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# Report of the Management Control Committee to the Shareholders' Meeting on the supervisory activities performed in 2020

pursuant to Article 153, paragraph 1, of Legislative Decree 58 of 24 February 1998, and Article 23.1, letter j), of the Articles of Association

Distinguished Shareholders,

It is worth mentioning that the one-tier governance model adopted by Intesa Sanpaolo S.p.A. ("Bank" or "Parent Company") consists of a Board of Directors ("Board") with steering and strategic supervision duties, management duties as well as control duties performed by the Management Control Committee ("Committee" or "Control Body") appointed by the Shareholders' Meeting as part of the Board itself.

The Committee plays a proactive role, within its own areas of responsibility, towards the Corporate Control Functions ("FAC") and engages in constructive dialogue with the Management of the Bank and the Intesa Sanpaolo Group ("Group"), including on the basis of information received during board meetings and deemed worthy of further in-depth analysis.

The Committee, in the fulfilment of its duties and in the interest of the best performance thereof, exchanges information of reciprocal interest and coordinates the performance of their respective duties with the Risks Committee, established within the Board, and with the Surveillance Body pursuant to Legislative Decree 231/2001. A Committee member usually attends meetings of the Risks Committee, subsequently reporting to the Control Body.

Pursuant to Article 153, paragraph 1, of Legislative Decree 58/1998, ("Consolidated Law on Finance"), the Committee is required to report to the Shareholders' Meeting, called to approve the financial statements for the period, on its supervisory activities and on any omissions or reprehensible facts recorded. This requirement is also stated in Article 23.1, letter j), of the Bank's Articles of Association. The Report was prepared taking into account the Consob recommendations on the matter and, in particular, Communication 1025564 of 6 April 2001 and subsequent updates, expressly referred to in the text.

During 2020, the following meetings were held:

- 26 meetings of the Board of Directors;
- 48 meetings of the Management Control Committee.

The Committee was also invited on 14 occasions to attend the meetings of the Risks Committee primarily during meetings with the Manager responsible for preparing the Company's financial reports and the independent auditors KPMG ("Independent Auditors") in relation to the preparation of the financial statements and the periodic financial reports, as well as the meetings - in the presence of the Chief Financial Officer departments - relating to the preparation of the Consolidated Non-Financial Statement ("CNFS").

In 2020, the members of the Committee physically attended the meetings held between 9 January and 20 February and then took part remotely from 27 February, due to the emergency situation related to COVID-19. This has not impacted the activities of the Committee, also thanks to the IT processes and tools prepared by the Group.

## 1. SUPERVISION OF COMPLIANCE WITH THE LAW AND THE ARTICLES OF ASSOCIATION

### Regulatory developments

Following the changes in the Supervisory provisions and more generally to external legislation, the Committee examined, within its own remit, the proposals to update the following internal regulatory bodies, some of which also in the light of the integration process of Banca IMI into the Parent Company:

- Group Anti-corruption Guidelines;
- Group rules on the internal reporting system of violations (whistleblowing);
- Group Rules for the management of conflicts of interest;
- Group Policy for conferring assignments to Statutory Audit Firms and their Networks;
- Guidelines on the disclosure of financial information to the market (Financial Statements and Pillar 3);

10)  
Meetings

16)  
Meetings  
with the  
Independent  
Auditors

- 
- Group internal Code of Conduct;
  - Group Disciplinary Code;
  - Group Regulations;
  - Administrative and Financial Governance Guidelines;
  - Group Compliance Guidelines;
  - Guidelines for combating money laundering, the financing of terrorism and for managing embargoes;
  - Governance Guidelines for the Volcker Rule;
  - Group Rules for the management of conflicts of interest;
  - Order transmission and execution strategy;
  - Rules governing incentives;
  - Regulations for the marketing of products/financial instruments;
  - Rules on insurance distribution;
  - Guidelines for managing tax risk within the framework of the cooperative compliance scheme.

9)  
Opinions

The Committee, also in order to issue an opinion within its remit, followed the process of updating the Group Procedures regulating the conduct of transactions with Related Parties of Intesa Sanpaolo, Associated Entities of the Group and Relevant Persons pursuant to Article 136 of the Consolidated Law on Banking (“RPT Procedures”), receiving the requested information on the proposed amendments to the regulatory text, which were then approved by the Board.

### Relations with Supervisory Authorities

The Committee is promptly informed, by a dedicated Secretariat, of the main communications addressed to the Bank by the Italian and European Supervisory Authorities relating to the matters within its remit, with particular regard to the control system.

With regard to relations with the European Central Bank (“ECB”), the Committee received, amongst other things, regular updates on the development of the Supervisory Plans for the On-site Inspections, Thematic Reviews and Deep Dives by the Authority itself, as well as on the preparation and progress of the relative remediation plans. In particular, the Committee received the expected reports and the consequent updates about the inspections on “Credit Risk Identification, Management, Monitoring and Control”, “Internal Governance – Audit Function” and “Internal Governance – Compliance Function”.

As requested by the ECB at the conclusion of this latest inspection, the Committee in particular examined the results of the qualitative and quantitative assessment of the staffing of the Chief Compliance Officer Governance Area - conducted by the competent structures of the Chief Operating Officer - as well as the actions taken to fill the qualitative and quantitative gaps detected.

The Committee also examined:

- the response of the Internal Audit Department to a communication from the Joint Supervisory Team which referred to an anonymous report of alleged management irregularities which occurred at Fideuram - Intesa Sanpaolo Private Banking. Acknowledging that the checks carried out by the internal audit department did not reveal any anomalies, the Committee expressed the valuations requested by the Authority;
- the response to the letter of the ECB on “Supervisory Review and Evaluation Process 2020 – Operational Letter”.

9)  
Opinions

With reference to relations with the Bank of Italy, the Committee examined, in particular:

- the feedback given to the Authority on the inspection carried out on the Banca dei Territori Division to assess the creditworthiness for customer protection profiles;
- the requested half-yearly reports of the Anti-Money Laundering Department on the progress of the remedial actions planned to deal with the critical issues that emerged in the anti-money laundering area, following the inspections conducted by the Authority in 2017 and 2019, taking note of the specifically prepared Internal Audit reports and formulating the required opinions;
- at its own request, the outcome of the assessments carried out by the Compliance and Internal Audit Departments on the offering policies and the methods of placement of insurance products linked to loans, also following the “Letter to the Market” sent last March by the Bank of Italy and IVASS to financial intermediaries and insurance companies;
- the Regulation implementing Articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Law on Finance, published by the Authority, which completed the process of adapting the national regulatory framework to the provisions contained in the so-called MiFID2/MiFIR package, as well as KPMG's certification on the adequacy of the controls implemented by the Bank to ensure compliance with the provisions in force.

9)  
Opinions

With regard to the relations with the Italian Antitrust Authority, the Committee was involved and informed:

- with regard to the requests made by the Authority in relation to the transactions of contactless dual-circuit debit cards and the resulting initiatives taken by the Bank, as well as regarding the subsequent communication sent by the Bank of Italy to intermediaries on the same issue;
- at its own request, on the inspections by the Italian Antitrust Authority on Intesa Sanpaolo RBM Salute S.p.A. and the provider Previmedical S.p.A for alleged unfair business practices - with a simultaneous request for information by the aforementioned Authority - and the consequent remedial actions taken by the Bank.

