



Report on remuneration policy  
and compensation paid  
14 March 2024

# Report on remuneration policy and compensation paid

Intesa Sanpaolo S.p.A. Registered Office: Piazza S. Carlo, 156 10121 Torino Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Share Capital Euro 10,368,870,930.08 Torino Company Register and Fiscal Code 00799960158 "Intesa Sanpaolo" VAT Group representative Vat Code No. 11991500015 (IT11991500015) Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group "Intesa Sanpaolo" included in the National Register of Banking Groups.

*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.*



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## Report on remuneration policy and compensation paid

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# Introduction

Over the last few years, international bodies and regulators have paid increasing attention to the issue of remuneration across different industries, including that of listed companies, of banks and banking groups, of insurance, of asset management as well as that of investment firms, with the aim of guiding issuers and operators towards the adoption of remuneration policies and remuneration systems that are consistent with the principles – intensified following the economic and financial crisis – governing the process for drawing up and approving the remuneration and incentive policies, the compensation structure and their transparency.

The regulatory framework has undergone a significant evolution - which is still ongoing - both at the European level and at the national level, in each of the above-mentioned sectors.

With reference to listed companies, Art. 123-ter of the Consolidated Law on Finance (Legislative Decree No. 58 of 24 February 1998, “CLF”) provides for the obligation to prepare and make available to the public a report on remuneration, divided into two sections (the first illustrating the company's policy in relation to remuneration and the procedures used for the adoption and implementation of this policy, the second providing information on the remuneration paid), to be drawn up including the information set out in the Issuers' Regulation (Consob Regulation 11971 of 14 May 1999, as subsequently updated), and to be submitted to the Shareholders' Meeting resolution. Since 2019, in implementation of the so-called Shareholders' Rights Directive II (Directive (EU) 2017/828), pursuant to Art. 123-ter of the CLF, the Shareholders' Meeting has been called to cast a binding vote on the first section of the report and to decide in favour or against the second section. The resolution relating to the latter is not binding. The Issuers' Regulation - in the part relating to the report on the remuneration policy and remuneration paid - was also amended in implementation of the Shareholders' Rights Directive, with the aim of enhancing transparency vis-à-vis shareholders. Finally, in terms of self-governance of listed companies, remuneration has been dealt with, since 2020, in the new “Corporate Governance Code”.

In the banking sector, remuneration and incentive policies and practices are the subject of specific regulations at European and national level. These regulations have changed significantly over time. More specifically, and among other things, in implementation of the so-called CRD III (Directive 2010/76/EU) and taking into account the guidelines and criteria defined internationally (including the principles and standards of the Financial Stability Board, the methodologies of the Basel Committee on Banking Supervision, and the Guidelines issued by CEBS), the Bank of Italy, with a measure dated March 30<sup>th</sup> 2011, issued Supervisory Provisions containing a harmonised set of regulations of remuneration policies, systems and practices in banks and banking groups, relating to the drawing up and control processes, the remuneration structure and the disclosure obligations to the public, thereby requiring, among other things, the approval of the remuneration and incentive policies by the shareholders' meeting, in order to achieve remuneration systems in line with the long-term corporate strategies and objectives linked with company results, appropriately adjusted to take into account all risks, consistently with the capital and liquidity levels required to fulfil the activities undertaken and, in any case, such as to avoid distorted incentives that could lead to regulatory violations or excessive risk-taking for the bank and the system as a whole.

The Bank of Italy intervened once again in the matter with the two recommendations contained in the communications dated 2 March 2012 and 13 March 2013, highlighting in general the need for banks to establish a strategy that is aligned to the objective of preserving the stability of the business, also from a forward-looking perspective, as well as maintaining the conditions of capital strength and prudent management of liquidity risk. Subsequently, in 2014 the Supervisory Provisions on remuneration policies and practices - contained in Bank of Italy Circular no. 285/13 - were revised to implement the regulations contained in the so-called CRD IV (Directive 2013/36/EU). In implementation of CRD IV, in 2014, the European Commission issued the Regulatory Technical Standards (RTS) relating to qualitative and quantitative criteria for the identification of categories of personnel whose professional activities have a material impact on the institution's risk profile (so-called “Risk Takers”). In December 2015, the EBA, based on the provisions contained in CRD IV, published the update of the “Guidelines on sound remuneration policies”, drawn up by its predecessor CEBS, defining in detail the rules relating to the remuneration structure, remuneration policies and the related governance and implementation processes. The indications of these Guidelines were implemented by the Bank of Italy which, in 2018, updated the regulations on remuneration policies and practices referred to in Circular 285. Finally, in 2019, the CRD V (Directive 2019/878/EU) and the Regulation (EU) 2019/876 (CRR II) were issued. Following the adoption



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of the provisions of CRD V, the EBA revised (i) the Regulatory Technical Standards (RTS) that specify the criteria for identifying Risk Takers reported in the Commission Delegated Regulation (EU) 2021/923, published on 9 June 2021; as well as (ii) the Guidelines on sound remuneration policies publishing a new version in July 2021 and providing for its application starting from 31 December 2021; as a result of the issue of CRR II, the European Commission has published the Regulation (EU) n. 637/2021 – so-called Implementing Technical Standards – which governs the methods of disclosure of the information on remuneration. The Bank of Italy has implemented CRD V and the essential contents of the new EBA Guidelines as well as the so-called Implementing Technical Standards with 37<sup>th</sup> update of Circular 285/2013 published on 24 November 2021.

With regard to the insurance sector, ISVAP (now IVASS), with regulation No. 39 of 9 June 2011, laid down the principles regarding the decision-making processes, structure and disclosure obligations for the remuneration policies of insurance companies. Regulation No. 39/2011 was subsequently replaced by IVASS Regulation No. 38 of 3<sup>rd</sup> July 2018 on corporate governance of insurance companies and groups, which implements the so-called Solvency II (Directive 2009/138/EU) and the guidelines adopted by the European Insurance and Occupational Pensions Authority (so-called EIOPA) on the corporate governance system and incorporates the provisions of ISVAP Regulation No. 39/2011 concerning remuneration policies. Furthermore, on 5 July 2018 IVASS sent a Letter to the market regarding the guidelines on the application of the principle of proportionality in the corporate governance system.

With regard to the asset management sector, the provisions regarding remunerations, initially included in the Joint Bank of Italy/Consob Regulation on remuneration (issued pursuant to article 6, paragraph 2-bis, of the Consolidated Law on Finance – updated on 27 April 2017 to transpose the Directive 2014/91/EU (UCITS V Directive) and included, from December 2019, in the Bank of Italy Regulation implementing Articles 4-undecies and 6, paragraph 1, sub-paragraph b) and c-bis) of the Consolidated Law on Finance – also apply to managers belonging to banking groups in different ways according to whether or not the asset management company (Società di Gestione del Risparmio) is classed as significant.

The latter Regulation was updated on 23 December 2022 with the aim of, mainly and to the extent relevant here, implementing the new rules on remuneration applicable to investment firms and introduced by the Directive 2019/2034/EU and by the Guidelines on sound remuneration policies (EBA/GL/2021/13) adopted by the EBA in consultation with ESMA. The remuneration framework regarding investment firms is completed by, inter alia, the Delegated Regulation (EU) 2021/2154 which provides for the technical regulatory standards that specify the criteria for identifying the categories of personnel whose professional activity has a substantial impact on the risk profile of the investment firm (so-called "Risk Taker"), effective from 12 December 2021.

Finally, with reference, inter alia, to the provision of investment services and activities by banks, investment firms and asset management companies, the provisions on remuneration included in Directive 2014/65/EU (so-called MiFID II) and in Delegated Regulation (EU) 2017/565 (so-called MiFID II Delegated Regulation), as well as in the "Guidelines on certain aspects of the MiFID II remuneration requirements" issued by ESMA and last updated in April 2023 are also relevant. These provisions aim to strengthen customer protection, among other things, by preventing conflicts of interest that can also arise in relation to remuneration and incentives.

Art. 123-ter  
(1), CLF

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This Report has been prepared in accordance with the above-mentioned Article 123-ter of the CLF and the Issuers' Regulation, and also takes into account the obligations of disclosure to the Shareholders' Meeting, pursuant to the Supervisory Provisions issued by the Bank of Italy which also implement the EU Regulation no. 637/2021 - so-called Implementing Technical Standards.

Intesa Sanpaolo has always paid particular attention to remuneration matters, the related regulatory compliance and maximum transparency to the market. The Report gathers into a single, well-organised and structured document all the qualitative and quantitative information that until 2011 was separately disclosed by topic in the Report on Corporate Governance and Ownership Structures, in the Supervisory Board report submitted to the Shareholders' Meeting – pursuant to Article 153 of the CLF – and in the financial statements.

This Report, available in the “Governance” section of the website *group.intesasanpaolo.com*, is divided into two Sections. The first section concerns the remuneration and incentive policies adopted by the Bank for the year 2024 with respect to its corporate bodies, the corporate bodies of its subsidiaries and the employees and other staff of the Group – with a particular focus on the General Manager, Key Managers (i.e. Group Top Risk Takers) and other Risk Takers – together with the procedures for adoption and implementation of these policies. It also describes how the remuneration policy contributes to the business strategy, the pursuit of long-term interests and the sustainability of the company and how it is determined taking into account the remuneration and working conditions of the employees of the company. This Section also includes a description of the aims pursued, the principles underpinning them, the changes with respect to the 2023 Remuneration Policy and how the Company has taken into account the votes and observations made by the shareholders at the Shareholders’ Meeting of 28 April 2023 that approved the policy. The second Section, split into three parts, provides a description of each item that makes up the remuneration, together with quantitative, analytical and aggregate information.

Art. 123-ter (2), (3), (3 bis), and (4) CLF

Art. 123-ter, (3 bis), (3 ter), and (6) CLF

With a view to disclosing information in accordance with the regulatory obligations, this document describes the levels of compliance with the provisions on remuneration established by Article 5 of the Corporate Governance Code. In this respect, to facilitate interpretation, specific margin notes citing the related Principles and Recommendations have been provided alongside the text, together with the indications provided in Articles 123-bis and 123-ter of the CLF.

The Appendix to this document contains specific check lists that indicate, on one side, the Principles and Recommendations of the Corporate Governance Code and the provisions of Articles 123-bis and 123-ter of the CLF and the requirements set in the Provisions regarding “Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers”<sup>1</sup>, and, on the other side, the page of this Report in which the matter is discussed.

These check lists should be read together with the explanatory notes and details provided in the Report concerning the application of the individual provisions.

Information contained in this Report, unless otherwise stated, refers to the position as at 14 March 2024, the date of its approval by the Board of Directors.

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The first section of this Report shall be subject to the binding resolution of the Shareholders’ Meeting, called pursuant to Article 2364, second paragraph, of the Italian Civil Code, as expressly required by Article 123-ter of the Consolidated Law on Finance and by Bank of Italy in Circular 285/2013, First Part, Title IV, Chapter 2 - “Remuneration and incentive policies and practices”, and the second section shall be subject to the non-binding resolution of the Shareholders’ Meeting called in accordance with Article 2364, second paragraph, Italian Civil Code.

Art. 123-ter (3-bis), (3-ter), and (6), CLF

<sup>1</sup> Specifically, reference goes to Section X 1 – paragraphs 2-quater and 2-quater.<sup>1</sup>





# Section I – 2024 Group Remuneration and Incentive Policies

## 1. Procedures for adoption and implementation of the Group Remuneration and Incentive policies

### 1.1 The role of corporate bodies

#### 1.1.a Shareholders' Meeting

The Shareholders' Meeting, on proposal of the Board of Directors, approves:

- the Remuneration Policies for the members of the Board of Directors and the Remuneration and Incentive Policies of the Group (employees and staff not bound by an employment agreement), which also include the Rules for identifying Risk Takers;
- the remuneration plans based on financial instruments;
- the criteria for the determination of any amounts to be awarded in the event of early termination of the employment agreement or early termination of the office, including the limits established for said amounts in terms of fixed annual remuneration and the maximum amount arising from the application of such limits;
- if applicable, with the qualified majorities as defined by the applicable regulations, a variable-to-fixed remuneration cap higher than 100%, but not exceeding the maximum cap established by the regulations;
- if applicable, solely for the Group's key staff identified in the asset management companies (SGR entities), SICAVs and SICAFs and work exclusively for those companies, a variable-to-fixed remuneration cap exceeding 200%.

In addition, the Shareholders' Meeting, upon proposal from the Board of Directors, resolves with a non-binding vote on the annual disclosure of the remuneration paid pursuant to Article 123-ter Consolidated Law on Finance (Section 2 of the Report on remuneration policy and compensation paid).

Finally, pursuant to the Articles of Association, the Shareholders' Meeting establishes the remuneration of Board Members (including the additional remuneration for the office of Chairman and Deputy Chairperson) and the remuneration of the Members of the Management Control Committee (determined on a fixed and equal basis for all members, but with a special increase for the Chairman) at the time of appointment and for the entire term of office.

#### 1.1.b Board of Directors

The Board of Directors, in addition to the fixed remuneration set by the Shareholders' Meeting:

- may set the remuneration of the Board Members to whom the Board assigns further special duties in compliance with the Articles of Association, including the office of Managing Director;
- is responsible for setting the remuneration of the General Manager and of the Manager responsible for preparing the Company's financial reports, pursuant to Article 154-bis of Legislative Decree No. 58 of 24 February 1998, as well as of all other Group Top Risk Takers and the higher-level Executives of the Company Control Functions, in accordance with the provisions of the applicable regulations;
- is responsible for drafting the remuneration and incentive policies of the Group to be submitted to the Shareholders' Meeting and drawing up the remuneration and incentive systems for persons for whom the supervisory regulations require that this task be performed by the body responsible for strategic supervision, including identifying parameters used to evaluate performance targets and setting variable remuneration deriving from the application of said systems.

#### 1.1.c Remuneration Committee

The Remuneration Committee was set up by the Board of Directors in order to support with all activities concerning remuneration.

In particular, the Committee:

- supports the Board of Directors in preparing proposals to submit to the Shareholders' Meeting;
- makes the proposals for the remuneration for the Managing Director and CEO and for the members of the Board of Directors who have been assigned further special duties in compliance with the Articles of Association;

<sup>2</sup> The grey squares in the Remuneration and Incentive Policy indicate – as required by the Bank of Italy Provisions on "Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers" – Section XI – paragraph 2-quater.1 - the parts of the Policy that implement the rules on remuneration therein provided.

- proposes the remuneration systems for the Group Top Risk Takers and the higher-level Executives of the Company Control Functions, taking into account the opinion of the Risks and Sustainability Committee and the Management Control Committee insofar as within its competence;
- expresses an opinion on the achievement of the performance targets to which the incentive plans are linked and on the setting of the other requirements for the payment of the remuneration.

R. 26

#### Focus: Composition of the Remuneration Committee

In line with the recommendations of the Corporate Governance Code, the Remuneration Committee is composed of non-executive directors, of whom at least the majority are independent. All members of the Committee must have knowledge and experience relating to the areas of competence of the Committee itself and, in line with the above-mentioned Code, at least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, assessed by the Board at the time of appointment and recognised.

#### 1.1.d Risks and Sustainability Committee

Without prejudice to the responsibilities of the Remuneration Committee, the Risks and Sustainability Committee supports the Board of Directors by analysing the Remuneration and Incentive Policies to verify their link with current and prospective risks and the capital strength and levels of liquidity of the Group, with specific regard to the performance targets (KPIs) assigned by the Incentive System to the Group Top Risk Takers excluding the Manager responsible for preparing the Company's financial reports and those who belong to the Company Control Functions.

In order to strengthen the independence of the Company Control Functions, the Risks and Sustainability Committee, also after the examination in a joint meeting with the Management Control Committee, expresses its opinion on the Incentive System for the Chief Risk Officer and the Head of the Internal Validation & Controls.

R. 30

#### 1.1.e Management Control Committee

In order to strengthen the independence of the Company Control Functions, the Management Control Committee expresses its opinion on the Incentive System for the Group Top Risk Takers belonging to the Company Control Functions, the higher-level personnel<sup>3</sup> and, as it is considered a similar role, the Manager responsible for preparing the Company's financial reports. This opinion is expressed jointly with the Risks and Sustainability Committee with regard to the Incentive System for the Chief Risk Officer and the Head of the Internal Validation & Controls.

### 1.2 Chief Operating Officer Governance Area

As mentioned above, the Shareholders' Meeting is responsible for approving the Group Remuneration and Incentive Policies upon proposal from the Board of Directors and with the involvement of the Remuneration Committee.

The Chief Operating Officer Governance Area is responsible for drawing up the above-mentioned Policies, which undergo the related approval procedure, involving the following, to the extent of their responsibilities, as required by the Regulations:

- the Planning and Management Control Head Office Department (see paragraph 1.3);
- the Chief Risk Officer Governance Area (see paragraph 1.4);
- the Chief Compliance Officer Governance Area (see paragraph 1.5).

The Chief Operating Officer Governance Area is also responsible for implementing the Incentive Systems, plans and initiatives.

### 1.3 Planning and Management Control Head Office Department

The Planning and Control Head Office Department is involved in drawing up the Group Remuneration and Incentive Policies, in order to ensure that those policies and the resulting incentive systems are consistent with:

- the strategic short-and medium-long term objectives of the Companies and of the Group;
  - the capital strength and the liquidity level of the Companies and of the Group.
- In that regard, together with the Chief Compliance Officer Governance Area and the Chief Risk Officer Governance Area, it supports the Chief Operating Officer Governance Area in identifying the

<sup>3</sup> Higher-level heads of the Company Control Functions are the Head of the Internal Validation & Controls and the Head of the Anti-Financial Crime Head Office Department in his capacity as Head of the Anti-Money Laundering Function.

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parameters used to evaluate performance targets, on which to base and link the award of incentives to the Group Top Business and Governance Risk Takers.

The Planning and Management Control Head Office Department also supports the Chief Operating Officer Governance Area in the periodic monitoring of the parameters set to evaluate the achievement of the performance targets assigned to the Risk Takers.

#### **1.4 Chief Risk Officer Governance Area**

The Chief Risk Officer Governance Area:

- verifies, ex ante, *inter alia*, the consistency of the Group Remuneration and Incentive Policies and of the resulting Incentive Systems with the Group Risk Appetite Framework (RAF);
- supports the Chief Operating Officer Governance Area in preparing the list of Risk Takers, providing – insofar as within its competence – additional information.

#### **1.5 Chief Compliance Officer Governance Area**

The Chief Compliance Officer Governance Area:

- conducts ex ante verification of compliance of the Remuneration and Incentive Policies with the law, the Articles of Association, the Code of Ethics of the Group and any additional standards of conduct applicable;
- verifies that the list of identified Risk Takers is consistent with the rationales described in the Group Remuneration and Incentive Policies and the regulatory provisions in force from time to time.

#### **1.6 Chief Audit Officer**

On an annual basis, the Chief Audit Officer, in accordance with the guidelines of the Supervisory Authority, verifies the compliance of the remuneration implementation practices with the related Policies and, in that context, also checks the correct implementation of the process for identifying Risk Takers, reporting to the Board of Directors and the Shareholders' Meeting on the results of the verifications conducted.



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## 2. Remuneration of the members of the Board of Directors

Art. 123-ter  
(3)(a) and  
(b) CLF

### 2.1 Remuneration of Board Members

The Bank's Articles of Association establish that the members of the Board of Directors are entitled, in addition to the reimbursement of expenses incurred due to their office, to a fixed remuneration for the services rendered, which is set for the entire period of their office by the Shareholders' Meeting at the time of their appointment.

The Shareholders' Meeting also sets the additional remuneration for the office of Chair and Deputy Chair.

R. 29

In line with its April 2019 resolution, the Shareholders' Meeting of 29 April 2022 set the following remuneration for the following three-year period:

- i. 120,000 euro for the remuneration of each member of the Board of Directors who is not also a member of the Management Control Committee;
- ii. 800,000 euro for the additional remuneration for the position of Chair of the Board of Directors;
- iii. 150,000 euro for the additional remuneration for the position of Deputy Chair of the Board of Directors.

An insurance policy for civil liability has been taken out for the members of the Board of Directors according to the terms illustrated below.

In addition, as required by the Supervisory Provisions on remuneration, the amount of the remuneration paid to the Chair is consistent with the key role assigned to this office and is not higher than the fixed remuneration paid to the Managing Director and CEO.

### 2.2 Remuneration of Management Control Committee members

R. 30

Pursuant to the Articles of Association, the Shareholders' Meeting is required, at the time of the appointment of the Management Control Committee and for the entire term of office, to set a specific remuneration for the Board Members of that Committee, consisting exclusively of a fixed and equal amount for each Member, but with a special addition for the Chair.

Without prejudice to the reimbursement of any expenses incurred due to their office and in line with the previous term, the Shareholders' Meeting of 29 April 2022 set the specific remuneration for each member of Board of Directors who is also a member of the Management Control Committee at 260,000 euro, without any attendance fees for the actual participation in the meetings of the Committee, and the additional remuneration for the Chair of the Management Control Committee at 65,000 euro.

At the time of the renewal of the Bodies in April 2022, no member of the Management Control Committee was appointed to the Risks and Sustainability Committee or to the Committee for Transactions with Related Parties, despite this being permitted by Article 13.5.6 of the Articles of Association.

In this respect, it is understood that for the Board Members who are also members of the Management Control Committee, the remuneration accrued for the performance of any office held in the Risks and Sustainability Committee or in the Committee for Transactions with Related Parties, in any event, cannot exceed the maximum limit equal to half the remuneration set by the Shareholders' Meeting for members of the Management Control Committee.

### 2.3 Remuneration of members of the Board Committees

In terms of the activities that the Board Members are called upon to carry out as members of the additional Committees established within the Board, the Articles of Association assign to the Board of Directors, on proposal from the Remuneration Committee, the task of setting the remuneration for these Members, in addition to the remuneration set by the Shareholders' Meeting, in line with the Remuneration and Incentive Policies approved by the Shareholders' Meeting.

This remuneration is set on a fixed and annual basis for the Chairs of the Committees, plus an attendance fee for each meeting of those Committees actually attended by them.

Specifically, the Board of Directors – taking into account the commitment required to carry out the mandate assigned and the proposal from the Remuneration Committee – confirmed for the Directors who are also members of Board Committees, in addition to the remuneration set for the position of Board Member, an attendance fee of 2,500 euro for the actual participation in the meetings of the Committees and for the Chairs of those Committees an additional annual gross fixed remuneration of 60,000 euro.

### Focus: Verification of competitive remuneration of members of Corporate Bodies

P. XV,  
R. 29

During 2023, the Remuneration Committee assigned again to a leading consultancy company the task of conducting an analysis of the positioning of the salaries of the members of Corporate Bodies of Intesa Sanpaolo in relation to the benchmark Peer Group provided for by the Remuneration and Incentive Policies in force. The benchmarking analysis confirmed that the salaries paid to said members are quite competitive in relation to the benchmark group. This positioning also took into consideration the intensive work carried out by the Board of Directors and, above all, by the Board Committees, which translates into a much higher number of meetings than those of their Peer Group, making the unit cost of the Directors' attendance of each meeting very cost-effective.

## 2.4 Remuneration of the Managing Director and CEO

In accordance with the Articles of Association, the Managing Director also acts as the General Manager of Intesa Sanpaolo.

In this perspective, in addition to the fixed remuneration relating to the offices of member of the Board of Directors and Managing Director, the Managing Director, in his capacity as General Manager, also receives a fixed and variable remuneration set by the Board of Directors in line with the Group's Remuneration and Incentive Policies approved by the Shareholders' Meeting.

Specifically, the Board of Directors, upon the proposal of the Remuneration Committee, in line with what was established by the previous Shareholders' Meeting in 2019, confirmed the annual fixed remuneration of 500,000 euro for the office of Managing Director. This amount is in addition to the amount of 120,000 euro due to him as a Board Member.

In accordance with the criteria defined by the Group remuneration and incentive Policies, the Managing Director, in his capacity as General Manager, was also awarded a gross annual remuneration of 2,000,000 euro, and participates in the short- and long-term incentive system in force for Group Top Risk Takers (see paragraph 4.4.2) and in the supplementary pension scheme, and receives the additional fringe benefits for the position.

## 2.5 Insurance policy for Board Members and General Managers

In line with the best practice on international financial markets and taking into account the nature, size and operational complexity of the Bank and the Group, following the resolution of the Shareholders' Meeting adopted on 28 April 2021, it was decided to take out an insurance policy to cover the administrative liability of the Bank's Board Members as well as all members of Corporate Bodies and key functions holders at subsidiaries against a limit of liability between 150 million euro and 200 million euro (D&O – Directors' and Officers' Liability Insurance). The aforementioned resolution of the shareholders' meeting authorised the renewal of this insurance cover, including for subsequent years, at the best market conditions, also taking into account any future adjustments and revaluations, against a limit of liability proportionate to market best practices, with annual disclosure to the Shareholders' Meeting in the context of the Report on remuneration policy and compensation paid and until resolved otherwise by the Shareholders' Meeting.

The terms of the D&O policy for 2023 were as follows:

- Effective date: from 30 June 2023 until 30 June 2024
- Limit: 200,000,000.00 euro, for each loss and for each year
- 2023 premium on an annual basis: approximately 4,800,000.00 euro.

The maintenance of such insurance cover is deemed to serve the Bank and the Group's best interests and to represent a necessary component of the Remuneration Policies.

## 2.6 Termination of office; employee termination indemnities

The Members of the Board of Directors, with the exception of the Managing Director who is also General Manager, are not Bank employees.

No agreements exist obliging the Bank to pay non-executive Board Members an indemnity in the event of their resignation or revocation of office without just cause or termination of their office following a public takeover bid.

Art. 123-bis (1), (h),  
(i) CLF

The criteria and maximum limits for determining the indemnities payable under the provisions of the Group's Remuneration and Incentive Policies shall apply to the Managing Director and General Manager, in the event of early termination of the employment agreement or early termination of office. It should be noted that, in 2022, following a resolution passed by the Board of Directors, on the proposal of the Remuneration Committee and taking into account the Chief Compliance Officer's favourable opinion, in

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line with the practices commonly used among competitors and the leading Italian listed companies, an agreement was signed with the Managing Director and General Manager, establishing specific contractual provisions on employment termination, including a non-competition clause for the period following termination; the agreement is effective from the approval of the Group's 2022 Remuneration and Incentive Policies (see paragraph 4.9.1).



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### 3. Remuneration policy for the corporate bodies of subsidiaries

Remuneration for members of the corporate bodies of Group companies is set by Intesa Sanpaolo in its capacity as majority shareholder and entity responsible for management and coordination activities, pursuant to the relative statutory and banking regulations.

The remuneration policy for corporate bodies, therefore, complies with the following principles, applied uniformly at Group level, in accordance with the regulatory framework in the various countries in which Intesa Sanpaolo operates through its subsidiaries.

Members of the management and supervisory boards of companies of the Intesa Sanpaolo Group receive remuneration according to their assigned duties and responsibilities.

To ensure uniformity in accordance with Group standards, the remuneration of directors is set specifically based on parameters such as the capital and economic size and organisational complexity of the company concerned, as well as other objective and qualitative elements, such as the nature of the business carried out by the subsidiary, its operational risk profile and its geographical position.

Similar criteria apply to the setting of the remuneration for directors appointed to special offices, pursuant to Article 2389 of the Italian Civil Code and similar provisions in force in foreign countries.

Variable remuneration amounts, bonuses linked to results, profit-sharing clauses or options to buy shares at predetermined prices are not normally envisaged. Exemptions from this principle are envisaged only on an exceptional and justified basis, in accordance with the Group Remuneration and Incentive Policies and the related supervisory regulations in force.

In general, there are no differences in the remuneration of directors, regardless of the fact they are either Group employees, professionals or independent, etc. The remuneration of Group employees who are appointed as directors in subsidiaries is paid to the company with which the employment agreement is in place.

The remuneration of members of the board of statutory auditors of Italian subsidiaries is set upon appointment for the entire term of office, pursuant to Article 2402 of the Italian Civil Code, with a fixed yearly amount.

The amount paid to statutory auditors is determined through a uniform calculation method at Group level that takes into account objective parameters, namely capital and revenues of the company, in order to identify a specific remuneration amount.

Members of the corporate bodies normally have the right to reimbursement of the expenses incurred as a result of their office.

Finally, an insurance policy is taken out for board members and general managers of subsidiaries (the "D&O policy").

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#### 4. Group remuneration and incentive Policies

The Group Remuneration and Incentive Policies for 2024 set out below were drawn up substantially in line with those for 2023, which received the favourable vote of most of the participants of the Shareholders' Meeting of 28 April 2023 (votes in favour totalling 88.1% of the represented share capital).

In light of a stable regulatory environment compared with the past year and taking into account the fact that the Group remuneration and incentive Policies are adequate to support the achievement of the Business Plan goals, no significant changes have been made for 2024 in terms of impact on general or specific clusters of the personnel.

The main new provision with an impact exclusively on one Top Risk Taker of the Intesa Sanpaolo Group (i.e. the Manager responsible for preparing the Company's financial reports, a role exclusively provided for by Italian law) and other 6 Group Risk Takers (i.e. the Head of the Administrative Governance and Controls structure and the Heads of the Human Resources Function at Group level) is the increase from 33% to 60% of the maximum limit on the ratio between variable and fixed remuneration (so-called cap, see paragraph 4.4.2). This change has been made in order to strengthen the attraction and retention of such personnel, taking into account the practices of the Italian players and the international Peer Group of the Intesa Sanpaolo Group and the higher flexibility allowed by Bank of Italy Circular No. 285/2013<sup>4</sup>.

In addition, for the sake of completeness, the performance levels envisaged for the relevant KPIs under the Performance Share Long-Term Incentive Plan have been specified in this document (see paragraph 8.1). This information is also stated in the Report of the Board of Directors and in the attached Information Document prepared for the purposes of the approval of the Plan by the Shareholders' Meeting of 29 April 2022.

In the light of the above, this document describes the Remuneration and Incentive Principles, Systems and Instruments (Section A) and the Rules for identifying Risk Takers (Section B); the mentioned Sections, jointly, represent the Group Remuneration and Incentive Policies.

Lastly, it is noted that it is not possible to derogate from any elements of the 2024 Remuneration and Incentive Policies.

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<sup>4</sup> It should be noted that Bank of Italy Circular No. 285/2013 established that the maximum limit to the ratio between variable and fixed remuneration is 33% for the Company Control Functions (i.e. Compliance, Risk Management, Audit, Anti-Money Laundering and Validation) while for the Manager responsible for preparing the Company's financial reports and the Human Resources Function it provides only for a moderate variable component. Historically, Intesa Sanpaolo had extended the 33% cap also to the roles in question, despite the absence of specific regulatory obligations.

## Section A – Remuneration and Incentive Principles, Systems and Instruments

This Section describes the Remuneration and Incentive Principles, Systems and Instruments defined for 2024 and addressed to all personnel of the Group<sup>5</sup>, including the categories governed by the agency contract.

Art. 123-ter  
(3) (a),  
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### 4.1 Purposes and principles of the Remuneration and Incentive Policies

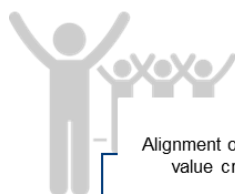
The Remuneration and Incentive Policies of the Intesa Sanpaolo Group aim to align the management's and personnel's behaviour with the interests of all Stakeholders, guiding their action towards the achievement of sustainable medium-long term objectives within the framework of a prudent assumption of current and prospective risks, as well as to contribute to making the Group an "Employer of choice" for its ability to attract, motivate and retain top resources.

In particular, the Policies of the Intesa Sanpaolo Group are based on the following principles:

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#### STAKEHOLDERS' INTEREST

Alignment of management and personnel conduct with the interests of all **Stakeholders**, with a focus on value creation for **Shareholders**, as well as on the social impact generated on the **Communities**



#### CORRELATION BETWEEN REMUNERATION AND RISK TAKING

- direction of management and personnel conduct towards the achievement of objectives within a **framework of rules** aimed at controlling corporate risks
- remuneration systems aligned with prudent **financial and non-financial risk** management policies (including legal and reputational risks), in line with what is defined in the Group Risk Appetite Framework
- definition of a sufficiently high fixed component to allow the variable portion to reduce significantly, even down to zero, upon occurrence of specific conditions



#### ALIGNMENT WITH MEDIUM AND LONG-TERM OBJECTIVES in accordance with Group Risk Tolerance

- definition of a set of Incentive Systems in order to drive performance over a **multi-year accrual** period and to share the medium-long term results consequent to the implementation of the Business Plan



#### MERIT

- **remuneration flexibility**: bonuses are linked to the results achieved and the risks undertaken
- **competitiveness**: focus on key staff members with high managerial skills, to whom competitive salary brackets, compared with the reference market, are reserved
- best performers' **recognition** through above-average bonuses



#### EQUITY

- **correlation** between fixed remuneration and the level of responsibility, measured through the Global Banding System or the career title/professional role
- **differentiation** of salary brackets and the ratio of the variable component to the total remuneration according to the relevant professional category and/or geographical market, with the Banding bracket or the career title/professional role being equal



#### GENDER NEUTRALITY

- **recognition of an equal level of remuneration**, for the same activities carried out, regardless of gender
- attention to the **gender pay-gap** and its **evolution over time**



#### SUSTAINABILITY: limitation of the expenses deriving from the application of the policies within values compatible with the available economic and financial means

- selective reviews of fixed remuneration based on strict **market benchmarks**
- mechanisms to **adjust allocations** to the total incentive provisions according to the profitability and the results achieved by the Group
- **appropriate caps** on both total incentives and the amount of individual bonuses



#### REGULATORY COMPLIANCE

- compliance with **legislative and regulatory provisions, with codes of conduct and other self-regulation provisions** with focus on the Risk Takers (and among these on the so-called Top Risk Takers, including the Key Managers) and on the Company Control Functions
- **fairness in customer relations**

<sup>5</sup> Including those operating at branches located in third countries.



## Focus: Gender Neutrality

Intesa Sanpaolo pays great attention to the issues of "Diversity, Equity & Inclusion" and is committed to implementing and disseminating, within and outside the Group, a policy in favour of the inclusion of all forms of diversity. In this context, Intesa Sanpaolo adopted the "Principles on Diversity, Equity & Inclusion" within which it made specific commitments aimed at ensuring gender equality in HR processes and in the management of people. Compliance with these commitments is monitored periodically, also in order to set corrective measures.

The Intesa Sanpaolo Group adopts gender-neutral Remuneration and Incentive Policies that contribute to pursuing complete equality among staff. They ensure, for the same activity carried out, that the personnel have an equal level of remuneration, also in terms of the conditions for its award and payment.

In particular, the Group guarantees that the definition of the remuneration and incentive systems and the taking of decisions regarding remuneration are independent of gender (as well as of any other form of diversity such as affective-sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union membership, socio-economic condition, nationality, language, cultural background, physical and psychological conditions or any other characteristic of the person also linked to the expression of one's thought), are based on merit and professional skills and are inspired to principles of fairness.

In order to make it possible to apply gender-neutral policies and to be able to evaluate their effectiveness, the Group adopts:

1. systems for measuring organizational positions that take into account the responsibilities and complexity managed by the various roles.  
Specifically, for the management cluster, the Group has adopted the Global Banding System (see below "Focus: Global Banding System") based on grouping in homogeneous categories managerial positions that are similar by levels of complexity/responsibility managed, measured using the international IPE (International Position Evaluation) methodology.  
Instead, the cluster of professionals is segmented on the basis of the career title assigned according to certain criteria (i.e. seniority, autonomy, complexity, but also skills, economics, impact and exposure) – in order to enhance in a granular way the level of professional contribution provided in their operations and the progressive specialisation of skills –or of the professional profile to which they belong, also taking into account the system of roles defined in the second level collective bargaining;
2. for the management cluster, market remuneration references associated with each Global Banding bracket and differentiated according to the professional category they belong to and geography. On the other hand, as regards the cluster of professionals, market trend references differentiated on the basis of the professional category they belong to and geography are associated to career title levels;
3. incentive/reward systems linked to objective parameters that therefore allow to recognise merit and performance.

Finally, on an annual basis, the Board of Directors of Intesa Sanpaolo, with the support of the Remuneration Committee, analyses the gender neutrality of the policies and checks the gender pay gap and its evolution over time in accordance with the methodology defined by the regulations. In summary, the gender pay gap is calculated for positions of equal value and country by country, making a distinction for: (i) Risk Takers, excluding members of the Board of Directors; (ii) the members of the Board of Directors in its management function; (iii) the members of the Board of Directors in its supervisory function; (iv) the remaining personnel.

It is noted that the reasons for the gender pay gap are appropriately documented and, where necessary, corrective measures are taken.

## 4.2 Segmentation of personnel

The Intesa Sanpaolo Group Remuneration and Incentive Policies are based on personnel segmentation logics that allow the operational adaptation of the principles of merit, fairness and neutrality in order to suitably differentiate the total remuneration and arrange mechanisms of payment that are specific for the various personnel clusters, with a particular focus also on those of a regulatory importance for which more stringent requirements are set. The distinction of the population into macro segments also allows to take into account the remuneration and working conditions of employees both in the declination of policies in specific remuneration and incentive systems and in the adoption of remuneration decisions tailored to each macro segment.

In application of these logics, three macro segments are identified:

- Risk Takers;
- Middle Managers<sup>6</sup>;
- Professionals.

### Focus: Risk Takers

The Intesa Sanpaolo Group identifies the personnel whose professional activities have a material impact on the entity's risk profile (so-called "Risk Takers") based on the "Rules for identifying Risk Takers", stated in Section B, which form an integral part of the Remuneration and Incentive Policies. These Rules were defined on the basis of the provisions laid down in article 92, paragraph 3 of CRD V, as well as Commission Delegated Regulation (EU) 2021/923 and supplemented by additional criteria that reflect the specific risks taken by the Group based on the business model and the organisational structure adopted and set out in line with the Global Banding System adopted by Intesa Sanpaolo (see focus below).

The following segments of Risk Takers are identified<sup>7</sup>:

- Intesa Sanpaolo Group Risk Takers (so-called Group Risk Takers);
- Sub-consolidating Group Risk Takers;
- Legal Entity Risk Takers.

Furthermore, within each Risk Taker segment and solely with reference to significant Banks<sup>8</sup> – including Intesa Sanpaolo – the Top Risk Takers are also differentiated.

Specifically, as at 14 March 2024, the date of approval of this document by the Board of Directors, the Group Top Risk Takers segment consists of:

- Managing Director and CEO;
- Heads of the Business Divisions (Asset Management, Banca dei Territori, Insurance, IMI Corporate & Investment Banking, International Subsidiary Banks and Private Banking) as well as the Deputy to the Head of the IMI Corporate & Investment Banking Division;
- Chief Operating Officer, Chief Data, A.I., Innovation and Technology Officer, Chief Cost Management Officer, Chief Financial Officer, Chief Lending Officer, Chief Governance Officer, Chief Risk Officer, Chief Compliance Officer, Chief Institutional Affairs & External Communication Officer, Chief Audit Officer as well as the Deputy to the Chief Financial Officer;
- Head of the Strategic Initiatives and Social Impact Head Office Department, who reports directly to the Managing Director and CEO;
- Head of the Administration and Tax Head Office Department in his capacity as the Manager responsible for preparing the Company's financial reports.

This segment coincides with the so-called Key Managers identified pursuant to Consob Regulation No. 17221 of 12 March 2010 containing provisions relating to transactions with related parties.

With reference to 2023, a total of 619 Group Risk Takers were identified, with an increase of 48 people compared to the number of Risk Takers identified in 2022. Moreover, as in 2022, also in 2023 no

<sup>6</sup> These shall mean all Heads of Organizational Units not already included in the cluster of Risk Takers.

<sup>7</sup> It is noted that, in the following paragraphs, unless otherwise specified, the term "Risk Taker" is generally understood to refer to all three segments.

<sup>8</sup> Reference is made to banks considered significant pursuant to art. 6, paragraph 4, of Regulation (EU) 1024/2013 (the so-called Single Supervisory Mechanism Regulation).

### Focus: Risk Takers

individuals meeting any of the quantitative criteria set by the Rules for 2023 were excluded from the scope of the Group Risk Takers.

Furthermore, additional 103 Sub-consolidating Group Risk Takers and 455 Legal Entity Risk Takers not included among Group and Sub-consolidating Group Risk Takers were identified for 2023.

