donated to 16 worthwhile associations/entities/social organisations.

Eurizon Capital SGR has adopted a method for the selection of financial instruments that takes into account environmental, social and governance factors as an integral part of the investment process, aimed at curbing risks, including those of a reputational nature, and creating value for its customers' portfolios. The ESG and SRI principles are applied to all actively managed funds, whether they are benchmark or flexible ones (in contrast ESG criteria are not applied to passive/indexed products or investment solutions such as, for example, funds of funds, retail portfolio management and specific institutional mandates).

In terms of actively managed funds, specialised ESG products were made which use a proprietary rating platform to select securities based on their sustainability rating. Active management products also include ethical funds with dedicated benchmarks.

The process of selecting and monitoring investments based on ESG and SRI principles carried out by the asset management company is structured on the basis of three phases:

- creation, by the Long-Term Sustainable Strategies office of the Investments Department, of a list of issuers with high exposure to ESG risks (critical issuers) and a list of issuers operating in sectors regarded as not socially responsible;
- sharing and verification of these lists with the Investments Department and the SRI Committee;
- monitoring of the observance (ex ante during the order preparation phase and ex post during the portfolio optimisation phase) of specific operating limits on investments in issuers operating in non-socially responsible sectors by the Compliance Department.

Operating limits are set in various ways with the following specifications:

- for products whose investment policy is characterised by the presence of a benchmark, the maximum direct investment allowed is equal to the weight of the issuer in the benchmark;
- for products whose investment policy does not provide for the presence of a benchmark, direct investment in securities of issuing bodies belonging to the list is ruled out.

With particular reference to the list of critical issuers, the SRI Committee of the asset management company coordinates and implements an engagement process, i.e. an active share ownership procedure formulated and enacted at various levels, from dialogue with the companies subject to scrutiny through to the activation of voting rights at shareholders' meetings. It is implemented differently for:

- securities already in the portfolio. An 18-month observation period begins upon the activation of the engagement process to assess whether the issuer should be removed from the critical issuer list, after which time - in the event of a negative outcome - the process of the divestment of assets under management begins, according to timeframes that fit with the interests of the customer and, in any case, within three months of the decision;
- securities invested in for the first time (new securities). Purchases are conditional on the drafting of an Investment Case subject to the prior analysis of the SRI Committee, the results of which are presented to the Board of Directors for approval.

In 2019, Eurizon carried out 675 engagement initiatives with 515 issuers, with about 15% (102 initiatives with 77 companies) primarily related to ESG issues.

Compared to 2018 (600 engagement initiatives, of which 22% on ESG issues), in 2019 there was a lower incidence of engagement with issuers specifically dedicated to ESG issues due to a lower number of renewals of the corporate bodies of Italian companies and a lower number of critical issuers in the portfolio.

At the end of the engagement activity (18 months of monitoring), the process of disinvesting all securities (50 issuers) which did not provide proof of convincing actions that may have a short-term effect on the sustainability profile began at the start of 2019. The only exceptions were four issuers for whom the engagement process was extended.

With regard to active share ownership activities, the asset management company adheres to the Italian Stewardship Principles for the responsible exercising of the administrative and voting rights of listed companies, with the commitment to promote high standards of corporate governance. These rights are exercised transparently in the interest of the portfolio subscribers and market integrity, while maintaining a strong focus on limiting potential conflicts of interest.

In 2019, Eurizon Capital SGR took part in 100 shareholders' meetings of select companies listed on Borsa Italiana (55%) and the international markets (45%), voting on around 920 resolutions on the agenda.

In terms of actively managed funds, specialised ESG products which use a proprietary rating platform were developed and offered to the public.

The total number of these funds was 33 products (compared to 21 funds in 2018), with issue windows for different deadlines of the two product families Eurizon Disciplina Sostenibile and Eurizon Flessibile Azionario. There were 12 new products in 2019 (compared to 11 in 2018). Specifically, the new Megatrend line mutual funds were launched: Eurizon Planet, Eurizon People and Eurizon Innovation.

During 2019 the Eurizon ESG products (EF Bond Corporate Smart ESG and EF Sustainable Global Equity) were introduced to International Subsidiary Banks (CIB Bank, VÚB Banka, Intesa Sanpaolo Bank in Slovenia) supported by training and an educational event in Slovenia.

EURIZON FUND ABSOLUTE GREEN BONDS - GLOBAL IMPACT REPORT [1]

In September 2019, the asset management company drafted the third Global Impact Report regarding Eurizon Fund Absolute Green Bonds, which details the results of the quantitative impact analysis and the contribution to the UN's SDGs. The investments made during the analysis period (30 September 2018 - 30 September 2019) helped achieve key environmental and social impact results, such as:

- a generating capacity of 116 megawatts, thanks to the financing of plants that produce renewable energy; these plants produced around 138,600 megawatt/hours of energy;
- energy savings of around 12.45 million kilowatt/hours thanks to investments in sustainable infrastructure (real estate and transport);
- a reduction in annual emissions of harmful gases of over 94,000 tonnes of CO₂;
- the saving and purification of over 26,600 million litres of water through investments in plants and production processes;
- the recycling of 3,288 tonnes of waste;
- 69 jobs created by the entire portfolio.

For every million euro invested, the following results are obtained: 303 megawatt/hours produced, 58,537 litres of water saved or purified, 206 tonnes of CO₂ saved.

The Fund also contributes to meeting various Sustainable Development Goals (SDGs) - every bond in the portfolio can contribute to one or more goals and the percentage highlights the amount of bonds that contribute to this objective, including: 9. Industry, innovation and infrastructure (80%), 7. Affordable and clean energy (73%), 11. Sustainable cities and communities (71%), 3. Good health and well-being (67%), 13. Climate action (66%), 8. Decent work and economic growth (48%), 12. Responsible production and consumption (34%), 6. Clean water and sanitation (28%), 2. Zero hunger (22%), 15. Life on Land (19%), 14. Life below Water (19%).

At the end of December 2019, the fund's assets amounted to 725 million euro.

The assets of the funds of the asset management company that meet sustainability criteria (ESG) amounted to about 6.6 billion euro (about 2% of the total and around 9.6% of the assets of Italian funds). The range of products and services is completed with the management of four ethical funds, characterised by the a priori exclusion from the investable universe of all companies involved in activities considered unethical, such as nuclear energy, arms and tobacco. All the products belonging to the “Ethics System” envisage the donation of proceeds. The amount of assets under management in the area of Ethical Funds amounted to over 1.6 billion euro in 2019 (2.3% of the total amount managed in Italian funds). All in all, the assets under management in funds meeting sustainable and ethical criteria (37 products at the end of 2019) amounted to over 8.2 billion euro (over 2.4% of the total and around 12% of Italian funds). In general, the performances of both ethical funds and funds managed with ESG criteria were positive due to the market’s own performance, with the results largely in line with the market or the reference benchmark. In addition, Eurizon manages 15 mandates relating to 13 customers characterised by sustainability criteria, making for about 3.5 billion euro. In particular, the services provided for these mandates concern the choice of ad hoc benchmarks, supporting engagement and corporate governance activities, and the creation of exclusion lists when selecting investments.

During 2019, Eurizon continued its commitment to spreading the culture of sustainability by participating in numerous conferences, like the Salone SRI, the Italian Corporate Governance Conference, the Conference on Green and Social Bonds organised by Icm/Assiom. Eurizon also held sustainability induction sessions organised by Assogestioni in favour of both current officers and candidates for corporate bodies. At the invitation of Assogestioni, an induction session was also held for the Board of Directors and the Board of Statutory Auditors of an issuer listed on the Milan Stock Exchange. It has continuously participated in working groups organised by institutions like Consob, European Banking Federation, Assogestioni and Foundations.

FIDEURAM – INTESA SANPAOLO PRIVATE BANKING

The Private Banking Division specialises in offering advisory services to meet the financial, pension and insurance needs of Private customers and HNWI (High Net Worth Individuals). As well as listening to and entering into a dialogue with customers for the continuous improvement of its service quality, it is also committed to spreading an appropriate financial culture in order to improve the customers’ knowledge and awareness with regard to investment choices, including in relation to issues of social and environmental interest.

The progressive integration of ESG criteria is taking place across the product range (under administration, own and third party funds, personalized management mandates, internal insurance funds private insurance) with the aim of offering a full spectrum of opportunities.

In particular, with regard to Fideuram Multibrand, the offer of traditional investment funds with ethical and social value has been enriched with the inclusion of third party funds that have consolidated and recognised experience in this field, improving the coverage of different types of investment (equity, bond, flexible) and allowing customers greater freedom in the composition of their portfolio in accordance with ESG principles.

Among its own funds Fideuram Intesa Sanpaolo Private Banking offers two different products, Fonditalia Ethical Investment and Fonditalia Millennials Equity, for total assets of approximately 225 million euro.

The first, initially proposed as a flexible bond, expanded its mandate to include the equity segment and the use of third-party funds. It has a decision-making process which combines ESG criteria with the goal of producing clear and measurable positive impacts for people and the environment at an individual investment level. The task of ensuring consistency between the actual composition of the portfolio and the ethical principles it is based on is entrusted to an Ethics Committee consisting of managers and experts from different academic and professional areas.

Fonditalia Millennials Equity in contrast invests in equity instruments, mainly issued by companies with a clearly defined business model, to fully capture the consumer habits of the Millennials (particularly conscious of ESG topics). It combines financial and sustainability analysis in accordance with the following criteria:

- companies that do not respect the principles of the UN Global Compact and whose revenues partially derive from activities deemed harmful to people and the environment (e.g. fossil fuels, arms, pornography) are excluded (negative screening);
- ESG assessment of securities in the portfolio, in order to assign a sustainability rating based on the quantitative analysis of data from external sources and a qualitative audit by expert analysts. The rating ranges from 0 to 5, with 3 being the minimum threshold for the initial inclusion of the security in the portfolio;
- creation of a system to measure the maximum weighting in the growing portfolio, according to the sustainability rating of the companies in which the investment is made;
- continuous controls of risk situations (disputes or relevant issues in the area of ESG) in order to enable the management team to carry out constant monitoring which, in particularly significant cases, can result in a red flag and a subsequent assessment of the merits of disposing of the investment in the company involved;
- establishment of a minimum sustainability rating goal for the portfolio (for the portion covered by the rating).

Currently, the portion of the managed portfolio invested in issuers that have received a sustainability rating of less than 3 (threshold of sufficiency for initial inclusion in the portfolio) is 8.5%. No red flag was assigned in the risk monitoring phase.

For both products, the correct and consistent inclusion of ESG factors in the investment process was certified during 2019.

During the year, as part of the Fideuram Alternative Investments (FAI) product range, the new FAI Fideuram Mercati Europei fund was launched, created in partnership with a French company specialising in private markets using ESG filters on all asset classes.

Also regarding the lines of portfolio management, Fideuram Investimenti has developed individual investment solutions that fulfil the ethics and sustainability criteria.

Furthermore, during 2019 the management of the equity component of the Fideuram Pension Fund sub-funds was started according to ESG exclusion criteria (negative screening), identifying sectors and companies (like coal mining, conventional and unconventional weapons production, gambling, adult entertainment, tobacco) excluded. Therefore, about 740 companies at a global level have been excluded, the only partial exceptions being companies producing conventional weapons with a weight in their turnover below 30%.

Since 2017 Intesa Sanpaolo Private Banking has been offering the GP Mix Sustainable, a portfolio management line characterised by an investment process aimed at building a balanced and diversified portfolio on international markets, combining fundamental analysis with specific sustainability assessments aimed at pursuing financial objectives, as well as social and environmental results. In the choice of financial instruments, the portfolio management prioritises, non-exclusively, governments, companies and supranational bodies aligned with the UN Sustainable Development Goals (SDGs).

More specifically, the assessment is based on a combination of negative criteria, ESG integration and best in class. The sustainability assessment is carried out in two steps: beforehand through an internal sustainable quality assessment process and afterwards through a sustainable rating developed by the dedicated advisor. Together with a quarterly financial report, a report is produced that highlights the contribution to the Sustainable Development Objectives monitored during the period.

As far as the dissemination of ESG issues is concerned, in addition to support materials for the presentation and sale of products, specific and informative measures have also been implemented involving Group companies, in particular Eurizon Capital SGR regarding Eurizon Ethical and ESG funds and in particular those dedicated to Intesa Sanpaolo Private Banking.

Focus Sostenibilità, the internal newsletter on Asset Management, was created in order to maintain and increase periodic attention on the subject.

PHILANTHROPIC FUNDS AND THEORY OF CHANGE

Intesa Sanpaolo Private Banking has dedicated some of its resources to the creation of philanthropic funds, also called DAF - Donor Advised Fund. It has also included in its offerings support in structuring the Theory of Change (ToC) and social impact assessments for non-profit organisations or for some specific projects. The Theory of Change is a rigorous and participatory process with which an organisation and stakeholders articulate their long-term objectives (impact) and then identify the conditions necessary to achieve them.

PENSION FUND WITH DEFINED CONTRIBUTION OF THE INTESA SANPAOLO GROUP

The defined contribution Pension Fund of the Intesa Sanpaolo Group observes the Principles for Responsible Investment (UN PRI). In addition to the Code of Ethics, in 2018 the Pension Fund adopted Guidelines on Socially Responsible Investment inspired by the most widespread international practices on sustainability, and in 2019 it added a section dedicated to the integration of ESG assets into investment strategies. The Pension Fund thus decided to launch a review of its portfolios to exclude investment in companies belonging to the two most controversial sectors, unconventional weapons and tobacco (the impact on the Fund's sub-funds of investments in companies involved in both sectors is less than 1%). For 2020 the plan is to establish a new Sub-fund called Futuro Sostenibile that will invest in sectors and companies with a specific focus on Climate Change. In the course of 2020, the Pension Fund is also preparing to revise its Strategic Asset Allocation with the aim of establishing future management mandates on the basis of the ESG criteria set out in the Guidelines, starting with contractual articulation with the selected managers.

Finally, in 2019 the Pension Fund joined the collective initiative Climate Action 100+ (CA100+), which the international

organisations UNPRI and IIGCC – Institutional Investor Group on Climate Change – are active participants of, involving more than 370 investors with resources under management for about 35 thousand billion dollars. The project subjects 161 companies – with a total capitalisation of over 8 thousand billion dollars, identified as responsible for industrial emissions of more than two thirds of greenhouse gases – to climate change engagement: the objective is to induce these companies to adopt a strong active climate change governance, to reduce greenhouse gas emissions in line with the Paris Agreement and to increase transparency in reporting.

SUSTAINABLE INSURANCE

Following an analysis of its positioning and performance in the sustainability area, the Insurance Division has started a process to integrate ESG factors in decision-making and strategic choices with an ESG Strategic Plan that provides for a strengthening of investments also from a governance and monitoring point of view by defining the areas of intervention having the greatest impact. The integration of ESG issues in the insurance business has a number of benefits, not only in terms of reputation and added value generated, but also in terms of a better understanding of risks and opportunities, ensuring a holistic view of the context.

The Plan and the initiatives to be implemented in the short and medium-long term have also been defined in line with PSI (Principles for Sustainable Insurance), signed in December 2019 by Intesa Sanpaolo Vita as the insurance parent company. Developed by UNEP FI in 2012, the Principles represent a framework for the global insurance industry to address environmental, social and governance risks and opportunities. In particular, the insurance companies participating in this global initiative are committed to concrete actions involving the integration of ESG issues into operational and commercial management and the development of new types of products and services. The adherence to the PSI, promoted by the United Nations, has established a path of involvement of delegated managers in the reinterpretation of mandates according to ESG criteria and in the analysis of the managed portfolio.

THE RESPONSIBLE MANAGEMENT OF INVESTMENTS

With regard to investment management, the Insurance Group relies on two different delegated managers: Eurizon Capital is the delegated manager of Intesa Sanpaolo Vita (parent company of the Insurance Division), a long-standing signatory of the Principles for Responsible Investments, while Fideuram Vita manages its investment products through Fideuram Asset Management.

CUSTOMER FOCUS AND INNOVATION

In an ever-changing market, the ability to exploit innovation remains crucial to address some elements of significant change. In this sense the Insurance Group continues to invest in Innovation and Digital, bringing new solutions to the market with an approach that puts the focus on the needs of the Customer (internal and external). In 2018, an intensive Digital Transformation programme for the Non-Life business was launched, completely transforming Intesa Sanpaolo Assicura's interface with the development of a dedicated digital platform. The project primarily involves the new product XME Protezione and exploits new technologies to ensure greater commercial effectiveness and excellence in the services provided to customers. In line with the experience in Non-Life, in 2019 a digital transformation programme was launched in the Life business with the aim of maximising the digital customer experience by leveraging innovation to add new services and functionalities, developing new touchpoints and reviewing existing ones. The project has a three-year plan that involves all the channels and digital touchpoints of the Insurance Group's life insurance companies.

To meet the needs of a younger, digitally native customer base, a digital platform for the sale of on-demand policies was launched during 2019 thanks to the collaboration with the insurtech start-up Yolo.

With a continued focus on customer care and satisfaction with the services provided, in 2019 the One Voice project was developed to train the more than 200 operators of the 5 Intesa Sanpaolo Vita e Assicura call centre and customer care service providers.

As part of its programmes to disseminate insurance culture and skills, the Insurance Group is launching a Level II Master's degree in Insurance Innovation in collaboration with the University of Turin, Turin Polytechnic (POLITO) and Collegio Carlo Alberto. The Master's degree is for recent graduates and people with experience in the insurance sector interested in expanding their knowledge of digital and innovative issues in the insurance sector and will consist of fundamental and specialised modules. The first edition will be proposed starting in the fall of 2020.

INSURANCE INCLUSION AND VALUE FOR THE LOCAL COMMUNITY

The Italian insurance market is distinguished by a low level of insurance culture in terms of the perception of the value of insurance protection. In fact, the incidence of insurance premiums on Italian GDP is about half that of the EU average, and only 20% of homeowners have insurance protection for their homes.

Yet 56% of Italians say that they do not feel protected in case of job loss and 40% do not feel that the possibility

of medical treatment is guaranteed, and the need to be able to access medical care is at the top of their priorities, especially for younger people.

The challenge is to work on customer awareness, adding a further piece to the product range: the protection of risks and contingencies for which Italians still rely too much on cash. Insuring families and businesses against damage is also important for the country's economic growth because it triggers a virtuous circle and makes it more solid.

In September 2019 the Insurance Division inaugurated Area X, the first physical space dedicated to the promotion of insurance culture in Italy. With technological innovations like virtual reality and holograms, visitors are immersed in interactive experiences that allow them to experience concrete everyday life situations where, after unforeseen events, they can learn the value of the right insurance protection.

OFFERING OF INSURANCE PRODUCTS

During 2019, the Insurance Division revised its product and service model for all business lines to meet customer needs with respect to sustainability issues.

With regard to the Life business, Intesa Sanpaolo Vita has enriched the financial offering of the Open Pension Fund "Il Mio Domani" with 3 new ESG benchmark sub-funds. In addition, a new fully-ESG Life Cycle investment profile has been introduced, which provides for the allocation of the most consistent starting sub-fund based on the time horizon missing at the date of retirement.

There are also several products with high social value: Tu Dopo di Noi is an insurance product created for families of disabled people who wish to protect their loved one by accumulating a safe capital to be allocated in the future. Base Sicura Tutelati is instead dedicated exclusively to minors and/or incapacitated people who have capital to be used and who need the prior authorisation of a guardianship.

In November, Fideuram Vita launched the internal fund Orizzonte Responsabile, whose investment universe includes ESG financial instruments or themed funds that propose concrete solutions for sustainable development.

A selection of external ESG funds has also been introduced, with around 20 UCIs fully invested according to ESG criteria available in the Fideuram Vita Insieme family of products.

Finally, with regard to the Fideuram Pension Fund, the investment policy has been revised by introducing criteria for sustainable and responsible investment that are linked to ESG factors.

As far as the Non-life business is concerned, Intesa Sanpaolo Assicura has launched XME Protezione, a modular product to protect against risks related to family life, health and home, which can also be extended to cover the family unit, with the possibility of adding protection against the consequences of floods and earthquakes. In just over a year on the market this insurance solution has already been selected by 520,000 customers.

The car insurance product ViaggiaConMe was designed to promote a sustainable use of the car through different solutions based on the kilometres actually travelled, allowing a savings to the customer of up to 50%. At the end of 2019 a contest was launched among policyholders awarding an electric/hybrid car.

THE CULTURE OF SUSTAINABILITY IN THE INSURANCE DIVISION

To promote a culture of sustainability, in September 2019 a specific Sustainability Section was created in the Myinsurance portal, where all employees have easy access to online courses dedicated to environmental issues and all updates on the Division's sustainability projects and actions. In 2019 all the people in the Insurance Division were invited to access "Our Commitment to the Environment", a collection of 12 learning modules available on the Apprendo platform. Training related to the ISO 14001 and ISO 45001 environmental certification of the building in Viale Stelvio in Milan. A "green questionnaire" was also developed with the aim of gauging the level of awareness of the issues of environmental sustainability and health and safety at work, also useful for gathering ideas to initiate any further awareness-raising actions related to environmental issues. A green questionnaire was used to gauge the level of awareness on environmental sustainability, health and safety at work, which is also useful to gather ideas for further information and training on environmental issues. Also in 2019, a first training session on ESG issues was carried out as part of the project developed on sustainability for the top management of the Insurance Group.

With the aim of further promoting the spread and awareness of a culture focused on innovation and customer needs, in addition to supporting the Business in defining evolutionary plans and new initiatives, a monitoring structure dedicated to innovation trends in the insurance sector was launched with discussions open to all colleagues in the Division, dedicated analyses of specific topics or meetings with market experts. As part of its programmes to disseminate insurance culture and skills, the Insurance Group is launching a Level II Master's degree in Insurance Innovation in collaboration with the University of Turin, Turin Polytechnic (POLITO) and Collegio Carlo Alberto. The Master's degree is for recent graduates and people with experience in the insurance sector interested in expanding their knowledge of digital and innovative issues in the insurance sector and will consist of fundamental and specialised modules. The first edition will be proposed starting in the fall of 2020.

Relations with the community

COMPANY POLICIES

The Group plays an active role in the areas in which it operates. The Code of Ethics draws attention to the requirements and needs of the community: this commitment consists of various activities which tangibly contribute to achieving sustainable development goals at a global level, such as the promotion of solidarity initiatives with projects set up through partnerships, donations, the sponsorship of important cultural and social initiatives, and the protection and promotion of the historical, artistic and cultural heritage of both Italy and the Group so that it can be enjoyed by the public as well.

With the 2018-2021 Business Plan, the Group intends to become an increasingly important exemplary model for society, developing key projects such as:

- Intesa Sanpaolo programme for people in difficulty, which entails the extension of the "Cibo e Riparo per le persone in difficoltà" ("Food and Shelter for disadvantaged people") initiative to guarantee 10,000 meals a day (3.6 million a year), 6,000 beds a month (72,000 a year), 3,000 medicines and 3,000 clothing items a month (36,000 drugs and 36,000 items of clothing a year) to people in need;
- Intesa Sanpaolo for culture, with the creation of a specialist unit for the promotion and proactive management of artistic, cultural and historical heritage to champion art and culture in Italy and abroad.

Projects and activities are promoted by the Group in order to respond effectively to the most important needs of communities, taking into account the objectives of the major international and national, public and private institutions that contribute to the determination of social policies. Actions are increasingly undertaken in collaboration with local entities and institutions in order to have a positive social impact. In line with the Group's core values, actions are carried out in accordance with the transparency and accountability criteria, and by implementing processes and procedures that aim to avoid any possible personal or business conflict of interest.

CONTRIBUTION TO THE COMMUNITY

Contributions to the community by type [thousands of euro]	2019	2018	2017
Cash contribution to the community	86,124	61,685	49,637
Goods and services donated to the community	23	17	-
Contribution in terms of time	172	214	218
Operating costs	6,203	4,811	3,569
Total	92,521	66,727	53,424

In 2019, cash contributions were classified based on their reason and broken down as follows:

- 60.8% is made up of investments in the community: contributions characterised by long-term plans and/or strategic partnerships and/or of sizeable amounts. This percentage is growing compared to 2018, and represents the most important part of the Group's monetary donations, demonstrating the strategic nature of its activities, geared towards long-term partnerships that can guarantee real benefits and value for the territory.
- 35.2% is made up of commercial initiatives (sponsorships) that contributed to social causes while promoting Intesa Sanpaolo's brand and business.
- the remaining 4% is made up of non-recurring charitable gifts, of an occasional nature and for small amounts, including match giving initiatives (donations from the Bank during fundraising campaigns, combined with the donations from employees or customers).

The main action areas in which monetary contributions were made in 2019 were support for art and culture, amounting to 51.2 million euro (30.9 million euro in 2018), social solidarity for 14 million euro (9.1 million euro in 2018), economic development for 5.6 million euro (5.4 million euro in 2018) and education and research for 7 million euro, versus 9 million euro in 2018 (see page 173).

DONATIONS

Parent Company donations are managed through the Fund for charitable, social and cultural donations set out in the Articles of Association of Intesa Sanpaolo and entrusted to the direct responsibility of the Chairman of the Board of Directors, who submits biennial Guidelines for the approval of the Board which set out the objectives, strategic priorities and theme-based policies, including an annual Plan for allocating resources. The Regulations govern the management of the Fund and define the precise mechanisms for the selection of the proposed entities and projects, maintaining the principle of absolute separation of the initiatives regarding donations from the pursuit of commercial interests. With regard to the entities, the Regulations provide for the exclusion from the list of beneficiaries of those organisations involved in legal disputes in matters relating to organised crime and the failure to respect human rights, peaceful coexistence and environmental protection. Only requests for specific projects with a clear social impact are assessed, and the institutions' ability to achieve the stated objectives in the project are preliminarily analysed on the basis of their previous direct experiences or that of similar bodies in terms of size and activity (track record). A rotation system is also used to ensure the widest and most flexible use of the Fund with a maximum limit of three consecutive years of supporting the same project. In addition, initiatives that receive sponsorship cannot be beneficiaries of donations at the same time.

The extract from the Regulations and biennial Guidelines are available on the Group's website.

As regards the risks of this activity, the Group has deemed that the area of donations is one of the potential areas that could lead to corruption. The Fund Regulations and the Group's Anti-corruption Guidelines have laid down precise rules to be followed in order to prevent such risks, which have been incorporated in the Fund's Operating Guidelines and in the digital donation request procedure.

THE CHARITY FUND IN 2019

In 2019, the Fund for charitable, social and cultural donations of Intesa Sanpaolo has disbursed approximately 12.9 million euro in support of over 800 projects carried out by non-profit organisations. 90% of the funds were disbursed in Italy. As every year, a part of the funds was used at the local level for small projects with a direct local impact, an expression of the community of reference and identified by the Regional Directorates.

The target of allocating a high share of resources (>70%) to donations supporting initiatives benefiting more vulnerable sections of the population, operating according to an increasingly more stringent selection mechanism in relation to project and counterparty quality, has been exceeded by a considerable amount, reaching 95%.

In the 2019-2020 Guidelines for the Charity Fund approved by the Board of Directors, the priority Area for action is the Social area, which has been allocated most of the available funds (82% of donations made in 2019), whereas a smaller percentage is allocated for Research and Religious projects, and finally to Cultural initiatives for marginalised people in difficult situations.

Social projects are selected giving priority to issues that are considered particularly relevant and urgent, identified on the basis of an accurate analysis of national and European data. The three focuses for the two-year period 2019-2020 are educational poverty and dropping out of school, violence against women and children, and dementia, for which a total of about 4.5 million euro was disbursed. The issue of dropping out of school has been addressed throughout the country, both in upper and lower secondary school, with innovative multidisciplinary programmes aimed at students and training courses for teachers and educators. Particular attention was paid to children with Special Educational Needs and to students who migrated from other countries. The involvement of families is also important in order to strengthen parenting skills and encourage active participation in the education of children. In situations of marked socio-economic hardship, work orientation has also been provided. During 2019, the Fund organised a meeting open to Third Sector organisations to present best practices on the topic and to collect information on winning solutions and potential errors, to be shared with organisations. The projects to combat violence, most of which were tailor made for a limited number of beneficiaries, have taken the form of psychological and artistic programmes aimed at developing greater self-awareness and self-esteem and support for women's working, housing and social autonomy. Shelter was also guaranteed in case of danger and psychological and legal support. Recovery programmes have also been offered to perpetrators. With regard to dementia, free outpatient and home rehabilitation services and informal spaces for patients and their caregivers have been supported alongside these more traditional experimental projects for the creation of Dementia Friendly Communities and the development of new aids and technologies to facilitate care at home.

The Fund continued to support projects on social issues like: training for employment and job placement

as a means of social inclusion, health poverty and the fight against disease, physical and intellectual disabilities, and inclusive amateur sports. Some of the main projects supported in 2019 include actions on bullying and cyberbullying, NEET job placement initiatives, young people with psychological frailty, long-term unemployed adults, drug addicts out of rehabilitation and HIV/AIDS patients, projects to support terminally ill and cancer patients, with specific attention to children. Particular attention was paid to the suburbs and to socially and economically degraded areas.

In 2019 as well the Chairmanship decided to make part of the Fund's resources available to contribute towards the goals of the 2018-2021 Business Plan and, in particular, to support food poverty initiatives aimed at guaranteeing the coverage or an increase in the number of meals distributed by charitable institutions across Italy, as established by the "Intesa Sanpaolo for disadvantaged people" project. In total, in 2019 1.9 million euro was donated to Caritas Italiana, Comunità di Sant'Egidio ACAP, Gruppi di Volontariato Vincenziano AIC Italia, Opera San Francesco per i Poveri and Piccola Casa della Divina Provvidenza – Cottolengo, Provincia Sant'Antonio Frati Minori – Antoniano e Progetto Arca for the distribution of around 3,400 meals a day, equal to around 34% (over 1.2 million meals) of the total meals distributed during the year (approximately 3.3 million meals) with the support of the Group.

Collaboration continued with the International Subsidiary Banks Division to disseminate new methods of selecting, monitoring and reporting projects, following the example of the initiatives taken by the Parent Bank. To this end, Rules for Donations in the International Subsidiary Banks have been issued which define new principles and procedures in the assessment and disbursement of donations. The objective of the Rules is to align decision-making processes in these matters with Group processes and approaches, integrating a more strategic and informed view of potential risks.

At the operational level, two initiatives were launched in the Division: support for the people affected by the earthquake in Albania and the provision of psychosocial assistance and care services to children affected by cancer and diseases of the central nervous system along with their parents and caregivers in Ukraine. The Fund has also made available a substantial part of the resources allocated to international projects to reward worthy initiatives freely offered by non-profit entities and carried out within the scope of the Division. Five projects were supported in Egypt, Albania, Romania and the Republic of Moldova. Overall, disbursements in the countries where the Group is present with its subsidiaries exceeded 700,000 euro (more than half of the international donations).

The Fund has also continued the fight against poverty in the world with initiatives in countries with a low or medium Human Development Index. Of particular note is the UNHCR project in Lebanon to provide access to primary school for Syrian refugee children.

NOTEWORTHY SOCIAL INITIATIVES FOR THE GROUP

INTESA SANPAOLO AND INEQUALITY: THE FIGHT AGAINST POVERTY

Currently in Italy there are about 5 million people in absolute poverty and about 9 million in relative poverty. Inequality is growing and the Bank has promoted one of the most important initiatives in the country to support those in difficulty, included in the 2018-2021 Business Plan, the Intesa Sanpaolo programme for disadvantaged people, with the goal of supporting the most vulnerable people, providing them with 10,000 meals a day, 6,000 beds a month, and 3,000 medicines and items of clothing a month.

The Bank confirms its role as a point of reference for the country in terms of growth in solidarity and social cohesion, a founding element since the Group's charitable foundations were established 500 years ago, promoting concrete collaboration ecosystems based on the values of reciprocity, responsibility and subsidiarity, with a circular welfare approach in which the relationships between the various stakeholders make it possible to contribute to the implementation of actions for the collective interest with long-lasting impacts and thanks to its economic results and solidity, it returns a part of its resources to the communities it operates in and to civil society in general.

In the development of the Programme, the Bank designed and developed initiatives which, with efficiency and innovation, complement the donations in support of third party projects, in a structured dialogue concerning social emergencies with the leading voices of the community and co-planning round tables that allowed the definition of high-impact actions implemented on a local and national level, that can also be replicated, establishing partnerships, even long-lasting ones, with non-profit organisations, institutions and corporate customers.

With the support of non-profit organisations, the Programme has so far made it possible to distribute about 8.7 million meals, offer over 519,000 beds and ensure about 131,000 medicines and 103,000 items of clothing, results that exceed the original objectives of the Business Plan.

Meals

The four-year partnership (2018-2021) with Fondazione Banco Alimentare Onlus allows for a long-term consolidation of the process of recovery and redistribution of leftover food and contributed to the distribution of over 2,100,000 meals to charitable organisations in 2019.

Last year the partnership was further strengthened by the joint development of two projects: Siticibo, which has made it possible to offer indigent people more than 1,500,000 meals from the surplus cooked and fresh food from foodservice organisations, and RE-FISHED: from illegal trade to charity, an initiative for the distribution of fish seized from illegal fishing in Sicily that has contributed portions of fish for about 55,000 meals for people in difficulty.

New partnerships have also been established with: Diakonia Association to guarantee 39,000 meals a year to the vulnerable people assisted; La Compagnia degli amici di Gesù, Giuseppe e Maria Association to offer 5,000 meals a year; City Angels Milan to guarantee 15,000 meals to homeless people.

The NOI INSIEME - Natale 2019 (Us together - Christmas 2019) project was also launched. During the Christmas period, the Bank opened its doors to around 2,000 destitute people assisted by Caritas, welcoming them for lunch and offering them cultural entertainment in ten cities: Turin, Milan, Vicenza, Padua, Genoa, Bologna, Florence, Rome, Naples and Lecce. As proof that Intesa Sanpaolo's social commitment starts first and foremost with its own people, many employees took part in the initiative as volunteers to welcome guests and eat lunch with them.

With regard to support for basic needs, the actions dedicated to meals for sick people and their families are particularly important:

- The partnership with Dynamo Camp guarantees about 252,000 free meals per year to sick children, guests of the Association who participate in recreational therapy;
- The partnership with Associazione Italiana Contro le Leucemie - Linfomi e Mieloma - AIL Milano (Italian Association against Leukemia-Lymphoma and Myeloma – AIL Milan) covers almost 67,000 meals a year for those who are required to travel considerable distances for healthcare treatment, hosted in the Association's homes;
- The partnership with the Together To Go - TOG Foundation ensures the serving of about 16,000 meals per year as part of the rehabilitation therapy of young patients suffering from serious neurological diseases;
- The new project carried out with Vidas guarantees almost 15,000 meals a year to children and their families in the 6 mini-apartments of the Casa Sollievo Bimbi in Milan, a paediatric hospice inaugurated in April also thanks to the Bank's contribution;
- The partnership with Fondazione Santobono Pausilipon provides about 17,500 meals a year to the parents of children undergoing long-term care in the Family Room and Alma Mater at Pausilipon Hospital.

Hospitality

Hospitality projects relate to two areas: pathologies and people forced to travel significant distances for healthcare reasons; fragility and marginalisation.

The initiatives go beyond providing beds: beneficiaries of the actions are accommodated in welcoming environments similar to homes, thus reducing the effects of hospitalisation and poverty.

The project Una casa per la mia famiglia (A home for my family) offers free accommodations to the families of children undergoing treatment in the partner hospitals of the Intesa Sanpaolo Programme for children receiving long-term medical care with Fondazione Gerolamo Gaslini in Genoa (139,000 beds), Comitato Maria Letizia Verga in Monza (25,000 beds), Fondazione Santobono Pausilipon in Naples (13,500 beds).

The project launched with AIL plans to offer practical assistance to people forced to travel significant distances for healthcare reasons who, living far from Haematology Centres, require accommodation and services. The aim is to provide over 19,000 beds a year.

The partnership with Dynamo Camp guarantees about 84,000 free beds per year to sick children, guests of the Association who participate in recreational therapy, and the project carried out with Vidas provides almost 2,500 beds for children and their families in the mini-apartments of the Casa Sollievo Bimbi Children's Hospice in Milan. The Bank has promoted synergies between Dynamo Camp and VIDAS for the implementation of joint initiatives that complement the children's care and assistance.

Concurrently, the shelter project launched in Milan with City Angels combats the severe marginalisation of homeless people: not only does it offer them practical assistance by providing about 47,000 beds a year, it also enables social and job market reintegration processes to help people get back on their feet and regain their social and economic independence. New partnerships have also been established with: Diakonia Association to guarantee 78,500 beds a year to the vulnerable people assisted, and La Compagnia degli amici di Gesù, Giuseppe e Maria Association to offer 4,500 beds per year.

Clothing

The Golden Links project aims to support people in difficulty with regard to one of their most sensitive needs, clothing – especially underwear and shoes – which can be difficult even for NPOs specialising in the collection of clothes to obtain.

Started as an experiment in Piedmont and Veneto in 2018, last year it became a national initiative.

The Project creates a real national chain of solidarity which, on the Bank's initiative, involves Caritas Italiana, the diocesan Caritas network (Turin, Vicenza, Naples, Potenza, Oria) and S-Nodi, a body set up by Caritas to promote innovation in initiatives to combat poverty.

Next to them, four major clothing and footwear companies, customers of the Bank: Calzedonia, Scarpe & Scarpe, Camomilla Italia and Primadonna, which have donated about 67,000 items of clothing to the initiative. The garments were assembled in 18,000 gift sets by five non-profit organisations: Cooperativa Sociale M25, Il sole a mezzanotte, Cooperativa Zemer, Opera Barolo and Ambiente solidale.

At the packaging centres, the preparation of the sets for women, men and children was done by marginalised women and prisoners thanks to the mediation of local non-profit organisations.

Gift sets were given to marginalised families assisted by Caritas networks in Veneto, Piedmont, Campania, Puglia, Basilicata and Calabria.

It is an innovative action that networks the best experiences of profit and non-profit partner institutions.

Medicines

Healthcare poverty affects an increasing number of people who do not have sufficient income to afford adequate care. In Italy, poor people spend only 117 euro a year on medicines compared to 703 euro spent by wealthy people. Indeed, an average of 64,000 tonnes of medicines are wasted with a disposal cost of 96 million euro.

The Bank has established a four-year collaboration (2018-2021) with Fondazione Banco Farmaceutico to boost the collection of unused and unexpired medicines donated to pharmacies and their free distribution to charitable organisations that care for the needy.

The project envisages the start-up of new centres of Banco Farmaceutico in 12 cities, particularly in areas of severe socio-economic deprivation. The business plan and the collection and distribution model underlying the project allow for the autonomous sustainability of the centres set up.

In 2019, the collaboration allowed the distribution of more than 82,000 medicines and the launch of the initiative Recupero Farmaci validi (Recovery of Valid Medicines) in three new cities, Perugia, Padua and Matera, in addition to Ancona, Naples and Palermo where the project was already operational.

PROJECTS TO SUPPORT CHILDREN

In its active role in support of the communities it operates in, the Group also carries out initiatives supporting children by working with significant inclusion projects.

INTESA SANPAOLO'S EDUCATIONAL PROGRAMME FOR CHILDREN WHO ARE LONG-TERM PATIENTS

In 2019, the Bank continued to support children in long-term care in oncology wards and their families, offering free nurseries to children aged 0-3, helping them with cognitive and emotional development through specifically designed programmes and qualified educators and providing mothers with significant support as, in most cases, they directly care for their child during their period of hospitalisation.

The Programme, in partnership with local cooperatives that form part of the PAN Consortium, is active in cutting-edge hospitals in Padua, Bologna, Turin, Naples, Monza and Genoa.

Since the service was launched, 100% of the children of pre-school age in the hospitals have been included in the long-term patient programme with positive results: healthcare and educational staff have noted considerable psychological and behavioural improvements in the 320 children involved.

WEBECOME – INCLUSIVE EDUCATION OF CHILDREN AND TEENAGERS

In 2017, Intesa Sanpaolo launched an innovative inclusive education programme aimed at primary school children to promote their inclusion and development of positive behaviour, responding to the need to address critical issues emerging in the area of childhood anxiety. The first phase of the project has come to a close, and addressed issues such as digital civic education, bullying and cyberbullying, diversity, addictions, food and nutrition (with a considerable focus on obesity and malnutrition), innovation and the development of individual potential. The issues were structured into eight courses, each with specific letters from the 'Alphabet for Growth' characterising them: M for maps to provide a guide to childhood disorders, U for uniqueness, T for together, C for closeness, F for flavour, A for aptitude, W for well-being, and R for relations. The free online platform at [\[i\]](#), available at all times, has educational videos featuring experts, training videos, in-depth content and planning tools in order to organise engaging and positive educational experiences in class. Parents are offered sets of useful information to learn more about and help combat childhood anxiety, that can also help them to develop the potential of their children. Now that the design and setup phase has been completed, Webecome is being disseminated both within the Group, with the internal communication campaign "Porta a Scuola Webecome" (Take Webecome to School), and externally with the participation of the project team at conferences in various Italian cities including Bologna, Pordenone, Trieste, Turin and Milan, and at presentations in primary schools throughout the country.

More than 1,000 schools were involved through an active relationship with Headteachers and Education Councillors. Over 11,000 people have visited the platform and there are more than 5,000 active users.

QUBÌ PROGRAMME – QUANTO BASTA

To combat a terrible phenomenon such as child poverty, which affects about 20,000 minors and 10,000 families in Milan alone, the QuBi Programme was launched together with Fondazione Cariplo and partners Fondazione Vismara, Fondazione Fiera Milano and Fondazione Snam. The Bank supports the initiative with a donation of 3 million euro and promotes fundraising through its own tools like the For Funding crowdfunding platform.

The first important result was the creation of an integrated archive of administrative data on poverty in Milan, the creation of two Banco Alimentare hubs, the opening of four Caritas Solidarity Emporiums, and the creation of 23 Third Sector networks in 25 priority neighbourhoods of the city with the aim of building a system to support people and promote the activation of communities.

ASSOCIAZIONE PER MILANO

The Bank is a Founding Member of the Milan Association for those most in need, particularly disabled and socially vulnerable children. Last year the Association supported ten projects involved in medical and dental care, the creation of spaces suitable for recreational purposes, the development of assistance programmes for young people with motor disabilities, and workshops to help socialise young people with autism.

TRAINING AND WORK PROJECTS FOR THE NEXT GENERATIONS

PROGRAMME FOR TRANSVERSAL SKILLS AND ORIENTATION (PREVIOUSLY WORK-BASED LEARNING)

The Z Lab project represents a constructive example of cooperation between the school and the world of credit, involving more than 2,500 students from 100 schools in 20 Italian cities. A more complete description of the initiative is available in the chapter Employees (p. 116).

RELATIONS WITH UNIVERSITIES

During the year relations with universities were further developed, including through partnerships with Group structures with in order to support inclusion and guarantee the right to study and promote the central role of Education and Training for Young People.

Intesa Sanpaolo works in various ways with more than 60 Italian universities, all of which are the largest and most important in terms of positioning in national and international rankings, through partnership agreements that include employer branding, recruiting, training, support activities for teachers and 1st and 2nd level Master's courses, scholarships for students and PhD students, presentations and lectures by employees of the Group at universities, company visits and dissertations in the company, research and innovation projects. The Group also offers universities and colleges financial services like treasury management, employee agreements and student loans.

In 2019, 37 Framework Cooperation or Partnership Agreements were signed and partnerships were established with Competence Centres set up in the country.

Its most notable contacts and partnerships with foreign universities include its collaboration with the Universities of Oxford and Cambridge.