With regard to relations with Consob, the Committee examined the presentation given by the Chief Compliance Officer in the presence of the Chief Audit Officer and of the head of the Group M&A and Equity Investments Head Office Department on the compliance controls and controls prepared following the recommendations formulated by the Authority in letters of 18 June and 9 July 2020, concerning certain profiles connected to the role of intermediary held by the Bank in the context of the Public Purchase and Exchange Offer promoted on UBI Banca shares (“Offer”). The Committee was therefore updated on a weekly basis and up to the closing of the Offer period - as per its request - on the results of the control activities carried out on the investment services provided and therefore formulated its assessments on the issue, as requested by the Authority. Moreover, on its own initiative, the Committee examined the outcome of the assessments carried out by UBI Banca’s Compliance Department on the offering policies and the methods of placement of products linked to loans, also following the above mentioned “Letter to the Market” by the Bank of Italy and IVASS.

The Committee received the results of the inspections carried out by the Financial Intelligence Unit on Intesa Sanpaolo, Fideuram - Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Banking and Banca 5, as well as the report on the remedial actions taken, and, at its own request, an in-depth analysis of the disputed positions.

The Committee continued to monitor the actions aimed at strengthening the anti-money laundering controls of the New York branch, also following the usual annual inspection conducted by the Federal Reserve (FED) and the New York State Department of Financial Services (NYSDFS) on the branch, as well as by virtue of the plans shared with the US authorities.

### Self-assessment and verification of requirements

As required by the internal rules, the Committee performed the usual annual self-assessment of its own composition and operation that was separate to the one carried out by the Board. As is common knowledge, this exercise was also aimed at assessing the correct and effective performance of the tasks entrusted to the Committee in its capacity as the control body of the Bank according to criteria and methods consistent with its own attributes.

Again in 2020, in line with the previous year and with the activities carried out by the Board, the Committee availed itself of the preliminary analysis performed by an independent external consultant.

The qualitative and quantitative results confirmed the Committee’s adequacy and overall compliance with the provisions of Borsa Italiana’s Corporate Governance Code for listed companies (“Corporate Governance Code”), the guidelines of the European Banking Authority (“EBA”), the provisions of Bank of Italy Circular 285/2013 and with best practices. At the end of the process, on 26 February 2021, the Committee expressed an assessment of adequacy with regard to its own size, composition and operation.

Moreover, in accordance with the requirements of the internal rules, which incorporate the guidelines issued by EBA and by the European Securities and Markets Authority (“ESMA”) implementing the principles set out in the EU Directive 36/2013 (“CRD IV”), on 26 February 2021, the Committee assessed the continuing existence of the necessary requisites for each of its members, including the absence of significant financial relationships with Group companies for the purpose of assessing their independence in line with the provisions of the Regulation adopted on this subject by the Board.

As envisaged by the Corporate Governance Code, the members of the Committee ascertained the correct application of the assessment criteria and procedures adopted by the Board for evaluating the independence of its members.

The Committee also checked:

- at the time of appointment, the existence of the requirements of professionalism, competence, integrity, fairness and independence, as well as compliance with the limitation of directorships and the time commitment for the new member of the Control Body appointed by the Shareholders’ Meeting on 27 April 2020 - in accordance with the provisions of applicable regulations, the Articles of Association and

- 
- its Regulation - as well as examined the training program in the areas of regulation and banking business required by the ECB and intended for the same component;
  - the existence of the suitability requirements for the office of one of its members following the assumption of a new position by it.

## Petitions

5)  
Complaints

Following-up on a complaint submitted by a shareholder pursuant to Article 2408 of the Italian Civil Code regarding the possible involvement of the Group in the affair reported by a journalistic investigation that led to the dissemination of secret documents of the Financial Crimes Enforcement Network, the Committee examined the results of the internal audits conducted by the competent corporate departments, which did not identify any anomalies. For this reason, the Committee decided not to take any action in relation to the facts reported.

6)  
Protests

During 2020, there was 1 complaint received, addressed by customers to the Supervisory Body and related to the Bank's lending activity. The Committee asked the competent departments to carry out the appropriate checks on the matter which highlighted a situation of substantial regularity of the procedures carried out, suggesting a number of areas for improvement.

## 2. SUPERVISION OF COMPLIANCE WITH THE PRINCIPLES OF CORRECT MANAGEMENT

11)  
Principles  
of correct  
management

The Committee has overseen compliance with the principles of correct management, holding regular meetings with the heads of the Corporate Control Functions, the Governance Areas and the Group Divisions as well as with the Manager responsible for preparing the Company's financial reports and the Independent Auditors, including in order to verify that management decisions are based on an adequate system of information flows to the Bodies and that the decision-making processes take into account the riskiness and effects of management decisions.

The Committee verified that the flows between the corporate departments and the Managing Director and CEO, as well as between them and the Board, are continuous. Information exchange between the Committee and the Managing Director and CEO is enhanced by regular meetings, mostly focused on the Bank's and the Group's performance, the functionality and effectiveness of the internal control and risk management system as well as on the recommendations made by the Committee in this regard in its own quarterly reports to the Board.

1)  
Most  
Significant  
Transactions

The Committee supervised the observance of the obligations envisaged for transactions of greater economic, financial and capital importance carried out by the Bank or the subsidiaries, confirming that they were performed according to law and the Articles of Association, and that they were not manifestly imprudent, hazardous, in conflict of interest, in contrast with resolutions taken by the Shareholders' Meeting, or likely to compromise the integrity of the shareholders' equity. The reports pursuant to Article 150, paragraphs 1 and 2 of the Consolidated Law on Finance are provided both as part of the information on the preparation of the financial statements given by the Manager responsible for preparing the Company's financial reports and at the regular meetings with the Managing Director and CEO.

The Committee received periodic information in accordance with the internal regulations on governance of the Most Significant Transactions, i.e. transactions that involve a potential significant change in the overall risk profile defined in the Risk Appetite Framework ("RAF").

Pursuant to the RPT Procedures, the Committee received the quarterly report on transactions with related parties and associated entities, including an assessment of the relevance of the financial reports for the purposes of the Directors' independence requirement. On such occasions, the Committee received the report on the interests declared by the Directors in performing certain transactions pursuant to Article 2391 of the Italian Civil Code.

Finally, the Committee oversaw the implementation and management of the Group's Code of Ethics, which self-regulates the integration of social and environmental considerations into business processes, practices and decisions.

2)  
Atypical  
and/or  
unusual  
transactions

Given the above, no atypical and/or unusual transactions were carried out either with third parties, or related parties or intragroup - to be understood as transactions that could give rise to doubts concerning the fairness/completeness of the financial statements, conflicts of interest, the safeguarding of company assets, or the protection of minority shareholders. Likewise, no management irregularities nor performance anomalies emerged.

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Significant events and the main transactions with related parties of major significance (including intragroup ones) and the other significant transactions carried out in compliance with the RPT Procedures were adequately reported and illustrated in the reports on operations and the notes to the Intesa Sanpaolo S.p.A. draft financial statements as at 31 December 2020 and the Intesa Sanpaolo Group's consolidated financial statements as at 31 December 2020 (together the "2020 Financial Statements").