Consequently, considering the 3 Risk Taker segments (including Top Risk Takers), for 2023 a total of 1177 individuals were identified and, among these, 915 were identified as Intesa Sanpaolo Group Risk Takers or at the level of Sub-consolidating Groups / Legal Entities of EU Member States.

### Focus: Global Banding System

The Global Banding System adopted by the Intesa Sanpaolo Group is based on the grouping in homogeneous categories of managerial positions that are similar by levels of complexity/responsibility managed, measured using the international IPE (International Position Evaluation) methodology.

In correlation to Global Banding, Intesa Sanpaolo also adopted a job titling system that clearly identifies the responsibilities and the contribution of the roles, overcoming the purely hierarchical-organisational logics.

In particular, the following are identified with the title of:

- Chief, the roles that define and/or exert a strong influence on the Group medium/long-term strategy or define the reference Division/Governance Area strategy, with an impact on the results of the Group in the medium-long term;
- Executive Director, positions that define and/or exert a strong influence on function/business/country strategies, consistently with the Division/Group strategies, and ensure their implementation even in highly complex contexts;
- Senior Director, positions that define business/function policies and plans, and lead their implementation by taking managerial responsibility for financial and human resources;
- Head of, the roles that define or contribute to defining programmes and plans for their own organisational structure, also in coordination with other corporate structures, and ensure their implementation by taking managerial responsibility for human resources and, possibly, financial responsibility.

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### Focus: "Relevant Persons" and credit intermediaries to which the Provisions regarding "Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers" (Bank of Italy) apply

In line with Bank of Italy Provisions regarding "Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers", the number of relevant persons and credit intermediaries to which the Provisions apply are shown below, based on their role held.

Role	Number as at 31/12/2023
<b>Banca dei Territori Division</b>	
Heads of Retail, Exclusive, Non-profit Sector and Digital Branches	2,876
Account Managers of Retail, Exclusive, Non-profit Sector and Digital Branches	23,986
Financial Agents with an accessory contract (so-called Team Leader) of Prestitalia	17
Financial agents of Prestitalia	542
<b>Private Banking Division</b>	
Private Centre Heads, HNWI Executive Managers and UHNWI Executive Managers of Intesa Sanpaolo Private Banking	91
Team Leaders, Global Relationship Managers and Global Wealth Managers of Intesa Sanpaolo Private Banking	135
Private Bankers and Executive Private Bankers of Intesa Sanpaolo Private Banking	705

**Focus: “Relevant Persons” and credit intermediaries to which the Provisions regarding “Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers” (Bank of Italy) apply**

Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest, IW Private Investments (IWPI) and Intesa Sanpaolo Private Banking Networks	5,392
Non-employee Financial Advisors with an accessory contract of the Fideuram, Sanpaolo Invest and IWPI Networks	279

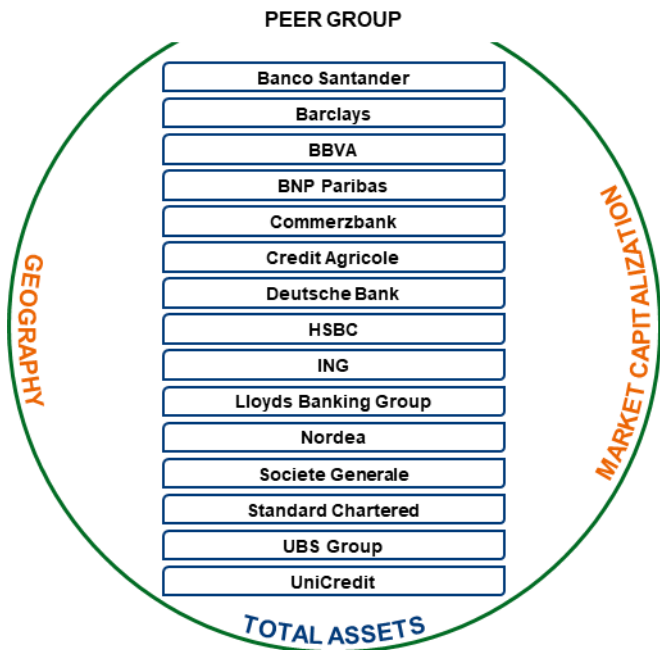
**Focus: External competitiveness of remuneration**

As part of defining the total remuneration, Intesa Sanpaolo continuously focuses on external competitiveness in order to attract and retain the best resources.

In relation to market data and practices, the Intesa Sanpaolo Group aims to align the overall remuneration with median values, notwithstanding the possibility to make the appropriate differentiations for particularly critical positions and/or resources with high management skills.

Furthermore, the adequacy of the amounts is further verified in comparison to market data, with ongoing participation in national and international remuneration surveys; for management roles and other particular business positions, the comparison is based on specific peer groups, in order to evaluate the competitive alignment with the most appropriate reference market.

In particular, the reference peer group is aligned with the one used by the Intesa Sanpaolo Group for the measurement of economic-financial indicators of relative performance in the financial communication to the market.



#### 4.3 Remuneration components

Employee remuneration is broken down into the following:

- fixed component;
- variable component.

**Focus: Remuneration components received by Financial Advisors and Financial Agents other than employees**

The remuneration received by Non-employee Financial Advisors and Financial Agents, due to the very nature of their employment as freelancers operating under agency contracts, is entirely variable and is composed primarily of commissions. Pursuant to the provisions laid down by the Supervisory Provisions, commissions are broken down into:

- a “recurring” component, representing the most stable and ordinary portion of remuneration. This component is equivalent to the fixed remuneration;
- a “non-recurring” component that has an incentive purpose, specifying that the commission does not in itself have any incentive purpose. This component is equivalent to the variable remuneration.

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With particular reference to the remuneration of the employee with mixed contract (so-called Global Advisor)<sup>9</sup>, in the capacity of part-time employee, this consists of both a fixed and a variable portion and, in the capacity of freelancer, of both a recurring and non-recurring component.

#### 4.3.1 Fixed and/or recurring remuneration

##### Fixed remuneration

The fixed component is the component of the remuneration that is stable and irrevocable in nature and determined on the basis of pre-established and non-discretionary criteria such as: the contractual framework, the role held, the responsibilities assigned, the particular experience and the expertise acquired by the employee.

The following are considered fixed components of remuneration:

- the **gross annual remuneration** which reflects the level of professional experience and seniority of the personnel;
- the **allowances** assigned in a non-discretionary manner and not tied to any kind of performance indicator. This type of fixed remuneration is assigned to the following categories of personnel:
  - Risk Takers (within Italy and some foreign countries<sup>10</sup>) and Middle Managers (within Italy and some foreign countries<sup>11</sup>) belonging to the Company Control Functions<sup>12</sup> and to similar roles (see below);
  - heads of commercial roles of the physical and digital distribution network within the scope of the Banca dei Territori Division, due to the role held;
  - specific categories of personnel having a commercial role in the Reyl Group operating primarily in the Private Banking segment;
  - expatriate personnel in order to cover for any differences in cost, quality of life and/or remuneration levels of the target reference market;
- allowances and/or compensation deriving from offices held in corporate bodies, provided that these are not reversed to the companies to which they belong;
- any **benefits** designed to increase employee motivation and loyalty of the resources and assigned on a non-discretionary basis. These may be of a contractual nature (e.g., supplementary pension, health benefits, etc.) or the result of remuneration policy decisions (e.g., company car) and, therefore, have different treatment with respect to different categories of personnel.

As regards the allowances envisaged for Risk Takers and Middle Managers belonging to the Company Control Functions (i.e. Compliance, Risk Management, Audit as well as Anti-Money Laundering and Validation), the rationale behind their introduction lies in the need to ensure that this role is provided with an adequate level in terms of total remuneration with respect to the responsibilities managed, against a limit to the ratio between variable remuneration and fixed remuneration set by the Bank of Italy<sup>13</sup> at 33%, a limit which is not found in similar regulations issued by other European Union countries<sup>14</sup>.

Concerning the definition of the amount, the Group Global Banding System graduates the overall remuneration levels by diversifying by title the amount of the allowances to acknowledge the complexity of the responsibilities managed, based on the weight of the role determined with the Mercer International Position Evaluation (IPE).

<sup>9</sup> This means a way to carry out the working activity introduced by Intesa Sanpaolo Group that allows the same person to activate, at the same time, a part-time employment contract and a free-lance employment contract as a financial advisor to carry out the "out-of-branch offering", separately, concurrently and in parallel with respect to the employment agreement.

This mixed employment agreement is envisaged for the personnel belonging to the Network of the Banca dei Territori Division and the Private Banking Division.

<sup>10</sup> Slovakia, Croatia, Hungary and Luxembourg.

<sup>11</sup> Switzerland, Serbia, New York, Egypt and China.

<sup>12</sup> With reference to the insurance sector, the scope of the Company Control Functions coincides with the Key Function Holders.

<sup>13</sup> Bank of Italy Circular 285/2013.

<sup>14</sup> Unlike what occurs in Italy and in some specific foreign countries, the application of the 33% limit to the ratio between variable and fixed remuneration to personnel belonging to the Company Control Functions operating in international subsidiary banks of the Intesa Sanpaolo Group does not usually represent a critical issue with respect to the safeguarding of adequate levels of total remuneration of such personnel. Consequently, it is not deemed necessary to introduce the allowance in other foreign countries. The Group constantly monitors the situation in the various countries in which it operates and updates the Remuneration Policies accordingly.

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Please note that allowances are also paid to roles (Italy scope) for which the Supervisory Provisions on remuneration require the variable component, if present, to be limited. In light of this provision, Intesa Sanpaolo has set for the Manager responsible for preparing the Company's financial reports and the Heads of the Human Resources Function of the Group a ratio between variable remuneration and fixed remuneration limited to 60%, providing the concurrent payment of the above-mentioned role allowance, defined in line with the methodology adopted for the Company Control Functions, based on the positioning inside the Group Global Banding System.

In addition, the Intesa Sanpaolo Group adds to the express requirements of the Supervisory Provisions by treating on a par with the Company Control Functions, in addition to the Manager responsible for preparing the Company's financial reports, also the Head of the Administrative Governance and Group Controls structure, in recognition of his/her compliance monitoring role.

As regards the heads of physical and digital distribution Network commercial roles, their allowance is defined in order to allow the provision of adequate remuneration commensurate with the responsibilities attributed to them under the current service model of the Banca dei Territori Division, while maintaining the remuneration flexibility which has become necessary in view of the turnover rates of the employees called upon to hold these roles.

With regard to the allowances paid to specific categories of personnel with a commercial role in the Reyl Group, these are aimed at ensuring an adequate level of overall remuneration reflecting their responsibilities, considering that the Reyl Group operates in a market with high competitive pressure where, since local regulations do not set a cap on variable remuneration, the main competitors offer significantly higher variable remuneration than that provided by regulations applicable to Intesa Sanpaolo and its subsidiaries.

Lastly, the allowances paid to expatriate personnel are aimed at ensuring the equity of the net remuneration treatment between the amount received in the country of origin and in the target country, so as to cover for any differences in cost, quality of life and/or remuneration levels of the target reference market.

### Recurring remuneration

For Non-employee Financial Advisors and Financial Agents, the "recurring" component consists of commissions which represent the stable and ordinary portion of remuneration.

In particular, for Non-employee Financial Advisors, the commissions that have a "recurring" nature allow to:

- remunerate the Non-employee Financial Advisors for placement, customer assistance and management;
- refund the expenses incurred individually to perform their activity, including the fulfilment of the contribution obligations required by law.

With specific reference to Non-employee Financial Advisors with an accessory contract (i.e. Advisors with the responsibility of commercial coordination and supervision of specific activities and/or groups of Non-employee Financial Advisors), the "recurring" remuneration consists of:

- supervision commissions (so-called "maintenance over") for the activity of coordination and supervision of a group of Non-employee Financial Advisors who operate in the related area;
- development commissions (so-called "development over") for the development and growth of the group of Financial Advisors.

Finally, as regards the Financial Agents in Prestitalia, the recurring remuneration is differentiated by macro-category of products.

With reference to the products provided by Prestitalia (e.g. Salary-Backed Loans), the recurring remuneration is divided into 3 components:

- *ordinary commissions* that include i) the "interest delta" commissions calculated on a portion of the overall interest on the loan and ii) a minimum guaranteed component calculated on the amount of each loan;
- *recurring commissions* ("management fees") linked to the maintenance of the existing portfolio;
- *supplementary commissions by production bands* determined on the basis of forecasts of the volumes that will be developed by the agent.

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In addition, in order to support initial investment to newly activated agents, entry commissions may be provided in lieu of supplementary commissions by production bands.

On the other hand, with regard to products offered under the distribution agreement with Intesa Sanpaolo (e.g. banking products and services), recurring remuneration is determined by product type as a percentage of the fees paid by Intesa Sanpaolo to Prestitalia for the promotion and placement activities governed by the agreement.

In addition, with reference to Financial Agents with an accessory contract (so-called Team Leaders), the recurring remuneration also consists of a fixed monthly coordination fee for the performance of the task of supervising the commercial activity, as well as supervision commissions calculated on the basis of the commissions generated by the agents they supervise.

#### **Focus: Fixed and recurring remuneration of Global Advisors**

The “fixed” remuneration of the Global Advisors is represented by the portion of the gross annual remuneration received as a part-time employee. Instead the “recurring” remuneration consists of the commissions of a more stable and ordinary nature.

### **4.3.2 Variable and/or non-recurring remuneration**

#### **Variable remuneration**

The variable component of remuneration is linked to the employee's performance and aligned to the results actually achieved and the risks prudentially taken, and consists of:

- short-term variable component paid through:
  - the annual Incentive Systems (see paragraph 4.5);
  - the Broad-based Short-Term Plan – PVR (see paragraph 4.7);
- long-term variable component paid through:
  - the Performance Share Plan addressed to the Management of the Intesa Sanpaolo Group, including the Top and other Risk Takers of the Group – Italy and foreign perimeter (see paragraph 4.8.1);
  - the LECOIP 3.0 Plan addressed to Professionals of the Intesa Sanpaolo Group – Italy perimeter (see paragraph 4.8.2);
  - any other long-term incentive plans (e.g. Long-term incentive plans for the personnel of the “Investments” area operating in asset management companies that manage AIFs – see focus in paragraph 4.8.4);
- the Carried Interests, i.e. the share in the profits of the Undertakings for Collective Investment in Transferable Securities (UCITS) or Alternative Investments Funds (AIF) received by personnel as compensation for the management of the UCITS or AIF<sup>15</sup>;
- any variable short- and long-term components, tied to the period of employment in the company (stability, non-competition, one-off retention agreements) or extraordinary agreements (entry bonus, buy-out);
- any discretionary benefits.

The distinction of the variable remuneration component into a short-term portion and a long-term portion encourages the attraction and retention of staff, allowing the performance to be directed on a more than annual accrual period and the medium/long-term results deriving from the implementation of the Business Plan to be shared.

#### **Focus: Carried Interest**

With reference to the personnel of the “Investments” area of the asset management companies that manage AIFs, Carried Interest is envisaged, providing the use of equity instruments with strengthened rights, i.e. that imply a participation in the profits that is proportionally greater than that of the other investors. This instrument aims to strengthen the alignment of the management's interest with the interest of shareholders and investors.

<sup>15</sup> However, the portion of *pro rata* profit assigned to personnel by virtue of any investments made by them in the UCITS or AIF, provided that they are proportional to the actual percentage of participation in the UCITS or AIF and not exceeding the return recognised to the other investors does not constitute remuneration. For a proper implementation of the regulation, managers must therefore be able to clearly identify the portions of profit which exceed the *pro rata* profit of the investments and that qualify as carried interest.

### Focus: Carried Interest

Consequently, Carried Interest is subject to the achievement of a minimum return and it is postponed. In line with market best practices, Carried Interest is awarded:

- upon exceeding a certain minimum return threshold (hurdle rate);
- according to the European Waterfall model (“on a whole-fund basis”), i.e. calculated and paid only at the end of the entire investment’s life.

It should be noted that, for the aforementioned personnel, in line with the provisions of the Bank of Italy Regulation implementing Articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Law on Finance as last amended<sup>16</sup>, Carried Interest is not included in the ratio between the variable and fixed components of remuneration. Moreover, in accordance with the “Guidelines on sound remuneration policies under the AIFMD” issued by ESMA<sup>17</sup>, Carried Interest may be paid cash upfront since, taking into account the remuneration conditions set out above, the requirements on risk alignment of variable remuneration, award process and pay-out process<sup>18</sup> (including, *inter alia*, those concerning deferral, payment in instruments, ex-post correction mechanisms) are deemed to be met.

At present, the Group’s asset management companies that manage AIFs do not yet use such a remuneration tool for their personnel.

### Focus: Guaranteed bonuses

NO granting of guaranteed bonuses is provided.

### Focus: Entry Bonus and Buy-out

To encourage the attraction of new personnel, it is possible to offer:

- an entry bonus to be paid upon hiring, without prejudice to the accurate assessment and analysis of market practices. According to the Supervisory Provisions, this type of bonus is not subject to any of the requirements applicable to variable remuneration, including those on variable remuneration cap and pay-out schemes, if it is paid in a single instalment (**welcome bonus**). It should be noted that, in any case, this form of variable remuneration can be paid only once to any one staff member at Group level;
- a bonus as indemnification for the deferred variable remuneration reduced or cancelled by the previous employer due to termination of the contract.  
This type of bonus (**buy-out**) cannot, however, compensate new personnel for reductions or cancellations of remuneration due to malus or clawback mechanisms and is in any case subject to all the rules governing variable compensation, including those on variable remuneration cap and pay-out schemes.

### Focus: One-off retention

Any retention bonuses tied to the period of employment of the personnel:

- are paid for a certain period of time or until a given event;
- are awarded not before the end of this period or upon the occurrence of the event;
- contribute to the calculation of the cap between the variable and fixed component of remuneration;
- are subject to the payment methods of the variable remuneration and both ex ante and ex post correction mechanisms.

It is understood that the award of the retention bonus cannot lead to a situation in which the total variable remuneration is no longer linked to the performance of the individual, the single business unit, as well as the Company and the Group.

<sup>16</sup> In particular by the Measure of 23 December 2022 amending the Bank of Italy Regulation of 5 December 2019.

<sup>17</sup> ESMA, Guidelines on sound remuneration policies under the AIFMD, paragraph XII.V.

<sup>18</sup> In the ESMA Guidelines, it is clarified that the provisions on, *inter alia*, deferral and payment in instruments, malus and claw-back are deemed to be met when: “a) an AIFM must first return all capital contributed by the investors of the AIF it manages and an amount of profits at a previously agreed hurdle rate (if any) to the investors of the AIF, before the identified staff of the AIFM may receive any variable compensation for the management of the relevant AIF; and b) the compensation received by the identified staff of the AIFM is subject to clawbacks until the liquidation of the relevant AIF”.



### Focus: One-off retention

Furthermore, multiple retention bonuses (for example, an individual retention bonus and another one deriving from a collective plan) may be awarded to the same staff member in exceptional and suitably justified cases, providing that the payment of the retention bonuses takes place at different times and provided that there are specific reasons for the award of each of them.

Among retention bonuses, Intesa Sanpaolo – in line with the industry practises – envisages a **minimum duration agreement** (or **stability agreement**), i.e. an agreement with which the beneficiary undertakes not to exercise the right to withdraw from the employment agreement for the duration of the Agreement, against a payment made at the end of such period, and which provides a penalty in case of breach of the commitment.

### Focus: Discretionary pension benefits

Should discretionary pension benefits – which are currently NOT envisaged – be introduced, these will be assigned to beneficiaries in accordance with the applicable regulations, according to which they are similar to variable remuneration, and, therefore:

- in the case of resources who are not entitled to receive a pension, they shall be invested in Intesa Sanpaolo shares or other related instruments, held in custody by the bank for a period of at least five years and subject to ex-post adjustment mechanisms related to the Group's performance net of risk;
- in the case of resources entitled to a pension, they shall be paid to the employee in Intesa Sanpaolo shares or other related instruments and they shall be subject to a retention period of five years;
- they contribute to the calculation of the cap between the variable and fixed component of remuneration.

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### Non-recurring remuneration

For Non-employee Financial Advisors, the “non-recurring” component is represented by the commissions paid as annual incentives, with the aim of guiding the sales activity to reach specific targets, taking into account both the long-term company strategies and objectives of the Networks they belong to and the correctness of customer relations.

Moreover:

- a 2022-2025 Long-term Incentive Plan is envisaged for around 5,000 Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest and IWPI Networks (see paragraph 4.8.3);
- for new Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest, IWPI and Intesa Sanpaolo Private Banking (ISPB) Networks, a specific non-recurring component is envisaged as part of the recruitment offer (see the following *Focus*).

### Focus: Recruitment offer for Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest, IWPI and Intesa Sanpaolo Private Banking (ISPB) Networks

The recruitment of new Financial Advisors has always been one of the pillars of the growth and development of the Fideuram, Sanpaolo Invest, IWPI and Intesa Sanpaolo Private Banking Networks.

Therefore, in accordance with the Supervisory Provisions, in order to attract the best talents, an attractive and market-competitive recruitment offer is provided for.

This offer can have a differentiated duration (i.e. between 24-42 months) and provides for:

- a **recurring component** that remunerates the Financial Advisor for the acquisition and management of the assets actually transferred to the Company;
- a **non-recurring component** which represents an additional remuneration aimed at rewarding the effort to acquire assets by Non-employee Financial Advisors and necessary to attract them and remunerate the entrepreneurial risk.

The **recurring** remuneration component consists of monthly or quarterly amounts determined as a rule by portfolio range, in the first quarter according to the commercial potential of the Financial Advisor recruited and subsequently to the Net Inflows actually achieved in the previous quarter.

It is specified that this remuneration is considered recurring as it represents the ordinary remuneration for the new Non-employee Financial Advisors, which is not subject to revocation, is not determined on a discretionary basis and has no incentive value.

#### Focus: Recruitment offer for Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest, IWPI and Intesa Sanpaolo Private Banking (ISPB) Networks

With reference to the **non-recurring** component, the offer provides for the accrual of annual bonus instalments based on the Net Inflows recorded at the end of each year with the application of different rates by type of Inflow (i.e. Managed and Unmanaged Net Inflows). The annual bonus instalments recognized in the years following the first one are determined on the basis of the accumulated Net Inflows, or taking into account what has already been transferred in previous years and, therefore, are determined net of any amounts already recognized.

In light of the above, with regard to the payment methods, a "disbursement limit" of 350,000 euro was introduced for the intermediate bonus instalments, also in order to mitigate the risk of recognizing significant amounts before the effective consolidation of the Net Inflows transferred.

These intermediate instalments, in compliance with the aforementioned "disbursement limit" and the cap on non-recurring remuneration (see paragraph 4.4.2), are paid entirely in cash according to specific payment schemes. In particular, in the event that the amount:

- is equal to or lower than the "materiality threshold" defined in these Policies (see paragraph 4.6), the intermediate portion will be paid entirely upfront;
- is higher than the "materiality threshold"<sup>19</sup> but lower than 100% of the recurring remuneration, the intermediate portion will be paid 60% up-front and 40% over a deferral period of 2 years;
- is higher than the "materiality threshold" and 100% of the recurring remuneration, the intermediate portion will be paid 50% up-front and 50% over a deferral period of 2 years.

The last portion of the Bonus, recognized at the end of the duration of the recruitment offer according to the accumulated Net Inflows from the insertion until the end of the offer itself, will be paid:

- in the event of amounts lower than 350,000 euro, entirely in cash according to the aforementioned payment schedules defined for the intermediate instalments;
- in the event of amounts exceeding 350,000 euro, in line with the payment schemes envisaged in the Remuneration and Incentive Policies in force at the time.

In line with the provisions of these Policies, it should be noted that all Bonus instalments are in any case subject to verification of the gateway conditions, the compliance gate<sup>20</sup>, individual access conditions and malus conditions.

Lastly, the Bonus instalments are subject to possible partial or total recoveries vis-à-vis the performance be maintained during the control period, which is 2 years after the performance measurement period.

#### Focus: Variable and non-recurring remuneration of Global Advisors

As for the variable remuneration of Global Advisors, this consists of the portion of Broad-based Short-Term Plan (see paragraph 4.7) allocated for a part-time employee working in the Branches of the Banca dei Territori network. Non-recurring remuneration, on the other hand, is represented by welcome commissions (provided only for the first year after entry), reward for behaviour and reward for sales (provided from the second year after entry). Furthermore, non-recurring components of remuneration include an Incentive System to support the growth of assets under management in the Banca dei Territori network, which includes both economic-financial KPIs represented by the increase in assets under management and non-financial KPIs that include measures that steer behaviour toward compliance with the principles of fairness in customer relations, reduction of operational risks and participation in specific training courses.

Finally, as regards the Financial Agents with an accessory contract (the so-called Team Leaders) of Prestitalia, the non-recurring remuneration consists of the coordination quality bonus envisaged in order

<sup>19</sup> With specific reference to ISPB, in the event that the amount is higher than the "materiality threshold", the intermediate instalment will be paid a third up-front and two thirds over a deferral period of 2 years.

<sup>20</sup> That is the indicators for monitoring the quality of the relationship with customers in the field of MiFID and Anti-Money Laundering, as set out in the documents governing their operations. In detail, failure to reach the minimum thresholds defined for each of the indicators precludes the payment of the Bonus instalments.

to incentivize the coordination and supervision activity of the group of Agents who operate in the area of competence<sup>21</sup>.

## 4.4 The remuneration pay mix

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### 4.4.1 General criteria

The term “pay mix” refers to the weight of the fixed (or recurring) and variable (or non-recurring) components expressed as a percentage of total remuneration, as described above.

In accordance with the regulatory guidelines, the Intesa Sanpaolo Group traditionally adopts a pay mix that is appropriately balanced, in order to:

- allow flexible management of labour costs, as the variable portion may significantly decline, even down to zero, depending on the performance actually achieved during the year in question or when the Group was not able to maintain or restore a solid capital base;
- discourage behaviour focused on the achievement of short-term results, particularly if these involve taking on greater risk;
- achievement of short-term results, especially if stemming from high risk taking.

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### 4.4.2 Ratio between variable remuneration and fixed remuneration

To achieve the above objectives, it is standard Group practice to establish ex-ante balanced ceilings on variable remuneration for all clusters of Group personnel, by setting specific caps on bonuses in the event of any over-performance.

This cap to the variable remuneration was determined in general in 100% of the fixed remuneration with the exception:

- of the roles belonging to the Company Control Functions, who are assigned a cap of 33% of the fixed remuneration;
- of the roles similar to the Company Control Functions and of the Heads of the Group Human Resources Function, who are assigned a cap of 60% of the fixed remuneration.

### Personnel for whom the variable-to-fixed remuneration cap increase up to 200% is required

As approved by the Shareholders' Meeting with a qualified majority, the variable remuneration cap set in the general criteria was increased up to 200%<sup>22</sup> of the fixed remuneration for:

- the Group Risk Takers, except for those belonging to the Company Control Functions and similar roles, the non-executive members of the Board of Directors of Intesa Sanpaolo and the Group Risk Takers operating in Slovakia, Slovenia, Bosnia and Herzegovina, Moldova and Romania since the local regulations allow a maximum limit of 100%;
- specific and limited professional categories and highly-profitable business segments; this increase was made in line with the principle of external competitiveness (the professional category of Private Banking, Investment Banking, Insurance and Private Banking investment managers, Treasury and Finance, sales supply chain of the Asset Management Division dedicated to the non-captive market, Heads managing and developing products of the Insurance Division, Heads of the structures of Institutional Clients, the Corporate Finance & Advisory structure, the Syndication & Risk Sharing structure, Global Relationship Managers of the Global Corporate and Institutional Clients structures, Heads of the Corporate and Financial Institutions Desks of certain branches (ex Hubs) of the IMI CIB International Network structure as well as Mortgage Specialists, Magnifica Relationship Managers and Premium Relationship Managers within the Všeobecná Úverová Banka (VUB) Network;
- Non-employee Financial Advisors who are made recruitment offers in order to attract key resources from the market to grow and develop the Networks as such advisors have a significant impact on the Group's total annual average net inflows.

The reasons for increasing the cap for the above-mentioned clusters and the related impacts on the Group's capital base remain unchanged with respect to the subject matter of previous shareholders' meeting resolutions.

<sup>21</sup> It should be noted that the bonus is subject to activation conditions being verified at Group level (please see par. 4.5.1) as well as no losses and positive Gross Income at Company level.

<sup>22</sup> In accordance with the right granted by CRD and the Bank of Italy.

The total number of Group resources to whom the cap increase is applied stands at approximately 3,760, of which 493<sup>23</sup> are Group Risk Takers<sup>24</sup>.

#### Focus: Competitiveness analysis with respect to the introduction of the 200% cap

As illustrated in the image to the right, most of the players with which Intesa Sanpaolo compares itself have increased the cap up to 200% or, where allowed by local regulations (FINMA), the cap was also set above this threshold.

**Peer Group Analysis to assess the cap increase at 200%**

	Cap 200%
Banco Santander	✓
Barclays	✓
BBVA	✓
BNP Paribas	✓
Commerzbank	Cap 140%
Credit Agricole	✓
Deutsche Bank	✓
HSBC	✓
ING	
Lloyds Banking Group	✓
Nordea	
Societe Generale	✓
Standard Chartered	✓
UBS	Cap 500%
UniCredit	✓

*Labels around the circle: GEOGRAPHY (left), MARKET CAPITALIZATION (right), TOTAL ASSETS (bottom)*

#### Focus: Compliance with the prudential regulations (see paragraph 4.1)

The increase in the cap on the variable remuneration ensures, in any event, compliance with prudential regulations as:

- it does not lead to a proportional increase in the resources allocated to the annual Incentive Systems, since the funding mechanism of these Systems:
  - on the one hand, correlates, with a top-down approach, the resources allocated to the majority portion of the bonus pool ("gross income-based bonus pool") to a specific Group indicator, currently identified in the Gross Income; and
  - on the other hand, it provides for the self-funding of a (lower) portion of the bonus pool through a percentage of the commission earned by the network employees in the context of the Wealth Management & Protection activities ("commission-based bonus pool")<sup>25</sup>;
- having checked the gateway conditions required by the Regulator and individual access conditions:
  - the bonus allocation is precluded to at least 10% of the entire category of Group Risk Takers if the funding condition envisaged at Group level exceeds the Access Threshold but is below the set target;
  - the incentive system is not activated for Group Top Risk Takers if the funding condition envisaged at Group level is below the Access Threshold;

<sup>23</sup> Figures updated as at 31 December 2023.

<sup>24</sup> From the overall number of Group Risk Takers identified for 2023, the following are excluded: (i) the roles belonging to the Company Control Functions and similar roles; (ii) the non-executive members of the Board of Directors of Intesa Sanpaolo; (iii) the Risk Takers operating in Slovakia, Slovenia, Bosnia and Herzegovina, Moldova and Romania since the regulations of those countries do not allow the cap to be raised beyond 100%.

<sup>25</sup> It should be noted that this principle also applies to Non-employee Financial Advisors since, similar to the methods defined for the commission-based bonus pool at Group level, Financial Advisor Incentive Systems are self-funded through a percentage of the gross revenues of the Company to which they belong.



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**Focus: Compliance with the prudential regulations (see paragraph 4.1)**

- if the Access Threshold is not reached by the Group and/or the Division, the Incentive System precludes the payment of the bonus for certain clusters depending on the level reached of the Gross Income of the Group and the Division;
- the strong correlation between bonus pay out and prudential requirements in terms of capital and liquidity is guaranteed at multiple levels through the links between the Incentive Systems and the Risk Appetite Framework (RAF) in terms of gateways, malus and target setting of the economic-financial KPIs.

**Personnel for whom the variable-to-fixed remuneration cap increase up to 400% is provided**

With particular reference to the personnel of the “Investment” category of the Group’s Asset Management Companies (SGR entities) that carry out their activities exclusively for the same Asset Management Company, since 2019, in compliance with the right granted by the Supervisory Provisions, the ratio between variable and fixed remuneration was increased to above 2:1 and up to a maximum of 4:1.

The resources of the Group’s Asset Management Companies to which this ratio is applied are about 348, of which 4 Group Risk Takers and 34 subjects identified as key personnel for the individual Companies<sup>26</sup>. It is also highlighted that this increase in the cap does not regard the Group Top Risk Taker of the Asset Management Division.

For this category of personnel, the application of such ratio up to a maximum of 4:1 is due to the need to foster international growth in Wealth Management and to attract and retain key resources both in foreign countries and in the Italian domestic market given, on the one hand, the absence of regulatory constraints on the cap and, on the other, the increase in competitive pressure.

The above-mentioned reasons and the related impacts on the Group’s capital base remain unchanged with respect to those in 2019 which were the subject matter of a previous shareholders’ meeting resolution.

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<sup>26</sup> Figures updated as at 31 December 2023.

## 4.5 Annual Incentive Systems for Group personnel

The annual Incentive Systems adopted by the Intesa Sanpaolo Group are directed at reaching the medium and long-term objectives included in the Business Plan, taking into account the Group Risk Appetite and Risk Tolerance – as expressed in the RAF – and aim to encourage objectives of value creation for the current year, in a framework of sustainability, given that the bonuses paid are related to the financial resources available.

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Reported below is a summary of the operating mechanisms and the main characteristics of the annual Incentive Systems. Further details are provided in the following paragraphs.

STEP	PURPOSE	MECHANISM
BONUS POOL	Solidity and sustainability in a prudential approach	<p><b>Gate and Funding</b></p> <ul style="list-style-type: none"> <li>The <b>bonus pool</b> is <b>activated</b> only if the main capital and liquidity requirements, namely the minimum regulatory conditions of solidity at Group level, are met and if the economic and financial sustainability condition is in place (see par. 4.5.1)</li> <li>The <b>funding of the bonus pool</b> at Group level (quantum) is defined, if the gateways conditions are met: <ul style="list-style-type: none"> <li>for a larger portion based on the available resources deriving from the economic and financial results achieved (Group Gross income) – so called “<b>Gross income-based bonus pool</b>”</li> <li>for a (smaller) portion based on the commissions directly earned by the employees of the networks in the context of the Wealth Management &amp; Protection activities – so called “<b>Commission-based bonus pool</b>” (vedi par. 4.5.2)</li> </ul> </li> </ul>
BONUS ALLOCATION	Alignment of behaviours and managerial conduct with medium and long-term objectives of the Business Plan and within a risk prevention framework	<p><b>Group Incentive Systems</b></p> <p><b>INCENTIVE SYSTEMS FOR SPECIFIC CLUSTERS</b></p> <p>Incentive System for Risk Takers and Group Middle Managers (see par. 4.5.3)</p> <p>Specific incentive initiatives (see par. 4.5.4):</p> <ul style="list-style-type: none"> <li>Non-Performing Loans</li> <li>Strategic Projects Incentive System – Insurance</li> </ul> <p><b>INCENTIVE SYSTEMS FOR SPECIFIC BUSINESS CATEGORIES (see par. 4.5.4)</b></p> <p>Private Banking Network Italy   Private Advisory   Relationship Manager Foreign Network   Financial Advisors   Investment Management   Extra Captive Sales   Network of International Subsidiary Banks<sup>1</sup>   Insurance Client Advisor</p>
BONUS PAY-OUT	Correction of behaviours/ Monitoring of the impact of managerial conduct overtime	<p><b>Individual access conditions</b></p> <p>Failure to meet the individual access conditions precludes any bonus pay-out and the settlement of the deferred portions to be paid in the year (see par. 4.5.5)</p> <p><b>Malus conditions</b></p> <p>Failure to meet the malus conditions (symmetrical to those envisaged as gate) leads to a reduction, even down to zero, in the deferred portions of the bonus to be paid in the year (see par. 4.5.6)</p> <p><b>Claw-back</b></p> <p>Return of bonuses already paid following disciplinary measures imposed in the event of fraudulent behaviour or gross negligence by personnel (see par. 4.5.7)</p>

<sup>1</sup> For the sake of completeness, we also describe the Incentive Systems specific to the Network of International Subsidiary Banks, which are managed locally with a bottom-up funding mechanism and are not funded from the Group bonus pool.

### Focus: Integration of sustainability risks into the Group Incentive Systems (Regulation (EU) 2019/2088)

Intesa Sanpaolo Remuneration and Incentive Policies are also consistent with the provisions on the integration of sustainability risks pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.

In particular, consistency is guaranteed at annual Incentive Systems level, on one hand, by attributing specific KPIs to all the management and distribution networks and, on the other hand, providing, for the Investment Management cluster, a corrective mechanism for the bonus linked to the activity performed in terms of sustainability risks management (see paragraph 4.5.4).

With reference to the specific KPIs, it should be noted that:

- as part of the Incentive System for Risk Takers and Middle Managers of the Group, an “ESG” KPI has been confirmed among the strategic action objectives (see paragraph 4.5.3);
- a KPI linked to customer profiling, within which the ESG preferences of customers are acquired, has been assigned to the Group distribution networks (i.e. Non-employee Financial Advisors and Private Banking Network) (see paragraph 4.5.4). Furthermore, a specific KPI, which constitutes a “gate”, aimed at measuring the attendance of an ESG training course and passing of the relative final test has been assigned to Private Bankers of the Intesa Sanpaolo Private Banking Italian Network.

#### 4.5.1 Gateway conditions for annual Incentive Systems

All the annual Incentive Systems for the Group personnel are subject to the minimum gateway conditions requested by the Regulator and failure to achieve even only one of those conditions shall result in the non-activation of the annual Incentive Systems for the Group personnel.

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These conditions are based, on a priority basis, on the principles envisaged by the prudential regulations concerning capital strength and liquidity, represented by the consistency with the limits set as part of the RAF, as well as the principles of financial sustainability of the variable component that consist in checking the availability of sufficient economic-financial resources to meet the expenditure requirement.

In the Intesa Sanpaolo Group these conditions are as follows:

Capital strength conditions	Common Equity Tier 1 (CET1) Ratio	≥	«Hard» limit set by the RAF at Group level
	Leverage Ratio	≥	
	Minimum requirement for own funds and eligible liabilities (MREL)	≥	Early Warning set by the RAF at Group level
	Assessment of the results of the ICAAP and of the Recommendations on distributions by competent authorities and European Supervisory Authorities		
Liquidity condition	Net Stable Funding Ratio (NSFR)	≥	«Hard» limit set by the RAF at Group level
Sustainability condition	No loss and positive Gross Income	>	Ø

In particular, the Gross Income (condition of sustainability) is measured net of:

- profits from the buyback of the Bank's own liabilities;
- fair value of the Bank's own liabilities;
- income components arising from accounting policies following changes to the internal model on core deposits.

#### Focus: Gate set for the Top Risk Takers

Top Risk Takers are subject to a further gateway condition:

Liquidity condition	Liquidity Coverage Ratio (LCR)	≥	«Hard» limit set by the RAF at Group level
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Please note that:

- for those Legal Entities which calculate their limits of capital strength (CET1 or Total Capital, Leverage ratio, MREL and the assessment of the results of the ICAAP for Banks, Solvency Ratio in the case of insurance companies, as well as the Regulatory Capital Requirements in the case of Asset Management Companies) and liquidity (NSFR for Banks), failure to respect these limits constitutes a non-activation condition for all the Incentive Systems addressed to the resources operating in the Legal Entity, also when those of the Intesa Sanpaolo Group and of the Sub-holding (if any) may be positively met.  
Furthermore, in line with the provisions at Intesa Sanpaolo Group level, an additional gateway condition linked to LCR at least equal to the limit set out in the Sub-holding/Legal Entity RAF is applied to Top Risk Takers of Sub-holdings and of the significant banking Legal Entities;
- if sustainability conditions (i.e. no loss and positive Gross Income) at the level of individual Bank are not met, the Head of the Bank and any Risk Takers identified therein shall be excluded from the annual Incentive System, and the economic resources intended to finance the bonus pool of that Bank shall be reduced.

## 4.5.2 Group Bonus Funding

### Calculating the Group bonus pool

All annual Incentive Systems for Group personnel are financed by a structured bonus pool mechanism that ensures their financial sustainability.