YOUTH AND WORK - YOUNG PEOPLE'S ACCESS TO THE WORKING WORLD

"Giovani e Lavoro" is the programme that over the next 3 years will offer free training courses to 5,000 unemployed youth to help them acquire the skills that companies are seeking and facilitate access to the working world, while at the same time offering qualified personnel to companies with the objective of getting at least 75-80% of them hired.

A partner of Intesa Sanpaolo is Generation Italy, the non-profit initiative launched by McKinsey & Company and active in various countries around the world.

The programme was launched in the geographical areas with the greatest potential for development, starting in 2019 in Naples and Rome and expanding in 2020 to Bari, Turin and Milan, offering short training programmes (3-12 weeks) on specific professional sectors identified as those most in need in the Italian labour market. In 2019 the programme involved more than 1,000 companies, of which more than 30 confirmed and hired participants. To date the results of the initiative count more than 9,300 students interested in the training programme, more than 700 students placed in the classroom after the selection process and a hiring rate of more than 80% for classes with placement activities completed.

PROMOTION OF CULTURE FOR SOCIAL COHESION

Intesa Sanpaolo views its commitment to social responsibility, contributing to both the economic and the cultural and civil growth of the country. The objective is achieved by Progetto Cultura, on the one hand by promoting the enjoyment of its important artistic, architectural, editorial and documentary heritage (over 30,000 works from the 5th century BC through to the 20th century, including masterpieces by Caravaggio, Canaletto, Boccioni, Fontana, Manzoni, over 20 prestigious buildings) and on the other hand aims to contribute to the preservation of the country's cultural heritage.

Consistent with this approach, the Bank's Articles of Association entrust the Chairman of the Board of Directors, after consultation with the Managing Director and according to the Guidelines approved by the Board, with the planning and management of the cultural initiatives of the Company and Group, with particular reference to the promotion of historic, archaeological and artistic heritage; in this role, the Chairman has a cooperative relation with the Chairman Emeritus.

The Guidelines approved by the Board of Directors became effective in 2009 with Progetto Cultura, the Bank's strategic container for cultural activities.

With a three-year plan, Progetto Cultura identifies and plans the interventions carried out independently or in partnership with other public and private entities (museums, foundations, universities, public institutions, and theatre and music companies) and is managed by the Art, Culture and Historical Heritage Head Office Department. Its collaborations with leading European and international museums and cultural institutions - with exchanges of works, academic analyses and mutual promotions - underline its desire to extend its commitment to all those places, in Europe and the world, that share the Group's values and understand the importance of preserving and promoting the artistic and cultural heritage of the countries involved.

The Bank's artistic heritage is promoted in various ways: through the study and scientific cataloguing of the works; restoration activities; museum projects for permanent displays of part of the collections in the museums of the Gallerie d'Italia, the planning and organisation of temporary exhibitions; support for training and research scholarships for students on the works of the corporate collection in collaboration with universities; and the loaning of works to temporary exhibitions.

As part of the fair value measurement of the carrying amount of valuable art assets in 2019, a scenario analysis was carried out in accordance with the valuation rules applied by the Group relating to the annual performance of the national and international art market, with particular regard to the prices of the works/collections with higher values in the Group's asset register, equal to around 75% of the total value of the valuable art assets (which today counts 3,500 works). The complex process of the fair value measurement of the carrying amount of valuable art assets will continue over time and will be made available to parties such as research bodies, universities and the media as a best practice and fundamental component of the social and civil responsibility mission that Intesa Sanpaolo pursues as part of Progetto Cultura.

Important exhibitions were held in the three museums of the Gallerie d'Italia in 2019:

- In Milan Canova | Thorvaldsen. The birth of modern sculpture (curated by Fernando Mazzocca and Stefano Grandesso, in partnership with the Hermitage Museum in St. Petersburg and the Thorvaldsen Museum in Copenhagen); From Clay to Algorithms. Art and technology. From the Intesa Sanpaolo and Castello di Rivoli collections (curated by Carolyn Christov-Bakargiev and Marcella Beccaria, in co-production with Castello di Rivoli-Contemporary Art Museum) and the dossier exhibitions: Franca Ghitti. Other Alphabets; Contemporary Art Perspective. The collection of the Fiera Milano Foundation; Balla. Futurist genius in partnership with the Biagiotti Foundation; 13 Stories from the street. Homeless photographers co-produced with the Fondazione Cariplo; Called back. Bankers at the front of the Great War; Piero Dorazio. Shape and colour; Maurizio Galimberti. Leonardo da Vinci's Last Supper;
- in Naples Sandro Botticelli. Lamentation over the Dead Christ, "special guest" from Poldi Pezzoli Museum in Milan; Berlin 1989. Painting in Germany, before and after the Wall (curated by Luca Beatrice); David and Caravaggio. The cruelty of nature, the scent of the ideal (curated by Fernando Mazzocca);
- Vicenza, to celebrate the 20th anniversary of the opening of the Bank's first museum, organised the exhibitions Myth. Gods and Heroes (curated by Fernando Mazzocca, in collaboration with the National Archaeological Museums of Naples and Reggio Calabria); Kandinskij, Gončarova, Chagall. Sanctity and Beauty in Russian Art (curated by Silvia Burini and Giuseppe Barbieri, in collaboration with CSAR-Russian Art Studies Centre at Ca' Foscari University in Venice); Jean-Michel Basquiat. Moses and the Egyptians, distinguished guest from the Guggenheim Museum in Bilbao; Paul Gauguin. Tahitians in a room, distinguished guest on loan from the Pushkin Museum of Fine Arts in Moscow; Malika Favre. Illustrissima (as part of the Vicenza Illustri Festival).

The 36th floor of the Intesa Sanpaolo Skyscraper in Turin has also become a Gallerie d'Italia exhibition space, and in 2019 it hosted the illustrious guest Giovanni Bellini. Madonna and Child from the Accademia Carrara of Bergamo, in collaboration with the concurrent exhibition at Palazzo Madama Andrea Mantegna. Reliving the ancient, building the modern, conceived and co-produced by Intesa Sanpaolo, Fondazione Torino Musei and Civita.

In the cultural programme of the Gallerie d'Italia, specific attention is paid to special audiences or people with sensory and cognitive disabilities, foreign communities of immigrants, people living in difficult situations, maintaining an ongoing commitment to eliminate the physical and mental barriers that can hinder access to their collections and the art, and to combating social exclusion with a view to serving the community.

In 2019 more than 560,000 visitors were welcomed at the Gallerie d'Italia, including the exhibition space on the 36th floor of the Turin Skyscraper, about 80,000 children and young people took part free of charge in educational activities, confirming 100 young art historians working permanently at the Gallerie d'Italia.

In 2019, 18 exhibitions were organised (10 major exhibitions and 8 dossier exhibitions), hosted in the Gallerie d'Italia and the Turin Skyscraper, plus 5 exhibitions organised in different venues (the Italian Cultural Institute in New York, Palazzo Madama and the Fondazione CAMERA in Turin, the Fondazione Pistoia Musei, and Palazzo Girifalco di Cortona for the Cortona On The Move Festival).

As part of the three-year cultural partnership agreement signed in 2018 between Intesa Sanpaolo-Gallerie d'Italia and the Hermitage Museum in St. Petersburg, the major exhibition Canova-Thorvaldsen at the Gallerie d'Italia in Milan was held in 2019, enabled by the partnership with the prestigious Russian museum, as well as the Thorvaldsen Museum in Copenhagen.

During the year, 230 works of art from the corporate collections were loaned to exhibitions in Italy (in prestigious venues such as Palazzo Reale in Milan, Fondazione Giorgio Cini in Venice, Museo e Real Bosco di Capodimonte in Naples) and abroad.

In 2019, ALMED-Alta Scuola in Media Comunicazione e Spettacolo of the Cattolica University conducted an innovative International Case Study on Progetto Cultura, a unique study in the European and international panorama of case studies, which to date do not include other cases focused on the strategic management of corporate cultural assets.

Intesa Sanpaolo is committed to promoting the art collection at an international level through partnerships with world-leading cultural institutions, contributing to the promotion of Italian culture across the world.

COMMERCIAL INITIATIVES IN THE COMMUNITY

The promotion of art and culture is a commitment that has always distinguished the work of Intesa Sanpaolo, in the belief that a major bank must be able to meet the expectations of progress in its own country, not just economic but also civil, cultural and spiritual, while respecting local identities. Intesa Sanpaolo strives to respect the Group's principles and values (ethical, cultural and social) also in its partnership and sponsorship initiatives, paying particular attention to the selection of projects capable of conveying messages in line with the image and reputation of the Bank and Group.

Relations between Intesa Sanpaolo and local communities are developed through activities to promote: culture and knowledge; support for research and innovation to foster new economic and social development opportunities, with solidarity programmes and initiatives to promote sport; and sustainability as a value for businesses and a loyalty factor for customers.

The main cultural activities include the promotion of music, theatre, dance, cinema, art, publishing and reading, and photography, with a particular focus on young people.

To ensure that an increasingly wider public is able to enjoy and appreciate Italy's artistic and cultural heritage, the Bank collaborates with leading bodies and institutions.

Some of the most notable partnerships with major Italian theatres include: Teatro alla Scala, Turin's Teatro Regio, Teatro del Maggio Musicale Fiorentino, Teatro La Fenice in Venice, Teatro di San Carlo in Naples, Teatro Comunale of Vicenza, Teatro Comunale in Bologna, Piccolo Teatro, Teatro Franco Parenti, and Teatro Piemonte Europa. One of the more notable projects is La Scala UNDER30, in collaboration with Teatro alla Scala, which seeks to get younger generations interested in opera and classical ballet.

Key partnerships with major music, dance and performing arts festivals were also supported: MITO SettembreMusica International Music Festival, Piano City Milano, the Festival dei Due Mondi in Spoleto, Puccini Festival, Rossini Opera Festival, TorinoDanza, Torino Jazz Festival, Umbria Jazz and JazzMI, with around 100 concerts, and featuring big international stars and Italian and European up-and-comers in the world of jazz. Similarly, support was also offered to the Festival della Taranta which is both an opportunity to promote the local region and its cultural traditions and a way of focusing attention on social and environmental issues.

In 2019, Intesa Sanpaolo collaborated once again with artist Roberto Bolle to create On Dance, a cultural week celebrating dance, with a large festival that took place in some of Milan's spectacular locales, and Naples as well, featuring shows, exhibitions, happenings, flash mobs, meetings and workshops.

It continued its long-standing partnership with the FAI (the Italian Environment Fund) on the I Luoghi del Cuore project, that collects observation reports from the public concerning places of historic and artistic interest

and landscapes requiring restoration work, by initiating the ninth census. In February 2019 the results of the initiative were presented: more than 2.2 million Italians voted to give a future to the places dear to them, more than 37,200 places reported, 6,412 municipalities involved (80.6% of Italian municipalities). Today the FAI census has become one of the most surprising social aggregation tools in our country. Over the nine editions, there have been 7.2 million reports made of sites, ranging greatly in type, across Italy. This is proof of an increasing need to safeguard the historic heritage and identity of Italy. In November 2019, 27 new projects involving the restoration, recovery and safeguarding were announced. This brings the total number of projects financed thanks to the FAI census to 119, returning works of art and places to the community.

In 2019 Intesa Sanpaolo renewed its support for the "FAI Brumotti per l'Italia" project, a 17-stage, 1,600 km cycling trip to discover the most beautiful parts of Italy and to celebrate art, culture and solidarity. An itinerary travelling throughout the peninsula from North to South, organised by Vittorio Brumotti with FAI (the Italian Environment Fund) in partnership with the Bank, which involved three significant stages: at the end of June in Orvinio, one of the reported places not to be forgotten; then in Naples at the Pausilipon Children's Hospital and finally in Matera, Culture Capital 2019, places that symbolise Intesa Sanpaolo's commitment to culture and society.

Editorial and film-related initiatives were also promoted, such as Bookcity, Turin International Book Fair, La Milanese, Torino Film Festival with the pre-opening event dedicated to Torino Città del Cinema 2020, Capri and Hollywood – The International Film Festival, Festivalletteratura of Mantua, Premio Campiello, Premio Garbrinus - Giuseppe Mazzotti. As part of the cultural initiatives that the Bank has been carrying out for several years in partnership with the City of Turin, in 2019 Intesa Sanpaolo also supported "Ripensare le biblioteche civiche torinesi" (Rethinking Turin's Civic Libraries), a project for the renewal of Turin's civic libraries that envisages the adoption of a new card and the inclusion of the library system in a circuit of partnerships with the book and culture supply chain to strengthen its social impact, the redesign of its website and communications on social channels, as well as the creation of a new graphic image.

Also for 2019, the partnership with the Trento Festival of Economics revolving around the theme "Globalisation, nationalism and representation" was renewed, in order to reflect together with political and institutional representatives on the interactions between political conflict and economic conflict, looking beyond the Italian case and focusing on relevant changes in American economic policy and the uncertainties of European economic and political unification.

For the fifth consecutive year, Intesa Sanpaolo also supported the Festival Città Impresa ("Enterprise City") in Vicenza. The event has become a place for debate on the issues of the economy and local communities: each year the event turns the spotlight on the great Italian manufacturing cities, following and interpreting the development trends and the great urban and anthropological transformations of local regions and production. Intesa Sanpaolo also took part in the Limes Festival, which saw Italian and international experts coming together in Genoa for three days of conferences and round tables on the most current geopolitical issues.

As evidence of its strong commitment to Southern Italy and Culture, the Bank was a Gold Partner of Matera European Culture Capital 2019. Throughout 2019, Matera hosted a series of original and inclusive events, exhibitions, workshops and cultural productions. The Bank's support was also evident in a programme of events open to the public, organised in collaboration with some of the country's great names like Umbria Jazz, Cameristi della Scala, Biennale Democrazia and Classica HD and with local personalities like the artist Pietro Paolo Tarasco who was born there.

Intesa Sanpaolo supports research as a means to promote new economic and social development opportunities, with collaborations with leading foundations and institutions, and also learning opportunities for young people and for promoting the inclusion of women in the workplace. Along the same lines, there has also been the collaboration with the Intercultural Centre of the City of Turin: the Centre provides training to first and second-generation immigrants on issues forming the basis of intercultural relations, which can help bolster a sense of community and belonging to the city. On a similar note, Intesa Sanpaolo has been working in cooperation with Biennale Democrazia (Democracy Biennale), a permanent workshop on democratic practices and civilised coexistence.

Finally, we would like to spotlight the Concert Giornata della memoria (Remembrance Day), an annual event organised by the Giuseppe Verdi Conservatory of Milan in collaboration with Associazione Figli della Shoah, the Jewish Community, Fondazione Memoriale della Shoah and Fondazione CDEC for the "International Holocaust Remembrance Day" celebrations. The Lideriadi choir performed Leonard Bernstein's "Chichester Psalms", with the students of the Conservatory as orchestra, soloists and conductor.

Worthy of mention is the partnership with the Intercultura Foundation, which promotes and organises international exchanges between young students. The Bank has partnered with the Intercultura Foundation since 2004 to support the promotion of the culture of dialogue and the training of secondary school students in a multicultural context through intercultural exchanges abroad, to experience a period of life and study abroad, hosted by local families and attending the local school.

The Bank also supports research and study institutes, focusing on people and family behaviour, and more specifically, the *Rapporto Giovani* (Young people Report) published by the Toniolo Institute. This study examines young people in relation to politics and public engagement, with projects on the themes of family, careers and the future. In addition, there is the collaboration with the Luigi Einaudi Research and Documentation Centre on savings research and on Italians' financial choices, with a view to compiling a report on the choices and habits of families, focusing on their spending priorities, and new consumer and savings models.

In 2019 the Bank once again gave its support as Main Partner to the Food&Science Festival in Mantua. This major national and international science event hosts three days of conferences, laboratories and workshops to thoroughly examine and tackle issues related to food production and consumption in a creative and accessible manner.

With regard to inclusion, the Bank together with the Bellisario Foundation, promoted the fourth iteration of Women Value Company, a prize awarded to small and medium-sized enterprises that have stood out for implementing gender equality policies, to ensure men and women have equal opportunities and recognition in their careers.

As stated in the 2018-2021 Business Plan, the Group has included the topic of inclusion among its strategic corporate objectives with the aim of enhancing the wealth of multicultural backgrounds, experiences and different qualities of the Group's people, favouring the affirmation of an inclusive approach within the Company, encouraging respect and appreciation of diversity through the implementation of projects addressing its various dimensions and also providing for the direct involvement of the Bank's managers in the development of female talent.

As evidence of Intesa Sanpaolo's commitment to these issues, in 2019 it supported a series of initiatives in this area:

- About Women, a series of dialogues on the role of women in society and work as part of the Venice Film Festival, focused on the topics of the salary gap and gender discrimination in the professional field;
- Global Inclusion, an initiative set up with the intention of furthering the contribution of inclusion policies within companies as a competitive lever for the development of organisations;
- Tempo delle Donne: more than 100 meetings and a large project that many associations, museums, cultural and social centres participated in with workshops, meetings, concerts and neighbourhood parties;
- Inspiring Girls: a project promoted by Valore D, an association founded in 2009 and that for ten years has been committed to gender balance and an inclusive culture in organisations and in our country with over 200 member companies, organising a series of meetings in lower secondary schools throughout Italy with women (Role Model) working with passion and success in a wide range of sectors and professional roles, and who with their testimonies can inspire girls not to set limits in defining their own careers and broaden the horizons of girls and boys in imagining their futures.
- STEMintheCITY: an initiative promoted by the Municipality of Milan with the support of the United Nations having the objective of removing the cultural stereotypes that alienate girls from technical-scientific schooling and careers, reducing the gender gap in this area and spreading the STEM culture. Meetings, seminars, training courses and shows to promote technical-scientific subjects and to spread digital culture.
- Also with the Intesa Sanpaolo Innovation Center, business models of the future were explored to create assets and the necessary skills to support competitiveness over the long-term, and to act as a driver and an impetus in the new economy in Italy, with a specific focus on the more significant trends in our society, such as Industry 4.0 and the Circular Economy.
- The various initiatives include the Bheroes programme, a platform that allows the Bank to get into contact with new start-ups that are emerging on the economic scene, and promote those that are already customers, by providing acceleration, training and support programmes for them to grow, based on courses for mentoring, training support, empowerment, coaching, promotions and communications support, and access to backers. It also encourages the meeting between established companies and start-ups, creating points of connection and cultivating growth and acceleration processes.

Other projects in this field worth mentioning relate to:

- Milan Digital Week, an initiative that sees all of Milan digitally "connected", with more than 400 events across the city for residents. The initiative takes place over four days of discussions, exhibitions, points of interest, seminars, performances, shows, workshops, training courses and laboratories to discover the most unexpected aspects of digital Milan;
- Master TAG in Digital Transformation for Made in Italy, a training course that seeks to ensure the future growth of the Italian economy by educating professionals able to navigate companies through the digitalisation process, based on the implementation of new strategies, the use of digital technologies, and the creation of a new business culture.

Bank has also contributed together with Friends for Health Onlus and the A. Gemelli Policlinico Universitario

Foundation to set up the Naples and Rome stages of Tennis & Friends – Health and Sport...Sport is Health, with the aim of creating awareness for the prevention of thyroid and metabolic conditions.

During 2019, Intesa Sanpaolo supported the first edition of the Global Health Festival, the event dedicated to confronting the great challenges of modern medicine on a global scale. The festival took place in Padua and focused on three main areas: health, economy and environment. During the sessions of the Festival many topics were addressed, like the scientific and institutional situation, the social determinants of health, environmental sustainability and the role of civil society and international cooperation. 60 events were held throughout the city and 80 speakers took part, including eminent figures from national and international scientific research.

In 2019 Intesa Sanpaolo joined "Tour della Salute" e "Crescendo in Salute", a travelling event that from May to October visited the piazzas of 14 Italian cities, with the aim of raising awareness of the importance of a healthy and balanced lifestyle in order to prevent chronic diseases. For the first year, the Bank is also supporting Campioni di Vita (Life Champions), a series of meetings aimed at upper secondary school students that will take place in six stages in as many Italian cities between November 2019 and February 2020 with the aim of raising awareness among young people of the values associated with sport, and in particular sports activities by those who are disabled.

In addition, the partnership with the Juniors Project of Armani Basket Milan and the Level I University Masters in Strategies for Sports Business was announced, organised by Verde Sport in conjunction with the Ca' Foscari University in Venice.

Responsibility towards the supply chain

COMPANY POLICIES

In order to ensure that relations with suppliers and purchasing policies can create conditions that promote sustainable economic development and respect for human rights, in 2019 Intesa Sanpaolo completed Phase 2 of the Razionalizzazione Acquisti (Purchasing Rationalisation) project. This programme led to the centralisation in the Parent Company of sourcing, regulatory monitoring, supplier qualification and monitoring and adaptation of the contractual standards of some Group companies like Banca 5 and of all purchases of other Group companies belonging to the Private Banking, Asset Management and Insurance Divisions. The project carried out by the Procurement Head Office Department has aligned the acquisition process and purchasing logic with the principles of listening, transparency, equal opportunities and fairness espoused by the Code of Ethics and the social and environmental responsibility criteria promoted by the Group, the new process guidelines for procurement management were published, standardising the purchasing process and describing the roles and responsibilities of all company departments involved.

MANAGING THE SUPPLY CHAIN

In accordance with the company's strategies and goals, the Procurement Head Office Department promotes policies and shared best practices in the area of procurement for the entire Intesa Sanpaolo Group to safeguard the principles of ethical, social and environmental responsibility shared by the Group.

The Procurement Head Office Department, in charge of procurement in the area defined by the relevant guidelines and rules, oversees the purchasing process, guaranteeing the regularity and consistency of purchases by observing the relevant policies and internal regulations, also via an e-sourcing application called Supplier Gate, for the integrated management of the purchasing process, with a view to increasingly ethical negotiations and the competitive comparison of the technical and economic characteristics of the offers submitted by suppliers and sub-suppliers, which was implemented during 2019 by the direct negotiation management module.

The new e-sourcing module has made it possible to match Calls for Tenders, already managed on the Supplier Portal, with the events acquired in relation to Direct Negotiations, strengthening the qualification process, the verification of suppliers/sub-suppliers and third parties and their control/monitoring over time. In order to ensure greater transparency, regularity and fairness in the verification, control and monitoring of all counterparties of the Intesa Sanpaolo Group with respect to Purchasing, the automation of the process of qualifying Suppliers and Third Parties registered on the Supplier Portal was completed in 2019. The computerisation of the qualification process has also made it possible to continuously monitor all the positions in question accurately and punctually, also with the aim of contributing to the strengthening and efficiency of control and due diligence. In 2019 the Contract Management Module of the Supplier Portal was aligned with the requirements imposed by the EBA Guidelines on outsourcing and by the SRB Authority for the resolution of critical contracts in order to allow Regulators to accurately verify the content of the agreements/contracts entered in the Module. Suppliers view the Intesa Sanpaolo Code of Ethics when registering with the Supplier Gate and, if they sign a supply or service agreement, pledge to respect the main relevant contents of the Code when performing their assigned tasks, including on behalf of their representatives, employees, workers and subcontractors. They must also read the Organisational, Management and Control Model (Italian Legislative Decree 231/2001) and the Group's Internal Code of Conduct.

The supplier selection process takes place during registration on Supplier Gate by means of an assessment that not only takes account of the organisational-technical and economic/financial characteristics of each supplier, but also includes analyses of their business ethics, respect for human rights, workers' rights and the environment. If the outcome of this assessment is positive, suppliers are registered in the Group Suppliers' Register and can be invited to procurement events. 5,569 suppliers had completed the Supplier Gate registration procedure as of the end of 2019.

QUESTIONNAIRE, REPORTING, CONTROLS

With regard to the checks carried out on suppliers and third parties, when registering with Supplier Gate the counterparty fills in a compulsory questionnaire on social and environmental responsibility issues providing supporting documentation. This must be updated at least once a year. This procedure makes it possible to exclude suppliers and third parties that do not satisfy the minimum requirements of the system a priori, and to

monitor suppliers regarded as suitable, who are given a rating. Furthermore, in order to ensure an assessment of the entire supply chain, the functions involved in the purchasing process have the ability to carry out direct checks and inspections, including through specific reporting procedures, in order to plan appropriate actions in the event of unsatisfactory ratings. In 2019, the Procurement Head Office Department carried out checks on 11,715 documents in Supplier Gate. The controls concerned the completion and updating over time of the documentation and mandatory questionnaires required when registering with Supplier Gate.

With the aim of guaranteeing objectivity and transparency in the contract award phase and taking account of ethical implications and social-environmental impact assessments, purchases are made via a system that permits the impartial comparison of multiple offers and the tracking of all negotiations carried out. This consequently makes it possible to identify the best trade-off between the technical and administrative assessment (including social and environmental sustainability criteria) and a distinct and separate, purely economic assessment. With this in mind, in its internal rules and regulations (Guidelines and Rules on the subject) the Procurement Head Office Department manages the cases where the alternative market procedure can be used, i.e. Direct Negotiation.

According to special clauses included in the contracts used by the Procurement Head Office Department, suppliers that register with Intesa Sanpaolo's Supplier Gate must respect the main content of the Code of Ethics and the Internal Code of Conduct and undertake, when fulfilling their contractual obligations, to take all necessary measures to prevent relevant conduct pursuant to Italian Legislative Decree 231/2001, the anti-money laundering and anti-corruption regulation. On request, they must also present documentation attesting to their ongoing compliance with the social and environmental obligations they have undertaken, as well as the compliance of any subcontractors.

The contractual clauses impose on the supplier the obligation to guarantee that treatment of employees in terms of economic conditions, wages, regulations, pensions, insurance and accident prevention aspects is not lower than the minimum standards outlined in applicable laws, regulations or collective bargaining agreements (also in relation to category and geographical area).

Standard contractual conditions oblige every supplier and subcontractor (if applicable) to operate in complete compliance with environmental, ecology and waste management laws (including laws on the circulation and disposal of waste electrical and electronic equipment) and, where requested, to document this compliance at any time.



Employees

RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

Like the previous plan, the 2018-2021 Business Plan identifies the Group's employees as key for the consolidation and continuing growth of the Bank. Thanks to their professionalism, their range of expertise and their growth paths, together with the important technological investments launched to ensure they are ready for the digital challenge, the people of Intesa Sanpaolo contribute to ensuring the excellent quality of customer services and the fulfilment of the Plan's goals.

The importance of the Group's people is evident in the company's full protection of workers' rights with particular regard for the development of labour relations and employment protection, its personnel development activities, promoting training and merit, its concrete development policies and measures, and its enhancement of a modern and integrated company welfare system. In addition, since some time Intesa Sanpaolo has also adhered to an Occupational Health and Safety Management System compliant with the most advanced international standards. The programmes adopted, also thanks to the numerous agreements signed with the trade unions, have made it possible to effectively protect employment levels through professional retraining activities, but also with the introduction and consolidation of numerous innovative contractual tools, that are able to foster the development of an effective company welfare system and establish a better work-life balance.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2019 Actions/Results (cumulative value since the start of 2018)	2021 objectives
Job protection	<ul style="list-style-type: none"> People reassigned to high value-added activities New hires 	<ul style="list-style-type: none"> 2,039 reassigned employees working on new priority activities (3,028 since 2018) 4,421 hires at Group level, of which 393 with specialised profiles (834 since 2018) 	<ul style="list-style-type: none"> 5,000 people reassigned to high value-added initiatives At least 1,650 new hires to support core business growth
Labour Relations	<ul style="list-style-type: none"> Employees belonging to a trade union Signed trade union agreements 	<ul style="list-style-type: none"> 77.3% in Italy (credit agreement) 32.3% abroad 33 signed trade union agreements (76 since 2018) 	<ul style="list-style-type: none"> People acting as an enabling factor, including by means of a meaningful discussion with trade union representatives

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2019 Actions/Results (cumulative value since the start of 2018)	2021 objectives
Employee growth and development	Training: hours provided	<ul style="list-style-type: none"> 10.8 million hours of training (approx. 20 million hours since 2018) 	<ul style="list-style-type: none"> 46 million hours of training in the 2018-2021 period 11.9 million hours in 2021
	Insurance sector training	<ul style="list-style-type: none"> 220 protection specialists introduced to support branches since 2018 Around 1.2 million hours of training and specialisation for insurance sector growth for over 36,000 people, supporting branches 	<ul style="list-style-type: none"> Training and specialisation for insurance sector growth: around 220 protection specialists supporting branches; around 30,000 trained individuals from branches
	Loan recovery training	<ul style="list-style-type: none"> 9,746 training hours provided to 3,321 employees to consolidate loan recovery 156 employees managing customers in arrears (347 since 2018) 	<ul style="list-style-type: none"> Enhancing skills in loan recovery and creating a dedicated internal unit (1,000 individuals managing customers in arrears, out of 1,300 reassigned to lending priorities)
	International Talent Program	<ul style="list-style-type: none"> 254 employees involved in development initiatives launched as part of the International Talent Program since the Program began 	<ul style="list-style-type: none"> Around 500 talents involved
	Managerial assessments	<ul style="list-style-type: none"> 699 employees subject to assessment (47% men and 53% women) 	<ul style="list-style-type: none"> Career advancement paths for employees destined for managerial roles
	Employees participating in the LECOIP 2.0 incentive plan	<ul style="list-style-type: none"> Over 80% of those eligible participating in the LECOIP 2.0 Plan 	<ul style="list-style-type: none"> Strengthening employee involvement through long-term incentive programmes linked to the Business Plan objectives
	Diversity Management initiatives	<ul style="list-style-type: none"> Adherence to the Women's Empowerment Principles – WEPs – promoted by the UN KPI dedicated to promoting female talent included in the performance assessments of over 1,100 managers Analysis of the results of the Survey on inclusion, additional specific listening activities and definition of the Diversity & Inclusion Strategy Launch of programme for people on long-term leave aimed at maintaining a close relationship with them during their absence (pilot phase launched for those on long-term maternity leave) Apprenticeships for people with Down syndrome Specific projects to support empowerment and female talent Active participation of over 65 Role Models in the Inspiring Girls initiative (in partnership with Valore D) 	<ul style="list-style-type: none"> Promote diversity and inclusion
Welfare and quality of life in the company	Smart Working	<ul style="list-style-type: none"> Around 17,250 participants in the flexible work scheme 	<ul style="list-style-type: none"> Flexibility programmes to improve staff productivity and satisfaction: smart working extended to 24,000 people in 2021
	Intesa Sanpaolo Employees' Association	<ul style="list-style-type: none"> Over 150,000 members Around 5 million euro to support free time initiatives 	
	Group health fund	<ul style="list-style-type: none"> Around 160 million euro of intermediate healthcare services net of excesses Over 215,800 people assisted 	<ul style="list-style-type: none"> Promotion of welfare and work-life balance
	Company pension	<ul style="list-style-type: none"> Around 95,000 subscribers to all Group Funds (Defined Contribution and Benefit) Over 9.5 billion euro of assets 	

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2019 Actions/Results (cumulative value since the start of 2018)	2021 objectives
Company climate	Internal climate analysis	<ul style="list-style-type: none"> According to the climate survey the satisfaction level of Group people is 69% in Italy* and 78% abroad. 	
Health and safety	Injuries	<ul style="list-style-type: none"> At work: 268 During transfers: 563 Employee injury rate: 0.9% 	<ul style="list-style-type: none"> Protecting employee health and safety
	Health and Safety Management System Certification	<ul style="list-style-type: none"> Switch from OHSAS 18001:2007 certification to the UNI ISO 45001:2018 standard completed with 100% coverage of the Intesa Sanpaolo branches and buildings in Italy 	
	Health and safety training for employees	<ul style="list-style-type: none"> 28,894 participants in health and safety training; 146,485 hours provided 	

* Survey carried out among Professional Areas and Middle Managers

Employment protection

COMPANY POLICIES

The company's approach to managing issues relating to the protection of workers' rights is outlined in the Code of Ethics, which recognises the principles established by the fundamental conventions of the ILO (International Labour Organization) and in particular the right to freedom of association and collective bargaining, the abolition of forced and child labour, and non-discrimination in employment. The applied collective bargaining system works on two separate and complementary levels: the first at national level and the second at company level for the Intesa Sanpaolo Group (second-level contractual structure). The labour relations model, adopted and developed by the Group together with the Trade Unions, has promoted dialogue between the parties on a continuous basis. The model is a way of identifying the most suitable solutions and tools for addressing and managing the various growth and reorganisation phases that have marked the company's activities over the years, including those involved in the implementation of the 2018-2021 Business Plan. Concrete evidence of this can be seen in the creation and work of bilateral Company/Union bodies, formed with the aim of analysing, identifying and proposing positive actions, solutions and tools in the areas of equal opportunities, welfare, safety and sustainable development.

JOB PROTECTION

For Intesa Sanpaolo, job protection is a priority issue for guaranteeing its mid- to long-term financial solidity, and is also one of the key topics underlying the 2018-2021 Business Plan. The development of labour policies is entrusted to a specific structure in the Chief Operating Officer Governance Area, which has the task of drawing up union agreements and monitoring their implementation.

As regards the signed agreements, the strategic measures defined in 2018 include the voluntary departure of 1,600 employees by June 2021 - in addition to the 9,000 by June 2020 already outlined in the 2018-2021 Business Plan - and specific active employment policies to support the growth of the business and facilitate generational change. In 2019 the Group workforce turnover rate was -3.27%, in line with the structural measures planned. Employment within the Group was also guaranteed by the gradual extension of the new mixed contract (around 150 people hired and 200 traineeships activated), a working method whereby individuals possess two separate contracts, one permanent part-time employee contract and one as a self-employed financial advisor for out-of-branch activities. In addition, as part of the NEXT project ('Nuove esperienze per te') a reskilling training process was launched which provides support during the change process and in new roles. In fact, the 2018-2021 Business Plan has identified important staff renewal goals and focuses close attention on channelling excess capacity towards priority goals. To achieve these a dedicated initiative was launched (Proactive HR "In-Placement") to reallocate at least ~5,000 people to activities of greater value added. In

this context, in 2019 the Intragroup Mobility structure and HR Proactive Placement continued to oversee the mobility tools and processes, verifying the availability of internal personnel and the necessary expertise on the basis of the identified requirements, while also guaranteeing the development of employees in new roles as per the Group strategy.

In 2019 employer branding was primarily focused on launching communication strategies that convey Intesa Sanpaolo's founding values: internationality, flexibility, challenge and innovation were the values at the heart of the messages, together with the importance of diversity, inclusion and people in general. Both digital and physical communication channels were used. Firstly, a new Careers page was created in 2019 to further improve the job application experience. Inside, candidates can easily find information on current vacancies, divided according to job family and including a section dedicated to protected categories. Digital employer branding activities were also extended to social media sites LinkedIn (approx. 159,800 views in 2019 with an interest rate of 3.5%, up by 196% compared with 2018) and Instagram. In the non-digital arena new formats and contact opportunities with potential candidates were developed in 2019 including the Careers Meeting Point and the 'contest games'; the partnerships with leading Italian universities also continued with over 40 events held, including Career days, workshops and training seminars. 2019 also saw the launch of Cyber Security Academy in collaboration with Milan Polytechnic, in which the Group's line managers participate as teachers, while the Job Center continues to focus on selection and recruitment issues. In support of the Group's recruitment plan, over 100,000 CVs were assessed and over 5,000 candidates interviewed in 2019.

LABOUR RELATIONS

As well as by the industry outlook, relations with the Trade Unions are also regulated by the Labour/Management Relations Protocol which has made it possible to develop a specific union relations model in the Intesa Sanpaolo Group. Dialogue with the Trade Unions regarding company projects is ongoing, prompt and aimed at identifying shared solutions to the various requirements that come to the attention of the Parties. This also takes place in accordance with trade union representation in Italy (77.30% of current employees), in line with national representation in the sector. 33 agreements were signed in 2019 which continued to focus attention on the Group's integrated welfare system. The Time Bank, Flexible Work and the various initiatives for the development of policies and tools to address problems relating to the area of disabilities and to promote the culture of fostering inclusion are just some examples that define and characterise the overall direction that the second-level collective bargaining agreement has been going in for some time. To this end, the activities of the Welfare, Safety and Sustainable Development Committee set up following the Labour Relations Protocol were also crucial. This bilateral body, which adequately represents both the company and the Trade Unions, is supplemented each time by technical experts that are able to offer specific expertise on the issues in question. In 2019, also in accordance with and in support of the Business Plan, the Committee promoted a series of measures and actions that contributed significantly to the development of issues connected with inclusion, organisational wellbeing, disability and support for employees at particular times in their private and/or professional lives.

Employee growth and development

COMPANY POLICIES

The enhancement of human resources and the principle of excellence based on the recognition of merit are defined in the Group Code of Ethics and Remuneration and Incentive Policies. Specific tools for managers and professionals make it possible to implement structured performance assessment processes and map skills.

The Group's Remuneration and Incentive Policies aim to align the behaviour of the staff with the interests of all stakeholders, focusing their activities on the achievement of sustainable medium to long-term objectives within the framework of the prudent assumption of current and prospective risks, as well as contribute to making the Group an "Employer of choice" for its ability to attract, motivate and retain top resources. Designed to respect regulatory requirements and based on correct relations with customers, the Policies link wages to risks undertaken, aligning the remuneration systems with prudent financial and non-financial risk management policies. In addition, the Policies are inspired by the principles of merit, rewarding outstanding contributions and guaranteeing a close relationship between bonuses and results achieved/risks taken, equality in both internal and external terms and as regards gender, and

sustainability, making it possible to limit expenses to values compatible with the Group's economic and financial liquidity.

In terms of diversity, the Code of Ethics promotes the specific qualities of each employee, recognising their key contribution towards innovation and the growth of the Group. At the same time, it guarantees equal opportunities in terms of professional growth and development and access to training courses and refresher and role assignment initiatives. The Diversity & Inclusion Structure, created in late 2018 in the Chief Operating Officer Governance Area, has become fully operational. Its mission is to promote all forms of diversity that coexist within the Group: gender, generational differences, disabilities, sexual orientation, cultural, ethnic and religious differences.

PEOPLE AND DIGITAL TRANSFORMATION

People and Digital Technology are key enablers for achieving the goals of the 2018-2021 Business Plan. In line with this principle, last year the 3-year Digital & Data HR Transformation plan was launched with the aim of digitalising services and processes dedicated to people and creating a single access point. This has made it possible to take advantage of the Group's vast data archive and exploit it for managerial and strategic purposes. In 2019 the focus was on consolidating the instruments adopted and introducing new ones. Most administrative services and compensation processes were 100% digitalised and made more efficient, making it possible to free up 80% of the time spent on them for activities of greater added value. A programme dedicated to Human Resources Managers is also in the pipeline; thanks to dashboards and analytics to facilitate quick and targeted decision-making, it is designed to support the evolution of HR and provide people with greater assistance. Employee Central – ISBD People Data is the application dedicated to the International Subsidiary Banks which consists of a database containing the most important personal and professional information on around 20,500 employees from nine subsidiaries in ten countries within the area managed by the International Subsidiary Banks Division, which by 2020 will be extended to the subsidiaries in Ukraine and Moldova.

#PEOPLE: THE PORTAL FOR THE PEOPLE OF INTESA SANPAOLO

Launched in 2018, this is the space dedicated to all Intesa Sanpaolo Group people. From the portal all employees can access their personal profile, which contains their main personal details together with their CV and a space for introducing themselves and sharing their professional ambitions, and the LECOIP 2.0 and POP (Performance-based Option Plan) section, so they can keep track of their personal investment plan. There are also sections on internal mobility, like Jobs@ISP, the internal job marketplace with professional opportunities dedicated to all Group personnel (since the launch of Jobs@ISP in 2018 around 700 searches have been published with over 9,000 applications received, 900 of which selected for interviews in 2019 alone, and over 300 resources changing departments as a result) and Next, the Intesa Sanpaolo placement and reskilling programme. The Servizi alla Persona (Personal Services) section, which gathers together the 300-plus products and initiatives available to employees, was launched and registered over 300,000 visits in 7 months. Also present are the Performance Management area, the News section and information on the HR world so employees can keep up to date at all times. In 2019 two apps connected to #People and HR systems were launched: the #People app so the Portal can also be accessed from mobile phones and the Feedback app, connected with the Group Performance Management system, which facilitates the sharing of feedback between Managers and Employees. Finally, multimedia information is also published on #People to keep employees up to date on the most important events and news. With the aim of continuing to provide increasingly effective and digital services and freeing people from administrative activities so they can concentrate on business, interpersonal and greater value-added activities, in 2020 #People will be integrated with new digital services like the system for managing business travels and the Onboarding process to help new hires to find their feet at Intesa Sanpaolo.

ASSESSMENT AND INCENTIVE SYSTEMS

In 2019 UpPER was adopted, a new performance assessment system designed to meet the new development challenges and place the focus on every single individual, emphasising everybody's specific role and contribution. UpPER is supported by an intuitive and easy to use digital system which forms part of a broader project to transform and digitalise HR processes. The Performance Assessment is based on 3 indicators, shared between managers and employees at the start of the year. In order to foster continuous dialogue, during the assessment cycle managers can provide employees with feedback on the indicators that have been assigned, also thanks to the use of a specific app, enabling them to receive notifications of training opportunities, in line with other skills mapping and training processes. For the Group's Risk Takers and Middle Management the assessment system adopted is known as Managers' Performance Accountability and is based on transparent, objective and measurable qualitative and quantitative KPIs identified in accordance with the goals of the Business Plan and also useful for measuring managerial qualities. Among the non-financial KPIs for 2020, the CEO was assigned a Social and Environmental Impact KPI (Impact & ESG KPI). This KPI will be evaluated according to specific drivers aimed at monitoring the issue from various perspectives including the Group's inclusion in the sustainability indexes of specialist companies, the support for the Green and Circular Economy, the Group's commitment to impact financing to foster inclusion and support for youth employability (see the Report on the policy regarding remuneration), as well as the promotion of art and culture. The Impact & ESG KPI is then declined within the organization, beginning with the CEO's first line, on the basis of the levers used by Risk Takers and the Middle Management.

As for the International Subsidiary Banks, the New Performance Appraisal Tool – NewPat, system that provides performance evaluation, was launched. After its extension to all people in the head office departments in 2018, in 2019 a project was launched to review the incentive system for the people of the sales network in accordance with the Group's policies. This is expected to be implemented by the end of 2020.

In 2019 around 700 Group people (52% women, 48% men) were involved in managerial potential assessment days with the aim of creating management development groups to be nurtured on an ongoing basis. Around 100 women participated in a female talent promotion project in the Corporate & Investment Banking Division.

In accordance with the Business Plan, to maximise internal equity, external competitiveness and a culture of meritocracy, Intesa Sanpaolo has consolidated the introduction of a system to map the organisational positions in the company called Global Banding. Taking account of factors like complexity, type of influence and impact on the Group's results and strategy, Global Banding objectively evaluates the relative value of different organisational roles and represents in a more organic and objective way - both externally and internally - the responsibilities of each Manager, also through the adoption of an international title valid for managerial positions in Italy and abroad.

SERVICE QUALITY AND EMPLOYEE INCENTIVES

The incentive system for personnel of the Intesa Sanpaolo network rewards the work of the best teams and sustainable performances over the medium to long-term in terms of profitability, expandability, credit quality, sustainable growth, service quality and a multichannel approach. The Excellence Bonus is awarded to 20% of the best branches in each Sales Region.

As for its Incentive Systems, the Group has both short-term and long-term Plans for the entire workforce. For the Group's Risk Takers and Middle Management there is an annual Incentive System connected with the Managers' Performance Accountability system according to which a bonus is awarded upon the fulfilment of certain goals in accordance with the rules outlined in the Remuneration and Incentive Policies.

