



2019 Consolidated Non-financial Statement

March 2020

INTESA  SANPAOLO

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
- 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
- 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



Principal Actions and Results Achieved in 2019

IDENTITY & PROFILE	<ul style="list-style-type: none"> ✓ Signatory of Principles for Responsible Banking (PRB) and Principles for Sustainable Insurance (PSI) and subscription to Women’s Empowerment Principles ✓ Excellent results in main sustainability Indices
GOVERNANCE & MANAGEMENT OF RISKS	<ul style="list-style-type: none"> ✓ Enhanced ESG Governance Framework for ESG topics ✓ Launch of Project ISP4ESG to consolidate ESG leadership of the Group ✓ Launched ESG Strategic Plan of Insurance Division in order to integrate ESG into strategic decisions, in line with PSI ✓ ISO 37001 Anti-bribery Certification
SOCIETY	<ul style="list-style-type: none"> ✓ Over €3.8bn in Loans granted for high social impact activities (6.6% of total Loans), out of which ~€75m Microcredit & anti-usury initiatives, more than €200m in loans to the Third sector and ~€137m in Support to people affected by disastrous events ✓ 27.3% market share in Sustainability funds in Italy, 39 ESG/Ethical funds, €8.4bn AuM ✓ Over €86m in monetary contributions to the community
EMPLOYEES	<ul style="list-style-type: none"> ✓ More than 4,400 new hires ✓ 1,100 managers with KPIs Diversity & Inclusion objective in the assessment system ✓ ~17,250 people adhering to “smart working” ✓ 10.8 million Training hours
ENVIRONMENT & CLIMATE CHANGE	<ul style="list-style-type: none"> ✓ -21.4% CO₂ emissions vs 2018; 82.6% (80.5% in 2018) of electricity from renewable sources ✓ The first Italian bank to have adopted an integrated Management system on Health and Safety (ISO 45001), Environment (ISO 14001) and Energy (ISO 50001), certified on 100% of Branches and buildings located in Italy ✓ Awarded the LEED Platinum certification for ISP Tower in Turin - as “Existing Buildings Operations & Maintenance” ✓ €2.2bn to Green Economy and to the Circular Economy (3.7% of total loans) of which €0.76bn to the Circular Economy ✓ First Sustainability Bond focused on the Circular Economy for an amount of €750m

ISP has joined several national and international initiatives and United Nations Sustainable Development Goals

Intesa Sanpaolo Vita has subscribed PSI at the end of 2019

Intesa Sanpaolo joined as Founding Signatory the Principles for Responsible Banking (PRB) in September 2019, and signed WEPs at the end of 2019

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

PRB PRINCIPLES FOR RESPONSIBLE BANKING

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

UN GLOBAL COMPACT

CDP DISCLOSURE INSIGHT ACTION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Forum per la Finanza Sostenibile

EQUATOR PRINCIPLES

GRI GRI Community Intesa Sanpaolo 2020

LBG CORPORATE CITIZENSHIP

SUSTAINABLE DEVELOPMENT GOALS

Contribution to SDGs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
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																		

Intesa Sanpaolo is one of the few European banks¹ that signed up to all UNEP FI initiatives in its business areas

(1) Other European Groups signed up to PRI, PRB, PSI are: Lloyds Group, Generali Group, Caixa Group.

ISP is included in the main sustainability Indices and Rankings

Top rankings⁽¹⁾ for Sustainability



The **only Italian bank** listed in the Dow Jones Sustainability Indices, in the CDP Climate A List 2019 and the 2020 Corporate Knights “Global 100 Most Sustainable Corporations in the World Index”



In 2019 **Sustainable Development Award** by ASSOSEF⁽²⁾ for its contribution to the promotion of Sustainable Development Goals

	Bloomberg	CDP	MSCI ESG RATINGS	ROBECOSAM	SUSTAINALYTICS
	70	A	AAA	100	97
	61	A	AAA	100	93
	58	A-	AAA	94	93
	58	A-	AA	94	89
	57	A-	AA	91	87
	57	A-	A	90	84
	56	A-	A	88	79
	55	A-	A	79	75
	55	B	A	77	73
	53	B	BBB	74	71
	53	B	BBB	71	70
	50	B	BBB	63	66
	50	B	BBB	61	65
	49	C	BBB	60	64
	46	C	BBB	51	60
	45	C	BBB	51	58
	44	C	BBB	46	53
		C	BBB	38	44