3)  
Adequacy  
of  
information

### **3. SUPERVISORY ACTIVITIES OF THE PROCEDURES FOR EFFECTIVE IMPLEMENTATION OF THE CORPORATE GOVERNANCE RULES LAID DOWN IN THE CORPORATE GOVERNANCE CODE**

The Committee examined the Report on Corporate Governance and Ownership Structures ("Report on Corporate Governance") for 2020 which was then approved by the Board of Directors on 2 March 2021, with particular reference to the information about the main features of the risk management and internal control systems in relation to the financial reporting process. In this area, the Committee also received an information notice on the Recommendations for 2021 addressed by the Chairman of the Italian Corporate Governance Committee to all the Chairmen of the management bodies of Italian listed companies, the results of which indicate a general level of adequacy of the Bank's corporate governance.

The Report on Corporate Governance, which should be consulted for further details, illustrates among other things the management and control model of Intesa Sanpaolo and provides a complete disclosure of how the Bank has adopted and implemented the recommendations of the Corporate Governance Code.

17)  
Adoption of  
the  
Corporate  
Governanc  
e Code

### **4. SUPERVISORY ACTIVITY ON THE ADEQUACY, EFFICIENCY AND FUNCTIONALITY OF THE ORGANISATIONAL STRUCTURE**

The Committee carried out a survey of the organisational structure of the Corporate Control Functions and main Divisions of the Group, focussing on the adequacy of risk monitoring processes and procedures to support the business carried out.

In 2020, the Committee met:

- the head of the Corporate & Investment Banking Division, the Manager responsible for preparing the Company's financial reports and the Chief Audit Officer, as part of the merger project of Banca IMI into the Parent Company, to receive an overview of the subsidiary's corporate situation and its financial performance, on its interactions with the CIB Division, on the accounting effects resulting from the integration and on the effectiveness of the organisational and process solutions adopted;
- the head of the Private Banking Division, to get an overview of the organisational changes underway within the Division, aimed at strengthening the supervision of the business model and the control system, as well as the plan for convergence, simplification and rationalization of information tools available to the distribution networks, aimed at the creation, where possible, of a single Division IT platform;
- the head of the International Subsidiary Banks Division, in the presence of the Chief Audit Officer, to examine the following topics: i) Progress of the activities for the establishment of the new IT services company of the international subsidiary banks; ii) Progress of the actions planned to address the areas of weakness found on the outsourcing of card processing for international subsidiary banks to the company Mercury Processing Services International;
- the head of the Insurance Division, in the presence of the Chief Audit Officer, to consider aspects of: i) integration of RBM Salute; ii) Governance of Cybersecurity and ICT risks in the Division; iii) offering policies and the methods of placement of insurance products linked to loans in the light of the indications of the Supervisory Authorities; iv) NEW ISA project intended to rethink the operating model and technological platform of the Non-Life business through architectural simplification, improvement of the service offered to customers and digital transformation.

12)  
Organisatio  
nal  
structure

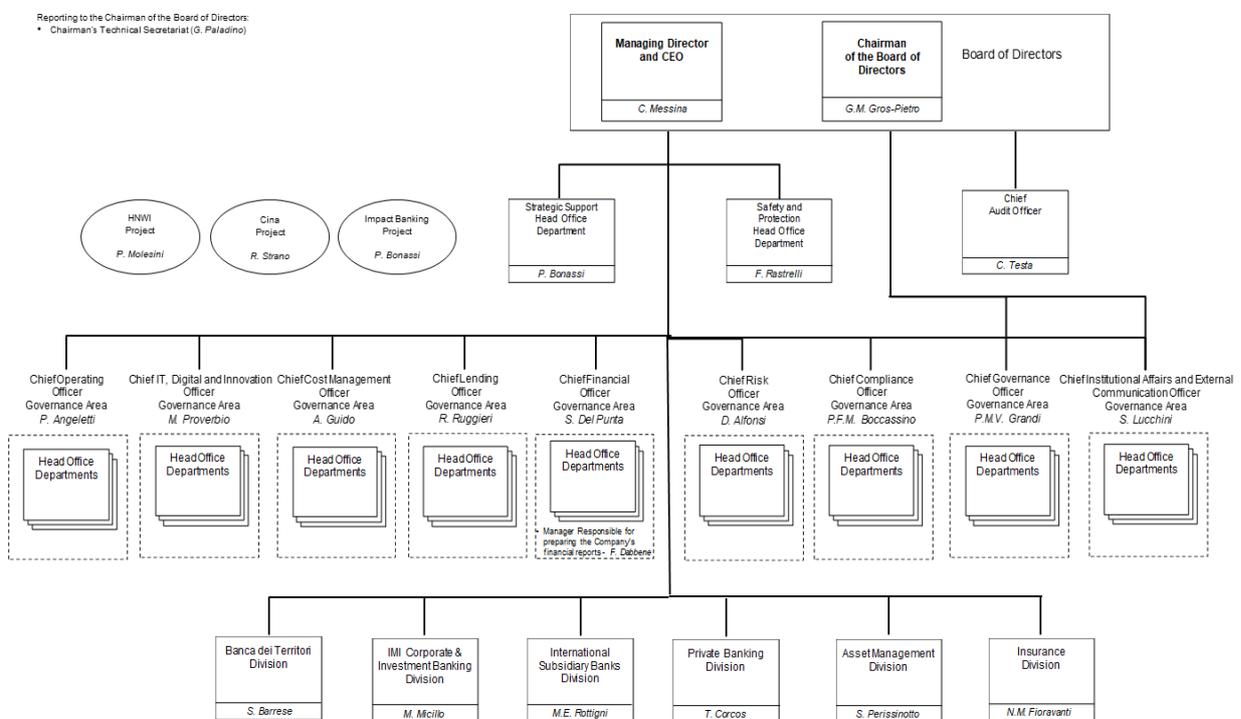
The Committee - at its own request and within the scope of its responsibility - monitored the progress of the activities envisaged by the various initiatives launched as part of the integration process of UBI Banca into Intesa Sanpaolo, following the positive outcome of the aforementioned Offer ("Integration Programme"). In particular, the Committee met:

- the Chief Audit Officer, for the initial results of the internal auditing function on the launch of the Integration Programme as a whole and, in the presence of the Chief Audit Executive of UBI Banca, for information on the preparatory activities for the integration of the internal audit department of UBI Banca and Intesa Sanpaolo and, subsequently, to investigate the rationale for the organisational evolution of the Internal Audit Department;
- the heads of the Corporate Control Functions, together with the Manager responsible for preparing the

Company's financial reports and the Chief Operating Officer, for further information on the activities launched for the integration of the Intesa Sanpaolo Control Functions with the counterpart Functions of UBI Banca;

- the Chief Institutional Affairs and External Communication Officer, together with representatives of the counterpart function of UBI Banca, for a description of the integration process relating to the supervision of relations with the ECB and the consequent organisational and operational repercussions on the Group Supervisory Strategic Steering Head Office Department;
- the Manager responsible for preparing the Company's financial reports, in the presence of the Independent Auditors, for an overview - for the aspects within his remit - on the acquisition of UBI Banca, as well as to examine the outcome of the Purchase Price Allocation process containing the results of the purchase price allocation of UBI's balance sheet items;
- the heads of the Corporate Control Functions, together with the Manager responsible for preparing the Company's financial reports, for the results of the Risk Assessment carried out on the critical issues included in the reports of UBI Banca's Control Functions;
- the Chief Compliance Officer and the Chief Risk Officer, for the examination of the rationale for the organisational evolution of the related Governance Areas, also in view of the integration with UBI Banca.