As regards the rest of the workforce, in order to continue rewarding all employees for their contributions to achieving the goals of the 2018-2021 Business Plan, second-level agreements were signed on 10 October 2019 for the pay-out of the 2019 Variable Result Bonus (VRB) and the Protection Excellence System (PES), the latter of which dedicated to Network staff involved in offering insurance products, in accordance with the goals of the Business Plan which foresees strong investment in this sector. The aim of the 2019 VRB is to reward the increase in profitability and productivity obtained by achieving the results of 2019, that are identified in the agreements in relation to the different company levels of reference. Due to its variable nature, the 2019 VRB is a one-time bonus and the cash sum of the reward recognised to every employee consists of three parts linked to specifically identified economic and financial parameters and to specific clusters of Group employees:

- The basic bonus, for every company level, role or seniority level, is designed to reward individuals for the collective contribution made, supporting those with lower salaries as part of an internal equality policy;
- The additional bonus that recognises the contribution made to the results of the relevant department and varies according to role or seniority and professional category;
- The excellence bonus, which rewards individual merit and the distinctive contribution made to achieving the team's

results.

Confirming the importance that the issues of assistance and services for families and work-life balance have in the Group's policies, employees once again have the option of requesting that all or part of their 2019 VRB be recognised in the form of welfare services, taking advantage of the opportunities that the tax regulations in the area of workplace productivity remuneration offer employees year by year.

With regard to the long-term plans, two new long-term incentive systems were launched in parallel with the 2018-2021 Business Plan, in line with the changing regulatory and business contexts. The Plans have the same timescale as the 2018-2021 Business Plan, and are tailored to different categories of the company's employees in terms of their purposes and instruments. More specifically, to bring the Top Management, Risk Takers and Strategic Managers in line with the challenging and ambitious expected goals of the Plan, an incentive system based on performance conditions that uses an option vehicle called Performance-based Option Plan (POP) was introduced. The POP guarantees a link between variable remuneration and the Bank's performance over time, paying out only in the event that value is created for shareholders. Following on from the 2014-2017 LECOIP (Leveraged Employee Co-Investment Plan), the LECOIP 2.0 plan was set up for the other Managers and employees, and was warmly received by the Group's people, with over 80% of those eligible subscribing to the plan for an Initially Allocated Capital value of around 184 million euro.

TRAINING

In 2019 the Development Policy and Learning Academy Head Office Department organised and launched training and development activities - creating new models and innovative methodologies - for all Group employees, as well as implementing a multichannel approach that makes learning as simple and flexible as possible. The development models and processes include the Teti Competenze initiative, which was set up to map and enhance the technical and professional skills of Group people and involved, with a self-assessment, around 64,600 people in Italy.

The training solutions, based on key skills for each position, prioritised digital channels with quick, simple and interactive engagement methods, providing around 11 million hours of training in 2019. There was a further reduction in classroom activities compared with the previous year due to the prioritisation of remote channels over traditional methods with the development and spread, via the digital training platforms, of new content in various formats (video, audio, graphics, text) and with different educational goals. At the same time as the launch of the new version of Apprendo, the Group training platform, the new MyLA app, designed together with Apple and co-created with professionals inside and outside the Bank, was distributed to over 21,300 users and on around 3,800 iPads in branches. MyLA and the new Apprendo are the channels that enable all professionals to access digital training content wherever they are and whenever they want, guaranteeing them a straightforward, integrated and innovative experience. In 2019 access to the platform was extended to around 67,000 employees, 1,600 of whom non-domestic employees. The percentage of active users (those who completed at least one Learning Object) was 96.5 %. In 2019 the platform made over 3,800 training modules available and was accessed over 32 million times. In addition to important regulatory issues (Anti-Money Laundering, Insurance and pension fund brokerage, Investment services, Administrative liability of entities, Privacy protection) the platform also provided instruments for acquiring and updating role-specific skills and expertise. In 2019 the possibility of flexible home training was extended to all employees on the Network with over 70,000 hours of smart learning provided to almost 4,900 employees (over 14 hours per capita on average). Employees were very positive about the training with satisfaction levels of 82% for the digital training and 91% for the classroom training.

In 2019 Management School flanked and supported over 7,800 Managers and Talents in the Group, including the managers of the International Subsidiary Banks. Over 690 videos and around 500 pieces of content were also offered in English. The management issues addressed included creativity, inclusion, collaboration, strategy, proactivity and learning. As regards cutting-edge issues, in addition to technology trends there were also in-depth analyses of social and environmental impact issues such as Diversity & Inclusion and Circular Economy. According to the figures, 6,100 people used the Management School app, there were over 800,000 content views and the average rating was 4.3 (on a scale of 1 to 5). Over the year the School organised around 20 events which directly involved over 2,000 managers. The issue of Diversity was the focal point of three Managerial Discussions and a Meet the Gurus organised in partnership with the Diversity & Inclusion structure. There was also an increase in the number of management development courses in 2019. With regard to "future leaders", in 2019 Management School continued to support the International Talent Program with learning and development initiatives.

Z LAB is the 3-year project that Intesa Sanpaolo has created to develop transversal skills and help provide final-year secondary school pupils with career guidance. As host company, Intesa Sanpaolo provides the students with an environment based on interactive dynamics, experiential workshops, project work and the digital culture so they can discover and think about the world of work. Pupils are assisted by a specially-created team of around 40 internal employees who oversee the workshop activities full time as tutors, with ad hoc training. All of the topics covered are contextualised in business activities, also with visits to the head office departments and talks with internal 'spokespersons'. The first three years of the Z LAB project have involved around 2,500 students from 100 schools, hosted by Intesa Sanpaolo in 120 workshops, organised in over 20 Italian cities, which overall have provided over 75,000 days (520,000 hours) of workshop activities.

TALENT DEVELOPMENT

The International Talent Program (ITP) has established itself as one of the most important talent development initiatives at a Group level. Launched in 2017 to develop a new generation of managers with an international outlook, the Programme is aimed at a target group of employees who are professionals or middle management. The key element of the Programme is its personalised development courses of 3-5 years. Each course consists of inter-functional, inter-divisional and international work experiences, each of which lasting indicatively at least a year. The aim is to develop new skills - technical/specialised, behavioral and managerial - and an overall vision of the Intesa Sanpaolo Group. All participants in the Programme are involved in specialist and managerial training initiatives in English in collaboration with leading Business Schools, in international workshops focused on innovation, and in project work initiatives closely related to the Group's business areas. For each talent there is a sponsorship programme for the entire duration of the course, with the direct involvement of Group Senior Managers. The first two editions of the ITP are currently taking place and involve 224 people from across the Intesa Sanpaolo Group. In addition, editions of the International Talent Program dedicated to specific governance areas were launched in 2019: in March 2019 an International Talent Program dedicated to the Chief Lending Officer Area was launched and in September 2019 the selection process of an edition of the ITP reserved for the Chief IT Digital Innovation Officer Area began, concluding in December. 254 talents had participated in the Program by the end of 2019, a major step forward as regards the goal of the Business Plan which aims to strengthen the Group's middle management with 500 talents.

INCLUSION AND DIVERSITY MANAGEMENT

The company population is fairly evenly spread between male and female employees (46% men and 54% women). Representing 28.5% of all female employees in the Group, the number of female managers (executives and middle managers) as a proportion of all managers rose slightly compared with last year to 39.4%.

The Diversity & Inclusion structure, created in late 2018 in the Chief Operating Officer Governance Area, became fully operational in 2019 with the aim of promoting all forms of diversity that coexist within the Group's personnel. One of the structure's first actions was to carry out a survey aimed at gathering feedback from the company's personnel in Italy on numerous aspects of life in the company (such as how well they know the specific inclusion and non-discrimination content of the Code of Ethics, how aware they are of the numerous initiatives the Group has already focused on these issues and the degree to which they approve them and regard them as useful), analysing people's level of openness and acceptance of inclusive practices and encouraging them to submit new ideas and proposals. The ideas collected by the employees, together with the assessment of the best practices of other companies, inspired the definition of the Diversity & Inclusion (D&I) strategy. Supported by a process involving the measurement and continuous assessment of the results obtained, the strategy forms the framework of the partnership with all of the structures involved in various ways in the co-creation and development of the initiatives.

The main initiatives launched in 2019 by the Diversity & Inclusion structure focused on, in particular, the review of HR processes, specific projects for the development of high-achieving women, sessions on inclusive leadership dedicated to the Group's top management, training for female managers ("Female Empowerment") and a programme for employees on long-term leave aimed at maintaining a close relationship with them during their absence and helping them to successfully reintegrate when they return. Additional listening activities were organised in some structures to assess people's perceptions of inclusion and this resulted in the creation of targeted action plans which, among other things, involve training and coaching to develop inclusion skills, assessment initiatives, debates and internal discussions on various D&I issues.

To continue raising the awareness of managers internally on promoting female talent, a dashboard for monitoring the female representation in each Structure was introduced and any eventual gender pay gaps shared. Once again this year the performance assessments of over 1,100 managers included a KPI, equal to 10% of the overall evaluation, dedicated to the promotion of female talent, an increase on the 900 managers involved in 2018.

The D&I Strategy also aims to make an impact outside the Bank and to this end the collaboration with Valore D (business association that promotes diversity and female talent and leadership for the growth of companies and the country) has continued, as too has the partnership and active participation of company Role Models in the Inspiring Girls initiative, a project dedicated to lower secondary school pupils which involves meetings with female managers from the Group with the aim of overcoming the gender stereotypes that can undermine the dreams and ambitions of schoolchildren and influence their future education choices. In this way Intesa Sanpaolo encourages female managers to interact with institutions outside the Group, participating in events and initiatives that promote female talent. In particular, two managers won the Women in Finance 2019 award, as Insurer of the Year and Asset Manager of the Year respectively, while others were involved in events promoted by the Municipality of Milan, such as the Stem in the City initiative. In 2019 the company also supported the Women Value Company award for the promotion of female talent in small and medium-sized businesses. Intesa Sanpaolo also received the Diversity & Inclusion Award again in 2019 which is given to companies that promote job placement policies for disadvantaged individuals.

In 2019 Intesa Sanpaolo signed up to the Women's Empowerment Principles promoted by the UN which define the guidelines that businesses should follow when implementing tangible gender equality and female empowerment measures.

In addition, at the start of 2020 Intesa Sanpaolo joined Parks – Liberi e Uguali. This association, which works in close contact with its network of businesses, aims to disseminate Diversity Management issues with particular focus on sexual orientation and gender identity in the workplace. With this partnership Intesa Sanpaolo aims to act as the agent of a positive cultural change for all Group people as well as a standard-bearer for society.

As was the case with employees in Italy, a feedback initiative on inclusion issues was also launched among the international subsidiary banks in late January 2019 with the D&I Pulse Survey, which involved 20,300 people from 10 of the international Banks and the head office departments of the International Subsidiary Banks Division. Structured action plans to implement from 2020, defined on the basis of results achieved and contextualised according to local and regional benchmark data, are being defined in each country. Thanks to targeted actions to promote the development of women within its workforce and female enterprise in the country, in 2019 Banca Intesa Beograd was recognised by the Association of Business Women in Serbia as one of the banks in Serbia that does most to promote gender diversity. In 2019, Privredna Banka Zagreb received the Family Friendly Employer award as recognition for its best practices regarding the family commitments of its workers.

Trade union agreements have also taken account of the issue of diversity since 2014 with the definition of the Framework protocol on inclusion and equal opportunities, reviewed in 2018, as part of the renewal of the second-level collective bargaining agreement, with the signing of an Agreement on inclusion.

As regards sexual orientation and gender identity, specific company policies were introduced back in 2014 to define the framework for the extension of company benefits to same-sex unions.

In the context of the initiatives established by the Inclusion Agreement, 2019 saw the trial launch of the Back@Work project dedicated to people absent from work for long periods, whether due to maternity, leave of absence, illness etc. The aim is to keep in contact with people, strengthening their feeling of inclusion and belonging even when they are away from the company. A pilot phase for long-term maternity leave was launched.

APPRENTICESHIPS FOR PEOPLE WITH DOWN SYNDROME

To promote the inclusion of people with intellectual disabilities, in 2019 Intesa Sanpaolo, in collaboration with a number of local Associations, launched an important project for the employment of people with Down Syndrome on apprenticeships. The project began with the addition of two people at branches in Milan and Turin following a training course for the apprentices, the branch teams and the tutors. The objective for 2020 is to extend the project to other branches of Banca dei Territori and in other cities across the country.

As well as promoting the specific interdepartmental work group that deals with problems connected with the world of disabilities and illness, the Inclusion Agreement also involves the launch of two trial projects with the support of the Welfare Committee to encourage people diagnosed with autism or autism spectrum disorder to perform data entry activities on behalf of Intesa Sanpaolo, and work-study initiatives for pupils with intellectual disabilities with the goal of potentially including them in the aforementioned work project. These projects will be partly funded by the Arrotonda Solidale ("Round-down Solidarity") initiative, also included in the Agreement and launched in 2019, which involves the contribution, on a voluntary basis among all employees, of the residual amount collected from rounding down net monthly salaries to the nearest euro. In turn, the Company will contribute the remaining cents to make the contribution per employee a total of one euro. The commitment on the dyslexia front also continues: Intesa Sanpaolo was Italy's first Dyslexia Friendly-certified bank in December 2018.

DISABILITY MANAGEMENT

As part of the second-level collective bargaining Agreement, in 2018 an inter-functional working group coordinated by the Welfare Function was created to address all problems connected with the world of disabilities and illness. The goals of the working group include promoting the culture of inclusion, the launch of awareness campaigns and training, and the enhancement of people with disabilities. In 2019 most members of the working group, together with representatives of all the trade unions, attended the "Disability Manager e mondo del lavoro" (Disability Manager and the working world) higher education course organised by Cattolica University of Milan. Having passed the final exam, participants were officially recognised as 'Disability Managers' by the Region of Lombardy. The course laid the foundations for a common approach and will be an important tool for the work carried out by the Welfare, Safety and Sustainable Development Committee, a bilateral body made up of company and union representatives. Many project areas are being developed: from the analysis of processes to continuously improve the management of individual requests from workers to the mapping of access to information systems and new procedures. In this context, the Clouds of Solidarity initiative continues with the involvement of a group of volunteer employees who help people with reduced mobility every day as they arrive and leave their work premises with a genuine network of support and social assistance.

Employee well-being

COMPANY POLICIES

In terms of relationships with its employees, the Intesa Sanpaolo Code of Ethics promotes policies that help foster a better work-life balance; the concrete implementation of this principle takes the form of specific rules in the area of reconciliation. Welfare is a priority area with actions designed to foster motivation and involvement, placing people at the centre with the aim of meeting their needs and those of their families. Accordingly, the meetings between the company and the Trade Unions have often centred on policies to strengthen and fine-tune the instruments that make up the company's welfare package and significantly contribute to improving the work-life balance of employees and, as such, also their well-being. Well-being that is also protected through the safeguarding of health and safety in the workplace via increasingly effective measures, as outlined in the Group's Health and Safety Policy and Code of Ethics. The internal regulations establish a System of Roles and Responsibilities - in the shape of company rules and operating guidelines affecting many different parties - with regard to particular professional skills, i.e. specific company departments.

WELFARE AND QUALITY OF LIFE IN THE COMPANY

Intesa Sanpaolo has chosen a corporate welfare model that operates within an integrated system and includes: the supplementary pension, supplementary health care, the cultural, recreation and sports Association for Intesa Sanpaolo Group employees (ALI) and the Intesa Sanpaolo Foundation NPO, as well as Mobility management activities (see page 133) and activities focused on the needs of people and work-life balance. The company welfare system seeks to address the key issues in order to establish the best possible work-life balance for employees and their families. It does this by promoting sustainable solutions and projects consistent with their expectations. The activities are managed and monitored by the Trade Union Affairs and Labour Policies Head Office Department.

Introduced at the end of 2015, the Flexible Work project continued in 2019, also in light of the new Business Plan objective of extending the initiative to around 24,000 people in 2021, involving an increasing number of structures and people across the Group (over 17,250 employees) and offering the possibility of working from home, from different company sites and from customer premises or to carry out flexible training at home. In the international subsidiary banks the target population consists of over 3,500 employees: around 550 at Banca Intesa Beograd, 200 at Intesa Sanpaolo Bank Albania (fully operational since 2019), 900 at CIB Bank and 1,900 at VÚB Banka. In 2019 VÚB Banka and Intesa Sanpaolo Bank Slovenia also introduced forms of flexitime as additional work-life balance measures.

WORKFORCE TRANSFORMATION PROGRAMME

In accordance with the 2018-2021 Business Plan, in 2019 the Workforce Transformation programme was launched with the aim of modernising people's methods of working and collaborating, driving overall efficiency, increasing the attractiveness of the Group among new talents and contributing to the development of inclusive and flexibility policies within the Group. The programme therefore aims to increase people's level of satisfaction, improving the work-life balance while at the same time maximising productivity, also thanks to the optimisation of spaces and sites.

The first phase of the project analysed a number of international best practices, gathered together the opinions and requests of the Group's various structures through feedback activities, and defined the guiding principles that will gradually be developed.

Another innovative tool is the Time Bank, a reserve of time made available by the company and employees so they can provide greater support for people in difficulty, even for brief periods, and give them more time. It is also an initiative that appeals to our generosity and spirit of solidarity because, in addition to the hours made available by the company, with an initial reserve of 50,000 hours, every person has the possibility of donating

some of their leave or holidays to the bank, which the company will then match, up to a maximum of another 50,000 hours. This possibility was extended with the renewal of the second-level bargaining agreement in 2018 with the introduction of new cases connected with childhood illnesses. In 2019 employees donated 12,860 hours, which were topped up with the same number of hours by the company, for an overall total of 25,720 hours. As part of the same Time Bank initiative, a corporate volunteering project was promoted that let 300 people in 2019 carry out volunteer work, on working days for external associations and bodies chosen by the Group. A total of around 2,200 hours of leave were granted.

Maternity and paternity support is provided through an excellent company crèche service in Florence, Milan, Moncalieri, Naples and Turin which looks after 255 children, as well as a network of partner crèches across Italy. In 2018, the renewal of the second-level Group agreement made it possible to consolidate and strengthen the tools designed to provide parental support. Indeed, fathers can request specific additional paid leave for the birth of their children, 10% of the sum granted by law for parental leave, 30% of their individual gross annual remuneration if they take an additional 10 days of leave once their statutory parental leave has finished, and additional days of unpaid leave and leave of absence for the illness of a child or for childcare reasons. The series of regulations on parental rights has been expanded, on a trial basis, to include an additional form of paid leave to settle children in at crèches or pre-school, and extra days of unpaid leave to care for underage children for separated or divorced parents, the exclusive guardians of children, as well as in the cases of widowhood and single-parent families. The size of the cheque that the Company pays to employees with disabled family members also increased.

With regard to company pensions, the Intesa Sanpaolo Group Defined-Benefit Pension Fund was launched in full. The additional insurance coverage available to subscribers of the Intesa Sanpaolo Contribution Fund was further improved, increasing the insurable capital and maintaining the already excellent partnership conditions. It is still possible to subscribe dependent family members and continue to subscribe to the Fund having reached retirement age. The Intesa Sanpaolo Contribution Fund has adopted ESG (Environmental, Social, Governance) guidelines for investments.

THE GROUP HEALTH FUND

The Intesa Sanpaolo Group Health Fund is an NPO that operates on the basis of cooperative and social solidarity values for strictly welfare-related ends, offering its subscribers - current employees, retired staff and released staff - and their families supplementary and replacement services for those provided by the national health service. In 2019 the membership of the Fund expanded to include those from former Venetian banks, over 16,000 people including the families of current employees, who in the first 3 years will benefit from the coverage via the health policy. In terms of health benefits, around €160 million of services were provided in 2019. The tumour prevention campaign launched in May promoted effective information and awareness initiatives regarding the value of the screenings carried out by the Italian National Health Service for the prevention and early diagnosis of colorectal, cervical and breast cancer. The constant use of the intranet, internet and web-TV channels made it possible to promote appropriate and healthy lifestyles, raise awareness of the damage caused by alcohol and smoking, and examine the strategies to prevent these widespread forms of cancer.

In 2019 the International Subsidiary Banks Division once again renewed the International Healthcare Programme, which offers a total of 19,000 international employees with permanent contracts (excluding Pravex and Eximbank employees, who will be included from 2020) second medical opinions (also extended to spouses and school-age children) and/or medical treatment in centres of excellence (only for the employee) in countries that are not their country of residence and/or workplace. The programme provides assistance in the event of serious illnesses (cancer, transplants, highly complex surgical procedures etc.), covers treatment and complementary service costs (visa assistance, hospitalisation, accommodation for an accompanying person, travel etc.), all transport and accommodation expenses in the foreign country, and reimburses all medical costs borne once back home. For a number of the companies abroad, the programme has involved - on a voluntary basis and at the employee's expense - an option to guarantee treatment for family members as well (spouse and school-age children).

PREVENTION BY PLAYING: NEW EXPERIENTIAL LEARNING COURSES

More knowledge, less fear: this was the main message of the events organised to raise the awareness of employees on the most common forms of cancer and their treatment. A cycle of 25 meetings in the main Italian towns during which people were involved in an experiential learning course focused on the figures connected with cancer and the virtuous behaviours we can all adopt to prevent them. Participants were firstly asked to answer, tying a knot in a piece of woollen thread, a series of questions on their lifestyles and in particular risk and protection factors that can be modified, such as smoking and drinking habits and levels of physical exercise. The second part of the course reflected more specifically on the numbers of people diagnosed with cancer in Italy each year, their ages and life expectancies. The experience concluded with the creation of a map of the screening exams we all take periodically. The messages were conveyed using an innovative tool, the participatory diagram, which formed the basis of an active, experiential and shared form of learning that encouraged participants to memorise and reflect on the information presented. This physical and playful approach enabled employees to interact directly and see these often little-known figures which may not be fully understood or internalised if only read or heard about. Cancer prevention is one of the great battles of our time and often clashes with our own psychological barriers. So far, around 3,500 employees have taken part in the events.

Since 2014 ALI (Intesa Sanpaolo Employees' Association) has been the only Group association in the Group Welfare System. With over 150,000 Members in 2019, it offers a wide range of services at both local and national level, from social, tourism, cultural and sporting activities to personal services dedicated to the work-life balance. For the children of Members, as well as a wide range of junior campuses in Italy and abroad, it offers - in cooperation with a specialist company - programmes to help them choose secondary schools, universities and/or their field of work. In 2019, for the Christmas Gift initiative dedicated to children of 1 to 6 the Association supported the Intesa Sanpaolo project to educate children about saving by depositing a contribution in the account "XME conto UP!" current accounts opened on the children's behalf. A one-off voucher is given to the families of all babies born during the year which the member can spend at either Amica Farmacia or Chicco. The campaigns for "purchasing groups" of quality food products were intensified through the Intesa Sanpaolo Destination Gusto platform. This Association also promotes solidarity initiatives, recruiting volunteers for initiatives like Giornata di raccolta del farmaco (Medicine Collection Day), Challenge contro la fame (Defeating Hunger Challenge) and Noi Insieme- Natale 2019 (Us Together - Christmas 2019), an Intesa Sanpaolo solidarity project to offer lunch to almost 2,000 people in financial difficulty at different company sites, combining food with culture and solidarity with art. In 2019 ALI completed its member feedback project, launched in 2018 and dedicated to less active members to identify their needs and expectations and gather information on the measures to adopt to guarantee more inclusive strategies.

Through Fondazione Intesa Sanpaolo Onlus (Intesa Sanpaolo Foundation NPO) efforts to combat financial and social hardship have continued and this has translated into support for employees, former employees and retired employees in difficulty, and the promotion of art and culture through the issuing of university and PhD study grants to students in difficulty. Last but not least, financial support was provided for entities operating directly in the field of solidarity and social welfare. The sum set aside by the Board of Directors in 2019 came to around 2.8 million euro, and included a significant allocation for canteens and dormitories for the poor and needy.

PEOPLE CARE

People Care, the project launched in 2018 with the aim of improving the quality of life in the company and increasing employee wellbeing, continued in 2019 in accordance with the 2018-2021 Business Plan. The People Care model is founded on five pillars: the promotion of the current range of personal services and the ease with which they can be accessed, the permanent observatory of leading businesses on People Care systems at international level, active listening to the needs of employees, support for the development and evolution of the current range of services, activation of a listening and support service. With this in mind, various initiatives were launched together with an in-depth internal feedback phase consisting of interviews and workshops, and an analysis of the good practices of almost 40 domestic and international businesses. At the end of May 2019 Servizi alla Persona (Personal Services) was launched, the section of the #People portal that gathers together all of the opportunities for facilitating the personal and professional lives of employees and their families, with direct, easy and intuitive access to over 300 products and services. It is structured with a catalogue organised according to requirement and at the same time proposes dedicated packages based on event and simple and intuitive interactive courses. The "Listening and Support" service for people in difficult situations or circumstances, or those that simply want to improve their work-life balance and personal wellbeing, was launched in the fourth quarter of 2019. After the pilot phase, dedicated to the Regional Offices of Piedmont, Valle d'Aosta and Liguria, the service will gradually be extended to the entire Group. It is based on the EAP (Employee Assistance Program), an international methodology by which employees are provided with psychological, legal/tax and social welfare support. The service is free, anonymous and confidential, and available 24 hours a day by telephone. It is also possible to begin a course of psychotherapeutic treatment with professionals available across Italy. This service is provided by a European leader in the sector, with the collaboration and supervision of the Postgraduate School of Psychology of Cattolica University of Milan, which monitors the efficacy and excellence of the service. Finally, in terms of the evolution of the range of new services, People Care has a dual goal: on one hand to identify products and services that meet any needs that have not yet been satisfied among large parts of the company population, and on the other "Wellbeing", raising awareness of the impact that this factor has on the personal and professional lives of employees. Four areas have been identified in which to launch specific initiatives: nutrition, movement, body-mind balance and caregiving.

COMPANY CLIMATE

The Intesa Sanpaolo Internal Communications Service is responsible for developing a common culture based on corporate values and fostering the sense of belonging of employees. An integrated system which, as well as the structured consultation of employees, is made up of instruments like the Intranet, Web TV, Mosaico, Mosaico International and the interComm app which foster the continuous sharing of information, engagement, the sharing of objectives and active participation in changes. Lots of activities were carried out in 2019. The attention was focused on the climate analysis which reveals, every two years, the perceptions of Intesa Sanpaolo Group employees using quantitative instruments. The 2019 climate analysis took place in June with the methodological consultancy and operational support of a third-party company which guarantees the total anonymity of those that take part in the survey. The online questionnaire consisted of 18 questions (12 of which also appeared in the 2016 questionnaire to guarantee comparability) divided into 6 chapters: perceptions on your job today and tomorrow, the NPI® (Net People Impact Index) and job satisfaction, perceptions on the general image of the Group, customer satisfaction and management. In Italy 54.9% of workers in the Professional and Middle Manager areas answered the questionnaire, with a satisfaction level of 69%, while 48.7% of staff in the International Subsidiary Banks answered with a satisfaction level of 78%. Intesa Sanpaolo people share the company's vision and culture, are proud to work for the Bank, and have growing respect for and trust in the company management. But structured listening - as a tool for supporting the Top management and the company structures with regard to issues and specific requirements or project activities - is not just limited to the climate analysis. Once again, over 50 listening activities (feedback, surveys, focus groups, etc.) were held this year in Italy and abroad involving almost 50,000 people from the Group's Governance Areas, Divisions and companies.

HEALTH AND SAFETY

The Safety and Protection Department is responsible within the Group for overseeing health and safety activities. Intesa Sanpaolo has adopted and successfully implemented an Occupational Health and Safety Management System identifying, within its organisational structure, responsibilities, procedures, processes and resources for implementing its policy on the protection of employees. With the aim of enhancing the health and safety protection of its employees, since 2017 the Occupational Health and Safety Management System has undergone an annual audit by an independent third party which certifies its compliance with current legislation and industry standards (UNI ISO 45001:2018). The responsibilities and methods associated with the implementation, maintenance, monitoring and improvement of the Occupational Health and Safety Management System (OHSMS) are outlined in the Process Guide - Compliance Management - Management of Occupational Safety Regulations, updated in 2018. The Guide was produced with the goal of reducing the possibility of any harmful event occurring that impacts people, the environment and relevant external parties, monitoring risks in the operations of the company and external businesses involved in the company's activities, and gradually improving the Group's performance in occupational health and safety. The risks to the health and safety of employees are evaluated according to a multidisciplinary approach, considering the combined effect of the working environment, processes and equipment as well as the subjective conditions of workers. The health and safety risk management process comprises the following phases:

- identification of dangers and their classification;
- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- definition of an action plan as part of a programme to guarantee the improvement of safety levels over time, with the identification of the competent company structures;
- realisation of the planned measures as part of the programme;
- definition of worker information and training programmes;
- monitoring of the implementation of the programmes and checks on the application and effectiveness of the measures adopted;
- management of residual risks.

Intesa Sanpaolo (as Employer) – with the collaboration of the Head of the Prevention and Protection Service and the Qualified Physicians and following the consultation of the Workers' Representatives in charge of Safety - drafts and updates the Risk Assessment Document which contains, among other things:

- the report on the assessment of all health and safety risks during working activities, which also specifies the criteria adopted for the assessment;
- specification of the prevention and protection measures implemented and the individual protection equipment adopted following the assessment;
- the programme of measures regarded as suitable for guaranteeing an improvement in safety levels over time;
- an outline of the procedures for the implementation of the measures, as well as the company roles responsible for this.

The assessment and the associated document are updated on the basis of technical developments as well as significant changes to the production process and organisational structure of the company that may impact on the risk exposure of workers. This commitment was fulfilled in 2019 as well, with the updated document provided to all employees. In 2019, the risk management process at the Group's sites, implemented in close collaboration with the competent company functions, was carried out according to an action plan that made it possible to maintain the trend of the overall reduction in risk factors. The post-traumatic stress support programme continued in 2019. As in previous years, this support is provided to employees who have experienced robberies, acts of verbal or physical violence or natural disasters, or been involved in traumatic events connected with the working environment. Medical and psychological support, consistent with the seriousness of the trauma suffered, was offered to all employees involved in the incidents brought to the attention of the Prevention and Protection Service. In 2019 a total of 28 support actions were organised involving around 217 employees (in detail: 11 actions following robberies for 73 employees, 17 actions following traumatic events for 144 employees).

As part of the 2018-2021 Business Plan, the Occupational Health and Safety 4.0 Project was launched in 2018 to analyse the development of banking activities in relation to the digitalisation of processes and therefore to understand the effects on the health and wellbeing of the company population. The project is also based on contextual elements such as the gradual aging of the workforce, anticipating future scenarios and working methods in order to develop, with medical support, risk mitigation measures in the layout of new workstations and in the content of programmes and procedures designed to guide the new activities. The project involves 6 working groups; a first phase to identify specific new survey methodologies and trial them was completed

at the end of 2019. As part of these trials the possible specific methodologies for assessing the workplaces and spaces typical of the 4.0 environment, i.e. places different from the workspace normally assigned to each employee, were examined. These alternative spaces, inside and outside the bank, can be used thanks to technologies that facilitate collaboration independently of the place in which they are located. A new medical check-up protocol was identified to include methodologies aimed at examining symptoms that can also be connected with emerging risks. Finally, changes were made to the methods of evaluating work-related stress, taking account of new phenomena like technostress. The project and its results were illustrated in the Risk Assessment Document at the end of 2019.

CHALLENGE - INTERACTION BETWEEN HUMANS AND COMPUTERS AND IMPLEMENTATION OF NEW APPLICATIONS AND TECHNOLOGIES

The investigation (Challenge) carried out with Intesa Sanpaolo Innovation Center Lab Neuroscience and IMT School for Advanced Studies of Lucca examined interactions between humans and computers to study how technologies and applications impact on people's stress levels, and cognitive load, technostress and ageing in particular, verifying the effectiveness of strategic measures to improve the adaptability and quality of life of workers in relation to these three aforementioned variables. The study collated and examined: i) demographic and descriptive variables such as age, gender, qualification, profession, years of service in the company; ii) psychological variables like cognitive flexibility, mental openness, technostress, subjective perception of performance and the application, ability to manage cognitive load. The analysis showed how specific knowledge supported by test data, variables capable of impacting on the phenomena of technostress and ageing, enables the development and implementation of targeted strategies such as, for example, strengthening self-efficiency, creating awareness, increasing cognitive flexibility and the optimal management of IT instruments. The neurophysiological analysis of the sample of volunteers was not aimed at revealing pathological states but at analysing a momentary reaction of the subject to a specific task with the use of company applications. The neurophysiological data collected and analysed proved to be fully in line with that of the general population.

Together with INAIL, Intesa Sanpaolo participated in the international research project "Adaptation and change: the future of work at a time of technological innovation and the lengthening of the working life", involving the qualified physicians and employees of the Banca dei Territori Division and the Head Office departments. The project involved a medical check-up (voluntary or as part of the health surveillance protocol) during which specific questionnaires were issued in order to assess work ability in relation to change and ageing. The project involved 3,154 people (758 from the new concept branches, 319 from traditional branches and 2,077 from the Head Office departments). According to the results of the survey, the Work Ability Index of employees, i.e. their ability to perform their jobs in the present and future on the basis of their role and resources, was medium to high.

WORK-RELATED STRESS RISK ASSESSMENT

Important updates were made to the Branch service models in 2019 with the introduction of new working roles and the redefinition of the roles of the professional figures that work in branches. This led to a change in the system of relations due to the strengthening of remote offers and channels. To accompany this evolution, the specific work-related stress assessment was redone. This activity involved the managers of the relevant structures and consultation with the Worker Safety Representatives, and followed the methodological procedure indicated by INAIL for the careful analysis of contextual and work-related factors. The analysis of the indicators did not highlight any particular organisational conditions that can lead to the significant presence of work-related stress. More specifically, the preliminary assessments showed that the overall risk level is “low” for all uniform groups examined, indicating focus and improvement areas for each one. These findings are backed up by the analysis of employee medical check-ups which showed a good general level of health among staff and a below-average frequency of stress-related illnesses. An additional assessment activity was carried out on the Online Branches, for which an in-depth evaluation was performed involving a sample of employees in focus groups coordinated by psychologists from the University of Milan. The assessment highlighted areas requiring improvement and the results of the assessment updates are noted in the Risk Assessment Document which is available to all employees.

Following the consolidation of the seismic risk assessment methodology, in 2019 the hydrogeological risk assessment methodology was reviewed to determine the Index of the Hydrogeological Risk Level of properties (IGRi). More specifically, a pilot project was launched for buildings located in areas of greater risk according to the Italian Institute for Environmental Protection and Research (ISPRA, Istituto Superiore per la Protezione e la Ricerca Ambientale) classification and/or situations already documented, such as floods and landslides. Additionally, following recent events in the Venice area, a specific activity was launched to assess the IGRi and identify possible preventive measures with regard to the “high water” emergency. The health surveillance programme continued in 2019 on the basis of the indications of the new health plan introduced with the Risk Assessment Document approved in July 2018. Thanks to the new indications in the plan the 2018 Epidemiological Report included interesting assessments that were more detailed than the past, particularly following the introduction of the Work Ability Index (WAI), a tool based on the concept that the ability to manage assigned workloads is strictly correlated to the balance between an individual’s personal resources and the demands of their job. An analysis of the over 7,000 questionnaires showed that results are excellent in over 52% of cases and good in 43% of cases. Within the described parameters, there was an evident downwards trend according to age.

With regard to activities among the International Subsidiary Banks, 2019 saw the continuation of the measures outlined in the health and safety governance strengthening plan, drawn up together with the Safety and Protection Department and the International Subsidiary Banks Division in 2018. In particular, in 2019 the Banks adopted the Regulations for the health and safety management systems, issued in late 2018, and appointed their occupational health and safety representatives. Local representatives were involved in two training sessions organised by Safety and Protection, one held in person and the other remotely. In addition to these activities, in 2019 the first operational and training meetings were organised with the subsidiaries, involving Alexbank, Banca Intesa Beograd, Eximbank, Intesa Sanpaolo Bank Romania and VÚB Banka.

UNI ISO 45001:2018 CERTIFICATION FOR OHSMS

The procedure of certifying the Occupational Health and Safety Management System in accordance with the UNI ISO 45001:2018 standard (as opposed to the British Standard OHSAS 18001:2007 as was previously the case) was concluded in 2019, two years ahead of the deadline. The new standard, which adopts the same structure (High Level Structure - HLS) as other ISO management system standards, is designed to be integrated in existing management processes. As such, the audit carried out by a third party focused on the integration of processes according to the three international certification standards ISO 45001:2018 – Health and Safety, ISO 14001:2015 – Environment and ISO 50001:2011 – Energy. The audit activities were based on a significant sample of branches and sites and involved the main head office departments, branch employees, qualified physicians, Worker Safety Representatives, and maintenance and cleaning company staff. The certification obtained covers 100% of the Intesa Sanpaolo branches and buildings in Italy.

WORKER SAFETY REPRESENTATIVES

Following a 2016 union agreement the Group's Worker Safety Representatives (WSR) were elected. Their areas of responsibility are defined on a geographical basis. The group of representatives currently numbers 111 employees who represent almost 100% of the staff. Every year dedicated training activities are held to update the WSR. Thanks to this series of activities it was possible to make the procedures for consultation and participation in the overall health and safety management system fully operative, as established by the regulations.



Environment
and climate change

Environment and climate change

RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

Climate change is an extremely important phenomenon that is posing one of humanity's crucial challenges for the twenty-first century. A constant increase in temperatures due to the growing concentration of greenhouse gases in the atmosphere will lead to - and is already bringing about - consequences and repercussions not only for the planet's ecosystem, but also at a social and environmental level for present and future generations. The seriousness of the phenomenon was confirmed by reports of the Intergovernmental Panel on Climate Change (IPCC) - which, in 2018, highlighted that at the current rates of CO₂ emissions, the increase in the average global temperature by 2030 will be over 1.5°C (compared to pre-industrial levels), considered by experts to be the maximum safety threshold to avoid otherwise irreversible consequences. Effectively tackling the causes of climate change and adapting to its impacts therefore requires a collective effort and a comprehensive and systemic view of the problem. 2019 was an eventful year in terms of acute awareness of climate-environmental issues. Millions of people, especially young people, took the streets and squares the world over asking for greater efforts to protect the environment and their future.

In continuity with the European Commission's Action Plan for financing sustainable growth, in order to accelerate the transition towards a low-carbon economy and the management of risks deriving from climate change, the new Commission, which took office in December 2019, presented a European Green Deal, a 1,000 billion euro investment plan for the coming 10 years. The Commission's growth strategy is aimed at eliminating, through specific measures, net-zero greenhouse gas emissions by 2050 (carbon neutrality).

Awareness of the potential consequences of climate change on the financial sector and vice versa has facilitated international cooperation, with contributions from representatives of civil society, industry, the academic world and institutions at international level. In this regard, the following are worthy of mention: the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Network for Greening the Financial System (NGFS), the global network of central banks and supervisory authorities, involved in the mobilisation of capital towards low-carbon investments and, more broadly, towards sustainable economic development.

Intesa Sanpaolo is backing the transition to a low-carbon economy through its actions to mitigate its direct emissions and with its support for green initiatives and projects.

This commitment was reaffirmed in the 2018-2021 Business Plan, with objectives concerning support to the production system with an environmental perspective, with a specific credit plafond of up to 5 billion euro, aimed at companies which adopt the circular model. Furthermore, in January 2020, in the context of the European Green Deal, Intesa Sanpaolo stated its willingness to make available 50 billion euro loans in the coming years in Italy. As regards direct impacts, the Intesa Sanpaolo Group Environmental Plan - Climate Change Action Plan - identifies mid and long-term objectives for reducing CO₂ emissions and increasing energy consumption and production from renewable sources.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-theme	Project/Indicator	2019 Actions/Results	2021 Objectives
Direct environmental impacts	Greenhouse gas emissions*	<ul style="list-style-type: none"> Scope 1 + 2 Market-based**: 79,107 tCO₂eq -21.4% vs 2018 -53.6% vs 2008 0.022 tCO₂eq/m²: -17.6% vs 2018 0.831 tCO₂eq/staff member: -20.8% vs 2018 	<ul style="list-style-type: none"> Containment of CO₂ emissions
	Energy consumption	<ul style="list-style-type: none"> Electricity: 442,596 MWh Thermal energy: 196,804 MWh Renewable electricity consumption vs total: 82.6% Electricity produced from renewable sources: 1,119 MWh 	<ul style="list-style-type: none"> Containment of energy consumption Increase in the use of renewable energy sources Maintenance of electricity production levels from photovoltaic energy
	Responsible management of resources	<ul style="list-style-type: none"> Paper purchased: 6,175 t Environmentally-friendly paper purchased (including recycled paper) vs total: 85.4% Paper saved: ~2,500 t Toners used: 114 t Remanufactured toners used vs total: 60.7% Water: 1.7 million m³ Waste: 4,290 t Business travels: 173 million km ISO 14001 and 50001 certified scope: 100% of Intesa Sanpaolo branches and buildings in Italy New Headquarters: Green Building Council LEED certification - Platinum level - in the sustainable building management category 	<ul style="list-style-type: none"> Responsible use of resources
Green Economy	Loans and services for the Green and Circular Economy	<ul style="list-style-type: none"> Loans disbursed for the Green and Circular Economy: approximately 2.2 billion disbursed equal to 3.7% of total loans Of which Circular Economy: 248 projects analysed, 63 projects financed, 760 million disbursed Launch of the first Sustainability Bond - 750 million - focused on the Circular Economy 	<ul style="list-style-type: none"> Supporting the green economy 5 billion in credit for companies that adopt the circular model using innovative methods Launch of a specific investment fund dedicated to the Circular Economy

* Emission factors for the calculation of CO₂, established by Intesa Sanpaolo, in accordance with the ABI Energia Guidelines - Linee guida sull'applicazione in Banca del GRI Standard in materia ambientale - and on the basis of the main 2019 publications (UNFCCC, IEA, IPCC, AIB, etc.).

** Market-based: for purchased electricity the Scope2 data considers the contribution, agreed contractually, of the guaranteed renewable source certificates, which therefore have zero emissions.

Direct environmental impacts

COMPANY POLICIES

Intesa Sanpaolo's commitment to the environment takes the form of self-regulated environmental and energy instruments that define the strategic and operational guidelines which underpin the Group's environmental protection initiatives and its efforts to reduce its environmental footprint. The Group's Code of Ethics and the Rules for environmental and energy policy, approved by the top management, define the principles and Guidelines that regulate the environmental responsibility of the Group and the monitoring of the direct and indirect impact of its activities. With reference to the direct impacts on the environment, arising from the Bank's operations, some time ago, Intesa Sanpaolo adopted in Italy an Integrated Health and Safety, Environmental and Energy Management System, implemented in accordance with the most important reference international standards (ISO 45001, 14001 and 50001), and subject to annual certification by an independent, third-party body.

In addition, in order to translate the environmental protection commitment into concrete actions, the roles of Energy Manager and Mobility Manager were established, responsible for ensuring constant oversight in areas within their remit.

A dedicated structure – Corporate Social Responsibility (CSR) – has the task of overseeing the areas that fall under the Group's social and environmental responsibility, including the more specific issue of climate change.

The Safety and Protection Head Office Department, which reports directly to the Managing Director and CEO, is responsible for the coordination and maintenance of the Integrated Management System adopted by the Group, along with activities connected with Energy Management.