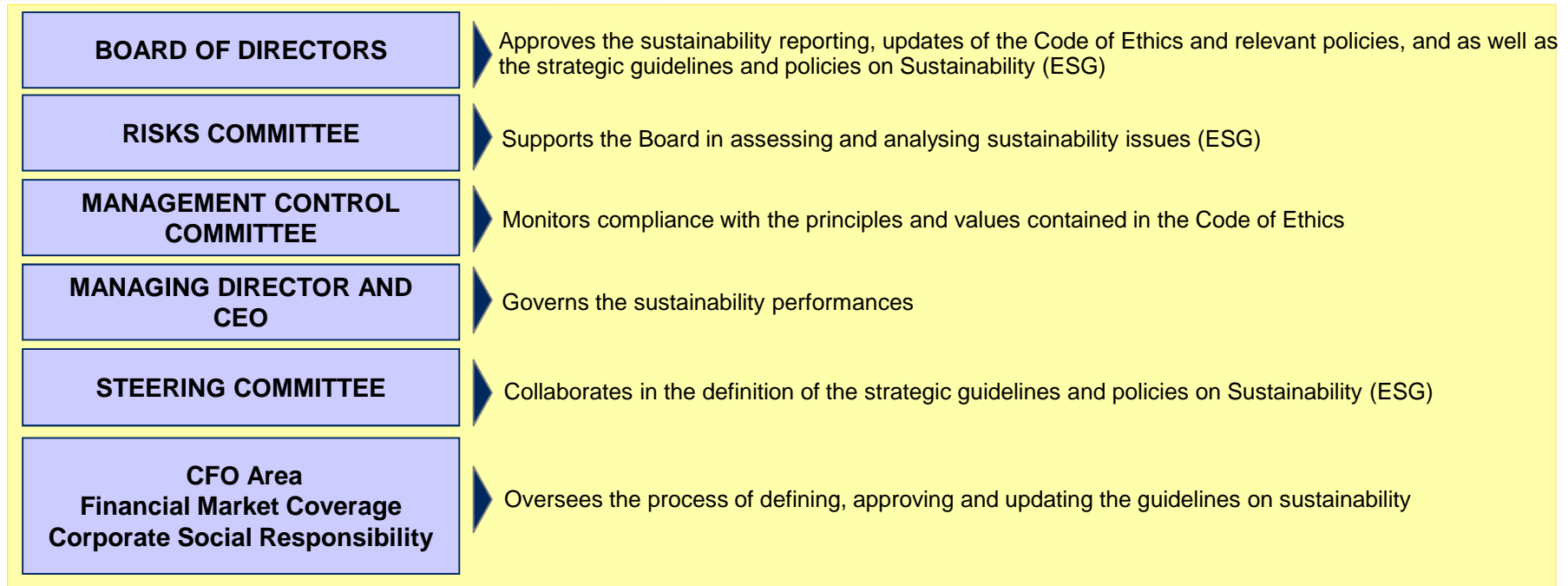
(1) ISP peer group

(2) Associazione Europea Sostenibilità e Servizi Finanziari

(3) Natixis

Sources: Bloomberg ESG Disclosure Score (Bloomberg as of 31.1.20), CDP Climate Change Score 2019 (<https://www.cdp.net/en/companies/companies-scores>); MSCI ESG Score 2019 (<https://www.msci.com/esg-ratings>); Robeco SAM (Bloomberg as of 31.1.20); Sustainalytics score (Bloomberg as of 31.1.20)

Sustainability Governance



Sound balance sheet and sustainable profitability benefiting all stakeholders

REFERENCE MODEL IN TERMS OF SOCIAL AND CULTURAL RESPONSIBILITY

- 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
- Support for combating climate change

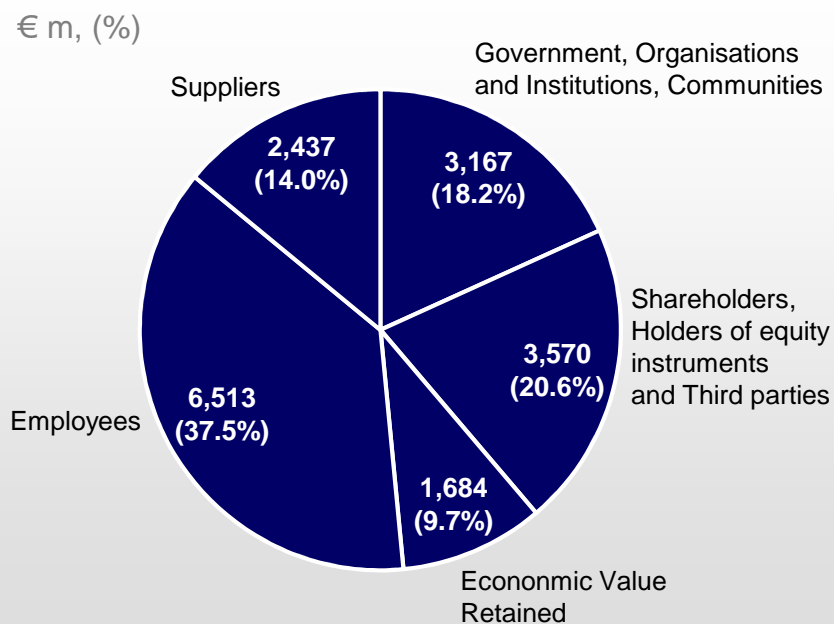
2018-2021 Business Plan – Objectives and Results

	Benefits	Plan Objectives for 2021 Cumulative value 2018-2021 (€ bn, %)	2019 Results
Shareholders	Cash dividend payout ratio	<ul style="list-style-type: none"> Significant portion of Net income available for consumption / investments 	<ul style="list-style-type: none"> 80%¹ €3,362bn¹
Households and Businesses	MLT new lending to the real economy	<ul style="list-style-type: none"> ~500,000 new investments financed Lending growth above GDP growth 	<ul style="list-style-type: none"> ~€58bn (~€118bn from the beginning of 2018)
Employees	Personnel expenses	<ul style="list-style-type: none"> More than 90,000 households 	<ul style="list-style-type: none"> ~€5.7bn (~€11.5bn from the beginning of 2018) ~10.8bn of hours (~20bn from the beginning of 2018)
	Training	<ul style="list-style-type: none"> ~46m training hours ~5,000 excess capacity redeployed to priority initiatives 	<ul style="list-style-type: none"> ~2,039 resources redeployed (~3,028 from the beginning of 2018)
Suppliers	Purchases and investments	<ul style="list-style-type: none"> More than 40,000 households 	<ul style="list-style-type: none"> ~€2.8bn (~€5.5bn from the beginning of 2018)
Public Sector	Direct and Indirect Taxes	<ul style="list-style-type: none"> Comparable in size to an Italian annual Budget Law ("Legge di Stabilità") 	<ul style="list-style-type: none"> ~€2.7bn (~€5.3bn from the beginning of 2018)
Social Sector	MLT new lending to support social ventures	<ul style="list-style-type: none"> ISP: the largest Social Sector Lender in Italy 	<ul style="list-style-type: none"> More than €200bn (~€ 450bn from the beginning of 2018)
Categories with restricted credit access	Impact lending	<ul style="list-style-type: none"> ISP: the first Impact Bank worldwide 	<ul style="list-style-type: none"> For Merito: €28m granted in the first 10 months