In referring you to the Report on Corporate Governance for further details about the Group's organisational and operational structure, the Bank's organisational chart as at today's date is shown below.



## 5. SUPERVISORY ACTIVITY ON THE ADEQUACY, EFFICIENCY AND FUNCTIONALITY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM

The Committee - including in its capacity as Internal Control and Audit Committee pursuant to Article 19, paragraph 2, letter c) of Legislative Decree 39/2010 - examined the regular report on the activity carried on and the corrective actions prepared by the Manager responsible for preparing the Company's financial reports to support the statutory certifications and has analysed the causes and remedies of any shortcomings of the accounting structure.

The Management and Financial Governance unit outlined the half-yearly reports on governance and control activities performed on the internal control system relevant for the financial reporting process, with the relative Tableaux de Bord ("TdB") which summarise the main issues requiring attention and the progress of the relative mitigation actions, the report on the activities carried out in 2020 by the Balance Sheet Items Valuation Unit, as well as the action plan for 2021.

Considering the governance and oversight activities carried out in 2020, as well as the reduced level of residual risk, the Management and Financial Governance unit expressed a positive opinion - despite the presence of some areas for further improvement for which mitigation measures are under way - on the statutory requirements of the financial reporting, allowing the Managing Director and CEO and the Manager responsible for preparing the Company's financial reports to issue the certifications required under Article 154-bis of the Consolidated Law on Finance for the consolidated half-yearly report as at 30 June 2020, the consolidated results as at 31 December 2020 sent for reporting purposes to the competent Authorities as well as the 2020 Financial Statements.

The Committee - after receiving a biannual update as at 30 June - examined the Report on tax risk oversight activities carried out by the Bank in 2020, as required by the Italian Revenue Agency's cooperative compliance scheme, and the action plan for 2021.

The Committee, together with the Manager responsible for preparing the Company's financial reports, met with the Independent Auditors - in accordance with Article 150, paragraphs 3 and 5 of the Consolidated Law on Finance - to examine the audit plan and the activities carried out to formulate the opinion on the 2020 Financial Statements.

In order to contribute to the assessment of the correct use of the accounting policies and the adequacy of the disclosure to the public, the Committee attended the meetings of the Risks Committee with the Manager responsible for preparing the Company's financial reports and the Independent Auditors to examine the instructions for the preparation of the interim consolidated statements as at 30 September 2020, the consolidated half-yearly report as at 30 June 2020 as well as the 2020 Financial Statements. In particular the Committee examined the trend of non-performing loans and the results achieved in the application of the criteria and procedures for the classification, valuation and management of non-performing exposures.

As part of the aforementioned meetings, the process of preparing Pillar 3 and the Consolidated Non-financial Statement of Intesa Sanpaolo was also examined, regarding which the Committee checked its compliance with the provisions of Legislative Decree 254/2016. These documents were approved by the Board on 23 March 2020.

The Bank's financial statements and the Group's consolidated financial statements, pursuant to Legislative Decree 38/2005, are prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board and relative interpretations of the International Financial Reporting Interpretations Committee, endorsed by the European Commission, as provided for by EC Regulation 1606/2002. These documents are drawn up on the basis of the instructions issued by the Bank of Italy with Circular 262/2005 as subsequently amended.

The Intesa Sanpaolo draft financial statements as at 31 December 2020 and the Intesa Sanpaolo Group's consolidated financial statements as at 31 December 2020 were approved on 23 March 2021 by the Board of Directors.

The disclosure to the public, under the provisions of the prudential supervisory regulations, was provided on the Bank's website within the term laid down for publication of the financial statements.

On the 24 March 2021, pursuant to Article 14 of Legislative Decree no. 39/2010 and Article 10 of EU Regulation 537/2014, the Independent Auditors issued the reports on the audit of the Intesa Sanpaolo S.p.A.'s financial statements and on the consolidated financial statements of the Intesa Sanpaolo Group for the year ended 31 December 2020. In particular, the Independent Auditors:

- issued an opinion in which they affirm that the financial statements provide a true and fair view of the financial position and operating results of Intesa Sanpaolo and the Group, and of the profit and loss and the cash flows for the year ended at that date;
- presented the key aspects of the audit which, in their own professional opinion, are most significant and are used in forming their overall opinion of the financial statements;
- attested that the reports on operations and some specific information contained in the Report on Corporate Governance are consistent with the financial statements to which they refer and are prepared in compliance with the law;
- declared they had nothing to report pursuant to Article 14, paragraph 2, heading e), of Legislative Decree 39/2010, based on the knowledge and understanding of the company and its context acquired during the audit;
- verified the approval by the Directors of the CNFS pursuant to Article 4 of the Consob Regulation implementing Legislative Decree 254/2016.

Moreover, on 24 March 2021, the Independent Auditors issued the Committee with the additional report envisaged under Article 11 of EU Regulation 537/2014, according to which no significant shortcomings were found in the internal control system in relation to the financial disclosure process, which should be brought to the attention of those responsible for Governance activities.

The annual confirmation of independence was issued, together with this report, pursuant to Article 6,

16)  
Meetings  
with the  
Independent  
Auditors

4)  
Reports by  
the  
Independent  
Auditors

16)  
Meetings  
with the  
Independent  
Auditors

paragraph 2, letter a) of EU Regulation 537/2014 and paragraph 17 of the International Standard on Auditing (ISA Italia) 260.

14)  
Adequacy  
of the  
accounting  
system

In light of the above, the Committee has reason to believe that the Bank's and Group's administrative and accounting system is such as to ensure a fair presentation of the operational events and that there are no significant shortcomings in the internal control system in relation to the financial reporting process. The Committee also found that the administrative and accounting procedures are effectively followed for the preparation of the financial statements and all other financial reports.

## 6. SUPERVISORY ACTIVITY OF THE STATUTORY AUDIT PROCESS AND THE INDEPENDENCE OF THE INTERNAL AUDITORS

Intesa Sanpaolo has adopted specific Group Regulations for the governance of appointments given to independent auditors and their networks. Amongst the rules laid down by said Regulations - which are enforced save any different provisions of law or other mandatory legislation - the following rules should be borne in mind: a Sole Auditor for the Group; consistency of appointments with the Parent Company's indications; alignment of the duration of the statutory auditors' appointment.