In addition, pursuant to Italian Legislative Decree 152/2006 and as amended, in 2019, the Head of the Safety and Protection Head Office Department was also appointed Environmental Officer and given broad decision-making, organisational and spending powers, including the preliminary approval of any change in the production process that may be relevant for environmental purposes.

Moreover, the Group closely manages the risks connected with climate change by promoting adaptive behaviour or conduct designed to mitigate this phenomenon, while simultaneously developing a culture focused on prevention. For a detailed analysis, reference is made to the section Management of potential risks and impacts related to climate change (see page 46).

CLIMATE CHANGE ACTION PLAN

In accordance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set mind to long-term goals through the creation of specific action plans. The first Intesa Sanpaolo Environmental Plan covered the 2009-2013 period, and was followed by the plan relating to 2013-2016. Both Plans set measurable goals in the areas of energy savings, economic savings and the reduction of CO₂ emissions. The scope of the plans, limited to Italy in the first Plan, has gradually increased with the inclusion of various International Subsidiary Banks.

In 2017, CSR, in association with the Real Estate and Logistics, Procurement and Safety and Protection Head Office Departments, the International Subsidiary Banks Division and the Chief Operating Officer and Chief IT, Digital and Innovation Officer Governance Areas, drafted a new Environmental Plan - the Climate Change Action Plan - with targets for 2022 and 2037. This Plan was reviewed by the Risks Committee and approved by the CEO. In the Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO₂ emissions associated with its activities, taking 2012 as its base year, including for the emission factors, in order to historicise the results achieved. CSR will monitor the achievement of the targets on an annual basis and the results will be analysed with the relevant competent structures. The monitoring of the Environmental Plan highlighted for 2019 a trend in line with the CO₂ emission reduction forecasts.

The goals for 2022 include a reduction of 37% in absolute emissions connected with energy consumption (direct and indirect) compared with 2012 (a 33% reduction was already recorded in the period 2012-2019).

The Plan also includes objectives related to consumption and energy production from renewable sources. In particular:

- an increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022;
- the maintenance of electricity production levels from photovoltaic energy (over 1,000 MWh in 2016), taking account of the restrictions and characteristics of the real estate assets.

Finally, in accordance with the international climate change agreements, long-term targets for 2037 have been set which will be monitored and possibly reviewed at 5-year intervals.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

Intesa Sanpaolo is the first Italian bank to have adopted an Integrated Management System in Italy that complies with international standards ISO 45001 (Occupational Health and Safety), ISO 14001 (Environment) and ISO 50001 (Energy). The certification scope, for the three schemes, has been extended over the years to include 100% of branches and buildings in Italy in 2019. The System, with particular reference to environmental and energy issues, establishes a continuous monitoring process of the targets and internal checks are carried out in order to assess the level of performance achieved compared to planned performance. In order to guarantee the continued suitability of the measures adopted over time, a system of controls has been defined on three levels, which involves conducting checks on a representative sample of branches and buildings and on the activities carried out at head office departments. The first two levels of control are performed by internal company functions, while third one is entrusted to an external body that certifies the conformity of the System and issues the certification on the scope of application. In the application of the System on such a complex scope in terms of territorial extension and heterogeneity of the sites (branch models, dimensions, plants, etc.) and with a view to continuous improvement, the collaboration between the Safety and Protection Head Office Department, responsible for the coordination of the System, with various Head Office Departments (Real Estate and Logistics, Development Policy and Learning Academy, IT) and the Banca dei Territori Division has intensified over the years. The improvement of risk monitoring and the management of the opportunities that emerged from the dialogue with the stakeholders allow the System to meet the latter's expectations, which are increasingly focused on non-financial issues, including environmental ones. The leadership exercised by the Top Management is crucial in the identification of objectives and strategies and of the necessary resources for the development and application of the System and in the definition of the internal and external communication plan - issues addressed in the annual review meeting, in which all the corporate functions involved participate.

In 2019 the certification process in compliance with the ISO 14001 standard was also extended to Intesa Sanpaolo Vita, a Group company specialised in the insurance segment. The activity involved the Milan office in 2019 and the extension to two other buildings of the Insurance Division is scheduled by 2020 in Turin and Rome.

CIB Bank (Hungary) has also maintained its premises and services certification in compliance with the ISO 50001 standard. In December 2019, the Bank passed the audit process focused on employee training, compliance with regulations, internal processes and energy management within the branches, thus obtaining the renewal of the certification.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

The mitigation and containment of CO₂ emissions play an important role in the policies of the Group which, with the Climate Change Action Plan, has identified specific medium-term actions for reducing its environmental footprint and, as a result, its emissions. This is done with a view to continually improving its environmental performance, which has already seen major reductions in electricity and thermal energy consumption, and in the resulting emissions for over a decade (-53.6% reduction in Scope1 + Scope2 Market-based emissions compared to 2008).

In 2019 the Intesa Sanpaolo Group confirmed its commitment to reducing its environmental footprint. After an increase in 2018 also due to the extension of the reporting scope, in 2019 the consumption of electricity and thermal energy decreased by 6.9% and 18.2% respectively.

Consequently, Scope1 + Scope2 Market-based greenhouse gas emissions also decreased by 21.4%, a reduction equal to 11.8% in the case of Scope1 + Scope2 calculated with the Location-based method.

In general, the Intesa Sanpaolo Group's greenhouse gas emissions are reported in CO₂ equivalent in accordance with the international GHG Protocol (Greenhouse Gas Protocol), in the form of:

- Scope1 direct emissions, relating to the use of fuel for heating and the fleet;
- Scope2 indirect emissions for centralized HVAC systems and electricity;
- Scope3 indirect emissions produced as a result of activities connected with the company but not directly controlled by it (paper, waste, office equipment, etc.).

EFFICIENCY AND OPTIMISATION OF ENERGY CONSUMPTION

In accordance with what has been outlined above, the reduction in energy consumption in 2019 was due in part to the downsizing of some properties but above all to the continuous energy efficiency actions implemented within the Intesa Sanpaolo Group both in Italy and abroad.

Below are some of the initiatives that led to savings in 2019:

Project	Description	Forecast annual savings
Replacement of lighting systems (Italy, Egypt and Ukraine) Investment: 105,000 euro	Traditional or low energy lamps were replaced with new LED technologies in various branches and central offices	Energy saving: 312,000 kWh Economic saving: 23,000 euro Reduction in potential CO ₂ emissions: 138 t
Replacement of HVAC systems (Italy, Albania, Slovakia, Egypt) Investment: 7,480,000 euro	The replacement of heating and air conditioning systems continued. Furthermore, in line with the regulatory obligations, in Italy 37 systems containing R22 were replaced with refrigeration units containing R410A gas	Energy saving: 1,018,000 kWh Economic saving: 191,000 euro Reduction in potential CO ₂ emissions: 279 t
Other optimisation and energy efficiency measures (Italy and Croatia) Investment: 1,281,000 euro	Renovation work was carried out on sites with the replacement of fixtures and the improvement of the exterior insulation system, alongside energy optimisation measures	Energy saving: 1,223,000 kWh Economic saving: 261,000 euro Reduction in potential CO ₂ emissions: 389 t

In line with the Rules of environmental sustainability for the development of sustainable branches, the site renovations or the development of new branches are carried out in accordance with criteria for the improvement of energy and management efficiency: since 2008, over 1,000 Group buildings have undergone energy certification processes.

Thanks to the measures implemented in recent years, in Italy the Group was able to claim tax deductions of around 7.7 million euro in 2014-2019, around 700,000 euro in 2019.

It should also be noted that, as evidence of sustainable building management, the Intesa Sanpaolo Skyscraper in Turin, in addition to having received the LEED Platinum certification in 2015 for the construction of the building, was awarded the Platinum level in 2019 also in the sustainable building management category. In the former case, the Green Building Council, the most authoritative international body for the eco-assessment of buildings, had rewarded the design features and technological solutions adopted during the construction of the skyscraper. This new certification (LEED Existing Buildings Operations & Maintenance - EB O&M) confirms, on the other hand, the performance achieved in the building management, in particular for those areas envisaged by the international reference standard. The energy efficiency actions, the sustainable consumption of water, the management of materials and resources, employee commuting habits and the indoor environmental conditions, allowed to reach a score well above the threshold needed to access the most prestigious level.

All the actions implemented above confirm the Group's commitment to reducing its environmental footprint whilst still respecting people's safety and comfort standards and sound property management practices. To this end, it is important to point out that an analysis of the potential risks related to climate change is also applied, aimed both at preventing possible service interruptions and avoiding extraordinary property management costs (see page 46).

RENEWABLE ENERGY

In addition to the energy efficiency measures aimed at reducing its environmental impact, the Intesa Sanpaolo Group has committed, where possible, to producing electricity through the installation of photovoltaic plants and purchasing electricity from renewable sources. The total consumption of electricity from renewable sources reached approximately 83% of the total consumption.

The self-production of energy from renewable sources comes from the photovoltaic plants in Italy, 9 of which with a capacity under 20 kWp and 5 of large size, and from two plants in Slovenia. In 2019 the self-production amounted to over 1,119 MWh with an economic saving generated by the non-purchase of electricity equal to approximately 195,000 euro, and a total of CO₂ avoided equal to 535 tonnes.

In the Group companies within Italy, the purchase of energy from renewable sources is ensured by Guarantees of Origin and covers 96% of electricity purchased.

In the International Subsidiary Banks, the situation differs, also in relation to the limits imposed by certain national regulations. Once again, this year, Intesa Sanpaolo Bank (Slovenia) has eliminated its emissions by purchasing all its energy from hydroelectric sources, while Privredna Banka Zagreb (Croatia) purchases around 60% of its electricity from renewable sources. Additionally, thanks to the national energy mix part of the electricity used by Intesa Sanpaolo Bank Albania (100%), Banca Intesa Beograd (Serbia) (27%), VÚB Banka (Slovakia) (15%) and CIB Bank (Hungary) (9%) comes from renewable sources.

ENERGY AUDITS

Being a large company, Intesa Sanpaolo and its subsidiaries must carry out energy audits every four years on the premises where they exercise control of energy consumption, pursuant to Italian Legislative Decree 102/14. In 2019, multi-site companies, such as Intesa Sanpaolo, had to carry out the audits on a proportionate and sufficiently representative number of sites in order to define a true picture of the company's overall energy performance and to identify, in a reliable manner, the most significant areas for improvement. Energy audits were conducted in 37 sites in Italy: 17 branches and 20 properties between buildings and data centres distributed throughout the national territory. The first analyses highlight saving opportunities on a limited number of properties with simple management interventions. Possible improvements were highlighted against short and medium-term investments regarding the replacement of UPS, installation of inverters and photovoltaic plants, as well as the replacement of lighting fixtures (with LED lights).

With reference to international subsidiary companies operating in EU countries where the regulatory obligation is required to be met, in 2019 CIB Bank (Hungary) fulfilled local requests through the ISO 50001 certification, VÚB Banka (Slovakia) conducted 16 energy audits and finally Intesa Sanpaolo Bank Ireland conducted 1 energy audit.

MOBILITY

The Mobility Management function, part of the Labour Affairs and Policies Head Office Department, is dedicated to supporting employee commuting, to improve their quality but also to promote sustainable means of transport. The goal is to translate the feedback from employees into concrete actions in order to provide a structured range of options for daily commutes and implement the actions of the Home-Work Commuting Plans.

The main goals pursued by the Intesa Sanpaolo Group are: the reduction in the use of private individual transport, as requested by the so-called Ronchi Decree, the improvement of road safety, as established by the international ISO 39001:2012 standard, and the reduction of the Group's CO₂ emissions.

As regards the last objective, the most significant initiatives are:

- the spread of Flexible Work and Training, which innovatively combine the management of people's private lives with the company's organisational requirements (see page 119);
- signing a union agreement on work-life balance, which also introduced measures to help people that work far away and that have specific personal needs to move closer to their residence or home;
- the Mobility Office platform which promotes the use of public transport, enabling employees to request annual season tickets directly from their workstation and also to take advantage of discounted rates with the option of paying in instalments (the service is available in certain cities - Bologna, Florence, Milan, Padua, Rome, Turin and Venice);
- company shuttle service available in Turin/Moncalieri, Milan/Assago and Padua/Sarmeola di Rubano, which have a positive impact on the environment (an estimated 540 tonnes of CO₂ avoided) as well as on people's quality of life; at the Bank of Alexandria (Egypt), a shuttle service to Cairo and Alexandria is available;
- development of in sharing services (car, motorbike and bike). In Italy, ALI - the Intesa Sanpaolo employees' association - has entered into agreements with the main networks in a number of cities. Bicycles owned by the Bank are available at Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank (Slovenia) and CIB Bank (Hungary) and as from this year also in VÚB Banka (Slovakia). Special bicycle parking spaces are available in Intesa Sanpaolo Bank Albania and Eximbank (Moldova) as well as in Privredna Banka Zagreb (Croatia), CIB Bank (Hungary) and VÚB Banka (Slovakia) where, in addition, employees can benefit from additional services (changing rooms and showers). In particular, Privredna Banka Zagreb (Croatia), on the occasion of World Environment Day, promoted the use of the bicycle as an alternative means of transport. In addition, in 2018, CIB Bank signed a contract for the use of car sharing to replace taxis, which will only use electric cars;

- management of the company fleet which, thanks to its constant renewal, is now mainly made up of Euro 6 cars. Furthermore, hybrid vehicles were included in the models proposed by the policy;
- development of remote communications for both listening activities (internal communications web focus groups managed online) and work activities, with the use of Skype for Business (instant messaging, voice over IP or online meetings) instead of business travels.

COMPANY CARPOOLING

In a context where pollution figures, especially in large cities, are becoming increasingly worrying, the search for sustainable mobility solutions becomes a priority. Company carpooling is one of the concrete solutions that the Bank puts in place to this effect, namely a mode of transport based on several people with compatible routes and times sharing the same private car. The aim is to share the car for commutes in order to improve the quality of transfers, make savings on transport expenses, reduce traffic congestion, pollution and road accidents. The dedicated App allows supply to meet demand as regards travel, the sharing of the related expenses, the possible allocation of parking spaces, where available, and to create a network between users. The service, which initially started as a pilot project, has been available to all employees in Italy since October 2019.

Other forms of car sharing have been implemented in Intesa Sanpaolo Bank Albania, CIB Bank (Hungary), Banca Intesa Beograd (Serbia), Pravex-Bank (Ukraine), Intesa Sanpaolo Bank Romania and, starting from 2019, also in Intesa Sanpaolo Bank Slovenia, Intesa Sanpaolo Banka Bosna i Hercegovina, Privredna Banka Zagreb (Croatia) and in VÚB Banka (Slovakia).

RESPONSIBLE MANAGEMENT OF RESOURCES

According to the Code of Ethics and the Rules for the environmental and energy policy, the Group's responsibilities include the close evaluation of the consequences of its activities on ecosystems and the reduction of its environmental footprint. For this reason, the responsible management of resources is a priority issue for the Intesa Sanpaolo Group in its attempts to mitigate its impact on the environment.

PAPER, TONERS AND STATIONERY

In line with the provisions laid down in the Group Rules, the reduction in the use of paper continued both in absolute terms (-9.3% compared to 2018) and on a staff member basis (-8.6% compared to 2018).

In Italy, the project for paperless contracts continued: in addition to bank contracts, investment transactions and branch transactions, in 2019, it was extended to banking products and services related to pension plans and after-sales operations on POS contracts. The introduction of paperless POS contract was also accompanied by the start of the extension of dematerialised operations to contracts for legal entities. With the adoption and exclusive use of the graphometric or remote digital signature for the signing of contractual and non-contractual documentation, instead of paper documents, in all branches, the Bank offers its customers a simple and innovative customer experience that also allows to simplify and improve managers' operations through a considerable simplification of internal paper management and archiving processes and the creation of a digital document archive that facilitates the storage and retrieval of documents and ensures better filing, according to legislation in force, eliminating back office activities.

As part of the three-year programme for the digitisation of all the Group's HR systems and services, the process of dematerialisation of the letters addressed to employees (communications of merit, awards, assignments, transfers, etc.) was also started, alongside the launch, in some workstations, of the project aimed at reviewing print management processes, which involves, first and foremost, the rationalisation of the printers. In addition, in order to better protect the confidentiality and security of information, avoiding abandoned print jobs, the printing of documents through authentication was introduced.

The policies for the use of printers were reviewed in the Eurizon group, the documentation of the Boards of Directors was converted into electronic format and important investments were made to convert customer reporting into digital format. The reduced printing of the documentation in support of meetings is also promoted and a project was launched to automate the main approval workflows, with the introduction of paperless processes based on digital signature.

Further initiatives related to the graphometric signature were also launched in Siref and in Fideuram Asset Management.

The digital transformation process also continues in the branches of the International Subsidiary Banks Division

where the use of tablets, already in place for gathering signatures during transactions in Privredna Banka Zagreb (Croatia), VÚB Banka (Slovakia), Intesa Sanpaolo Bosna i Hercegovina, CIB Bank (Hungary), Intesa Sanpaolo Bank Slovenia, was extended to sales processes as well. In addition to paperless contracts, tablets are also used to simplify and improve the customer experience of clients and managers by offering processes that are fully integrated with online platforms.

All the aforementioned actions led to a saving in 2019 of around 2,500 tonnes of paper compared to the previous year, amounting to just over 4,000 tonnes of CO₂ avoided and an economic saving of around 4.3 million euro.

With a view to the progressive improvement of reporting in 2019, the quantities of toners used in the Group were collected and reported, distinguishing between remanufactured toners, i.e. cartridges that were refilled with toner powder from specialised centres, and traditional toners. The figure shows that 114 tonnes of toners were used in 2019 of which 60.7% were reconditioned.

Finally, with reference to eco-sustainable stationery, an awareness raising process was launched for all Group companies in the purchase of materials with low environmental impact: in 2019, approximately 41 tonnes of environmentally-friendly stationery products were purchased.

OTHER GREEN INITIATIVES

In line with the Rules on sustainability for the purchase of office machines, the Intesa Sanpaolo Group assesses the environmental impact connected with the purchase and responsible use of the following equipment: photocopiers, printers, desktop computers, monitors, notebooks and ATMs/MTAs. In the promotion of sustainability aspects due consideration is given both to legislation and relevant compliance requirements in force, as well as to specific environmental evaluation criteria.

Furthermore, Intesa Sanpaolo introduced the Internal Carbon Pricing as an additional element to support the purchase process of office machines, thanks to a tool that evaluates GHG emissions generated by energy consumption throughout the life cycle of the equipment.

An important initiative to reduce the environmental footprint was launched in 2019 by the Insurance Division: the Plastic-free project was implemented in the Milan, Turin and Rome offices, with the aim of reducing plastic consumption. Stainless steel bottles were distributed to all employees, to be used to refill from the new water dispensers installed and plastic bottles were eliminated, replacing them with glass bottles. In addition, a gradual replacement of plastic stationery with eco-sustainable materials was started.

WATER

The Intesa Sanpaolo Group's consumption of drinking water from aqueducts is predominantly related to sanitary purposes and, to a lesser extent, the generation of cold air for air conditioning.

In 2019, the Group's water consumption per person was around 17.9 cubic meters per staff member according to the analysis of the expenditure incurred.

The New Headquarters is an excellent example of efficient water management: also in 2019, drinking water consumption was again well below the Group average at around 6 cubic metres per staff member, partly due to the installation of low-consumption and timer taps, double-flush toilets, and the dual network for toilets using a rainwater collection system combined with (if necessary) groundwater. With a view to sustainable and efficient management of resources, the HVAC systems of the New Headquarters also use a heat exchange system with groundwater that is taken and put back into the aquifer without affecting the water quality.

ENVIRONMENTAL MONITORING AND HAZARDOUS WASTE MANAGEMENT

The Intesa Sanpaolo Group focuses particular attention on the monitoring and management of hazardous waste for the environment, including radon and asbestos.

Radon is a gas normally present in the subsoil which can however penetrate into closed environments due, for example to the presence of cracks or the permeability of the foundations of buildings; in such cases it can accumulate and reach concentrations that are damaging to health. In line with current legislation, which for underground work spaces sets action thresholds depending on the concentration level, the Safety and Protection Head Office Department carries out campaigns for the measurement of the average annual concentration in order to protect the health of employees. Should the warning threshold be exceeded, a notification concerning the matter is issued so employees and their representatives are properly informed about the issue in question. In addition, a Qualified Radiation Protection Expert is appointed, an external consultant who assesses employees' exposure to radon through the calculation of Effective Doses and the identification of any risk mitigation measures, mandatory in the event of the exceeding of the Effective Dose threshold of 3 mSv/year. No significant risk situations were highlighted in 2019. In Italy two regions set a lower concentration limit than the national average for non-residential buildings open to the public: Puglia and Campania. In the former, the monitoring of the sites started in previous years was concluded and specific interventions were prepared by a Qualified Radiation Protection Expert for the 10 sites where the regional limit was exceeded, while in the latter, an annual monitoring campaign was launched in 2019 at all operating sites

within the regional territory.

In the same way, although the activities carried out by Intesa Sanpaolo employees do not in any way expose employees to dust and materials containing asbestos, in 2019 the Safety and Protection Head Office Department once again carried out a specific risk assessment for all workspaces. The periodic checks according to the timeframes established by law, carried out by a Qualified Expert in the Management and Control of materials containing asbestos, confirmed that there is no contamination: all of the values measured are lower than the threshold established by the laws in force and similar to those present in the external environment.

WASTE MANAGEMENT

For the purposes of managing the waste produced at the Group's sites, the Italian territory was divided into a number of lots where companies specialised in waste collection, sorting and disposal activities operate. These companies are subject to an evaluation process during which the authorisations required to operate as transporters (by means of vehicles entered on the relevant register) and recipients are also acquired. The various types of special waste are managed on the basis of their specific characteristics, while for separately collected waste such as paper, plastic and glass, compliance with the provisions issued locally applies.

Similarly, in other countries, waste collection and management takes place in compliance with the reference national legislation.

In 2019, the special waste produced by the Group totalled 4,290 tonnes (45.1 kg per staff member), a slight increase compared with 2018. The increase is mainly attributable to the disposal of properties and consequently of IT equipment and archives outside Italy.

Only 6.8% of waste is disposed of in landfills, 0.5% is incinerated with energy recovery, and the remaining 92.7% is recycled or reused/recovered.

Green Economy

COMPANY POLICIES

In accordance with the principles of the Code of Ethics and the Rules for environmental and energy policy, the Intesa Sanpaolo Group has always paid particular attention to the portfolio of green products and services it offers to its customers, also with the goal of contributing to combating climate change. International studies and research show that climate change may also be a business opportunity and a lever for economic growth, considering the fact that, in order to achieve the European Union's climate and energy targets for 2030, significant investments will be required as highlighted by the European Commission's Action Plan for financing sustainable growth and the European Green Deal. In January 2020, Intesa Sanpaolo stated its willingness to make available a programme for the disbursement of 50 billion euro in Italy in the coming years.

Intesa Sanpaolo is active in promoting renewable energy, energy efficiency and the circular business model by supporting their development and assisting the various customer segments, committed to reducing their environmental footprint, by promoting green products and services offered through the sales network in Italy and abroad. The Group also takes heed of the impacts generated by customers and suppliers, contributing to the spread of virtuous processes and conduct as regards the environment. In addition, particular importance is given to training and research initiatives, as well as to events on environmental issues organised by Intesa Sanpaolo and/or its partners.

LOANS AND SERVICES FOR THE GREEN AND CIRCULAR ECONOMY

In 2019, the Group's disbursements for the Green and Circular Economy totalled approximately 2.2 billion euro, equal to 3.7% of all Group's loans.

GREEN ECONOMY

In 2019, the Group's disbursements for the Green Economy totalled 1,419 million euro (almost 20 billion in the 2010-2019 period).

The offer involves all customer segments: retail customers (3.7%), businesses and Third sector (13.3%), corporate & project finance (83.0%).

The Bank continued to provide loans and mortgages for environmental purposes to retail customers in 2019. These loans regarded the replacement of fixtures and high-performance boilers, the renovation of buildings from an energy efficiency perspective, the purchase of environmentally-friendly vehicles and the installation of solar and photovoltaic panels. In line with the attention to the green world, Intesa Sanpaolo participates in the EeMAP (Energy efficient Mortgages Action Plan) project, a European initiative that aims to create a standardised energy efficient mortgage, with a view to encouraging the redevelopment of buildings and the purchase of highly efficient properties through preferential financial conditions, sharing the association's criteria on green issues. In this context, initiatives dedicated to green financing will be launched in 2020 to encourage both the purchase of high energy efficiency properties and the redevelopment of the existing real estate assets. "Valorizzazione Immobiliare", an ancillary service to loans, seeks to support customers who intend to invest in their homes through energy redevelopment and restructuring works, providing free information on tax benefits and savings on energy bills, as well as to support the best loan and home protection solutions. Customers can also take advantage of discounts on the services offered by partners of the initiative which operate in the energy savings and redevelopment sectors.

Among the insurance products that aim to cover customers' insurance needs in the Family, Health and Property areas, the "XME Protezione" insurance cover, places special emphasis on protection against natural disasters, offering protection from damage caused by atmospheric events such as floods and cloudbursts. The coverage will reimburse up to 80% of the customer's property value. Over 76,000 "XME Protezione" policies with flood coverage were taken out at the end of 2019.

In the segment of motor insurance products, the "ViaggiaConMe" policy with consumption-based plan provides for a premium linked to the kilometres travelled during the year: once the defined threshold has been exceeded, the premium to be paid will be integrated based on the additional kilometres travelled. The proposed solution therefore discourages the use of vehicles, with potential positive impacts on the environment.

Lastly, following the environmental disasters and extraordinary weather events that affected Italy also in 2019,

the Intesa Sanpaolo Group continued its tangible and concrete commitment to supporting households and businesses affected with specific focus on agricultural companies which, more than others, are penalised by exceptional weather events, through the activation of dedicated credit lines, with the provision of new subsidised loans for restoring damaged structures (homes, shops, offices, artisanal workshops and businesses), suspensions of payments on outstanding loans and preferential, simplified and expedited procedures for new instruments. The interventions involved several Italian geographic areas (see page 78).

Intesa Sanpaolo has continued to support non-profit companies that wish to invest in energy efficiency projects with solutions that make it possible to save on energy costs and increase the overall sustainability of the company's activity. At the end of 2019, total loans relative to the agreement with Federesco (National Federation of ECSOs) came to 1.9 million euro. These initiatives generated savings of around 649 tonnes of oil equivalent (toe) in 2019, corresponding to around 1,397 tonnes of CO₂ avoided.

In 2019 Intesa Sanpaolo Group continued to disburse short, medium and long-term loans in support of projects for renewable energy and energy efficiency works for professionals and businesses.

These include the Finanziamento Energia Imprese (businesses energy loan), which is designed to support investment plans focused on the development of efficient energy production plants and diversifying energy sources and/or streamlining consumption, as well as the Finanziamento Energie Rinnovabili (renewable energy loan), created for the construction of new plants for the production of renewable energies other than photovoltaic energy, such as biomass and small-scale wind energy.

Since the beginning of 2019, the "Finanziamento Condominio" product has been restyled, providing greater flexibility, in line with tax incentives (such as Ecobonus and Sismabonus) envisaged for the restructuring of the condominium common areas, extending its duration up to 10 years. The "Finanziamento Condominio" has the aim of promoting real estate development, security, but, above all, the energy redevelopment of properties in Italy. During the year, agreements were entered into with some Energy Service Companies that provide condominiums with solutions and technical tools for energy efficiency. Once the ideal energy efficiency solution has been chosen, the condominium will be able to request a loan from Intesa Sanpaolo (up to a maximum of 80% of the investment) with beneficial conditions, a 50% reduction in application fees and the guarantee of fixed and short times for the conclusion of the appraisal. In the same context, an agreement was entered into with Anaci, the main trade association of the Condominium Administrators, with the aim, among others, of disseminating a culture of eco-sustainability, security and development of properties in Italy.

Intesa Sanpaolo, through former Mediocredito Italiano, continued to support businesses that invest in renewable energy production plants and in the energy efficiency of their production processes, providing dedicated financial solutions and specialist advisory services. During the year, loans were granted to support projects mainly in the photovoltaic, wind, hydroelectric and biomethane sectors in the amount of 115.5 million euro. All loans, overseen step by step by the specialist Energy Desk, are always preceded by an appraisal in support of the Bank's credit assessment. Customers can count on a comprehensive service that ranges from risk assessment to the structuring of the most appropriate financial solutions, and from consultancy on new technology trends to new market opportunities. The total disbursements include the contracts signed in the lease area as new Leasenergy product contracts (equal to approximately 2.5 million euro), which will result in an annual emissions saving estimated at around 1,570 tonnes of annual CO₂. There are around 1,370 existing lease contracts, which have contributed to the construction of plants for the production of over 1.7 Gigawatts of energy from renewable sources.

The Corporate and Investment Banking Division and Banca IMI have strengthened their commitment to environmental sustainability, through the provision of forms of support aimed at helping large Italian and international companies in their transition projects towards a low-carbon economy and/or in projects intended to support investment plans aimed at building efficient energy production plants, diversifying energy sources and/or rationalising consumption. Various forms of financing are available, such as: Green Revolving Credit Facilities, Green Syndicated Loans, Green/Sustainable Bonds (e.g. SDG-Linked or Climate Change) and Project Finance dedicated to the world of renewable energy (wind, photovoltaic, biomass, water).

During 2019, the Corporate and Investment Banking Division participated, as a Bookrunner, in 12 Green, Social and SDG-linked Bond issues onto the Euro market, including the issue of the Intesa Sanpaolo Group Sustainability Bond, thus confirming its role among the leading players on the Italian market.

Banca IMI, acting as Global Coordinator, Bookrunner, Mandated Lead Arranger and Green Coordinator in pool with other banks, last November signed with Italo, leader in Europe in the high-speed railway transportation sector, the largest-ever Green Loan in Italy and the largest worldwide in the transportation sector. The loan, worth 1.1 billion euro, envisages bonus-award mechanisms for the company linked to sustainability principles. As part of the transaction, Banca IMI entered into a further agreement with Italo to cover the loan (ESG Linked Hedging) which will reward the virtuous conduct of the transport company, improving the conditions of the derivative if certain ESG (Environment, Social, Governance) sustainability indicators are complied with.

In order to support southern Italy agricultural companies affected by the exceptional adverse weather of November 2019, a fund of 100 million euro has been set aside for businesses that suffered damage to crops and production facilities. In February 2019, two agreements were entered into with Confartigianato-Imprese Udine and Confartigianato-Imprese Marca Trevigiana, respectively, for which the Bank allocated two credit plafonds of 100 million euro each in favour of the companies in the wood sector to finance local businesses, including the option to access the Circular Economy credit plafond that can be used, in this case, for the purpose of reforestation, regeneration of the ecosystem and timber harvesting, in order to avoid degradation. Intesa Sanpaolo also set aside a credit plafond of 50 million euro for loans dedicated to agricultural companies that wish to adopt measures against the brown marmorated stink bug in Veneto, Friuli-Venezia Giulia and Trentino-Alto Adige regions.

CIRCULAR ECONOMY

The Circular Economy is fundamental for economic development that generates a positive environmental and social impact. The circular model is based on the redesign of industrial processes and business models to generate economic and competitive advantage for companies, with a regenerative approach towards natural capital. Its objectives include the generation of a virtuous cycle in the use of resources, overcoming the linear model which involves extraction, production, sale and waste.

The Intesa Sanpaolo Group confirmed its commitment to the Circular Economy by promoting the spread of the model, drawing on the support of the Ellen MacArthur Foundation, the main promoter of the global transition towards the Circular Economy. The 2019-2021 three-year cooperation agreement has been renewed, confirming Intesa Sanpaolo's role as Global Partner of the Foundation. Intesa Sanpaolo will continue to redefine business strategies in an innovative way, ensuring financial support for investments to facilitate the redesign of the industrial system. The activity is considered of primary importance for the Group and is indicated as a strategic pillar within the 2018-2021 Business Plan.

The transition to a Circular Economy continued, also with the contribution of the Intesa Sanpaolo Innovation Center, a Group company which oversees all the Circular Economy activities.

The Circular Economy Lab was launched in 2018 in Milan, thanks to a Framework Agreement between Intesa Sanpaolo and Fondazione Cariplo, and followed by a strategic partnership between Intesa Sanpaolo Innovation Center and Cariplo Factory, with the goal of supporting and assisting the transformation of the Italian economic system and disseminating new models of value creation in the collective interest, by accelerating the transition to the Circular Economy. The Circular Economy Lab's strategy envisages open innovation operating methodologies aimed at finding innovative solutions and technologies within the scope of the circular economy and the related activities are based on three pillars:

- promoting the dissemination of knowledge about the Circular Economy, involving national and international players;
- supporting start-ups, SMEs and Corporate entities in the adoption of circularity principles, promoting the dialogue between companies, technology suppliers and investors;
- accelerating circular transformation through Open Innovation and Circular Economy Advisory programmes.

In order to provide concrete support to companies involved in the transition process, the Intesa Sanpaolo Group, within the time-frame of the 2018-2021 Business Plan, has decided to provide a credit plafond of up to 5 billion euro, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed. Specifically, the eligibility criteria are as follows:

- Solutions that extend the product-life or cycles of use of goods and/or materials (application of modular design; implementation of reverse logistics programmes; reuse, repair and regeneration or reconditioning of products);
- Production processes fuelled by and/or products made of renewable or recycled resources;
- Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain (application of principles of industrial symbiosis and realization of an integrated supply chain that makes waste streams into feedstock; closing loops and/or apply circular economy and systemic design principles; creation or promotion of a supply chain guided by circular principles);
- Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use (compostable products, recyclable products);
- Innovative technologies that enable circular business models (Internet of Things to empower traceability services (reverse-logistic) and/or predictive maintenance; use of additive manufacturing/3D printing to increase the easy-to-repair degree and the materials efficiency; Big Data analytics, Artificial Intelligence, and Cloud Computing aiming at dematerialization services and/or marketplaces development for secondary raw materials).

Out of a total of around 250 applications reviewed since the launch of the credit plafond, 63 projects were funded for a value of around 760 million euro at the end of 2019. Numerous company projects were supported for initiatives such as the replacement of traditional materials with others from recycled or biological sources, the recovery of urban organic waste for biomethane production, with the production of compost and recovery of CO₂, the production of coloured compostable fabrics with dyes made from agricultural waste.

In order to disseminate and share these criteria within the Bank, an online training course was set up and made available to over 50,000 Group employees.

Furthermore, during 2019 several training and awareness-raising initiatives took place: 120 future managers of the Bank were trained on Circular Economy issues within the Talent Program; 400 employees took advantage of specific courses; 10 training modules were published online in "Scuola dei Capi" as well as 4 Circular Economy Podcasts; 600 students were involved in circular lectures.

During the year, the circular assessment of businesses along their value chain also continued (around 100 businesses were interviewed) through the use of the Circular Economy Standard, an instrument used to measure the level of circularity.

In 2019, with regards to start-ups (see page 86), the Start-Up Initiative continued, which selects the most promising innovative start-ups, prepares them to face the market with coaching initiatives, and introduces them to the players of the innovation ecosystem. The selection process was integrated together with the circularity criteria in the overall assessment. Two Italian start-ups in the bioeconomy and fashion sectors were awarded as Circular Economy success stories.

In the context of partnerships and collaborations, meetings of the Alleanza Italiana per l'Economia Circolare (Italian Alliance for the Circular Economy), of which Intesa Sanpaolo is the promoter, together with Enel, also continued. The Alliance comprises a number of large and medium sized 'Made in Italy' companies and, since 2017, has sought to reinforce existing collaborations and propose new projects between companies, in order to promote the transition to the Circular Economy in the various production chains, while also involving Italian and European institutions.

To spread the culture of innovation in the area of Circular Economy, the Group continued to provide support to the BioCircE Master (the first Italian Master's qualification in this area).

An implementation agreement was entered into with Bocconi University, within the scope of a three-year framework agreement, for research activities in the context of the Circular Economy in order to validate the de-risking theory of financial portfolios, both at the individual counterparty level and at the portfolio level. The Circular Economy and Finance research, which took place in 2019, began to scientifically investigate this issue by focusing on some of the opportunities offered in terms of de-risking circular assets, generating superior risk-return combinations and the ability to stabilise performance over time.

As part of the work, the 3R (Risk, Revenue, Reputation) Model was defined, a mapping of the main benefits generated for financial institutions by the Circular Economy.

As part of the European Commission initiatives, Intesa Sanpaolo has continued the activity initiated in 2017, by participating regularly in the work of the Group of Experts for the financing of the Circular Economy, contributing to the publication in 2019 of the document Accelerating the transition to the Circular Economy which defines the guidelines to improve access to financial products dedicated to the Circular Economy. Moreover, the Group participated in the consultation of the Italian Ministry of the Environment and the Protection of Land and Sea (MATTM) on indicators for the measurement of the Circular Economy and in the work of the National Observatory on Sustainable Finance promoted by the MATTM.

In addition, the Group took part in the work of 'FinanCE', a working group formed within the Ellen MacArthur Foundation network, with the aim of rethinking the financial sector to accelerate the transition to the Circular Economy, by identifying concrete measures which the public and private sectors should undertake.

GREEN BOND

In 2017, Intesa Sanpaolo was the first Italian bank to issue a 500-million-euro Green Bond connected with environmental sustainability projects.

The commitments undertaken by Intesa Sanpaolo are defined within Guidelines (Green Bond Framework) in line with the Green Bond Principles of the ICMA (International Capital Markets Association), as verified by an external ESG research and analysis company.

In June 2019, following its annual reporting commitment, Intesa Sanpaolo published its second Green Bond Report [i] on the use of Green Bond proceeds and its associated environmental benefits. The report also includes the certification of the auditing company, the Second Party Opinion on the bond issue (Robust ESG performance) and the Moody's assessment, which obtained the highest score (GB1 Excellent).

As of 31 May 2019, the Bond proceeds, fully allocated during the first year of the issue, was used as follows: 61.3% to refinance specific loans included in the portfolio of Intesa Sanpaolo and 38.7% for the financing of new projects, selected by a dedicated working group. In total, 75 projects were financed with over 353,000 tonnes of CO₂

emissions avoided annually. 64.0% of the proceeds were allocated to photovoltaic power, 12.6% to wind power, 9.3% to hydroelectric power, 12.5% to bioenergy and 1.6% to energy efficiency.

SUSTAINABILITY BOND

In 2019 the new Sustainability Bond Framework was redacted ahead of the issue of the Sustainability Bond to support (new or existing) loans and projects for the Green Economy, the Circular Economy and also for social purposes. The Framework was prepared in line with the international standards drawn up by ICMA, in particular with the (2018) Green Bond Principles, the (2018) Social Bond Principles and the (2018) Sustainability Bond Guidelines.

In November 2019, Intesa Sanpaolo successfully completed the placement of the first Sustainability Bond focused on the Circular Economy, intended to support the loans granted by the Bank under the 5 billion euro credit plafond dedicated to the Circular Economy.

The 750 million euro issue, against a demand of over 3.5 billion euro, was mainly subscribed by institutional investors: Asset Managers (75%), Banks and Private banking (10%), Public Entities (10%), Insurance and Retirement Funds (4%).

Thanks to this issue, the Green Bond Ratio, the percentage of outstanding green bonds at the end of the year out of the total amount of outstanding Senior Preferred and Covered Bonds intended for institutional investors (five-year moving average), is equal to about 3.3%.

GREEN CULTURE AND INITIATIVES

Numerous initiatives have been put in place for the dissemination of an environmental culture in respect of employees and customers (for the initiatives in the Circular Economy area, see page 139), including:

TRAINING

The “Apprendo” multimedia platform is available for all employees in Italy: it provides training on environmental and climate change issues. The training module “La sfida del cambiamento climatico” (The climate change challenge) was provided to some 3,000 employees. The new course “Tutela ambientale e sistemi di gestione” is also available and has been completely revised in terms of content and form, which includes 20 training modules on environmental and energy issues mandatory for approximately 7,000 employees directly involved in activities related to the application of the Management System, while for the other employees a selection of training modules is available, with optional participation.

In line with the requirements for the new ISO 14001 certification, in 2019 the Insurance Division undertook to disseminate the sustainability culture also through info-training activities aimed at all the personnel of the Division and with specific activities for Specialists, Employers and Delegates. In addition, an employee engagement activity was carried out with the definition of a green questionnaire with the aim of gathering useful information to understand the level of awareness and attention to sustainability issues, particularly the environment and health and safety in the workplace.

Similarly, for the purposes of ISO 50001 standard, CIB Bank (Hungary) trained around 2,000 employees on energy issues through an online platform and the top management through ad-hoc training.

The European Regulatory & Public Affairs structure also carried out internal training initiatives to raise awareness among employees on environmental issues under discussion with European regulators.

During 2019 Intesa Sanpaolo Formazione released two new digital training platforms: Skills4Capital and Skills4Agri. The former is dedicated to SMEs as part of the collaboration between Confindustria - Piccola Industria and Intesa Sanpaolo; the latter is instead dedicated to companies in the Italian agricultural and agri-food system, the result of the agreement between Intesa Sanpaolo and Confagricoltura. By subscribing to the platforms, users can take advantage of training content and, among the courses provided, three have a special focus on environmental sustainability and climate change issues.

PARTICIPATION IN ASSOCIATIONS AND DEBATES ON ENVIRONMENTAL SUSTAINABILITY ISSUES

The Group made an important contribution to the international debate on the topic of environmental sustainability in 2019.

With reference to the issue of direct environmental impacts, the Bank continued to participate in the working group of the Italian Banking Association (ABI) on Green Banking, which provides an insight into the processes relating to energy and environmental management in the Bank according to the main international standards. In particular, in 2019 the attention was focused on the implementation of energy audits and submission to the competent authorities.

At the European level, Intesa Sanpaolo interacted with legislators, trade associations and various stakeholders to promote and represent the Group's various initiatives on environmental and social sustainability. Intesa Sanpaolo, through its office in Brussels, brings its best practices to the attention of regulators and represents the specificities of its context so that they are taken into consideration during the legislative process.

In terms of sustainable finance, the Group's collaboration with the Italian Banking Association (ABI) continued and intensified, within specific working groups, particularly in relation to issues linked to taxonomy and the European Action Plan for financing sustainable growth.

The Group also continued its collaboration with the main European associations, contributing to the work of the European Banking Federation (EBF) on the issue of Sustainable Finance and Sustainable Development Goals (SDGs) and the Association for Financial Markets in Europe (AFME). In particular, Intesa Sanpaolo has contributed to the drafting of the main (legislative and non-legislative) position papers of the financial sector published during 2019.

Moreover, the Group participated in the Osservatorio Italiano per la Finanza Sostenibile (OIFS) promoted by the Italian Ministry of the Environment and the Protection of Land and Sea (MATTM), taking active part in the plenary session work and in the working groups on the Italian Financial Centre for sustainability and sustainable Reindustrialisation (Centro finanziario italiano per la sostenibilità e sulla Reindustrializzazione sostenibile).

Intesa Sanpaolo actively participated in the Project Task Force on Climate-related Reporting of the European Financial Reporting Advisory Group (EFRAG). The main objective was the analysis and identification of good corporate reporting practices, both as regards the financial impacts of climate risk on companies, and as regards the impact of companies' activities on the environment (the so-called double materiality) taking into consideration

the needs of users and those who process the reports.

Studi e Ricerche per il Mezzogiorno (SRM) is a Group's research centre aimed at disseminating economic knowledge and culture, with a particular focus on the development of southern Italy, Maritime Economy and Energy. During 2019 SRM participated in a number of national and international meetings and seminars on environment, Green Economy, Blue Economy and sustainability, thus extending its ability to analyse those phenomena.