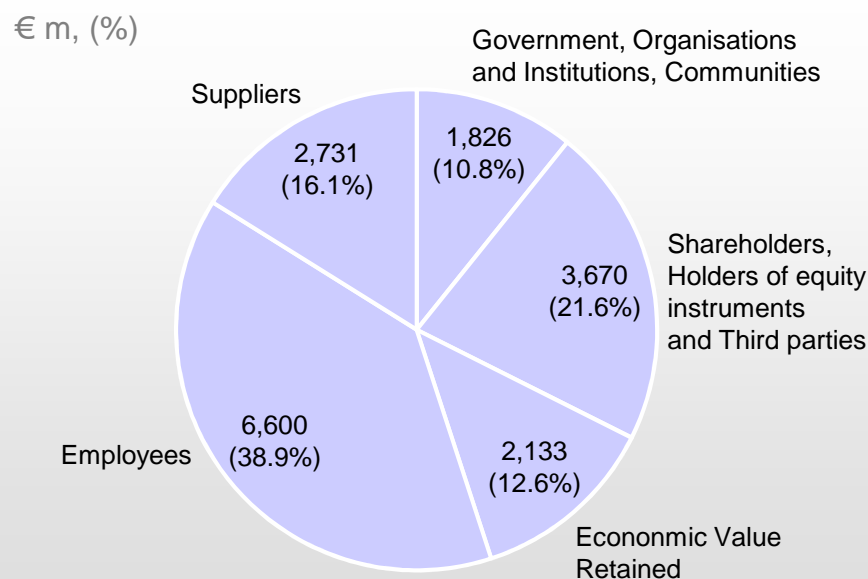
(1) Following ECB recommendation, on 31 March 2020 ISP decided to suspend the distribution of the 2019 dividend, proposing the allocation to reserves of net income for the financial year 2019 to the Shareholders' Meeting, that approved it on 27 April 2020, and intending to convene a Shareholders' Meeting after 1 October 2020 to distribute part of the reserves to shareholders by the end of the financial year 2020

Distribution of economic value

2019 Economic Value €17,371m – Breakdown¹



2018 Economic Value €16,960m – Breakdown



The economic value generated in 2019 is increasing compared to the 2018 value
 In particular the contribution of Government, Organisations and Institutions, and Communities recorded an increase for significant amount referring to indirect taxes and duties

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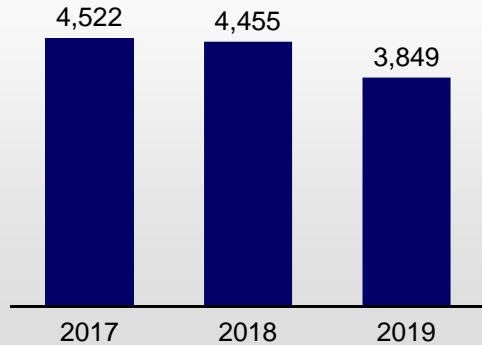
(2) Figures were restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations

Social Indicators

SELECTED
EXAMPLES

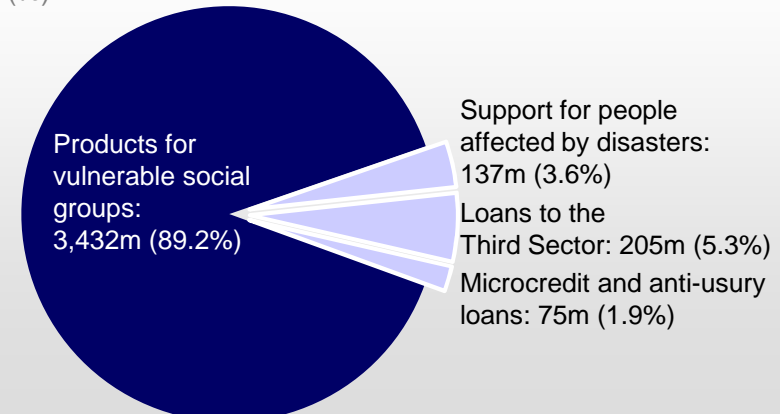
High social impact loans

€ m



Breakdown of high social impact loans in 2019

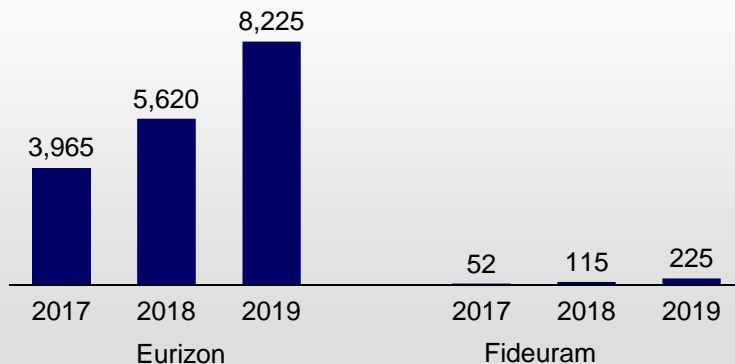
€ m, (%)



- **6.6% of total loans granted in 2019 vs 7.4% in 2018**
- The decline in disbursements with high social impact is linked to the decrease in loans to support people affected by natural disasters, to the third sector and in mortgages to young people which, during the past year however, recorded a percentage increase compared to the total mortgages granted by the Bank