The Regulations, revised during the 2020 financial year, also include specific prior authorisation, monitoring and regular reporting procedures to the Management Control Committee, which are aimed at overseeing the independence of the Independent auditors. For the purpose of this monitoring, the following types of appointment are defined:

- Audit, i.e. statutory audit services pursuant to Article 14 of Legislative Decree 39/2010 and Article 2409-bis of the Italian Civil Code as well as the other voluntary audit services;
- Audit Related, i.e. the tasks assigned by law or on behalf of an Authority as well as the operations which represent an extension of the audit appointment (issuance of certificates, examination of reports, agreed audit procedures). These appointments are usually conferred upon the Auditor as, by nature, they do not cause any detriment to the independence thereof;
- Non Audit, involving services not included in the previous Audit or Audit Related types, including of course those that are specifically prohibited pursuant to Articles 10 and 17, paragraph 3, of Legislative Decree 39/2010. These appointments cannot be given to the Main Auditor.

KMPG S.p.A. is the independent auditor which was assigned the role of Sole Auditor; each appointment proposal that concerned subjects belonging to its network has been monitored in advance and - where required - authorised; based on the results of this control process, it is confirmed that during the 2020 financial year no further non audit appointments were granted to KPMG S.p.A. and parties connected to them by ongoing relationships.

According to the provisions of the Group Regulations, the full picture of the assignments to the Independent Auditors is described twice a year to the Committee by the Manager responsible for preparing the Company's financial reports, including for the purposes of the related reporting obligations in the financial statements and to the Shareholders' Meeting. A complete picture of the amounts paid to the Independent Auditors in 2020 is represented in the Annex to the financial statements entitled "Fees for auditing and the services other than auditing pursuant to Article 149-duodecies of Consob Regulation no. 11971", to which reference should be made.

The details of the fees for the Audit-Related responsibilities for 2020 are shown below.

Type of service	(millions of euro)			
	Intesa Sanpaolo		Group companies <sup>(1)</sup>	
	KPMG	KPMG Network	KPMG	KPMG Network
Release of attestations (**)	7.14	-	5.03	-
Other services:	-	-	-	-
agreed audit procedures	0.88	-	0.61	-
consolidated non-financial statement	0.17	-	0.09	-
<b>Total</b>	<b>8.19</b>	<b>-</b>	<b>5.73</b>	<b>-</b>

<sup>(1)</sup> Group companies and other consolidated subsidiaries

<sup>(\*\*)</sup> Including audit costs, on a voluntary basis, for "Pillar 3" disclosure

Amounts net of VAT and reimbursed expenses and Consob contribution

The fees for audit-related responsibilities mainly refer to activities attributable to the Offer on UBI mentioned above, to the new obligations regarding the deposit and sub-deposit of the assets of the customers of the intermediaries (pursuant to the provisions of the Bank of Italy Regulation of 5 December 2019), checks aimed at issuing Comfort Letters in implementation of international issue programmes and other contractual activities envisaged by the commitments already assumed by the Bank.

During the year, the Committee was asked to approve some integrations to the proposed audit activities envisaged with KPMG, as a result of circumstances that entail an increase in timescales with respect to prior estimates. These circumstances are connected to the acquisition of UBI Banca, to the integration of Banca IMI into the Parent Company, to verification activities related to the COVID-19 pandemic, to some aspects relating to the integration of Mediocredito Italiano into Intesa Sanpaolo and to the new definition of Default. The Committee expressed a favourable opinion on the integration proposals, then approved by the Board.

9)  
Opinions

Furthermore, following the completion of the Offer, the Committee was informed about the activities aimed at conferring a new statutory audit engagement in the companies belonging to that Group, in relation to the early termination of the appointment requested by the previous auditor.

During the year the proposal was submitted for approval by the Committee to entrust the assignment to audit the financial reports of the Warsaw branch for regulatory purposes established by the Polish Financial Supervision Authority. The approval was necessary in accordance with local legislation, which also qualifies the Branches of a foreign bank operating in Poland as a Public Interest Entity. The Committee expressed a favourable opinion on the proposal to appoint Ernst & Young Audyt Polska Sp. z o.o. Sp.k. as auditor of the financial reports of the Warsaw Branch.

9)  
Opinions

Finally, for the sake of completeness, it should be noted that in March 2021 the Committee examined the proposal to grant audit appointments to Ernst & Young for audit related activities in favour of Intesa Sanpaolo and Fideuram Intesa Sanpaolo Private Banking, expressing the requested favourable opinion.

9)  
Opinions

## **7. SUPERVISORY ACTIVITY ON THE ADEQUACY, EFFICIENCY AND FUNCTIONALITY OF THE INTERNAL CONTROL SYSTEM**

The Committee assessed compliance with the supervisory provisions with reference to the general principles of the internal control system, the role of the company Bodies, as well as the role and requirements of all the departments involved in the control system, checking their substantial adequacy, the correct performance of tasks and the proper coordination thereof. Where considered appropriate, the adoption of functional corrective measures was promoted to address any deficiencies detected.

13)  
Internal  
control  
system

The Group's Integrated Internal Control System Regulation, implementing the current Supervisory Rules, outlines the duties and responsibilities of all the stakeholders in the internal control system, the procedures for coordination and interaction between Control Functions, the policy and coordination procedures of the Group companies and international branches and the main information flows between the various stakeholders in the system. The internal control system is structured on three levels:

- Level I: line controls conducted by the operational, business and support structures, including through units dedicated solely to control duties, and as far as possible incorporated in IT procedures;
- Level II: controls aimed at ensuring the proper implementation of the risk management process, observance of operating limits and compliance of the operations with regulations. The functions assigned to such controls contribute to the definition of the risk governance policies and the risk management process. These controls are performed:
  - ✓ by the Chief Compliance Officer Governance Area, which has the duties and responsibilities of compliance with regulations and also includes the anti-money laundering function,
  - ✓ by the Chief Risk Officer Governance Area, which has the duties and responsibilities of the Risk Management function and also includes the Validation function;
- Level III: internal audit controls to identify breaches of procedures and regulations, as well as to assess the completeness, adequacy, functionality and reliability of the internal control system and the Group's IT system, in relation to the nature and intensity of the risks. At Intesa Sanpaolo, the Chief Audit Officer reports directly to the Board of Directors and also reports functionally to the Management Control Committee.

The Group's internal control system - described in detail in the Report on Corporate Governance, to which reference should be made for further details - also sees other functions involved with control responsibilities (the Business Continuity function, the IT Security function, the specialist functions) and, among others, also the Manager responsible for the Business Continuity Plan, the Manager responsible for preparing the Company's financial reports, the Independent Auditors and the Parent Company's Surveillance Body pursuant to Legislative Decree 231/2001.

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With reference to the latter, every six months the Committee examined the report on the activities carried out noting that, according to the disclosure made, there are no facts or circumstances worthy of mention. The Committee and the Surveillance Body promptly exchanged relevant data and information during the year, by coordinating during joint meetings on matters of mutual responsibility. Moreover, the Committee met with the Chairman of the Surveillance Body to examine the results of the assessment on Model 231 carried out by two external professionals at the request of the Surveillance Body itself. From this assessment, it emerged that Model 231 is substantially complete and analytical in terms of dealing with the regulatory context, the structure, the Surveillance Body regulation, the formalisation of information flows, the precise description of the offenses contemplated and the relating principles of conduct. Below you will find a summary of the activities conducted by the supervisors responsible for carrying out internal controls.