SRM, among other things, is also part of SOS LOG, the association for the development of sustainable logistics, whose mission is the dissemination of information, research and initiatives aimed at spreading the culture of sustainable transport and logistics.

Intesa Sanpaolo confirmed its commitment to the development of renewable energy in Africa, becoming a Founding Member of Res4Africa. The foundation, which includes some of the main players in the Italian and European energy sector, has the aim of promoting a market, regulatory and financial context that allows investments to be made in renewable energy on the African continent. The partners of Res4Africa include, in addition to Intesa Sanpaolo, Enel Green Power, Siemens Gamesa, Terna, PWC, Engie EPS, Prysmian, Cassa Depositi e Prestiti. In 2019, the Foundation's activity mainly resulted in the organisation of business-to-government events and seminars, preceded by the conduct of market studies, in order to exchange views with the main decision makers of the target African countries on the interventions to be taken to enable investments in renewables, as well as in the organisation of capacity building seminars to create local skills; in addition, the RenewAfrica initiative was launched, with the aim of boosting private investment to support Africa in completing its transition towards clean energy.

Intesa Sanpaolo, through former Mediocredito Italiano, is a partner of Milan Polytechnic in the market trends observatory regarding the renewable energy and energy efficiency.

STUDIES

The Group's commitment to the development of study and research projects in the environmental field continued in 2019. Listed are some of the most important publications:

- The fifth Report on the Bio-economy - La Bioeconomia in Europa (Bio-economy in Europe), produced by the Intesa Sanpaolo Research Department, which, in addition to providing new estimates of the value of the bio-economy, includes an analysis of the wood and paper supply chain;
- The contribution of the water cycle and waste management to the Bio-economy, conducted by the Research Department, provides further insight into the analysis on the bioeconomy with a specific focus on the sustainability of the two services;
- Le aziende di TPL: alla ricerca della giusta rotta (TPL companies: in search of the right route), the result of the consolidated collaboration of the Research Department with ASSTRA and ANCI on the issue of local public transportation. The Report takes into consideration the growing demand in the field of mobility and the resulting problems of congestion and pollution, which are raising awareness of the fact that only reinforcing, reclassifying and improving the efficiency of local public transport (tram, metro, bus, regional rail network) can promote the sustainable development of Italy;
- Il manifatturiero bresciano tra tradizione e innovazione (Brescia's manufacturing between tradition and innovation), a survey carried out by the Research Department together with the Centro Studi dell'Associazione Industriale Bresciana (AIB), on more than 200 companies, which allowed to shed light on past and future green investments by Brescia's manufacturing companies;
- Un Sud che innova e produce. Il valore dell'innovazione nelle filiere produttive del Mezzogiorno (The value of innovation in southern Italy's production chains), produced by Studi e Ricerche per il Mezzogiorno (SRM) with the contribution of the Intesa Sanpaolo Research Department. The study deals with the issue of public and private supply and demand for innovation, to support the growth of the territories and to promote an innovative, interconnected and eco-sustainable production model;
- SRM's Annual Report on the Italian Maritime Economy, which was presented on the national and international stage and has now become a reference point on this matter for institutions, sector professionals, trade associations, infrastructure and the academic world. Some of the key topics include the sustainability of port investments, reducing emissions produced by ships, the use of environmentally friendly fuels, and reducing road transport in favour of shipping. In 2019, in-depth studies were carried out on how to reduce external logistics costs together with ALIS (Associazione per la Logistica e l'Intermodalità Sostenibile) and on the Ro-Ro (Roll-on Roll-off) naval sector, which is the one that most contributes to the movement of articulated lorries from the road to the sea and is also a sector followed closely by European institutions;
- In 2019 SRM, thanks to the new Mediterranean Energy Observatory (ENEMED) project developed together with the Energy Security Lab (ESL) of the Energy Department of the Turin Polytechnic, presented also to the European Parliament the Annual Report on energy in the Mediterranean, which, among other things, focuses on renewable energies, the gas sector and energy investments in the Mediterranean area.

EVENTS AND INITIATIVES

In order to raise the awareness of environmental issues among customers and employees, the Intesa Sanpaolo Group participates in various initiatives aimed at increasingly spreading the culture of sustainability and good practices as widely as possible. The main international events in which the Group participated in 2019 were the World Environment Day promoted by UNEP (the United Nations Environment Programme) - whose themes this year were atmospheric pollution and climate crisis and the European Week for Waste Reduction, promoted by the European Commission, whose 2019 edition centred around Education on waste reduction and saw increased participation from the International Subsidiary Banks. In Italy, Intesa Sanpaolo also took part in the Energy Saving Day (part of the "M'illumino di meno" campaign) while some International Subsidiary Banks, namely CIB Bank (Hungary) and Intesa Sanpaolo Bank Albania participated in the WWF's Earth Hour and Bank of Alexandria (Egypt) celebrated the United Nations Earth Day.

The Museo del Risparmio (Savings Museum), together with the European Investment Bank Institute and Scania Italia, promotes SAVE (Sustainability, Action, Travel, Experience, see page 80), a project intended for students of all levels and age groups. The Discovery Truck takes multimedia courses and playful workshops organised by the Museo del Risparmio around the schools of Italy, dealing with the theme of scarcity of resources, whether natural or financial, with the aim of making people reflect on the importance of engaging in the fight against waste. A gift is given to the classes taking part in the project: a cocoa tree. The plants will then build the SAVE Forest, a plantation of 250 cocoa trees in Cameroon which will absorb 13,750 kg of CO₂ annually and will constitute a source of income for farmers. The tree will be geolocated by quantifying the amount of CO₂ captured.

In relation to the International Subsidiary Banks, in 2019, for the first time, an action to offset CO₂ emissions was determined on the occasion of "Novathon", an event promoted since 2016 on an annual basis, dedicated to the theme of innovation and technologies for the banking sector. The fourth edition involved high-level speakers and over 1,500 participants in a conference hosted in the Hungarian capital by CIB Bank (Hungary). Over 500 indigenous fruit trees will be planted by 2020 against around 122 tonnes of CO₂ emitted concurrently with the event.

Also with a view to raising awareness among the community on environmental issues, among others, Intesa Sanpaolo promoted the "Dopo la tempesta Vaia – Insieme per la rinascita dei boschi" project, aimed at contributing to the regrowth of the forests hit by the storm in autumn 2018, with a national fundraising campaign through the Group's crowdfunding platform, For Funding. The project's overall goal is to raise 150 thousand euro. In support of the fundraising, the Bank created the "Doniamo un futuro alle nostre foreste" (Let's give a future to our forests) initiative, which ended in December 2019 and involved children aged between 4 and 12 years. The children were asked to make a drawing of one of their dreams and upload it, with the help of an adult, to the Bank's website. For each drawing, Intesa Sanpaolo paid a contribution of 30 euro towards the project. 3,315 drawings were received for which Intesa Sanpaolo decided to donate the entire credit limit, equal to 120 thousand euro, to the project. The national campaign will continue until 30 March 2020 (unless extended), with the aim of collecting the 30 thousand euro needed to reach the final goal. The project will allow the forests destroyed by Vaia to be partly restored by supporting the pruning and planting works of around 15 hectares in the two-year period 2020-2021 (5 in Veneto, 5 in Friuli-Venezia Giulia and 5 in Trentino-Alto Adige).

The commitment to the environment is testified by another initiative hosted by the For Funding platform. As part of the "La Notte della Taranta Festival", the Bank promoted the "Rigeneri...AMO la natura! Project". The initiative involved four different oases in southern Italy as part of a development and recovery programme, aimed at making the beaches free of waste and allowing access for people with disabilities, the elderly and children with walking difficulties, raising during 2019, through the fundraising promoted on For Funding and via solidarity SMS, over 146 thousand euro.

During 2019, the Corporate and Investment Banking Division and Banca IMI also organised events and sponsorships related to green subjects; notably, Development of the green, social and sustainability bond market, organised together with Icma and Assiom Forex. The event was an opportunity to draw the attention of the financial community to the progress of the implementation of the EU Action Plan for sustainable finance, the role of central banks, supervisory authorities and the financial system for the transition to a sustainable and circular economy and the role of Green Social and Sustainability Bonds as tools to promote the transformation towards a more sustainable economic model.



Human
rights

RELEVANT ISSUES

The Intesa Sanpaolo Group has always been committed to protecting human rights, in line with the values set out in the Code of Ethics.

Aware that its activities have direct and indirect impacts on human rights, Intesa Sanpaolo has defined its areas of responsibility for each of its stakeholders. Indeed, it has considered its impact on its employees, customers, suppliers and the community. The environment is another issue closely related to the principles of human rights, and the promotion of high environmental standards must therefore be considered key to respecting and enjoying these rights.

As a cross-cutting issue that is relevant to various areas of the Group's operations, human rights are therefore touched upon throughout the Consolidated Non-financial Statement, as summarised in the following table:

STAKEHOLDER	AREA OF IMPACT	SEE PAGE
Employees	Health and safety of workers in the workplace and combating conditions of discomfort and stress	Page 123
Employees	Combating the harassment of employees	Page 58
Employees	Freedom of association	Page 113
Employees	Non-discrimination, equal opportunities and fair remuneration	Page 117
Employees	Family life through work-life balance policies	Page 119
Employees	Safeguarding social security with supplementary pensions	Page 120
Customers	Policies and solutions for combating robberies	Page 73
Customers/Employees	Privacy of personal and sensitive data	Page 57
Customers	Financial inclusion of the most vulnerable social groups	Page 76
Suppliers	Inclusion of criteria for respecting human rights in the supply chain	Page 107
Community	Assessing the respect of human rights on the part of customer companies, specifically regarding their employees, and in financed projects, in particular concerning the rights of the communities involved	Pages 45/46
Community	Culture and charitable activities promoting a respect for human rights	Page 96
Environment	All	Page 128

WHY THESE ISSUES ARE RELEVANT

According to the UN Guiding Principles on Business and Human Rights, approved in 2011, the State has a duty to protect human rights and businesses must respect them wherever they operate (regardless of the ability or willingness of States to fulfil their obligations). Victims of abuse must also be able to access appropriate and effective remedies.

Indeed, through their activities businesses can have various types of impacts on human rights: positive ones, such as the supply of innovative services that improve people's quality of life; or negative ones, including the exploitation of workers, for example, or the forced displacement of people or entire communities. Businesses can also be indirectly involved in violations committed by other businesses or States.

In its role as an intermediary, a financial institution like Intesa Sanpaolo initiates a value chain that involves many different individuals, entities, businesses and States. For this reason, as well as observing the relevant legislation in force in all countries in which it operates, it is committed to identifying, mitigating and, where possible, preventing potential violations of human rights connected with its activities, as recommended by the UN's Guiding Principles on Business and Human Rights.

PERFORMANCE INDICATORS AND RESULTS ACHIEVED

Approved by the Board of Directors in December 2017, the Group adopted a specific human rights policy which incorporates the principles already outlined in the Code of Ethics translating them into tangible commitments.

Indicators	2019	2018	2017
Injuries in the workplace	268	260	257
Employees belonging to a union (% of total)*	64.8%	66.0%	65.6%
Part-time employees (% of total)	11.9%	11.8%	11.5%
Employees signed up to the flexible work scheme	approximately 17,250	over 11,500	over 8,200
Reports of non-compliance with the Code of Ethics for alleged discrimination	12	10	3
Court cases for mobbing**	2	0	0
Reports of alleged breaches of the Privacy Code (Italy)	77	115	101
Robberies - Number of events per 100 branches	0.46	0.26	0.51
Suppliers registered on the Supplier Gate*** (n.)	5,569	3,161	1,966
Projects subject to Equator Principles screening ****:			
Number	11	20	11
Amount granted (millions of euro)	825	993	612
Donations for vulnerable and disadvantaged groups managed centrally (% of total)	95%	92%	88%

* The industry National Collective Bargaining Agreement covers all employees in Italy. The percentage of employees working in Italy and covered by the Collective Bargaining Agreement for the Credit Sector who are also members of a trade union is 77.3%.

** There are two ongoing disputes of current employees which include, among the claims, also those for mobbing.

*** All suppliers registered on the portal are subject to checks in the areas of business ethics and respect for human rights, workers' rights and environmental rights.

**** In 2019 the amount disbursed in relation to projects subject to Equator Principles screening stood at 5.7% of total project finance disbursements.

COMPANY POLICIES

Through the Group policy, Human Rights Principles, Intesa Sanpaolo pledges to:

- support the protection of human rights in accordance with the principles established in the Universal Declaration of Human Rights of 1948 and subsequent international conventions on civil and political rights and economic, social and cultural rights;
- recognise the principles established by the fundamental conventions of the ILO (International Labour Organization) and in particular the right of association and the right to collective bargaining, the abolition of forced and child labour, and non-discrimination in employment;
- contribute to combating corruption, supporting the guidelines of the OECD (Organisation for Economic Co-operation and Development) and the anti-corruption principles established by the UN in 2003, and also by taking a 'zero tolerance' approach to any eventual cases of corruption.

THE PROCESS OF MONITORING HUMAN RIGHTS

The implementation and gradual extension of the protection of human rights is monitored by Corporate Social Responsibility through:

- monitoring the implementation and governance of the Group's Code of Ethics, also with third-party assessments in line with the international UNI ISO 26000 standard, with a specific focus on the areas related to human rights;
- the sustainability report, which involves stakeholders and defines improvement objectives and the relative metrics and is subject to the certification of an independent auditor outside the Group;
- the analysis of potential risk areas in the sphere of human rights which, for every principle in the international conventions, outlines the possible impacts of the company's operations on its stakeholders and the relative company regulations.

Taking into account the results of the monitoring process, Intesa Sanpaolo pledges to:

- assess whether the policy needs updating;
- define guidelines for actions aiming to prevent and mitigate possible negative impacts on its stakeholders;
- issue, if necessary, further documents on specific rights and activities.

As a further guarantee for all stakeholders, anyone that wishes to report an incident of non-compliance can write to the Code of Ethics email address (codice.etico@intesasanpaolo.com), anonymously and without fear of reprisals. As regards reports of alleged human rights violations received in 2019, see page 40.

Human rights issues have, once again this year, been subject to third-party verification in accordance with the principles and contents of the ISO 26000 standard. The third-party assessment conducted in 2019 confirmed a positive evaluation determined by the presence of regulations, procedures and good practices aimed at protecting the human rights listed in the relevant policy, in relation to the main categories of stakeholders. The 2019 assessment, despite highlighting an increase compared to 2018, revealed aspects of improvement as regards stakeholders, suppliers and the community. With regard to the former, the need to extend the application of the Supplier Portal and strengthen the monitoring measures on all service providers that involve the presence of personnel at Intesa Sanpaolo offices was reported. For the community the need emerged to refine the tools required to investigate and assess respect for the rights of the community by the financed parties.

Human rights aspects were checked across all areas, with regard to the following issues:

Issues	Aspects addressed	Average rating of issues (0-5)
Employment protection	Respecting individual rights in terms of protecting employment and access to trade union representation	Italy 4.7 Abroad 3.9
Employee well-being	Respecting individual rights in terms of welfare and quality of life in the company; employee health and safety; working environment	Italy 5 Abroad 4
Employee growth and development	Respecting individual rights in terms of enhancement of diversity	Italy 4.7 Abroad 4.2
Quality and innovation in customer relations	Respecting individual rights in terms of accessibility, customer protection, and customer health and safety	Italy 4.8 Abroad 4.5
Integrity in corporate conduct	Respecting individual rights in terms of the protection of privacy and compliance with labour laws	Italy 4.9 Abroad 4
Responsible asset management	Respecting human rights in investments	Italy 4.7 Abroad 4
Green Economy	Respecting human rights in loans	Italy 4.9 Abroad 4

Note: the Abroad Rating is the average of the scores obtained by the Banks within the International Subsidiary Banks Division

The issues rating difference between Italy and abroad has to be interpreted considering the different regulatory and social environments, with particular reference to certain countries.



Stakeholder Engagement
Activities and results

Relations with stakeholders: engagement and listening

In its 2018-2021 Business Plan, Intesa Sanpaolo set itself significant sustainability objectives that involve various stakeholders. In 2019, the stakeholder engagement activities were carried out in accordance with the AA1000 AccountAbility standard and used specific engagement methods for the different categories of stakeholders, also addressing the topics outlined in the materiality matrix.

The 2019 activities focused on monitoring, refining and investigating in more depth the priorities assigned by the stakeholders in the first year of implementation of the Business Plan. This year, a more specific focus was placed on the environment by involving some stakeholders identified on the basis of their affinity to environmental issues and sustainable finance. The engagement plan was defined by Intesa Sanpaolo with the collaboration of the internal departments which have direct relations with all categories of stakeholder on a daily basis. This engagement is documented in minutes taken down in collaboration with the relevant parties and with their approval and is managed by an independent third party. The topics proposed to individual stakeholders relate to different aspects of sustainability, not limiting the listening process to the issues traditionally connected with each category, encouraging broader discussions and new perspectives.

STAKEHOLDER MAP

The stakeholder map represents the Bank's network of relations, with which it exchanges views on a regular basis in order to identify and monitor priority topics, including in terms of materiality analysis.



ENGAGEMENT INITIATIVES AND ISSUES COVERED

The stakeholders involved in the 2019 engagement activities are: corporate and retail customers, the environment, represented by the scientific community, the community, through dialogues with associations and bodies, shareholders, in particular sustainable ones, and employees, involved directly and through trade union associations. Some of these stakeholders were involved in a thematic focus on the relationship between the environment and finance, which investigated their expectations regarding the role of financial institutions in fighting climate change. The findings from these activities were also assessed in relation to the issues previously emerged with the aim of conducting in-depth analyses with respect to the 2018-2021 Business Plan.

The following table outlines the methods used to engage stakeholders included in the analysis, broken down into individual categories and relative topics, proposed thanks to the listening tools implemented.

Stakeholder category	Stakeholders	Listening method	Issues covered
Customers	Retail customers	Online questionnaire filled out by a sample of 3,354 retail customers	<ul style="list-style-type: none"> ■ Quality of customer services (provision of medium-long term credit, optimisation of geographical coverage, digitalisation) ■ Combating climate change through investments and financing for the development of the Green Economy ■ Green bonds ■ Ethical investment funds ■ Loans guaranteeing financial inclusion ■ Insurance and consultancy solutions ■ Reduction of greenhouse gas emissions ■ Smart working for employee well-being ■ Supporting disadvantaged people and non-profit organisations for local development ■ Promotion and management of cultural heritage ■ Integrity in corporate conduct
	Corporate customers	Telephone interviews carried out with a sample of 2,003 corporate customers	<ul style="list-style-type: none"> ■ Bank value and solidity ■ Quality of customer services (provision of medium-long term credit, optimisation of geographical coverage, digitalisation) ■ Supporting economic growth of society and contributing to its development ■ Financial inclusion through the launch of initiatives to disburse loans to sections of society that find it difficult to access credit (Fund for Impact) ■ Expansion of range of products and services specifically for businesses ■ Actions supporting the circular economy ■ Active contribution to combat climate change and the transition to a low-carbon economy ■ Promotion and management of cultural heritage
		One-to-one interviews with 4 representatives of listed companies whose business model is closely related to environmental issues	<ul style="list-style-type: none"> ■ Publication of guidelines within the scope of the Action Plan for sustainable growth ■ Contribution to decarbonisation and transition to a circular economy model ■ Development of a unified system at EU level for classifying sustainable activities (taxonomy): risks and opportunities ■ Expectations towards financial institutions
Environment	Associations and academic world	One-to-one interview with the representative of one of the most influential institutions on the topic of sustainable finance (2019)	<ul style="list-style-type: none"> ■ Publication of guidelines within the scope of the Action Plan for sustainable growth ■ Contribution to decarbonisation and transition to a circular economy model ■ Development of a unified system at EU level for classifying sustainable activities (taxonomy): risks and opportunities ■ Expectations towards financial institutions
Community	NGOs and representative figures	One-to-one interviews with representatives of two of the most influential institutions on the topic of sustainable finance	<ul style="list-style-type: none"> ■ Publication of guidelines within the scope of the Action Plan for sustainable growth ■ Contribution to decarbonisation and transition to a circular economy model ■ Development of a unified system at EU level for classifying sustainable activities (taxonomy): risks and opportunities ■ Expectations towards financial institutions
Shareholders	SRI investors	Analysis of the results of the meetings held with investors during the year	<ul style="list-style-type: none"> ■ Bank value and solidity ■ Environmental aspects, in particular Green Economy and sustainable finance ■ Aspects connected with employee growth, well-being and protection (e.g. incentive plans, diversity, reassignment of excess employees etc.) ■ Aspects related to customer relations (e.g. cyber security, access to credit, responsible asset management, etc.) ■ Integrity in corporate conduct (e.g. anti-money laundering)
	Small shareholders (E.Di.Va.)	1 focus group	<ul style="list-style-type: none"> ■ Topics identified by EU Directive 2014/95 on the disclosure of non-financial information and related risks/opportunities: environmental, employees, social, human rights issues, fight against corruption, supply chain ■ Critical reading of the CSR contents of the Business Plan in relation to material issues, with particular attention to: aspects of financial solidity and reliability, the Bank's responsibility vis-à-vis the community, environmental protection ■ Expectations regarding the consequences on Intesa Sanpaolo of the Action Plan for sustainable finance and Taxonomy ■ Integration of ESG aspects into Intesa Sanpaolo's activities (e.g. in employee incentive systems, credit assessments and impact measurement) ■ Expectations and comments concerning the repercussions on Intesa Sanpaolo of the publication of the Taxonomy
	Dow Jones Sustainability Indices	Analysis of the criteria and assessments conducted by SAM on the ESG areas of the questionnaire for inclusion on the index	<ul style="list-style-type: none"> ■ Economic dimension (e.g.: corporate governance, risk management, sustainable finance, privacy protection, etc.) ■ Environmental dimension (e.g.: reporting, energy, water, waste, products and services, climate strategies etc.) ■ Social dimension (e.g. reporting, workers' rights, human rights, talent acquisition, etc.)

Stakeholder category	Stakeholders	Listening method	Issues covered
Employees	Trade unions	1 focus group with 10 representatives from 5 trade unions	<ul style="list-style-type: none"> ■ Bank value and solidity ■ HR management and employment protection ■ Employee training and incentives ■ Employee well-being (e.g. flexibility and smart working) ■ Expectations and comments on the trends linked to the 2018-2021 Business Plan ■ Inclusion and non-discrimination
	Italian and international employees	<p>Inclusion analysis carried out through a questionnaire in Italy and a D&I Pulse Survey for foreign employees, which involved 20,300 people in 10 Banks belonging to the international scope and the head office departments of the International Subsidiary Banks Division.</p> <p>+ Climate analysis conducted through three questionnaires targeted at the following areas: Italy Professional Areas and Middle Managers, filled out by 36,239 people; Italy Executives, filled out by 1,047 executives; International Subsidiary Banks, filled out by 21,513 people.</p>	<ul style="list-style-type: none"> ■ Employee well-being (flexibility and work-life balance, relationship with employees and managers) ■ Exchange of experiences and skills among employees ■ Employee growth and development (growth opportunities, transparency of performance assessment systems, training) ■ Refusal of discrimination and actions aimed at the inclusion of people with disabilities ■ More widespread dissemination and knowledge of good practices already in place ■ Employment protection

Overall, two focus groups were held in 2019, over 2,000 telephone interviews with three categories of stakeholders conducted, and three online questionnaires were published, that were answered by over 70,000 people. Direct listening activities were supplemented with indirect actions in the form of a document analysis.

SUMMARY OF ISSUES EMERGING FROM THE STAKEHOLDER ENGAGEMENT PROCESS

For each of the stakeholder groups involved in the engagement activities, the main findings that have emerged also with respect to the issues investigated are set out below.

Employees: the company's solidity is also confirmed in 2019, it being one of the central aspects for employees who show satisfaction and awareness of the reliability of their employment situation. As regards the enhancement and development aspects, there are strong views regarding growth opportunities and professional skills enhancement. Greater emphasis is also being placed on the aspects related to the integration of employees, linked to the recent acquisition and reassignment initiatives and in line with the bank's increasingly clear commitment in the areas of inclusion and non-discrimination.

The implementation of the initiatives envisaged in the Business Plan has led to the confirmation and growth of some positive trends already recorded. Among these, the strengthening of smart working and the attention to work-life balance play an important role. The employees who were consulted recognise the validity of Intesa Sanpaolo's welfare policies, identifying as an additional improvement objective its increasingly effective dissemination in all corporate organisations, including through the involvement of middle managers. In the context of customer relations, the employees' attention shifts towards digitisation and paperless initiatives, also thanks to the commitments set out to this effect in the Business Plan.

On the basis of what emerged from the meeting with the Trade Unions, Intesa Sanpaolo's choice to carry out a half-yearly non-financial reporting is welcomed by the employees, who consider it an additional and significant element for monitoring the objectives pertaining to sustainability. The disclosure of information on Intesa Sanpaolo's commitments and on the results achieved in terms of sustainability thus encourages a more widespread shared corporate culture on these aspects.

Customers: listening to customers has shown that the aspects relating to the company's value and solidity remain of great importance, in particular corporate customers confirm a high attention to the Group's capitalisation. The integrity in corporate conduct continues to be fundamental for retail customers. Considering the aspects of economic, social and environmental sustainability that do not directly concern customer relations, the aspects related to the environment emerge above all others from the listening activities in 2019. This emphasis is probably influenced also by the international media context and, for businesses, by the publication of guidelines, especially in the context of the European Action Plan to finance sustainable growth. For customers, the attention to environmental aspects translates especially into the contribution that the Bank can make to the transition to a green and circular economy and to the fight against climate change. In particular, there was an increase in interest in the issue of green bonds. The trend to shift attention from the Bank's direct environmental impacts to indirect ones is now established. In the area of social issues, a high interest in supporting non-profit organisations and in the social and cultural development of the community is maintained. The attention of

retail customers to sustainable investment funds is constant, confirming the request for the application of sustainability criteria in all the bank's activities. At the same time, the loan disbursement to households and businesses, of which the Fund for Impact initiative is part, continues to be one of the most relevant issues for all customer segments. Particular attention is paid to the financial inclusion of disadvantaged sections of the population in 2019.

The material issue Quality and innovation in customer relations, the most intrinsically linked to the Customers stakeholder, confirms the utmost importance in all its aspects also in the second year of application of the Business Plan. The continued importance of certain elements, such as the introduction of the new branch model with Banca 5 and the growth in insurance and consultancy solutions, is in line with customers' expectations with respect to the development of innovative initiatives on the Bank's part.

Shareholders: two types of shareholders were involved in the listening activities: sustainable Italian and foreign investors and small Italian shareholders in the retail sector. To complement these activities, an analysis of the assessment criteria applied by SAM for inclusion in the Dow Jones Sustainability Indices (DJSI) was carried out for the banking sector. The issues that stand out in the 2019 shareholders' listening activities are related to the Green Economy and sustainable finance.

Consistently with the strong national and international attention on these aspects, the new Sustainability Finance criterion was also introduced in the DJSI. In parallel, sustainable investors confirm a strong interest in green financial products and, more generally, with ESG characteristics. The small shareholders show a more focused vision and underline the importance of the Bank's proactive role in combating climate change and promoting an increasingly circular economy by encouraging positive behaviours in this respect and the disbursement of loans for environmental purposes. In this context, the company's value and solidity becomes the consolidated basis on which to build the development of an increasingly sustainable finance.

The Bank is also called upon to take on a social commitment which translates, for small shareholders, into supporting the well-being, education and financial inclusion of employees, including immigrants. Sustainable investors continue to significantly and increasingly enhance the value of employment protection aspects, especially in relation to the organisational and increasingly virtual service model choices for customers.

Finally, the 2019 listening activities confirm SAM's strong attention to the integrity in the company's conduct in customer relations, with a focus on the privacy protection aspects, connected with the entry into force of the European GDPR regulation.

As part of the focus on environment and sustainable finance, the issues that emerged fall within the engagement activities carried out on the categories of Customers, Environment and Community stakeholders.

The engagement was developed in order to investigate the expectations of the selected stakeholders with respect to the global trends that are emerging in relation to the recent publication of guidelines within the scope of the European Commission's Action Plan for financing sustainable growth and with respect to the role of financial institutions in this respect. To this end, individual interviews were carried out which involved representatives of companies and some of the most influential institutions on the issues of sustainable finance.

The companies interviewed take account in their development strategies of both the goals of the Paris Agreement and the integration of the Sustainable Development Goals (SDGs), with interventions and investments aimed at decarbonisation and the transition to a circular economy model. The Stakeholders consulted share, in particular, some of the actions envisaged in the European Commission's Action Plan to finance sustainable growth, including the introduction of Taxonomy, a unified system for classifying sustainable activities that must be applied by also evaluating the entire industrial policy and its compliance with a low-emission economy. To this end, the climate change issue requires companies to properly assess and manage physical and transition risks. The Institutions consulted perceive that the European Commission's Action Plan for financing sustainable growth is a fundamental driver with potential positive effects, with different repercussions on large groups as opposed to SMEs.

The Institutions also attach particular importance to the management of risks deriving from climate change, underlining how the lack of standard and shared measurement criteria can lead to insufficiently reliable reporting. Another perceived risk is that ESG criteria remain complementary and not integrated into the business models of companies, a particularly high risk for SMEs, whose adaptation it could encounter multiple obstacles and require costly and long-lasting processes. Another element risk could be the different transition speed towards the new model between the economic sectors and the institutional world.

All interviewees agree on the leading role of financial institutions, and in particular of Intesa Sanpaolo, in the transition to a low-emission economy. The Bank's commitment to the Green Economy is recognised through the development of specific tools in support of the transition. In order to further consolidate its leadership role, it will be important for Intesa Sanpaolo to support companies in the development and implementation of tools that encourage decarbonisation and the circular economy. The Bank could also increase the development of financial communication and education programmes on these issues. Furthermore, Intesa Sanpaolo can promote the adoption of rewarding criteria for companies that integrate ESG criteria into their own model and finance start-ups engaged in the research and development of innovative solutions in terms of decarbonisation and circular economy.



Improvement
objectives

Improvement objectives

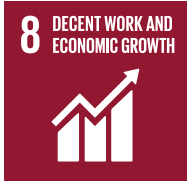




2018-2021 BUSINESS PLAN

In the 2018-2021 Intesa Sanpaolo Group Business Plan, sound and sustainable creation and distribution of value will remain a priority, through maintaining a high level of capitalisation and significantly reducing the risk profile, at no extraordinary cost to shareholders.

The Plan confirms the role of Intesa Sanpaolo as a real economy Bank, with sustainable profitability creating value for all stakeholders, with over 300 billion euro contributed to the economy over the four-year period.

The Group is also seeking to consolidate its leadership role in Corporate Social Responsibility, and become an exemplary model for society in terms of social and cultural responsibility, while increasing the internal commitment to inclusion.

In January 2020, in the context of the European Green Deal, Intesa Sanpaolo stated its willingness to make available 50 billion euro loans in the coming years in Italy.

Shareholders		Cash dividends with a pay-out ratio of 85% for 2018, 80% for 2019, 75% for 2020 and 70% for 2021	
Society	Households and businesses	New medium- to long-term loans disbursed to the real economy and totalling around 250 billion euro (~500,000 new investments financed)	
		Focus on a multi-channel platform aimed at offering all customers a cutting-edge digital range of products and services; 70% of activities digitised in 2021, up from 10% in 2017; ~2.8 billion euro in investments to complete the digital transformation, reinforcement of cybersecurity practices	
		Launch of a new fund (ISP Fund for Impact, allocating 0.5% of shareholder's equity by 2021, for an estimated value of ~250 million euro) enabling the disbursement of credit with a social impact totalling 1.25 billion euro to groups who find it hard to access credit despite their potential (new households, university students, researchers and new businesses), thus making Intesa Sanpaolo the world's first Impact Bank	
	Consolidation of leading role in responsible investments available to customers		
	Community	Extension of the "Cibo e Riparo per i bisognosi" ("Food and Shelter for the needy") initiative with the provision of funds to ensure 10,000 meals a day, 6,000 beds and 3,000 medicines and items of clothing per month	
		New medium- to long-term loans in support of social enterprises, totalling approximately 0.7 billion euro, thus confirming its position as the largest Third Sector lender in Italy	
		Creation of a unit dedicated to the management of artistic, cultural and historical heritage to promote art and culture in Italy and abroad.	
	Suppliers	Purchases and investments totalling around 11 billion euro	
	Public sector	Taxes (direct and indirect) totalling around 13 billion euro	

Employees

Personnel expenses of around 24 billion euro (to over 90,000 households)

Investment of around 1 billion euro in training and ~46 million hours of training during the 2018-2021 period, with around 11.9 million hours of training in 2021, up from 6.6 million in 2017

Reassignment of excess capacity (~5,000 people) into new high-value added initiatives (Proactive HR In-Placement)

Hiring of at least 1,650 people to support the growth of the core business and facilitate generational change.

New long-term incentive programmes linked to the main indicators of the Plan (with the participation of all employees in Intesa Sanpaolo's capital) to promote the creation of long-term value for all stakeholders

Development of improved, innovative programmes to promote distinctive leadership for the managers of the Group (international Managers' School, ~7,000 managers)

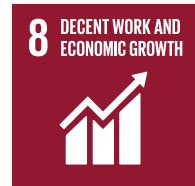
International programme for young talents (~500 individuals), to strengthen the international 'middle management' community through training programmes and personalised career plans

Implementation of a new international HR platform aimed at ensuring internal equality and meritocracy by mapping ~2,400 managerial roles

Ongoing dialogue with people within the Group to support their well-being and contribute to organisational improvements, in line with the values and culture of Intesa Sanpaolo (Process and People Care)

Launch of dedicated initiatives to ensure diversity and inclusion are fully promoted

Focus on flexibility programmes (including smart working extended to around 24,000 people in 2021, up from 8,000 in 2017, to improve the productivity and satisfaction of employees and optimise the use of spaces, part-time work and mixed work contracts)



Environment

37% reduction in CO₂ emissions over the 2012-2022 period (Climate Change Action Plan)

Allocation of a specific plafond (5 billion euro) and launch of an investment fund dedicated to the Circular Economy





Indicators*

* The data relating to the 2018-2017 period is not comparable, particularly the indicators relating to Employees and the Environment, since the 2017 reporting boundary did not consider the aggregate set of the former Banca Popolare di Vicenza and the former Veneto Banca, included as of the 2018 Statement.
The data reported in the tables and charts may not add up exactly due to rounding differences.

Governance and risk management

GOVERNANCE BODIES

BOARD OF DIRECTORS *

	2019
Men	12
Women	7
<=30	0
30-50	3
>50	16
Independent **	14
Meetings	25
Attendance rate [%]	99

* A member of the Board of Directors and the Management Control Committee has suspended himself since 13 December 2019 and resigned on 2 March 2020.

** Independence requirements pursuant to current legislation and the Articles of Association.

MANAGEMENT CONTROL COMMITTEE *

	Members	Independent **	Meetings	Attendance rate [%]
Management Control Committee	5	5	43	98

* A member of the Board of Directors and the Management Control Committee has suspended himself since 13 December 2019 and resigned on 2 March 2020.

** Independence requirements pursuant to current legislation and the Articles of Association.

COMMITTEES OF THE BOARD OF DIRECTORS

Committees	Members	Independent *	Meetings	Attendance rate [%]
Remuneration Committee	5	3	20	99
Nomination Committee	5	3	15	99
Risks Committee	5	3	36	99
Related Party Transactions Committee	5	5	13	97

* Independence requirements pursuant to current legislation and the Articles of Association.

COMMUNICATION TO THE MARKET

Presentations, roadshows and meetings	2019	2018	2017
Group institutional presentations	58	58	56
Public financial disclosures	179	215	190
Roadshow	69	71	82
Europe	53	57	62
United States	14	12	20
Asia	2	2	0
Meetings with investors and analysts	407	485	589
of which:			
Meetings with investors and analysts on ESG issues*	33	23	26
Replies to requests received	12,000	12,000	12,000

* ESG: Environmental, social and governance issues.

CSR GOVERNANCE

Code of Ethics: reports of alleged non-compliance	2019	2018	2017
Customers	98	112	93
Employees	31	19	8
Suppliers	1	0	0
Community	0	0	0
Total	130	131	101

INTEGRITY IN CORPORATE CONDUCT

Whistleblowing	2019	2018	2017
Reports received	17	21	16
Reports identified as not relevant	7	4	6
Reports with specific investigations	10	17	10

Training for the prevention of corruption*	2019		
	Italy	Abroad	Group
Participants [No.]	59,899	9,877	69,776
Hours of specific training [No.]**	183,241	25,345	208,586
Executives [%]	67.1	17.3	50.6
Middle managers [%]	91.3	36.0	82.5
Professional areas [%]	92.0	45.6	77.1
% collaborators who have received specific training on the prevention of corruption	91.3	42.8	78.7
% of hours for specific training on corruption prevention	5.7	2.6	5.0

* Data recorded in detail as of 2019.

** Hours defined as the duration of the teaching units used.

Training for the prevention of money laundering*	2019		
	Italy	Abroad	Group
Participants [No.]	46,995	13,177	60,172
Hours of specific training [No.]**	50,984	47,368	98,351
Executives [%]	46.5	23.7	39.0
Middle managers [%]	72.9	50.2	69.3
Professional areas [%]	71.4	60.2	67.8
% collaborators who have received specific training on money laundering prevention	71.6	57.1	67.9
% of hours for specific training on money laundering prevention	1.6	4.8	2.3

* Data recorded in detail as of 2019.

** Hours defined as the duration of the teaching units used.

Total training for the prevention of corruption and money laundering	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Participants [No.]*	60,645	16,738	77,383	48,534	17,786	66,320	35,807	14,713	50,520
Hours of specific training [No.]**	234,224	72,713	306,937	278,788	44,454	323,242	71,873	57,089	128,962
Executives [%]	71.1	24.3	55.6	21.6	21.9	21.7	10.5	18.8	13.4
Middle managers [%]	92.5	59.8	87.3	71.8	72.6	72.0	53.2	62.4	54.7
Professional areas [%]	92.9	77.8	88.1	71.7	79.9	74.2	59.5	63.0	60.7
Participants [%]	92.4	72.6	87.3	71.0	76.9	72.5	56.1	61.9	57.7
Hours of specific training/ Total training hours [%]**	7.3	7.4	7.3	10.4	4.4	8.8	3.9	7.4	4.9

* In order to avoid duplication, the employees who participated in both types of courses (anti-corruption and anti-money laundering) are considered only once.

** Hours defined as the duration of the teaching units used.

Protection training of free competition	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Participants	54,748	0	54,748	47,499	477	47,976	2,057	176	2,233
Hours of training provided (classroom + remote learning)*	1,149,496	0	1,149,496	71,690	1,248	72,938	2,324	97	2,421

* Hours defined as the duration of the teaching units used.

Training for consumer protection	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Participants	46,342	1,789	48,131	38,243	1,798	40,041	4,710	5,622	10,332
Hours of training provided (classroom + remote learning)*	1,208,421	4,795	1,213,215	1,195,044	28,157	1,223,201	5,470	13,471	18,941

* Hours defined as the duration of the teaching units used.

Training for privacy protection	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Participants	59,568	3,260	62,828	46,259	5,637	51,896	7,725	5,410	13,135
Hours of training provided (classroom + remote learning)*	73,038	8,472	81,510	37,119	6,383	43,501	3,205	12,713	15,918

* Hours defined as the duration of the teaching units used.

SANCTIONS REGARDING ENVIRONMENTAL AND SOCIAL ISSUES

Sanctions for non-compliance with environmental regulations	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Sanctions	27	1	28	4	3	7	10	1	11
Amount [K euro]	6.4	1.5	7.9	0.6	2.7	3.4	1.0	1.4	2.4

Sanctions for non-compliance with employee health and safety regulations	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Sanctions	20	2	22	7	2	9	5	0	5
Amount [K euro]	42.4	0.5	42.9	11.7	0.1	11.8	4.6	0.0	4.6

PROCEEDINGS AND DISCIPLINARY MEASURES TAKEN AGAINST EMPLOYEES

Proceedings pending with staff (n.)	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Termination of employment	17	96	113	7	110	117	7	138	145
Establishment and performance of the employment relationship	46	2	48	53	1	54	72	1	73
Duties and qualifications	23	20	43	25	20	45	24	24	48
Welfare and assistance	2	3	5	1	6	7	0	6	6
Remuneration	12	47	59	92	42	134	169	38	207
Anti-union behavior	0	0	0	0	0	0	0	0	0
Causes for mobbing	0	0	0	0	0	0	0	0	0
Various	3	28	31	6	41	47	9	43	52
Requests made by the Provincial Directorate of Labor	1	0	1	1	0	1	0	0	0
Active (promoted by the Bank towards collaborators)	0	110	110	0	115	115	4	181	185

Disciplinary measures	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Written censure and verbal or written reprimand	292	108	400	276	153	429	284	187	471
Reduction in remuneration	0	49	49	1	83	84	0	58	58
Suspension from work with subtraction of remuneration (from 1 to 10 days)	172	0	172	155	0	155	161	0	161
Dismissal for just cause or justified reason	23	90	113	21	122	143	26	135	161
Disciplinary sanctions for corruption against collaborators	0	0	0	0	0	0	0	0	0
Dismissal due to corruption	0	0	0	0	0	0	0	0	0

In Italy, collective bargaining provides for the information and prior consultation of workers' representatives in the event of significant restructuring, with a procedure within the company lasting 45 days while in the Group lasting 50 days.

Company value and solidity

MAIN ECONOMIC AND FINANCIAL RATIOS¹

Personnel efficiency indexes [m euro]	2019	2018
Loans to customers / Number of employees	4.44	4.27
Operating income / Number of employees	0.20	0.19
Financial assets of customers ² / Number of employees	10.78	9.88
Capital ratios	2019	2018
Shareholders' equity / Loans to customers	14.2%	13.7%
Shareholders' equity / Financial assets of customers ²	5.8%	5.9%
Solvency coefficients	2019	2018
Common Equity Tier 1 capital net (CET1) of regulatory adjustments / Risk weighted assets (Common Equity Tier 1 ratio)	13.9%	13.5%
Tier 1 Capital (TIER 1) / Risk-weighted assets	15.3%	15.2%
Total own funds / Risk-weighted assets	17.7%	17.7%
Income ratios	2019	2018
Income for the year / Average shareholders' equity ³	8.8%	8.8%
Operating costs/ Operating income (Cost income Ratio)	51.4%	53.3%
Risk ratios	2019	2018
Net bad loans / Loans to customers	1.7%	1.8%
Cumulated adjustments on bad loans / Gross bad loans to customers	65.3%	67.2%

1. The ratios were calculated with reference to reclassified statements and figures published in the Intesa Sanpaolo Group's 2019 Consolidated Financial Statements. Comparative data is restated, where necessary and if material, to take into account changes in the scope of consolidation and discontinued operations.
2. Customer financial assets: direct deposits from banking business, direct deposits from insurance business and technical reserves and indirect deposits, after netting, referred to components of indirect deposits which are also included in direct deposits.
3. Ratio of net income, minus non-recurring elements, to shareholders' equity at the end of the period. The shareholders' equity does not take account of AT 1 equity instruments and the net income for the year.

CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

FINANCIAL STATEMENT ITEMS*		[M EURO]	
		2019	2018
10.	Interest and similar income	10,193	10,486
20.	Interest and similar expense	-3,269	-3,144
40.	Active commissions	9,658	9,548
50.	Passive commissions ¹	-1,471	-1,354
70.	Dividend and similar income	117	94
80.	Profits (Losses) on trading	506	445
90.	Fair value adjustments in hedge accounting	-61	-111
100.	Profits (Losses) on disposal or repurchase of:	1,385	549
	a) financial assets measured at amortised cost	97	-19
	b) financial assets measured at fair value through other comprehensive income	1,218	508
	c) financial liabilities	70	60
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	123	298
	a) financial assets and liabilities designated at fair value	-103	28
	b) other financial assets mandatorily measured at fair value	226	270
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,991	3,240
130.	Net losses/recoveries for credit risks associated with:	-2,201	-2,509
	a) financial assets measured at amortised cost	-2,175	-2,507
	b) financial assets measured at fair value through other comprehensive income	-26	-2
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS39	-9	-26
140.	Profits (Losses) on changes in contracts without derecognition	-6	-11
160.	Net insurance premiums	10,147	8,180
170.	Other net insurance income (expense)	-12,673	-9,968
230.	Other operating expenses (income)	774	733
250. (partial)	Profits (Losses) on investments in associates and companies subject to joint control (realised gains/losses) ²	7	10
280.	Profits (Losses) on disposal of investments	96	452
320.	Profit (loss) from discontinued operations after tax	64	48
A	Total economic value generated	17,371	16,960
190.b (partial)	Other administrative expenses (net of indirect taxes and donations and charges for resolution funds and deposit guarantee) ³	-2,437	-2,731
	ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-2,437	-2,731
190.a	Personnel expenses ⁴	-6,513	-6,600
	ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COLLABORATORS	-6,513	-6,600
340.	Minority interests	10	-22
	ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	10	-22
350. (partial)	Parent Company net income (loss) - Share allocated to Shareholders ⁵	-3,362	-3,449
350. (partial)	Parent Company net income (loss) - Share allocated to holders of equity instruments ⁶	-218	-199
	ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS AND HOLDERS OF EQUITY INSTRUMENTS	-3,580	-3,648
190.b (partial)	Other administrative expenses: indirect taxes	-895	-915
190.b (partial)	Other administrative expenses: charges for resolution funds and deposit guarantee	-526	-422
300. (partial)	Income taxes for the year (current taxes) ⁷	-1,724	-474
	ECONOMIC VALUE DISTRIBUTED TO GOVERNMENT, ORGANISATIONS AND INSTITUTIONS	-3,145	-1,811
190.b (partial)	Other administrative expenses: donations ⁸	-9	-1
350. (partial)	Parent Company net income (loss) - Share allocated to charity funds ⁹	-13	-14
	ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND ENVIRONMENT	-22	-15
B	Totale Total economic value distributed	-15,687	-14,827
C	Total economic value retained (withdrawn) by the corporate system¹⁰	1,684	2,133

* The 2019 data includes the effects of the application of IFRS 16. For additional details, please refer to the 2019 Consolidated Financial Statements.

- The figures differ from those of the income statement in the annual report, as the remuneration of the financial consultant networks was reclassified as "Personnel expenses".
- The figures differ from those of the income statement in the annual report due to the exclusion of unrealised gains/losses, now recognised in a separate item.
- The figures differ from those of the income statement in the annual report due to the exclusion of indirect taxes and donations and gifts, and taxes and other charges regarding the banking industry, now recognised in a separate item. As of 2019, in application of IFRS 16, leasing payments are no longer included, since the charge is represented through the amortisation of the asset relating to the right of use and as interest expense on the debt.
- The figures differ from those of the income statement in the annual report, as they also include the remuneration paid to the financial consultant networks.
- For 2019, the economic value distributed to shareholders is partially drawn from the reserves of the Parent Company.
- Accrued interest relative to coupons on additional class 1 (AT1) equity instruments, recognised directly in the shareholders' equity.
- The figures differ from those of the income statement in the annual report due to the exclusion of deferred tax assets and liabilities, now recognised in a separate item.
- The figures differ from those in the "Relations with the community" chapter, as they only consider the "Donations and charity" caption of the income statement.
- The figures include amounts allocated to charity funds by the Group banks.
- Represented by adjustments/recoveries and provisions, deferred tax assets and liabilities, and by the consolidated profit net of dividends distributed by the Parent Company.

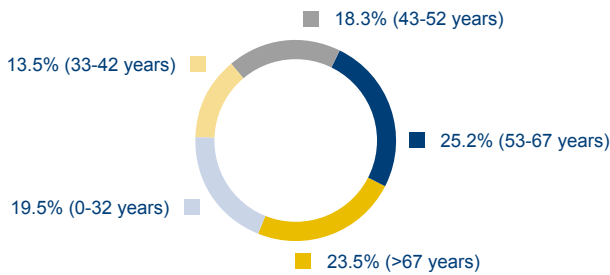
Society

CUSTOMERS

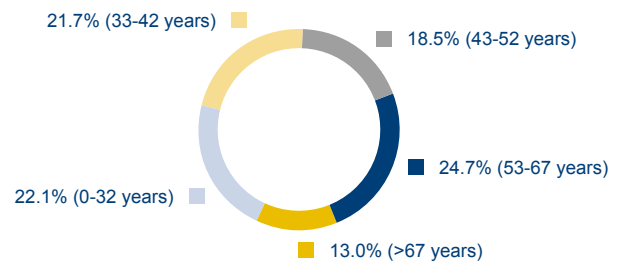
CUSTOMER COMPOSITION

Retail customers by age bracket [% - years]

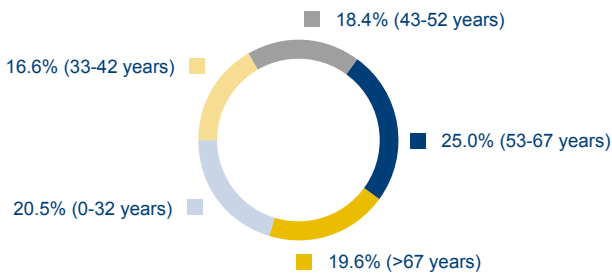
Italy



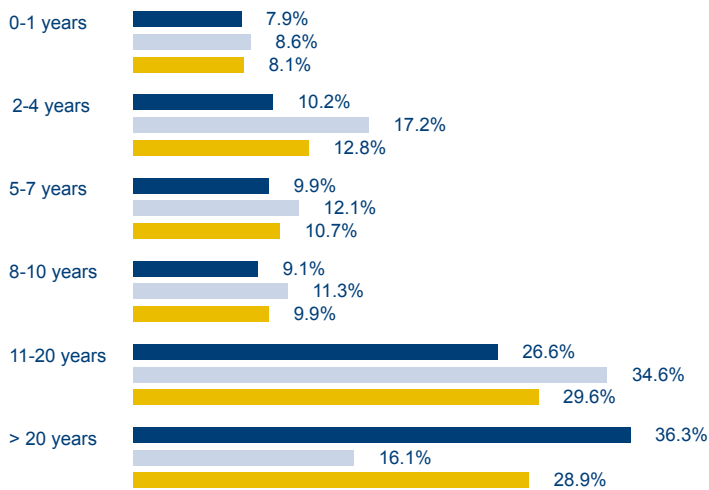
Abroad



Group



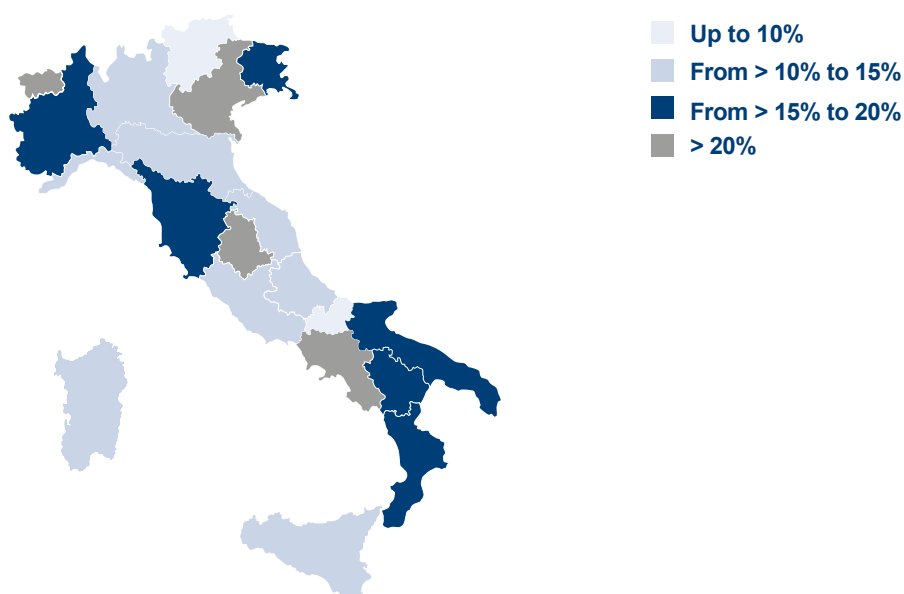
Retail customers by years of relationship with the bank [years - %]



Italy
Abroad
Group

Average in Italy: 16 years
Average abroad: 11 years
Average for the Group: 14 years

Market share per region of branches in Italy



Presence in Italian regions with a low population density*	2019		2018		2017	
	Branches	Atm	Branches	Atm	Branches	Atm
Valle d'Aosta	19	43	20	45	21	46
Basilicata	34	48	44	55	46	36
Sardegna	80	143	84	149	86	151
Molise	9	21	16	25	16	24
Trentino Alto Adige	49	66	53	69	55	69

* Source: ISTAT 2019 Yearbook, resident population at 01/01/2019 and relative area data. Regions considered have less than 100 inhabitants per square kilometre.

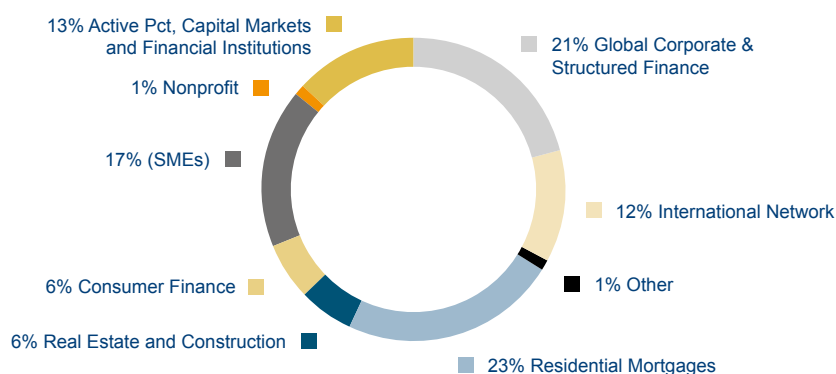
Intesa Sanpaolo Group banks abroad*	2019		2018		2017	
	Branches	Atm	Branches	Atm	Branches	Atm
Albania	35	53	34	51	32	49
Croatia	278	1,140	295	1,394	301	962
Romania	33	41	34	43	30	39
Serbia	155	309	154	299	158	289
Slovakia	193	603	202	592	231	577
Slovenia**	0	0	0	0	0	0
Ukraine	45	117	50	157	50	172
Hungary	64	123	68	130	76	137
Moldova	17	64	0	0	0	0
Egypt	175	437	175	375	172	366
Russian Federation	29	43	32	48	37	53

* The breakdown by country is carried out on the basis of the head office of the Parent Company for the international banking groups (PBZ in Croatia, VÚB Banka in Slovakia and CIB Bank in Hungary).

** Since 2017 the Slovenian subsidiary bank (Intesa Sanpaolo Bank), which has 52 branches and 100 ATMs, has been merged into the PBZ Group (Croatia).

LOANS

Loans to customers by business area



Loans to customers by economic business sector

Breakdown by economic business sector	2019	2018	2017
Loans of the Italian banks and companies of the Group			
Households	29.0%	29.0%	25.5%
Public Administration	1.9%	1.9%	3.0%
Financial Companies	10.8%	11.3%	9.5%
Non-financial Companies of which:	32.10%	33.0%	33.8%
Services	6.3%	6.1%	5.8%
Distribution	5.4%	5.7%	5.7%
Real Estate	3.3%	3.6%	3.7%
Utilities	2.5%	2.5%	2.9%
Construction	1.9%	2.0%	2.2%
Metals and metal products	1.7%	1.8%	1.9%
Agriculture	1.5%	1.5%	1.6%
Food and drink	1.3%	1.4%	1.4%
Transport	1.3%	1.3%	1.4%
Mechanical	1.0%	1.0%	1.0%
Intermediate industrial products	0.9%	1.0%	1.0%
Fashion	0.8%	0.9%	0.9%
Electrotechnical and electronic	0.6%	0.6%	0.6%
Transportation means	0.5%	0.5%	0.5%
Holding and other	0.5%	0.4%	0.5%
Energy and extraction	0.4%	0.3%	0.4%
Publishing and printing	0.3%	0.3%	0.3%
Material for construction	0.3%	0.3%	0.3%
Base and intermediate chemicals	0.3%	0.3%	0.4%
Non-classified units	0.3%	0.3%	0.1%
Pharmaceutical	0.2%	0.2%	0.2%
Great jobs	0.2%	0.3%	0.3%
Furniture	0.2%	0.2%	0.2%
Other consumption goods	0.2%	0.2%	0.2%
Mass consumption goods	0.1%	0.1%	0.1%
White goods	0.1%	0.1%	0.1%
Rest of the world	10.8%	9.7%	11.6%
Loans of international banks and companies of the Group	11.7%	10.9%	10.0%
Non-performing loans	3.6%	4.2%	6.2%
TOTAL	100.0%	100.0%	100.0%

Note: figures may not add up exactly due to rounding differences.

OPERATIONS SUBJECT TO EQUATOR PRINCIPLES SCREENING*

Project Finance**	Category A	Category B	Category C
Total	3	7	1
Sector			
Oil and gas	2	3	
Mining			
Energy		1	1
Infrastructure	1	3	
Other			
Region			
Americas	2	3	
Europe, Middle East and Africa (EMEA)		2	1
Asia and Oceania	1	2	
Type of country***			
Designated	1	7	1
Not designated	2		
Independent audit			
Yes	3	7	1
No			

* There are no loans to companies for projects that reached financial close in 2019.

** Refers to the number of projects that were financially completed in 2019.

*** Designated countries: countries considered as having solid environmental and social governance, legal systems and an institutional capacity conceived to protect the population and natural environment. The list of designated countries is available on the Equator Principles Internet site. The Equator Principles envisage the assignment of a risk category to the projects to be financed (A is high, B medium and C low).

Projects closed during the year*	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Projects	11	0	11	17	3	20	10	1	11
Economic Value [m euro]	825	0	825	955	38	993	603	9	612

* Projects that were financially completed in 2019.

SOCIAL IMPACT LOANS*

Loans granted for social purposes [K euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Micro-finance	16,167	57,699	73,866	25,199	45,535	70,733	29,905	34,886	64,791
Anti-usury loans	1,480	0	1,480	1,680	0	1,680	2,190	0	2,190
Loans to the Third Sector	205,370	0	205,370	252,375	0	252,375	334,908	0	334,908
Products for vulnerable social groups	3,178,120	253,693	3,431,814	3,637,664	295,362	3,933,026	3,415,712	570,924	3,986,636
Support for people hit by disastrous events	136,907	0	136,907	197,090	0	197,090	133,168	0	133,168
Total	3,538,044	311,392	3,849,437	4,114,008	340,897	4,454,904	3,915,883	605,810	4,521,693

* It includes medium/long term loans provided by Third Sector and by Banks in Italy.

In 2019, the total of high social impact loans represented the 6.6% of the total loans granted by the Group (vs 7.4% in 2018).

The decline in disbursements for social purposes is attributable to the decrease in loans following natural disasters, in disbursements to the Third Sector and in mortgages to young people which in the year in any case recorded a percentage increase compared to the total mortgages granted by the Bank.

RELATIONS WITH THE THIRD SECTOR

Third Sector Network	2019	2018	2017
Customers [No.]	65,787	64,664	61,837
Customers with loans [No.]	11,993	11,394	10,847
Loans [K euro]	2,098,952	1,899,200	1,796,311
Direct funding [K euro]	4,108,541	3,687,631	3,479,901
Indirect funding [K euro]	1,707,867	1,611,907	2,510,316

SUSTAINABLE INVESTMENTS

Eurizon SGR: Ethical and ESG Funds	2019	2018	2017
Ethical and ESG Funds: assets [K euro]	8,225,273	5,619,618	3,965,237
Ethical Funds: assets [K euro]	1,621,718	1,152,199	1,096,764
International ethical equity: assets [K euro]	260,613	140,690	109,755
Ethical bonds: assets [K euro]	503,629	430,064	480,648
Diversified Ethical Heritage: assets [K euro]	836,113	581,446	506,361
EIS - Flexible Equity Ethical Selection: assets [K euro]***	21,363	-	-
ESG funds: assets [K euro]	6,603,555	4,467,419	2,868,473
ESG Target 40 Fund (retail customers): assets [K euro]*	106,417	107,294	121,393
Sustainable Global Equity Fund (professional customers): assets [K euro]*	623,300	350,399	289,741
Flexible Equity Fund: assets [K euro]*	3,675,633	3,364,371	2,457,339
Sustainable Discipline ESG Fund: assets [K euro]**	432,862	423,298	0
Absolute Green Bonds Fund: assets [K euro]**	725,119	152,181	0
Bond Corporate Smart ESG Fund: assets [K euro]**	156,567	69,876	0
Equity Contrarian ESG Approach: assets [k euro]***	61,456	0	0
Bond Emerging Markets in local currencies ESG: assets [k euro]***	229,023	0	0
Equity Innovation: assets [k euro]***	77,452	-	-
Equity People Heritage: assets [k euro]***	62,404	-	-
Equity Planet: assets [k euro]***	82,227	-	-
Equity Europe: assets [k euro]***	196,128	-	-
Equity US: assets [k euro]***	174,967	-	-
International Ethical share: gross return [%]	34.1	-3.7	8.5
Ethical Bond Yield: gross return [%]	7.9	-0.1	1.4
Ethical Diversified: gross return [%]	7.0	-0.8	1.5
Target ESG 40 retail customers: gross return [%]*	13.9	-6.3	n.a.
Sustainable Global Equity professional customers: gross return [%] *	26.0	-12.6	
Flexible equity: gross return [%] *	10.4	-5.7	7
ESG Sustainable Discipline: gross return [%] **	9.8	-3.6	
Absolute Green Bonds: gross return [%] **	8.9	-1.5	
Bond Corporate Smart ESG: gross return [%] **	4.8	-0.5	
Contrarian ESG approach: gross return [%] ***	2.1	0.0	-
Bond Emerging Markets gross yield in local currencies ESG: gross return [%] ***	5.6	0.0	-
On equity innovation: gross return [%] ***	2.0	-	-
Equity People: gross return [%] ***	1.1	-	-
Equity Planet: gross return [%] ***	1.1	-	-
Equity Europe: gross return [%] ***	10.6	-	-
Equity US: gross return [%] ***	11.6	-	-
Percentage of ethical and ESG funds (under Italian law and delegated) respect to the total assets of Italian law funds [%]	12.0	8.3	5.6
Total fund assets managed with ESG criteria for third parties (mandates of institutional operators) [k euro]	3,522,898	2,570,553	2,389,543

* Funds offered to the public since 2017

** Funds offered to the public since 2018

*** Funds offered to the public from 2019

Average gross yield weighted for assets on the basis of the time horizons of the funds. Eurizon Ethical Funds are Italian funds. For the characteristics and performances of the funds, please click on the relevant hyperlink below.

Eurizon International Ethical Equity [\[i\]](#) Eurizon Diversified Ethical [\[i\]](#) Eurizon Ethical Bond [\[i\]](#) Eurizon Absolute Green Bonds [\[i\]](#) Eurizon Flexible Equity [\[i\]](#)

Eurizon Sustainable Global Equity [\[i\]](#) Eurizon ESG Target 40 [\[i\]](#) Eurizon Sustainable Discipline ESG [\[i\]](#) [\[i\]](#) [\[i\]](#) [\[i\]](#) Eurizon Bond Corporate Smart ESG [\[i\]](#)

Eurizon SGR: engagement initiatives	2019	2018	2017
Companies comprising the portfolios*	1,420	1,382	1,552
Companies for which engagement initiatives have been carried out	515	600	665
Companies for which ESG engagement initiatives have been carried out	77	130	135
% of companies included in the portfolios subject to ESG engagement	5.4	9.4	8.7
% of companies for which ESG engagement activities were carried out on the total of the companies subject to engagement	15.0	21.7	20.3

* The overall number reported refers to issuers of equity in Italian funds.

Fideuram Ethical and ESG Funds	2019	2018	2017
Ethical and ESG funds: assets [k euro]	224,803	115,420	51,640
Ethical Funds: assets [k euro]	57,624	47,909	51,640
Fonditalia Ethical Investment Class R assets [k euro]	26,871	26,447	30,165
Fonditalia Ethical Investment Class T assets [k euro]	30,752	21,462	21,475
ESG funds: assets [k euro]	167,179	67,511	0
Fonditalia Millennial Equity Class R assets [k euro]*	74,311	21,336	0
Fonditalia Millennial Equity Class T assets [k euro]*	92,868	46,175	0
Gross return Fonditalia Ethical Investment Class R [%]	6.9	-3.2	2.9
Gross return Fonditalia Ethical Investment Class T [%]	6.9	-3.2	2.9
Gross return Fonditalia Millenials Equity Class R [%]	36.4	-10.2	0.0
Gross return Fonditalia Millenials Equity Class T [%]	36.7	-10.3	0.0
Total fund assets managed by Fideuram directly and on behalf of third parties [k euro]**	61,092,911	55,418,000	56,653,000

The Fideuram Ethical Funds are governed by Luxembourg law.

For the characteristics and performance of the funds, please click on the related hyperlink below.

Fonditalia Ethical Investment Classe R [\[i\]](#) Fonditalia Ethical Investment Classe T [\[i\]](#) Fonditalia Millenials Equity Classe R [\[i\]](#) Fonditalia Millenials Equity Classe T [\[i\]](#)

* Sub-fund active since June 2018.

** The term "third party houses" refers to asset management companies other than those belonging to the Fideuram Group (Fideuram Investimenti and Fideuram Asset Management Ireland) which establish mutual investment funds which are then placed with customers.

MULTI-CHANNEL

Distribution channels and automation of operations: Italy	2019	2018	2017
Multi-channel contracts (stock)*	9,171,390	8,329,884	7,311,000
Multi-channel contracts (stock)/no of customers*	78.4%	70.9%	61.7%
Bank transfers automation [%]	90.2	88.3	88.1
Securities automation [%]	66.4	67.5	74.9
Remote Banking: active contracts at date	211,645	239,358	164,220
Remote Banking: orders	139,179,355	127,248,285	134,771,167

* Monitoring of the 2018-2021 Business Plan is performed on customers of the Banca dei Territori Division.

Distribution channels: Abroad	2019		2018	
	No. of multi-channel contracts (stock)	No. of multi-channel contracts (stock)/no. of customers	No. of multi-channel contracts (stock)	No. of multi-channel contracts (stock)/no. of customers
Albania	34,919	16	18,664	9
Croatia	572,631	37	540,333	28
Romania	16,262	26	13,893	20
Serbia	571,424	46	833,571	49
Slovakia	583,873	61	555,682	57
Ukraine	58,985	67	83,479	59
Hungary	316,290	90	316,916	85
Moldova	0	0	0	0
Russian Federation	38,826	27	46,528	21

The breakdown by country is based on the parent company head office for international subsidiaries (PBZ in Croatia, VÚB Banka in Slovakia e CIB Bank in Hungary).

CYBER SECURITY

Training	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Participants	43,659	7,770	51,429	3,627	4,653	8,280	28,846	7,194	36,040
Hours of training provided (classroom + remote learning)*	205,281	16,090	221,371	7,560	6,647	14,207	6,716	10,510	17,226

* Hours defined as the duration of the teaching units used.

The entry into force of the General Data Protection Regulation (GDPR), specific guidelines of the IVASS Regulation and the increasing focus of all Institutions on the IT Security issue led to a significant investment in training on the topic of Cyber Security.

CUSTOMER EXPERIENCE

Net promoter score (NPS) performance by type of customer	2019*			2018			2017		
Retail	19.5			15.9			13.2		
Personal	6.5			3.2			2.7		
SME	11.2			20.3			20.2		

Surveys on customers of the Banca dei Territori Division.

* In 2019 it was established that the survey channel of reference is the telephone. Therefore, the 2019 NPS is calculated by applying a correction that makes it possible to make the votes collected through different channels comparable with those gathered by telephone. From 2019 the data referring to customers of the aggregate set of former Banca Popolare di Vicenza and former Veneto Banca are included.

CLAIMS, COMPLAINTS AND APPEALS

Type	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Loans	18,569	4,945	23,514	24,922	4,703	29,625	27,215	5,559	32,774
Payment systems	11,275	24,328	35,603	9,640	20,616	30,256	7,247	20,452	27,669
Organisational issues, Internet site, other	12,873	7,447	20,320	10,365	7,082	17,447	8,457	8,269	16,726
Insurance products	8,289	115	8,404	6,088	150	6,238	5,650	285	5,935
Current accounts, deposits and securities dossier	4,327	6,333	10,660	5,997	5,336	11,333	3,315	5,510	8,825
Investments	3,391	165	3,556	2,997	209	3,206	1,823	351	2,174
Total	58,724	43,333	102,057	60,009	38,096	98,105	53,707	40,426	94,133

For a correct comparison, the number of complaints received in 2017 – by individual category - must be supplemented with the data referring to the 'Venetian Banks' (2,834 complaints in total).

With regard to requests received from customers on personal data protection in Italy, 77 reports were received for an alleged violation of the Privacy Code in 2019 (115 in 2018), together with 9 request from the Italian Data Protection Authority.

COMMUNITY

CONTRIBUTION TO THE COMMUNITY

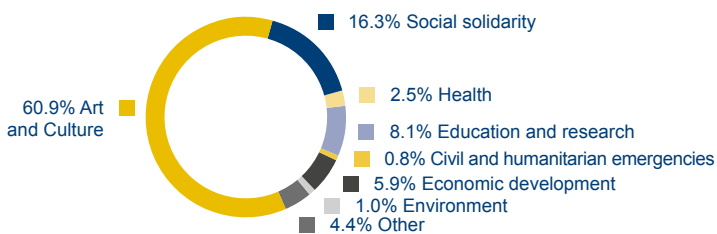
Contribution to the community by type [K euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Monetary contribution to the community	83,304	2,820	86,124	58,964	2,721	61,685	46,775	2,862	49,637
Goods and services donated to the community	0	23	23	0	17	17	0	0	0
Time contributions	73	99	172	125	89	214	56	162	218
Operating costs	5,871	331	6,203	4,558	253	4,811	3,414	155	3,569
Overall contribution to the community	89,248	3,273	92,521	63,647	3,080	66,727	50,245	3,179	53,424

Contribution to the community: geographic distribution [K euro]*	2019	2018	2017
European Union	90,977	65,307	52,006
Other European countries	646	612	671
Africa	896	789	724
South America	2	19	23
Total contribution to the community	92,521	66,727	53,424

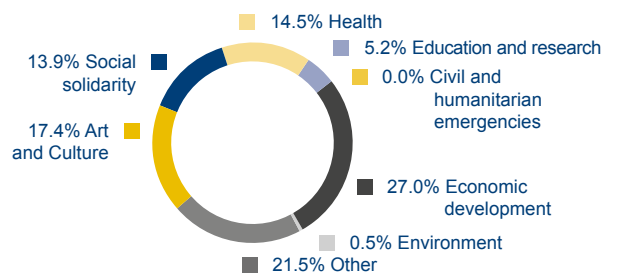
* Data recorded based on the geographic area of the Group Bank making the contribution.

Monetary contribution to the community by area of activity [%]

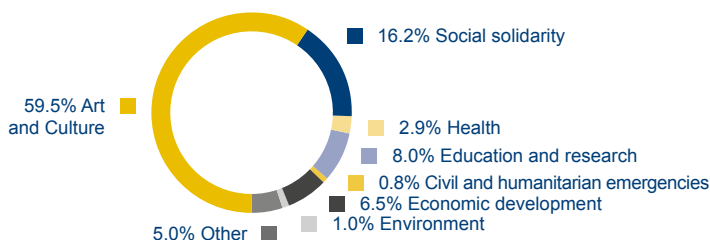
Italy



Abroad



Group

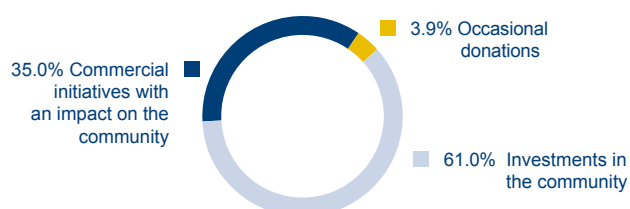


Monetary contribution to the community by area of activity [K euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Art and Culture	50,753	491	51,243	30,417	468	30,885	27,551	786	28,337
Social solidarity	13,584	392	13,976	8,786	278	9,064	5,335	167	5,502
Health	2,113	408	2,521	1,803	246	2,048	1,796	319	2,115
Education and research	6,772	146	6,918	8,790	242	9,032	4,386	301	4,687
Civil and humanitarian emergencies	705	0	705	798	3	801	780	0	780
Economic development	4,879	762	5,641	4,616	776	5,391	4,274	434	4,709
Environment	831	15	847	25	5	30	120	15	134
Other	3,667	605	4,272	3,730	703	4,433	2,533	840	3,373
Total monetary contribution to the community	83,304	2,820	86,124	58,964	2,721	61,685	46,775	2,862	49,637

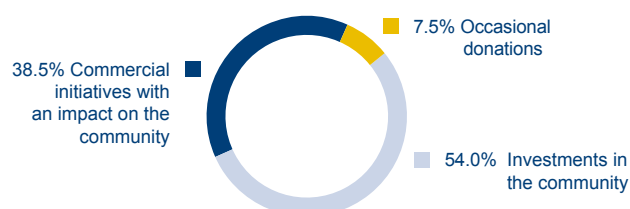
Monetary contribution to the community by reason [K euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Occasional donations	3,274	210	3,485	3,218	385	3,603	3,469	497	3,966
Investments in the community	50,842	1,523	52,366	32,428	1,430	33,858	25,899	1,310	27,209
Commercial initiatives with an impact on the community	29,188	1,086	30,274	23,318	906	24,224	17,407	1,055	18,462
Total monetary contribution to the community	83,304	2,820	86,124	58,964	2,721	61,685	46,775	2,862	49,637

Monetary contribution to the community by reason [%]

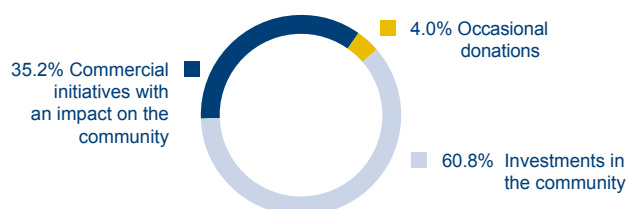
Italy



Abroad



Group



Company voluntary work	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total monetary contribution of hours of company voluntary work [K euro]	73	99	172	125	89	214	56	162	218
Hours of company voluntary work	2,190	8,142	10,332	2,897	9,626	12,523	1,843	15,213	17,056
Staff involved in company voluntary work [No.]	295	1,198	1,493	393	931	1,324	252	1,295	1,547

MEDIA RELATIONS

Type [No.]	2019	2018	2017
Press releases and analysis	1,988	1,461	810
Press conferences and interviews	963	709	117
Speeches by managers at events covered by the press office	480	351	134

The 2019 and 2018 figures are not comparable with those of 2017 as the latter in the Press Releases item do not consider the details, in the Press Conferences item they do not include the interviews and in the Product and initiatives Presentation item they do not include all the interventions of managers at events public followed by the Press Office.

SUPPLIERS

Total gross revenue (Group)	2019	2018
Total gross revenue [K euro]	2,488,000	2,784,000

Suppliers - Supplier Gate*	2019	2018
Suppliers [No.]	5,569	3,161
of which:		
Italy [No.]	3,572	2,860
Europe (excluding Italy) [No.]	1,871	239
Rest of the world [No.]	126	62
Share of orders from Europe to (Breakdown by supplier registered office)		
Europe [%]	98	98
Rest of the world [%]	2	2

* The figures refer exclusively to suppliers whose registration with the Intesa Sanpaolo Group's Supplier Gate is ongoing or has been completed.

Employees

COMPOSITION

Group staff breakdown by country	2019		
	Total	Men	Women
Italy	65,612	32,188	33,424
Luxembourg	211	133	78
Ireland	28	16	12
Egypt	4,494	3,333	1,161
Albania	663	193	470
Croatia	5,209	1,496	3,713
Romania	564	160	404
Serbia	3,106	832	2,274
Hungary	2,263	710	1,553
Slovakia	4,151	1,161	2,990
Ukraine	875	187	688
Russian Federation	1,111	302	809
Brazil	36	26	10
Moldova	359	123	236
Group	88,682	40,860	47,822

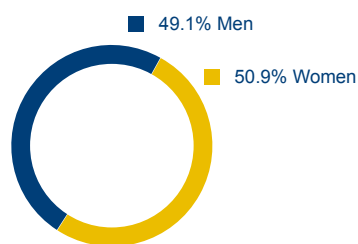
The figures exclude employees with atypical contracts.

Employees from foreign subsidiaries of Italian companies are included in the scope of Italy.

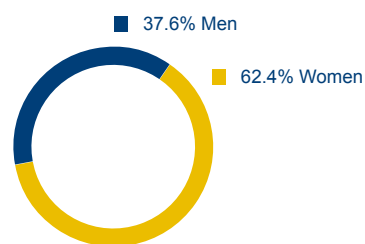
The breakdown by country is based on the parent company head office for international subsidiaries (PBZ in Croatia, VÚB Banka in Slovakia and CIB Bank in Hungary).

Breakdown of staff by gender

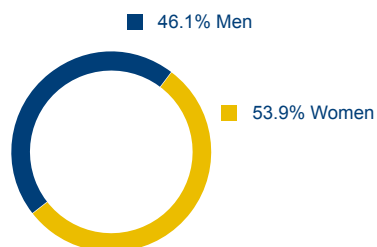
Italy



Abroad



Group



Female bank employees in Italy account for 46.2% of staff, against 53.8% male employees.

Employees by type of contract and gender [no.]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Open-ended contracts	65,593	20,300	85,893	68,343	20,704	89,047	63,756	21,582	85,338
Men	32,178	7,516	39,694	33,809	7,697	41,506	31,346	8,083	39,429
Women	33,415	12,784	46,199	34,534	13,007	47,541	32,410	13,499	45,909
Fixed-term contracts	19	2,654	2,673	47	2,312	2,359	60	2,068	2,128
Men	10	1,114	1,124	26	1,034	1,060	27	924	951
Women	9	1,540	1,549	21	1,278	1,299	33	1,144	1,177
Apprenticeships	0	116	116	2	118	120	43	112	155
Men	0	42	42	0	40	40	19	41	60
Women	0	74	74	2	78	80	24	71	95
Access-to-work contract	0	0	0	0	0	0	0	1	1
Men	0	0	0	0	0	0	0	0	0
Women	0	0	0	0	0	0	0	1	1

Employees by type of contract and gender [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Open-ended contracts	99.97	87.99	96.86	99.93	89.50	97.29	99.84	90.82	97.39
Men	49.04	32.58	44.76	49.43	33.27	45.35	49.09	34.02	45.00
Women	50.93	55.41	52.10	50.49	56.22	51.94	50.75	56.81	52.39
Fixed-term contracts	0.03	11.50	3.01	0.07	9.99	2.58	0.09	8.70	2.43
Men	0.02	4.83	1.27	0.04	4.47	1.16	0.04	3.89	1.09
Women	0.01	6.68	1.75	0.03	5.52	1.42	0.05	4.81	1.34
Apprenticeships	0.00	0.50	0.13	0.00	0.51	0.13	0.07	0.47	0.18
Men	0.00	0.18	0.05	0.00	0.17	0.04	0.03	0.17	0.07
Women	0.00	0.32	0.08	0.00	0.34	0.09	0.04	0.30	0.11
Access-to-work contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Men	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Women	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Figures for Italy for bank staff are as follows: Open-ended contracts (98.6%), Fixed-term contracts (0.8%) and Apprenticeships (0.6%).

Other types of work	2019	2018	2017
Employees adhering to flexible work [No.]	17,250	11,500	8,200
Employees hired with mixed employment contracts [No.]*	153	50	18

*The data have been considered since this type of contract was used and do not refer solely to the indicated year.

Atypical contracts and work placements	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Temporary agency employment contracts	18	117	135	31	107	138	22	102	124
Men	6	42	48	11	44	55	12	29	41
Women	12	75	87	20	63	83	10	73	83
Temporary employment contracts	24	0	24	28	0	28	61	0	61
Men	21	0	21	26	0	26	55	0	55
Women	3	0	3	2	0	2	6	0	6
Work placements	304	133	437	236	132	368	148	127	275
Men	176	51	227	130	62	192	92	64	156
Women	128	82	210	106	70	176	56	63	119

Financial advisors	Italy		
	2019	2018	2017
Financial advisors	5,834	5,995	5,950
Men	4,590	4,740	4,735
Women	1,244	1,255	1,215

Overall workforce	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Overall workforce	71,792	23,320	95,112	74,682	23,373	98,055	70,040	23,992	94,032
Men	36,981	8,765	45,746	38,742	8,877	47,619	36,286	9,141	45,427
Women	34,811	14,555	49,366	35,940	14,496	50,436	33,754	14,851	48,605

Includes staff, other employees (with various types of contracts) and financial advisors.

Employees by category and gender [% of total employees]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Executives	1.6	2.2	1.7	1.5	2.3	1.7	1.5	2.1	1.6
Men	1.2	1.3	1.3	1.2	1.4	1.3	1.2	1.3	1.2
Women	0.3	0.9	0.5	0.3	0.9	0.5	0.3	0.8	0.4
Middle managers	42.4	22.8	37.3	42.5	23.4	37.7	43.1	22.9	37.6
Men	25.6	12.9	22.3	25.8	13.8	22.8	25.7	13.7	22.5
Women	16.7	9.8	14.9	16.6	9.6	14.9	17.4	9.2	15.1
Professional areas	56.1	75.0	61.0	56.0	74.3	60.6	55.4	75.0	60.8
Men	22.2	23.3	22.5	22.4	22.7	22.5	22.2	23.1	22.5
Women	33.9	51.7	38.5	33.6	51.6	38.1	33.2	51.9	38.3

Figures for Italy for bank staff are as follows: executives (2.3%), middle managers (41.5%) and professional areas (56.3%).

Employees - Breakdown by category and gender [% of the category total]	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Executives	73.4	26.6	73.9	26.1	75.2	24.8
Middle managers	60.0	40.0	60.5	39.5	59.7	40.3
Executives + Middle managers	60.6	39.4	61.1	38.9	60.4	39.6
Professional areas	36.8	63.2	37.1	62.9	37.0	63.0

Part time employees by gender	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Number of part time employees/total staff [%]	15.7	1.3	11.9	15.4	1.1	11.8	15.3	1.0	11.5
Breakdown of part time employees by gender [No.]	10,287	290	10,577	10,531	248	10,779	9,802	240	10,042
Men	724	49	773	678	29	707	638	32	670
Women	9,563	241	9,804	9,853	219	10,072	9,164	208	9,372

In Italy, part time personnel account for 15.7%, about 3.3% more than the Italian figure for the banking sector (12.4%).

Average age of employees	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Average age of employees	48.2	41.0	46.3	47.9	41.5	46.3	48.1	41.2	46.2
Men	49.4	41.8	47.8	49.2	42.6	47.9	49.6	42.6	48.0
Women	47.0	40.6	45.1	46.7	40.8	44.9	46.7	40.4	44.7
Executives	53.3	46.2	50.9	52.8	45.4	50.3	52.5	45.1	49.8
Middle managers	51.3	46.4	50.5	51.0	46.6	50.4	51.2	46.4	50.4
Professional areas	45.7	39.3	43.6	45.4	39.7	43.7	45.6	39.5	43.5

Figures for Intesa Sanpaolo and Italy for leading banks are comparable: average age of employees (47), men (48.1), women (45.7), executives (52.3), middle managers (50) and professional areas (44.5).

Employees by age bracket [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
≤30	3.1	16.7	6.6	3.1	14.6	6.0	3.2	15.5	6.5
Men	1.7	6.4	2.9	1.6	5.4	2.6	1.7	5.5	2.7
Women	1.4	10.3	3.7	1.4	9.2	3.4	1.5	10.0	3.8
31-50	52.0	62.0	54.6	53.3	62.4	55.6	51.9	62.1	54.7
Men	21.9	21.1	21.7	22.6	21.1	22.2	21.4	21.0	21.3
Women	30.1	40.9	32.9	30.7	41.3	33.4	30.5	41.1	33.4
>50	44.9	21.3	38.8	43.6	23.0	38.4	44.9	22.4	38.8
Men	25.5	10.1	21.5	25.2	11.4	21.8	26.0	11.5	22.1
Women	19.4	11.2	17.3	18.4	11.6	16.7	18.9	10.9	16.7

The Italian industry figures for the percentage breakdown of bank employees by age group are as follows: ≤ 30 (4.4%), 31 - 50 (55.7%) e > 50 (39.9%).

Foreign Banks: senior manager hired in the local community	2019		
	First line managers	First line managers (local recruitment)	Front line managers hired in the local community/front line managers [%]
Albania	12	11	91.7
Croatia	39	35	89.7
Romania	11	9	81.8
Serbia	15	14	93.3
Slovakia	20	16	80.0
Ukraine	13	9	69.2
Hungary	11	9	81.8
Moldova	1	1	100.0
Egypt	15	13	86.7
Russian Federation	18	17	94.4

The breakdown by country is based on the parent company head office for international subsidiaries (PBZ in Croatia, VÚB Banka in Slovakia and CIB Bank in Hungary).

Employees by level of education and gender [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Graduates	40.2	71.3	48.3	38.5	69.3	46.3	35.7	67.9	44.4
Men	19.5	28.8	21.9	18.8	28.5	21.3	17.3	27.9	20.2
Women	20.7	42.5	26.4	19.7	40.8	25.0	18.4	40.0	24.2
High school certificate	55.0	26.1	47.5	56.6	26.6	49.0	58.1	27.2	49.7
Men	26.1	7.2	21.2	27.1	7.4	22.1	27.5	7.2	22.0
Women	28.9	18.8	26.2	29.5	19.2	26.9	30.6	20.0	27.7
Other	4.8	2.6	4.3	4.9	4.1	4.7	6.2	4.9	5.8
Men	3.4	1.6	3.0	3.5	2.0	3.2	4.3	2.9	3.9
Women	1.4	1.0	1.3	1.4	2.1	1.5	1.9	2.0	1.9

Intesa Sanpaolo and Italian industry figures for education of leading banks are comparable: graduates and post-graduates (42.3%), high school certificate (52.1%), other (5.6%).