Specifically, the Group bonus pool consists of the following two portions:

- a larger portion correlated with the performance of a Group economic indicator consisting of the Group's Gross Income<sup>27</sup>, intended to finance most of the Group's annual Incentive Systems and the PVR (so-called "gross income-based bonus pool");
- a (smaller) portion that is self-funded, in that the amount is determined as a percentage of the commission earned by the network employees in the context of the Wealth Management & Protection activities (so-called "commission-based bonus pool"). This portion is intended to finance only those deterministic Incentive Systems based on targets that, for at least a significant part, are related – directly or indirectly – to the generation of commissions.

#### Focus: Gross income-based bonus pool

The gross income-based bonus pool funding at Group level is defined with a top-down approach and determined according to the level of Gross Income.

Specifically, the portion of Gross Income allocated to fund the Group gross income-based target bonus pool is determined in advance, on an annual basis, according to a historical analysis and budget forecasts as well as to the target pay-out ratio set for dividend distribution.

#### Sizing mechanism

Once the gateway conditions required by the Regulator are verified, the gross income-based bonus pool increases progressively starting from when it exceeds the Access Threshold (i.e. the minimum Gross Income target which, though lower than the budget, is deemed acceptable) up to a predefined cap.

In contrast, having verified the conditions of capital strength and liquidity, failure to reach the Access Threshold implies a significant reduction in the resources to service the annual Incentive Systems in both absolute and relative terms and determines the payment of the bonuses accrued only to certain clusters of personnel.

In particular, in the case of:

- a positive Gross Income, though lower than the Access Threshold, a portion of the gross income-based bonus pool called "Buffer 1" is made available, but the payment of bonuses to the Group Top Risk Takers is in any case precluded, regardless of their performance evaluation;
- a negative Gross Income, a portion of the gross income-based bonus pool called "Buffer 2" of a significantly smaller size than "Buffer 1" is made available, but the payment of the bonuses is precluded – other than to the Group Top Risk Takers – also to the other Risk Takers and Middle Managers (i.e. only the bonuses of the Professional best performers are paid).

#### Configuration by Division / Governance Area

The Group gross income-based bonus pool is allocated, firstly ex ante, to the various Incentive Systems funded by the Group and, in the case of Incentive Systems that involve cross-cutting clusters (e.g. the annual Incentive System for the Risk Takers and Middle Managers), it is subsequently configured at individual Division/Governance Area level.

In line with the principle of financial sustainability, the actual (ex post) figure of the gross income-based bonus pool initially attributed to each Division is "modulated" depending on the level of the Gross Income reached by each Division.

This implies that only the Divisions which exceed their Access Threshold receive the full gross income-based pool attributed at the beginning of the year (once the Group Gate is activated); whereas, the portion of gross income-based bonus pool of the Division that does not exceed the Access Threshold

R. 27

<sup>27</sup> i.e. Intesa Sanpaolo's Gross Income at the level of the Consolidated Financial Statements.

### Focus: Gross income-based bonus pool

may be reallocated among the other Divisions / Governance Areas that have exceeded their Threshold<sup>28</sup> ("additional" gross income-based bonus pool).

Finally, there are limits to the clusters eligible for the annual Incentive Systems in particular cases where, having successfully verified the capital strength and liquidity conditions referred to in the previous paragraph, the Division's Gross Income does not exceed the Access Threshold.

In particular, similarly to what happens at Group level, in the case where:

- the Group Gross Income exceeds the Access Threshold and:
  - at Division level, the Gross Income is positive though lower than the Threshold, the payment of the bonus is precluded to the Group Top Risk Taker of the Division regardless of the performance evaluation achieved;
  - at Division level, the Gross Income is negative, the payment of the bonus is precluded – other than to the Group Top Risk Taker – also to other Group Risk Takers, Risk Takers of Sub-consolidating Groups and of Legal Entity, as well as Middle Managers of the Division;
- the Group Gross Income is positive though lower than the Access Threshold ("Buffer 1"), and, at Division level, the Gross Income is positive though lower than the Threshold, the payment of the bonuses is precluded to Group Risk Takers, Risk Takers of Sub-consolidating Groups and of the Legal Entity (including Top ones), as well as Middle Managers of the Division (i.e. only the Professional best performers are eligible).

In the remaining cases: (i) the Group Gross Income is positive though lower than the Access Threshold and the Gross Income of the Division is negative; (ii) the Group Gross Income is negative and the Gross Income of the Division is lower than the Threshold, the Incentive Systems are not activated for any of the clusters of personnel.

Below is a summary representation of the **clusters of personnel eligible for the Incentive Systems** according to results of the Group and the Division.

Group Gross Income	Division Gross Income		
	≥ Threshold	< Threshold and ≥ 0	<0
≥ Threshold	Group Top Risk Takers Risk Takers Middle Managers Professionals	Risk Takers Middle Managers Professionals	Professionals
Buffer 1 < Threshold and ≥ 0	Risk Takers Middle Managers Professionals	Professionals	
Buffer 2 <0 or loss	Professionals		

<sup>28</sup> For the Governance Areas, the Access Threshold coincides with that of the Group.



### Focus: Commission-based bonus pool

The funding of the commission-based bonus pool at the Group level is defined using a bottom-up approach and the amount of the bonus pool allocated to fund each of the deterministic Incentive Systems – which are based on Performance Scorecards and involve a mathematical link between score and bonus or a direct correlation between business results and bonus – is determined according to the commissions generated by the specific sales network.

The amount can be determined, depending on the characteristics of the business model adopted, according to two different criteria. In detail, where the business model envisages the organisation of the network into branches/teams, the amount is calculated overall at network/segment level and the percentage of commissions allocated to finance the System is defined according to the achievement of the budget target of commissions at the network/segment level and increases progressively once the threshold level is exceeded (i.e. the minimum target of commissions that, although lower than the budget, is deemed acceptable) up to a predefined cap. Conversely, in cases where the network is not organised into branches/teams, the bonus is financed individually based on a specific formula.

### Focus: Funding of the Incentive Systems of Non-employee Financial Advisors and Agents

The Incentive Systems of Financial Advisors and Agents are not financed by the Group bonus pool as these are not employees but rather freelance professionals with agency contracts<sup>29</sup>. These Systems, similarly to the mechanisms defined for the commission-based bonus pool at the Group level, are self-financing in that the non-recurring remuneration of these categories of personnel is represented by commissions defined as a percentage of gross revenues earned by the Company to which they belong.

### Bonus pool correction mechanism for risks

The above two portions of the Group bonus pool (i.e., gross income-based bonus pool and commission-based bonus pool) – determined according to the rules described in the previous paragraph – are subject to the application of ex-ante risk correction mechanisms.

In particular, in order to strengthen the alignment of the Incentive Systems with the Group Risk Tolerance, a corrective mechanism is in place, linked to non-financial risks (i.e. Risk related to Operational Losses and Integrated Risk Assessment) defined in the RAF at the Group and/or Division level.

### Focus: Corrective mechanism for non-financial risks

The bonus pool correction mechanism for non-financial risks envisages:

- with reference to the risk related to Operational Losses, both at Group and Division level, a 10% reduction where the “hard” limit set in the RAF is exceeded;
- with reference to the Integrated Risk Assessment, calculated both at Group and Division level, different reductions depending on the level of residual risk allocated (i.e. 10% reduction in case of residual risk equivalent to level 4 or 5% reduction in case of residual risk equivalent to level 3).

With reference to the gross income-based bonus pool, the correction mechanism is applied:

- at the Group level i.e. in case of non-compliance with the limits to non-financial risks defined for the Group, a reduction of up to 20% of the total amount accrued is applied depending on the level of achievement of the Group's Gross Income compared to what was budgeted;
- at the Division level i.e. in case of non-compliance with the limits to non-financial risks defined for each Division, a reduction of up to 20% of the bonus pool allocated to the Division is applied.

The commission-based bonus pool, on the other hand, is subject to the application of this mechanism only at the Division level considering that, as described above, the amounts allocated to finance Incentive Systems are directly linked to the commissions generated by each sales network. Therefore, in case of non-compliance with the limits to non-financial risks defined for each Division, a reduction of up to 20% is applied to the amount allocated to finance the Incentive System of the sales network belonging to the same Division.

<sup>29</sup> It should be noted that Incentive Systems intended for personnel belonging to the Network of the Banca dei Territori Division and the Private Banking Division are included when they work in self-employed mode (i.e. financial advisor to carry out “out-of-branch offering”).

Moreover, in order to strengthen the link with the metrics of Pillar 2, a corrective mechanism was introduced according to the degree of deviation from the Economic EVA (Economic Value Added) target defined at the Division level.

#### Focus: Corrective mechanism linked to Economic EVA

The corrective mechanism linked to the Economic EVA target operates at the Division level as a de-multiplier of the bonus pool if the target is exceeded beyond a certain tolerance level. In particular, a reduction of 10% of the bonus pool is provided in case of failure to achieve 90% of the Economic EVA target assigned at budget level to the Division.

The aforementioned mechanism, with reference to the gross income-based bonus pool, is applied to the portion allocated at the Division level; while with regard to the commission-based bonus pool, the mechanism is applied to the amount allocated to finance the sales network Incentive System for the Division that did not meet the target set<sup>30</sup>.

#### Focus: Corrective mechanisms for the bonus pool of the Incentive Systems for Non-employee Financial Advisors and Agents

The bonus pool of the Incentive Systems for Financial Advisors and Financial Agents is subject to the application of the correction mechanism for non-financial risks (i.e., Operational Losses, Integrated Risk Assessment) at the Division level. Therefore, in case of non-compliance with the limits to non-financial risks defined for the Division to which they belong, the bonus pool allocated to finance the System is reduced with regard to Agents by up to 20% while for Financial Advisors of the Fideuram, Sanpaolo Invest and IWPI Networks it may be reduced to zero.

Moreover, with reference to the Incentive Systems of Non-employee Financial Advisors and Agents operating in the Private Banking Division, in view of the direct link between the activity they perform and the determinants of Economic EVA, the correction mechanism linked to the target of this indicator is applied to the bonus pool. In particular, a reduction of 10% of the bonus pool is provided in case of failure to achieve 90% of the Economic EVA target assigned at budget level to the Division.

### 4.5.3 The annual Incentive System for Risk Takers and Middle Managers

P. XV The Incentive System for the Risk Takers and Middle Managers aims to guide the behaviour and  
R. 27 managerial actions towards reaching the objectives set in the Business Plan and reward the best annual performance assessed with a view to optimise the risk/return ratio.

This System is formalised through Performance Scorecards which:

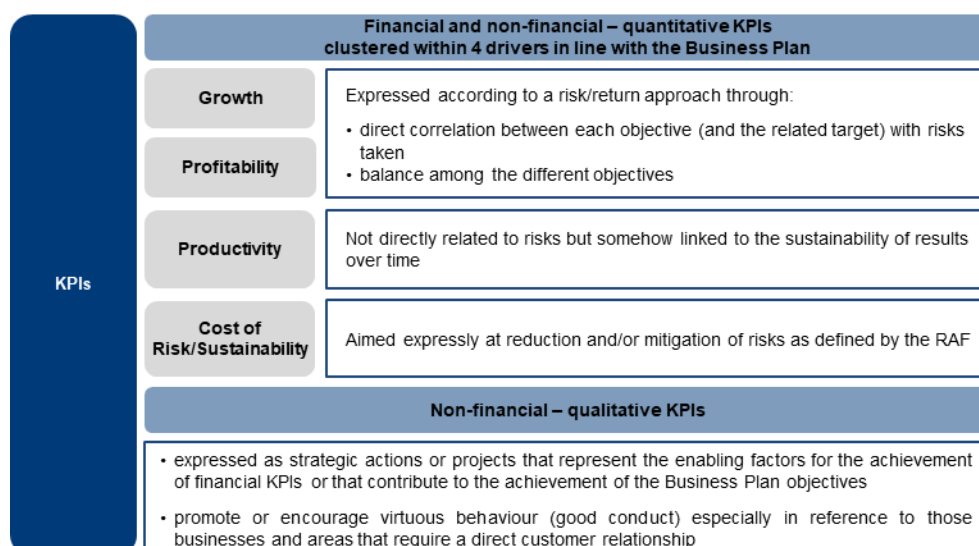
- for Risk Takers and Middle Managers with the title of *Senior Director* in the Business and Governance Functions and in the Company Control Functions as well as those with the title of *Head of*<sup>31</sup> limited to the Business Functions, are managed through the Managers' Performance Accountability (MAP) system;
- for Middle Managers with the title of *Head of* in the Governance and Control Functions<sup>32</sup>, are managed through the aHead system.

The Performance Scorecards of Risk Takers and Middle Managers (the *Senior Directors* in all the Functions and the *Heads of* in the Business Functions) include both KPIs of an economic-financial nature and non-financial KPIs.

<sup>30</sup> This mechanism is not applied to the commission-based bonus pool allocated to finance the PVR Excellence Bonus allocated to the Banca dei Territori network.

<sup>31</sup> Including the Head of some Group functional areas.

<sup>32</sup> Including Managers with similar roles to the *Head Of*.



Identification of KPIs, on which incentives granting is based, is carried out by the competent functions, considering the most significant economic and financial indicators for achievement of the budget objectives, periodically monitored through internal reporting tools and available at the consolidated level, as well as at division and/or business unit level.

The process used to identify the above-mentioned KPIs involves Chief Risk Officer and Chief Compliance Officer Governance Areas, in order to ensure respectively the consistency of the KPIs with the Group's RAF as well as their compliance with the regulatory provisions in force from time to time.

This allows the selection of a complex mix of qualitative and quantitative parameters – anyway transparent, objective and measurable – allowing a 360-degree evaluation of company's performance in terms of profitability and risks prudently taken.

**Focus: Examples of qualitative and quantitative KPIs contained in the Performance Scorecards for Risk Takers and Middle Managers (the *Senior Directors* in all the Functions and the *Heads of* in the Business Functions)**

KPIs	Financial and non-financial KPIs – quantitative	
	Growth	Net Inflows, Medium/long-term Loans + New purchases from tax assets, Non-life Insurance Operating Margin
	Profitability	Operating Income/Average RWA, Revenues/Assets, Total Insurance Operating Margin/Mathematical Reserves
	Productivity	Cost/Income, Operating Costs reduction, Full Combined Ratio
	Cost of Risk/Sustainability	Gross NPL ratio, Concentration Risk, Gross flows from performing to NPE, Operational Losses/Operating Income, Maximization of target levels of LCR, Reduction of health and safety at work risk factors
	Non-financial – qualitative KPIs	
	Managerial Qualities	Risk Culture – Promoting awareness regarding “emerging” risks (for the Company Control Functions)
	Strategic Actions/Projects	ESG, Growth in Wealth Management & Protection, International business Development, Digital transformation

The Performance Scorecards for all Risk Takers and Middle Managers (the *Senior Directors* in all Functions and the *Heads of* in the Business Functions) have a three-fold structure:

- **Group section**, containing at least one quantitative KPI measured on the Group scope and common to all the Scorecards, except those intended to the Company Control Functions and similar roles. For 2024, in line with previous financial years, the Net Income was assigned as Group KPI. Moreover, in the Group Governance Areas, for the Risk Takers and those reporting directly to the Chief, the objective to minimise the Group’s Cost/Income Ratio was also provided;
- **Structure section**, containing financial and non-quantitative KPIs that are consistent with the strategic drivers of the Group and the levers used by the Risk Taker/Middle Managers. The reporting boundary is the Division/Governance Area or, in any case, the area of responsibility;
- **Non-financial - qualitative section**, containing KPIs relating to the taking of actions envisaged by the Business Plan or the measurement of managerial skills (possibly also individual), whose reporting is usually objectified by identifying drivers defined ex-ante which guide the ex-post assessment and/or subject to evaluation by the Head. For 2024, in continuity with previous financial years, the Group cross-functional KPI “Environmental, Social and Governance (ESG)” was assigned, identified among the strategic actions. Furthermore, for the Company Control Functions, for 2024, in keeping with 2018, a cross-functional KPI was confirmed that lies within the objective of “Risk Culture – Promoting awareness at all levels of the organisation regarding *emerging* risks, with a particular focus on the risks related to climate change and technological innovation, by means of educational, awareness-raising and training initiatives”.

### Focus: Group cross-functional KPI “ESG”

The Intesa Sanpaolo Group is aware of having a significant impact on the social and environmental context in which it carries out its business, choosing to act not only on the basis of profit, but also with the aim of creating long-term value for the Bank, its people, its customers, the community and the environment.

Intesa Sanpaolo aims to be a responsible financial intermediary that generates collective value, aware that innovation, development of new products and services and corporate responsibility can contribute to reducing the impact on society of phenomena such as climate change and social inequalities.

Furthermore, environmental, social and governance factors are issues of increasing interest to Regulators, as well as to the Group's Proxies, Shareholders and Stakeholders.

In light of the foregoing, in line with the commitment to strengthening its leadership in social, cultural and environmental sustainability and consistently with the 2022-2025 Business Plan, as well as in line with the provisions of Regulation (EU) 2019/2088, in continuation from 2020, the Intesa Sanpaolo Group has decided to include a specific “ESG” KPI among the strategic action objectives that will be assigned to all Managers.

The evaluation of the ESG KPI takes place both at Group level, with a view to recognising the commitment of the Group as a whole, and at the Governance Area/Division or Sub-consolidating Group/Legal Entity level, in order to enhance the areas of action of the individual Group structures. Specifically:

- at Group level, the presence of Intesa Sanpaolo in the sustainability indexes of specialized companies is assessed;
- at the Governance Area/Division or Sub-consolidating Group/Legal Entity level, the following are assessed:
  - specific projects/actions in the ESG field, such as, for example: development of lending volumes relating to ESG (Sustainable Loans and Green Mortgages), reduction of exposures on sectors at ESG risk, growth of Sustainable Investments through the increase in the % incidence of AuM present in Asset Management products classified under Articles 8 and 9 pursuant to Regulation (EU) 2019/2088, reduction of the Group's CO<sub>2</sub> emissions;
  - the achievement of the commitments on Diversity & Inclusion expressed in line with the Group's Principles on that issue.

Each KPI is assigned a weight equal to at least 10% to ensure the relevance of the objective, and no more than 30% to guarantee appropriate weighting of the numerous objectives.

The performance evaluation period (accrual period) is annual.



**Focus: The structure of the Performance Scorecard for Risk Takers and Middle Managers (the Senior Directors in all the Functions and the Heads of in the Business Functions)**

The sum of the weights assigned to the KPIs of each section is equivalent to the overall weight of the section; this weight varies according to the macro-area pertaining to the Risk Takers and Middle Managers.

Below is a summary of the Performance Scorecard for each cluster:

**Risk Takers of the Business and Governance Functions and Middle Managers (the Senior Directors in all the Functions and the Heads of in the Business Functions):**

Strategic Driver/KPIs		Weight range on the Performance Scorecard	
		BUSINESS	GOVERNANCE
Structure Objectives financial and non-financial – quantitative <sup>1</sup>	Growth	45% - 55%	40% - 50%
	Profitability		
	Productivity		
	Cost of risk/Sustainability		
Group Objectives – cross-functional	Net income	10%	20%
	Cost/Income (Group Governance Areas: Group Risk Takers and direct reports of the Chief)		
Non-financial objectives – qualitative	ESG	15%	15% - 20% <sup>2</sup>
	Other managerial skills (if any)	30% - 20%	25% - 10%
	Strategic actions/Projects – consistent with the Business Plan and measured either through quantitative parameters or on the basis of strategic drivers		

(1) the financial – quantitative KPIs are consistent with the strategic guidelines of the Business Plan and are challenging in relation to the budget, which is usually the target level

(2) for the CFO and the Head of the Strategic Initiatives and Social Impact Head Office Department as heads of the ESG Control Room

**Risk Takers and Middle Managers (limited to the Senior Directors) of the Company Control Functions and similar roles**

Strategic Driver/KPIs		Weight range on the Performance Scorecard
		COMPANY CONTROL FUNCTIONS and SIMILAR ROLES
Structure Objectives non-financial – quantitative	Productivity	45% - 70%
	Cost of risk/Sustainability	
Group Objectives – cross-functional	Profitability	The Group economic-financial objective is not envisaged
Non-financial objectives – qualitative	ESG	15%
	Risk Culture – Promoting awareness at all levels of the organisation regarding “emerging” risks <sup>1</sup> with a particular focus on the risks related to climate change and technological innovation, through information, awareness and training actions	10% - 15%
	Other managerial skills (if any)	30% - 0% <sup>2</sup>
	Strategic actions/Projects – consistent with the Business Plan and measured either through quantitative parameters or on the basis of strategic drivers	

(1) for Chief Compliance Officer Governance Area, Chief Risk Officer Governance Area and Chief Audit Officer

(2) for the Manager responsible for preparing the Company's financial reports, to whom the “Risk Culture” KPI is not assigned, the maximum weight is equal to 35%

### Focus: The 2024 Incentive System for the Managing Director and CEO

Reported below is the Performance Scorecard of the Managing Director and CEO, indicating, for each financial - quantitative KPI, the reference target level and, for the non-financial qualitative KPIs, the ex-ante evaluation drivers.

	Strategic driver	KPI	Weight (%)	Threshold level	Target level	Maximum level
<b>GROUP OBJECTIVES</b>	<b>Profitability</b>	Net income (billion)	20%	100% of the result of previous year	Budget	125% of the result of previous year
		OI / Average RWA	20%	88% of the result of previous year	Budget	117% of the result of previous year
	<b>Productivity</b>	Cost / Income	20%	102% of the result of previous year	Budget	97% of the result of previous year
	<b>Cost of Risk</b>	Gross NPL ratio	10%	120% of the result of previous year	Budget	109% of the result of previous year
<b>NON-FINANCIAL – QUALITATIVE OBJECTIVES (GROUP SCOPE)</b>	<b>Strategic Actions from the 2022-2025 Business Plan</b>	ESG	15%	Valutazione sulla base dei seguenti driver: 1. Presence of Intesa Sanpaolo in the sustainability indices of specialized companies (No. of appearances) 2. Promoting an inclusive work environment through the identification and implementation of targeted management actions, with a particular focus on meeting the gender equity commitments assigned to each Division/Governance Area: • in annual hires (%) • in the pool of candidates for first appointment to managerial roles (%) 3. Group initiatives in the ESG area • Support to green and circular economy: ○ Development of the loans from an ESG perspective (€) ○ Definition of targets for the reduction of financed emissions in additional priority sectors ○ Reduction of the exposures towards ESG risk related sectors (€) ○ Conclusion of ESG Credit Framework • Sustainable Investments: ESG investments as a percentage of total AuM (%) • Initiatives of youth counseling and employability		
		Group Digital Transformation	15%	Evaluation based on the following drivers: 1. Development of Isybank: acquisition of new customers and customers satisfaction index 2. Isytech Project: overall progress of the forward-fit plan 3. Expansion of sales channels and methods of digital interactions (both online and mobile) to support the Group distribution strategy set out in the 2022-25 Business Plan – YoY Increase 4. Digital Transformation acceleration in a Cloud-ready logic		

The overall amount of the bonus for the Managing Director and CEO is awarded based on the evaluation of the results of the individual performance scorecard applying a deterministic calculation.

Specifically, against an overall score of the performance scorecard equal to:

- 80%, the bonus accruable is equal to 30% of the fixed remuneration;
- 100% (target), the bonus accruable is equal to 100% of the fixed remuneration;
- 120% (cap), the bonus accruable is equal to 200% of the fixed remuneration, minus the amount pertaining to the year deriving from the Performance Share Plan.

#### Focus: The 2024 Incentive System for the Managing Director and CEO

For overall scores of the performance scorecard equal to the percentages that are in between those indicated above, the bonus is determined based on a proportionate scale.

#### Focus: The structure of the Performance Scorecard of Middle Managers with the title of *Head of* in the Governance Functions and in the Company Control Functions

The Performance Scorecards of Middle Managers with the title of *Head of* in the Governance Functions and in the Company Control Functions provide for both quantitative and qualitative KPIs and a three-fold structure as follows:

- **structure section** (30%-50% weight), containing KPIs consistent with the strategic drivers relating to productivity and the cost of risk/sustainability, with particular reference to the following categories: processes/activities, projects/initiatives, cost management and risk management;
- **cross-functional section** (10% weight), containing a KPI shared at Group/Governance Area / Division level;
- **qualitative section** (40%-60% weight), containing managerial indicators related to the skills of the Group's leadership model.

The total amount due is attributed annually based on the evaluation of the results of the individual performance scorecard<sup>33</sup> and is defined with different calculation methods depending on the cluster.

In particular, this calculation is deterministic also for the other Group Top Risk Takers (consistently with the calculation method provided for the Managing Director and CEO), is ranking-based for the other Group Risk Takers and is connected to the evaluation of the results for Risk Takers of the Sub-consolidating and Legal Entity Groups, as well as for Middle Managers.

In addition, corrective mechanisms of the accrued bonus are applied based on the level of achievement of the KPIs against excessive risk taking, which act as de-multipliers of the bonus itself.

<sup>33</sup> It should be noted that individual performance scorecards with a score below the minimum level (i.e. 75% for Middle Managers with Head of title in the Governance Functions and in the Company Control Functions, 80% for Risk Takers of the Business and Governance Functions and Middle Managers with Senior Director title and Head of title limited to the Business Functions, 90% for Risk Takers and Middle Managers with Senior Director title in Company Control Functions and similar roles) do not qualify for bonus allocation under any circumstances.

Below is a summary of these mechanisms:

Risk	Recipients	Relevant limits and trigger events	% bonus reduction
Residual Risk	Risk Takers (RT), including the Group Top RT, and Middle Management (MM)	Detection of residual risk at medium-high / high levels (Q-factor)	max -20%
Capital Adequacy	Business and Governance Group Top RT	Failure to achieve the CET1 target set in the Group RAF	-10%
		Exceeding the Early Warning threshold set out in the Group RAF	-20%
Stability of profits	No Business Group Top RT, Heads of Head Office Departments reporting to CEO and the Heads of the Structures reporting to the abovementioned Subjects	Failure to achieve a predetermined target to contain the level of operating costs set in the budget	max -20%
Market Risk	Business Group RT <sup>1</sup> and MM	Regarding the VAR for the trading line: 1. Exceeding the limits attributed to the Structures through drill-down of the Early Warning limit of the Group RAF and failure to comply with the remediation plan 2. Exceeding the Early Warning limit of the Group RAF and failure to comply with the remediation plan	-15% Group RT identified for VAR -10% for other Group RT and MM
	Business Group RT <sup>1</sup>	Regarding the VAR Held to Collect and Sale (HTCS) 1. Exceeding the limits attributed to the Structures through drill-down of the Early Warning limit of the Group RAF and failure to comply with the remediation plan 2. Exceeding the Early Warning limit of the Group RAF and failure to comply with the remediation plan	-10%
	Business Group RT <sup>1</sup>	Exceeding the limits relating to the Accumulated Other Comprehensive Income (AOCI) reserve attributed to the Structures concerned through drill-down of the Soft limit set in the Group RAF and failure to comply with the remediation plan	-20%
Italian Public sector Risk	Business Group RT <sup>1</sup>	Exceeding the limits relating to Italian government bonds classified as Held to Collect (HTC) attributed to the Structures concerned by drilling-down the Soft limit set in the Group RAF	-10%
Interest Rate Risk	Business Group RT <sup>1</sup>	Exceeding the limits of the Ordinary Management of the Banking Book relating to the sensitivity of the Economic Value of Equity ("ΔEVE") attributed to the Structures concerned through drill-down of the Soft limit provided for in the Group's RAF and failure to comply with the remediation plan	-10%
	Business Group RT <sup>1</sup>	Exceeding the limits of the HTCS Portfolio assigned to the main companies of the Group as part of the aforementioned consolidated limit "ΔEVE", attributed to the Structures concerned through a drill-down of the Soft limit envisaged in the Group RAF and failure to comply with the remediation plan	-10%
	Business Group RT <sup>1</sup>	Exceeding the consolidated limits on the sensitivity of the interest margin (NII), attributed to the Structures concerned through a drill-down of the Soft limit envisaged in the Group RAF and failure to comply with the remediation plan	-10%
Conduct Risk	RT, including Group Top RT, and MM	Failure to comply with the expected levels for the compulsory training	-10%

<sup>1</sup> Including the Deputy to the Head of the IMI CIB Business Division identified as Top Risk Taker

#### 4.5.3.1. Incentive System for Risk Takers of Banks at a "non-contingent" loss

Within the framework of the annual Incentive Systems, a specific and selective annual Incentive System is envisaged for the Risk Takers belonging to the Group Banks at a "non-contingent" loss.

The System is targeted at Risk Takers specifically appointed to recover/contain the loss from the first year of appointment (and up to a maximum of three consecutive years) and, starting from the second year, in case of improved results according to that set out in the specific long-term recovery plan (Business Plan), it may be extended to the other Risk Takers possibly operating in the Bank.

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For the purposes of determining the incentive due, the performance of the Bank at a loss is measured in terms of year-on-year improvement.

With reference to any other Risk Takers the System is extended to starting from the second year, the maximum incentive to be accrued does not exceed 50% of the bonus theoretically due against the outcome of the performance evaluation<sup>34</sup>.

#### **4.5.3.2. Incentive System for Risk Takers and Middle Managers of Legal Entities in “start-up” phase**

Similarly to the description above for the Banks at a “non-contingent” loss, there is a specific annual Incentive System for Legal Entities in “start-up” phase.

This System aims to promote the achievement of the growth objectives set in the “start-up” business plan for the period of time necessary for the Company to reach a positive and/or minimum level of income (until a maximum of three consecutive years), in a broader Group framework where the conditions of capital strength, liquidity and sustainability are met.

For the purposes of determining the incentive due, the performance of the Company is measured with respect to the achievement of the milestones (i.e. Company Income/Loss) set by the specific long-term plan of the start-up, in line with the medium/long-term objectives that characterise all of the Group Incentive Systems.

In accordance with the principle of sustainability, the maximum incentive that can be accrued is in any case limited and compatible with the economic and financial context of the Company.

#### **4.5.4 Specific incentive initiatives by personnel category and business segment**

The Intesa Sanpaolo Group develops incentive initiatives dedicated to either specific clusters or highly profitable and relevant business segments inside the strategy defined at Business Plan level<sup>35</sup>.

In general, the Incentive Systems dedicated to specific clusters aim to support the cooperation and teamwork towards reaching the common objectives measured at team level.

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In contrast, the Incentive Systems dedicated to specific business segments require the recognition of individual bonuses differentiated by role and measured on individual Performance Scorecards with the exception of the retail business (Italy and abroad) for which Branch Performance Scorecards are generally required. The simultaneous presence of economic-financial and non-financial KPIs is normal. For personnel operating in sales networks (both internal and external) in direct contact with customers, KPIs regarding customer satisfaction and correctness of customer relations are always envisaged; the KPIs are not linked to the distribution of a specific investment product and, for the purpose of achieving the objectives, only transactions in line with the needs expressed by customers and with the adequacy checks are taken into account.

In any case, each KPI is assigned a weight equal to at least 10% to ensure the relevance of the objective.

It should be noted that bonuses deriving from these specific incentive initiatives are subject to the application of the de-multiplier linked to Conduct Risk as described in paragraph 4.5.3.

Below is a summary of the main incentive initiatives present in the Group<sup>36</sup>:

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<sup>34</sup> Raised to 75% in the particular case of Risk Takers belonging to the Company Control Functions because of the low level of the bonuses due to these Functions.

<sup>35</sup> It should be noted that specific incentive initiatives for categories of personnel and business segments are generally not targeted at Group Risk Takers, with the exception of the Incentive System for Relationship Managers of the Private Banking Division's International Sales Networks and the Incentive System for Non-employee Financial Advisors.

<sup>36</sup> With regard to Incentive Systems for agents operating in the Banca dei Territori Division (i.e. Incentive System to support the growth of assets under management in the Banca dei Territori network for the Global Advisors of the Banca dei Territori and coordination quality award for the Team Leaders of Prestitalia), please refer to paragraph 4.3.2.



Incentive System by cluster	Beneficiaries	Main characteristics
<b>Non-Performing Loans</b>	Managers (excluding Risk Takers) and Professionals of the structures of Credit Value Preservation Head Office Department, NPE Head Office Department, core structures of the Credit Governance Head Office Department of the Chief Lending Officer Governance Area, as well as Credit Functions of Regional Governance Centre of the Banca dei Territori Division	<p><u>Purpose:</u> Support the achievement of the objectives of reducing the gross NPL ratio set out in the 2022-2025 Plan requested by the Authority to the Group with no charges for the Shareholders.</p> <p><u>Mechanism to calculate the bonus:</u> Individual bonuses differentiated by role and type of contribution to the Plan.</p> <p><u>Performance conditions:</u> KPIs of an <b>economic-financial</b> nature entail the <b>reduction</b> of the Group <b>gross NPL stock</b> as well as <b>objectives of governance of flows</b> between credit stages (e.g. inflows from Performing vs Past Due/UTP, outflows from UTP, outflows from Bad loans...) at Group or Division level. In any case, for the Manager cluster, the System is subject to a corrective mechanism in the event of failure to achieve the <b>Group gross NPL ratio KPI</b>.</p>
<b>Strategic projects incentive system – Insurance</b>	Operational teams of the areas supporting the business of the Companies in the Insurance Group	<p><u>Purpose:</u> Support the achievement of the objectives envisaged in the Business Plan for the Insurance Division by guiding the behaviour of the individuals, including those belonging to different organisational structures, towards team results.</p> <p><u>Mechanism to calculate the bonus:</u> Structure bonuses not differentiated by role/title.</p> <p><u>Performance conditions:</u> The <b>KPIs</b> identified at the individual structure level are both project-based, i.e. linked to strategic initiatives and assessed for timeliness and effectiveness in achieving milestones, and quantitative. The latter are primarily of a <b>non-financial</b> nature (e.g. compliance with settlement SLAs, complaints/policies, support tickets, Instant Customer Feedback) and, to a lesser extent, of an <b>economic-financial</b> nature (i.e. Operational losses/Cash Flow). The various structures can share the same KPIs to further strengthen their interactions with each other.</p>

Incentive System by business segment	Beneficiaries	Main characteristics
<b>Insurance Client Advisor</b>	Sales structure of Intesa Sanpaolo Insurance Agency dedicated to selling health products and of Intesa Sanpaolo Assicura dedicated to selling policies to cover industrial risks	<p><u>Purpose:</u> Support the achievement of the commercial objectives of distribution of insurance products for the Group corporate and enterprise customers, taking into account the effective needs of the clients and in line with their risk profile.</p> <p><u>Performance conditions:</u> The <b>economic-financial</b> KPIs reflect the increase of the funding volumes achieved with reference to the distribution of insurance products (e.g. health, industrial risks, temporary life insurance, social security) and the renewals of the policies already in the portfolio. The <b>non-financial</b> KPIs are aimed at guiding behaviours and ensuring service quality.</p>
<b>Private Banking Network</b>	Italian Network of Intesa Sanpaolo Private Banking (employees and agents)	<p><u>Purpose:</u> Support the achievement of the Bank's sales and economic-financial targets, taking into account the actual needs of customers and in line with their risk profile.</p> <p><u>Performance conditions:</u> The <b>economic-financial</b> KPIs reflect the typical revenues of the relevant business (e.g. improvement in net interest income) and the increase in assets (e.g. flows of financial assets). The <b>non-financial</b> KPIs guide behaviour towards customer retention, operational risk monitoring, customer satisfaction, compliance with the principles of fairness in customer relations and the quality of the service rendered.</p> <p><u>Sustainability risks:</u> In line with Regulation (EU) 2019/2088, a non-financial KPI is assigned within the System in relation to customer profiling, which also acquires customers' <b>ESG preferences</b>. This KPI is a "gateway condition" for the Incentive System, since failure to reach the minimum threshold envisaged for this indicator entails the non-payment of the accrued bonus. Furthermore, an additional KPI is provided, which also constitutes a "gate", linked to the frequency of a training course on ESG issues.</p>
<b>Private Advisory</b>	Intesa Sanpaolo Private Banking Advisory Team	<p><u>Purpose:</u> Support the achievement of the Bank's sales and economic-financial targets, through the support provided to the Private Banking Network in advisory activities, taking into</p>

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		<p>account the actual needs of customers and in line with their risk profile.</p> <p><u>Performance conditions:</u>  The KPIs of an <b>economic-financial</b> nature reflect the growth in assets relating to the advisory services and in the number of contracts.  The <b>non-financial</b> KPIs focus on completion of mandatory training as well as on managerial or professional skills.</p>
<b>Relationship Manager</b>	International sales networks of the Private Banking Division	<p><u>Purpose:</u>  Support the achievement of the Company's sales and economic-financial targets, taking into account the actual needs of customers and in line with their risk profile.</p> <p><u>Performance conditions:</u>  The <b>economic-financial</b> KPIs reflect the revenues (net of costs) generated by the Relationship Manager's activities.  The <b>non-financial</b> KPIs include measures to guide behaviour towards compliance with the principles of fairness in customer relations and decrease in operational risks.</p>
<b>Non-employee Financial Advisors</b>	Fideuram, Sanpaolo Invest and IWPI sales networks	<p><u>Purpose:</u>  Support the achievement of the Company's sales and economic-financial targets, taking into account the actual needs of customers and in line with their risk profile.</p> <p><u>Performance conditions:</u>  The <b>economic-financial</b> KPIs reflect the volumes, profitability and stability of the Inflows.  The <b>non-financial</b> KPIs include measures to guide behaviour towards customer satisfaction, compliance with the principles of fairness in customer relations and decrease in operational risks.</p> <p><u>Sustainability risks:</u>  Similarly to what has been specified for the Private Banking Network, in line with Regulation (EU) 2019/2088, a non-financial KPI is assigned within the System in relation to customer profiling, which also acquires customers' <b>ESG preferences</b>. This KPI is a "gateway condition" for the Incentive System, since failure to reach the minimum threshold envisaged for this indicator entails the non-payment of the accrued bonus.</p>

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Investment Management	Professional categories of managers in asset management	<p><u>Purpose:</u> Support the achievement of the performance targets for the products managed in the interest of the customer, while generating suitable profitability for the asset management company (SGR entity).</p> <p><u>Performance conditions:</u> The <b>economic-financial</b> KPIs mainly relate to the performance adjusted for the risks assumed of the managed products over a multi-year time horizon. The <b>non-financial</b> KPIs focus on managerial or professional skills.</p> <p><u>Sustainability risks:</u> In order to integrate the sustainability risks assumed in the management of portfolios, in accordance with Regulation (EU) 2019/2088, a correction mechanism has been defined for the bonus which enhances the activity undertaken in terms of managing sustainability risks (the so-called “<b>sustainability corrective mechanism</b>”). This mechanism is based on a comparison between the “sustainability rating class” of the Manager’s portfolio (i.e. rating class determined on the basis of the average score of the products managed by the individual Manager with reference to ESG factors) and the related target level identified (i.e. average score of the parameters – benchmark of the investment product or universe – associated with the Manager). Depending on the deviation of the portfolio sustainability rating class from the target, the mechanism can confirm the Manager’s bonus determined as part of the Annual Incentive System or act as a corrective factor thereof by increasing it (+5% or +10%) or decreasing it (-5% or -10%).</p>
Extra Captive Sales	Sales supply chain dedicated to the non-captive market in asset management	<p><u>Purpose:</u> Support the development of the sales network in terms of asset inflows through channels outside the Group.</p> <p><u>Performance conditions:</u> The <b>economic-financial</b> KPIs reflect the increase in volumes and profitability of the acquired assets. The non-financial KPIs focus on the quality of sales action and the management of non-compliance risks.</p>

<b>Network of International Subsidiary Banks</b>	Middle Managers and Professionals of the International Subsidiary Banks	<p><u>Purpose:</u> Support the achievement of the growth, profitability, credit quality and customer service targets of the Network of International Subsidiary Banks, avoiding the emergence of potential conflicts of interest while reducing the operational risks.</p> <p><u>Performance conditions:</u> Both <b>economic-financial</b> and <b>non-financial</b> KPIs are set at Branch and/or individual level, which are differentiated depending on the business specificities, market practises and the regulations in force in the countries where the Group works.</p>
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All the Incentive Systems are subject to specific formalisation and approval processes.