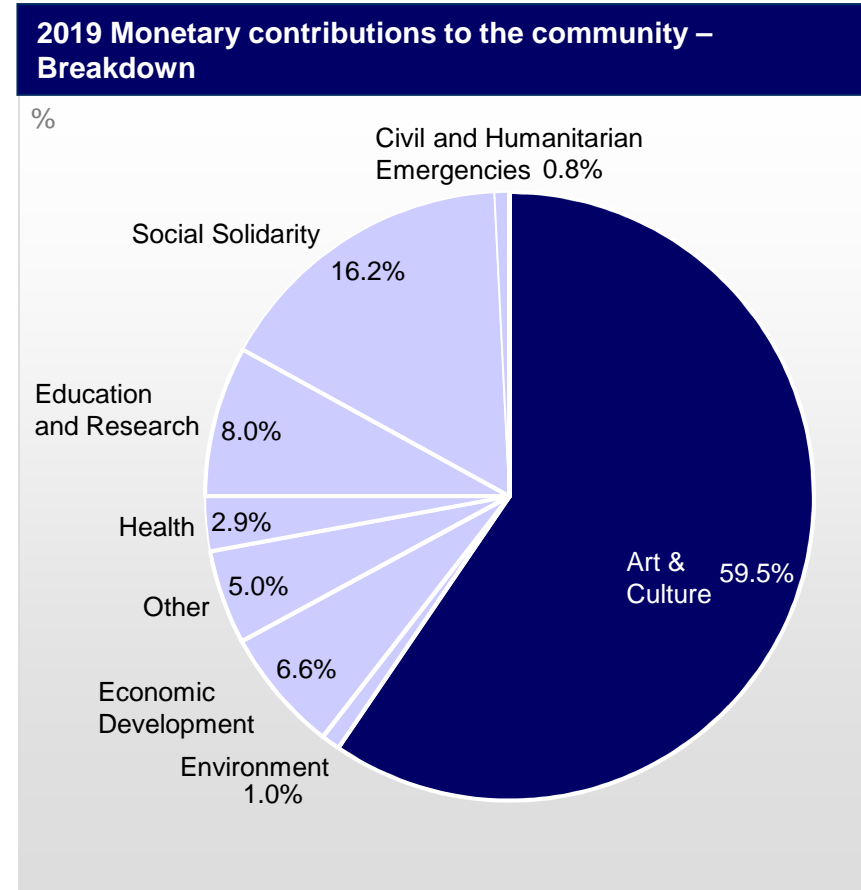
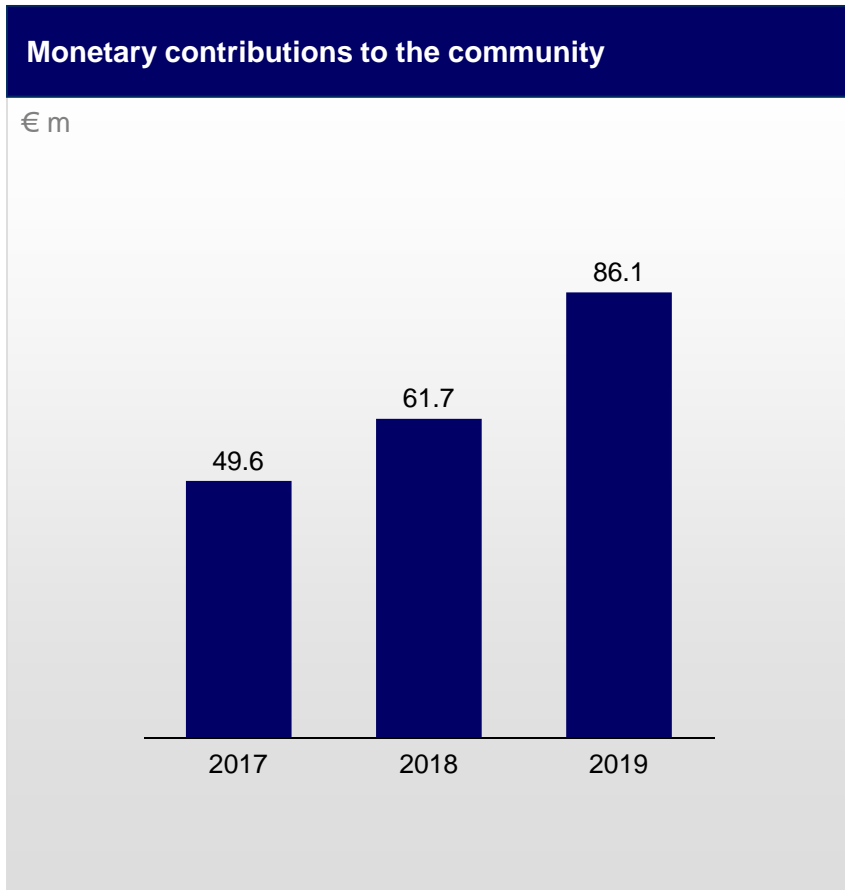
Sustainable Investments: Eurizon and Fideuram ESG / Ethical funds

€ m



- The Group confirms its leadership in sustainable investments in Italy:
 - A market share more than **27%**,
 - **39 dedicated ESG/ Ethical funds** (out of which 12 launched in 2019)
 - AUM of **€8.45bn**
 - more than **€2bn inflows** since the beginning of the year
- **Eurizon** carried out **675 engagement initiatives** with **515 issuers**, with about 15% primarily related to ESG issues

Social Indicators



The increase in monetary contributions in 2019 (+~40%) is particularly linked to the contribution to Art and Culture amounting to €51.2m (€30.9m in 2018)

ISP as the Engine of Sustainable and Inclusive Development with Many Initiatives already ongoing

SELECTED
EXAMPLES

Evaluated **~720 start-ups** in 2019 (~1,300 since 2018) across **6 acceleration programs** with **124 coached start-ups** (235 since 2018), introducing them to selected investors and ecosystem players (~1,600 to date)

€5bn Circular Economy credit Plafond: 248 projects evaluated, of which 63 already financed for **~€760m**

Launched the first **Sustainability Bond** focused on the **Circular Economy** (amount €750m)

The **Circular Economy Lab** for Corporate clients is running **Open Innovation Programs**

ISP's "Giovani e Lavoro" program underway, in partnership with Generation, aimed at **training and introducing 5,000 young people to the Italian labour market over the next three years**. In 2019:

- 3 training courses available (Food&Beverage, Retail sales and Java programming) in 4 areas (Rome, Naples, Milan and Venice)
- 9,300 young people, aged 18-29, applied to the program
- Over 1,000 companies involved
- More than 700 students started a training course
- 80% successful job applications for graduates

Launched **P-Tech initiative** in partnership with IBM, with the objective of training young professionals in the field of new digital jobs

Initiatives to **reduce child poverty** and **support people in need** well ahead of Business Plan target, delivering since 2018:

~8.7 million meals
~519,000 dormitory beds
~131,000 medicine prescriptions
~103,000 articles of clothing

Supported families affected by earthquakes and natural disasters by **forgiving mortgages or granting moratoria** of mortgages on destroyed properties and subsidised loans (~€800m forgiven mortgages or granted *moratoria* in 2019 and over €135m subsidised loans granted in 2019, ~€335m since 2018)

Supported families and businesses affected by **Genoa bridge collapse** with a €4.5m plafond for unilateral mortgage forgiveness (€0.5m already forgiven) and €50m plafond for reconstruction (€4.6m granted)

Supported families affected by **flooding emergency in Venice** and surroundings through a €100m plafond and a 12-month granted *moratoria* on mortgages

In 2019 **over 560,000 visitors** to ISP "Gallerie d'Italia" museums (500,000 in 2018) and **~80,000 students** participating in free educational activities (73,000 in 2018)