### **Chief Compliance Officer**

The Chief Compliance Officer delivered the institutional and periodic reports within his remit to the Committee, and in particular the half-yearly report, the annual report and Risk Assessment for 2020 with the action plan for 2021 pursuant to the supervisory regulations of the Bank of Italy and the joint Bank of Italy-Consob Regulations; the Compliance Tableau de Bord, which provides an overview on the outlook for the most significant areas of attention, is enclosed with these reports which provide a summary report on the progress of complaints, claims and appeals by customers. The end-of-year report also includes the details of the activities carried out in 2020 and the activities planned for 2021 with reference to the central depositories and the entities managed according to the guidance, coordination and control model, the report on the Governance of the Group asset management companies, the Product Governance Report and details of the human and financial resources allocated to compliance macro-processes.

Pursuant to the regulations issued by Consob, the Chief Compliance Officer presented to the Committee the annual report on the terms of provision of services and investment activities and ancillary services and of distribution of financial products issued by insurance companies or banks, with the collaboration of the Chief Operating Officer and representatives from the Banca dei Territori Division.

The Chief Compliance Officer submitted the following to the Committee:

- the Group annual report on the overall situation of claims, disclaimers, complaints to Supervisory Authorities and appeals to alternative dispute resolution entities;
- the annual report on conflict of interest situations recorded in the area of investment or ancillary services, investment activities and distribution of insurance-based investment products;
- updates on the ongoing AGCM (Italian Competition Authority) proceedings against Intesa Sanpaolo;
- in the presence of the Head of the Banca dei Territori Division and the Chief IT, Digital & Innovation Officer, at the request of the Committee itself, an in-depth analysis of the dynamics and evolution of complaints;
- a report on the ISO 37001 anti-bribery certification process for the current year and the proposal to renew this process - which constitutes the international standard on the subject - for the three-year period 2022-2024, with extension to the entire Group.

To enable the Committee to adequately perform its supervisory role on compliance with the rules for combating money laundering, terrorist financing and for embargo management as well as verifying the completeness, functionality and adequacy of the relative controls system, the head of the Anti-money laundering department illustrated the half-yearly report and the annual report for 2020, with their respective Tableaux de Bord, the annual Risk Assessment and the action plan for 2021. These reports include summary information on the progress of the training plan, on any communications from control bodies pursuant to Article 46 of Legislative Decree 231/2007, as well as details of the human and financial resources allocated to compliance macro-processes with respect to anti-money laundering legislation.

The Committee also received specific updates on the progress:

- of the review of the anti-money laundering model and the anti-financial crime controls of the Intesa Sanpaolo New York branch, together with (i) the results of the independent testing activities carried out by the internal audit function on the branch's anti-money laundering system, (ii) the updated version of the BSA/AML/OFAC Sanction Policy and Compliance Program and (iii) the results of the annual inspection conducted by the FED and the NYSDFS on the branch, which recorded a further improvement of compliance controls with respect to anti-money laundering regulations;
- of the action plan launched to overcome the critical issues identified by the Internal Audit Department on anti-money laundering controls at international level, with particular reference to the issue of due diligence on Financial Institutions and non-resident customers, as well as the Transaction Monitoring activities on payment flows from/to high-risk countries.

Also at the Committee's request, the head of the Anti-money laundering function also submitted:

- the results of the assessment carried out on the anti-financial crime oversight of the London branch of Banca IMI, which highlighted certain areas for improvement, and the contents of the action plan prepared for their strengthening;
- specific updates on the progress of the ENIF Project ("ENabling Integrated Financial Crime Fight"), with a focus on the various areas of intervention identified and on the initiatives considered to be priorities for 2020;
- the activities planned to comply with the provisions issued by the Bank of Italy on 24 March 2020, concerning the storage and making available of documents, data and information to combat money laundering and terrorist financing.

The Committee was specifically consulted - also in order to issue the requested opinion - on the appointment of the new head of the Anti-Money Laundering function, meeting the Chief Operating Officer for this purpose.

### Chief Risk Officer

The Chief Risk Officer submitted the following to the Committee: the Tableau de Bord of the critical issues in his own Governance Area on a six monthly basis, the annual report on the activities carried out in 2020, the Risk Assessment and the plan of the activities scheduled for 2021, including those for the Validation function. In accordance with Article 13, paragraph 2, of the Regulations issued by the Bank of Italy and Consob pursuant to Article 6, paragraph 2-bis, of the Consolidated Law on Finance, he also illustrated the Report on risk management activities within the scope of the investment services to customers carried out during 2020.

The Chief Risk Officer also described:

- the results of the annual assessment on the overall consistency of the ratings of the External Credit Assessment Institutions with the measurements processed independently by the Bank;
- at the request of the Committee, an update on the progress of the RADAR ("Risk Aggregated Data and Reporting") programme.

### Chief Audit Officer

The Committee mainly uses the Internal Audit function to carry out its supervisory duties. The Chief Audit Officer normally participates at meetings and provides ongoing information about the activities carried out - some of which at the Committee's own request - and on the progress of the remediation plans put in place by the competent corporate functions to overcome the critical issues encountered. The high priority issues reported by the Committee are taken into account at the time of defining the annual Internal Audit plan.

During the year, the Chief Audit Officer systematically and promptly reported the main findings that emerged whilst performing his own activities, to the Committee, including at the Committee's specific request. In particular, the results of the checks on the following points should be noted:

- the Group's international anti-money laundering model, with particular reference to the Know Your Customer process for Financial Institutions and the review process of customer AML profiles;
- general IT controls on "Fideuram Business Environment", dedicated to the activities of financial advisors. In this regard, at the request of the Committee and in the presence of the Chief Audit Officer, a specific meeting was subsequently organised with the head of the Private Banking Division, together with the Chief IT, Digital & Innovation Officer, to examine the progress of the actions taken to improve IT security profiles.

The Chief Audit Office also presented to the Committee:

- the results of the assessment - conducted at the request of the ECB - on the partnership with Intrum, from which it emerged that the organisational model, the policies and procedures framework adopted and the IT systems implemented allow a coherent and adequate management of the partnership, even in the presence of some areas for improvement;
- the results of the assessment conducted by Internal Audit regarding the strategic partnership with Prelios Credit Servicing S.p.A. (Prelios) for the optimization of UTP positions;
- a disclosure regarding an operational error that occurred in January 2020 in Eurizon Capital SGR on two sub-funds of the Luxembourg "Eurizon Fund", following which the necessary containment measures have already been implemented;
- the in-depth analysis, requested by the Committee, regarding the projection of the Q Factor relating to the Cybersecurity and Business Continuity Area as at 31 December 2020;

- the results of the checks carried out on the Group's ability to produce the Single Customer View report, as required by the instructions of the Interbank Deposit Protection Fund, which were successfully concluded;
- the results of the checks carried out on Banca 5 concerning the procedures for providing the "t-bank transfer" and "cash withdrawal" services, the supervision of the AML segment of IMEL SisalPay S.p.A. and the partnership with Oval Money, which showed substantial adequacy, despite the presence of certain areas for improvement;
- an update on the planned interventions following the detection of anti-money laundering irregularities carried out by employees of the Banca dei Territori Division at a number of branches in Molise, that are substantially completed;
- at the request of the Committee itself, the results of the checks carried out on the activities in progress for reducing the backlog of Financial Institutions and Global Corporate positions to undergo due diligence, which proceed regularly in order to bring this backlog within physiological terms;
- at the request of the Committee, the results of the checks carried out on the On-Line Branch controls and on the process of managing telephone calls by the network of the Banca dei Territori Division, which led to the preparation of a specific remediation plan;
- at the request of the Committee, the results of the checks carried out on the controls relating to the reports to the Interbank Alarm Center (CAI) and on the notification processes of the UTP positions transferred to Prelios.