#### 4.5.5 Individual access conditions

The payment of the individual bonus is, in any case, subject to the verification of the absence of the so-called individual compliance breaches i.e.:

- disciplinary measures involving at least the suspension from service and pay for a period equal to or greater than one day, including as a result of serious findings received from the control functions;
- in case of breaches specifically sanctioned by the Supervisory Authorities of the obligations as per Article 26 of the Consolidated Law on Banking regarding the requirements of professionalism, integrity and independence or Article 53, paragraph 4, of the Consolidated Law on Banking and following on the matter of transactions with related parties and of the obligations regarding remuneration and incentives referred to in CRD, if involving a penalty of an amount equal to or greater than 30,000 euro;
- behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group or relevant Company and from which a "significant loss" derived for the Company or the customer.

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#### Focus: Individual access conditions for personnel in the "Investments" area of the Group's asset management companies

With reference to the manager cluster (Risk Takers and not), a further access condition provides that payment of the bonus is subject to the achievement, within the Performance Scorecard, of at least the threshold level with reference to the KPI linked to the performance of the products under management.

#### Focus: Individual access conditions for the Private Banking Network

In addition to the conditions described above, for Private Bankers of the ISPB Network, the exclusion from the Incentive System is also provided for those against whom:

- well-founded complaints with a cumulative economic value exceeding 10,000 euro are individually lodged;
- 2 or more written warnings per year have been formalized.

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### Focus: Individual access conditions for Financial Advisors other than employees, Financial Agents and Global Advisors

For Financial Advisors, the exclusion from the Incentive System is provided for those against whom:

- at least one suspension measure is imposed, except for those cases suitably justified by the Disciplinary Committee;
- well-founded complaints with a cumulative economic value exceeding 5,000 euro for the Fideuram, Sanpaolo Invest and IWPI Networks and exceeding 10,000 euro for the ISPB Network are individually lodged;
- 2 or more written warnings per year have been formalised;
- The agency contract is revoked for just cause.

With regard to the Financial Agents with an accessory contract (so-called Team Leaders) of Prestitalia and the Global Advisors of the Banca dei Territori network, the exclusion from all non-recurring components of the remuneration is provided for those against whom:

- behaviours that are non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics or conduct established ex ante by the Group and from which a "significant loss" derived for the Bank or the customers;
- well-founded complaints are lodged, with a cumulative economic value exceeding 5,000 euro, measured at the individual level, for the Global Advisors and exceeding 20,000 euro, measured at the total level<sup>37</sup>, for the Financial Agents with an accessory contract (so-called Team Leaders) of Prestitalia.
- the agency contract is revoked for just cause.

In particular, failure to verify the individual access conditions implies both the non-payment of the bonus accrued in the same year in which the compliance breach is committed and the deletion of the deferred portions of the accrual conditions referred to the same year.

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#### 4.5.6 Malus conditions

In case of deferral (see paragraph 4.6), each portion is subject to an ex-post adjustment mechanism – the so-called malus conditions – according to which the relative amount recognised and the number of financial instruments assigned, if any, may be reduced, even to zero, in the year in which the deferred portion is paid, in relation to the level of achievement of the minimum conditions set by the Regulator regarding the **capital strength** and **liquidity**, represented by the consistency with the respective limits set as part of the RAF, as well as the condition of financial sustainability.

Capital strength conditions	Common Equity Tier 1 (CET1) Ratio	≥	«Hard» limit set by the RAF at Group level
	Leverage Ratio	≥	
	Minimum requirement for own funds and eligible liabilities (MREL)	≥	Early Warning set by the RAF at Group level
	Assessment of the results of the ICAAP and of the Recommendations on distributions by competent authorities and European Supervisory Authorities		
Liquidity condition	Net Stable Funding Ratio (NSFR)	≥	«Hard» limit set by the RAF at Group level
Sustainability condition	No loss and positive Gross Income	>	∅

In case one of the conditions of capital strength or of liquidity does not occur individually, the deferred portion is reduced to zero; if the condition of sustainability is not met, the deferred portion is reduced by 50%.

<sup>37</sup> Complaints attributable to the activity carried out by the Team Leader and the Supervised Agents.

### Focus: Malus condition set for Top Risk Takers

For Top Risk Takers, in line with the provisions for activation of the Incentive System, another condition – in addition to the ones mentioned above – is also envisaged:



For this cluster, if the condition of liquidity is not met, the deferred portion is reduced by 50%.

Similarly with the provisions of the gateway conditions, it is specified that for those Legal Entities which calculate their limits of capital strength (CET1 or Total Capital, MREL, Leverage ratio and the assessment of the results of the ICAAP for Banks, Solvency Ratio in the case of insurance companies as well as the Capital Requirements at least equal to the regulatory capital in the case of Asset Management Companies) and liquidity (NSFR for Banks), failure to respect these limits and to meet the sustainability conditions (No loss and positive Gross Income<sup>38</sup>) constitutes the malus conditions of all the Incentive Systems addressed to the resources operating in the Legal Entity, also when those of the Intesa Sanpaolo Group may be positively met. In addition, in line with the Intesa Sanpaolo Group provisions, an additional malus condition linked to LCR at least equal to the hard limit set out in Sub-holding/Legal Entity RAF is applied to Top Risk Takers of Sub-holding and of the significant banking Legal Entities.

In case one of the conditions of capital strength or of liquidity does not occur individually, the deferred portion is reduced to zero; if the condition of sustainability is not met, the deferred portion is reduced by 50%.

#### 4.5.7 Clawback mechanisms

The company reserves the right to activate clawback mechanisms<sup>39</sup>, namely the return of bonuses already paid as required by regulations, also taking into account the legal, contribution and tax profiles on the matter, as part of:

- disciplinary initiatives and provisions envisaged for fraudulent behaviour or gross negligence by personnel;
- violations of the obligations imposed under Article 26 of the Consolidated Law on Banking or, where the entity is a stakeholder, Article 53 paragraphs 4 et seq. of the Consolidated Law on Banking or of remuneration and incentive obligations;
- behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group or relevant Company and from which a "significant loss" derived for the Company or the customer.

These mechanisms may be applied in the 5 years following the payment of the individual portion (up-front and deferred, if any) of variable remuneration.

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<sup>38</sup> It should be noted that the sustainability condition (both at the ISP Group level and at the Legal Entity level) is not applicable to the Incentive System specific to the Network of International Subsidiary Banks as it is managed locally with a bottom-up funding mechanism and it is not financed by the Group bonus pool.


<sup>39</sup> It should be noted that, with reference to Albania, in line with local regulations, this provision applies only to Group Risk Takers and personnel seconded to the Company.

#### 4.6 Payment methods of the variable remuneration

The remuneration payment methods are governed by specific instructions in the Supervisory Provisions concerning remuneration with particular reference to the deferral obligations, the type of payment instruments and the retention period envisaged for the possible portion paid as financial instruments.

In particular, as provided for by regulations, payment methods defined by the Group take into account the fact that, due to the Group's consolidated balance sheet assets, none of the Group's banks is considered to be "of a smaller size or operational complexity" and, consequently, the same accrual and settlement schedules apply to all Risk Takers (i.e. Group, Sub-consolidating Group and Legal Entity), with specificities relating only to Top Risk Takers.

Illustrated below are the methods for the payment of the variable remuneration adopted by the Intesa Sanpaolo Group<sup>40</sup>.

 Deferral	<div>Deferred amount</div> <ol style="list-style-type: none"> <li>① 60% of the variable remuneration is deferred for a period of <b>5 years</b> in the case of:             <ul style="list-style-type: none"> <li>○ remuneration paid to <b>Top Group Risk Takers</b></li> <li>○ variable remuneration of a "<b>particularly high</b>" amount, regardless of the macro segment to which the receiver belongs</li> </ul> </li> <li>② 50% of the variable remuneration is deferred for a period of <b>5 years</b> in the case of remuneration paid:             <ul style="list-style-type: none"> <li>○ to <b>Top Risk Takers of Sub-consolidating Groups and of Legal Entities</b> if the amount is higher than both the materiality threshold and 100% of the fixed remuneration</li> </ul> </li> <li>③ 40% of the variable remuneration is deferred for a period of <b>5 years</b> in the case of remuneration paid:             <ul style="list-style-type: none"> <li>○ to <b>Top Risk Takers of Sub-consolidating Groups and of Legal Entities</b> if the amount is higher than the materiality threshold and equal to or lower than 100% of the fixed remuneration</li> </ul> </li> <li>④ 50% of the variable remuneration is deferred for a period of <b>4 years</b> in the case of remuneration paid:             <ul style="list-style-type: none"> <li>○ to other <b>Group Risk Takers</b> if the amount is higher than both the materiality threshold and 100% of the fixed remuneration</li> </ul> </li> <li>⑤ 40% of variable remuneration is deferred for a period of <b>4 years</b> in the case of remuneration paid:             <ul style="list-style-type: none"> <li>○ to other <b>Group Risk Takers</b> if the amount is higher than the materiality threshold and equal to or lower than 100% of the fixed remuneration<sup>1</sup></li> </ul> </li> <li>⑥ If 40% of variable remuneration is deferred for a period of <b>3 years</b> in the case of remuneration paid:             <ul style="list-style-type: none"> <li>○ to <b>Middle Managers and Professionals</b>, if the amount is higher than both the materiality threshold and 100% of the fixed remuneration</li> </ul> </li> <li>⑦ 40% of variable remuneration is deferred for a period of <b>2 years</b> in the case of remuneration paid:             <ul style="list-style-type: none"> <li>○ to <b>Middle Managers and Professionals</b>, if the amount is higher than the materiality threshold and equal to or to or lower than 100% of the fixed remuneration, or equal to or to or lower than the materiality threshold and higher than 100% of the fixed remuneration</li> </ul> </li> </ol> <div>Up-front amount</div> <p>The remaining amount of the variable remuneration is paid out up-front.</p> <p><b>Regardless of the pertinent macro segment</b>, the variable remuneration is entirely paid up-front if the amount is equal to or lower than the materiality threshold and equal to or lower than 100% of the fixed remuneration</p>
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<sup>40</sup> It should be noted that foreign Companies of the Group and foreign Branches can provide more restrictive payment schedules if provided by the applicable local laws.

### Focus: “Particularly high” amount of variable remuneration

As required by the Provisions of the Bank of Italy, at least every three years Intesa Sanpaolo is obliged to define the “particularly high” amount of variable remuneration, as the lower between:

- i) 25% of the average overall remuneration of the Italian high earners, resulting from the most recent report published by the EBA.  
This value equals, according to the report published by the EBA with reference to the data of December 2019, 435,011 euro;
- ii) 10 times the average overall remuneration of the employees of the Intesa Sanpaolo Group.  
Intesa Sanpaolo calculated this amount as the average remuneration paid to employees in 2019, 2020 and 2021, equal to 475,667 euro.

For greater prudence, the latter amount is rounded down and, as a consequence, the variable remuneration exceeding 400,000 euro for the three-year period 2022-2024 is considered particularly high.

### Focus: Materiality Threshold

The Intesa Sanpaolo Group has defined its materiality threshold, differentiated by clusters of personnel, beyond which the variable remuneration is considered “significant”.

In particular:

- for **Risk Takers**<sup>41</sup>, in accordance with the applicable regulations, the variable remuneration is considered “significant” if it exceeds the amount of **50,000 euro**<sup>42</sup> or if it **represents more than one third** of the total remuneration;
- for **Middle Managers and Professionals**, the materiality threshold – beyond which the variable remuneration is considered “significant” – is usually **80,000 euro**. In order to significantly reduce a potential competitive disadvantage factor in the attraction and retention of the best resources in countries other than the Group’s domestic market and in businesses characterised by high competitive pressure (i.e., high cost of living, strong wage dynamics and high resignation rates) on human resources and, in non-EU countries, by a less stringent (or absent) regulatory environment on the materiality threshold, this threshold is raised to **150,000 euro**.

Lower thresholds may be envisaged by Group Companies and by foreign Branches of Intesa Sanpaolo according to local regulations<sup>43</sup>.

<sup>41</sup> With the exception of the Risk Takers identified in the:

- asset management companies (SGR entities) of the Group who are not identified also at Group level for which the threshold of 80,000 euro is kept. CRD V (Article 109, paragraphs 4 to 5) allows for the non-application of the provisions envisaged for Banks to these roles;
- of investment firms (i.e. securities trading companies) where, in accordance with Directive (EU) 2019/2034 (transposed through the update of the Bank of Italy Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of the Consolidated Law on Finance of 23 December 2022), variable remuneration is considered “significant” if it exceeds the amount of 50,000 euro or represents more than a quarter of the total remuneration.

<sup>42</sup> With reference to the London Branch, it should be noted that the threshold is equal to 44,000 British pounds, as provided by the Prudential Regulatory Authority.

<sup>43</sup> With reference to ISP Russia, it should be noted that the materiality threshold is considered only for the purposes of the possible payment of a portion of the bonus accrued by Risk Takers in financial instruments since, regardless of the amount, the local regulation always provides for the obligation of deferral.



## Payment instruments

### Financial instruments

- ① 60% of the variable remuneration is paid in **financial instruments** for:
  - **Top Risk Takers**, if exceeding 100% of the fixed remuneration
  - those receiving a “**particularly high**” amount which exceeds 100% of the fixed remuneration, regardless of the macro segment to which the receiver belongs
- ② 55% of the variable remuneration is paid in **financial instruments** for:
  - **Top Risk Takers**, if equal to or lower than 100% of the fixed remuneration
  - those receiving a “**particularly high**” amount which is equal to or lower than 100% of the fixed remuneration, regardless of the macro segment to which the receiver belongs
- ③ 50% of variable remuneration is paid in **financial instruments** for:
  - other **Risk Takers**;
  - **Middle Managers and Professionals**, if higher than both the materiality threshold and 100% of the fixed remuneration

### Cash

The remaining amount of the variable remuneration is paid in cash.

**Regardless of the pertinent macro segment**, the variable remuneration is entirely paid in cash if the amount is equal to or lower than the materiality threshold defined by the Group and equal to or lower than 100% of the fixed remuneration

It should be noted that interest in line with market rates is calculated on deferred bonus portions paid in cash.

In compliance with the Supervisory Provisions, the financial instruments used by the Intesa Sanpaolo Group to pay the variable remuneration are Intesa Sanpaolo shares.

There are exceptions to this general rule:

- the Risk Takers of VUB Banka having a local contract, since the portion in shares of Intesa Sanpaolo is replaced by the allocation of units of Certificates of the subsidiary, in compliance with local regulations;
- the Risk Takers of Pravex, Intesa Sanpaolo Brasil and the New York Branch of Intesa Sanpaolo and Intesa Sanpaolo IMI Securities Corporation within the IMI CIB International Network structure of the IMI Corporate & Investment Banking Division, as the portion in Intesa Sanpaolo shares is replaced by the allocation of phantom shares with underlying Intesa Sanpaolo ordinary shares in consideration of the operational complexity or the need to ensure compliance with local regulations;
- the Risk Takers and the personnel accruing a “significant” bonus higher than 100% of the fixed remuneration belonging to asset management companies (SGR entities), since the portion in Intesa Sanpaolo shares is replaced by the allocation of units of the funds managed, as required by the sector regulations (Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of the Consolidated Law on Finance of the Bank of Italy).

### Focus: Financial Instruments assigned to the personnel of the asset management companies

The Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of the Consolidated Law on Finance of Bank of Italy as regards Risk Takers belonging to significant asset management companies (SGR entities)<sup>44</sup> provides that a substantial part of the variable remuneration is composed of units or shares of the UCITS or AIFs managed, or of a combination that takes into account as much as possible their proportion, or of equivalent equity interests, instruments linked to units or shares or of other equivalent non-monetary instruments that are equally effective in terms of aligning incentives.

In compliance with such provision:

- the UCITS basket is defined representing the UCITS managed by the company to be allocated to the Top Risk Taker, Head of the Asset Management Division, to the Risk Takers not involved in asset management activities and, to a lesser extent, to the Risk Takers and the remaining personnel

<sup>44</sup> Pursuant to the relevant regulations, the following are significant asset managers: Eurizon Capital SGR, Epsilon SGR, Eurizon Capital SA, Eurizon Asset Management Slovakia, Eurizon Asset Management Croatia, Eurizon Capital Real Asset SGR, and Fideuram Asset Management SGR.



### Focus: Financial Instruments assigned to the personnel of the asset management companies

accruing a “significant” bonus and higher than 100% of the fixed remuneration involved in asset management activities;

- the principles of selection of additional UCITS to be allocated to the Risk Takers and the remaining personnel accruing a “significant” bonus and higher than 100% of the fixed remuneration involved in asset management activities are identified in terms of representation of the activity performed by each of them.

Alternatively, in specific cases (e.g. closed AIFs, UCITS not distributed in the retail market) it is possible to provide for the assignment of synthetic or phantom instruments that ensure similar effectiveness in terms of aligning incentives.



Retention period

- ① Both the **up-front** and **deferred** variable remuneration paid in financial instruments is subject to a retention period of **1 year**. During the retention period, the related **dividends** are recognised on the portions assigned in shares (including phantom shares).

In accordance with the indications above, the Intesa Sanpaolo Group has defined the following accrual and settlement schedules depending on the category of personnel (Top Risk Takers, other Risk Takers, Middle Managers and Professionals), the amount of the variable remuneration (higher or lower than the particularly high amount or the materiality threshold) and the weight of the variable remuneration compared to the fixed remuneration (greater than or equal to/lower than 100%).

In particular:

- Schedule 1: for the **Group Top Risk Takers** and all those who, regardless of the macro-segment they belong to, accrue a “**particularly high**” amount of variable remuneration, if the variable remuneration exceeds 100% of the fixed remuneration, 40% of the payment will be up-front (of which 20% in cash and 20% in financial instruments) and 60% (of which 20% in cash and 40% in financial instruments) on a deferral time horizon of 5 years.

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Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (40%)	20%			4%	4%	12%
FINANCIAL INSTRUMENTS (60%)	20%	12%	12%	8%	8%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (40%)	20%			4%	4%	12%
FINANCIAL INSTRUMENTS (60%)		20%	12%	12%	8%	8%

- Schedule 2: for the **Group Top Risk Takers** and all those who, regardless of the macro-segment they belong to, accrue a “**particularly high**” amount of variable remuneration, if the variable remuneration is equal to or lower than 100% of the fixed remuneration, 40% of the payment will be up-front (of which 20% in cash and 20% in financial instruments) and 60% (of which 25% in cash and 35% in financial instruments) on a deferral time horizon of 5 years.

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Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (45%)	20%		4%	4%	5%	12%
FINANCIAL INSTRUMENTS (55%)	20%	12%	8%	8%	7%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (45%)	20%		4%	4%	5%	12%
FINANCIAL INSTRUMENTS (55%)		20%	12%	8%	8%	7%

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3. Schedule 3: for **Top Risk Takers of Sub-consolidating Groups and for Legal Entity Top Risk Takers** (including those who are also identified as Group Risk Takers), if the variable remuneration **exceeds 100% of the fixed remuneration**, 50% of the payment will be up-front (of which 25% in cash and 25% in financial instruments) and 50% (of which 15% in cash and 35% in financial instruments) on a deferral time horizon of 5 years.

Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (40%)	25%				5%	10%
FINANCIAL INSTRUMENTS (60%)	25%	10%	10%	10%	5%	
SETTLEMENT SCHEDULE	2025	2026	2027	2029	2029	2030
CASH (40%)	25%				5%	10%
FINANCIAL INSTRUMENTS (60%)		25%	10%	10%	10%	5%

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4. Schedule 4: for **Top Risk Takers of Sub-consolidating Groups and for Legal Entity Top Risk Takers** (including those who are also identified as Group Risk Takers), if the variable remuneration **exceeds the materiality threshold and is equal to or lower than 100% of the fixed remuneration**, 60% of the payment will be up-front (of which 30% in cash and 30% in financial instruments) and 40% (of which 15% in cash and 25% in financial instruments) on a deferral time horizon of 5 years.

Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (45%)	30%			3%	4%	8%
FINANCIAL INSTRUMENTS (55%)	30%	8%	8%	5%	4%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (45%)	30%			3%	4%	8%
FINANCIAL INSTRUMENTS (55%)		30%	8%	8%	5%	4%

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5. Schedule 5: for the **other Risk Takers** (*eligible for 2:1 bonus cap*) who accrue a variable remuneration **exceeding the materiality threshold and 100% of the fixed remuneration**, 50% of the payment will be up-front (of which 25% in cash and 25% in financial instruments) and 50% (of which 25% in cash and 25% in financial instruments) on a deferral time horizon of 4 years.

Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029
CASH (50%)	25%		6,25%	6,25%	12,5%
FINANCIAL INSTRUMENTS (50%)	25%	12,5%	6,25%	6,25%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028	2029
CASH (50%)	25%		6,25%	6,25%	12,5%
FINANCIAL INSTRUMENTS (50%)		25%	12,5%	6,25%	6,25%

6. Schedule 6: for the **other Risk Takers** who accrue a variable remuneration **exceeding the materiality threshold** but **equal to or lower than 100% of the fixed remuneration**, 60% of the payment will be up-front (of which 30% in cash and 30% in financial instruments) and 40% (of which 20% in cash and 20% in financial instruments) on a deferral time horizon of 4 years.

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Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029
CASH (50%)	30%		5%	5%	10%
FINANCIAL INSTRUMENTS (50%)	30%	10%	5%	5%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028	2029
CASH (50%)	30%		5%	5%	10%
FINANCIAL INSTRUMENTS (50%)		30%	10%	5%	5%

7. Schedule 7: for **Middle Managers and Professionals** who accrue a variable remuneration **exceeding the materiality threshold and 100% of the fixed remuneration**, 60% of the payment will be up-front (of which 30% in cash and 30% in financial instruments) and 40% (of which 20% in cash and 20% in financial instruments) on a deferral time horizon of 3 years.

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Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027	2028
CASH (50%)	30%		7%	13%
FINANCIAL INSTRUMENTS (50%)	30%	13%	7%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028
CASH (50%)	30%		7%	13%
FINANCIAL INSTRUMENTS (50%)		30%	13%	7%

8. Schedule 8: for Middle Managers and Professionals who accrue a variable remuneration equal to or lower than 100% of the fixed remuneration but exceeding the materiality threshold, or exceeding 100% of the fixed remuneration but equal to or lower than the materiality threshold, all of the payment will be in cash of which 60% up-front and 40% on a deferral time horizon of 2 years.

Reported below is the accrual and settlement schedule:

ACCRUAL SCHEDULE	2025	2026	2027
CASH (100%)	60%	20%	20%

SETTLEMENT SCHEDULE	2025	2026	2027
CASH (100%)	60%	20%	20%

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### Focus: Payment methods of the variable remuneration for Middle Managers and Professionals of Companies and branches operating in non-EU countries

Considering the less stringent (or absent) regulatory environment of non-EU countries compared to the EU, for Middle Managers and Professionals of Companies and branches operating in non-EU countries, in the case they accrue:

- a variable remuneration of a “particularly high” amount, the above Schedules 1 or 2 are applied according to the proportion of variable to fixed remuneration;
- a variable remuneration exceeding the materiality threshold and 100% of the fixed remuneration, all the payment will be in cash, of which 60% up-front and 40% on a deferral time horizon of 3 years.

Schedule 9:

ACCRUAL SCHEDULE	2025	2026	2027	2028
CASH (100%)	60%	13%	14%	13%

SETTLEMENT SCHEDULE	2025	2026	2027	2028
CASH (100%)	60%	13%	14%	13%

- a variable remuneration equal to or lower than 100% of the fixed remuneration but exceeding the materiality threshold or exceeding 100% of the fixed remuneration but equal to or lower than the materiality threshold, schedule 8 above is applied.

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### Focus: Payment methods of the variable remuneration for the Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest (SPI), IWPI and Intesa Sanpaolo Private Banking Networks

With reference to Financial Advisors, for those who accrue non-recurring remuneration:

- exceeding both the “particularly high” amount of variable remuneration and 100% of the recurring remuneration, regardless of the macro-segment they belong to, schedule 1 above is applied;
- exceeding the “particularly high” amount of variable remuneration but equal to or lower than 100% of the recurring remuneration, regardless of the macro-segment they belong to, schedule 2 above is applied;
- exceeding both the materiality threshold and 100% of the recurring remuneration, if identified as Group Risk Takers, schedule 5 above is applied;
- exceeding the materiality threshold but equal to or lower than 100% of the recurring remuneration, if identified as Group Risk Takers, schedule 6 above is applied;
- exceeding both the materiality threshold and 100% of the recurring remuneration, if not identified as Group Risk Takers, schedule 7 above is applied.

Instead, with specific reference to:

- Area Managers (i.e. Group Risk Takers) of the Fideuram, SPI and IWPI Networks, who accrue a non-recurring remuneration **equal to or lower than both the materiality threshold and 100% of the recurring remuneration**,
  - other Financial Advisors with accessory contract (i.e. Divisional Manager and Regional Manager) of the Fideuram, SPI and IWPI Networks not identified as Group Risk Takers,
  - other Financial Advisors without accessory contract not identified as Group Risk Takers who accrue a non-recurring remuneration exceeding the materiality threshold but equal to or lower than 100% of the recurring remuneration,
- all payments will be in cash, of which 60% up-front and 40% on a deferral time horizon of 2 years, following the **schedule 8** above.

### Focus: Payment methods of the variable remuneration for the personnel of the “Investment” category of asset management companies and for Risk Takers of asset management companies

In line with the requirements set by the regulations, the payment methods of the variable remuneration for the personnel of the “Investment” category of the eligible asset management companies (SGR entities) with respect to the cap increase to 4:1 are strengthened according to the category of personnel and the weight of the variable remuneration compared to the fixed remuneration.

In particular, for:

- personnel of asset management companies (both Risk Takers and non-Risk Takers) who accrue a variable remuneration of a particularly high amount, schedules 1 and 2 above are applied;
- Risk Takers of asset management companies (SGR entities) also identified at Group level and belonging to the “Investment” category who accrue a variable remuneration:
  - exceeding the materiality threshold and exceeding the 300% of the fixed remuneration, 30% of the payment will be up-front (of which 15% in cash and 15% in units of UCITS) and 70% (of which 15% in cash and 55% in units of UCITS) on a deferral time horizon of 5 years (see schedule 10 below)<sup>45</sup>;

Schedule 10:

ACCRUAL SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (30%)	15%					15%
FINANCIAL INSTRUMENTS (70%)	15%	14%	14%	14%	13%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028	2029	2030
CASH (30%)	15%					15%
FINANCIAL INSTRUMENTS (70%)		15%	14%	14%	14%	13%

- exceeding the materiality threshold and between 200% and 300% of the fixed remuneration, schedule 1 above is applied;
- exceeding the materiality threshold and between 100% and 200% of the fixed remuneration, schedule 5 above is applied;
- exceeding the materiality threshold but equal to or lower than 100% of the fixed remuneration, schedule 6 above is applied;
- the Risk Takers of asset management companies (SGR entities) not identified also at Group level and belonging to the “Investment” category who accrue a variable remuneration:
  - exceeding both the materiality threshold and 300% of the fixed remuneration, schedule 10 above is applied<sup>46</sup>;
  - exceeding the materiality threshold and between 200% and 300% of the fixed remuneration, schedule 1 above is applied;
  - exceeding the materiality threshold and between 100% and 200% of the fixed remuneration, 40% of the payment will be up-front (of which 20% in cash and 20% in units of UCITS) and 60% (of which 30% in cash and 30% in units of UCITS) on a deferral time horizon of 3 years (see schedule 11 below);

Schedule 11:

<sup>45</sup> Notwithstanding the provisions of schedule 1, for the cluster in question, schedule 10 also applies if the variable remuneration accrued is of a “particularly high” amount.

<sup>46</sup> Notwithstanding the provisions of schedule 1, for the cluster in question, schedule 10 also applies if the variable remuneration accrued is of a “particularly high” amount.



**Focus: Payment methods of the variable remuneration for the personnel of the “Investment” category of asset management companies and for Risk Takers of asset management companies**

ACCRUAL SCHEDULE	2025	2026	2027	2028
CASH (50%)	20%		10%	20%
FINANCIAL INSTRUMENTS (50%)	20%	20%	10%	
SETTLEMENT SCHEDULE	2025	2026	2027	2028
CASH (50%)	20%		10%	20%
FINANCIAL INSTRUMENTS (50%)		20%	20%	10%

- exceeding the materiality threshold but equal to or lower than 100% of the fixed remuneration, schedule 7 above is applied.

Whereas, for the Middle Managers and the Professionals of the “Investment” category that accrue a variable remuneration:

- exceeding both the materiality threshold and 300% of the fixed remuneration, schedule 1 above is applied;
- exceeding the materiality threshold and between 200% and 300% of the fixed remuneration, schedule 11 above is applied;
- exceeding the materiality threshold and between 100% and 200% of the fixed remuneration, the following is applied:
  - in the case of Companies operating in EU countries, Schedule 7 above;
  - in the case of Companies operating in non-EU countries, Schedule 9 above;
- exceeding the materiality threshold and equal to or lower than 100% of the fixed remuneration or exceeding 100% of the fixed remuneration but equal to or lower than the materiality threshold, schedule 8 above is applied.

Lastly, for the **Risk Takers of asset management companies (SGR entities)** not identified also at Group level and not belonging to the “Investment” category who accrue a variable remuneration:

- exceeding both the materiality threshold and 100% of the fixed remuneration, schedule 11 above is applied;
- exceeding the materiality threshold but equal to or lower than 100% of the fixed remuneration, schedule 7 above is applied.

#### 4.7 Broad-based Short-Term Plan – PVR (“Premio Variabile di Risultato”)

Within the framework of the Intesa Sanpaolo Group Second level National Bargaining Agreement, a Broad-based Short-Term Plan (hereinafter, PVR), addressed to Professionals belonging to all the Control and Governance Areas, the staff functions of the Divisions as well as those operating in the business retail segment, was introduced<sup>47</sup>.

The Broad-based Short-Term Plan<sup>48</sup> is considered as a productivity bonus envisaged by the National Collective Bargaining Agreement for the Credit Sector and negotiated with the Trade Unions.

The Broad-based Short-Term Plan has both a distribution-ownership purpose, as it is aimed at rewarding employees for the contribution provided collectively upon reaching the results for the year, and an incentive purpose, given that, limited to the so-called excellence portion, it intends to reward in a distinctive manner the team’s merit and performance.

Reported below is a summary of the operating mechanisms and the main characteristics of the PVR.

STEP	PURPOSE	MECHANISM	
POOL	Solidity and sustainability in a prudential approach	Gate e Funding	<ul style="list-style-type: none"> <li>the PVR pool is activated only if the main capital and liquidity requirements, namely the minimum regulatory conditions of solidity at Group level, are met. (see para. 4.7.1)</li> <li>the PVR is funded by a Group bonus pool. Similarly with it, also the financial resources serving the PVR consist of two portions: a larger portion correlated with the level of the Group Gross Income achieved (so-called “Gross Income-based bonus pool”); another (smaller) portion self-funded by the commission earned (so-called “commission-based bonus pool”) (see para. 4.7.2).</li> </ul>
ALLOCATION	Distributional - Participatory	BASE BONUS	<ul style="list-style-type: none"> <li>differentiated by professional/seniority and professional category cluster</li> <li>aimed at: <ul style="list-style-type: none"> <li>rewarding all Group employees for their collective contribution to achieving Group annual results with a different granularity according to the relative professionalism</li> <li>supporting, also for internal equity purposes, the lower remuneration</li> </ul> </li> </ul>
	Incentive	EXCELLENCE BONUS	<p>This bonus is based on the performance level reached and:</p> <ul style="list-style-type: none"> <li>for all employees, it is allocated at the Direct Head's discretion, with priority given to the highest levels of professional evaluation, within the limits of the bonus pool allocated, also having regard to the principle of internal equity</li> <li>for the professional profiles of the Branches of the commercial network and the personnel of the Complaints Unit of Banca dei Territori, it is allocated on the basis of the evaluation reached in relation to the Branch/Team Performance Scorecard</li> </ul>
PAY-OUT	Adjustment based on conduct/monitoring the impact of commercial activities over time	Conditions of individual access	Failure to meet the individual access conditions precludes any bonus accrual and pay-out (see para. 4.7.4)
		Claw-back	Return of bonuses already paid following disciplinary measures imposed in the event of fraudulent behaviour or gross negligence by personnel (see para. 4.7.5)

In order to provide a dimension of the economic value of the PVR, please note that, with reference to 2023, the average of the Base bonus disbursed is equal to around 1,400 euro.

<sup>47</sup> Reference is made to the Retail, Exclusive, Enterprise, Non-profit Sector, Agribusiness and Digital Remote Branches of the Banca dei Territori.

<sup>48</sup> As defined by Article 52 of the National Collective Bargaining Agreement applied to middle managers and for personnel belonging to professional areas employed by credit, financial and instrumental companies.

#### 4.7.1 Gateway conditions

The PVR is subject to the minimum gateway conditions requested by the Regulator and non-achievement of even only one of those conditions shall result in non-activation of this system.

These conditions are based, on a priority basis, on the principles envisaged by the prudential regulations concerning capital strength and liquidity, as well as the principles of **financial sustainability** of the variable component that consist in checking the availability of sufficient economic-financial resources to meeting the expenditure requirement.

These conditions are as follows:

Capital strength condition	Common Equity Tier 1 (CET1) Ratio	≥	Hard limits set by the RAF at Group level
	Leverage Ratio	≥	
	Minimum requirement for own funds and eligible liabilities (MREL)	≥	Early Warning set by the RAF at Group level
	Assessment of the results of the ICAAP and of the Recommendations on distributions by competent authorities and European Supervisory Authorities		
Liquidity condition	Net Stable Funding Ratio (NSFR)	≥	Hard limits set by the RAF at Group level
Sustainability condition	No loss and positive Gross Income	>	∅

#### 4.7.2 Funding

The Broad-based Short-Term Plan (PVR), as depicted in the summary above, is a unitary bonus consisting of two components, i.e. Base Bonus and Excellence Bonus, and is financed by the Group bonus pool (see paragraph 4.5.2). Similarly to the Group bonus pool, the portion serving the PVR is also composed of two portions:

- a majority portion indexed to the level of achievement of a profitability measure represented by the Group's Gross Income (so-called "gross income-based bonus pool"). This portion is further split into two parts, to fund, on the one hand, the Base Bonus for all Professionals and, on the other hand, the Excellence Bonus for all Professionals except those working in the Retail and Exclusive Branches of the Banca dei Territori network;
- a (minority) portion self-financed by the commissions generated by network employees within the scope of Wealth Management & Protection activities or by the Retail and Exclusive Branches of the Banca dei Territori network (so-called "commission-based bonus pool") and earmarked to specifically finance the Excellence Bonus of the personnel working in these Branches.

The Group gross income-based bonus pool serving the PVR is increased progressively starting from exceeding the so-called Access Threshold (i.e. the Group's minimum Gross Income target which, although lower than the budget, is deemed acceptable) up to a predefined cap. If, on the other hand, the Group's Gross Income is positive though lower than the Access Threshold, only the portion of the Gross Income-based bonus pool allocated to fully fund the Base Bonus for all Professionals is made available.

The commission-based portion is defined with a bottom-up approach and the amount of resources allocated, if the Group's Gross Income is above the Access Threshold, to fund the Excellence Bonus for the staff of the Retail and Exclusive Branches of the Banca dei Territori network is calculated according to the commissions generated by each segment (i.e. Retail area, Exclusive area). Specifically, the percentage of commissions allocated to fund the bonus is defined according to the level of achievement of the segment's commission budget target and increases progressively once the threshold level is exceeded (i.e., the minimum target of commissions that, although lower than the budget, is deemed acceptable) up to a predefined cap.

Lastly, it should be noted that the correction mechanism for non-financial risks (i.e. Risk related to Operational Losses and Integrated Risk Assessment) is applied to the commission-based portion at the Division level (see paragraph 4.5.2).

#### 4.7.3 Incentive function of the Excellence Bonus

The Excellence Bonus is intended to reward individual merit and distinctive contribution made to the team's results, with different modalities for general employees and the professional profiles of the Branches of the Banca dei Territori network as well as the Complaints Units.

Regardless of the methods to allocate the bonus, only the resources with an evaluation that is at least equal to "in line with expectations" are eligible for the Excellence component.

##### Focus: The Performance Scorecard of the Banca dei Territori network

The Performance Scorecards, set at Branch level, for the professional profiles of the Banca dei Territori network intend to reward the performance of the best Branches and enhance distinctive behaviour, with a focus on achieving sustainable performance over time in terms, among others, of profitability, credit quality, growth, quality of service, customer satisfaction and monitoring of the operational risks.

In particular, also KPIs of a non-financial nature must be included, among which at least:

1. the Operational Excellence KPI, with the aim of measuring synthetically compliance with the relevant rules on the anti-money laundering, exercise of banking and dealing activities, management of conflicts of interest, transparency towards customers and regulations for consumer protection;
2. the Service Excellence and Net Promoter Score KPI, with the aim of measuring synthetically the quality of the service provided in terms of efficiency.

Within the limit of the reference bonus pool, the Excellence Bonus is intended to reward the best branches for each sales region. With reference to calculating the bonus, the Excellence component accrued is defined depending on the score assigned to the Performance Scorecard starting from the minimum score threshold defined each year.

It is also specified that, among the non-financial KPIs, at least the Operational Excellence KPI also has the nature of "gateway condition" for the Excellence Bonus since failure to reach the minimum score set for this indicator precludes its payment.

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##### Focus: The Performance Scorecard of the Complaints Units of Banca dei Territori

In line with the Bank of Italy Provisions regarding "Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers", as part of the Broad-based Short-Term Plan, a specific Performance Scorecard for the team of the Complaints Units of Banca dei Territori was introduced.

The Performance Scorecard includes KPIs that reflect the correct management of complaints (e.g. average processing times, percentage of complaints processed outside the terms of regulations).

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#### 4.7.4 Individual access conditions

The payment of one or more PVR portions (Base and Excellence Bonus) is, in any event, subject to verification for the relevant year of the absence of the so-called individual compliance breach, i.e. the absence of disciplinary measures involving at least the suspension from service and pay for a period equal to or greater than one day, including as a result of serious findings received from the Bank's control functions.

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In addition, access to the Excellence Bonus is subject to the compliance with the compulsory training assigned in the relevant year.

## 4.8 Long-Term Incentive Plans

In conjunction with the launch of the 2022-2025 Business Plan, the Intesa Sanpaolo Group confirmed the use of Long-Term Incentive Plans (LTI) for the motivation and loyalty of its resources, whose involvement and enhancement, at all levels of the organization, are key and enabling factors for the achievement of results.

In fact, in line with its principles of inclusiveness and cohesion, the Group believes that shareholding favours the identification (ownership), alignment with medium / long-term objectives and constitutes a desirable form of sharing the value created over time.

With reference to the 2022-2025 LTI Plans, taking into account the levels of ambition and challenge of the new Business Plan, the Group confirmed the approach adopted in 2018 that consists in clearly differentiating objectives, purposes and consequently long-term incentive instruments intended respectively to:

- all the Management, including the Managing Director and CEO, the other Group Top Risk Takers and the remaining Group Risk Takers<sup>49</sup> – both Italian and foreign perimeter<sup>50</sup>;
- the Professionals of the Italian perimeter.

With reference to Management, Intesa Sanpaolo adopts a Plan explicitly connected to the achievement of the objectives of the Business Plan, which has a risk / return profile appropriate to the role held and to the levels of ambition and challenge of such Plan and which provides for the Performance Shares as the financial instrument.

Furthermore, the Group believes that a Retention Plan in substantial continuity with the LECOIP 2.0 Plan is suitable for supporting the motivation of Professionals, with the aim of continuing to strengthen their identification and the spirit of belonging, in line with the inclusive organizational culture of the Group. In light of these considerations, a Retention Plan called "LECOIP 3.0" has been designed for these recipients, which enhances the experience gained through the previous Plans.

In addition to these two Group-wide Incentive Plans, there is a Long-Term Incentive Plan defined by Fideuram and its subsidiaries, specifically addressed to Non-employee Financial Advisors of Fideuram, Sanpaolo Invest SIM and IWPI Networks, with the aim of supporting the achievement of the results envisaged by the Plan for the Private Banking Division and to pursue their maintenance over time.

### 4.8.1 The Performance Share Long-Term Incentive Plan

The Performance Share Long-Term Incentive Plan is aimed at:

- enhancing the alignment with the objectives of the 2022-2025 Business Plan;
- guaranteeing a close link between the Bank's performance over time and the long-term variable remuneration of the Managers;
- directing the Managers towards the value creation for shareholders;
- enhancing a sustainable performance over time (ESG).