Average employee seniority [years]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total average seniority	21.6	12.7	19.3	21.6	13.3	19.5	22.2	13.0	19.7
Men	22.0	13.1	20.1	22.0	14.1	20.4	23.0	14.2	21.0
Women	21.3	12.5	18.6	21.1	12.8	18.7	21.5	12.2	18.6
Executives	20.5	13.3	18.1	20.1	12.8	17.6	20.1	12.1	17.3
Middle managers	24.6	18.5	23.6	24.6	18.8	23.7	25.5	18.7	24.4
Professional areas	19.4	11.0	16.7	19.3	11.6	16.9	19.8	11.3	16.9

Employees belonging to protected categories [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Disabled persons	4.8	1.7	4.0	4.7	1.8	4.0	4.6	1.4	3.8
Men	2.7	0.6	2.1	2.7	0.7	2.2	2.7	0.6	2.2
Women	2.1	1.1	1.9	2.0	1.1	1.8	1.9	0.8	1.6
Protected categories	1.4	1.0	1.3	1.4	1.0	1.3	1.6	0.1	1.1
Men	0.7	0.1	0.6	0.8	0.0	0.6	0.9	0.0	0.6
Women	0.6	1.0	0.7	0.6	1.0	0.7	0.7	0.1	0.5

Employment by gender and age [no.]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	1,196	3,225	4,421	1,073	2,901	3,974	1,244	2,741	3,985
Men	678	1,211	1,889	609	1,079	1,688	721	1,066	1,787
Women	518	2,014	2,532	464	1,822	2,286	523	1,675	2,198
≤30	631	1,807	2,438	522	1,436	1,958	701	1,419	2,120
31-50	531	1,336	1,867	504	1,365	1,869	506	1,233	1,739
>50	34	82	116	47	100	147	37	89	126

Employment rate by gender and age [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	1.8	14.0	5.0	1.6	12.5	4.3	1.9	11.5	4.5
Men	2.1	14.0	4.6	1.8	12.3	4.0	2.3	11.8	4.4
Women	1.5	14.0	5.3	1.3	12.7	4.7	1.6	11.4	4.7
≤30	31.5	46.9	41.7	25.0	42.5	35.8	34.4	38.6	37.1
31-50	1.6	9.3	3.9	1.4	9.5	3.7	1.5	8.4	3.6
>50	0.1	1.7	0.3	0.2	1.9	0.4	0.1	1.7	0.4

Termination by gender and age [No.]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	3,819	3,599	7,418	4,360	3,949	8,309	1,267	3,613	4,880
Men	2,206	1,426	3,632	2,560	1,474	4,034	769	1,298	2,067
Women	1,613	2,173	3,786	1,800	2,475	4,275	498	2,315	2,813
≤30	159	796	955	187	916	1,103	96	840	936
31-50	460	1,818	2,278	451	2,169	2,620	282	2,046	2,328
>50	3,200	985	4,185	3,722	864	4,586	889	727	1,616

Termination rate by gender and age [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	5.8	15.6	8.4	6.4	17.1	9.1	2.0	15.2	5.6
Men	6.9	16.4	8.9	7.6	16.8	9.5	2.4	14.3	5.1
Women	4.8	15.1	7.9	5.2	17.2	8.7	1.5	15.7	6.0
≤30	7.9	20.7	16.3	8.9	27.1	20.2	4.7	22.9	16.4
31-50	1.3	12.7	4.7	1.2	15.0	5.1	0.9	13.9	4.9
>50	10.9	20.0	12.2	12.5	16.2	13.0	3.1	13.6	4.8

Termination by reason [No.]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Employment ended in the year	3,819	3,599	7,418	4,360	3,949	8,309	1,267	3,613	4,880
Resignation	619	1,382	2,001	601	1,394	1,995	344	1,274	1,618
Retirement	162	187	349	71	206	277	27	257	284
Exit incentives	2,838	0	2,838	3,446	0	3,446	724	0	724
Death	86	22	108	78	26	104	74	31	105
Other reasons - with incentives	14	824	838	23	902	925	9	540	549
Other reasons - without incentives	55	1,014	1,069	68	1,199	1,267	70	1,333	1,403
Expiry of fixed-term contracts	45	170	215	73	222	295	19	178	197

Turnover by gender and age	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	-2,623	-374	-2,997	-3,287	-1,048	-4,335	-23	-872	-895
Men	-1,528	-215	-1,743	-1,951	-395	-2,346	-48	-232	-280
Women	-1,095	-159	-1,254	-1,336	-653	-1,989	25	-640	-615
≤30	472	1,011	1,483	335	520	855	605	579	1,184
31-50	71	-482	-411	53	-804	-751	224	-813	-589
>50	-3,166	-903	-4,069	-3,675	-764	-4,439	-852	-638	-1,490

Turnover rate by gender and age [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	-3.8	-1.6	-3.3	-4.6	-4.3	-4.5	0.0	-3.5	-1.0
Men	-4.5	-2.4	-4.1	-5.5	-4.3	-5.2	-0.2	-2.5	-0.7
Women	-3.2	-1.1	-2.6	-3.7	-4.3	-3.9	0.1	-4.2	-1.3
≤30	30.8	35.6	33.9	19.1	18.2	18.5	42.2	18.7	26.1
31-50	0.2	-3.3	-0.8	0.1	-5.3	-1.5	0.7	-5.2	-1.2
>50	-9.7	-15.5	-10.6	-11.0	-12.6	-11.2	-2.9	-10.7	-4.2

The turnover rate is determined as the delta between the percentage incidence of hires and terminations of the reference year in relation to the workforce at the start of the year. The workforce at the start of the year is given by the workforce at the end of the year by subtracting the hires and including the terminations that occurred in the period.

PROFESSIONAL DEVELOPMENT

Number of promotions by gender	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	2,958	2,960	5,918	2,773	2,901	5,674	3,327	2,209	5,536
Men	1,414	1,463	2,877	1,352	1,645	2,997	1,547	1,170	2,717
Women	1,544	1,497	3,041	1,421	1,256	2,677	1,780	1,039	2,819
Staff promoted [%]	4.5	12.8	6.7	4.1	12.5	6.2	5.2	9.3	6.3

Average gross base salary by category and gender - FTE* [K euro]	2019			2018		
	Italy	Abroad	Group	Italy	Abroad	Group
Executives	153.3	70.6	125.8	146.6	69.4	122.1
Men	159.4	79.3	137.0	150.6	79.7	132.0
Women	129.7	56.5	94.7	129.1	52.3	91.9
Middle managers	58.4	22.2	52.6	58.4	19.9	52.3
Men	60.4	20.6	54.3	60.4	18.8	54.0
Women	55.2	24.4	49.9	55.2	21.5	49.7
Professional areas	39.4	13.6	30.8	39.4	12.9	31.0
Men	39.4	14.3	32.4	39.5	13.5	32.7
Women	39.4	13.3	29.9	39.4	12.6	29.9

Basic salary levels for female staff, with comparable roles and seniority terms, do not differ from salary levels for male staff.

* Since 2018, the reported figures have been calculated on the basis of Full Time Equivalent (FTE) employees in order to provide a more accurate and truthful representation of average wages and salaries on the basis of gender and professional category. For this reason, the 2017 figures were omitted as they are not comparable.

Average remuneration by category and gender - FTE* [K euro]	2019			2018		
	Italy	Abroad	Group	Italy	Abroad	Group
Male executives	256.2	112.6	215.9	224.9	103.2	192.9
Female executives	205.4	71.5	141.5	188.5	63.4	127.9
Male middle managers	67.9	26.4	61.5	66.9	22.2	60.0
Female middle managers	61.5	27.6	55.6	60.5	24.5	54.6
Male professional areas	42.0	16.0	34.8	41.9	15.0	34.8
Female professional areas	42.1	14.4	32.0	41.7	13.9	31.8
Average annual remuneration of all employees	55.5	19.5	45.9	54.5	18.0	45.2
Ratio between the CEO's remuneration and the average remuneration of all employees**	77.9			75.2		
Median annual total compensation of all employees	49.0			48.8		
Ratio between the CEO's remuneration and the median annual total compensation for all employees**	88.2			84.0		

This includes the basic gross average salary and the variable component.

* Since 2018, the reported figures have been calculated on the basis of Full Time Equivalent (FTE) employees in order to provide a more accurate and truthful representation of average wages and salaries on the basis of gender and professional category. For this reason, the 2017 figures were omitted as they are not comparable.

** Despite the salary growth of employees - both in terms of the average and median level of remuneration - recorded from 2018 to 2019, the increase in the ratio between the CEO's remuneration and that of all the employees in Italy is exclusively determined by the increase in the variable components paid during 2019 and resulting from incentive systems of previous years. Further information is available in the Report on Remuneration.

Women/men base salary and remuneration ratio - FTE*	2019			2018		
	Italy	Abroad	Group	Italy	Abroad	Group
Ratio of gross base salary - women vs. men - FTE						
Executives	0.8	0.7	0.7	0.9	0.7	0.7
Middle managers	0.9	1.2	0.9	0.9	1.1	0.9
Professional areas	1.0	0.9	0.9	1.0	0.9	0.9
Ratio of total remuneration - women vs. men - FTE						
Executives	0.8	0.6	0.7	0.8	0.6	0.7
Middle managers	0.9	1.0	0.9	0.9	1.1	0.9
Professional areas	1.0	0.9	0.9	1.0	0.9	0.9

Basic salary is annual, before tax. Remuneration is calculated as the salary plus any bonus/reward system.

* Since 2018, the reported figures have been calculated on the basis of Full Time Equivalent (FTE) employees in order to provide a more accurate and truthful representation of average wages and salaries on the basis of gender and professional category. For this reason, the 2017 figures were omitted as they are not comparable.

Ratios of standard salary of new employee* by gender compared to local minimum wage**	2019	
	Man	Woman
Italy	1.0	1.0
Luxembourg	1.0	1.1
Ireland	2.0	2.2
Egypt	1.0	1.0
Albania	1.0	1.0
Croatia	1.8	1.8
Bosnia	1.8	1.8
Slovenia	1.0	1.0
Romania	1.2	1.2
Serbia	1.1	1.1
Hungary	1.2	1.1
Slovakia	1.3	1.1
Ukraine	1.0	1.0
Russian Federation	2.1	2.1
Brazil	5.2	4.4
Moldova	2.2	2.2

* The standard salary of a new employee is understood to mean the lower base salary paid to him/her in the reference year.

** Local minimum wage is understood to mean the minimum wage envisaged by collective bargaining agreements (where applicable) or by the regulations in force - if any - in the countries in which the Group operates. In countries with the greatest presence of employees (about 90%), hiring provisions are applied that are substantially in line with the provisions of collective bargaining agreements or local regulations.

Performance evaluation	Abroad		
	2019	2018	2017
Employees subject to annual performance assessment [%]	85.9	86.2	88.0
Men	92.3	93.6	94.6
Women	82.0	81.7	83.9
Executives [%]	95.7	n.a	n.a
Men	98.7	n.a	n.a
Women	91.0	n.a	n.a
Middle managers [%]	93.1	n.a	n.a
Men	96.4	n.a	n.a
Women	88.6	n.a	n.a
Professional areas [%]	83.4	n.a	n.a
Men	89.6	n.a	n.a
Women	80.6	n.a	n.a
Employees subject to annual performance assessment [No.]	19,812	19,945	20,907
Men	8,003	8,208	8,560
Women	11,809	11,737	12,347
Executives [No.]	488	n.a	n.a
Men	306	n.a	n.a
Women	182	n.a	n.a
Middle managers [No.]	4,885	n.a	n.a
Men	2,879	n.a	n.a
Women	2,006	n.a	n.a
Professional areas [No.]	14,439	n.a	n.a
Men	4,818	n.a	n.a
Women	9,621	n.a	n.a

In Italy, all staff have a performance appraisal.

Breakdown of branch personnel by category and gender [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Directors	11.9	9.2	11.2	12.2	9.3	11.5	12.2	9.1	11.5
Men	7.6	4.0	6.7	8.0	4.1	7.1	7.9	3.9	6.9
Women	4.2	5.3	4.5	4.2	5.2	4.4	4.3	5.2	4.6
Executive directors	60.4	36.6	54.5	59.8	46.5	56.7	60.8	45.5	57
Men	21.0	12.0	18.8	21.1	12.7	19.1	20.6	13.3	18.8
Women	39.4	24.6	35.7	38.7	33.9	37.6	40.2	32.2	38.2
Other	27.8	54.2	34.3	28.0	44.1	31.8	26.9	45.4	31.6
Men	14.1	14.3	14.1	14.5	14.7	14.6	14.7	14.3	14.6
Women	13.7	39.9	20.2	13.5	29.4	17.2	12.2	31.1	17.0

TRAINING

Training by professional category (hours)	2019			2018*			2017*		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Executives	63,340	27,981	91,321	34,552	36,878	71,430	26,082	20,198	46,280
Men	49,745	16,015	65,761	28,010	20,661	48,671	21,215	12,707	33,922
Women	13,595	11,965	25,560	6,542	16,217	22,759	4,867	7,491	12,358
Middle managers	3,642,927	244,972	3,887,899	2,922,599	288,149	3,210,748	1,863,133	229,600	2,092,733
Men	2,146,559	113,636	2,260,195	1,721,452	147,074	1,868,526	1,049,237	125,430	1,174,667
Women	1,496,367	131,336	1,627,703	1,201,147	141,075	1,342,222	813,896	104,170	918,066
Professional areas	5,102,961	1,221,379	6,324,339	4,182,800	1,214,975	5,397,775	2,565,895	842,198	3,408,093
Men	1,940,807	307,251	2,248,058	1,578,504	317,566	1,896,070	968,497	263,314	1,231,811
Women	3,162,154	914,128	4,076,282	2,604,296	897,409	3,501,705	1,597,398	578,884	2,176,282
Total**	8,809,227	1,494,331	10,303,559	7,139,951	1,540,002	8,679,953	4,455,110	1,091,996	5,547,106
Men	4,137,112	436,902	4,574,014	3,327,966	485,302	3,813,268	2,038,949	401,450	2,440,399
Women	4,672,116	1,057,429	5,729,545	3,811,985	1,054,700	4,866,685	2,416,161	690,546	3,106,707

* International comparative data have been restated, in line with 2019 and within Italy, on the basis of a recalculation that takes into account training effectiveness parameters.

** The figures do not include the hours of training provided to employees that left during the year, as well as the training provided via Web TV.

Training by professional category (No. of participants)	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Executives	961	436	1,397	925	451	1,376	808	442	1,250
Men	767	266	1,033	751	275	1,026	662	276	938
Women	194	170	364	174	176	350	146	166	312
Middle managers	26,627	4,594	31,221	27,167	5,120	32,287	25,044	4,706	29,750
Men	16,150	2,598	18,748	16,486	3,136	19,622	14,786	2,948	17,734
Women	10,477	1,996	12,473	10,681	1,984	12,665	10,258	1,758	12,016
Professional areas	35,686	15,129	50,815	35,415	14,840	50,255	31,390	14,240	45,630
Men	13,910	4,665	18,575	13,817	4,389	18,206	12,134	4,570	16,704
Women	21,776	10,464	32,240	21,598	10,451	32,049	19,256	9,670	28,926
Total	63,274	20,159	83,433	63,507	20,411	83,918	57,242	19,388	76,630
Men	30,827	7,529	38,356	31,054	7,800	38,854	27,582	7,794	35,376
Women	32,447	12,630	45,077	32,453	12,611	45,064	29,660	11,594	41,254

Training by content [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Managerial	5.9	7.8	6.4	6.1	6.9	6.3	6.1	9.9	7.2
Commercial	4.0	16.2	6.8	5.6	13.4	7.7	7.1	18.9	10.6
Operational	41.9	27.5	38.5	36.7	24.8	33.4	29.4	26.5	28.5
Credit	1.9	6.5	3.0	3.5	8.9	5.0	2.6	6.6	3.8
Finance	36.7	10.1	30.4	41.5	10.5	33.1	34.8	3.2	25.4
Abroad	0.1	0.1	0.1	0.2	0.2	0.2	0.4	0.8	0.5
IT	0.7	2.7	1.2	1.7	4.5	2.5	3.9	2.7	3.6
Specialist	1.9	24.1	7.1	2.4	25.8	8.8	7.3	24.5	12.4
Language	6.9	5.1	6.5	2.4	5.0	3.1	8.5	6.9	8.0

Aid and benefits received relative to personnel [K euro]	2019			2018			2017		
	Italy	Abroad*	Group	Italy	Abroad*	Group	Italy	Abroad*	Group
Total	3,506	101	3,607	9,243	87	9,330	5,137	109	5,246
of which training funded amount (Italy only)	3,506	0	3,506	9,243	0	9,243	5,137	0	5,137
of which other	0	101	101	0	87	87	0	109	109

* The amount refers only to Banca Intesa Russia.

Training by category and gender [average hours]*	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Executive	33.8	41.0	36.2	25.1	48.2	32.8	24.2	36.2	28.5
Men	33.0	39.4	34.8	24.7	46.7	30.7	23.6	36.0	27.3
Women	36.9	43.4	40.1	26.5	50.5	39.0	27.0	36.5	32.3
Middle managers	47.9	33.3	45.6	38.4	37.4	38.2	26.8	34.2	28.0
Men	47.0	28.5	44.2	37.7	34.1	37.2	25.7	31.2	26.6
Women	49.3	39.6	47.7	39.4	42.2	39.9	28.4	38.6	30.1
Professional areas	50.0	45.7	48.6	40.3	45.1	41.8	30.3	32.0	30.9
Men	49.0	41.5	46.9	39.4	44.3	40.6	30.2	36.1	31.8
Women	50.6	47.6	49.6	41.0	45.5	42.5	30.5	30.1	30.3
Hours of training per employee [No.]*	48.8	42.8	47.3	39.3	43.4	40.3	28.7	32.6	29.8

* Hours defined as the duration of the teaching units used.

Training by procedure	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Classroom training [% of hours]*	4.6	49.0	11.0	6.4	48.0	13.7	11.4	55.8	20.3
Remote training [% of hours]*	95.4	51.0	89.0	93.6	52.0	86.3	88.6	44.2	79.7
Number of persons registered	63,274	20,159	83,433	63,507	20,411	83,918	57,242	19,388	76,630
Hours of training provided (classroom + remote learning) [No.]*	8,809,227	1,494,332	10,303,559	7,139,951	1,540,002	8,679,953	4,455,110	1,091,996	5,547,106

* International comparative data have been restated, in line with 2019 and within Italy, on the basis of a recalculation that takes into account training effectiveness parameters. The figures do not include the hours of training provided to employees that left during the year, as well as the training provided via Web TV.

Training costs	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Training costs [K euro]	20,925	6,503	27,428	30,613	6,547	37,160	24,392	6,198	30,590
Training costs per staff member [euro]	319	282	309	448	283	406	382	261	349

EMPLOYEE SATISFACTION AND COMMUNICATION

Company climate	2019		2018		2017	
	Italy	Abroad	Italy	Abroad	Italy	Abroad
Climate analysis (% taking part in the survey out of the selected sample)	54.8	48.7	-	-	-	-
Employee satisfaction index [%]	69.0*	78.0	-	-	-	-
Change in the employee satisfaction index compared to the previous period	-9.0	1.0	-	-	-	-
Climate analysis**	1	1	-	-	-	-
Internal communication events	176	327	148	336	100	339
Focus groups	13	2	12	16	7	23
Participants in focus groups	130	16	120	580	70	380

* Survey carried out among Professional Areas and Middle Managers.

** No climate surveys were conducted in 2018 and 2017.

Web Tv Access and House organ	2019	2018	2017
Web Tv total access*	497,454	661,680	1,025,931
House organ: total number of online visits	438,500	473,000	468,000

* The average daily unique accesses to the company intranet in 2019 are 61,500.

FREEDOM OF COLLECTIVE BARGAINING

Trade union freedom	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Employees registered with a trade union [No.]	47,684	7,288	54,972	50,603	7,158	57,761	47,435	7,856	55,291
Executives	173	65	238	190	58	248	160	52	212
Middle managers	19,350	2,458	21,808	20,528	2,470	22,998	19,712	2,631	22,343
Professional areas	28,160	4,765	32,925	29,885	4,630	34,515	27,563	5,173	32,736
Employees registered with a trade union [%]*	76.6**	32.3	64.8	77.7	31.9	66.0	77.9	33.7	65.6
Days' absence for trade union reasons (all permits for trade unionists)	92,987	683	93,670	96,336	607	96,943	90,474	575	91,049
Days' absence for meetings/strikes (also employees who are not trade unionists)	7,193	208	7,401	6,514	126	6,640	2,437	112	2,549
Men	3,314	145	3,459	3,004	67	3,071	1,196	47	1,243
Women	3,879	63	3,942	3,510	59	3,569	1,241	65	1,306
Days' absence for involvement in strikes	102	0	102	136	0	136	156	0	156
Men	49	0	49	68	0	68	74	0	74
Women	53	0	53	68	0	68	82	0	82
Days' absence for meetings	7,091	835	7,926	6,378	126	6,504	2,282	112	2,394
Men	3,266	400	3,666	2,936	67	3,003	1,122	47	1,169
Women	3,826	435	4,261	3,442	59	3,501	1,160	65	1,225

The National Collective Bargaining Agreement for the sector covers all employees in Italy and 53.2% of employees abroad.

* The 2018 and 2017 data, consistent with 2019, were recalculated on the basis of the Full Time Equivalents - FTEs.

** The percentage of employees in Italy covered by the collective bargaining agreement for the credit sector that are members of a trade union is 77.3%.

COMPANY WELFARE, HEALTH AND SAFETY

Contributions for staff [K euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Insurance and accident policies	15,960	791	16,752	20,296	671	20,967	17,258	753	18,011
Loyalty bonus	11,702	223	11,925	16,801	306	17,107	17,747	251	17,998
Study contributions for employees' children	3,621	84	3,705	3,602	107	3,709	3,118	67	3,185
Recreational and cultural activities	2,911	1,689	4,599	3,819	1,513	5,332	1,866	1,000	2,866
Contributions for employees' children with disabilities	3,068	25	3,093	2,742	18	2,760	2,333	13	2,346

Supplementary healthcare and welfare	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Contributions paid by the Bank for supplementary healthcare assistance [K euro]	78,429	2,972	81,400	76,638	2,495	79,133	71,767	2,007	73,774
Health assistance: persons assisted	67,114	9,930	77,044	70,985	10,179	81,164	63,920	7,246	71,166
Contributions paid by the Bank for supplementary retirement benefits [K euro]	144,497	3,405	147,903	150,787	3,517	154,304	133,406	4,184	137,590
Supplementary retirement benefits: persons assisted	65,172	3,551	68,723	68,545	3,529	72,074	61,872	5,724	67,596

Credit facilities for staff	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Mortgages [No.]	2,983	979	3,962	3,487	876	4,363	3,484	1,017	4,501
Total mortgages disbursed [K euro]	478,433	52,612	531,045	542,911	60,822	603,733	550,396	67,594	617,990
Loans [No.]	17,295	5,429	22,724	16,689	5,188	21,877	13,842	6,055	19,897
Total loans disbursed [K euro]	161,137	36,272	197,409	175,001	36,440	211,441	159,055	36,452	195,507

Loans granted to all personnel with an open-ended contract, with the exception of loans at special rates granted to staff with apprenticeships.

Parental leave - FTE	Italy		
	2019	2018	2017
Employees entitled to parental leave	62,257	65,110	63,196
Men	31,371	33,144	31,059
Women	30,886	31,966	32,137
Employees using parental leave	3,061	3,528	3,397
Men	257	277	272
Women	2,804	3,251	3,125
Employees returning to work after leave	2,346	2,656	2,657
Men	251	268	263
Women	2,095	2,388	2,394
Employees returning to work, who are still bank employees in the following 12 months	2,332	2,644	2,668
Men	250	258	255
Women	2,082	2,386	2,413

Parental leave - Rates [%]	Italy		
	2019	2018	2017
Rate of return to work after parental leave*	76.6	75.3	78.2
Men	97.7	96.8	96.7
Women	74.7	73.5	76.6

* Calculated as the number of employees returning to work after leave out of the number of employees using parental leave. The rate considers only employees on the workforce whose parental leave period ended by the end of the reporting year as having returned to work. Retention rate of returning employees, who are still employees: not available. Due to the variety and complexity of leave that may be used, it would be necessary to monitor each employee to calculate the indicator, affecting their privacy rights.

Absence by reason and gender - days lost [No.]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total absences	1,036,995	707,917	1,744,912	1,141,276	810,122	1,951,398	1,084,975	863,362	1,948,337
Illness	531,596	145,088	676,684	584,675	161,661	746,337	525,447	154,992	680,439
Men	242,421	21,902	264,322	268,465	26,978	295,443	243,171	25,349	268,520
Women	289,175	123,186	412,362	316,211	134,683	450,893	282,276	129,643	411,919
Injury	14,800	4,116	18,916	17,738	4,313	22,051	15,840	3,049	18,889
Men	6,515	968	7,483	7,727	703	8,430	6,855	663	7,518
Women	8,285	3,148	11,433	10,012	3,610	13,622	8,985	2,386	11,371
Child care	209,152	350,920	560,072	246,325	383,551	629,876	235,570	463,484	699,054
Men	8,743	5,304	14,047	8,853	4,485	13,337	6,456	3,332	9,789
Women	200,409	345,616	546,025	237,472	379,067	616,539	229,114	460,152	689,266
Personal and family reasons	111,537	190,344	301,881	116,398	233,361	349,760	145,868	215,848	361,716
Men	46,506	102,737	149,243	44,337	136,535	180,872	49,174	129,853	179,027
Women	65,031	87,607	152,638	72,061	96,826	168,887	96,694	85,995	182,689
Leave for public positions	9,032	792	9,824	9,598	846	10,444	7,474	448	7,922
Men	6,349	382	6,731	6,727	396	7,123	5,107	99	5,206
Women	2,683	410	3,093	2,871	450	3,321	2,367	348	2,715
Leave for blood and other donations	9,201	306	9,507	9,675	348	10,024	9,002	171	9,173
Men	6,753	134	6,888	7,022	174	7,195	6,572	65	6,637
Women	2,447	172	2,619	2,653	175	2,828	2,430	106	2,536
Disability	135,267	1,796	137,062	137,502	1,921	139,423	129,648	1,014	130,662
Men	57,350	190	57,539	57,730	353	58,083	55,709	494	56,203
Women	77,917	1,606	79,523	79,772	1,568	81,340	73,939	520	74,459
Other	16,411	14,556	30,966	19,364	24,120	43,484	16,127	24,356	40,482
Men	10,250	3,016	13,266	10,858	4,139	14,997	8,641	3,542	12,183
Women	6,161	11,539	17,700	8,506	19,981	28,487	7,485	20,814	28,299

Days lost are calculated based on calendar business days.

Absence by reason and gender [%]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total absence/theoretical working days	7.18	13.95	8.94	7.59	15.92	9.69	7.73	16.52	10.11
Men	2.67	2.65	2.66	2.74	3.41	2.91	2.72	3.13	2.83
Women	4.52	11.30	6.28	4.85	12.50	6.78	5.01	13.39	7.28
Illness	3.68	2.86	3.47	3.89	3.18	3.71	3.74	2.96	3.53
Men	1.68	0.43	1.35	1.78	0.53	1.47	1.73	0.48	1.39
Women	2.00	2.43	2.11	2.10	2.65	2.24	2.01	2.48	2.14
Injury	0.10	0.08	0.10	0.12	0.08	0.11	0.11	0.06	0.10
Men	0.05	0.02	0.04	0.05	0.01	0.04	0.05	0.01	0.04
Women	0.06	0.06	0.06	0.07	0.07	0.07	0.06	0.05	0.06
Child care	1.45	6.91	2.87	1.64	7.54	3.13	1.68	8.87	3.63
Men	0.06	0.10	0.07	0.06	0.09	0.07	0.05	0.06	0.05
Women	1.39	6.81	2.80	1.58	7.45	3.06	1.63	8.80	3.58
Personal and family reasons	0.77	3.75	1.55	0.77	4.59	1.74	1.04	4.13	1.88
Men	0.32	2.02	0.76	0.29	2.68	0.90	0.35	2.48	0.93
Women	0.45	1.73	0.78	0.48	1.90	0.84	0.69	1.64	0.95
Leave for public positions	0.06	0.02	0.05	0.06	0.02	0.05	0.06	0.01	0.04
Men	0.04	0.01	0.03	0.04	0.01	0.04	0.04	0.00	0.03
Women	0.02	0.01	0.02	0.02	0.01	0.02	0.02	0.01	0.01
Leave for blood and other donations	0.06	0.01	0.05	0.06	0.01	0.05	0.06	0.00	0.05
Men	0.05	0.00	0.04	0.05	0.00	0.04	0.05	0.00	0.03
Women	0.02	0.00	0.01	0.02	0.00	0.01	0.02	0.00	0.01
Disability	0.94	0.04	0.70	0.91	0.04	0.69	0.92	0.02	0.68
Men	0.40	0.00	0.29	0.38	0.01	0.29	0.40	0.01	0.29
Women	0.54	0.03	0.41	0.53	0.03	0.40	0.53	0.01	0.39
Other	0.11	0.29	0.16	0.13	0.47	0.22	0.11	0.47	0.21
Men	0.07	0.06	0.07	0.07	0.08	0.07	0.06	0.07	0.06
Women	0.04	0.23	0.09	0.06	0.39	0.14	0.05	0.40	0.15

Absenteeism and occupational disease - rates	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Rate of absenteeism*	4.90	3.00	4.40	5.09	3.32	4.64	4.91	3.06	4.41
Men	4.56	1.24	3.85	4.71	1.49	4.05	4.61	1.34	3.88
Women	5.23	4.06	4.88	5.46	4.45	5.16	5.20	4.11	4.86
Rate of occupational disease**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* The absentee rate is the ratio between the number of days lost for illness, injuries (including injuries requiring first aid), public office, blood donation and other leave, disability, meeting / strikes and theoretical working days.

** The occupational disease rate is equal to the total number of claims for occupational diseases divided by the total number of hours worked.

Injuries by year and gender	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total injuries in the year [No.]	712	119	831	764	109	873	719	88	807
Men	272	24	296	304	25	329	284	23	307
Women	440	95	535	460	84	544	435	65	500
Injury rate*	7.69	3.66	6.63	7.94	3.41	6.80	8.01	2.70	6.59
Men	5.58	1.95	4.87	5.95	2.06	5.23	6.00	1.85	5.16
Women	10.03	4.69	8.30	10.18	4.25	8.32	10.25	3.23	7.93
Working days lost [No.]	14,800	4,116	18,916	17,738	4,313	22,051	15,840	3,049	18,889
Men	6,515	968	7,483	7,727	703	8,430	6,855	663	7,518
Women	8,285	3,148	11,433	10,012	3,610	13,622	8,985	2,386	11,371
Rate of working days lost (severity index)**	0.15	0.11	0.14	0.17	0.11	0.16	0.16	0.08	0.14
Men	0.12	0.07	0.11	0.14	0.05	0.12	0.13	0.04	0.11
Women	0.18	0.13	0.16	0.20	0.15	0.19	0.20	0.10	0.16
Injuries / Total employees [%]	1.1	0.5	0.9	1.1	0.5	1.0	1.1	0.4	0.9

* Injury rate = (total number of injuries in the year / total hours worked) x 1,000,000. For better comprehension, this indicator was calculated using a multiplication factor equal to 1,000,000 (hours worked).

** Rate of working days lost (or severity index) = (number of days lost / total number of working hours) x 1,000. For better comprehension, this indicator was calculated using a multiplication factor equal to 1,000 (hours worked). Working days lost include injuries requiring first aid.

Injuries at work and on the way to/from work	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Injuries at work [No.]	217	51	268	229	31	260	230	27	257
Men	67	8	75	79	2	81	85	5	90
Women	150	43	193	150	29	179	145	22	167
Rate of injuries at work*	2.34	1.57	2.14	2.38	0.97	2.03	2.56	0.83	2.10
Men	1.37	0.65	1.23	1.55	0.16	1.29	1.80	0.40	1.51
Women	3.42	2.12	2.99	3.32	1.47	2.65	3.42	1.09	2.65
Injuries on the way to/from work [No.]	495	68	563	535	78	613	489	61	550
Men	205	16	221	225	23	248	199	18	217
Women	290	52	342	310	55	365	290	43	333
Rate of injuries on the way to/from work**	5.35	2.09	4.49	5.56	2.44	4.78	5.45	1.87	4.49
Men	4.21	1.30	3.63	4.41	1.89	3.94	4.21	1.45	3.65
Women	6.61	2.57	5.30	6.86	2.78	5.58	6.83	2.14	5.28

* Rate of injuries at work = (total number of injuries at work in the year / total hours worked) x 1,000,000. For better comprehension, this indicator was calculated using a multiplication factor equal to 1,000,000 (hours worked).

** Rate of injuries on the way to/from work = (total number of injuries on the way to/from work in the year / total hours worked) x 1,000,000. For better comprehension, this indicator was calculated using a multiplication factor equal to 1,000,000 (hours worked).

Injuries by type	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total injuries	712	119	831	764	109	873	719	88	807
Injuries while driving	328	15	343	352	23	375	308	10	318
Falls/slipping	85	48	133	105	39	144	255	34	289
Robberies	3	12	15	3	5	8	5	6	11
Other	296	44	340	304	42	346	151	38	189

Serious injuries and deaths	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Cases presented for occupational disease	8	0	8	5	0	5	6	0	6
Serious/very serious injuries	94	8	102	165	8	173	145	7	152
Injuries at work	28	1	29	41	2	43	47	2	49
Injuries on the way to/from work	66	7	73	124	6	130	98	5	103
Serious/very serious injuries with res judicata sentence	0	0	0	0	0	0	0	1	1
Deaths at work, with res judicata sentence	0	0	0	0	0	0	0	0	0

Training on health and safety	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Hours of training on health and safety*	138,164	8,321	146,485	34,224	10,655	44,879	101,974	15,134	117,109
Employees who have attended health and safety training [No.]	26,147	2,747	28,894	5,895	3,476	9,371	15,685	5,009	20,694
Employees who have attended health and safety training [%]	40	12	33	9	15	10	25	21	24
Costs of health and safety training [K euro]	649	19	667	336	1,417	1,753	265	273	538
Hours of health and safety training per employee	2.1	0.4	1.7	0.5	0.5	0.5	1.6	0.6	1.3

* Hours defined as the duration of the teaching units used.

Robberies	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Robberies	13	7	20	12	1	13	15	8	23
Robberies for every 100 bank counters	0.4	0.7	0.5	0.3	0.1	0.3	0.4	0.8	0.5
Interviews of psychological counselling to employees who have suffered robberies [No.]	73	0	73	156	0	156	126	0	126
On-site inspections on workplaces to assess risks for robbery [No.]	694	0	694	836	0	836	809	0	809

Environment

DIRECT ENVIRONMENTAL IMPACTS

Parameters	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Operators = Staff + Consultants	No.	70,834	24,379	95,213	72,680	23,244	95,924	67,606	23,876	91,482
Staff	No.	65,612	23,070	88,682	68,392	23,134	91,526	63,859	23,763	87,622
Consultants	No.	5,222	1,309	6,531	4,288	110	4,398	3,747	113	3,860
Total transfers	No.	609,980	21,210	631,190	654,263	21,225	675,488	626,149	20,961	647,110
Total transport	thousands of km	140,679	32,678	173,357	145,128	33,895	179,023	137,339	32,442	169,781
Floor area	thousands of m ²	2,971	648	3,619	3,169	626	3,795	2,828	658	3,485

Greenhouse gas emissions [CO ₂ e]	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Direct emissions (Scope1)	tCO₂e	37,521	7,877	45,398	51,581	5,584	57,165	34,239	6,510	40,749
Natural gas emissions for independent heating	tCO ₂ e	22,567	3,026	25,592	30,422	1,847	32,268	24,257	2,964	27,221
Natural gas emissions for cogeneration	tCO ₂ e	5,110	524	5,634	6,826	418	7,244	2,150	0	2,150
Diesel emissions for independent heating	tCO ₂ e	925	122	1,046	1,407	55	1,462	1,861	354	2,216
HFC emissions	tCO ₂ e	1,824	266	2,090	5,720	159	5,879	n.a.	n.a.	n.a.
Gasoline emissions for company fleet	tCO ₂ e	10	901	911	20	562	582	33	696	730
Diesel emissions for company fleet	tCO ₂ e	7,086	3,039	10,124	7,186	2,544	9,729	5,938	2,495	8,433
Indirect emissions (Scope2 Market-based)	tCO₂e	5,735	27,974	33,709	8,135	35,326	43,461	5,055	33,181	38,235
Electricity emissions (excluding cogeneration)	tCO ₂ e	2,310	27,167	29,478	3,926	33,286	37,212	1,470	30,734	32,204
Natural gas emissions for building heating (including district heating)	tCO ₂ e	3,424	765	4,189	3,752	1,949	5,701	2,948	2,354	5,302
Diesel emissions for building heating	tCO ₂ e	0	42	42	456	91	548	637	93	730
Total direct + indirect emissions (Scope1 + 2 Market-based)	tCO₂e	43,256	35,851	79,107	59,716	40,911	100,626	39,294	39,691	78,985
Total direct + indirect emissions per staff member	tCO ₂ e/staff member	0.6	1.5	0.8	0.8	1.8	1.0	0.6	1.7	0.9
Total direct + indirect emissions per square meter	kgCO ₂ e/m ²	14.6	55.3	21.9	18.8	65.3	26.5	13.9	60.3	22.7
Total direct + indirect emissions (Scope1 + 2 Location-based)	tCO₂e	151,279	39,090	190,369	177,395	38,515	215,910	156,817	44,996	201,813
Other indirect emissions (Scope3)	tCO₂e	38,209	19,270	57,479	60,507	29,027	89,534	51,116	29,310	80,425
Business trips	tCO ₂ e	8,015	1,514	9,528	8,614	2,258	10,871	8,510	1,725	10,235
Purchased paper	tCO ₂ e	2,911	1,673	4,584	3,981	1,881	5,861	3,876	1,783	5,659
Waste	tCO ₂ e	252	26	279	260	12	272	147	22	170
Office machinery	tCO ₂ e	4,293	1,509	5,802	6,537	2,211	8,748	14,089	5,243	19,332
Internet banking*	tCO ₂ e	116	100	217	123	53	176	114	122	236
Energy carriers**	tCO ₂ e	14,684	11,444	26,128	32,822	19,400	52,222	24,379	20,414	44,794
Cash-in-transit (CIT)	tCO ₂ e	7,938	3,003	10,942	8,172	3,212	11,383	n.a.	n.a.	n.a.

* In 2017 the methodology was made consistent at Group level, limiting the perimeter to the main transactions.

** Scope3 emissions generated: (a) in the natural gas supply chain, (b) in the production of the energy sources used in the electricity mix and (c) in the distribution and transformation of the electricity.

Emissions of other gas which are harmful to the ozone layer (NO _x , SO ₂)	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
NO _x emissions	t	39	38	78	50	46	96	38	39	77
SO ₂ emissions	t	1	29	30	2	40	42	2	62	64

Energy consumption broken down by source	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Direct primary energy consumption (Scope1)	GJ	580,864	113,205	694,069	754,041	81,572	835,613	568,502	102,964	671,466
Natural gas consumption for independent heating	GJ	389,239	54,003	443,242	524,052	32,969	557,020	421,325	52,948	474,273
Natural gas consumption for cogeneration	GJ	88,138	9,381	97,519	117,587	7,502	125,089	37,348	0	37,348
Diesel consumption for independent heating	GJ	12,444	1,717	14,161	18,935	774	19,709	25,053	5,067	30,120
Gasoline consumption for the fleet	GJ	105	9,106	9,211	267	7,338	7,605	452	9,511	9,964
Diesel consumption for the fleet	GJ	90,938	38,998	129,935	93,199	32,990	126,189	84,324	35,437	119,761
Indirect primary energy consumption (Scope2)	GJ	1,311,966	396,154	1,708,120	1,431,655	395,749	1,827,404	1,343,790	431,044	1,774,833
Renewable electricity consumption	GJ	1,235,569	81,177	1,316,746	1,328,804	49,329	1,378,132	1,266,716	64,298	1,331,014
Non renewable electricity consumption (except cogeneration)	GJ	17,328	220,543	237,870	30,007	255,015	285,022	15,847	257,528	273,375
Natural gas consumption for building heating (including remote district heating)	GJ	59,069	93,840	152,910	66,703	90,120	156,822	52,658	107,912	160,569
Diesel consumption for building heating	GJ	0	594	594	6,142	1,285	7,427	8,569	1,306	9,875
Total direct + indirect energy (Scope1 + 2)	GJ	1,892,830	509,359	2,402,189	2,185,696	477,321	2,663,017	1,912,292	534,008	2,446,299
Total direct + indirect energy per staff member	GJ/ staff member	26.7	20.9	25.2	30.1	20.5	27.8	28.3	22.4	26.7
Other indirect primary energy consumption (Scope3)	GJ	787,916	734,636	1,522,552	2,766,400	952,013	3,718,413	979,260	950,595	1,929,855
Business trips	GJ	121,896	20,782	142,677	128,283	30,131	158,415	127,457	23,728	151,185
Purchased paper	GJ	91,034	76,353	167,388	107,232	72,411	179,643	104,476	68,837	173,313
Waste	GJ	3,377	361	3,737	3,514	176	3,690	1,987	312	2,299
Office machinery	GJ	66,502	23,383	89,884	98,815	33,425	132,240	205,960	76,641	282,601
Internet Banking*	GJ	2,034	2,388	4,422	2,068	1,323	3,391	1,930	2,443	4,374
Energy carriers**	GJ	379,562	564,642	944,203	2,299,445	764,618	3,064,063	537,450	778,634	1,316,084
Cash-in-transit (CIT)	GJ	123,512	46,728	170,239	127,043	49,929	176,972	n.a.	n.a.	n.a.

* In 2017 the methodology was made consistent at Group level, limiting the perimeter to the main transactions.

** Scope3 primary energy consumption generated: (a) in the natural gas supply chain, (b) in the production of the energy sources used in the electricity mix and (c) in the distribution and transformation of the electricity.

Total electricity focus (including cogeneration)	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italia	Abroad	Group	Italia	Abroad	Group
Electricity per staff member	kWh/ staff member	5,045	3,496	4,648	5,359	3,701	4,957	5,326	3,744	4,913
Electricity per square meter	kWh/m ²	120	132	122	123	137	125	127	136	129
Purchased from renewable sources	%	95.7	26.4	82.4	94.5	15.8	80.3	97.4	19.9	82.0
Self-produced from renewable sources (photovoltaic)	%	0.3	0.1	0.2	0.3	0.1	0.2	0.3	0.1	0.3
Purchased from non- renewable sources	%	1.4	71.9	14.9	2.1	82.4	16.7	1.2	80.0	16.9
Self-produced from non-renewable sources (cogeneration)	%	2.6	1.6	2.5	3.1	1.7	2.8	1.1	0.0	0.8

Transport	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italia	Abroad	Group	Italia	Abroad	Group
Air travel	thousands of km	37,201	6,126	43,327	40,044	5,064	45,108	40,191	5,212	45,403
Train travel	thousands of km	51,234	458	51,692	48,552	642	49,195	44,392	265	44,657
Company fleet	thousands of km	40,765	21,215	61,981	44,440	18,013	62,453	40,278	20,177	60,455
Personal Cars	thousands of km	11,478	4,879	16,357	12,091	10,175	22,266	12,477	6,789	19,266
Remote connections	thousands	44,298	32	44,330	63,070	31	63,101	56,664	4	56,668
Distance covered for business trip per employee	km/ employee	231	1,541	275	222	1,597	265	219	1,548	262

Paper consumption	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italia	Abroad	Group	Italia	Abroad	Group
Purchased paper	t	4,258	1,916	6,175	4,996	1,809	6,805	4,863	1,711	6,574
Purchased paper / staff member	kg/staff member	60.1	78.6	64.8	68.7	77.8	70.9	71.9	71.7	71.9
Certified recycled paper	%	70.7	17.6	54.2	69.2	22.9	56.9	69.1	22.5	57.0
Eco-sustainable certified paper (not recycled)	%	26.5	41.5	31.2	25.3	52.9	32.7	25.1	50.8	31.8

Toner consumption	Unit	2019		
		Italy	Abroad	Group
Toner: total	kg	90,505	23,600	114,105
Toner: remanufactured cartridges	%	71.5	19.1	60.7
Toner: traditional cartridges	%	28.5	80.9	39.3

Water consumption	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italia	Abroad	Group	Italia	Abroad	Group
Total water consumed	thousands of m ³	1,131	570	1,700	1,428	546	1,974	1,242	515	1,757
Total water consumed / staff member	m ³ /staff member	16.0	23.4	17.9	19.6	23.5	20.6	18.4	21.6	19.2

Special waste by type	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italia	Abroad	Group	Italia	Abroad	Group
Total waste	t	3,288	1,002	4,290	3,315	682	3,997	1,973	1,159	3,132
Total non-hazardous waste	t	3,240	894	4,134	3,292	621	3,914	1,937	1,148	3,085
Total hazardous waste	t	47	109	156	23	61	84	36	11	47
Total waste / staff member	kg/staff member	46.4	41.1	45.1	45.6	29.3	41.7	29.2	48.6	34.2

Special non-hazardous waste by disposal method	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Recycling	t	1,276	748	2,024	1,168	554	1,722	767	1,016	1,783
Reuse/recovery	t	1,779	138	1,917	1,919	65	1,984	1,043	120	1,162
Landfill	t	163	6	170	171	1	172	85	4	89
Incinerator for energy recovery	t	22	1	23	34	2	36	42	8	51

Figures are partially estimated from data provided by waste disposal service suppliers.