Every three months, using the Summary Audit Tableau de Bord, the Chief Audit Officer reported on the outlook for the most significant weaknesses found during the Internal Audit activities including in light of the respective remediation plans. Every six months, within the context of a specific report, he submitted his own considerations and assessments on the adequacy of the internal control system for risk management and presented, at the Committee's request, the changes in the least significant weaknesses set out in the Analytical Audit Tableau de Bord. On an annual basis, he prepared and shared, with the Committee, the final report on the activities carried out and the results of the Risk Assessment Audit and the activities plan for the following financial year. The final report on the activities carried out in 2020 also fulfils the obligations laid down by the Bank of Italy with regard to disclosures to the competent Bodies on some specific areas such as liquidity risk management, anti-money laundering, information systems and business continuity, Parent Company Governance of the asset management companies, the result of the audits carried out at international branches and the internal systems for reporting violations of the rules governing banking (so-called whistleblowing).

The Chief Audit Officer also conducted the compulsory assurance activities (amongst which those on the remuneration and incentives system, on transactions with related parties and on the MST) and prepared the following regular disclosures pursuant to the current Supervisory rules:

- the annual report on the outsourcing of important operational functions;
- the quarterly report on whistleblowing reporting;
- the annual report on internal audit activities required by Article 14 of the Consob-Bank of Italy Joint Regulation pursuant to Article 6, paragraph 2-bis, of the Consolidated Law on Finance.

During Board meetings, the Committee received reports from the Internal Audit Department on the results of consistency checks on the operating practices followed in the actual delivery of the 2019 incentive system as well as in the quantification and approval of the 2020 incentive system with the policies and the application parameters approved by the various Bodies and with the provisions issued by the Bank of Italy on this subject in transposing the CRD IV. The Chief Audit Officer expressed his opinion of adequacy.

### **Activity carried out by the Committee in the context of the COVID-19 emergency**

The Committee, at its own request, received timely information by the competent corporate functions regarding the measures adopted by the Bank in relation to the evolution of the COVID-19 emergency, also in order to continuously ascertain the effectiveness of the control measures and the functionality of corporate processes, as well as to pay close attention to the critical issues that have been identified.

In particular, the Committee, during the various meetings held with the Chief Audit Officer, examined:

- the framework of the measures promptly adopted by the Bank, with particular reference to those aimed at guaranteeing safety in the workplace and, at the same time, business continuity;
- the impacts generated by the emergency on IT security risks, with a focus on the consequent interventions conducted by the internal audit department;
- the impacts on the internal audit activity and on the 2020 Audit Plan deriving from the emergency, including the new version of this Plan and the extra-plan activities that the Internal Audit Department was

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- called upon to carry out in the emergency context;
- in the presence of the Chief IT, Digital & Innovation Officer, the results of the activity aimed at reviewing - following the emergency - the projects and estimates of the Capital Budget, with the aim of concentrating efforts on strategic initiatives and activities able to respond to specific legal/regulatory obligations or to remedy situations of inadequate residual risk.

The Committee also examined:

- the response to the Communication from the ECB - addressed to all significant institutions - on the operational capacity to deal with distressed debtors in the context of the coronavirus (COVID-19) pandemic;
- the response to the "Follow-up letter regarding the sectoral analysis on credit risk" of the ECB, containing the remedial actions identified following the supervisory checks carried out on the method of identification and assessment by the Bank of the credit exposures of the most affected economic sectors from the crisis following the pandemic;
- the response to the letter of the ECB on "Identification and measurement of credit risk in the context of the coronavirus (COVID-19) pandemic";
- on a periodic basis, with the Chief Financial Officer, the Chief Risk Officer, the Chief Lending Officer and the Head of the Banca dei Territori Division, the initiatives adopted in terms of liquidity management, protection of demand deposits and support to companies.

### **Integrated Reporting by the Corporate Control Functions**

The Integrated Tableau de Bord was submitted to the Committee on a six-monthly basis; it provides a summary of the findings with the greatest impact among those highlighted by the Corporate Control Functions and the Management and Financial Governance unit in their own Tableaux de Bord, with details of the progress of their respective mitigation actions. On the basis of the assessments carried out by the Corporate Control Functions in 2020, the annual summary report was drawn up which shows that overall risk management is adequate in terms of completeness, functionality and reliability of the internal control system. This opinion is supported by the Integrated Risk Assessment, the results of which were included in the 2021 RAF.

Moreover, the Integrated Tableau de Bord of the International Subsidiary Banks was also presented to the Committee on a six-monthly basis; it provides a summary of the findings with the greatest impact on the international perimeter.

To analyse the causes and remedies of the critical issues highlighted by the Corporate Control Functions and monitor the actions aimed at improving the efficiency of the internal control system, the Committee - in the presence of the Chief Audit Officer - held the following meetings:

- with the head of the Corporate and Investment Banking Division and the Chief IT, Digital & Innovation Officer to examine the progress of the project to replace the Information System of the International Network and the new Derisking Scenario plan;
- with the Chief IT, Digital & Innovation Officer and the Chief Operating Officer to examine the progress of the project activities aimed at containing the risks relating to the Data Governance & Data Quality Model;
- with the Chief Lending Officer to analyse i) the project initiatives relating to the evolution of its Governance Area; ii) relations with second-level controls, with a focus on so-called Single Name controls and on requests for classification as a worsening risk status; iii) aspects related to the partnership with Prelios; iv) aspects related to the partnership with Intrum and v) the progress of the remediation plan relating to the process of managing the appraisals on real estate collaterals;
- with the Data Protection Officer, the Chief IT, Digital and Innovation Officer and the Chief Compliance Officer to review the progress of the General Data Protection Regulation (GDPR) compliance programme.

### **Assessment of the Corporate Control Functions**

For the purposes of assessing the suitability of the essential elements of the risk management internal control system architecture, the Committee examined the annual disclosure on the changes in staff, costs and investments directly attributable to the Corporate Control Functions. Further details on the staffing and Target sizing of the structures of the Corporate Control Functions are provided in their respective periodic reports to the Corporate Bodies. In light of the results obtained during its activities, the Committee expressed its own considerations on the aspects of independence, objectivity and effectiveness of risk management actions for the annual assessment carried out by the Board of Directors regarding the adequacy of the Corporate Control Functions.

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The Committee also received, from the Chief Operating Officer and the representatives of the Corporate Control Functions, the requested in-depth analysis on the characteristics and objectives of the Talent Management program dedicated to the Corporate Control Functions resources.