Below is a summary of the key features of the Performance Share Long-Term Incentive Plan (PSP). For further details, please see the Report of the Board of Directors and the attached Information Document<sup>51</sup> made available for the purposes of approval of the Plan by the Shareholders' Meeting on 29 April 2022<sup>52</sup>.

Key Features of the PSP	
Topic	Features of PSP
Beneficiaries	All the Management, including the Managing Director and CEO, the other Group Top Risk Takers and the remaining Group Risk Takers <sup>53</sup> – both Italian and foreign perimeter (~3000 staff members)

<sup>49</sup> Including Group Risk Takers who do not hold managerial positions (if any).

<sup>50</sup> With regard to the foreign perimeter, it is highlighted that the Group Risk Takers and selected Strategic Managers are included provided that the allocation of ISP shares complies with their Bank Remuneration and Incentive Policies.

<sup>51</sup> Information Document pursuant to Article 114-bis CLF and Article 84-bis of Regulation adopted by CONSOB with Resolution no. 11971/99.

<sup>52</sup> Report of the Board of Directors, Ordinary Part, Item 3 f) on the agenda "Approval of the 2022-2025 Performance Share Plan Long-term Incentive Plan reserved for the Management of the Intesa Sanpaolo Group" (web site: [https://group.intesasnpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en\\_assemblea\\_2022/20220323\\_Relazione\\_parte\\_Ordinaria\\_punto\\_3f\).eng.pdf](https://group.intesasnpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en_assemblea_2022/20220323_Relazione_parte_Ordinaria_punto_3f).eng.pdf))

<sup>53</sup> Including Group Risk Takers who do not hold managerial positions (if any).

Key Features of the PSP					
Topic	Features of PSP				
Financial Instrument	Performance Shares (“PSP Shares”) – shares subject to performance conditions				
Operating Model	Intesa Sanpaolo (ISP) grants the beneficiaries the right to accrue a certain number of PSP Shares at the end of the Plan provided that gateway conditions are met and performance objectives are achieved. Specifically, the number of PSP Shares that accrue depends on the level of achievement of the performance objectives as well as specific sustainability targets.				
Methodology for the calculation of value at grant	Fair Value of PSP Shares defined on the basis of the Black-Scholes’ model, adjusted for the availability constraints and probability of employees being still employed at the end of the performance accrual period as well as of the achievement of the performance conditions set out in the Plan, in compliance with the Fair Value Policies adopted by the Bank.				
Initial Grant	<ul style="list-style-type: none"><li>Differentiated according to the job title based on the Global Banding model adopted by the Group</li><li>Up to 100% of Fixed Remuneration for the entire period (25% of the fixed remuneration on an annual basis) for the Managers not belonging to the Company Control Functions</li><li>Up to 75% of Gross Annual Remuneration for the entire period (18.75% of the Gross Annual Remuneration on an annual basis) for the Managers of the Company Control Functions</li></ul>				
Gateway conditions	<p>In line with regulatory requirements.</p> <p>Group-level gates that must be achieved each year of the Plan:</p> <ul style="list-style-type: none"><li>CET1 ≥ hard limit set by the Group RAF</li><li>Leverage Ratio ≥ Hard Limit set by the Group RAF</li><li>MREL ≥ Earling Warning limit set by the Group RAF</li><li>NSFR ≥ hard limit set by the Group RAF</li><li>No loss and positive Gross Income at Group Level</li><li>LCR ≥ hard limit set by the Group RAF (this condition only applies to Top Risk Takers).</li></ul> <p>Additionally, also the following gates at Group level must be assessed:</p> <ul style="list-style-type: none"><li>at the launch of the Plan (2022) and at the end of the Plan, of the result of the ICAAP;</li><li>in the 2025, the recommendations on distributions by competent authorities and European supervisory authorities which could result in a possible reduction down to the zero of the accrued bonus.</li></ul>				
Performance Conditions	KPI				% of shares accruable at target level
	Managers in Business and Governance Functions				
		threshold	target*	overtarget	
	OI/RWA	5.9%	6.2%	6.8%	30%
	Cost/Income	49.5%	46.4%	44.9%	25%
	NPL ratio	1.65%	1.6%	1.58%	15%
	Managers in Control Functions				
	Qualitative evaluation of the strength and the overall effectiveness of the internal control system throughout the duration of the 2022-2025 Plan				70%
	All Managers				
Relative TSR measured on the basis of the positioning occupied by ISP in the Peer Group <sup>54</sup> of the Business Plan	median	3 <sup>rd</sup> quartile	above 3 <sup>rd</sup> quartile	30%	
* The target levels are the ones set in the Business Plan as at 2025.					
A pay-for-performance curve is defined for each KPI and provides for the identification of a minimum level (so-called threshold), against which a percentage of shares equal to 50% of those envisaged					

<sup>54</sup> As specified in the Report of the Board of Directors for the approval of the Plan by the Shareholders' Meeting: (i) the Peer Group used by ISP includes Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Commerzbank, Credit Suisse, Deutsche Bank, HSBC, ING, Lloyds Banking Gr., Nordea, Santander, Société Générale, Std Chartered, UBS, UniCredit; and (ii) in the event of takeovers to which one of the companies of the Peer Group is subjected, or if the data of any of the companies of the Peer Group are not available, the ISP Board of Directors can evaluate changes in the composition of the Peer Group by excluding the abovementioned companies. Following Credit Suisse's ("CS") delisting in June 2023 and its acquisition by UBS, the Board of Directors, after the Remuneration Committee's analysis, decided to calculate CS's TSR as follows: [(UBS's Share Price at the end of the period – CS's Share Price at the beginning of the period x 22.48 + dividends paid by CS in 2022 x 22.48 + dividends paid by UBS in 2023, 2024 and 2025) / CS's Share Price at the beginning of the period x 22.48], where 22.48 is the exchange ratio established as part of the acquisition operation and is subject to possible variation, subject to validation by the Remuneration Committee, if said ratio is revised by the end of the reference period of the Plan as a result of the class action initiated by some former CS shareholders.



## Key Features of the PSP

Topic	Features of PSP																								
	<p>at target is accruable, which increases up to a maximum level above the target (so-called overtarget) against which the % of shares accruable is up to a maximum of +50% with respect to the target. It is specified that:</p> <ul style="list-style-type: none"><li>for performance levels below the threshold, no portion of shares is paid</li><li>for performance levels higher than the overtarget, no further increases are envisaged in the portion of shares recognized (so-called cap principle).</li></ul> <p>The total amount of shares accruable at the end cannot, in any case, exceed 100% of the shares assigned at target for the set of KPIs. In other words, the only case where it is possible to assign a number of Performance Shares higher than that envisaged at target for a given KPI whose performance is higher than the target is if the performance of another KPI is lower than the respective target (since this does not determine the assignment of Performance Shares corresponding to its target).</p>																								
Performance Accrual Period	In line with the 2022-2025 Business Plan time horizon.																								
De-multipliers based on sustainability targets	<div>1. Composite ESG KPI<ul style="list-style-type: none"><li>composed of a sub-KPI for each of the 3 factors in which ESG (Environmental, Social and Governance) is articulated, whose target level is defined in the 2022-2025 Business Plan;</li></ul></div> <table><tr><th></th><th>Factors</th><th>Weight</th><th>Threshold</th><th>Target</th><th>Overtarget</th></tr><tr><td>Environmental</td><td>New lending to the green/circular economy and green transition with a major focus on supporting Corporates/SMEs transition</td><td>40%</td><td>79.2 bn/€</td><td>88 bn/€</td><td>105.6 bn/€</td></tr><tr><td>Social</td><td>Number of employees who successfully completed re-skilling training and were employed in a job in line with their newly acquired skills, or who completed up-skilling training</td><td>40%</td><td>7.200</td><td>8,000</td><td>9,600</td></tr><tr><td>Governance</td><td>% of women newly nominated in senior positions (-1 and -2 organizational levels under the CEO)</td><td>20%</td><td>45%</td><td>50%</td><td>60%</td></tr></table> <div><ul style="list-style-type: none"><li>acts as a de-multiplier reducing the number of shares that vest at the end of the Plan:<ul style="list-style-type: none"><li>by 10% if the achievement of the ESG KPI is &lt; the target level but ≥ the threshold level;</li><li>by 20% if the achievement of the ESG KPI is &lt; the threshold level;</li></ul></li><li>measured at the end of the accrual period.</li></ul></div> <div>2. Capital Target (applicable only to Business and Governance functions)<ul style="list-style-type: none"><li>measures the maintenance, for the time Plan's horizon, of the CET1 levels above the target defined in the Group RAF in the time frame of the Plan;</li><li>acts as de-multiplier reducing the number of shares that vest at the end of the Plan by 10% per each year of breach (with a cap of 40% over the entire accrual period);</li><li>measured throughout the accrual period.</li></ul></div>		Factors	Weight	Threshold	Target	Overtarget	Environmental	New lending to the green/circular economy and green transition with a major focus on supporting Corporates/SMEs transition	40%	79.2 bn/€	88 bn/€	105.6 bn/€	Social	Number of employees who successfully completed re-skilling training and were employed in a job in line with their newly acquired skills, or who completed up-skilling training	40%	7.200	8,000	9,600	Governance	% of women newly nominated in senior positions (-1 and -2 organizational levels under the CEO)	20%	45%	50%	60%
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Governance	% of women newly nominated in senior positions (-1 and -2 organizational levels under the CEO)	20%	45%	50%	60%																				
Individual access conditions	<p>Absence of individual compliance breaches set in the 2022 Group Remuneration and Incentive Policies i.e.:</p> <ul style="list-style-type: none"><li>disciplinary measures involving suspension from service and pay for a period equal to or greater than one day, including as a result of serious findings received from the control functions;</li><li>specific penalties nominally imposed by the Supervisory Authorities for breaches of the obligations as per Article 26 of the Consolidated Law on Banking regarding the requirements of professionalism, integrity and independence or Article 53, paragraph 4, of the Consolidated Law on Banking and following on the matter of transactions with related parties and of the obligations regarding remuneration and incentives referred to in CRD – involving a penalty of an amount equal to or greater than 30,000 euro;</li></ul>																								

Key Features of the PSP	
Topic	Features of PSP
	<ul style="list-style-type: none"> <li>behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group or relevant Company and from which a "significant loss" derived for the Company or the customer.</li> </ul>
<b>Pay-out schedules</b>	<p>Pay-out schedules as defined in the 2022 Group Remuneration and Incentive Policies, i.e.:</p> <ul style="list-style-type: none"> <li>differentiated according to whether or not the beneficiary belongs to the Risk Taker segment and, in the latter case, according to the Risk Taker cluster (i.e. Group Top Risk Taker, Top Risk Taker in significant Legal Entities, or other Risk Taker), the amount of the total variable remuneration (higher or lower than the "particularly high" amount or than the "materiality threshold" as will be defined in the 2025 Group Remuneration and Incentive Policies) and its ratio to the fixed remuneration.</li> <li>The settlement is fully in Intesa Sanpaolo (ISP) shares<sup>55</sup>.</li> </ul> <p>In particular:</p> <ul style="list-style-type: none"> <li>for the Group's Top Risk Takers and all those who, regardless of the segment to which they belong, accrue a variable remuneration of a "particularly high" amount, 60% of the accrued variable remuneration is deferred over a 5-year time horizon and, depending on the incidence on fixed remuneration, 60%-55% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is awarded in shares not subject to a retention period);</li> <li>for the Top Risk Takers of significant Legal Entities, depending on the incidence on fixed remuneration, 50%-40% of the accrued variable remuneration is deferred over a 5-year time horizon and 60%-55% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is awarded in shares not subject to a retention period);</li> <li>for other Top Risk Takers, depending on the incidence on fixed remuneration, 50%-40% of the accrued variable remuneration is deferred over a 4-year time horizon and 50% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is awarded in shares not subject to a retention period);</li> <li>for the remaining Managers <ul style="list-style-type: none"> <li>in the event that the variable remuneration accrued exceeds the materiality threshold and the fixed remuneration, 40% of the accrued variable remuneration is deferred over a 3-year time horizon and 50% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is awarded in shares not subject to a retention period);</li> <li>in the event that the variable remuneration accrued exceeds the materiality threshold but is equal to or less than the fixed remuneration (or vice versa), 40% of the accrued variable remuneration is deferred over a 2-year time horizon and 100% of it is paid in shares not subject to a retention period.</li> </ul> </li> </ul> <p>In any case, regardless of the clusters, if the accrued variable remuneration is equal to or lower than the materiality threshold and equal to or lower than the fixed remuneration, the payment is made upfront, entirely in shares not subject to a retention period.</p>
<b>Malus conditions</b>	<p>Malus conditions may reduce down to zero the deferred instalments of PSP Shares not yet vested.</p> <p>They are symmetrical to the gateway conditions and to the individual access conditions.</p>
<b>Clawback</b>	<p>As defined in the 2022 Remuneration and Incentive Policies.</p> <p>Specifically, this mechanism provides for the repayment of the bonus already disbursed as provided for in the regulations, in the context of: disciplinary initiatives and measures for fraudulent or grossly negligent behaviour by the personnel concerned, also taking into account the relevant legal, contribution and fiscal profiles; breaches of the obligations under Article 26 of the Consolidated Law on Banking or, when the person is an interested party, breaches of Article 53, paragraphs 4 et seq. of the Consolidated Law on Banking or of the obligations regarding remuneration and incentives; behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group or relevant Company and from which a "significant loss" derived for the Company or the customer. This mechanism can be applied in the 5 years following the payment of the single (advanced or deferred) portion of the bonus.</p>

<sup>55</sup> Except for the staff of the Group Asset Management Companies (SGR entities) for which, in compliance with the applicable regulations, the payment will be 50% in Intesa Sanpaolo shares and the remaining 50% in shares of the funds managed or in a combination that takes into account as much as possible the proportion of them, or in equity equivalent, instruments linked to units or shares or other equivalent non-monetary instruments that are equally effective in aligning incentives.

## Key Features of the PSP

Topic	Features of PSP
<b>Treatment in case of extraordinary events</b>	<ul style="list-style-type: none"> <li>Eligibility to participate to the PSP is lost in case of resignation, termination for cause or justified reason, mutual termination and similar situations</li> <li>In case the beneficiary reaches the retirement age, signs up to the pre-retirement solidarity fund "Fondo di Solidarietà", death of the beneficiary or in case of sale of the subsidiary or a business line where the manager is employed to third parties a prorated payment will take place at the natural end of the Plan</li> <li>In case of change of control: <ul style="list-style-type: none"> <li>accelerated pro-rata cash settlement in case of a successful hostile takeover;</li> <li>settlement at the original end of the Plan in shares of the new Entity in case of a change of control considered non-hostile.</li> </ul> </li> </ul>
<b>Dilution</b>	~0.51% (assuming a price per ISP share of 2.20 euro).
<b>Cost</b>	<p>The Shareholders' Meeting held on 29 April 2022 approved a maximum cost of 180 million euro for the period 2022-2025, including first-time recipients as well as any Managers newly hired or promoted up to 31 December 2023; in this regard it should be noted that:</p> <ul style="list-style-type: none"> <li>as at 31 December 2022, the cost of the Plan for current beneficiaries is about 150 million euro;</li> <li>the final cost of the Plan will be reported in the Remuneration and Incentive Policies for 2024.</li> </ul>

### 4.8.2 The LECOIP 3.0 Plan

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The LECOIP 3.0 Plan, in coherence with the Bank's principles of inclusivity and cohesion, is aimed at:

- enhancing the alignment of all employees with the long-term objectives of the 2022-2025 Business Plan;
- enabling the sharing of the value created over time, at every level of the organization, thanks to the achievement of the above-mentioned objectives;
- continuing to strengthen their identification (so-called ownership) and the spirit of belonging to the Intesa Sanpaolo Group;
- enhancing a sustainable performance over time (ESG).

Below is a summary of the key features of the LECOIP 3.0 Plan; for further details, please see the Report of the Board of Directors and the Information Document<sup>56</sup> made available for the purposes of approval of the Plan by the Shareholders' Meeting on 29 April 2022<sup>57</sup>.

## Key Features of the LECOIP 3.0 Plan

Topic	Features of LECOIP 3.0
<b>Beneficiaries</b>	Professionals of the Italy perimeter (about 72,000 recipients of which 45,629 are subscribers of LECOIP 3.0 Certificates – none of the recipients are identified as Risk Takers).
<b>Financial instrument</b>	Professional LECOIP 3.0 Certificates issued by a third-party entity.
<b>Participation Model</b>	<p>Each beneficiary is entitled to receive an advance payment of the 2022 PVR (productivity award, negotiated with the Trade Unions): (a) in cash or (b) alternatively, in shares (Free Shares), with the obligation, in case shares are chosen, to allocate them in the ECOIP 3.0 Certificates, for which:</p> <ol style="list-style-type: none"> <li>a capital protected from share price volatility is given and this is greater than the initially invested capital (i.e. "Initially Allocated Capital"). The Initially Allocated Capital is composed of Free Shares and an amount of Matching Shares added by the Group for the participation to the Plan;</li> <li>appreciation is calculated on a larger shares base (other than the Protected Capital, also the so-called Discounted Shares, that is <b>6 times</b> the Protected Capital).</li> </ol> <p>The Group also assigns to the employee a quantum of Sell to Cover Shares in order to cover the tax obligations arising from the allocation of Free and Matching Shares and the enjoyment of the discount on Discounted Shares.</p>

<sup>56</sup> Information Document pursuant to Article 114-bis CLF and Article 84-bis of Regulation adopted by CONSOB with Resolution no. 11971/99.

<sup>57</sup> Report of the Board of Directors, Ordinary Part, Item 3 g) on the agenda "Approval of the 2022-2025 LECOIP 3.0 Long-term Incentive Plan reserved for the Professionals of the Intesa Sanpaolo Group." (web site: [https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en\\_assemblea\\_2022/20220323\\_Relazione\\_parte\\_Ordinaria\\_punto\\_3g\).eng.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en_assemblea_2022/20220323_Relazione_parte_Ordinaria_punto_3g).eng.pdf)

## Key Features of the LECOIP 3.0 Plan

Topic	Features of LECOIP 3.0																								
Amount of Initially Allocated Capital	<ul style="list-style-type: none"><li>Differentiated by titling (if defined) or seniority and professional family (e.g. Investment Banking, Asset Management, Governance Functions, etc.)</li><li>negotiated with the Trade Unions.</li></ul>																								
Trigger Event 2022 - 2025	<div><div><div>i.</div><div>The Matching Shares are subject to, in each year of plan, the satisfying of the condition CET1 ≥ hard limit set by the Group RAF.</div></div><div><div>ii.</div><div>If the Group reaches the target level of the ESG composite KPI defined in the 2022-2025 Business Plan, a minimum appreciation of 4% calculated as a fixed percentage of the Initially Allocated Capital is paid. This KPI consists of a sub-KPI for each of the 3 factors in which ESG (Environmental, Social and Governance) is articulated:</div></div></div> <table><tr><th></th><th>Factors</th><th>Weight</th><th>Threshold</th><th>Target</th><th>Overtarget</th></tr><tr><td>Environmental</td><td>New lending to the green/circular economy and green transition with a major focus on supporting Corporates/SMEs transition</td><td>40%</td><td>79.2 bn/€</td><td>88 bn/€</td><td>105.6 bn/€</td></tr><tr><td>Social</td><td>Number of employees who successfully completed re-skilling training and were employed in a job in line with their newly acquired skills, or who completed up-skilling training</td><td>40%</td><td>7,200</td><td>8,000</td><td>9,600</td></tr><tr><td>Governance</td><td>% of women newly nominated in senior positions (-1 and -2 organizational levels under the CEO)</td><td>20%</td><td>45%</td><td>50%</td><td>60%</td></tr></table>		Factors	Weight	Threshold	Target	Overtarget	Environmental	New lending to the green/circular economy and green transition with a major focus on supporting Corporates/SMEs transition	40%	79.2 bn/€	88 bn/€	105.6 bn/€	Social	Number of employees who successfully completed re-skilling training and were employed in a job in line with their newly acquired skills, or who completed up-skilling training	40%	7,200	8,000	9,600	Governance	% of women newly nominated in senior positions (-1 and -2 organizational levels under the CEO)	20%	45%	50%	60%
	Factors	Weight	Threshold	Target	Overtarget																				
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Governance	% of women newly nominated in senior positions (-1 and -2 organizational levels under the CEO)	20%	45%	50%	60%																				
Share price appreciation model	<p>Asian floored mechanism on Jet option: appreciation deriving from monthly observations is calculated as the difference between share price at the moment of observation and share price at grant (any negative differences are not taken into consideration, so they do not determine a decrease in the overall net value accrued until that time).</p> <p>The option increases in value more than proportionally for moderate increases of the price of the underlying ISP shares and to a lesser extent for higher increases, up to a predefined cap.</p>																								
Vesting Period	In line with the 2022-2025 Business Plan time horizon.																								
Individual access conditions	Absence of individual compliance breaches as defined in the Group's Remuneration and Incentive Policies, i.e. absence of disciplinary measures involving suspension from service and pay for a period equal to or greater than one day, including as a result of serious findings received from the control functions.																								
Pay-out schedules	<p>Generally, cash pay-out in 2026. Employees may request pay-out in ISP ordinary shares on a voluntary basis.</p> <p>Specific pay-out schedules are defined for residual cases at the launch of the Plan, taking into account provisions of the 2022 Remuneration and Incentive Policies. These schemes are differentiated according to the employee cluster the recipient belongs to when the bonus is accrued as well as the amount of the total variable remuneration (higher or lower than the "particularly high" amount or than the "materiality threshold" as will be defined in the 2025 Group Remuneration and Incentive Policies) and its ratio to the fixed remuneration.</p> <p>In particular:</p> <ul style="list-style-type: none"><li>for Professionals:<ul style="list-style-type: none"><li>in the event that the total variable remuneration accrued exceeds the materiality threshold and the fixed remuneration, 40% of the accrued variable remuneration is deferred over a 3-year time horizon and 50% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is paid in cash);</li><li>in the event that the total variable remuneration accrued exceeds the materiality threshold but is equal to or less than the fixed remuneration (or vice versa), 40% of the accrued variable remuneration is deferred over a 2-year time horizon and is paid entirely in cash;</li></ul></li></ul>																								

### Key Features of the LECOIP 3.0 Plan

Topic	Features of LECOIP 3.0
	<ul style="list-style-type: none"> <li>for Risk Takers identified at the bonus accrual date, depending on the incidence on fixed remuneration, 50%-40% of the accrued variable remuneration is deferred over a 4-year time horizon and 50% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is paid in cash);</li> <li>for the Group's Top Risk Takers identified at the bonus accrual date and all those who, regardless of the segment to which they belong, accrue a variable remuneration of a "particularly high" amount, 60% of the accrued variable remuneration is deferred over a 5-year time horizon and, depending on the incidence on fixed remuneration, 60%-55% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is paid in cash);</li> <li>for Top Risk Takers of significant Legal Entities identified at the bonus accrual date, depending on the incidence on fixed remuneration, 50%-40% of the accrued variable remuneration is deferred over a 5-year time horizon and 60%-55% of it is awarded in shares subject to a retention period (the remainder, on the other hand, is paid in cash).</li> </ul> <p>In any case, regardless of the clusters, if the accrued variable remuneration is equal to or less than the materiality threshold and equal to or less than the fixed remuneration, the pay-out is upfront entirely in cash (or, if elected by the employee, in shares).</p>
<b>Clawback</b>	As defined in the 2022 Remuneration and Incentive Policies. Specifically, this mechanism provides for the repayment of the bonus already disbursed as provided for in the regulations, in the context of: initiatives and disciplinary measures envisaged for fraudulent or grossly negligent behaviour by personnel, also taking into account the relevant legal, contribution and fiscal profiles; behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group or relevant Company and from which a "significant loss" derived for the Company or the customer. This mechanism can be applied in the 5 years following the payment of the single (advanced or deferred) portion of the bonus.
<b>Treatment of LECOIP 3.0 in case of extraordinary events</b>	<ul style="list-style-type: none"> <li>Eligibility to participate to LECOIP 3.0 is lost in case of resignation, termination for cause or justified reason, mutual termination and similar situations</li> <li>In case the beneficiary reaches the retirement age, signs up to the pre-retirement solidarity fund "Fondo di Solidarietà", death of the beneficiary or in case of sale of the subsidiary or a business line where the manager is employed to third parties a prorated payment will take place at the natural end of the Plan</li> <li>Prorated payment before the natural end of the Plan in case of change of control<sup>58</sup>.</li> </ul>
<b>Source of Shares serving the Plan</b>	Share capital increase (inclusive of share premium), pursuant to Article 2349, paragraph 1 of the Italian Civil Code, for an amount of 83,200,000 euro, with the issue of 160,000,000 Intesa Sanpaolo ordinary shares. Share capital increase (inclusive of share premium and net of the discount) pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for an amount of 201,225,782.16 euro, with the issue of 386,972,658 Intesa Sanpaolo ordinary shares at a price of 1.5671 euro (applying a discount of 17.867% to the aforementioned arithmetic average of the VWAP recorded in the 30 calendar days preceding 30 June 2022), of which 0.52 euro to be attributed to share capital and 1.0471 euro to share premium – Source: Press release of 29 June 2022
<b>CET1</b>	+ 606 million euro, equal to + 18 bps on the basis of the data as of 31.03.2022 (Discounted Shares were issued on the basis of a discounted capital increase) – Source: Press release of 29 June 2022
<b>Dilution</b>	2.74% (assuming a price per ISP share of 1.9080 euro) – Source: Press release of 29 June 2022
<b>Cost</b>	450 million euro for the 2022-2025 period.

#### 4.8.3 2022-2025 Long-term Incentive Plan addressed to Non-employee Financial Advisors

The 2022-2025 Long-term Incentive Plan addressed to Non-employee Financial Advisors of the Fideuram, Sanpaolo Invest and IWPI Networks – launched in conjunction with the release of the 2022-2025 Intesa Sanpaolo Business Plan – is aimed at backing the achievement of the results stated in the Business Plan for the Private Banking Division and ensuring that these are maintained over time.

Below is a summary of the key features of the Plan.

#### Summary of the key features of 2022-2025 Long-term Incentive Plan addressed to Non-employee Financial Advisors (FA) of the Fideuram, Sanpaolo Invest and IWPI Networks

<b>Beneficiaries</b>	Beneficiaries are divided into two categories:	
	Risk Taker FAs identified based on qualitative, additional criteria and, for at least two years, based	Remaining Subjects, including the Risk Takers identified as such based on quantitative criteria

<sup>58</sup> Advance payment (at the time of the change of control) with "deductible" i.e. the amount paid pro-rata can never be less than the countervalue of the Free Shares at the assignment.



**Summary of the key features of 2022-2025 Long-term Incentive Plan addressed to Non-employee Financial Advisors (FA) of the Fideuram, Sanpaolo Invest and IWPI Networks**

	on quantitative criteria	for a period not exceeding one year
<b>Financial instrument</b>	Intesa Sanpaolo ordinary shares	Cash
<b>Funding and bonus pool correction mechanism for non-financial risks</b>	<p>In general terms, the Plan is self-financed by the fee and commission income generated in the period. For prudential reasons, in line with the previous Plan, a maximum spending cap (the so-called maximum bonus pool of the Networks) is set in the amount of 200 million euro compared to an expenditure forecast of 125 million euro, calculated on the basis of the achievement of 100% of the objectives by all beneficiaries.</p> <p>The maximum bonus pool is subject to a correction mechanism for non-financial risks, i.e. the reduction down to zero in case of: integrated assessment of the risks exceeding the limits envisaged in the Fideuram Group's RAF and/or Operational Losses exceeding the limit envisaged in the Fideuram Group's RAF.</p>	
<b>Gateway conditions</b>	<p>In line with the other Incentive Systems, the following gateway conditions are envisaged at Intesa Sanpaolo Group and Fideuram Group level.</p> <ol style="list-style-type: none"> <li>Intesa Sanpaolo Group gateway conditions, that must be achieved each year of the Plan: <ul style="list-style-type: none"> <li>CET1 <math>\geq</math> hard limit set by the Group RAF</li> <li>Leverage Ratio <math>\geq</math> Hard Limit set by the Group RAF</li> <li>MREL <math>\geq</math> Earling Warning limit set by the Group RAF</li> <li>NSFR <math>\geq</math> hard limit set by the Group RAF</li> <li>No loss and positive Gross Income (only for the Risk Takers of the Plan)</li> </ul> <p>Additionally, the Plan is also subject to the verification of these further gates:</p> <ul style="list-style-type: none"> <li>assessment – at the start (i.e. 2022) and at the end of Plan – of the results of the Internal Capital Adequacy Assessment Process ("ICAAP");</li> <li>in 2025 of the recommendations on distributions by the competent authorities and the European supervisory authorities which can determine a potential reduction (down to zero) of the accrued bonus.</li> </ul> </li> <li>Fideuram Group gateway conditions, that must be achieved each year of the Plan: <ul style="list-style-type: none"> <li>CET1 <math>\geq</math> hard limit set by the Group RAF</li> <li>Leverage Ratio <math>\geq</math> Hard Limit set by the Group RAF</li> <li>NSFR <math>\geq</math> hard limit set by the Group RAF</li> <li>No loss and positive Gross Income</li> </ul> </li> </ol> <p>In addition to the previous ones, the following individual conditions are envisaged:</p> <ol style="list-style-type: none"> <li>"Compliance" gates connected to specific compliance objectives for the financial advice business: <ul style="list-style-type: none"> <li>«quality indicator» <math>\geq</math> % gradually increasing over the time horizon of the Plan (% customers with updated MiFID profile)</li> <li>«anti-money laundering indicator» <math>\geq</math> % gradually increasing over the time horizon of the Plan (% valid AML Due Diligence Questionnaires)</li> <li>«risk indicator» <math>\geq</math> % gradually increasing over the time horizon of the Plan (% customers appropriate to the MiFID risk profile)</li> </ul> </li> <li>Absence of well-founded complaints individually lodged and with an economic value exceeding 15,000 euro</li> <li>Gate linked to the "Social" dimension of ESG (i.e. attainment of ESG-EFPA Certification)</li> </ol>	
<b>Performance Accrual Period</b>	In line with the 2022-2025 Business Plan time horizon	
<b>Performance conditions</b>	<ul style="list-style-type: none"> <li>Performance conditions at Fideuram Group level: Net fee and commission income in the 2025 budget generated by the Fideuram, Sanpaolo Invest and IWPI <b>Networks</b></li> <li>Performance conditions at individual level (or relating to the group of supervised FAs for FAs with an accessory contract): growth of the 2022-2024 Total Net Inflows (TNI) and related prospective profitability (expressed by the ratio between the Total Net Inflows and the Gross Added Value<sup>59</sup>)</li> </ul>	
<b>Multipliers/ de-multipliers of the bonus</b>	<ol style="list-style-type: none"> <li>Bonus/Malus linked to maintaining TNI profitability in 2025 measured by the ratio between 2022-2024 TNI and 2022-2025 GAV</li> <li><u>Malus related to ESG perspectives</u> (i.e. Environmental: for all FAs, bonus reduction based on the failing of Digital Index – paperless target by 2025; Social: for FAs with an accessory contract only, bonus reduction based on lack of the achievement of the target number of young FAs under 35 included in the Plan period; Governance: for Area Managers and Divisional Managers only, bonus reduction based on lack of the achievement of the female managers' appointment/promotion target over the Plan period)</li> </ol>	

<sup>59</sup> The Gross Added Value (hereinafter GAV) is a synthetic indicator introduced as "proxy" for the profitability of the commercial package of the Financial Advisors, which expresses the prospective incremental value generated in a solar year by the commercial actions.



**Summary of the key features of 2022-2025 Long-term Incentive Plan addressed to Non-employee Financial Advisors (FA) of the Fideuram, Sanpaolo Invest and IWPI Networks**

	3. <u>Bonus/Malus linked to the overall results of the supervised FAs</u> (i.e. for FAs with an accessory contract only – bonus increase/reduction according to the number of supervised FAs who were awarded bonuses)
<b>Individual access conditions (so-called compliance breach)</b>	<p>Exclusion of the FAs who are suspended through a resolution by the Disciplinary Committee, except for those cases that are suitably justified by the Disciplinary Committee.</p> <p>Furthermore, the accrued bonus is subject to a correction mechanism in the presence of written warning measures taken by the Disciplinary Committee in the four-year period. More specifically, a 25% decrease is envisaged in relation to the bonus accrued for FAs towards whom there are two written warnings. In the event of any further warning measures during the four-year period, the FAs shall be definitively excluded from the LTIP.</p>
<b>Pay-out schedules</b>	Starting from 2026 according to differentiated pay-out schedules on the basis of the FA category, the amount of the total non-recurring remuneration and its incidence with respect to recurring remuneration
<b>Malus conditions</b>	<p>Malus conditions may reduce accrued deferred shares not yet vested up to complete forfeiture of the deferrals</p> <p>Malus conditions are symmetrical to the gateway conditions</p>
<b>Clawback</b>	<p>In line with the provisions of the Remuneration and Incentive Policies.</p> <p>Specifically, this mechanism provides for the repayment of the bonus already disbursed as provided for in the regulations, in the context of: disciplinary initiatives and measures for fraudulent or grossly negligent behaviour by the personnel concerned, also taking into account the relevant legal, contribution and fiscal profiles; behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group or relevant Company and from which a “significant loss” derived for the Company or the customer. The mechanism may be applied in the 5 years following the payment of the individual portion (up-front or deferred) of variable remuneration.</p>
<b>Treatment in case of extraordinary events</b>	<p>Eligibility to participate to the Plan is lost in the event of termination of the agency agreement prior to the bonus accrual date.</p> <p>Pro-rata settlement at the natural end of the Plan: in case the beneficiary reaches the retirement age, in case of death or in case change of control of Fideuram or sale of a subsidiary owned by Fideuram to third parties.</p> <p>In case of change of control of the Parent Company Intesa Sanpaolo, depending on the classification of the transaction given by ISP Board of Directors as:</p> <ul style="list-style-type: none"> <li>• hostile: accelerated pro-rata cash settlement;</li> <li>• non-hostile: settlement at the “natural” end of the Plan (in shares of the new Entity for FAs who are recipient of shares; in cash for the remaining FAs).</li> </ul>

#### 4.8.4 Other Long-Term Incentive Plans

The Group may provide for specific long-term incentive plans by personnel category and business segments.

These plans comply with all the rules applicable to variable remuneration (i.e. gateway conditions, individual access conditions, malus and clawback as well as the payment methods).

**Focus: Long term incentive plans for the personnel of the “Investments” area of asset management companies that manage AIFs**

For the personnel of the “Investments” area of Eurizon Capital Real Asset (ECRA) SGR and Neva SGR, in order to reinforce the alignment of interests between the management and the investors, long term incentive plans were adopted that provide for the use of phantom instruments which virtually replicate the effects of a direct investment in certain shares of the funds managed by these companies that have specific characteristics, including that of assigning proportionally higher profits than those assigned to other investors. Furthermore, incentive plans with similar structure and characteristics and connected to the existing portfolio management Mandates were launched in ECRA SGR.

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**Focus: Long term incentive plans for the personnel of the “Investments” area of asset management companies that manage AIFs**

The bonuses that shall accrue, if any, conditioned upon the achievement of a certain target return rate, will be paid after the liquidation of the Fund (or at the end of the management Mandates) and will be calculated in the cap between variable and fixed remuneration, which, for these employees, is equal to 400% (please see par. 4.4.2).

These Plans are described in the Remuneration Policies of the asset management companies and are regulated in detail in specific regulations.

When new funds are launched or new management mandates are signed, new long-term incentive plans with the characteristics described above may be adopted.

#### **4.9 Termination of the employment agreement**

The termination of the employment agreement involving personnel with state pension or seniority pension rights and/or “Assicurazione generale obbligatoria” (AGO) pension treatment does not result in loss of the right to payment of the entitled amounts, even deferred.

R. 27

In all other cases, the Bank has the right to award any amounts, depending on the specific situations, upon termination of the employment agreement, also through individual mutual settlement agreements. Furthermore, *ex-ante* individual agreements may be entered into for the determination of the remuneration to be granted in the event of early termination of the relationship, provided that these agreements must comply with all the conditions set out in the Remuneration Policies and in the Supervisory Provisions (see Focus: Individual Severance Agreements defined *ex ante* in par. 4.9.1).

In recent years, the Bank has signed specific agreements with the Trade Unions with regard to the “solidarity fund”, applied to employees of all levels, including executives, which also govern the treatment of sums payable to personnel upon termination of the employment agreement in the event of extraordinary transactions and/or company reorganisations<sup>60</sup>.

##### **4.9.1 Severance**

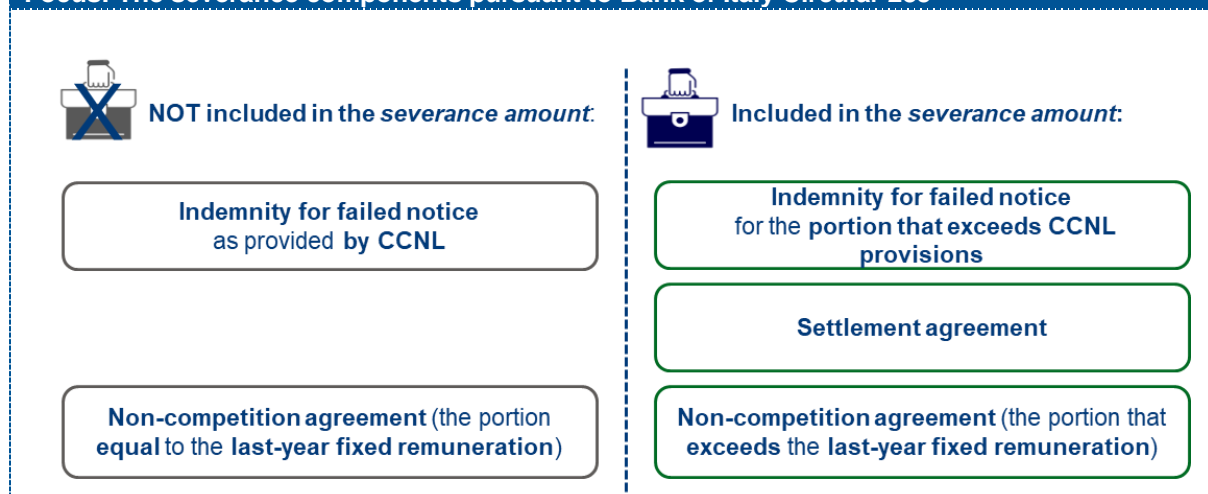
###### **4.9.1.1 Definition**

According to the Regulations on remuneration, the payment agreed in any way and/or form in view of or upon early termination of the employment agreement or early termination of office for the amount exceeding the legal or the National Collective Bargaining Agreement (CCNL) provisions concerning the indemnity in lieu of notice where provided, constitutes the so-called severance. The non-competition agreement is included among these, depending on the total amount paid.

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<sup>60</sup> On this regard, please note that Section III, par. 2.2.3 of the Supervisory Provisions on remuneration and incentive policies and practices provides specific exceptions to the regulations applicable to the amounts agreed in view of or upon the early termination of the employment relationship or the early termination of the office or to incentives for redundancy, in the context of extraordinary operations or corporate restructuring processes, provided that the conditions described therein are respected.

#### Focus: The severance components pursuant to Bank of Italy Circular 285



With regard to the components that are included in the severance payment, the Supervisory Provisions require that the limits and criteria to be submitted to the approval of the Shareholders' Meeting should be defined *ex ante*.

#### 4.9.1.2 Maximum limits

Based on international and national best practices, the Group has set a maximum limit equal to **24 months of the fixed remuneration**<sup>61</sup> for compensation paid as severance. The adoption of this limit can lead to a maximum disbursement of **5.2 million euro**<sup>62</sup>.

#### Focus: Comparison with the National Collective Bargaining Agreement and national industry practices

It should be noted that the definition of said maximum limit adopted by the Group falls well below the provisions of the sector's National Collective Bargaining Agreement (which allows to issue up to a maximum of 39 monthly payments, including the indemnity for failed notice) and national practices (36 monthly payments, of which up to 24 in excess of the indemnity for failed notice), discounting, *de facto* and *ex ante*, the assumption that the early termination of the employment relationship should not represent a rewarding element, which translates into the containment of the sums payable on that account, in line with the application of the "no reward for failure" principle.