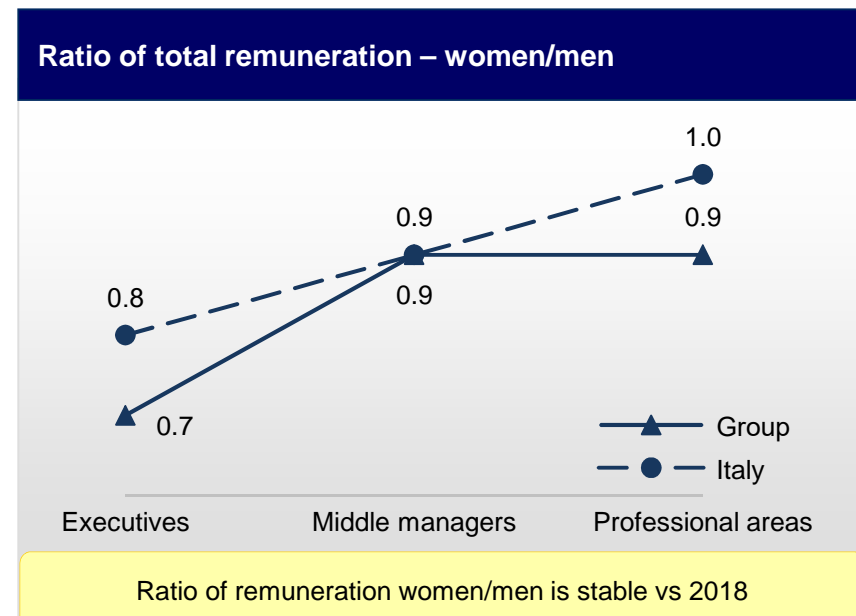
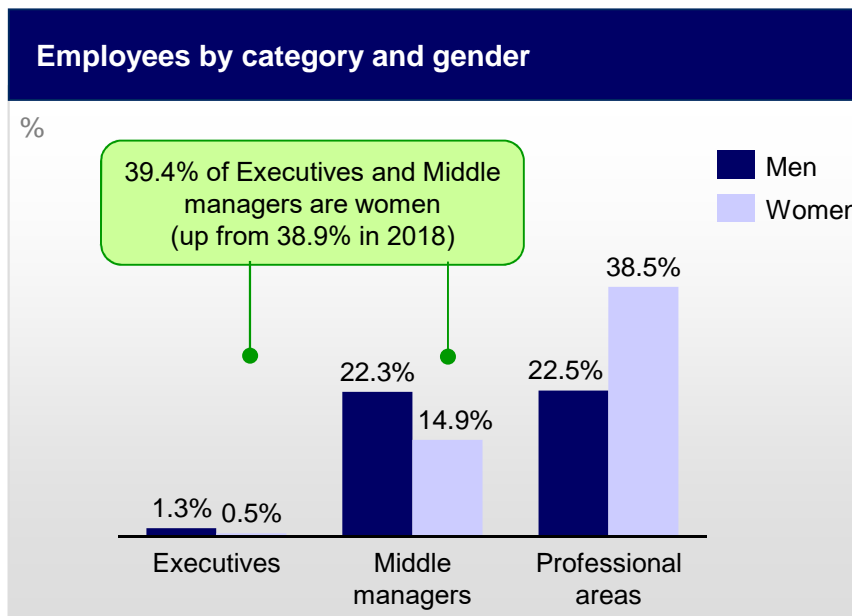
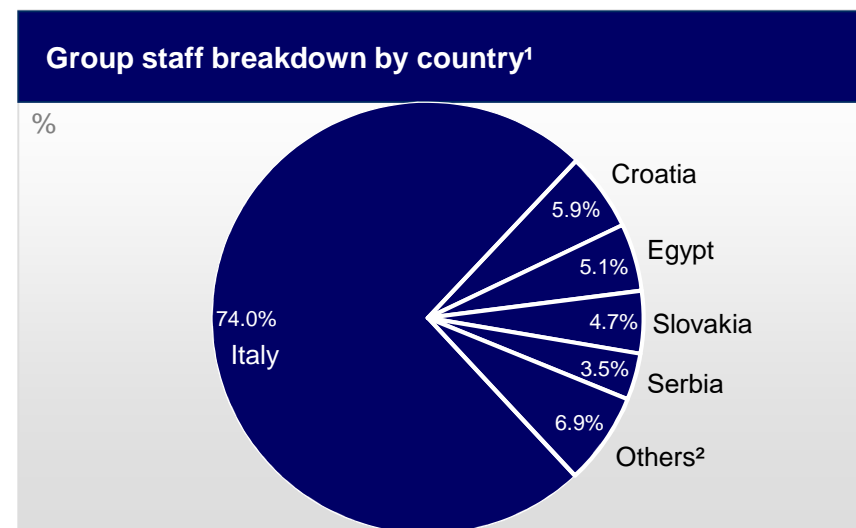
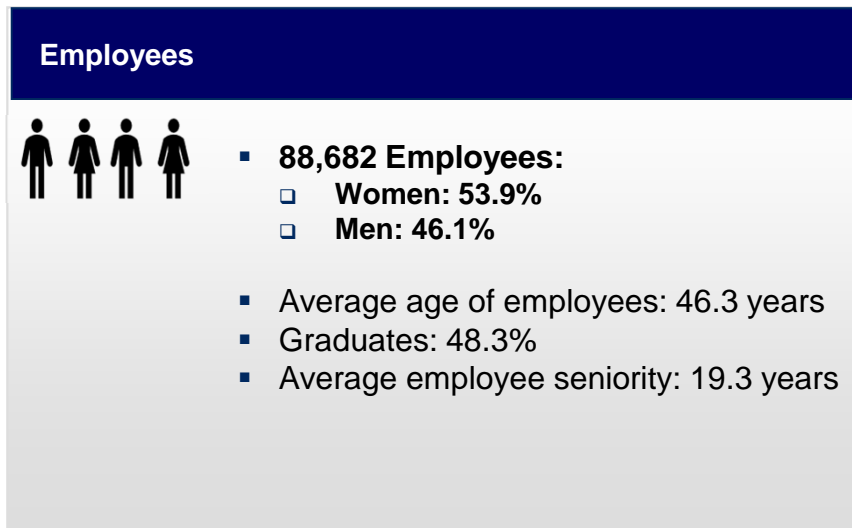
The **Canova / Thorvaldsen** exhibition at the Gallerie d'Italia in Milan, in partnership with St Petersburg State Hermitage Museum and Copenhagen's Thorvaldsens Museum, is **one of the most visited exhibitions** in Italy (more than 100,000 visitors in the first two months)

230 artworks from our **corporate collection on loan** in 2019 (140 in 2018) to **Italian and international museums**