For the purpose of paying the variable component of remuneration for 2020, the Committee first met with the Chief Audit Officer, the Chief Compliance Officer and the Chief Risk Officer to receive the results of the activities carried out by the respective areas during 2020. During the Performance Evaluation phase, it met with the competent structures of the Chief Operating Officer to examine the evaluation proposals made by them and express its opinion to the Remuneration Committee - within the scope of its responsibility - on the achievement of the objectives by the Chief Audit Officer, the Chief Compliance Officer, the Head of the Anti Financial Crime Department, the Chief Risk Officer, the Head of the Internal Validation and Controls Department, the Manager responsible for preparing the Company's financial reports and the Head of the Safety and Protection Department as Data Protection Officer.

9)  
Opinions

For the purposes of the 2021 incentive system, during the Goal & Target Setting phase, the Committee first met with the Chief Audit Officer, the Chief Compliance Officer and the Chief Risk Officer to examine the activities plan envisaged by each of their respective functions for 2021, including in order to evaluate the panel of possible Key Performance Indicators with which to monitor the effectiveness of the action by the relative functions and evaluate the managers' performance. The Committee then expressed its opinion - within its own remit - to the Remuneration Committee for the purpose of defining the objectives and individual performance levels to be attributed to the said Chiefs as well as to the heads of the Validation and Anti-Money Laundering departments, to the Manager responsible for preparing the Company's financial reports and to the head of the Safety and Protection Department including in his capacity as Data Protection Officer.

9)  
Opinions

## **8. SUPERVISORY ACTIVITY ON THE ADEQUACY, EFFICIENCY AND FUNCTIONALITY OF THE GOVERNANCE AND RISK MANAGEMENT PROCESS**

The Committee monitored:

- compliance with the provisions relating to the Internal Capital Adequacy Assessment Process and the Internal Liquidity Adequacy Assessment Process (ICAAP/ILAAP), examining scenarios and methodological and process aspects, the quantitative aspects, the Capital Plan, as well as the results of the Validation function on the adequacy of the framework for the quantification of economic capital and for managing liquidity risk as well as the results of the Internal Audit self-assessment on the quantification and assessment processes adopted;
- the completeness, adequacy, functionality and reliability of the internal risk measurement systems to determine capital requirements, checking their compliance with regulatory requirements including for the purpose of the annual certification issued by the Board of Directors. The Committee examined the specific annual reports by the Internal Audit and Validation functions as well as the Action Plan of the Risk Management function in order to mitigate the critical points highlighted;
- the completeness, adequacy, functionality and reliability of the Risk Appetite Framework for 2021, examining its methodological aspects, definition process and consistency with the Recovery Plan.

13)  
Internal  
control  
system

The Committee examined the following periodic reports:

- the results of the annual checks by the Asset Monitors on the Covered Bonds programmes;
- the results of the annual assessment of the IT risk exposure on the procedures in operation in the Group;
- the results of the checks and controls of the Group's business continuity plan;
- preparation of the Group's IT security plan for the current year, also in accordance with the provisions of the Cybersecurity 2018-2021 Business Plan;
- implementation of the national cyber security perimeter provided for by Law 133/2019;
- the report by the Data Protection Officer on the activity carried out in 2020 as well as the action plan for 2021.

The Committee met the Chief IT, Digital & Innovation Officer, including at its own explicit request, to examine:

- the integration process of the branches and legal entities into the Group's IT security model, which recorded compliance with the set objectives and the regular progress of actions aimed at achieving compliance with local regulatory requirements on cybersecurity;
- the progress of the Data Transformation Programme.

## 9. SUPERVISORY ACTIVITIES OF COMPLIANCE WITH THE LEGISLATION APPLICABLE TO THE BANK IN ITS CAPACITY AS THE PARENT COMPANY

The Committee - including by making use of the support of the corporate control functions - found that the Bank, within the framework of the management and coordination activity of the Group, exercises control over the development of the different business areas in which the Group operates and the incumbent risks, over the maintenance of conditions of economic, financial and equity equilibrium both of the individual companies and of the Group as a whole, as well as over the assessment of the various risk profiles contributed by individual subsidiaries and the total risk. The rules and procedures in place allow the Parent Company to promptly fulfil its disclosure obligations to the public in accordance with current provisions pursuant to Article 114, paragraph 2, of the Consolidated Law on Finance. The information flows between the Parent Company and its subsidiaries guarantee an effective exchange of information with regards to the corporate governance systems and the overall performance of the business.

The Committee, as foreseen inter alia by Article 151-ter, paragraph 1 and 4, of the Consolidated Law on Finance, exchanged information flows with the Boards of Statutory Auditors of the main Italian subsidiaries of the Group and, in order to examine the critical issues found by the Corporate Control Functions on certain Subsidiaries and to monitor the remedial actions aimed at improving the efficiency of the internal control system, met in the presence of the Chief Audit Officer, the Board of Statutory Auditors of Fideuram Intesa Sanpaolo Private Banking and the Board of Statutory Auditors of Eurizon Capital.

Moreover, with a view to ensuring consistency at Group level in the manner of transposing and implementing Legislative Decree 231/2001, the Committee analysed the half-yearly report on the activities carried out by the Surveillance Bodies pursuant to Legislative Decree 231/2001 of the Italian companies of the Group.

15)  
Subsidiaries  
requirements

## 10. CONCLUSIVE ASSESSMENTS ON THE SUPERVISORY ACTIVITY CARRIED OUT

As detailed in the Report, the Committee verified the functionality of the internal procedures, which have been found fit also in 2020, to guarantee compliance with the laws, regulations and articles of association. The Committee ascertained that the decision-making process takes into due consideration the riskiness and the effects of management decisions taken and that company boards have an adequate information flow system, including with reference to any directors' interests. The organisational structure, the administrative and accounting system and the statutory audit of accounts process were found adequate and functional for the tasks they are expected to perform. The non-existence of critical elements such as to affect the structure of the internal control system and the governance and risk management process was also verified.

Taking into account all the foregoing, having considered the content of the opinions issued by the Independent Auditors, and having taken note of the attestations issued jointly by the Managing Director and CEO and the Manager responsible for preparing the Company's financial reports, the Committee has not reported - in as far as it is within its remit - any impediment to the approval of the financial statements of Intesa Sanpaolo S.p.A. as at 31 December 2020 accompanied by the report on operations and the notes thereto, as approved by the Board on 23 March 2021.

18)  
Conclusive  
assessments

Lastly, the Committee expresses a favourable opinion on the allocation of the profit for the year and the distribution of dividends proposed by the Board of Directors, which takes into account the ECB Recommendations of 15 December 2020 - and the previous guidance on the subject - with regards to the dividend policy in the situation resulting from the COVID-19 epidemic.

The Committee acknowledges that the Board of Directors, subject to the desirable positive evolution of the above-mentioned recommendations from the Supervisory Authorities, intends to call a shareholders' meeting to be held after 30 September 2021, to propose a distribution of retained earnings reserves, from the 2020 net income, which will allow for the payment of a total amount of dividends corresponding to a payout ratio equal to 75% of the adjusted consolidated net income for the year 2020.

Milan, 25 March 2021

For the Management Control Committee

The Chairman – Alberto Maria Pisani

*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.*