#### 4.9.1.3 Accumulation of severance with variable remuneration

As required by Regulations on remuneration, the compensation paid as severance is included in the calculation of the ratio between the variable remuneration due and the fixed remuneration of the last year of employment at the company.

In particular, the compensation paid as severance is added to the bonus due for the last year of employment at the company, excluding the mandatory amounts paid pursuant to national labour legislation and the amounts agreed and granted:

- based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed the last year of fixed remuneration;
- within an agreement reached in order to settle a current or potential dispute (wherever reached), if calculated according to a predefined calculation formula approved by the Shareholders' Meeting in advance.

Intesa Sanpaolo intends to adopt the following **formula** differentiated by cluster of personnel and indexed to the number of years of employment at the company.

#### Employees assigned a job title as part of the Group's Global Banding System

<sup>61</sup> Unless otherwise provided by local laws (i.e. Egypt).

<sup>62</sup> The fixed remuneration includes the gross annual remuneration and any role allowance and/or remuneration received for the office and not transferred.

Company tenure (years)	Severance
Up to 2	2 months of fixed remuneration
More than 2 and up to 21	2 months of fixed remuneration + half month for each year of employment (starting from the third year)
More than 21	12 months of fixed remuneration

#### Remaining personnel

Company tenure (years)	Severance
Up to 2	1 month of fixed remuneration
More than 2 and up to 21	1 month of fixed remuneration + a quarter of a month for each year of employment (starting from the third year)
More than 21	6 months of fixed remuneration

In addition, it is specified that in the foreign countries where the local regulations or collective agreements for the industry or business include a specific formula to calculate the severance, the definitions are applied in place of the formula defined by Intesa Sanpaolo.

#### 4.9.1.4 Payment methods

The components included in the severance are considered similar to the variable remuneration and, as such, are subject to the payment methods defined in line with the Supervisory Provisions and depending on the cluster of personnel, the amount and its weight compared to the fixed remuneration (see paragraph 4.6).

Said Provisions are also consistent with the provisions laid down by the Regulation implementing Article 4-undecies and Article 6, paragraph 1, letters b) and c-bis) of the Consolidated Law on Finance of the Bank of Italy for the personnel of the asset management companies (SGR entities), without prejudice, for the Risk Takers of the Significant ones, to the assignment – in place of the shares – of units or shares of the UCITS or AIFs managed, or of a combination that takes into account as much as possible their proportion, or of equivalent ownership interests, instruments linked to units or shares or of other equivalent non-monetary instruments that are equally effective in terms of aligning incentives.

#### 4.9.1.5 Criteria

In the Intesa Sanpaolo Group, the principles for the definition of severance – inspired to both the correlation between severance pay and ongoing performance criteria and the control of potential litigation – are:

- protecting the level of capital strength required by the Regulations;
- “no reward for failure”;
- irreproachability of individual behaviour (consistency with compliance breach absence criteria).

Please also note that the same gateway (see paragraph 4.5.1), individual access (see paragraph 4.5.5), malus (see paragraph 4.5.6) and clawback conditions (see paragraph 4.5.7) set for variable remuneration for each cluster are applied to severance.

#### Focus: Individual Severance Agreements defined *ex ante*

In 2022, following a favourable resolution passed by the Board of Directors, on the proposal of the Remuneration Committee and taking into account the Chief Compliance Officer opinion, in line with the practices commonly used among competitors and the leading Italian listed companies<sup>63</sup>, an agreement containing specific conventional regulations on employment termination was entered into<sup>64</sup> with the Managing Director and CEO. More specifically, this agreement, in compliance with the provisions laid down in the Remuneration Policies, provides, in the so-called Good Leaver cases (i.e. dismissal in the absence of just cause or justification; resignation for just cause; removal from the office of Managing

Art. 123-bis (1) (i) CLF

<sup>63</sup> *Inter alia*, Société Generale, Crédit Agricole, Assicurazioni Generali, Banca Generali, ENEL, Prysmian Group, SNAM and ENI.

<sup>64</sup> The effectiveness of which is subject to approval of these Remuneration Policies by the Shareholders' Meeting.

#### Focus: Individual Severance Agreements defined *ex ante*

Director or related authorisation powers without just cause; substantial reduction of powers; failure to renew the office of Managing Director; loss of the office of General Manager; consensual termination of the employment relationship with the Bank), the disbursement, in addition to the indemnity in lieu of the notice period required by law and the collective bargaining agreement, of an amount by way of severance<sup>65</sup> equal to:

- 24 months of fixed remuneration, provided that the average of the overall Performance Scorecard score relating to the Group annual Incentive System for the three years preceding the date of termination of the employment agreement is equal to or greater than 100%;
- 12 months of fixed remuneration, where the average of the overall Performance Scorecard score relating to the Group annual Incentive System for the three years preceding the date of termination of the employment agreement is equal to 80%;
- an amount calculated proportionally, taking into account the above amounts, where the average of the overall Performance Scorecard score relating to the Group annual Incentive System in the three years preceding the date of termination of the employment agreement is greater than 80% but lower than 100%.

Where the average of the overall Performance Scorecard score relating to the group Annual Incentive System for the three years preceding the date of termination of the employment agreement is lower than 80%, no amount will be due to the Managing Director and CEO by way of Severance.

In compliance with the Remuneration Policies, payment of the Severance is in any case subject to the fulfilment of the gateway conditions and compliance with the individual gateway conditions as well as the provisions on the variable to fixed remuneration cap, and the amount paid is subject to Malus and claw-back conditions.

The Severance is paid according to the payment schedules laid down in the Remuneration Policies.

Pursuant to the agreement, and in accordance with the Remuneration Policies, the portions, including any deferred portions, due from annual and multi-year incentive plans are expected to be maintained.

The agreement entered into with the Managing Director and CEO also includes a non-competition agreement for the period following the termination of the employment agreement, which is applied in the same cases of termination of the employment agreement where the Severance is paid, with a duration of 12 months and with an amount equal to an annual fixed remuneration payment.

#### Focus: Process to determinate severance of the Group Top Risk Takers

The specific determination of severance and the definition of individual prior agreements to govern the remuneration to be granted in the event of early termination of the employment for the Group Top Risk Takers, the higher-level Executives of the Corporate Control Functions and the similar roles for the purpose of the remuneration rules are subject to assessment and approval, by the Board of Directors, which establishes, within the maximum limit approved by the Shareholders' Meeting, the amount deemed adequate taking into account the overall assessment of the performance of the person in different roles held over time and paying particular attention to the capital, liquidity and profitability levels of the Group<sup>66</sup> and to the fulfilment of individual gateway conditions (see paragraph 4.5.5). In terms of process, the Board of Directors bases its assessments on the proposal made by the Remuneration Committee, based on an inquiry conducted by the Chief Operating Officer Governance Area, with the opinion of the Chief Compliance Officer, on the compliance with the regulatory provisions in force from time to time and on its consistency with the Remuneration and Incentive Policies.

As provided for by the EBA Guidelines, the payments set for early termination of the employment relationship or for early termination from the office are subject to the aforesaid Regulations only in cases where this would not be contrary to the provisions of law relating to the early termination of the employment relationship in a single country, or to the provisions laid down by the judicial authority or as otherwise specifically represented and agreed upon with the Bank of Italy.

<sup>65</sup> A portion of this amount, where applicable, will be paid as the amount resulting from the application of the preset formula referred to in the Remuneration Policies (par. 4.9.1.3).

<sup>66</sup> Reference is made, specifically, to the gateway conditions of Incentive Systems (see paragraph 4.5.1).

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#### **4.10 Prohibition of hedging strategies**

Intesa Sanpaolo does not remunerate or grant any payments or other benefits to personnel that in any way constitute a circumvention of the regulatory provisions.

Intesa Sanpaolo requires its personnel, through specific agreements, not to adopt strategies of personal hedging or insurance strategies on remuneration or other aspects that may alter or undermine the effects of the alignment with company risk inherent in the Remuneration and Incentive Policies and in the related remuneration mechanisms adopted by the Group. To this end, as part of the rules to implement the Remuneration and Incentive Policies, Intesa Sanpaolo also defines the types of financial transactions and investments that, if carried out, directly or indirectly, by the Risk Takers could constitute forms of hedging compared to the risk exposure as a consequence of applying the Remuneration and Incentive Policies.



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## Section B – Rules for identifying Risk Takers

### 4.11 Introduction

The regulatory provisions on remuneration and incentive policies (Directive 2013/36/EU - so-called CRD-, hereinafter also the "Directive", as amended by the Directive 2019/878/EU) state that remuneration policies have to be defined and applied proportionally to the roles, the contribution and the impact of the staff on the Intesa Sanpaolo Group, Sub-consolidating Groups<sup>67</sup> and the individual Legal Entity risk profile.

The criteria to identify staff that have a material impact on the Intesa Sanpaolo Group risk profile (so-called "**Group Risk Takers**"), Sub-consolidating Groups (so-called "**sub-consolidated Groups Risk Takers**"), and the individual Legal Entity controlled by Intesa Sanpaolo (so-called "**Legal Entity Risk Takers**") are defined in these Rules in compliance with the CRD V and the Commission Delegated Regulation (EU) 2021/923 (hereinafter the "Regulation" or also "RTS" ), which concretely implements and integrates the provisions of the Directive.

In particular, the Regulation integrates the provisions of Article 92, paragraph 3 of the Directive providing criteria aimed at defining:

- managerial responsibilities and control functions;
- material business unit and the significant impact on the risk profile of the material unit;
- other categories of personnel not expressly indicated in the text of the Directive whose professional activity has an impact on the risk profile of the entity comparable with that of the categories of Risk Taker identified by the Directive.

Therefore, the criteria for identifying Risk Takers are stated both in the Directive and in the Regulation and they are divided into:

- qualitative criteria, related to roles, decision-making power and managerial responsibility of staff, considering also the internal organisation of the Group and of the individual Legal Entity, the nature, scope and complexity of the activities carried out;
- quantitative criteria, related to gross remuneration thresholds, both in absolute and relative terms, also taking into account the average remuneration paid to members of the Board of Directors and senior management. Some members of personnel, subject to authorization by the Supervisory Authority, identified only on the basis of quantitative criteria, can be excluded from the category of Risk Takers, according to objective conditions and in line with specific restrictions set by the Regulation.

At national level, the Circular 285/2013 of the Bank of Italy (hereinafter also the "Circular") recalls the specific categories of personnel provided by the Directive and refers to the Regulation for further identification criteria highlighting that the entities have to set and apply additional criteria, if necessary to identify further staff that take significant risks.

Furthermore, pursuant to the above-mentioned Circular, not-listed banks that are part of a group are not required to draw up their own rules to identify Risk Takers and may apply the rules prepared by the Parent Company.

This document describes:

- the rationales that are applied to identify Risk Takers pursuant to qualitative and quantitative criteria set by CRD, the above-mentioned Regulation and the Circular, as well as the additional criteria established in light of the Group organisational structure and business;
- the way in which the rules to identify Risk Takers must be applied as at 14 March 2024, the date of approval of this document by the Board of Directors, at Group level, at Sub-consolidating Groups level and at the level of the individual Banks that are not obliged to prepare their own remuneration and incentive policies that include the Risk Taker identification Rules.

### 4.12 Scope

The criteria for identifying the Risk Takers provided for by the Directive, the Regulations and the Circular are applied at consolidated, Sub-consolidated and / or individual level<sup>68</sup>.

As for the application at consolidated level, Intesa Sanpaolo, in its capacity as Parent Company (hereinafter the "Parent Company"), identifies the staff that have a material impact on the Group risk profile

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<sup>67</sup> In this Section it means the Sub-holdings and their Subsidiaries.

<sup>68</sup> An exception to this general rule is the quantitative criterion according to which those who fall within the 0.3% of the personnel with the highest remuneration are eligible as Risk Takers, which is applied only at an individual level.

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considering all the Group Legal Entities (including Sub-holdings), whether they are subject or not to prudential supervision rules on an individual basis.

The Legal Entities actively participate in the Group Risk Takers identification process carried out by the Parent Company, provide the latter with the necessary information and follow the instructions received.

With reference to the identification of Risk Takers at Sub-consolidated and / or individual level, as regards:

- Sub-consolidating Groups and Banks that do not prepare their own remuneration policies, the identification at Sub-consolidated level is carried out by the Sub-holding - considering all the Legal Entities of the Sub-consolidating Group that actively participate in this process - whilst at individual level it is conducted by the Legal Entity itself on the basis of the criteria defined in this document and it is, in any case, supervised by the Parent Company;
- Sub-consolidating Groups and the other Legal Entities of Intesa Sanpaolo Group that, in light of sector-specific regulations or the jurisdiction where the Sub-holding / the Legal Entity is established or mainly operates, are required to draw up their own Remuneration Policies, the identification of the Risk Takers is conducted by adopting the criteria defined in such Policies, in accordance with the regulations in force in the sector or jurisdiction to which they belong to. These Sub-consolidating Groups/Legal Entities coordinate with the Parent Company which takes care of the overall consistency of the identification process, having regard to the whole Intesa Sanpaolo Group and providing, for this purpose, any additions where it is deemed appropriate.

In any case, the Sub-holding and the individual Legal Entities remain responsible for compliance with the provisions directly applicable to them.

#### **4.13 Definitions and rationales of application**

In compliance with the provisions of the Regulation, the main definitions that allow the application of the criteria for identifying Risk Takers are reported below.

##### **4.13.1 Managerial Responsibility**

Pursuant to Article 1, paragraph 1) of the Regulation, “managerial responsibility” means a situation, in which staff members:

- a) head a business unit or a control function and is directly accountable to the management body as a whole or to a member of the management body or to the senior management;
- b) head one of the functions laid down in Article 5(a) of the Regulation<sup>69</sup>;
- c) head a subordinated business unit, or a subordinated control function in a large institution as defined in Article 4(1), point (146), of Regulation (EU) No 575/2013<sup>70</sup> and report to a staff member that has the responsibilities as referred to in point (a).

From an organizational point of view, those referred to in the point c) are Heads of structures that are positioned at a hierarchical level equal to maximum n-3 with respect to the Chief Executive Officer and / or the General Manager of the Bank.

In the Intesa Sanpaolo Group, the subjects with managerial responsibilities, when in compliance with the Regulation, are identified taking into account also the Global Banding System adopted by the Group, based on grouping in homogeneous categories managerial positions that are similar for levels of complexity/responsibility managed, measured using the international IPE (International Position Evaluation) methodology.

In this regard, the levels of responsibility that indicate managerial responsibilities are identified by the following titles:

- Executive Director, positions that define and/or exert a strong influence on business/function strategies, consistently with the Division/Group strategies, and lead their implementation even in high-complex contexts;
- Senior Director, positions that define function/business/country policies and plans and guarantee their implementation by taking managerial responsibility for financial and human resources.

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<sup>69</sup>The functions indicated in art. 5, lett. a) of the Regulations are: i) legal affairs; ii) the soundness of accounting policies and procedures; iii) finance, including taxation and budgeting; iv) performing economic analysis; v) the prevention of money laundering and terrorist financing; vi) human resources; vii) the development or implementation of the remuneration policy; viii) information technology; ix) information security; x) managing outsourcing arrangements of critical or important functions referred to in Article 30, paragraph 1, of the Commission Delegated Regulation (EU) 2017/565.

<sup>70</sup> ‘Large institution’ means an institution that meets any of the following conditions: (a) it is a G-SII; (b) it has been identified as another systemically important institution (O-SII) in accordance with Article 131(1) and (3) of Directive 2013/36/EU; (c) it is, in the Member State in which it is established, one of the three largest institutions in terms of total value of assets; (d) the total value of its assets on an individual basis or, where applicable, on the basis of its consolidated situation in accordance with this Regulation and Directive 2013/36/EU is equal to or greater than EUR 30 billion.

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#### **4.13.2 Control Function**

Pursuant to Article 1 paragraph 2) of the RTS, "Control Function" means a function that is independent from the business units it controls and that is responsible to provide an objective assessment of institution's risks, review or report on those, including, but not limited to, the risk management function, the compliance function and the internal audit function.

Taking into account the provisions of the Circular 285/2013, for the purposes of applying the definition of Control Function, in addition to the risk management, compliance and audit functions, the anti-money laundering and validation functions are also identified. In addition, given the nature of compliance monitoring, the Data Protection Officer and the Manager responsible for preparing the company's financial reports are also assimilated to the Heads of the Control Functions.

#### **4.13.3 Subordinated Control Function**

By subordinated Control Function it is meant an organizational unit that carries out control activities, reports directly to the Head of one of the Control Functions referred to in the preceding paragraph 4.13.2 and whose Head has a job title no lower than Senior Director.

#### **4.13.4 Material Business unit or material operating / company unit**

Pursuant to Article 142 of the (UE) Regulation 575/14 (so-called CRR), "Business unit" or "operating / company unit" is defined as "any independent organizational or legal entity, business lines, geographical locations" (i.e. revenue centers, profit or geographic areas).

Pursuant to Article 1 paragraph 3) of the RTS, a "Business unit" or "operating / company unit" can be defined as "relevant" if it meets at least one of the following criteria:

- a) it has been allocated internal capital of at least 2 % of the internal capital of the institution as referred to in Article 73 of Directive 2013/36/EU, or is otherwise assessed by the institution as having a material impact on the institution's internal capital;
- b) it is a core business line as defined in Article 2(1), point (36), of Directive 2014/59/EU that is a line "of business and related services that represent significant sources of revenue, profits or franchise value".

With reference to the provisions of point a), when business units absorb a percentage of internal capital equal to or higher than 2%, the analysis is also carried out on lower-level structures, to verify the organisational units with an economic capital allocation of at least 2%.

In addition, for the identification of Intesa Sanpaolo Group Risk Takers, the measurement of the economic capital absorbed by the units is carried out according to the organisational structure used by the Planning and Control Head Office Department for reporting purposes.

With reference to the provisions of point b), for the Intesa Sanpaolo Group, the "core business lines" are the units that meet one of the following requirements:

- 1. contribute to the net income of Intesa Sanpaolo Group to an extent at least equal to 5%, calculated on the average of the last 2 years;
- 2. contribute to the revenues of Intesa Sanpaolo Group to an extent at least equal to 3%, calculated on the average of the last 2 years;
- 3. contribute to the goodwill of Intesa Sanpaolo Group to an extent at least equal to 10%, calculated on the average of the last 2 years.

The above is without prejudice to the possibility of identifying further structures such as operational/business units at the beginning of the year, taking into account their substantial impact on the Group's risk profile.

#### **4.13.5 Subordinated business unit or subordinated operating / company unit**

By subordinated business / company unit it is meant an operational / company unit, as defined by Article 142 of Regulation 575/13, which (i) from an organizational point of view, reports to a material business /

company unit, (ii) is positioned at a hierarchical level equal to a maximum of n-3 with respect to the Chief Executive Officer and / or the General Manager of the Bank and (iii) whose head is assigned a title no lower than Senior Director.

#### 4.14 Application of the Rules at Intesa Sanpaolo Group Level

##### 4.14.1 Qualitative criteria

For each of the identification criteria, this paragraph lists the corresponding regulations and describes the rationale underlying the identification of Group Risk Takers.

In line with the provisions of Article 92, paragraph 3 of the Directive, the following are Risk Takers:

a) the members of the body with strategic supervision and management functions and senior management;

The following are identified:

- a) 1. the members of the Board of Directors of Intesa Sanpaolo in both its strategic supervision and management functions;
- a) 2. the Managing Director and CEO of Intesa Sanpaolo, his direct reports, the Chief Audit Officer, the Deputies of the Heads of the Divisions and Governance Areas<sup>71</sup>, as well as the Manager responsible for preparing the company's financial reports.

These managers belong to the cluster of so-called Top Risk Takers.

b) staff members with managerial responsibilities over control functions or material business units.

The following are identified:

- b) 1. the Chief Risk Officer, the Chief Compliance Officer, the Chief Audit Officer, the Head of the Anti-Financial Crime Head Office Department, the Head of Internal Validation & Controls, the Head of Compliance Governance, Privacy and Controls Head Office Department as Data Protection Officer and the Head of Administration and Tax Head Office Department as Manager responsible for preparing the company's financial reports.
- b) 2. the Executive Directors and Senior Directors who report hierarchically to the staff members identified on the basis of criterion b) 1.

Furthermore, in the material business units, the following are identified:

- b) 3. the Head of the material business unit if, from an organizational point of view, he/she is positioned at a hierarchical level equal to maximum n-3 with respect to Intesa Sanpaolo Managing Director and CEO. If the unit is a Legal Entity, the Managing Director, the Deputy CEO(s) and/or the General Manager and Co-General Manager(s) of the entity are identified as Heads under this criterion;
- b) 4. the Executive Directors and Senior Directors who are responsible for business units (i.e. revenue centers, profit or geographical areas) who report to the Head of the material business units referred to in point b) 3 and who, from an organizational point of view, are positioned at a hierarchical level equal to maximum n-3 with respect to Intesa Sanpaolo Managing Director and CEO.

The other categories of personnel not expressly indicated in the text of the Directive whose professional activity has an impact on the risk profile of the Group, in accordance with the provisions of Article 5 of the Regulation, are the following:

1. the staff member (who) has managerial responsibility<sup>72</sup> for legal affairs, the soundness of accounting policies and procedures, finance, including taxation and budgeting, performing economic analysis, the prevention of money laundering and terrorist financing, human resources, the development or

<sup>71</sup> As at 14 March 2024, the date of approval of this document by the Board of Directors, the Deputies in place are the Deputy to the Head of the IMI Corporate & Investment Banking Division and the Deputy to the Chief Financial Officer.

<sup>72</sup> According to the provisions of Article 1, point 1) of the Regulations and referred to in paragraph 4.13.1 letter b) of this document, those who are in charge of the functions indicated above have managerial responsibility.

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implementation of the remuneration policy, information technology, information security, managing outsourcing arrangements of critical or important functions<sup>73</sup>.

This criterion identifies the Heads of Intesa Sanpaolo that deal with managing the legal affairs, administrative, accounting, financial reporting, supervisory and taxation obligations, the prevention of money laundering and terrorist financing, human resources (in its functions of staff management and development, management of trade union affairs as well as processing and implementation of the Remuneration Policies), management planning and control, treasury management, IT system and data management, computer security, financial analysis as well as the management of outsourcing arrangements of critical or important functions.

2. the staff member has managerial responsibilities for any of the risk categories set out in Articles 79 to 87 of Directive 2013/36/EU<sup>74</sup>, or is a voting member of a committee responsible for the management of any of the risk categories set out in those Articles;

This criterion identifies the members, with voting rights (as identified in the relevant Regulations) of the Committees set up at Group level and the Heads of the structures responsible for managing a significant portion of the aforementioned corporate risks.

3. with regard to credit risk exposures of a nominal amount per transaction which represents 0.5% of the institution's Common Equity Tier 1 capital and is at least 5 million euro, the staff referred to in the points a) and b) below are identified.

Taking into account that in the Intesa Sanpaolo Group the credit granting and managing powers are generally proportionate and expressed in Risk Weighted Asset (RWAs) terms, the 0.5% limit of the Common Equity Tier 1 capital compared to the nominal value of a transaction equals, in terms of RWAs, 0.1% of the Common Equity Tier 1 capital, taking as reference an average transaction with ordinary customers. For what regards the Banks / Financial Entities customers, the threshold is increased by 7.6% due to the lower riskiness that distinguishes these customers compared to ordinary ones.

a) the staff member has the authority to take, approve or veto decisions on such credit risk exposures;  
This criterion identifies the staff that have the power of granting credits and/or managing credits disbursed to ordinary and Bank/Financial Institution customers for an amount, converted into RWAs, at least equal to the abovementioned thresholds.

b) the staff member is a voting member of a committee which has the authority to take the decisions as referred to in point a).

This criterion identifies the members, with voting right, of the Committees – established at Group and individual Bank level – with the power of granting and/or managing credit to both the ordinary and the Banks / Financial Entities customers, expressed in RWAs, at least equal to the abovementioned thresholds.

4. in relation to an institution for which the derogation for small trading book businesses set out in Article 94 of Regulation (EU) No 575/2013 does not apply, the staff member meets one of the following criteria:

a) the staff member has the authority to take, approve or veto decisions on transactions on the trading book that in aggregate represent one of the following thresholds:

i. where the standardised approach is used, an own funds requirement for market risks that represents 0,5 % or more of the institution's Common Equity Tier 1 capital;

No Risk Takers are identified in application of this criterion.

ii. [...] where an internal model-based approach is approved for regulatory purposes, 5 % or more of the institution's internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level);

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<sup>73</sup> As defined in art. 30 (1) of the Delegated Regulation EU 2017/5654.

<sup>74</sup> Reference is made to the following risks: Credit and counterparty risk, Residual risk, Concentration risk, Risks deriving from securitisations, Market risk, Interest rate risk deriving from activities other than trading, Operational risk, Liquidity risk and Risk of excessive leverage.



This criterion identifies the staff members who are responsible for the management of a Group trading book, with a Value at Risk (VAR) equal to or higher than the thresholds referred to herein, as identified in the tables prepared by the Chief Risk Officer pursuant to the Group “Market Risk Charter”.

- b) [...] the staff member is a voting member of a committee that has the authority to take the decisions mentioned in point (a)  
No Takers are identified in application of this criterion since there are no Committees with these powers.
5. the staff member heads a group of staff members who have individual authorities to commit the institution to transactions and either of the following conditions is met:
  - a) the sum of these authorities equals or exceeds the threshold set out in point 3 b), or point 4 a) (i)  
No Risk Takers are identified in addition to those previously identified based on criterion 3 letter a).
  - b) where an internal model approach is approved for regulatory purposes those authorities amount to 5% or more of the institution's internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval). Where the institution does not calculate a value-at-risk at the level of that staff member the value-at-risk limits of staff under the management of this staff member shall be added up  
No Risk Takers are identified in addition to those previously identified based on criterion 4 a) (ii), since the VAR limits are allocated with “top-down” delegations.
6. the staff member meets either of the following criteria with regard to decision on approving or vetoing the introduction of new products:
  - a) the staff member has authority to take such decisions:  
No Risk Takers are identified in application of this criterion because Intesa Sanpaolo Group adopts a model for the approval of new products or services according to which the decisions for the approval or vetoing of new products must be taken collectively.
  - b) the staff member is a voting member of a committee that has authority to take such decisions.  
This criterion identifies:
    - the members of the Intesa Sanpaolo Board of Directors;
    - the members, with voting rights, of the Committee set at Group level with decision-making powers on the approval or prohibition of the introduction of new products, services and activities;
    - the members of the Divisions' Governance Panels;
    - the members of the Divisions' Technical Panels in restricted composition.

#### 4.14.2 Additional Criteria adopted by the Intesa Sanpaolo Group

The Parent Company has defined specific additional criteria to identify certain roles and organisational structures that are able to affect the Group risk profile and are not detected through the qualitative criteria set by the Regulation.

In particular, all staff who, in the context of the Global Banding system, have a title equal to the following shall also be identified as Group Risk Takers:

1. Executive Directors, as they define and/or exert a strong influence on the function/business/country in which they operate, consistently with the Division/Group strategies, and ensure their implementation even in highly complex contexts;
2. Senior Directors who are heads of structures positioned at a hierarchical level equal to maximum n-3 with respect to the Managing Director and CEO<sup>75</sup> and manage a significant portion of the risks explicitly set out in
3. the Group RAF other than those previously identified in the context of the qualitative criteria.
4. the Senior Directors who are Head of structures positioned at a hierarchical level equal to maximum n-3 with respect to the Managing Director and CEO of Intesa Sanpaolo and who carry out significant risk mitigation activities in the context of the Capital Adequacy risk, due to the centrality of this risk category in the RAF framework;

<sup>75</sup> These staff members are identified because Intesa Sanpaolo is a Bank of greater size.



5. the Senior Directors who are Head of:

- structures subordinate to the functions that report to the Chief Risk Officer, the Chief Compliance Officer and the Chief Audit Officer (i.e. Managers of structures who are positioned at a hierarchical level equal to maximum n-3 with respect to the Managing Director and CEO<sup>76</sup> of Intesa Sanpaolo), as long as they carry out control activities;
- control functions (risk management, compliance, audit, anti-money laundering, validation and, for insurance companies, actuarial) of material business units that are positioned at a hierarchical level equal to maximum n-3 with respect to the Managing Director and CEO of Intesa Sanpaolo.

Furthermore, due to the significant impact on credit risks, the Heads structures of the Chief Lending Officer Area who, in the last two years, have resolved on the matter of credit for a total amount of at least 5% of the total loans expressed in RWA resolved by the aforementioned Area, are identified as Risk Takers.

Finally, with reference to the business units which deal with private banking, the following are also identified as Risk Takers:

1. the Area Managers of the distribution networks, as requested by Circular 285 by Bank of Italy;
2. non-employee Financial Advisors who, based on the defined Incentive Systems, are entitled to a non-recurring remuneration higher than the recurring remuneration referred to the same year.

#### 4.14.3 Quantitative Criteria

In line with the provisions of Article 92, paragraph 3 letter c) of the Directive, the following are Risk Takers:

- a) staff members for whom the following conditions are jointly met:
- i. the total remuneration of the staff member in the previous year is equal to or greater than euro 500,000 and equal to or greater than the average total remuneration paid to the members of the body with strategic supervision and management functions and the senior management of the entity<sup>77</sup>;
  - ii. their activity is carried out within a relevant business / business unit and has a significant impact on the risk profile of the business unit.

This condition is assessed on the basis of the criteria defined in Article 3 of the Regulation<sup>78</sup>.

Furthermore, without prejudice to the provisions of the Directive, pursuant to Article 6 of the Regulation, the staff member is deemed to have an impact on the risk profile of the institution when:

- b) the staff members, including staff members as referred to in Article 92(3), point (c), of Directive 2013/36/EU, have been awarded in or for the preceding financial year a total remuneration that is equal to or greater than euro 750 000.

It should be noted that the staff member referred to in point b), may be excluded from the category of Risk Takers if the related professional activities do not have a substantial impact on the risk profile because such member, or the category of staff that the staff member belongs to:

- i) only carry out professional activities and has authorities in a business unit that is not a material business unit; or
- ii) have no significant impact on the risk profile of a material business unit having regard to the criteria set out in Article 3 of the Regulation.

The exclusion proposals referred to in point b) must be suitably motivated, formalized and approved by the Board of Directors, before proceeding with the request for prior approval by the European Central Bank.

#### 4.15 Application of the Rules at Sub-consolidating Groups level and Individual Bank level

The Rules for identifying personnel whose professional activities have a substantial impact on the risk profile of Sub-consolidating Groups and individual Banks, including Intesa Sanpaolo, that do not draw up

<sup>76</sup> These staff members are identified because Intesa Sanpaolo is a Bank of greater size.

<sup>77</sup> Reference is made to the Top Risk Takers as defined in paragraph 4.14.1

<sup>78</sup> The article 3 of the Regulation provides that following criteria to determine whether the professional activities of staff members have a significant impact on the risk profile of a material business unit shall be taken into account: (a) the risk profile of the material business unit; (b) the distribution of internal capital to cover the nature and level of the risks, as referred to in Article 73 of Directive 2013/36/EU; (c) the risk limits of the material business unit; (d) the risk and performance indicators used by the institution to identify, manage and monitor risks of the material business unit in accordance with Article 74 of Directive 2013/36/EU; (e) the relevant performance criteria set by the institution in accordance with Article 94(1), points (a) and (b), of Directive 2013/36/EU; (f) the duties and authorities of staff members or categories of staff in the material business unit concerned.

their own Remuneration Policy are defined by the Parent Company Intesa Sanpaolo according to the logic established at Group level in the previous paragraphs and taking into account the organizational and operational structure and the quantitative data of the Sub-consolidating Group or the individual Bank, as well as the quantitative criterion, which applies only at the individual level, relating to subjects falling within 0.3% of the staff to whom the highest total remuneration has been awarded.

#### Focus: Identification of Risk Takers at Intesa Sanpaolo Legal Entity level

Given the high degree of overlap between the Risk Takers identified at Intesa Sanpaolo Group and Legal Entity level, all Risk Takers identified at Group level and operating in the Intesa Sanpaolo Legal Entity are also Risk Takers for this latter.

An exception to this general rule is:

- personnel with managerial responsibilities on the relevant business/operating units (see par. 4.13.4), identified on the basis of the contribution to net income and revenues, that are identified individually on the basis of the data calculated in relation to the Intesa Sanpaolo Legal Entity and not in relation to the Group; and
- the subjects identified in relation to the credit risk exposures referred to in qualitative criterion 3, identified using the specific data, if the threshold calculated on the basis of CET1 at Intesa Sanpaolo Legal Entity level is lower than the amounts prudentially set at Group level .

In addition, with specific reference to the identification of Risk Takers in accordance with the quantitative criteria, it is specified that, in addition to those provided at Group level, at the level of Intesa Sanpaolo Legal Entity - as provided for in Article 6 of Commission Delegated Regulation (EU) 2021/923 - staff members within the range of 0.3% rounded to the nearest full superior, to whom the highest total remuneration within the institution in or for the previous financial year has been awarded, shall also be identified. That criterion, as provided for in the relevant regulations, applies only at the individual level. In accordance with the aforementioned Regulation, staff identified under this criterion may be excluded from the Risk Takers if their professional activities do not have a substantial impact on the risk profile because that member, or the category of staff to which it belongs

- carries out professional activities and has powers only in an operating/business unit that is not material; or
- has no substantial impact on the risk profile of a material business/business unit through the professional activities carried out taking into account the criteria set out in Article 3 of the Regulation.

Such proposals for exclusion must be duly justified, formalized and approved by the Board of Directors, before proceeding with the request for prior approval by the European Central Bank.

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## Section II – Disclosure on remuneration paid in financial year 2023

### Introduction

Section II of the Report describes the implementation of the Remuneration and Incentive Policies for 2023, approved by the Shareholders' Meeting on 28 April 2023, as required by both the European regulations on public disclosure obligations (Article 450 of Regulation EU 876/2019 of 20 May 2019 – so-called CRR II –, Article 17 of Regulation EU 637/2021 of 15 March 2021<sup>79</sup> – so-called *Implementing Technical Standards*, hereinafter ITS –, incorporated by Bank of Italy Circular 285 of 17 December 2013<sup>80</sup>), and by Consob (Article 84-*quater* of the Issuers' Regulation adopted with resolution 11971 of 14 May 1999 as amended<sup>81</sup>, implementing Legislative Decree 58 of 24 February 1998).

Section II is structured in parts.

The first part ("General Information") is purely descriptive and:

- represents the structural components of the remuneration of Board Members, of the Managing Director and CEO, also acting as General Manager, and of the Key Managers, who qualify as the "Group Top Risk Takers".
- offers a summary of the implementation of the 2023 Incentive System based on financial instruments, reporting in particular the successful verification of the gateway conditions, conditions for funding, and individual access, as well as the methods of payment of the accrued bonus established for each population cluster (i.e. the Top Risk Takers; the other Risk Takers; Middle Management; and the Non-Risk Taker Professionals).  
In this regard, a complete information notice relating to the 2023 Incentive System based on financial instruments is provided pursuant to Article 114-bis of Legislative Decree 58/1998 (Consolidated Law on Finance – CLF) in the Information Document drawn up in compliance with Scheme No. 7 of Annex 3A of the aforesaid Issuers' Regulation and annexed to the resolution in point 3E ("Approval of the 2023 Annual Incentive System based on financial instruments") of the Shareholders' Meeting of 28 April 2023;
- provides a structured representation of the Performance Scorecard of the Managing Director and CEO in his capacity as General Manager in terms of the level of results achieved and bonus accrued, also giving explicit indication of the mechanism for linking accrued bonus to individual performance achieved, of the compliance with the maximum ratio between variable and fixed remuneration as well as the ratio between the fixed and variable component within the total remuneration;
- offers a pay-for-performance analysis that correlates the bonus trend of the last three years (i.e. 2021, 2022, and 2023) of the Managing Director and CEO in his capacity as General Manager with the Group's performance in terms of Net Income;
- shows the change, with reference to the 2019, 2020, 2021, 2022 and 2023 financial years, in the remuneration of the Managing Director and CEO, the members of the management and control bodies, as well as employees, compared with the same change in the Group's Gross Income.

The second part ("Qualitative and quantitative information") is set out in two sub-sections:

- the first sub-section discloses the elements required pursuant to Article 450 CRR II according to the standard operating procedures defined by the ITS, i.e.:
  - o qualitative information ("EU REMA qualitative information") relating to the Bodies that oversee the remuneration policy and the decision-making used for determining it, the segmentation of the identified staff, information relating to the design and structure of the remuneration system for Risk Takers, both in the short-term and long-term component, including in terms of the connection between the performance levels recorded in the evaluation period and the remuneration levels as well as the monitoring of current and future risks;

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<sup>79</sup> Implementing Technical Standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

<sup>80</sup> 37th update, First Part, Title IV, Chapter 2, Section VI, paragraph 1.

<sup>81</sup> Reference is made to the last update made with resolution no. 21623 of 10 December 2020.

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- quantitative information (“Quantitative disclosure”) according to five table models (EU REM1, EU REM2, EU REM3, EU REM4 and EU REM5) which represent in aggregate form and according to different perspectives the remuneration referred to 2023 of the Members of the Board of Directors in its supervisory and management function, the Key Managers (i.e. the Group Top Risk Takers) and other personnel belonging to the cluster of Risk Takers, in terms of fixed and variable remuneration paid for the year (also providing a breakdown by business area), guaranteed variable remuneration and severance payments, deferred portions of variable remuneration paid for previous performance periods, number of high earners.
  - the second sub-section (“Disclosure pursuant to CONSOB Regulation”) shows the information tables pursuant to Consob on the levels of remuneration paid (tables 1, 2, 3A and 3B of the “Remuneration” paragraph) as well as on ISP equity investments (tables 1 and 2 of the paragraph “Equity investments”) of Board Members, of the Managing Director and General Manager, and of Key Managers (i.e. the Group Top Risk Takers).

The third part (“Internal auditing department assessment of the Incentive System”) provides an overview of the consistency analysis of operational practices for remuneration with respect to the Policies approved by the Bodies, conducted on an annual basis by the Chief Audit Officer Area.

In conclusion, it is specified that this section was defined by taking account of the results of the Shareholders’ Meeting vote on the Disclosure on remuneration paid in financial year 2022 held on 28 April 2023 (votes in favour totalling 93.84% of the participants).

In addition, the Group confirmed its commitment to providing clear and shareholder-friendly public disclosures by offering a detailed disclosure related to the Performance Scorecard of the Managing Director and CEO in his capacity as General Manager.

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## PART I – General information

### Representation of the structural components of the remuneration of Board Members, the Managing Director and CEO, also acting as General Manager, and of the Key Managers

Art. 123-ter  
4(a) CLF

The remuneration of Board Members is set as a fixed amount, including the additional remuneration for the office of Chair, Deputy Chair of the Board of Directors, Chair of the Management Control Committee, Managing Director and CEO, the Chairs of Committees other than the Management Control Committee, as well as of the members of the Board Committees, in line with the resolutions adopted by the Shareholders' Meeting on 29 April 2022, and, to the extent applicable, by the Board of Directors.

The remuneration related to the attendance fees for participation in Committees other than the Management Control Committee is indicated separately.

R. 27.

The remuneration of the Managing Director and CEO, acting as General Manager, and the other Key Managers (who coincide with the "Group Top Risk Takers"), in accordance with the policies approved by the Shareholders' Meeting on 28 April 2023, consists of:

- a) a **fixed component**, including the gross annual remuneration amount set individually based on the contractual agreement, the role held, the responsibilities assigned, and the specific experience and expertise acquired by the manager, including any allowance;
- b) a **short-term variable component**, linked to performance and aligned to the short-term results actually achieved by the Bank and by the Group overall, as well as to the risks prudentially taken, as resulting from application of the 2023 Incentive System based on financial instruments approved by the competent Corporate Bodies, in compliance with the applicable Remuneration and Incentive Policies;
- c) a **long-term variable component**, based on Intesa Sanpaolo shares associated with performance objectives, introduced during 2022 at the time of launch of the 2022-2025 Business Plan as defined by the "Performance Share Plan" (PSP) approved by the Shareholders' Meeting on 29 April 2022;
- d) a component resulting from valuation of **benefits**, including the amount paid by the company into the manager's supplementary pension fund and the premiums (taxable) paid by the Company for the related insurance cover; the statements do not include any other benefits awarded to said personnel (for example, company cars) that are not taxable, also due to specific conditions under company policies (for example, because a monetary contribution by the manager is required).