Announced in January 2020 **two new initiatives** to support **working mothers** (in Italy and India) and **people** over the age of 50 who have lost their jobs or have **difficulty accessing pension schemes**



Indicators on Employees



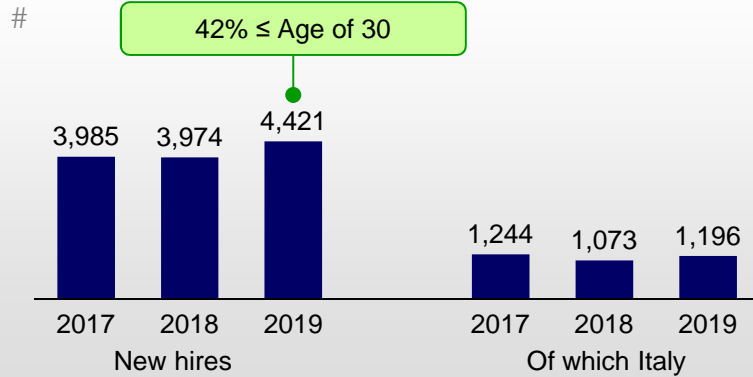
(1) The breakdown by country is based on the parent company head office for international subsidiaries (PBZ in Croatia, VÚB Banka in Slovakia and CIB Bank in Hungary)

(2) Others: Hungary 2.55%; Russian Federation 1.25%; Ukraine 0.99%; Albania 0.71%; Romania 0.64%; Moldova 0.40%; Luxembourg 0.24%; Brasil 0.04%; Ireland 0.03%

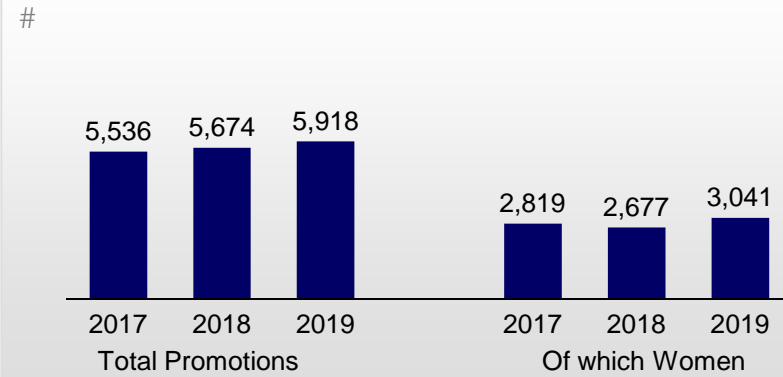
Indicators on Employees

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EXAMPLES

New Hires

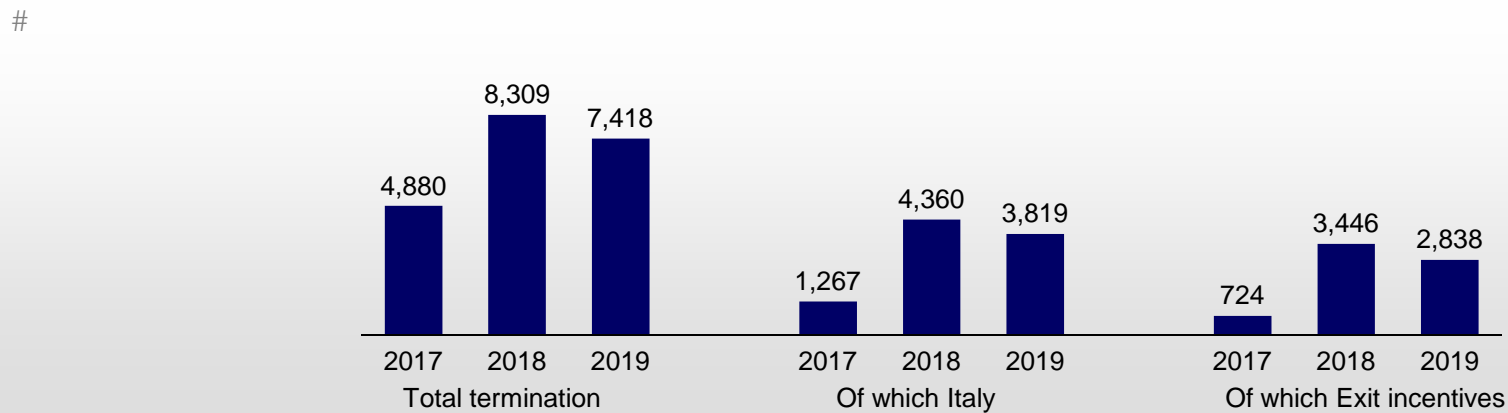


Promotions



In 2019 ~51% of total promotions given to women
(47% in 2018)

Terminations

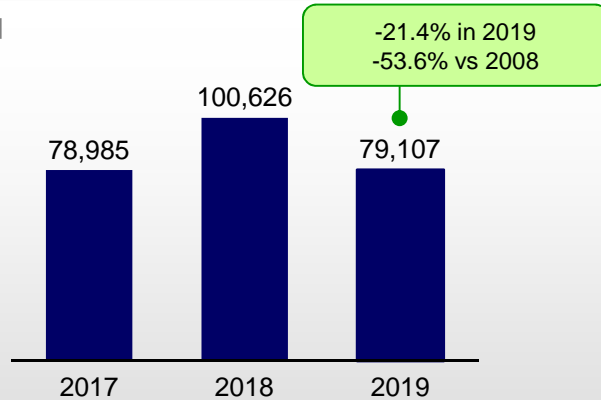


Environmental Indicators

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Total direct + indirect emissions Scope 1 + 2 Market-based

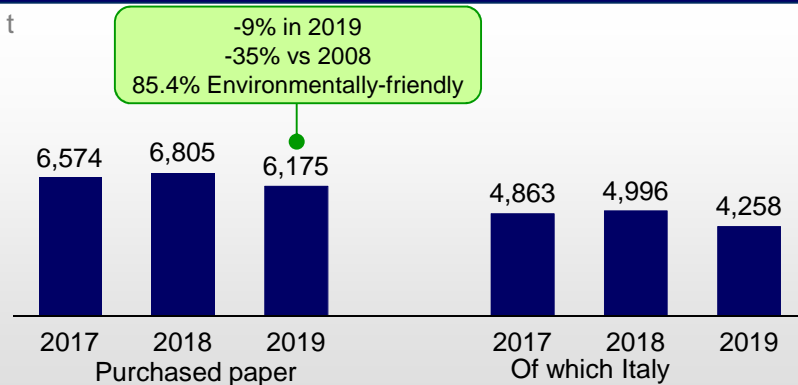
t CO₂ eq



The reduction in energy consumption and related emissions is mainly due to the continuous energy efficiency actions implemented and to the downsizing of some properties