Special hazardous waste by method of disposal	Unit	2019			2018			2017		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Recycling	t	0	0	0	0	0	0	0	0	0
Reuse/recovery	t	16	17	33	8	8	16	20	4	25
Landfill	t	31	91	123	15	53	68	16	7	22
Incinerator for energy recovery	t	0	0	0	0	0	0	0	0	0

Figures are partially estimated from data provided by waste disposal service suppliers.

Expenditure for environmental management [K euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Management of special waste	1,302	291	1,592	1,481	306	1,788	1,308	295	1,603
Training	0	252	252	0	200	200	4	167	171
System maintenance	45,211	8,095	53,306	45,276	17,408	62,684	42,185	20,502	62,687
Monitoring and certification of EEMS (Environmental and Energy Management System)	1,472	17	1,490	150	12	162	160	9	169
Total	47,985	8,655	56,640	46,908	17,926	64,834	43,656	20,974	64,630

GREEN ECONOMY

Loans disbursed for the Green Economy [m euro]	2019			2018			2017		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Retail	46	7	53	55	11	66	84	22	106
Businesses and Third Sector	156	32	188	374	17	391	211	43	254
Corporate & Project finance	1,143	35	1,178	1,168	297	1,465	625	271	896
of which Project finance	684	34	718	679	297	976	536	271	807
Total	1,345	74	1,419	1,596	326	1,922	920	336	1,256

Data not comparable for changes that occurred over the years in the aggregation criteria.

Methodology used for the estimates: in the limited cases of unavailability of the data, estimates were made by adopting factors derived from the average of the values most responsive to the specificity of the indicator.

TCFD Recommendations

This table was prepared based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

CORRESPONDENCE TABLE

Thematic Area	TCFD Recommendations	References
GOVERNANCE	<p>Describe:</p> <ul style="list-style-type: none"> the Board's oversight of climate-related risks and opportunities management's role in assessing and managing climate-related risks and opportunities 	<p>Report on Corporate Governance and Ownership Structures:</p> <ul style="list-style-type: none"> The governance of corporate social responsibility Powers of the Board of Directors Board Committees: composition and operations Corporate Control Functions <hr/> <p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Governance structure Sustainability Governance Management of potential risks and impacts related to climate change Responsible asset management and customer protection Environment and climate change <hr/> <p>Annual Report:</p> <ul style="list-style-type: none"> Report on operations – Sustainability
STRATEGY	<p>Describe:</p> <ul style="list-style-type: none"> the climate-related risks and opportunities the organization has identified over the short, medium, and long term the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario 	<p>Code of Ethics:</p> <ul style="list-style-type: none"> Reference values and principles Principles of conduct regarding the environment <hr/> <p>Rules for the environmental and energy policy:</p> <ul style="list-style-type: none"> Our commitment for the environment <hr/> <p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Business Model Management of potential risks and impacts related to climate change Responsible asset management and customer protection Environment and climate change Direct environmental impacts Green economy Stakeholder Engagement activities and results <hr/> <p>Annual Report:</p> <ul style="list-style-type: none"> Report on operations – Sustainability
RISK MANAGEMENT	<p>Describe:</p> <ul style="list-style-type: none"> the organization's processes for identifying and assessing climate-related risks the organization's processes for managing climate-related risks how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management 	<p>Report on Corporate Governance and Ownership Structures:</p> <ul style="list-style-type: none"> The internal control and risk management system <hr/> <p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Sustainability Governance Management of potential risks and impacts related to climate change Responsible asset management and customer protection Environment and climate change <hr/> <p>Annual Report:</p> <ul style="list-style-type: none"> Report on operations – Sustainability
METRICS AND TARGETS	<p>Disclose:</p> <ul style="list-style-type: none"> the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks <p>Describe:</p> <ul style="list-style-type: none"> the targets used by the organization to manage climate-related risks and opportunities and performance against targets 	<p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> United Nations Sustainable Development Goals Responsible asset management and customer protection Environment and climate change Direct environmental impacts Green economy Improvement objectives Indicators <hr/> <p>Eurizon Fund Absolute Green Bonds - Global Impact Report</p> <ul style="list-style-type: none"> Environmental and social results <hr/> <p>Annual Report:</p> <ul style="list-style-type: none"> Report on operations – Sustainability

Principles for Responsible Banking

Intesa Sanpaolo is a signatory of the Principles for Responsible Banking (PRB), launched in September 2019. In order to communicate the progress achieved with respect to the PRB, Intesa Sanpaolo has adopted a Self-assessment Reporting Template, shown below.



Requirements	Bank's response and self-assessment	References
PRINCIPLE 1: Alignment		
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks		
<p>Business model description in relation to the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks</p> <p>Business strategy alignment with the identified goals</p>	<ul style="list-style-type: none"> Intesa Sanpaolo is aware of the fact that many of the objectives set in the 2018-2021 Business Plan are strictly connected with certain Sustainable Development Goals Intesa Sanpaolo has subscribed to a series of international initiatives and standards, including the PRI, PSI, Global Compact, UNEP-FI, Equator Principles, CDP and TCFD Intesa Sanpaolo supports the transition to a low-carbon emissions economy through, for example, actions aimed at mitigating its direct emissions (Environmental-Climate Change Action Plan), financial support initiatives for the green investments of its customers or in-depth analyses of environmental and climate risk within its financial services Intesa Sanpaolo has decided to make a commitment to greater social cohesion, in order to reduce inequalities, by supporting charitable bodies and associations in tackling poverty, ensuring access to credit for excluded individuals or those who are unlikely to access through traditional financial channels (Fund for Impact) and promoting youth employment through training courses ('Giovani e Lavoro' programme) 	<p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Commitment to domestic and international initiatives and the United Nations Sustainable Development Goals Access to credit and financial inclusion Relations with the community Environment and climate change
PRINCIPLE 2: Impact and Target Setting		
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts		
<p>Identification of the Bank's most significant (actual and potential) positive and negative impacts</p> <p>Setting SMART¹ targets that address the Bank's most significant impacts, and drive alignment with the Sustainable Development Goals, the Paris Climate Agreement and other relevant frameworks</p>	<ul style="list-style-type: none"> The materiality analysis identifies the relevant economic, social and environmental issues in terms of their potential impacts, positive or negative, having an influence the Bank's strategy and its stakeholders Intesa Sanpaolo has implemented processes and defined specific responsibilities to understand and manage social and environmental risks that are significant because of their potential impact on the company's activities and the stakeholders and has also implemented the associated mitigation measures Intesa Sanpaolo, among the commitments defined in the 2018-2021 Business Plan, has identified the granting of new credit to the real economy over the medium-long term, totalling ~250 billion euro; supporting the green and circular economy with loans and services for the companies that adopt the circular model using innovative methods (5-billion euro plafond); the establishment of the Fund for Impact intended to allow the disbursement of 1.25-billion euros to categories experiencing difficulty in accessing credit despite their potential 	<p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Commitment to domestic and international initiatives and the United Nations Sustainable Development Goals Materiality analysis Management of environmental, social and governance risks Access to credit and financial inclusion Green Economy Improvement objectives

¹ Specific, Measurable, Achievable, Relevant, Time-bound

Requirements	Bank's response and self-assessment	References
PRINCIPLE 3: Clients and Customers		
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations		
Work with clients and customers to encourage sustainable practices and enable sustainable economic activities	<ul style="list-style-type: none"> Intesa Sanpaolo takes heed of the impacts generated by customers, contributing to the spread of virtuous processes and conduct as regards the environment. Moreover, it also closely manages the risks connected with climate change by promoting adaptive behaviour or conduct designed to mitigate this phenomenon, while simultaneously developing a culture focused on prevention Eurizon implements an engagement process ('active share ownership') structured on various levels, from dialogue with the companies subject to supervision right up to the activation of voting rights in shareholders' meetings 	<p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Management of environmental, social and governance risks Management of potential risks and impacts related to climate change Green Economy Sustainable investments
PRINCIPLE 4: Stakeholders		
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals		
Consultation, engagement and partnering with stakeholders for the purpose of implementing the Principles and improving the Bank's impacts	<ul style="list-style-type: none"> In its 2018-2021 Business Plan, Intesa Sanpaolo set itself key social, cultural and environmental responsibility goals that involve various stakeholders. In 2019, the stakeholder engagement activities, conducted in compliance with the AA1000 AccountAbility standard, addressed the topics outlined in the materiality matrix, with a particular focus on the CSR aspects contained in the Business Plan 	<p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Stakeholder engagement activities and results Improvement objectives
PRINCIPLE 5: Governance & Culture		
We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
Governance structure	<ul style="list-style-type: none"> The Managing Director and CEO submits to the competent Board Committees and the Board of Directors, with the support of the Executive Committee, the definition of the strategic lines and sustainability policies (ESG), including the fight against climate change. The Board of Directors approves the strategic and political guidelines on sustainability (ESG) - with the support of the Risk Committee - taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders, including the environment as stated in the Group Code of Ethics. In addition, the Executive Committee - composed of the first organizational line - meets on a quarterly basis to examine sustainability issues (ESG) The Corporate Social Responsibility (CSR) structure oversees the process for defining, approving and updating policies as regards sustainability (ESG), in accordance with the corporate strategies and targets. In these activities, CSR is supported by the CSR Delegates appointed in the main structures of the Parent Company and Subsidiary Banks Intesa Sanpaolo supports the spread of a culture of sustainability among its employees through a range of training initiatives within all the Group's structures 	<p>Consolidated Non-financial Statement:</p> <ul style="list-style-type: none"> Sustainability Governance
Foster a culture of responsible banking		
PRINCIPLE 6: Transparency & Accountability		
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals		
Reporting on positive and negative impacts, and progress made on targets and implementation of the Principles	<ul style="list-style-type: none"> Intesa Sanpaolo publishes an annual Consolidated Non-financial Statement (CNFS) drafted in accordance with the GRI Standards and taking into consideration the recommendations issued in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), adopted by Intesa Sanpaolo in October 2018 Intesa Sanpaolo has decided to voluntarily publish, for the first time, a half-yearly Consolidated Non-financial Statement with a set of non-financial indicators 	<p>Consolidated Non-financial Statement</p> <p>Consolidated Non-financial Statement as at 30 June 2019</p>

GRI Content Index



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report. This service was performed on the Italian version of the report.

THIS STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS: "COMPREHENSIVE" OPTION

GRI Standards	Disclosure	Page number(s) and/ or URL(s)	Omissions	Global Compact	SDG's*	SASB**
GRI 101: Foundations 2016						
General Disclosures						
GRI 102: General Disclosures 2016	ORGANIZATIONAL PROFILE					
102-1	Name of the organization	page 221				
102-2	Activities, brands, products, and services	pages 11-12; About us [i]; Our Brand [i]				
102-3	Location of headquarters	page 221				
102-4	Location of operations	page 12; A Presentation of the Group (pages 26-29) [i]				
102-5	Ownership and legal form	page 37; page 221				
102-6	Markets served	pages 11-12; A Presentation of the Group (pages 26-29) [i]				
102-7	Scale of the organization	page 37; pages 178-179; A Presentation of the Group (page 5) [i]				
102-8	Information on employees and other workers	pages 175-178; Intesa Sanpaolo does not have a substantial portion of its work performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Intesa Sanpaolo does not have any significant variations in employment numbers. The "Headcount" method has been applied.		Principle 6	8	
102-9	Supply chain	pages 107-108; page 174				
102-10	Significant changes to the organization and its supply chain	page 9; pages 15-16; page 37; No changes in the supply chain				
102-11	Precautionary Principle or approach	pages 46-50; Report on Corporate Governance and Ownership Structures (page 73) [i]				
102-12	External initiatives	pages 20-25; Adherence to international standards [i]				
102-13	Membership of associations	Our partnerships in sustainability [i]				

* Sustainable Development Goals of the United Nations.

** Sustainability Accounting Standards Board.

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
STRATEGY						
102-14	Statement from senior decision-maker	pages 6-7; pages 14-15				
102-15	Key impacts, risks, and opportunities	page 13; page 32; pages 42-43; pages 48-49; pages 155-156				
ETHICS AND INTEGRITY						
102-16	Values, principles, standards, and norms of behavior	page 19; Code of Ethics (page 7; page 9) [i]		Principle 10	16	
102-17	Mechanisms for advice and concerns about ethics	pages 40-41; Code of Ethics (pages 22-23) [i]		Principle 10	16	FN-CB-510a.2 FN-AC-510a.2
GOVERNANCE						
102-18	Governance structure	page 34; page 39; Report on Corporate Governance and Ownership Structures (pages 37-39) [i]				
102-19	Delegating authority	page 34; pages 39-40; Report on Corporate Governance and Ownership Structures (page 60; page 29) [i]				
102-20	Executive-level responsibility for economic, environmental, and social topics	page 39; Report on Corporate Governance and Ownership Structures (page 59; page 29) [i]				
102-21	Consulting stakeholders on economic, environmental, and social topics	pages 39-40; Report on Corporate Governance and Ownership Structures (page 82; page 29) [i]			16	
102-22	Composition of the highest governance body and its committees	pages 34-35; page 39; page 158; Report on Corporate Governance and Ownership Structures (pages 38-39; pages 87-88) [i]			5, 16	
102-23	Chair of the highest governance body	page 34			16	
102-24	Nominating and selecting the highest governance body	pages 34-35; Report on Corporate Governance and Ownership Structures (pages 38-41) [i]			5, 16	
102-25	Conflicts of interest	Report on Corporate Governance and Ownership Structures (pages 47-48) [i]			16	
102-26	Role of highest governance body in setting purpose, values, and strategy	pages 39-40				
102-27	Collective knowledge of highest governance body	pages 34-35			4	
102-28	Evaluating the highest governance body's performance	Report on Corporate Governance and Ownership Structures (pages 48-50) [i]				
102-29	Identifying and managing economic, environmental, and social impacts	pages 30-31; pages 42-43; pages 46-50; Report on Corporate Governance and Ownership Structures (pages 63-65) [i]			16	FN-CB-410a.2 FN-AC-410a.2

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
102-30	Effectiveness of risk management processes	Report on Corporate Governance and Ownership Structures (pages 63-64) [i]				
102-31	Review of economic, environmental, and social topics	pages 39-40				
102-32	Highest governance body's role in sustainability reporting	page 39; Report on Corporate Governance and Ownership Structures (pages 63-64) [i]				
102-33	Communicating critical concerns	pages 39-46				
102-34	Nature and total number of critical concerns	pages 40-41; Code of Ethics (pages 22-23) [i]				
102-35	Remuneration policies	pages 35-36; pages 115-116; Report on Corporate Governance and Ownership Structures (pages 65-66) [i]; Report on Remuneration (pages 9-10) [i]; Remuneration and Equity investments [i]				
102-36	Process for determining remuneration	pages 35-36; pages 115-116; Report on Corporate Governance and Ownership Structures (pages 65-66) [i]; Report on Remuneration (pages 9-10) [i]				
102-37	Stakeholders' involvement in remuneration	Report on Corporate Governance and Ownership Structures (pages 65-66) [i]; Report on Remuneration (page 66) [i]			16	
102-38	Annual total compensation ratio	page 181				
102-39	Percentage increase in annual total compensation ratio	page 181				
STAKEHOLDER ENGAGEMENT						
102-40	List of stakeholder groups	page 150				
102-41	Collective bargaining agreements	page 185		Principle 3	8	
102-42	Identifying and selecting stakeholders	The dialogue with stakeholders [i]				
102-43	Approach to stakeholder engagement	pages 150-153				
102-44	Key topics and concerns raised	pages 150-153; pages 155-156				
REPORTING PRACTICE						
102-45	Entities included in the consolidated financial statements	page 9; Financial Reports (Annual Report 2019 "Notes to the Parent Company's financial statements - Part A SECTION 3 - SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS" pages 193-198) [i]				

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
102-46	Defining report content and topic Boundaries	pages 28-29; pages 215-216				
102-47	List of material topics	page 29; pages 215-216				
102-48	Restatements of information	page 17; pages 162-163; pages 183-185				
102-49	Changes in reporting	page 9; pages 29-31; pages 215-216				
102-50	Reporting period	page 9				
102-51	Date of most recent report	page 9				
102-52	Reporting cycle	page 9				
102-53	Contact point for questions regarding the report	page 221				
102-54	Claims of reporting in accordance with the GRI Standards	page 198				
102-55	GRI content index	page 198-214				
102-56	External assurance	pages 217-220; This Consolidated Non-financial statement has been verified by the independent Firm KPMG which also audits the Group's Annual Report. The Statement has been submitted for the approval of the Bank's Board of Directors in its meetings of March 17, 2020.				

Material Topics

Economic Performance

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pages 15-18; pages 215-216			
	103-2	The management approach and its components	pages 14-18; page 40; pages 215-216		8, 16	
	103-3	Evaluation of the management approach	page 40; Report on Corporate Governance and Ownership Structures (pages 54-58; pages 71-72) [i]			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	pages 17-18; page 95; page 163		5, 7, 8, 9, 13	
	201-2	Financial implications and other risks and opportunities due to climate change	pages 46-50; page 195; page 215; Climate Change [i]	Principle 7		FN-CB-410a.2 FN-AC-410a.2
	201-3	Defined benefit plan obligations and other retirement plans	page 120; Financial Reports (Annual Report 2019 "Notes to the Parent Company's financial statements - Part B SECTION 12 - ALLOWANCES FOR RISKS AND CHARGES - CAPTION 100" pages 332-335) [i]			

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	201-4	Financial assistance received from government	pages 15-16; page 147; page 184			
MARKET PRESENCE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 15; page 215			
	103-2	The management approach and its components	pages 14-16; page 40; page 215			
	103-3	Evaluation of the management approach	page 36; page 40			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	page 182	Principle 6	1, 2, 5, 8	
	202-2	Proportion of senior management hired from the local community	page 178			8
INDIRECT ECONOMIC IMPACTS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 15; page 215			
	103-2	The management approach and its components	pages 14-16; page 40; page 215			1
	103-3	Evaluation of the management approach	page 36; page 40			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	pages 45-46; page 95		2, 5, 7, 9, 11	
	203-2	Significant indirect economic impacts	pages 30-32; page 76		1, 2, 3, 8, 10, 17	FN-CB-240a.1
ANTI-CORRUPTION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 25; pages 40-41; pages 52-54; page 60; page 216			
	103-3	Evaluation of the management approach	page 25; pages 40-41; page 52; pages 59-60			FN-CB-510a.2 FN-AC-510a.2
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	page 59	Principle 10	16	
	205-2	Communication and training about anti-corruption policies and procedures	page 35; pages 51-54; pages 107-108; page 159	Principle 10	16	
	205-3	Confirmed incidents of corruption and actions taken	page 161	Principle 10	16	
ANTI-COMPETITIVE BEHAVIOR						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	pages 40-41; page 51; page 57; page 216			

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	103-3	Evaluation of the management approach	page 57			FN-CB-510a.2 FN-AC-510a.2
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2019, no lawsuits were filed nor penalties imposed against the Intesa Sanpaolo Group in the area of free competition.		16	FN-CB-510a.1 FN-AC-510a.1
MATERIALS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	pages 130-131; pages 134-135; page 156; page 215;			
	103-3	Evaluation of the management approach	pages 40-41; pages 134-135			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	page 129; pages 134-135; page 193	Principle 7, 8	8, 12	
	301-2	Recycled input materials used	page 129; page 134-135; page 193	Principle 8	8, 12	
	301-3	Reclaimed products and their packaging materials	The topic is not applicable to the banking sector and to the Group since physical products to be recalled/withdrawn from the market and the related packaging products are not envisaged for the type of business conducted.	Principle 8	8, 12	
ENERGY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	pages 130-134; page 215 Climate Change Action Plan [i]			
	103-3	Evaluation of the management approach	pages 40-41; pages 130-131			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	pages 129 -133; page 192	Principle 7, 8	7, 8, 11, 12, 13	
	302-2	Energy consumption outside of the organization	page 192	Principle 8	7, 8, 11, 12, 13	
	302-3	Energy intensity	page 192	Principle 8	7, 8, 11, 13	
	302-4	Reduction of energy consumption	pages 131-132	Principle 8, 9	7, 8, 11, 13	
	302-5	Reductions in energy requirements of products and services	pages 137-141	Principle 8, 9	7, 8, 11, 13	

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
WATER						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	pages 130-131; page 215			
	103-3	Evaluation of the management approach	pages 40-41; page 135			
GRI 303: Water 2016	303-1	Water withdrawal by source	page 129; page 135; page 193	Principle 7, 8	6	
	303-2	Water sources significantly affected by withdrawal of water	page 129; page 135; page 193	Principle 7, 8	6	
	303-3	Water recycled and reused	The topic is not significant for the banking sector and the Group. In the properties managed by the Group, water consumption is mainly attributable to sanitary purposes and there are no significant cases of recycling and reuse of water.	Principle 7, 8	6	
EMISSIONS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	pages 130-132; page 215			12, 13, 14, 15
	103-3	Evaluation of the management approach	pages 40-41; pages 130-132			
GRI 305: Emissions 2016	305-1	Direct (Scope1) GHG emissions	page 129; page 131; page 191; Emission Factors [i]	Principle 7, 8	3, 11, 12, 13, 14, 15	
	305-2	Energy indirect (Scope2) GHG emissions	page 129; page 131; page 191; Emission Factors [i]	Principle 7, 8	3, 11, 12, 13, 14, 15	
	305-3	Other indirect (Scope3) GHG emissions	page 129; page 191; Emission Factors [i]	Principle 7, 8	3, 11, 12, 13, 14, 15	
	305-4	GHG emissions intensity	page 129; page 191	Principle 8	13, 14, 15	
	305-5	Reduction of GHG emissions	pages 131-132	Principle 8, 9	13, 14	
	305-6	Emissions of ozone-depleting substances (ODS)	page 191; The topic is not significant for the banking sector and for the Group. There are no significant use, within the Group, of ozone-depleting substance related to air conditioning. Emission Factors [i]	Principle 7, 8	3, 11, 13	

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	page 192 Emission Factors [i]	Principle 7, 8	3, 11, 13, 14, 15	
EFFLUENTS AND WASTE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	pages 130-131; page 215		12, 13, 14, 15	
	103-3	Evaluation of the management approach	pages 40-41; page 136			
GRI 306: Scarichie Rifiuti 2016	306-1	Water discharge by quality and destination	page 135	Principle 8	3, 6, 12	
	306-2	Waste by type and disposal method	page 129; page 136; pages 193-194	Principle 8	3, 6, 12	
	306-3	Significant spills	The topic is not significant for the banking sector and the Group. There are no significant polluting spills deriving from the activities carried out by the Group in the reporting year.			
	306-4	Transport of hazardous waste	The topic is not significant for the banking sector and the Group. There are no cases of transportation of hazardous waste.			
	306-5	Water bodies affected by water discharges and/or runoff	The topic is not significant for the banking sector and the Group. In the properties managed by the Group, water consumption is mainly attributable to sanitary purposes and water discharges flow into the public sewage system.			
ENVIRONMENTAL COMPLIANCE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 216			
	103-2	The management approach and its components	pages 130-131; page 216		12, 13, 14, 15	
	103-3	Evaluation of the management approach	pages 40-41; pages 135-136			
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	page 160	Principle 8	16	
EMPLOYMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; pages 112-113; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41; pages 112-113			

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	pages 179-180		Principle 6	5, 8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	pages 186. In general, there no differences between the benefits provided to full-time employees and those provided to part-time employees. For employees with a fixed-term contract, due to the nature of the contract itself, access to the Healthcare Fund and to ALI is not permitted, whereas access to the Group's Supplementary Pension Fund is permitted to a very limited extent.			8
	401-3	Parental leave	page 186	Retention rate under privacy constrain. Because of the variety and the complexity of available parental leaves, in order to calculate the indicator an individual monitoring would be necessary, thus breaching the employees' privacy rights.	Principle 6	5, 8
LABOR/MANAGEMENT RELATIONS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; page 112; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41; page 113			
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	page 161	Principle 3		
OCCUPATIONAL HEALTH AND SAFETY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; page 119; pages 123-126; page 215			
	103-3	Evaluation of the management approach	pages 40-41; pages 123-126			
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	page 126			8
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	pages 187-190; page 215	Part of the information is not available: the data and information relating to injuries of non-employee workers are not monitored as the Italian regulations currently in force do not provide for the obligation to collect the aforementioned data type. The feasibility and above all the significance of implementing a specially designed collection and monitoring system and making said information available as from 2025 will be assessed.		3, 8
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Based on European legislation, banking sector personnel are at low risk of accidents or occupational diseases.			3, 8

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	403-4	Health and safety topics covered in formal agreements with trade unions	page 126		8	
TRAINING AND EDUCATION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; page 113; page 156; page 215		5	
	103-3	Evaluation of the management approach	pages 40-41; page 116			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	pages 183-184	Principle 6	4, 5, 8	
	404-2	Programs for upgrading employee skills and transition assistance programs	pages 112-113; page 116		8	
	404-3	Percentage of employees receiving regular performance and career development reviews	pages 115-116; page 182	Principle 6	5, 8	
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; page 113; pages 117-118; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41; pages 117-118			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	page 158; pages 175-180	Principle 6	5, 8	FN-AC-330a.1
	405-2	Ratio of basic salary and remuneration of women to men	page 181	Principle 6	5, 8, 10	
NON DISCRIMINATION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 146; page 216			
	103-2	The management approach and its components	page 40; pages 58-59; page 216			
	103-3	Evaluation of the management approach	pages 40-41; pages 58-60			
GRI 406: Non Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	pages 59-60; page 147	Principle 6	5, 8, 16	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; pages 215-216			
	103-2	The management approach and its components	page 40; page 45; page 147; pages 215-216			
	103-3	Evaluation of the management approach	pages 40-41; pages 147-148			

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	pages 45-46; page 123; pages 147-148	Part of the information does not apply. The issue of relations with suppliers is not considered material for the Group since the information for the financial sector is relevant with reference to employees and credit management: the information relating to suppliers therefore does not refer to the Group's significant impacts.	Principle 3	8
CHILD LABOR						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 146; pages 215-216			
	103-2	The management approach and its components	page 40; page 45; page 146; pages 215-216			
	103-3	Evaluation of the management approach	pages 40-41; pages 147-148			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	pages 45-46	Part of the information does not apply. The issue of relations with suppliers is not considered material for the Group since the information for the financial sector is relevant with reference to employees and credit management: the information relating to suppliers therefore does not refer to the Group's significant impacts.	Principle 4	8, 16
FORCED OR COMPULSORY LABOR						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 146; pages 215-216			
	103-2	The management approach and its components	page 40; page 45; page 146; pages 215-216			
	103-3	Evaluation of the management approach	pages 40-41; pages 147-148			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	pages 45-46	Part of the information does not apply. The issue of relations with suppliers is not considered material for the Group since the information for the financial sector is relevant with reference to employees and credit management: the information relating to suppliers therefore does not refer to the Group's significant impacts.	Principle 4	8
RIGHTS OF INDIGENOUS PEOPLES						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 62; page 146; page 216			
	103-2	The management approach and its components	page 40; page 45; page 147; page 216			
	103-3	Evaluation of the management approach	pages 40-41; pages 147-148			
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	In 2019 no reports emerged on possible violations of the rights of the natives; Equator Principles [i]	Principle 1		
HUMAN RIGHTS ASSESSMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 146			

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	103-2	The management approach and its components	page 40; pages 147-148; page 216	Principle 1		
	103-3	Evaluation of the management approach	pages 40-41; pages 147-148			
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	pages 45-46	Principle 1		FN-CB-410a.2 FN-AC-410a.2
	412-2	Employee training on human rights policies or procedures	page 41; page 160	Principle 1		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	pages 45-46; page 147; page 167	Principle 2		FN-CB-410a.2 FN-AC-410a.2
LOCAL COMMUNITIES						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 62			
	103-2	The management approach and its components	page 40; page 45; page 76; page 155; page 216			
	103-3	Evaluation of the management approach	pages 40-41; pages 147-148			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	pages 45-46	Principle 1		FN-CB-240a.1
	413-2	Operations with significant actual and potential negative impacts on local communities	pages 45-46	Principle 1	1	
Sector Specific Indicators - G4	FS13	Access point in low-populated or economically disadvantaged areas by type	page 165		1, 8, 10	
	FS14	Initiatives to improve access to financial services for disadvantaged people	pages 76-79; Proximity [i]		1, 8, 10	
PUBLIC POLICY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 40; page 55; page 216			
	103-3	Evaluation of the management approach	pages 40-41			
GRI 415: Public Policy 2016	415-1	Political contributions	page 55	Principle 10	16	
CUSTOMER HEALTH SAFETY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 40; pages 72-75; page 216			
	103-3	Evaluation of the management approach	pages 40-41			
GRI 416: Customer Health Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	pages 72-75			

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GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No penalty or fines for non-compliance with regulation, no incidents of non-compliance with voluntary codes regarding customer Health and Safety.		16	
MARKETING AND LABELLING						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 40; pages 72-75; page 216			
	103-3	Evaluation of the management approach	pages 40-41			FN-CB-510a.2 FN-AC-270a.3 FN-AC-510a.2
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labeling	pages 72-73			FN-AC-270a.3
	417-2	Incidents of non-compliance concerning product and service information and labelling	pages 72-75; Transparency to customer [i]		16	FN-AC-270a.2
	417-3	Incidents of non-compliance concerning marketing communications	pages 72-75; Transparency to customer [i]			FN-AC-270a.2
Sector Specific Guidance for DMA - G4	former FS15	Policies for the fair design and sale of financial products and services	pages 72-75; Relationship with customers [i]		10	
	former FS16	Initiatives to enhance financial literacy by type of beneficiary	pages 80-81		1, 8, 10	FN-CB-240a.4
CUSTOMER PRIVACY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 40; pages 57-58; page 216			FN-CB-230a.2
	103-3	Evaluation of the management approach	pages 40-41			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 58		16	FN-CB-230a.1
SOCIOECONOMIC COMPLIANCE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 40; pages 52-54; page 60; page 216			
	103-3	Evaluation of the management approach	pages 40-41			FN-CB-510a.2 FN-AC-510a.2
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Financial Reports (Annual Report 2019 "Notes to the Parent Company's financial statements PART E - LEGAL RISKS - TAX LITIGATION" pages (491-499) [i]		16	FN-CB-510a.1 FN-AC-510a.1

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Sector Disclosures: Financial Services	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
Social Disclosure - Product Responsibility						
PRODUCT PORTFOLIO						
GRI 103: Approccio Gestionale 2016	103-1	Explanation of the material topic and its Boundary	page 62; page 128; pages 215-216			
	103-2	The management approach and its components	page 40; page 76; page 137; pages 155-156; pages 215-216			
	103-3	Evaluation of the management approach	pages 40-41			
Sector Specific Guidance for DMA - G4	ex FS1	Policies with specific environmental and social components applied to business lines	pages 45-46; page 76; pages 88-91; page 137; page 147; Policy di CSR [i]		10	
	ex FS2	Procedures for assessing and screening environmental and social risks in business lines	page 45; pages 88-89; pages 137-141; page 147		10	
	ex FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	pages 45-46; Equator Principles [i]			
	ex FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	page 41; pages 142-144		10	
	ex FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	page 45; Equator Principles [i]		10	
Indicatori del Supplemento di Settore Specifico - G4	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector	About us (A presentation of the Group page 25) [i]		1, 8, 9	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	page 76; page 168		1, 8, 10, 11	FN-CB-240a.1
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	page 137; page 194			

* Sustainable Development Goals of the United Nations.

** Sustainability Accounting Standards Board.

Sector Disclosures: Financial Services	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
AUDIT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	page 40; pages 59-60; page 216			
	103-3	Evaluation of the management approach	pages 40-41; pages 52-54			FN-CB-510a.2 FN-AC-510a.2
Sector Specific Guidance for DMA - G4	former FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	page 41; pages 59-60; Implementation and governance [i] Monitoring against corruption [i]		10	
ACTIVE OWNERSHIP						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pag. 62; pag. 216			
	103-2	The management approach and its components	pag. 40; pagg. 88-90; pag. 155; pag. 216			FN-AC-410a.3
	103-3	Evaluation of the management approach	pagg. 40-41; pagg. 88-90			
Sector Specific Guidance for DMA - G4	former FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	pagg. 88-90			
Sector Specific Indicators - G4	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	page 170		10	
	FS11	Percentage of assets subject to positive and negative environmental or social screening	pages 169-170		10	FN-AC-410a.1

* Sustainable Development Goals of the United Nations.

** Sustainability Accounting Standards Board.

Non GRI Material Topics	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
COMPANY VALUE AND SOLIDITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 15; page 215			
	103-2	The management approach and its components	pages 14-17; page 40; page 215			
	103-3	Evaluation of the management approach	page 40; Report on Corporate Governance and Ownership Structures (pages 69-71) [i]; Report on Remuneration (pages 69-72) [i]			
DIRECT ENVIRONMENTAL IMPACTS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	page 40; pages 130-131; page 215; Climate Change Action Plan [i]			
	103-3	Evaluation of the management approach	pages 40-41; page 131			
GREEN ECONOMY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 128; page 215			
	103-2	The management approach and its components	page 40; page 137; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41; page 137			
EMPLOYEE ENHANCEMENT AND DEVELOPMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; pages 113-114; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41			
EMPLOYEE WELFARE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			
	103-2	The management approach and its components	page 40; page 119; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41			
EMPLOYMENT PROTECTION						
RI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 110; page 215			

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 ** Sustainability Accounting Standards Board.

Non GRI Material Topics	Disclosure	Page number(s) and/or URL(s)	Omissions	Global Compact	SDG's*	SASB**
	103-2	The management approach and its components	pag.e 40; page 112; page 156; page 215			
	103-3	Evaluation of the management approach	pages 40-41			
QUALITY AND INNOVATION IN CUSTOMER RELATIONS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 62; page 216			
	103-2	The management approach and its components	page 40; page 65; page 216			
	103-3	Evaluation of the management approach	pages 40-41			
ACCESS TO CREDIT AND FINANCIAL INCLUSION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 62; page. 216			
	103-2	The management approach and its components	page 40; page 76; page 216			FN-CB-240a.1
	103-3	Evaluation of the management approach	pages 40-41			
RESPONSIBLE SAVING MANAGEMENT AND CUSTOMER PROTECTION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 62; page 216			
	103-2	The management approach and its components	page 40; page 88; page 216			
	103-3	Evaluation of the management approach	pages 40-41			FN-CB-510a.2 FN-AC-510a.2
RELATIONS WITH THE COMMUNITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 62; page 216			
	103-2	The management approach and its components	pag.e 40; page 95; page 155; page 216			
	103-3	Evaluation of the management approach	pages 40-41			
INTEGRITY IN CORPORATE CONDUCT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 51; page 216			
	103-2	The management approach and its components	pag.e 25; page 40; page 52; page 216			
	103-3	Evaluation of the management approach	pages 40-41			FN-CB-510a.2 FN-AC-510a.2

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GRI Impact boundaries

Material topics	GRI Aspects	Boundary: within	Boundary: outside
COMPANY VALUE AND SOLIDITY			
<p>The value of assets, their solidity and risk management, including socio-environmental aspects.</p> <p>Strategic lines are defined by the Board of Directors and all the Departments ensure the management of the topic.</p>	<p>ECONOMIC PERFORMANCE</p> <p>MARKET PRESENCE</p> <p>INDIRECT ECONOMIC IMPACTS</p>	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
DIRECT ENVIRONMENTAL IMPACTS			
<p>Direct environmental impacts of business activities: consumption of resources, emissions and waste.</p> <p>More than 550 people are allocated for the strategic and operational management of the activities.</p>	<p>MATERIALS</p> <p>ENERGY</p> <p>WATER</p> <p>EMISSIONS</p> <p>EFFLUENTS AND WASTE</p>	Intesa Sanpaolo Group	Environment, Community
GREEN ECONOMY			
<p>To operate as a financial institution that supports production and consumption systems oriented to environmental sustainability, also in the risk evaluation.</p> <p>More than 25.000 people are allocated for the strategic and operational management of the activities.</p>	<p>ECONOMIC PERFORMANCE (201-2)</p> <p>ENERGY (302-5)</p> <p>PRODUCT RESPONSIBILITY: PRODUCT PORTFOLIO</p>	Unità di business, Crediti, Risk Management, Innovazione, Compliance	Environment, Shareholders, Customers, Suppliers, Community
EMPLOYEE ENHANCEMENT AND DEVELOPMENT			
<p>Recognizing the employee values by developing all their potentiality and enhancing their characteristics.</p> <p>More than 490 people are allocated for the strategic and operational management of the activities.</p>	<p>TRAINING AND EDUCATION</p> <p>DIVERSITY AND EQUAL OPPORTUNITY</p>	Intesa Sanpaolo Group	Customers, Community, Shareholders
EMPLOYEE WELFARE			
<p>To promote work-life balance in workplace to protect and foster wellbeing for employees.</p> <p>More than 600 people are allocated for the strategic and operational management of the activities.</p>	<p>EMPLOYMENT (401-2; 401-3)</p> <p>OCCUPATIONAL HEALTH AND SAFETY</p>	Intesa Sanpaolo Group	Customers, Community, Shareholders
LABOR RIGHTS			
<p>Responsible employment management and development of labor/management relations shaped towards shared solutions.</p> <p>Almost 360 people are allocated for the strategic and operational management of the activities.</p>	<p>EMPLOYMENT (401-1)</p> <p>LABOR MANAGEMENT RELATIONS</p> <p>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</p> <p>CHILD LABOR</p> <p>FORCED OR COMPULSORY LABOR</p>	Intesa Sanpaolo Group	Community, Shareholders

Material topics	GRI Aspects	Boundary: within	Boundary: outside
QUALITY AND INNOVATION IN CUSTOMER RELATIONS			
<p>Care, transparency, improvement and simplification of the customer relations through all relationship channels.</p> <p>More than 9.100 people are allocated for the strategic and operational management of the activities.</p>	<p>MARKETING AND LABELLING</p> <p>CUSTOMER HEALTH AND SAFETY</p>	<p>Business Units, Operations, Compliance, IT Department, Innovation, External Relations, Human Resources</p>	<p>Customers, Community</p>
ACCESS TO CREDIT AND FINANCIAL INCLUSION			
<p>Promoting solutions to facilitate access to financial and credit products for households and businesses by adopting criteria that also take into account social vulnerability situations and growth prospects in risk assessment.</p> <p>More than 25.300 people are allocated for the strategic and operational management of the activities.</p>	<p>PRODUCT RESPONSIBILITY: PRODUCT PORTFOLIO SOCIETY LOCAL COMMUNITY FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING CHILD LABOR FORCED OR COMPULSORY LABOR RIGHTS OF INDIGENOUS PEOPLES HUMAN RIGHT ASSESSMENT</p>	<p>Business Units, Credit, Risk Management, Compliance, Innovation</p>	<p>Customers, Shareholders, Community</p>
RESPONSIBLE SAVING MANAGEMENT AND CUSTOMER PROTECTION			
<p>Offering investment and protection solutions characterized by ESG (environmental, social and governance) selection criteria for financial instrument issuers.</p> <p>About 2.400 people are allocated for the strategic and operational management of the activities.</p>	<p>PRODUCT RESPONSIBILITY: PRODUCT PORTFOLIO PRODUCT RESPONSIBILITY: ACTIVE OWNERSHIP</p>	<p>Business Units, Asset Management, Insurance</p>	<p>Customers, Shareholders, Community</p>
RELATIONS WITH THE COMMUNITY			
<p>The company as a promoter of relationships that influence the entire community and its well-being with its own cultural stimulus actions and its social dialogue skills.</p> <p>More than 120 people are allocated for the strategic and operational management of the activities.</p>	<p>ECONOMIC PERFORMANCE (201-1)</p>	<p>Intesa Sanpaolo Group</p>	<p>Community, Shareholders</p>
INTEGRITY IN CORPORATE CONDUCT			
<p>To act with transparency and responsibility in full compliance with international, national and corporate standards, rules and policies.</p> <p>Within the Group's governance structures, more than 1.540 people are allocated for strategic management and operational guidance of the activities.</p>	<p>ANTI-CORRUPTION PUBLIC POLICY ANTI-COMPETITIVE BEHAVIOR ENVIRONMENTAL COMPLIANCE NON DISCRIMINATION CUSTOMER PRIVACY SOCIOECONOMIC COMPLIANCE PRODUCT RESPONSIBILITY: AUDIT</p>	<p>Intesa Sanpaolo Group</p>	<p>Shareholders, Customers, Suppliers, Environment, Community</p>

Auditors' report



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

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
 Intesa Sanpaolo S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2019 consolidated non-financial statement of the Intesa Sanpaolo Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 17 March 2020 (the "Non-financial Statement").

Responsibilities of the parent's directors and management control committee for the Non-financial Statement

The directors of Intesa Sanpaolo S.p.A. (the "parent") are responsible for the preparation of an Non-financial Statement in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Non-financial Statement that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the Non-financial Statement, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

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 31 December 2019

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the Non-financial Statement, the group's policies for the identification and management of the risks generated or borne.

The management control committee is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the Non-financial Statement with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Non-financial Statement is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the Non-financial Statement are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the Non-financial Statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the Non-financial Statement, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.



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3. Comparing the financial disclosures presented in the Non-financial Statement with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the group's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the Non-financial Statement and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the Non-financial Statement.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Banca IMI S.p.A., Eurizon Capital SGR S.p.A., Fideuram - Intesa Sanpaolo Private Banking S.p.A., Privredna Banka Zagreb, CIB Bank Group, Bank of Alexandria S.A.E., Banca Intesa Beograd and VUB Group . We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the Non-financial Statement.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the Non-financial Statement and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited Intesa Sanpaolo S.p.A., Banca IMI S.p.A., Eurizon Capital SGR S.p.A. and Fideuram - Intesa Sanpaolo Private Banking S.p.A., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.



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Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 consolidated non-financial statement of the Intesa Sanpaolo Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Milan, 18 March 2020

KPMG S.p.A.

(signed on the original)

Mario Corti
Director

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