Art. 123-ter  
4(a) CLF

With regard to the provision of ex ante agreements governing benefits or severance payments to be paid in view of or at the time of early termination of the office by the Board Members, it should be noted that in 2022 an agreement was entered into with the Managing Director and CEO, also in his capacity as General Manager, containing specific conventional regulations on employment termination which also include a non-competition agreement for the period following the employment termination (see Focus: "Individual Severance Agreements defined *ex ante*" in paragraph 4.9.1.5 of Section I of the 2024 Report on remuneration policy and compensation paid).

It should be noted that, with regard to the other Board Members, there are no prior agreements governing benefits or severance payments to be made in view of or at the time of the early termination of the office. Likewise, there are no prior agreements governing benefits or severance payments to be made upon early termination of the employment agreement with the other Key Managers, to which, should such cases arise, the provisions of paragraphs 2.6 and 4.9 of Section I of the 2024 Report on remuneration policy and compensation paid apply.

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#### **Application of the 2023 Remuneration and Incentive Policies**





Given that the 2023 Remuneration and Incentive Policies approved by the Shareholders' Meeting of 28 April 2023 did not provide options of derogation, it is confirmed that during 2023 **NO DEROGATIONS were applied** from that regulated in the above document.



### The 2023 Annual Incentive System based on financial instruments

The beneficiaries of the 2023 Incentive System based on financial instruments are the Risk Takers – including the Managing Director and CEO, in his capacity as General Manager, and the Key Managers (qualifying as the “Group Top Risk Takers”) –, who accrue a bonus exceeding the “materiality threshold” (i.e. higher than the amount of 50,000 euro or more than a third of total remuneration), the recipients of a “particularly high”<sup>82</sup> amount, as well as Middle Managers and Professionals that are not Risk Takers, who accrue “relevant bonuses”<sup>83</sup>.

Below is a summary scheme of the execution of the 2023 Incentive System.

STEP	MECHANISM		
GROSS INCOME-BASED BONUS POOL	Gate	Capital strength condition	<div>Common Equity Tier 1 (CET1) Ratio</div> <div>On/Off </div>
		Liquidity condition	<div><div>• Net Stable Funding Ratio (NSFR)</div><div>• Liquidity Coverage Ratio (LCR) for Top Risk Takers</div></div> <div>On/Off </div>
		Sustainability condition	<div>No loss and positive Gross Income</div> <div>On/Off </div>
		Capital base requirements (*)	<div><div>• Leverage Ratio</div><div>• Minimum requirement for own funds and eligible liabilities (MREL)</div><div>• Assessment of the results of the ICAAP</div></div> <div>On/Off </div>
			<div>Recommendations on distributions by competent authorities and European Supervisory Authorities</div> <div>ABSENT</div>
(*) Capital base requirements verified pursuant to 2021 EBA Guidelines in force from 31/12/2021.			
	Funding	<div><div>• Gross Income at Group level higher than budget level, resulting in the activation of the Group Bonus Pool for 2023</div><div>• Allocation of the bonus pool at each Division/Governance Area level, based on Gross Income level reached and compared to the budget initially allocated</div><div>• Fulfillment of the RAF limits connected to the non-financial risks (Risk related to Operating Loss and Integrated Risk Assessment) both at Group and Division level, therefore for 2023 it is not envisaged any bonus pool reduction neither at Group nor at Division level</div><div>• Achievement of the Economic EVA (Economic Value Added) target levels defined at the Division level</div></div>	
BONUS ALLOCATION	Incentive System 2023	<div><div>• Determination of individual bonuses based on the score obtained in the Performance Scorecard assigned to each beneficiary</div></div>	
BONUS PAY-OUT	Individual access conditions	<div><div>• Verification of absence of compliance breach</div></div>	
	Q-Factor	<div><div>• Verification of the residual risk level for each organizational structure</div></div>	

<sup>82</sup> Pursuant to the Group's Remuneration and Incentive Policies, for the three-year period 2022-2024, the variable remuneration exceeding 400,000 euro is considered “particularly high”.

<sup>83</sup> That is, the amount exceeding both the “materiality threshold” and 100% of the fixed remuneration.

It should be noted that the “materiality threshold” for Middle Managers and Professionals is – unless otherwise provided for by specific local regulations – 80,000 euro, except for those working in the business functions of Intesa Sanpaolo Wealth Management and those belonging to the Reyl Group, where it is set at 150,000 euro.

It is specified that, during 2023, with regard to the Group Top Risk Takers (i.e. Key Managers), including the Managing Director and CEO, and the remaining Risk Takers, no *ex-post* correction mechanisms were applied to the variable remuneration (known as the malus condition) either at Group or Legal Entity level. In addition, no claw-back mechanisms were activated.

R. 27



## Deferral

R. 27

Deferred amount	①	60% of the variable remuneration is deferred for a period of <b>5 years</b> in the case of: <ul style="list-style-type: none"> <li>remuneration paid to <b>ISP Group Top Risk Takers</b></li> <li>variable remuneration of a “<b>particularly high</b>” amount, regardless of the macro segment to which the receiver belongs</li> </ul>
	②	50% of the variable remuneration is deferred for a period of <b>5 years</b> in the case of remuneration paid: <ul style="list-style-type: none"> <li>to <b>Top Risk Takers of Sub-consolidating Groups and of Legal Entities</b> if the amount is higher than both the materiality threshold and 100% of the fixed remuneration</li> </ul>
	③	40% of the variable remuneration is deferred for a period of <b>5 years</b> in the case of remuneration paid: <ul style="list-style-type: none"> <li>to <b>Top Risk Takers of Sub-consolidating Groups and of Legal Entities</b> if the amount is higher than the materiality threshold and equal to or lower than 100% of the fixed remuneration</li> </ul>
	④	50% of the variable remuneration is deferred for a period of <b>4 years</b> in the case of remuneration paid: <ul style="list-style-type: none"> <li>to other <b>Risk Takers</b> if the amount is higher than both the materiality threshold and 100% of the fixed remuneration</li> </ul>
	⑤	40% of variable remuneration is deferred for a period of <b>4 years</b> in the case of remuneration paid: <ul style="list-style-type: none"> <li>to other <b>Risk Takers</b> if the amount is higher than the materiality threshold and equal to or lower than 100% of the fixed remuneration</li> </ul>
	⑥	40% of variable remuneration is deferred for a period of <b>3 years</b> in the case of remuneration paid: <ul style="list-style-type: none"> <li>to <b>Middle Managers and Professionals</b>, if the amount is higher than both the materiality threshold and 100% of the fixed remuneration</li> </ul>
	⑦	40% of variable remuneration is deferred for a period of <b>2 years</b> in the case of remuneration paid: <ul style="list-style-type: none"> <li>to <b>Middle Managers and Professionals</b>, if the amount is higher than the materiality threshold and equal to or to or lower than 100% of the fixed remuneration, or equal to or to or lower than the materiality threshold and higher than 100% of the fixed remuneration</li> </ul>
Up-front amount	<p>The remaining amount of the variable remuneration is paid out up-front.</p> <p><b>Regardless of the pertinent macro segment</b>, the variable remuneration is entirely paid up-front if the amount is equal to or lower than the materiality threshold and equal to or lower than 100% of the fixed remuneration</p>	



## Payment instruments

### Financial instruments

- ① 60% of the variable remuneration is paid in **financial instruments** for:
  - **Top Risk Takers**, if exceeding 100% of the fixed remuneration
  - those receiving a “**particularly high**” amount which exceeds 100% of the fixed remuneration, regardless of the macro segment to which the receiver belongs
- ② 55% of the variable remuneration is paid in **financial instruments** for:
  - **Top Risk Takers**, if equal to or lower than 100% of the fixed remuneration
  - those receiving a “**particularly high**” amount which is equal to or lower than 100% of the fixed remuneration, regardless of the macro segment to which the receiver belongs
- ③ 50% of variable remuneration is paid in **financial instruments** for:
  - other **Risk Takers**;
  - **Middle Managers and Professionals**, if higher than both the materiality threshold and 100% of the fixed remuneration

The remaining amount of the variable remuneration is paid in cash.

### Cash

The variable remuneration is entirely paid in cash:

- Regardless of the pertinent macro segment, if the amount is **equal to or lower than both the materiality threshold and 100% of the fixed remuneration**
- **For Middle Managers and Professionals, if higher than the materiality threshold and equal to or lower than 100% of the fixed remuneration**



## Retention period

- ① Both the **up-front** and **deferred** variable remuneration paid in financial instruments is subject to a retention period of **1 year**.  
During the retention period, the related **dividends** are recognised on the portions assigned in shares (including phantom shares).



## The 2023 Incentive System for the Managing Director and CEO in his capacity as General Manager

A breakdown is provided below of the level of achievement of the individual targets assigned to the Managing Director and CEO, in his capacity as General Manager, for the year 2023, in relation to the budget:

	Strategic driver	KPI	Weight %	Result	Result vs target budget
Group Objectives	Profitability	Group Net income (billion)	20%	7.72 bn/€	<div><div></div><div>target</div><div></div></div>
		OI/average RWAs	20%	8.41%	<div><div></div><div></div><div></div></div>
	Productivity	Cost/Income	20%	45.07%	<div><div></div><div></div><div></div></div>
	Cost of risk/sustainability	Gross NPL ratio	10%	2.26%	<div><div></div><div></div><div></div></div>
		% Group Objectives		70%	
	Strategic driver	KPI	Weight %	Evaluation driver	Evaluation
Qualitative Evaluation	Strategic Actions from the 2022-2025 Business Plan	ESG	15%	Evaluation based on the following drivers: 1. Presence of Intesa Sanpaolo in the sustainability indices of specialized companies (# of appearances) 2. Promoting an inclusive work environment through the identification and implementation of targeted management actions, with a particular focus on meeting the gender equity commitments assigned to each Division/Governance Area: <ul style="list-style-type: none"><li>• in annual hires (%)</li><li>• in the pool of candidates for first appointment to managerial roles (%)</li></ul> 3. Group initiatives in the ESG area <ul style="list-style-type: none"><li>• Support to green and circular economy:<ul style="list-style-type: none"><li>○ Development of the loans from an ESG perspective (€)</li><li>○ Number of sectors to which an emission reduction target is assigned (#)</li><li>○ Reduction of the exposures towards ESG risk related sectors (€)</li><li>○ Implementation of the Climate Credit Framework integration model in the lending process</li></ul></li><li>• Growth of Sustainable Investments: ESG investments as a percentage of total AuM (€)</li><li>• “Giovani e lavoro” Program</li></ul>	<div><div></div><div></div><div></div></div>
		Group Digital Transformation	15%	Evaluation based on the following drivers: 1. Digital Bank: Isybank set-up and transfer of the first group of clients by the end of the year 2. Expansion of sales channels and methods of digital interactions (both online and mobile) to support the Group distribution strategy set out in the 2022-25 Business Plan – YoY Increase (€) 3. Digital Transformation acceleration in a Cloud-ready logic (#)	<div><div></div><div></div><div></div></div>
	% Qualitative evaluation		30%	<div><div></div><div></div><div></div></div>	
% Total		100%	<div><div></div><div></div><div></div></div>		

- Below target
- In line with target
- Over target
- Much higher than target

Please be reminded that the evaluation drivers, identified *ex ante* in accordance with the relative guideline or according to the expected outputs of the activities to which they refer, constitute the guidelines for the objective-based target evaluation.

The evaluation of the KPIs assigned as part of the Strategic Actions is carried out by the Board of Directors, as proposed by the Chair – the quantitative evidence of the drivers being acquired from Strategic Planning – and supported by a positive opinion of the Remuneration Committee.

The pay-for-performance curve used to calculate the CEO's bonus includes a:

- minimum score level of 80%, at which the bonus accruable is equal to 30% of the fixed remuneration;
- target score level of 100%, at which the bonus accruable is equal to 100% of the fixed remuneration;
- maximum score level (cap) of 120%, at which the bonus accruable is equal to 175% of the fixed remuneration, i.e. the maximum bonus calculated by deducting from the variable remuneration cap (which is 200% of the fixed remuneration) the portion accruing for the year from the Long-Term Incentive Plan PSP 2022-2025 (which is 25% of the fixed remuneration).

For scores equal to the percentages that are in between those indicated above, the bonus is determined based on a proportionate scale.

With reference to 2023, the overall performance achieved was **120% of the target**. In response, at the meeting of 27 February 2024, the Board of Directors, with the favourable opinion of the Remuneration Committee, awarded the CEO a bonus of **4.585 million euro**, which equates to the maximum bonus, i.e. **175% of the fixed remuneration** (equal to 2.620 million euro and unchanged since 2016).

In addition, it is noted that the ratio of variable remuneration to total remuneration is equal to 64% and the ratio of fixed remuneration to total remuneration is equal to 36%.

Lastly, the following conditions were met for the purposes of allocation of the bonus:

BONUS PAY-OUT	Respect of the Capital target level	
	Q-Factor	
	Compliance with the expected levels for the compulsory training	
	Absence of individual compliance breach	

According to the payment scheme established by the 2023 Remuneration and Incentive Policies, the bonus accrued will be paid 40% in cash and 60% in shares, taking into account the holding period established by the regulations for the component in shares, as detailed below:

Pay-out €/000						
	2024	2025	2026	2027	2028	2029
Cash	917			184	184	550
Shares (equivalent value)		917	550	550	367	367

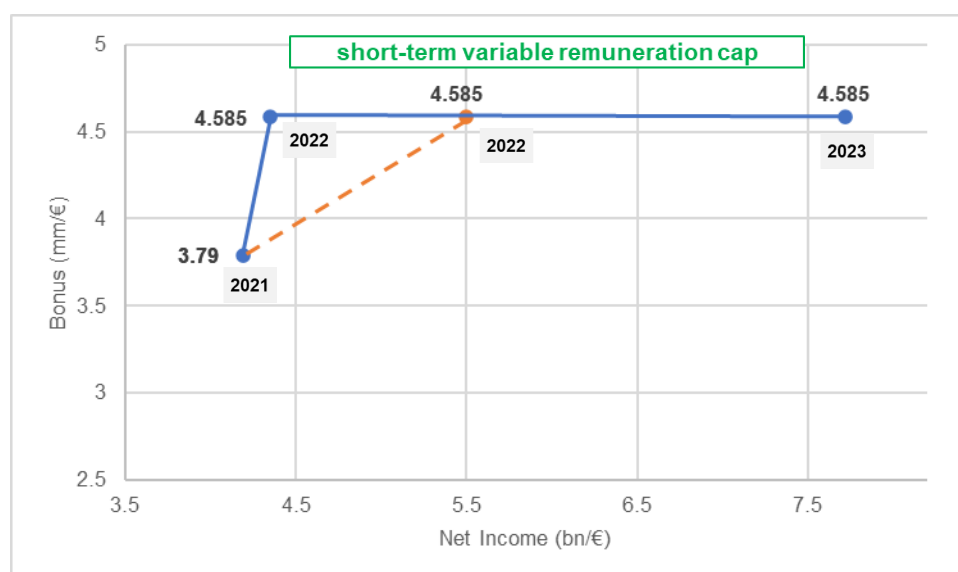


### Pay-for-performance analysis of the short-term variable remuneration of the Managing Director and CEO, in his capacity as General Manager, and the Group Net Income of the last three years (2021, 2022 and 2023)

In confirmation of the alignment between the trend of the short-term variable remuneration of the Managing Director and CEO, in his capacity as General Manager, and the Group's performance in terms of Net Income and, hence, Intesa Sanpaolo's ability to generate solid profitability and create and distribute value to all stakeholders, the analysis correlating the two variables over the last three years (i.e. 2021, 2022 and 2023) is represented below.

The chart shows in 2021 and 2022 a positive correlation between the trend in the amount of the bonus to the Managing Director and CEO, in his capacity as General Manager, and the Group's economic and financial performance in terms of Net Income. The amount of the 2022 bonus can be related not only to Net Income (as depicted in light blue in the graph) but also to Net Income after deducting 1.4 bn/euro of provisions/adjustments related to the Russia/Ukraine de-risking (in orange in the graph). In the latter case, it should be noted that while the positive correlation between the trend in the amount of the CEO's bonus and Net Income is confirmed, the regulatory provision of a cap on variable remuneration results in a less than proportional increase in the bonus compared to the increase in Net Income.

A comparison between 2022 and 2023 shows a significant increase in Net Income driven by net interest income (+77% considering 2022 stated Net Income and +40% compared to 2022 Net Income, which does not include provisions/adjustments related to Russia/Ukraine de-risking), which translates into a significant value creation for all the stakeholders (not only shareholders) that is not matched by the accrual of a CEO bonus higher than 2022. Specifically, when the CEO reaches the maximum performance levels equal to those of 2022 (i.e. 120% of the Performance Scorecard), the 2023 bonus, in application of the regulatory provisions on the cap, corresponds to the maximum annual variable remuneration that can be accrued (i.e. 175% of the fixed remuneration – see "The 2023 Incentive System for the Managing Director and CEO in his capacity as General Manager") and is equivalent to that of last year.







## Information on the annual change in 2019, 2020, 2021, 2022 and 2023 in the remuneration and results of the Group

The change in 2020 vs 2019, 2021 vs 2020, 2022 vs 2021 and 2023 vs 2022 in the remuneration of the Managing Director and CEO<sup>84</sup>, the members of the management and control bodies<sup>85</sup>, as well as employees<sup>86</sup>, compared with the same change in Gross Income of the Group<sup>87</sup>, is shown below.

		Change in 2020 vs 2019	Change in 2021 vs 2020	Change in 2022 vs 2021	Change in 2023 vs 2022
Total remuneration	Managing Director and CEO	-21.6%	65.98%	16.5%	0%
	Members of the management and control bodies	1.91%	8.46%	-1.2%	1.6%
Total average remuneration*	Employees	3.1%	4.7%	3%	8%
Group Gross Income		-23.4%	7.3%	10.6%	64.6%

\* includes both the gross annual remuneration and the variable remuneration paid during the year.

As shown by the data reported, between 2019 and 2020 the Group Gross Income decreased, due to the sudden and extreme change in the macroeconomic context deriving from the COVID-19 pandemic, which made it necessary to revise the budget during the year. Between 2020 and 2021, instead, the Group Gross Income increased significantly confirming Intesa Sanpaolo's business resilience in the pandemic context as well as the Group ability to create value for all stakeholders. The comparison of results between 2021 and 2022 also confirms the robust growth of the Group's Gross Income, despite an unfavourable macroeconomic environment characterised by the start of the conflict in Ukraine and the worsening of inflationary pressures, further proving the soundness of Intesa Sanpaolo's business model. This business model proves to be sustainable even in the complex context of 2023 – characterised, in particular, by a continuous growth in inflation levels and by the ECB's consequent decisions to raise interest rates above the expected levels – during which there was an exceptional increase in Gross Income compared to 2022.

Similarly to what was observed in relation to the trend of Group results, between 2019 and 2020, the total remuneration of the Managing Director and CEO decreased, due to the contraction in the target bonus levels decided by the Group following the recommendation of the European Central Bank for intermediaries to use the utmost prudence in assigning bonuses pertaining to 2020, in relation to the health emergency, and the resulting decrease in the amount of bonuses accrued, despite the excellent levels of performance achieved in relation to the revised budget (115.1%). On the contrary, between 2020 and 2021, an increase was observed in the total remuneration of the Managing Director and CEO following the achievement of excellent performance results (117.74%) both with reference to economic-financial KPIs and in relation to the "ESG" and "Digitalisation" KPIs, also following the restoration of ordinary variable

<sup>84</sup> To calculate the total remuneration of the Managing Director and CEO, the fixed and variable remuneration pertaining to 2023 were considered. With reference to fixed remuneration, the amount indicated in Table 1 ("Remuneration paid to members of the Management and Control bodies, General Managers and other Key Managers"), column "fixed remuneration" was considered. With reference to the variable remuneration for the year, the amounts indicated in Table 3A ("Incentive plans based on financial instruments other than stock options, in favour of members of the Board of Directors, General Managers and other Key Managers"), column 5 ("Financial instruments awarded during the year – fair value at award date"), Table 3B ("Monetary incentive plans in favour of the members of the Board of Directors, General Managers and other Key Managers"), columns 2a and 2b ("Bonus for the year – payable/paid" and "Bonus for the year – deferred") and Table 2 ("Stock options assigned to members of the Board of Directors, General Managers and other Key Managers"), column 16 ("Options for the year – fair value") were added together.

<sup>85</sup> To determine the total remuneration of members of the management and control bodies, the amounts assigned to the parties shown in Table 1 ("Remuneration paid to members of management and control bodies, to General Managers, and to other Key Managers"), columns "fixed remuneration" and "attendance fees" were considered. It is also specified that the calculation includes only persons that held the same role throughout all of the years taken as a basis for comparison (i.e. 2019 vs 2020, 2020 vs 2021, 2021 vs 2022 and 2022 vs 2023).

<sup>86</sup> To calculate the annual average gross remuneration of employees, see the amounts indicated in the Consolidated Non-Financial Statement, on page 181 for 2019, page 224 for 2020, page 244 for 2021, page 274 for 2022 and page 298 for 2023.

<sup>87</sup> Reference is made to the amounts of Gross Income shown in the Consolidated Financial Statements and Report of the Intesa Sanpaolo Group, on page 31 for 2019, page 48 for 2020, page 39 for 2021, page 89 for 2022 and page 73 for 2023.

remuneration levels<sup>88</sup>. This trend of growth in the total remuneration of the Managing Director and CEO is also confirmed with reference to the comparison between the 2021 and 2022 levels, consistent with the further improvement in the Group's economic-financial performance as a result of which the Managing Director and CEO are awarded a higher variable remuneration than that accrued in 2021. Between 2022 and 2023, despite the exceptional growth in the Group's results also mirrored in the excellent performance of the Managing Director and CEO, there was no change in his total remuneration. This is due to the combined effect of both the accrual of a bonus equivalent to that of 2022 as, in both years, the maximum level of performance (so-called cap) to which the award of the maximum bonus corresponds was achieved, and the stability of the CEO's fixed remuneration which has remained unchanged since 2016.

With regard to the compensation of all non-executive members of the management and control bodies, the increase between 2019 and 2020 was mainly due to the different number of meetings that the members participated in, which impacts the number of attendance fees paid, which more than offset the impact of the waivers made on portions of the remuneration by the directors in 2020, in order to contribute to the initiatives promoted by the Group to tackle the spread of the COVID-19 epidemic. The further growth in remuneration recorded between 2020 and 2021 is instead attributable, in the main, to the lower amount of the 2020 remuneration resulting from the aforementioned waivers and, secondarily, to an increase in the number of board meetings. The remuneration of members of the management and control bodies after 2021 remains substantially in line since the fixed remuneration levels were confirmed upon the renewal of the bodies in April. The slight decrease observed in the 2022 vs 2021 comparison can be attributed to the lower number of meetings of the Board Committees and the consequent lower number of attendance fees paid, while the slight increase between 2022 and 2023 stems from the higher number of meetings held by the Risks and Sustainability Committee.

Finally, with regard to employees, in the period between 2019 and 2023 a continuous positive change was recorded in the average total remuneration. These increases are due to the combined effect of the measures envisaged by the collective bargaining on the gross annual remuneration and the bonuses allocated by way of variable remuneration. With particular reference to the gross annual remuneration, in 2023 there was a greater increase resulting from the renewal of the National Collective Bargaining Agreement for the credit sector, which provided for an average increase in monthly salaries of 435 euro, distributed in four instalments, the first of which was recognised in the year. As regards variable remuneration, the increase in bonuses between 2019 and 2020 is brought about by the Group's decision not to decrease the financial resources allocated to reward professionals also in order to recognise the particularly extensive effort made by the Networks to provide an essential public service in the COVID-19 emergency situation, whereas, with regard to 2021 vs 2020, 2022 vs 2021, as well as 2023 vs 2022, it is a result of the continuous improvement in the Group's performance, against which the Broad-based Short-Term Plan (PVR) amount accrued increased proportionally.

<sup>88</sup> The Board of Directors' meeting of 3/11/2021, having verified the conditions defined in the 2021 Remuneration and Incentive Policies, reinstated the bonuses that could be accrued by Risk Takers up to the levels ordinarily established.

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## PART II – QUALITATIVE AND QUANTITATIVE INFORMATION

Qualitative and quantitative information as required by Article 17 of Regulation (EU) 637/2021 of 15 March 2021.

### Qualitative disclosure - EU REMA

#### a. Information relating to the bodies that oversee remuneration

*a.1. The name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings held by that main body during the financial year*

The main bodies responsible for supervising the Group's Remuneration and Incentive Policies (hereinafter "the Group Policies" or "the Policies") include:

- the Board of Directors, which is tasked with drawing up, submitting to the Shareholders' Meeting and reviewing the Policies at least once a year.  
The Board of Directors currently consists of 19 members, 14 of whom are independent, 1 executive and 5 elected by the minority. During 2023, this Body met on 6 occasions to examine issues relating to remuneration;
- the Remuneration Committee, which proposes, advises and enquires on compensation and on remuneration and incentive systems supports the Board of Directors in all activities related to remuneration. The Remuneration Committee currently consists of 5 members, 3 of whom are independent pursuant to the applicable regulations and the Articles of Association. The latter include the Chair, who also holds the office of Deputy Chair of the Board of Directors and is enrolled with the Register of Statutory Auditors having practised as auditor for at least three years. In 2023, the Remuneration Committee held 18 meetings.

The Board of Directors, having acquired the report prepared by the Remuneration Committee, resolves on the Group Policies for the purpose of their subsequent presentation to the Shareholders' Meeting which has the ultimate responsibility for their approval.

*a.2. Any external consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework*

During 2023, the Remuneration Committee relied on a leading external consulting firm in the context of:

- the analyses of the remuneration benchmarks of the Managing Director and CEO (hereinafter, "CEO"), of the Group Top Risk Takers and of the members of the Board of Directors;
- the recognition of trends relating to Performance Management systems and processes for the Group's top management;
- the review of the Group Peer Group;
- the analysis of market practices for the determination of the bonus pool and the benchmarking of the total amounts awarded as bonuses to the Risk Takers;
- the annual preparation of the Fairness Opinion on the Performance Management approach adopted by the Group for the CEO and Group Top Risk Takers.

*a.3. A description of the scope of the institution's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries*

The Policies apply to all Group personnel, including branches located in third countries. In addition, on the basis of specific sector regulations as well as the local regulatory context, the various Group entities (where required) draw up their own Remuneration and Incentive Policies prepared in line with the Group Policies where they are not in contrast with local or sector regulations.

*a.4. A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile (identified staff)*

The Intesa Sanpaolo Group identifies the Risk Takers (i.e. personnel whose professional activities have a material impact on the entity's risk profile) based on the "Rules for identifying Risk Takers" (the "Rules"), which form an integral part of the Group Policies.

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These Rules were defined in accordance with the identification criteria laid down by the CRD V Directive and by Regulation (EU) 923/2021 and also include specific additional criteria defined by the Group in order to reflect the risks undertaken on the basis of the peculiarities of the business and of the organisational structure.

Based on the aforementioned Rules, the Group identifies the employees that have a material impact on the Group's risk profile (so-called Group Risk Takers) and, among them, the Group's Top Risk Takers, namely:

- the Managing Director and CEO;
- the Heads of the Business Divisions (Asset Management, Banca dei Territori, Insurance, IMI Corporate & Investment Banking, International Subsidiary Banks and Private Banking) as well as the Deputy to the Head of the IMI Corporate & Investment Banking Division;
- the Chief Operating Officer, Chief IT, Digital & Innovation Officer, Chief Cost Management Officer, Chief Financial Officer, Chief Lending Officer, Chief Governance Officer, Chief Risk Officer, Chief Compliance Officer, Chief Institutional Affairs & External Communication Officer and Chief Audit Officer;
- the Head of the Strategic Support Head Office Department who reports directly to the Managing Director and CEO;
- the Head of the Administration and Tax Head Office Department in his capacity as the Manager responsible for preparing the Company's financial reports.

Furthermore, again based on the Rules, the following clusters are identified:

- the Sub-consolidating Groups Risk Takers, i.e. the personnel whose professional activities have a material impact on the risk profile of Intesa Sanpaolo subsidiary Groups.
- the Legal Entity Risk Takers (including the Legal Entity Intesa Sanpaolo), i.e. the personnel whose professional activities have a material impact on the risk profile of the individual Group companies. It should be noted that these Risk Takers are identified only in Legal Entities where the Risk Takers' identification is required by local or sector regulations.

The Top Risk Takers are also differentiated within each of the abovementioned clusters and solely with reference to significant Banks<sup>89</sup>, including Intesa Sanpaolo.

## **b. Information relating to the design and structure of the remuneration system for identified staff**

### *b.1. An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders (e.g. the shareholders' meeting)*

The Group Policies aim to align the management's and personnel's behaviour with the interests of all Stakeholders, guiding their action towards the achievement of sustainable medium-long term objectives within the framework of a prudent assumption of current and prospective risks, as well as to contribute to making the Group an "Employer of choice" for its ability to attract, motivate and retain top resources.

In particular, the Policies are based on the following principles: correlation between remuneration and risks undertaken, orientation towards medium-long term objectives, taking into account the Group Risk Tolerance, merit, fairness and gender neutrality, sustainability to limit expense deriving from application of the policies to values compatible with the available economic and financial means, and compliance with regulatory requirements.

The main features of the Group Policies are summarised below:

- personnel segmentation that allows the operational adaptation of the aforesaid principles in order to suitably differentiate the total remuneration and arrange mechanisms of payment that are specific for the various personnel clusters. In applying these logics, three macro-segments are identified: (i) key personnel, i.e. Risk Takers (at Group, Sub-consolidating Group and Legal Entity level); (ii) Middle Managers, or the Heads of Organisational Units not already included in the Risk Takers clusters and (iii) Professionals;
- gender neutrality of the policies insofar as they ensure, for the same activity carried out, that the personnel have an equal level of remuneration, also in terms of the conditions for its recognition and payment;

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<sup>89</sup> Reference is made to banks considered significant pursuant to art. 6, paragraph 4, of Regulation (EU) 1024/2013 (the so-called Single Supervisory Mechanism Regulation).

- breakdown of the personnel remuneration into fixed or recurrent component (that is stable and irrevocable in nature and determined on the basis of pre-established and non-discretionary criteria)<sup>90</sup> and variable or non-recurrent component (linked to employee's performance and aligned to the results actually achieved and the risks prudentially assumed)<sup>91</sup>;
- adoption of a pay mix - i.e. the weight of the fixed and variable components expressed as a percentage of total remuneration - suitably balanced in order to allow the reduction in the variable component, even down to zero, depending on the performance actually achieved during the year in question or when the Group was not able to maintain or restore a solid capital base, and discourage behaviour focused on the achievement of short-term results, particularly if these involve taking on greater risks (see point d);
- provision of mechanisms capable of ensuring the economic and financial sustainability of the incentive systems through gateway conditions aimed at verifying the capital strength, liquidity and financial sustainability of the variable component, as well as through a structured process for the definition of a bonus pool (see point c and e.4).  
Furthermore, any bonus accrued can be corrected ex post through the application of demultipliers according to the risks undertaken (see point c), and it is subject to mechanisms for the correction of behaviours and monitoring of the effects of the managerial action over time (see points c and f.2);
- definition of an annual Incentive System for the Risk Takers<sup>92</sup> aimed at guiding the behaviour and managerial actions towards reaching the objectives set in the Business Plan and rewarding the best annual performance assessed with a view to optimising the risk/return ratio (see point e.1), as well as incentive initiatives dedicated to either specific clusters or highly profitable<sup>93</sup> and relevant business segments inside the strategy defined at Business Plan level (see point e.1);
- allocation of Long-Term Incentive Plans differing according to their respective clusters;
- identification of specific methods for payment of the short-term variable remuneration (with particular reference to the deferral period and the settlement in financial instruments and cash) differing according to their respective cluster and related amount of this remuneration (see point f.1);
- definition of the principles for the calculation of the remuneration paid in the event of early termination of employment contract or office (so-called severance) inspired to both the correlation between severance pay and ongoing performance rendered over time and the control of potential litigation risks (see point b.5).

The Shareholders' Meeting, on proposal of the Board of Directors, is called to approve:

- the Remuneration Policies for members of the Board of Directors;
- the Group's Remuneration and Incentive Policies (employees and collaborators not linked by subordinate employment relationships) which also include the Rules for identifying key personnel;
- the incentive plans based on financial instruments;
- the criteria for the determination of any amounts to be awarded in the event of early termination of the employment agreement or early termination of the office (severance), including the limits established for said amounts in terms of fixed annual remuneration and the maximum amount arising from the application of such limits;
- with the qualified majorities, if applicable, as defined by the regulations in force, a variable-to-fixed remuneration cap higher than 100%, but not exceeding the maximum cap established by the regulations;
- solely for the Group's key staff identified in the asset management companies (SGR entities), SICAVs and SICAFs and that work exclusively for those companies, if applicable, a variable-to-fixed remuneration cap exceeding 200%.

<sup>90</sup> In this document, "fixed component" or "fixed remuneration" means the "fixed remuneration" of employees and the "recurring remuneration" of the Financial Advisors.

<sup>91</sup> In this document, "variable component" or "variable remuneration" means the "variable remuneration" of employees and the "non-recurring remuneration" of the Financial Advisors.

<sup>92</sup> This System is also addressed to Middle Managers.

<sup>93</sup> The Incentive Systems dedicated to the highly profitable business segments also include the Incentive System for the Relationship Managers of the Private Banking Division's International Sales Networks and the Incentive System for the Non-Employee Financial Advisors of the Private Banking Division, also dedicated to individuals who within these clusters are identified as Risk Takers.



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*b.2. Information on the criteria used for performance measurement and ex ante and ex post risk adjustment*

The annual Incentive System for the Risk Takers aims to guide the behaviour and managerial actions towards reaching the objectives set in the Business Plan and reward the best annual performance assessed with a view to optimising the risk/return ratio (for details, see point e.1).

In order to align the incentive systems with prudent risk management policies and ensure long-term solidity and business continuity, the annual Incentive Systems take into account the Group's Risk Appetite and Risk Tolerance as expressed in the RAF.

This close correlation, which guarantees both ex ante and ex post adjustment of the performance based on the risks undertaken, is structured on three levels:

- activation and bonus funding phase (see points c and e.4);
- Performance Scorecard definition phase (see point e.1);
- bonus payment phase (see points c and f.2).

*b.3. Whether the management body or the remuneration committee where established reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration*

The Group Policies were reviewed and updated in 2023, albeit drawn up in substantial continuity with the 2022 Policies.

In light of a stable regulatory environment compared with the past year, the changes made for 2023 are aimed primarily at supporting the achievement of Business Plan goals and strengthening the attraction and retention of Group staff.

In particular, please find below the changes that also apply to the Risk Takers:

- the sources of funding for the Group's bonus pool were expanded and diversified, resulting in the introduction of a new source of funding – alongside the usual mechanism that correlates the financial resources made available for bonuses with the Group Gross Income, which remains the method of funding for the majority of the incentive systems adopted – which is exclusively dedicated to incentive systems intended for employees operating in the networks of the Wealth Management & Protection businesses, where the bonus amount that may be available for these systems is funded by a portion of the commissions generated by sales to customers (bottom-up approach);
- to implement the amendments introduced in the December 2022 revision of the Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of the Consolidated Law on Finance, it was provided that carried interest (potentially payable to personnel of the "Investments" area of the asset management companies that manage AIFs) will not be included in the ratio between the variable and fixed components of remuneration and that, taking into account the conditions provided for its payment, it may be paid upfront and in cash, after the liquidation of the AIFs, in accordance with the ESMA Guidelines on sound remuneration policies under the AIFM Directive;
- the toolbox for enhancing the attraction of new personnel was enriched by the buy-out, provided for by Regulations, but so far not adopted by the Group. This enables to pay to new employees – by way of indemnification – the deferred variable remuneration reduced or cancelled by the previous employer due to the termination of the contract.

*b.4. Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee*

The short- and long-term Incentive Systems for personnel belonging to the Company Control Functions do not require the allocation of economic-financial KPIs in order to guarantee the independence of the personnel who hold these functions with respect to the results achieved by the areas subject to their control, as well as to avoid sources of possible conflicts of interest. With particular reference to the annual Incentive System, the KPIs present in the Performance Scorecards of the Company Control Functions are typically of a project nature or are linked to requests from the Supervisory Authority (including but not limited to: Effective management of the 2023 EU wide EBA Stress Test; Developments in Audit Processes and Procedures; ENIF - Implementation of the 2023 programme to strengthen the Group's Anti Financial Crime controls; and Data plan – Accounting, Financial Statements and Reports: activation of the new financial reporting engine and the Regulatory Thematic Area).



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#### *b.5. Policies and criteria applied for the award of guaranteed variable remuneration and severance payments*

No forms of guaranteed variable remuneration are envisaged.

However, in compliance with the Supervisory Provisions, in order to attract new personnel, it is possible to award:

- a one-off welcome bonus, subject to a detailed assessment and analysis of market practices, which is not subject to any requirement applicable to variable remuneration, including variable remuneration cap and pay-out schemes, if awarded in a single instalment (known as welcome bonus). It should be noted that the mentioned bonus can be assigned only once to the same staff member at Group level;
- a bonus as indemnification for the deferred variable remuneration reduced or cancelled by the previous employer due to termination of the contract. This type of bonus (buy-out) cannot, however, compensate new personnel for reductions or cancellations of remuneration due to malus or clawback mechanisms and is in any case subject to all the rules governing variable compensation, including those on variable remuneration cap and pay-out schemes.

With regard to the payment agreed in any way and/or form in view of or upon early termination of the employment agreement or early termination of office for the amount exceeding the legal or the National Collective Bargaining Agreement (CCNL) provisions concerning the indemnity in lieu of notice where envisaged, the Group, in line with the request from the Supervisory Provisions, defined ex ante the related limits and criteria approved by the Shareholders' Meeting. Specifically, the Group has set a maximum limit equal to 24 months of the fixed remuneration for compensation paid as severance. The adoption of this limit can lead to a maximum disbursement of 5.2 million euro.

As required by Regulations on remuneration, the compensation paid as severance is included in the calculation of the ratio between the variable remuneration due and the fixed remuneration of the last year of employment at the company.

Specifically, the compensation paid as severance is added to the bonus due for the last year of employment at the company, excluding the mandatory amounts paid pursuant to national labour legislation and the amounts agreed and granted:

- based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed the last year of fixed remuneration;
- within an agreement reached in order to settle a current or potential dispute (wherever reached), if calculated according to a predefined calculation formula approved by the Shareholders' Meeting in advance.

Intesa Sanpaolo adopts a formula differentiated by personnel cluster (i.e. employees who within the Group internal position weighting system have been assigned a specific job title based on the level of complexity/responsibility assigned, and the remaining personnel) and indexed to the number of years of employment at the company (i.e. up to 2 years of employment, over 2 and up to 21 years, over 21 years). The components included in the severance are considered similar to the variable remuneration and, as such, are subject to the payment methods defined in line with the Supervisory Provisions and depending on the cluster of personnel, the amount and its weight compared to the fixed remuneration.

In the Intesa Sanpaolo Group, the principles for severance definition are inspired to both the correlation between severance pay and ongoing performance rendered over time and the control of potential litigation risks.

Please also note that the same gateway (see point e.4), individual access (see point e.4), malus and clawback conditions (see point f.2) set for variable remuneration for each cluster are applied to severance.

Moreover, the Group envisages that individual ex ante agreements may be reached to define the remuneration to be granted in the event of early termination of the relationship, it being understood that such agreements must comply with all the conditions set out in the Remuneration Policies and Supervisory Provisions; in 2022, following a resolution passed by the Board of Directors, on the proposal of the Remuneration Committee and taking into account the Chief Compliance Officer opinion, in line with the practices commonly used among competitors and the leading Italian listed companies, an agreement containing specific conventional regulations on the termination of the employment relationship was entered into with the Managing Director and CEO.

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**c. Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration**

As part of the Group's annual Incentive Systems, ex ante risk monitoring is guaranteed both in the bonus pool activation phase and in the Performance Scorecard definition phase as part of the annual Incentive System for Risk Takers.