Purchased paper

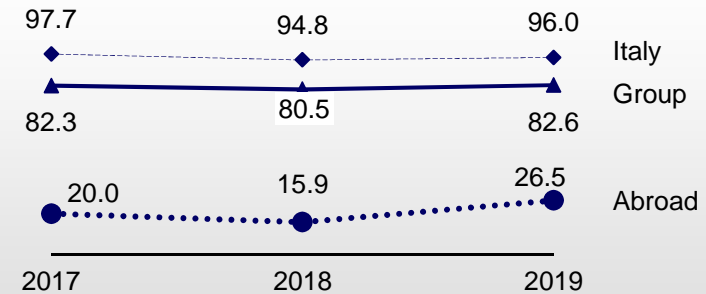
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The reduction in the use of paper continued both in absolute terms (-9.3% vs 2018) and on a staff member basis (-8.6% vs 2018) also thanks to the project for paperless contracts

Renewable electricity consumption

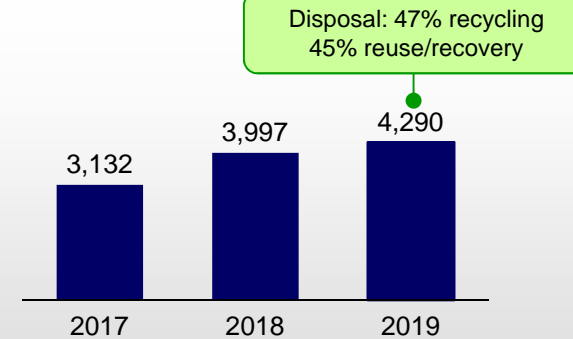
% on total



In Italy, the purchase of energy from renewable sources is ensured by Guarantees of Origin, while in International Subsidiary Banks the situation differs, also in relation to the limits imposed by certain national regulations

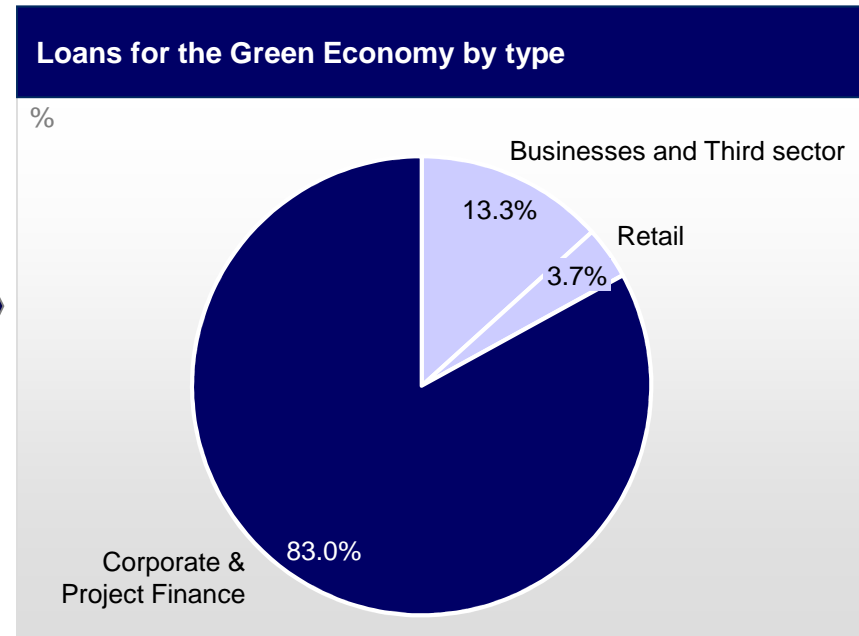
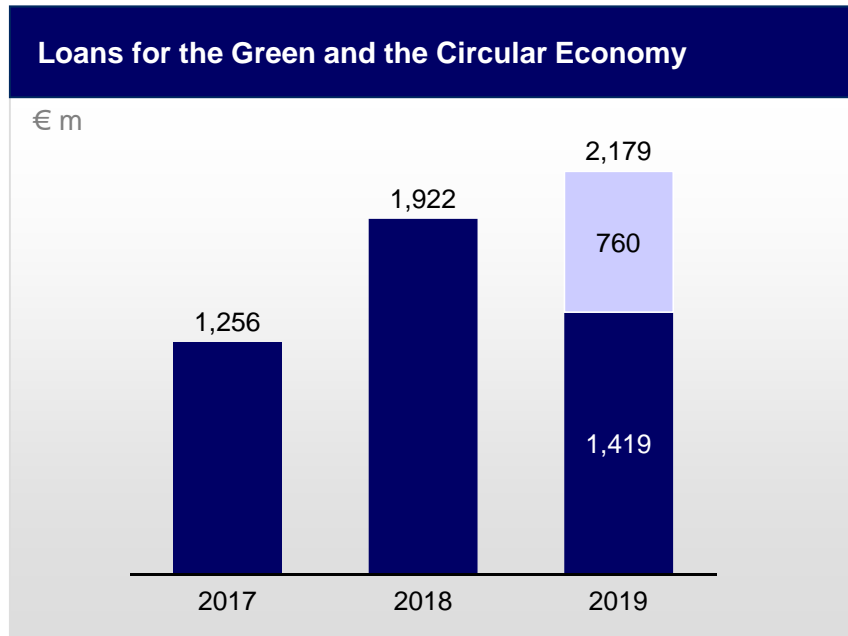
Special waste

t



In 2019, special waste increased slightly, mainly attributable to the disposal of properties and related IT equipment and archives in the foreign perimeter

Environmental Indicators



- In 2019, loans disbursed for the Green and Circular Economy amounted to ~€2.2bn equal to 3.7% of total loans
- In particular, for the Circular Economy: 248 projects analysed, 63 projects financed and €760m disbursed

2019 Consolidated Non-financial Statement - Changes

Transition to GRI "Comprehensive" option

- 2019 CNFS has been made according to "Comprehensive" option, maximum level of coverage and alignment with the requests of the GRI standards (2018 CNFS was published according to "Core" option, the basic level)
- In 2019 CNFS all general and profile indicators have been covered together with all indicators corresponding to material issues identified
- 9 New KPIs covered in 2019 vs 2018 and 11 KPIs covered partially in 2018 and totally in 2019

Only 3% of companies in Italy have a statement in accordance with the GRI Standards "Comprehensive" option

Disclosure on Climate related aspects



- Inclusion in CNFS of precise reference of:
 - Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) adopted by ISP in October 2018
 - Non-binding Guidelines of European Commission (June 2019) on Climate reporting
- In particular, it has been inserted the Correspondence table between the TCFD recommendations and the sections of CNFS and other company documents where the related disclosure is contained. Moreover a summary has also been included in the Executive summary of 2019 Consolidated Financial Statement

Sustainability Accounting Standards Board - SASB

2019 CNFS was drafted taking into account the indicators foreseen by Sustainability Accounting Standards Board (SASB), where applicable



Principles for Responsible Banking - PRB

In 2019 CNFS, due to ISP's subscription to Principles for Responsible Banking of UNEP FI, a Reconciliation table between the 6 Principles and the related reporting in CNFS and other company documents, has been inserted

Founding Signatory of:

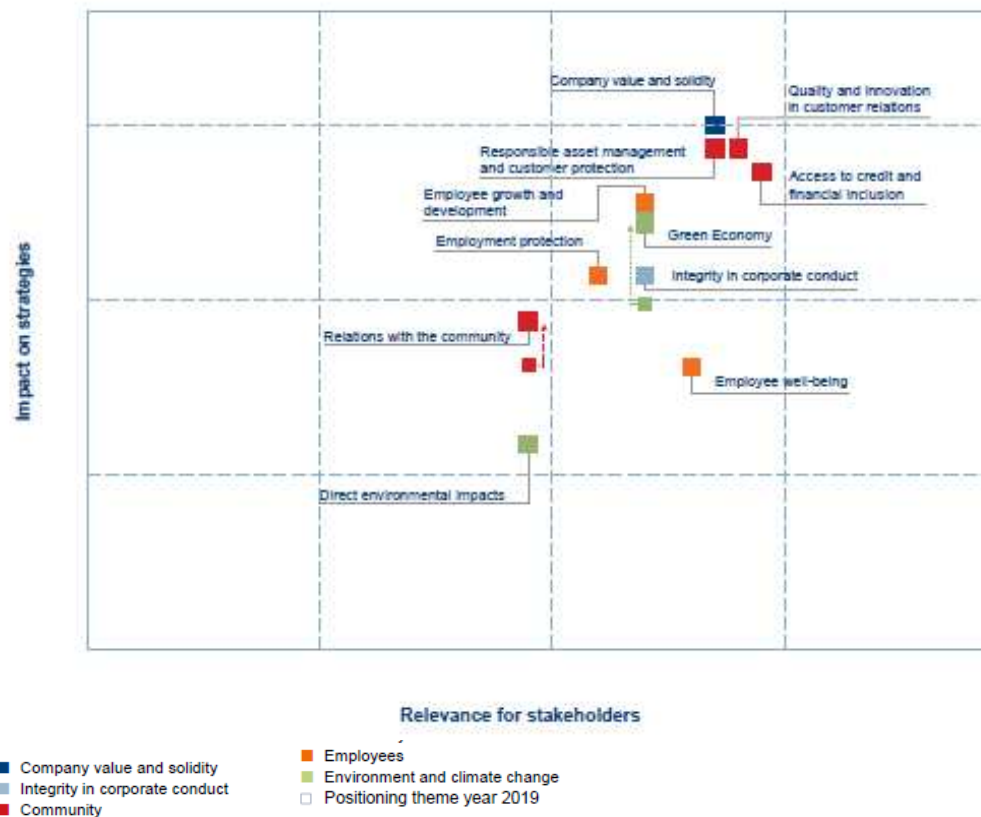


PRINCIPLES FOR RESPONSIBLE BANKING

2019 Materiality Matrix

Materiality Matrix

- Represents the most relevant issues in terms of possible impacts on the Bank's activities ("Impact on strategies" axis) and stakeholders ("Relevance for Stakeholders" axis)
- In 2019 in line with the results of the stakeholder activities, the material issues of 2018 were substantially confirmed
- Also in 2019 the strategic guidelines of the 2018-2021 Business plan confirmed their key role

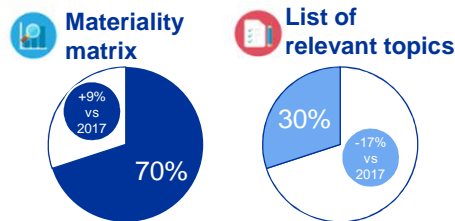
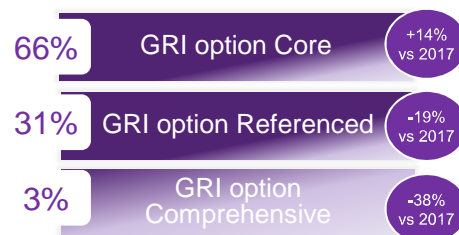


Increase of relevance

In 2019 there is an increase of relevance of the following topics:

- **Green Economy:** 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
- **Relations with the Community:** due to the relevance of initiatives for the disadvantaged people, attention to young people and employment and the promotion of art and culture

Application of Legislative Decree 254/2016



74 (36%) of companies have delegated the responsibilities to a **Board Committee**

53 **Control and Risks Committee**

29 Risk Control & Sustainability Committee



2019 Results

- 205 companies in Italy published a Consolidated Non-financial Statement (26% of the sample is in the financial sector), in the second year of the application of the Leg. Decree 254/2016
- A survey¹ on the application of Legislative Decree 254/2016 analysed the main criteria adopted in non-financial reporting



Industrial	
Car and Components	61 (30%)
Chemistry	
Buildings and Materials	
Industrial Products and Services	
Consumer goods	
Health	59 (29%)
Food	
Business	
Media	
Products for houses, Personal, Fashion	
Technology	
Telecommunications	
Travel and leisure	
Financials	
Insurance	53 (26%)
Banks	
Financial services	
Energy & Utilities	
Public services	32 (15%)
Oil and Natural gas	

(1) The analysis has been performed by KPMG in collaboration with Nedcommunity