With reference to the bonus pool activation phase, this monitoring is ensured by mechanisms designed to monitor capital and liquidity risk, as well as mechanisms aimed at guaranteeing the financial sustainability of the variable component. Therefore, the bonus pool is activated only if the following minimum conditions required by the Regulator are met:

- Capital strength conditions: Common Equity Tier 1 (CET1) Ratio and Leverage Ratio  $\geq$  "hard" limits stipulated by the Group RAF; Minimum own funds and eligible liabilities (MREL)  $\geq$  Early Warning envisaged by the Group RAF; Verification of ICAAP outcome and recommendations on distributions by competent authorities and European supervisory authorities;
- Liquidity condition: Net Stable Funding Ratio (NSFR)  $\geq$  "hard" limit set by the Group RAF;
- Sustainability condition: no Loss and Positive Gross Income.

With reference to the Group Top Risk Takers alone, an additional gateway condition is envisaged to verify that the Liquidity Coverage Ratio (LCR) is higher than or equal to the limits set by the Group RAF (liquidity condition).

For those Legal Entities which calculate their limits of capital strength and liquidity, failure to respect these limits constitutes a non-activation condition for all the Incentive Systems destined to the resources operating in the Legal Entity, also when those of the Intesa Sanpaolo Group and any related sub-holding company may be positively respected.

Once the gateway conditions have been met, in order to ensure financial sustainability, the incentive systems are funded by a structured bonus pool mechanism.

Specifically, the Group bonus pool consists of the following two portions:

- a larger portion correlated with the performance of a Group economic indicator consisting of the Group Gross Income, intended to finance most of the Group's annual Incentive Systems and the one for the Risk Takers (so-called "gross income-based bonus pool");
- a (smaller) portion that is self-funded, in that the amount is determined as a percentage of the commission earned by the network employees in the context of the Wealth Management & Protection activities (so-called "commission-based bonus pool"). This mechanism is applied, among others, in the Incentive System for the Relationship Managers (including those identified as Risk Takers).

With regard to the gross income-based bonus pool, it:

- increases progressively starting from when it exceeds the so-called Access Threshold (i.e. the minimum Gross Income target which, though lower than the budget, is deemed acceptable) up to a predefined cap;
- decreases significantly, in both absolute and relative terms, in the event of failure to reach the Access Threshold, and determines the payment of the bonuses accrued only to certain clusters of personnel.

The bonus pool defined as described above is allocated, ex ante in primis, to the various Incentive Systems funded by the Group and, in the case of Incentive Systems that involve cross-functional clusters (as in the case of the annual Incentive System for the Risk Takers), it is subsequently configured at individual Division/Governance Area level.

In line with the principle of financial sustainability, the actual figure (ex post) of the bonus pool initially attributed to each Division is "modulated" depending on the level of the Gross Income reached, with respect to the Access Threshold, by each Division (for the Governance Areas the Access Threshold is the same as that for the Group). Specifically, if:

- the gross income achieved by both the Group and the Division is equal to or higher than the Access Threshold, the Group Top Risk Takers and all the other Risk Takers are eligible for the annual Incentive System;
- the gross income achieved by the Group is equal to or higher than the Access Threshold and the gross income of the Division is positive but lower than the Access Threshold (or vice versa), the Risk Takers (excluding the Group Top Risk Takers) are eligible for the annual Incentive System.

In all other cases, no Risk Takers are eligible for the annual Incentive System.

The commission-based bonus pool, on the other hand, is determined based on the commissions generated by the specific sales network.

Both portions of the bonus pool are subject to the following correction mechanisms:

- reduction in the event of failure to comply with the limits set in the RAF, both Group and Division, for non-financial risks, i.e. Risk related to Operational Losses and Integrated Risk Assessment, with an impact in terms of a 10% reduction in case the “hard” limit set in the RAF for Operating Losses is exceeded or in case of a residual risk equivalent to level 4 for the Integrated Risk Assessment and/or, only in the latter case, a 5% reduction in the event of residual risk equivalent to level 3. This reduction may lead to a maximum reduction of 20% for each level it is applied to;
- 10% reduction according to the degree of deviation from the Division Economic EVA (Economic Value Added) target. More in detail, this mechanism acts as a demultiplier if target level is exceeded beyond a certain tolerance level (i.e. 90% of the Economic EVA target assigned at budget level to the individual Division<sup>94</sup>).

With regard to the Incentive Systems for the Financial Advisors of the Private Banking Division, these are self-financing because the non-recurring remuneration of these categories of personnel is represented by commissions set as a percentage of gross revenues earned by the Company to which they belong. In any event, the correction mechanisms for non-financial risks (with some specifications) and for the degree of deviation from the target EVA apply.

Instead, in the Performance Scorecard definition phase, risk monitoring is ensured through the allocation of KPIs defined according to the Cost of risk/Sustainability strategic driver and aimed at an express risk reduction and/or mitigation as defined by the RAF. Thus, the process used to identify these KPIs involves the Chief Risk Officer Governance Area, in order to ensure the consistency of the KPIs with the limits set in the Group's RAF.

The ex post monitoring of risks is guaranteed by corrective mechanisms applied to bonuses associated with excessive risk-taking. These mechanisms, according to the risks undertaken and the respective cluster segment<sup>95</sup>, act as demultipliers of the bonus. In particular, a bonus demultiplier is envisaged linked to:

- residual risk of each structure (Q-Factor) for all the Risk Takers;
- failure to reach the expected Capital Adequacy (CET 1) level set in the RAF for Business and Governance Group Top Risk Takers;
- failure to meet a predetermined operating cost containment target set in the budget for non-Business Group Top Risk Takers, the Head of the Strategic Support Head Office Department reporting to the CEO and the Heads of the structures reporting to the aforementioned persons;
- non-compliance with the limits set by the Group RAF related to market risk, Italian public sector risk, and interest rate risk for the Business Group Risk Takers (including the Deputy to the Head of the IMI CIB Business Division identified as a Top Risk Taker);
- failure to meet the expected mandatory training attendance levels for all Risk Takers.

Moreover, regardless of the respective macro-segment, the payment of the individual bonus is, in any case, subject to the verification, in the bonus payment phase, of the absence of the so-called individual compliance breaches, i.e. the individual access conditions for conduct risk monitoring.

Finally, tools are adopted to correct behaviours and monitor the effects of managerial actions over time through:

- the possible reduction, up to zero, of the deferred components of the allocated bonus (malus conditions - see point f.2);
- the repayment of bonuses already paid following the occurrence of specific conditions (claw-back mechanisms - see point f.2).

<sup>94</sup> It should be noted that this KPI is not defined at Legal Entity level.

<sup>95</sup> It should be noted that the Incentive System for the Relationship Managers and the Incentive System for the Financial Advisors include specific correction mechanisms for the bonus.

#### **d. The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD**

The Intesa Sanpaolo Group, in full compliance with regulatory indications, traditionally adopts an appropriately "balanced" pay mix in order to allow flexible management of labour costs as the variable part may significantly decline, even down to zero, depending on the performance actually achieved during the year in question or when the Group was not able to maintain or restore a solid capital base, and to discourage behaviour focused on the achievement of short-term results, particularly if these involve taking on greater risks.

It is standard Group practice to establish ex-ante balanced limits on variable remuneration for all clusters of Group personnel, by setting specific caps on bonuses in the event of any over-performance. This cap to the variable remuneration was determined in general in 100% of the fixed remuneration with the exception of the roles belonging to the Company Control Functions and those similar<sup>96</sup> to them who are assigned a cap of 33% of the fixed remuneration.

As approved by the Shareholders' Meeting with a qualified majority, the variable remuneration cap set in the general criteria was increased:

- up to 200% of fixed remuneration for Group Risk Takers<sup>97</sup> and specific and limited high-profitability professional categories and business segments;
- up to 400% of fixed remuneration for personnel of the "Investment" category of the Group's Asset Management Companies (SGR entities) that carry out their activities exclusively for the same Asset Management Company, in compliance with the right granted by the Supervisory Provisions<sup>98</sup>.

#### **e. Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration**

##### *e.1. An overview of main performance criteria and metrics for institution, business lines and individuals*

The annual Incentive System for the Risk Takers is formalised through Performance Scorecards which include both economic-financial KPIs and non-financial KPIs. More specifically, the economic-financial KPIs are clustered within 4 drivers (Growth, Profitability, Productivity and Cost of Risk/Sustainability - with reference to the personnel of the Company Control Functions, the non-economic-financial quantitative KPIs allocated are linked solely to the last two drivers), while the non-financial KPIs are divided into strategic actions or projects that represent the enabling factors for the achievement of the financial KPIs or contribute to the achievement of the Strategic Plan objectives and promote or act as an incentive for good conduct, especially with reference to businesses and areas that involve direct customer relationships. Identification of KPIs, on which incentives granting is based, is carried out by the competent functions, considering the most significant economic and financial indicators for achievement of the budget objectives, periodically monitored through internal reporting tools and available at the consolidated level, as well as at division and/or business unit level.

The Performance Scorecards have a three-fold structure in order to measure performance on multiple levels. In particular:

- the Group section contains at least one quantitative KPI measured on the Group scope and common to all the Scorecards, except those intended to the Company Control Functions and similar roles. For 2023, in line with the previous year, the Net Income was assigned as Group KPI. Moreover, in the Group Governance Areas, for the Group Risk Takers and those reporting directly to the Chief, also the objective to minimise the Group's Cost/Income was provided;
- the structure section presents KPIs that are consistent with the levers applied by the individual and reported at the Division/Governance Area level or, in any case, area of responsibility. Below is a non-exhaustive list of KPIs for each driver:
  - growth: Net inflows, Medium-Long-Term Disbursements, Income from Non-Life Insurance Business;
  - profitability: Operating Income/average RWAs, Revenues/Assets, and Total Income from Non-Life Insurance Business/Mathematical Reserves;
  - productivity: Cost/Income, Reduction in operating costs, Full Combined Ratio;

<sup>96</sup> Similar roles include the Manager responsible for preparing the Company's financial reports and the Head of the Group Administrative Governance and Controls structure.

<sup>97</sup> Those belonging to the Company Control Functions and similar roles, the non-executive members of the Board of Directors of Intesa Sanpaolo and the Group Risk Takers operating in countries where the local regulations allow a maximum limit of 100% represent an exception.

<sup>98</sup> Update of 26 October 2018 of Bank of Italy Circular 285/2013.

- cost of risk/sustainability: gross NPL ratio, Concentration Risk, Gross flows from performing loans to NPEs, Operational Losses/Operating Income, Maximisation of LCR target levels, and Strengthening of the level of health and safety risk control.
- the qualitative section, including KPIs relating to the taking of actions envisaged by the Business Plan or the measurement of managerial skills (possibly also individual), whose reporting is usually objectified by identifying project milestones and/or subject to evaluation by the Head based on supporting drivers defined ex ante. For 2023, in continuity with previous financial years, the Group cross-functional KPI “Environmental, Social and Governance (ESG)” was identified as one of the strategic actions. Furthermore, for the Company Control Functions, for 2023, in keeping with 2018, a cross-functional KPI was confirmed that lies within the objective of “Risk Culture – Promoting awareness at all levels of the organisation regarding *emerging* risks, with a particular focus on the risks related to climate change and technological innovation, by means of educational, awareness raising and training initiatives”.

Each KPI is assigned a weight equal to at least 10% to ensure the relevance of the objective, and no more than 30% to guarantee appropriate weighting of the numerous objectives. The performance evaluation period (accrual period) is annual.

Among the incentive initiatives dedicated to highly profitable business segments established by the Group, the Incentive System for the Relationship Managers of the Private Banking Division’s International Sales Networks and the Incentive System for the Non-Employee Financial Advisors of the Private Banking Division also include individuals identified as Risk Takers within these clusters.

Specifically, these Systems are aimed at supporting the achievement of the Company’s sales and economic-financial targets, taking into account the actual needs of customers and in line with their risk profile. The performance is measured through both economic-financial KPIs that reflect the value generated and non-financial KPIs that include measures to guide behaviour towards customer satisfaction, compliance with the principles of fairness in customer relations and reduction of operational risks.

#### *e.2. An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance*

The total amount due to the Risk Takers is allocated annually based on the evaluation of the results of the individual performance scorecard which, as illustrated in the previous point, has a three-fold structure which includes, among other things, both KPIs linked to the performance of the Intesa Sanpaolo Group and KPIs linked to the performance of the respective Division/Governance Area.

It should be noted that the bonus is defined with different calculation methods depending on the cluster. In particular, this calculation is deterministic for the Group Top Risk Takers, is ranking-based for the other Group Risk Takers and is connected to the evaluation of the results for the remaining Risk Takers.

#### *e.3. Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments*

In compliance with the Supervisory Provisions, the financial instruments used by the Intesa Sanpaolo Group to pay the variable remuneration portion to be settled in financial instruments are Intesa Sanpaolo shares (see paragraph f.1). Exceptions to this general rule are envisaged in compliance with the specificities of the sector (e.g. Assets under management) and local (e.g. Slovakia, Brazil, etc.) regulations. Coinciding with the launch of the 2022-2025 Business Plan, the Risk Takers, including the Managing Director and CEO, the remaining Group Top Risk Takers, in the context of the PSP (Performance Share Plan) Long-Term Incentive Plan, were assigned the right to accrue a certain number of Performance Shares upon the expiration of the Plan, as long as specific gateway conditions are fulfilled and certain performance targets are achieved, and taking into account correction mechanisms based on sustainability targets that act as a demultiplier of the number of shares accrued at term (if any).

Lastly, for non-employee Financial Advisors of the Fideuram, Sanpaolo Invest and IW SIM Networks identified as Risk Takers, a specific Long-Term Incentive Plan for 2022-2025, also based on performance shares, was provided.



*e.4. Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics. In accordance with point (n) of Article 94(1) CRD, to be paid or vested the variable remuneration has to be justified on the basis of the performance of the institution, the business unit and the individual concerned. Institutions shall explain the criteria/thresholds for determining that the performance is weak and that does not justify that the variable remuneration can be paid or vested*

The measures implemented by the Group to adjust the variable component of the remuneration in the event that the performance measurement metrics are weak impact both the bonus pool and the bonus accrued by each individual.

With regard to the Bonus Pool, as mentioned in point c, this (and consequently also the annual Incentive System for the Risk Takers) is activated only if the main capital and liquidity requirements, namely the minimum regulatory conditions of solidity at Group level, are met and if the economic and financial sustainability condition is in place.

Furthermore, the gross income-based bonus pool funding at Group level (quantum) is defined with a top-down approach, it is destined to fund the majority of the Group annual Incentive Systems, including the one for the Risk Takers, and is based on the available resources deriving from the economic-financial results achieved in terms of meeting the Gross income target at the Group and/or Division level, adjusted for the non-financial risks undertaken (see point c). Therefore, in the event of "weak" performance at Group and/or Division level (i.e. Gross income below the Access Threshold, breach of the economic EVA target beyond a certain tolerance level), the bonus pool decreases significantly, in both absolute and relative terms, thereby impeding the payment of the bonuses accrued to certain clusters of personnel, first of all (conceptually) also the Risk Takers. With regard to the commission-based bonus pool, it is determined based on the commissions generated by the specific sales network and therefore incorporates the modulation based on any "weak" performance (in any case it is subject to correction if the economic EVA target is exceeded beyond a certain tolerance level).

Finally, any "weak" performance at Group level in terms of failure to meet the malus conditions (see point f.2) result in the possible reduction, up to zero, of the deferred components of the allocated bonus.

#### **f. Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance**

##### *f.1. An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff*

Illustrated below are the methods for the payment of the variable remuneration adopted by the Intesa Sanpaolo Group according to the personnel category, the amount of variable remuneration and the incidence of variable remuneration in relation to fixed remuneration.

- For the Group Top Risk Takers and all those who accrue a "particularly high" amount of variable remuneration<sup>99</sup>, regardless of the respective macro-segment:
  - 60% of the variable remuneration is deferred for a period of 5 years;
  - the portion paid in financial instruments is equal to 60% if the variable remuneration exceeds 100% of the fixed remuneration or 55% in the case of variable remuneration equal to or lower than 100% of the fixed remuneration.
- For the Top Risk Takers of Sub-consolidating Groups and Legal Entities (including those who are also identified as Group Risk Takers):
  - 50% of the variable remuneration is deferred for a period of 5 years if the variable remuneration exceeds 100% of the fixed remuneration;
  - 40% of the variable remuneration is deferred for a period of 5 years if the amount exceeds the materiality threshold<sup>100</sup> but is equal to or lower than 100% of the fixed remuneration;
  - the portion paid in financial instruments is equal to 60% in the first case and to 55% in the second.
- For the other Risk Takers:
  - 50% of the variable remuneration is deferred for a period of 4 years if the amount exceeds the materiality threshold and is above 100% of the fixed remuneration;

<sup>99</sup> For the three-year period 2022-2024, the variable remuneration exceeding 400,000 euro is considered particularly high.

<sup>100</sup> The Intesa Sanpaolo Group has defined its materiality threshold, differentiated by clusters of personnel, beyond which the variable remuneration is considered "significant". Specifically, for Risk Takers, in accordance with the applicable regulations, the variable remuneration is considered "significant" if it exceeds the amount of 50,000 euro or if it represents more than one third of the total remuneration.



- 40% of the variable remuneration is deferred for a period of 4 years if the amount exceeds the materiality threshold but is equal to or lower than 100% of the fixed remuneration;
- the portion paid in financial instruments is equal to 50% of the variable remuneration.

Regardless of the relevant macro segment, the variable remuneration is entirely paid in cash if the amount is equal to or lower than the materiality threshold and 100% of the fixed remuneration.

For all clusters, the variable remuneration (both the up-front and the deferred portion) paid in financial instruments is subject to a retention period of one year.

Conversely, specific payment schedules apply to the personnel of asset management companies.

#### *f.2. Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law)*

Each deferred portion of variable remuneration is subject to an ex-post adjustment mechanism – the so-called malus conditions – according to which the relative amount recognised and the number of financial instruments assigned, if any, may be reduced, even to zero, in the year in which the deferred portion is paid, in relation to the level of achievement of the minimum conditions set by the Regulator regarding the capital strength and liquidity, as well as the achievement of the financial sustainability condition.

These malus conditions, which are symmetrical to the gateway conditions, are:

- Capital strength conditions: Common Equity Tier 1 (CET1) Ratio and Leverage Ratio  $\geq$  “hard” limits stipulated by the Group RAF; Minimum own funds and eligible liabilities (MREL)  $\geq$  Early Warning envisaged by the Group RAF; Verification of ICAAP outcome and recommendations on distributions by competent authorities and European supervisory authorities;
- Liquidity condition: Net Stable Funding Ratio (NSFR)  $\geq$  “hard” limit set by the Group RAF;
- Sustainability condition: No Loss and Positive Gross Income.

With reference to the Group Top Risk Takers alone, an additional gateway condition is envisaged to verify that the Liquidity Coverage Ratio (LCR) is higher than or equal to the limits set by the Group RAF (liquidity condition).

Similarly to the provisions on the gateway conditions, it is specified that for those Legal Entities which calculate their limits of capital strength and liquidity, failure to respect these limits and to meet the sustainability conditions constitutes the malus condition of all the Incentive Systems destined to the resources operating in the Legal Entity, also when those of the Intesa Sanpaolo Group may be positively met.

In case one of the conditions of capital strength or of liquidity does not occur individually, the deferred portion is reduced to zero; if the condition of sustainability is not met, the deferred portion is reduced by 50%.

Furthermore, the company reserves the right to activate clawback mechanisms, namely the return of bonuses already paid as required by regulations, as part of:

- disciplinary initiatives and provisions envisaged for fraudulent behaviour or gross negligence by personnel;
- violations of the obligations imposed under Article 26 of the Consolidated Law on Banking or, where the entity is a stakeholder, Article 53(4) et seq. of the Consolidated Law on Banking or of remuneration and incentive obligations;
- behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct from which a “significant loss” derived for the Company or the customer.

These mechanisms may be applied in the 5 years following the payment of the individual portion (up-front or deferred) of variable remuneration.

#### *f.3. Where applicable, shareholding requirements that may be imposed on identified staff*

It should be noted that no minimum shareholding requirements are defined for any clusters.

**g. The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR**

*Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments*

For information on the specific performance indicators used to determine the variable remuneration components, see point e.1.

The variable remuneration for the Risk Takers, if it is higher than the materiality threshold or 100% of the fixed remuneration, is paid according to specific payment schedules (see point f.1) and settled partly in cash and partly in financial instruments.

In compliance with the Supervisory Provisions, for the Risk Takers, the financial instruments used by the Intesa Sanpaolo Group to pay the variable remuneration portion to be settled in financial instruments are Intesa Sanpaolo shares (see point f.1). Exceptions to this general rule are envisaged in compliance with the specificities of the sector (e.g. Assets under management) and local (e.g. Slovakia, Brazil, etc.) regulations.

Coinciding with the launch of the 2022-2025 Business Plan, the Risk Takers, including the Managing Director and CEO, the remaining Group Top Risk Takers, in the context of the PSP (Performance Share Plan) Long-Term Incentive Plan, were assigned the right to accrue a certain number of Performance Shares upon the expiration of the Plan, as long as specific gateway conditions were fulfilled, certain performance targets were achieved and taking into account correction mechanisms based on sustainability targets that act as a demultiplier of the number of shares accrued at term (if any).

Lastly, for non-employee Financial Advisors of the Fideuram, Sanpaolo Invest and IW SIM Networks identified as Risk Takers, a specific Long-Term Incentive Plan for 2022-2025, also based on performance share, was provided.

**h. Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management, as referred to in point (j) of Article 450(1) CRR**

Please see table 1, 2, 3A and 3B of the paragraph "Remuneration", of the chapter "Disclosure on remuneration paid in financial year 2021" of the Part II present in Section II.

**i. Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.**

*For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration*

It should be noted that the Intesa Sanpaolo Group benefits from the exemption pursuant to article 94, paragraph 3, letter b), of the CRD.

Consequently, the annual bonus for 2023 accrued by the Risk Takers, if it is of an amount not exceeding 50,000 euro and does not account for more than one third of its total annual remuneration, is:

- entirely paid in cash, if the amount is less than 100% of the fixed remuneration;
- deferred for a period of 2 years for a portion amounting to 40% paid in cash, only for the Financial Advisors (identified as Risk Takers) who have the accessory assignment of Area Manager belonging to the Fideuram – Intesa Sanpaolo Private Banking Group, if the amount is equal to or less than 100% of the recurring remuneration.

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	a	b	c	d
	<b>MB Supervisory function</b>	<b>MB Management Function</b>	<b>Other senior management (so-called Key Managers)</b>	<b>Other identified staff (so-called Risk Takers)</b>
<b>Number of Identified Staff</b>				148
<b>% Risk Takers who benefit from the derogation</b>				16%
<b>Fixed Remuneration</b>				34,092,463
<b>Variable Remuneration</b>				4,812,077
Of which: deferred				28,258
<b>Total remuneration</b>				38,904,540

**j. Large institutions (the ISP Group is a "large institution") shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members, as referred to in Article 450(2) CRR**

Please see table 1, 2, 3A and 3B of the paragraph "Remuneration", of the chapter "Disclosure on remuneration paid in financial year 2021" of Part II of this Section.

## Quantitative disclosure

### EU REM1 – Remuneration awarded for the financial year to staff whose professional activities have a material impact on Bank' risk profile (so-called Risk Takers<sup>1)</sup>)

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management (so-called Key Managers)	Other identified staff (so-called Risk Takers <sup>1)</sup> )
1	Fixed Remuneration	Number of identified staff <sup>2</sup>	18	1	19	863
2		Total fixed remuneration	5,350,000	2,727,237	19,641,846	243,192,481
3		Of which: cash-based	5,350,000	2,620,000	18,591,398	234,196,320
EU -4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU -5x		Of which: other instruments				
7		Of which: other forms <sup>3</sup>		107,237	1,050,448	8,996,161
9	Variable remuneration	Number of identified staff		1	19	782
10		Total variable remuneration		4,585,000	24,638,600	136,279,457
11		Of which: cash-based		1,834,000	9,903,800	68,047,426
12		Of which: deferred		917,000	4,974,000	28,030,831
EU -13a		Of which: shares or equivalent ownership interests		2,751,000	13,845,600	63,302,840
EU -14a		Of which: deferred		1,834,000	9,214,800	34,083,758
EU -13b		Of which: share-linked instruments or equivalent non-cash instruments <sup>4</sup>				1,206,302
EU -14b		Of which: deferred				482,521
EU -14x		Of which: other instruments <sup>5</sup>			889,200	3,063,850
EU-14y		Of which: deferred			592,800	1,642,670
15		Of which: other forms <sup>6</sup>				659,039
16		Of which: deferred				
17	Total remuneration (2+10)		5,350,000	7,312,237	44,280,446	379,471,938

<sup>1</sup> Risk Takers identified both at ISP Group level and at sub-consolidating Groups or subsidiary Banks in European Union countries level.

<sup>2</sup> It should be noted that the number of risk takers does not include 14 resources who were terminated during the year belonging to the "Other identified staff" cluster.

<sup>3</sup> Non-discretionary benefits (please note that in order to calculate the ratio between variable and fixed remuneration such forms of remuneration are not considered).

<sup>4</sup> Portions of bonuses assigned in ISP Phantom Shares.

<sup>5</sup> Portions of bonuses assigned as (i) UCITS or phantom UCITS to Risk Takers belonging to significant asset management companies, as required by Joint Bank of Italy – Consob Regulation issued on 27 April 2017 and subsequently confirmed by the Regulation implementing articles 4-undecies and 6, par.1, letter b) and c-bis), of Bank of Italy Consolidated Law on Finance and (ii) VUB Banka Certificates to Risk Takers belonging to this Bank in compliance with the local regulation.

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<sup>6</sup> Value of the bonuses awarded as part of the financial advisors' business contests.

With reference to the trend of remuneration between 2023 and 2022, generally, certain differences can be observed in each personnel cluster. Namely, with reference to:

- the "Management Body - Supervisory function", the total fixed remuneration of the members of the Board of Directors of Intesa Sanpaolo declined slightly due to the combined effect of: (i) the lower number of attendance fees paid for a lower number of sessions held during the year by the Board Committees of Intesa Sanpaolo; (ii) the reduction in the number of positions in subsidiaries and associates held by some members of the Board of Directors of Intesa Sanpaolo, following the renewal of their Bodies and, consequently, of the related compensation and attendance fees received;
- the "Management Body - Management Function" (i.e. Managing Director and CEO), the fixed remuneration is essentially in line. The slight increase is due to the impact on the entire year (and not pro rata as for 2022) of the alignment with Group standards of the company's contribution to the supplementary pension scheme, as resolved by the Board of Directors at its meeting on 3 February 2022. Instead, the variable remuneration is unchanged in relation to the achievement by the CEO of the maximum performance levels equal to those of 2022 (i.e. 120% of the Performance Scorecard); the 2023 bonus, in application of the cap regulatory provision, corresponds to the maximum annual variable remuneration that can be accrued (i.e. 175% of the fixed remuneration – see "The 2023 Incentive System for the Managing Director and CEO in his capacity as General Manager");
- the "Other senior management", the total fixed remuneration is essentially in line. The slight increase is due to the impact on the entire year (and not pro rata as in 2022) : (i) of the salary increases awarded during 2022, in conjunction with the launch of the 2022-2025 Business Plan, to support the motivation of the Group Top Risk Takers; (ii) of the realignment to the Group standards of the company's contribution to the supplementary pension scheme, in line with the resolutions passed by the Board of Directors on 3 February 2022. In addition, the total variable remuneration is increasing as a result of the improved results achieved in 2023 compared to 2022;
- the "Other identified staff", the comparison of remuneration data with the previous year is partially significant against the increase in the number of Risk Takers mainly due to: (i) the organisational reviews carried out in 2023, including that of the IMI Corporate & Investment Banking Division; (ii) the greater number of subjects identified in accordance with the quantitative criteria.

## EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (so-called Risk Takers<sup>1</sup>)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management (so-called Key Managers)	Other identified staff (so-called Risk Takers <sup>1</sup> )
	<b>Guaranteed variable remuneration awards<sup>2</sup></b>				
1	Guaranteed variable remuneration awards - Number of identified staff				3
2	Guaranteed variable remuneration awards -Total amount				245,000
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				245,000
	<b>Severance payments awarded in previous periods, that have been paid out during the financial year<sup>3</sup></b>				
4	Number of identified staff			6	23
5	Total amount			1,220,000	2,100,234
	<b>Severance payments awarded during the financial year</b>				
6	Number of identified staff				10
7	Total amount				2,017,000
8	Of which paid during the financial year <sup>4</sup>				1,196,700
9	Of which deferred				820,300
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap <sup>5</sup>				1,071,667
11	Of which highest payment that has been awarded to a single person				400,000

<sup>1</sup> Risk Takers identified both at ISP Group level and at sub-consolidating Groups or subsidiary Banks in European Union countries level.

<sup>2</sup> I.e. Entry bonus.

<sup>3</sup> Please note that the data reported refers to severance awarded in previous financial years to Risk Takers, in particular to 6 Top Risk Takers (i.e. Key Managers) and to 23 other Risk Takers.

<sup>4</sup> Of which (i) 250,350 euro assigned up-front as ISP Shares and subject to a year of holding period, (ii) 45,000 euro assigned up-front as UCIT units and subject to a year of holding period and (iii) 673,750 euro paid in cash at the beginning of 2024, but pertaining to the 2023 financial year, as 6 subjects left the Group on 31/12/2023.

<sup>5</sup> I.e. amounts agreed and paid (i) based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed the last year of fixed remuneration and (ii) calculated according to the predefined calculation formula approved by the Shareholders' Meeting of Intesa Sanpaolo. It should be noted that of the amount indicated, only 565,834 euro were paid during the year (of which 162,917 euro assigned up-front as ISP Shares and subject to a year of holding period and 312,917 euro paid out in cash at the beginning of 2024 for the subjects who left the Group on 31/12/2023).

It should be noted that the bonuses awarded under the guaranteed variable remuneration relate to 3 entry bonuses and are lower compared to last year both in terms of the number of beneficiaries and of the total amount. With regard to the "Employee termination indemnities awarded in previous periods and paid during



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the financial year” (so-called severance), there was an increase in the recipients of these payments compared to 2022 due to the agreements signed in previous years. The total amount disbursed is related to the payment schedules set out in the Policies in force at the time of the award. Instead, with regard to the severance amounts paid during the year, mainly linked to the voluntary exit of personnel as a result of the agreements entered into in 2020 and 2021 with the Trade Unions aimed at facilitating generational change, a trend was recorded in line with 2022 in terms of beneficiaries, while there was a significant reduction in the total amount compared to the previous year.

### EU REM3 – Deferred remuneration for staff whose professional activities have a material impact on institutions' risk profile (so-called Risk Takers<sup>1</sup>)

	a (b+c)	b	c	d	e	f	EU – g	EU – h
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	<i>Of which due to vest in the financial year</i>	<i>Of which vesting in subsequent financial years</i>	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function								
2 Cash-based								
3 Shares or equivalent ownership interests								
4 Share-linked instruments or equivalent non-cash instruments								
5 Other instruments								
6 Other forms								
7 MB Management function	5,960,840	1,776,440	4,184,400			-92,909	1,576,458	1,110,100
8 Cash-based	2,690,010	496,820	2,193,190			26,922	560,202	
9 Shares or equivalent ownership interests	3,270,830	1,279,620	1,991,210			-119,831	1,016,256	1,110,100
10 Share-linked instruments or equivalent non-cash instruments								
11 Other instruments								
12 Other forms								
13 Other senior management (so-called Key Managers)	29,551,436	8,512,388	21,039,048			-219,827	5,729,413	4,845,952
14 Cash-based	13,132,358	2,109,920	11,022,438			77,462	1,926,398	
15 Shares or equivalent ownership interests	15,425,680	6,011,670	9,414,010			-307,176	3,457,566	4,507,070

		a (b+c)	b	c	d	e	f	EU – g	EU – h
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments <sup>2</sup>	993,398	390,798	602,600			9,887	345,449	338,882
18	Other forms								
19	Other identified staff (so-called Risk Taker <sup>1</sup> )	113,417,435	38,208,106	75,209,329			-298,739	26,689,597	17,254,292
20	Cash-based	59,926,283	15,756,393	44,169,890			128,443	14,101,866	
21	Shares or equivalent ownership interests	50,920,244	21,260,069	29,660,175			-451,437	11,722,443	16,342,856
22	Share-linked instruments or equivalent non-cash instruments <sup>3</sup>	308,363	154,182	154,181			9,687	93,087	99,007
23	Other instruments <sup>4</sup>	2,262,545	1,037,462	1,225,083			14,568	772,201	812,429
24	Other forms								
25	<b>Total amount</b>	148,929,711	48,496,934	100,432,777			-611,475	33,995,468	23,210,344

<sup>1</sup> Risk Takers identified both at ISP Group level and at sub-consolidating Groups or subsidiary Banks in European Union countries level.

<sup>2</sup> Portions of bonuses assigned as UCITS to Risk Takers belonging to significant asset management companies, as required by the Joint Bank of Italy – Consob Regulation issued on 27th April 2017 and subsequently confirmed by the Regulation implementing Articles 4-undecies and 6, paragraph 1, letter b) and c-bis) of the Bank of Italy Consolidated Law on Finance.

<sup>3</sup> Portions of bonuses assigned as ISP Phantom Shares.

<sup>4</sup> Portions of bonuses assigned as (i) UCITS or phantom UCITS to Risk Takers belonging to asset management companies, as required by Joint Bank of Italy – Consob Regulation issued on 27th April 2017 and subsequently confirmed by the Regulation implementing Articles 4-undecies and 6, paragraph 1, letter b) and c-bis) of the Bank of Italy Consolidated Law on Finance and (ii) VUB Banka Certificates to Risk Takers belonging to this Bank in compliance with the local regulation.

With reference to the above table, it should be noted that the trend in the deferred portions compared to 2022 is partially comparable taking into account (i) the increase in the number of Risk Takers and (ii) the application of the payment schedules of the annual incentive systems and the 2018-2021 LTIP Plan for Financial Advisors.

#### EU REM4 – Remuneration of 1 million EUR or more per year

		a
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1,000,000 to below 1,500,000	41
2	1,500,000 to below 2,000,000	7
3	2,000,000 to below 2,500,000	8
4	2,500,000 to below 3,000,000	6
5	3,000,000 to below 3,500,000	1
6	3,500,000 to below 4,000,000	3
7	4,000,000 to below 4,500,000	
8	4,500,000 to below 5,000,000	
9	5,000,000 to below 6,000,000	
10	6,000,000 to below 7,000,000	
11	7,000,000 to below 8,000,000	1

The table above lists, by remuneration brackets, the number of employees classified as Risk Takers whose total remuneration paid during the year is equal to or greater than 1 million euro. It should be noted that the calculation took into account both the fixed and variable remuneration pertaining to the year. Compared to 2022, a reduction can be observed in the number of subjects included in this cluster following the exit of the Financial Advisor Risk Takers who were included last year against the payment of the 2018-2021 long-term incentive system, which is not offset by the entry of employee Risk Takers due to the increase in variable remuneration for the improvement of 2023 performance.

## EU REM5 – Information on remuneration of staff whose professional activities have a material impact on Bank' risk profile (so-called Risk Taker<sup>1</sup>)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment Banking	Retail Banking	Asset Management	Corporate functions	Independent internal control functions	All other	Total
1	<b>Total number of identified staff<sup>2</sup></b>	18	1	19	76	185	11	256	127	227	<b>901</b>
2	Of which: members of the MB	18	1	19							<b>19</b>
3	Of which: other senior management (so-called Key Managers)				1	3	1	8	4	2	<b>19</b>
4	Of which: other identified staff (so-called Risk Takers <sup>1</sup> )				75	182	10	248	123	225	<b>863</b>
5	<b>Total remuneration of identified staff</b>	5,350,000	7,312,237	12,662,237	39,995,976	76,394,796	8,621,746	119,868,242	37,983,325	140,888,299	<b>436,414,621</b>
6	Of which: variable remuneration		4,585,000	4,585,000	18,876,030	33,359,252	4,203,600	58,666,141	6,209,296	39,603,738	<b>165,503,057</b>
7	Of which: fixed remuneration	5,350,000	2,727,237	8,077,237	21,119,946	43,035,544	4,418,146	61,202,101	31,774,029	101,284,561	<b>270,911,564</b>

<sup>1</sup> Risk Takers identified both at ISP Group level and at sub-consolidating Groups or subsidiary Banks in European Union countries level.

<sup>2</sup> It should be noted that the number of risk takers does not include 14 resources who were terminated during the year belonging to the "Other identified staff" cluster.

Please note: the remuneration data of the Business Areas shown in the table can be partially compared with the information reported in the 2022 Disclosure in view of the increase in the number of Risk Takers mainly due to: (i) the organisational reviews that took place in 2023, including the one affecting the IMI Corporate & Investment Banking Division; (ii) the greater number of subjects identified in accordance with the quantitative criteria.

## Quantitative information pursuant to CONSOB Regulation

### Remuneration

Table No. 1: Remuneration paid to members of administration and control bodies, to General Managers, and to other Key Managers

(thousands of euro)

Surname and Name	Office	Office held since	End of office	Fixed Remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (xx)	Profit-sharing					
Gros-Pietro Gian Maria	Chair of the Board of Directors	01/01/2023	31/12/2023	800							800		
	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Nominations Committee	01/01/2023	31/12/2023			20					20		
Colombo Paolo Andrea	Deputy Chair of the Board of Directors	01/01/2023	31/12/2023	150							150		
	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Chair of the Remuneration Committee	01/01/2023	31/12/2023	60		45					105		
	Member of the Nominations Committee	01/01/2023	31/12/2023			20					20		
Messina Carlo	General Manager	01/01/2023	31/12/2023	2,000			1,834		107.2		3,941.2	3,313.2	
	Managing Director and Chief Executive Officer	01/01/2023	31/12/2023	500							500		
	Member of the Board of Directors/ Executive Board Member	01/01/2023	31/12/2023	120							120		



Surname and Name	Office	Office held since	End of office	Fixed Remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (xx)	Profit-sharing					
Ceruti Franco	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Risks and Sustainability Committee	01/01/2023	31/12/2023			115					115		
	Member of the Remuneration Committee	01/01/2023	31/12/2023			45					45		
a)	INTESA SANPAOLO EXPO Institutional Contact S.r.l. – Chair and Director	01/01/2023	31/12/2023	130							130		
a)	INTESA SANPAOLO PRIVATE BANKING S.p.A. – Director	01/01/2023	31/12/2023	25							25		
b)	SOCIETA' BENEFIT CIMAROSA 1 S.p.A. - Chair and Director	01/01/2023	31/12/2023	-							-		
Tagliavini Paola	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Chair of Risks and Sustainability Committee	01/01/2023	31/12/2023	60		115					175		
	Member of the Committee for transactions with related parties	01/01/2023	31/12/2023			30					30		
Logiurato Liana	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Remuneration Committee	01/01/2023	31/12/2023			45					45		
	Member of the Committee for transactions with related parties	01/01/2023	31/12/2023			30					30		
Nebbia Luciano	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Remuneration Committee	01/01/2023	31/12/2023			45					45		
a)	EQUITER S.p.A. – Deputy Chair	01/01/2023	31/12/2023	35							35		

Surname and Name	Office	Office held since	End of office	Fixed Remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (xx)	Profit-sharing					
Picca Bruno	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Nominations Committee	01/01/2023	31/12/2023			20					20		
	Member of the Risks and Sustainability Committee	01/01/2023	31/12/2023			115					115		
Pomodoro Livia	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Chair of the Nominations Committee	01/01/2023	31/12/2023	60		20					80		
Stefanelli Maria Alessandra	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Committee for transactions with related parties	01/01/2023	31/12/2023			25					25		
Parigi Bruno Maria	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Risks and Sustainability Committee	01/01/2023	31/12/2023			115					115		
Zamboni Daniele	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Chair of the Committee for transactions with related parties	01/01/2023	31/12/2023	60		30					90		
	Member of the Risks and Sustainability Committee	01/01/2023	31/12/2023			115					115		
Mazzarella Maria	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Nominations Committee	01/01/2023	31/12/2023			20					20		
	Member of the Committee for transactions with related parties	01/01/2023	31/12/2023			30					30		

Surname and Name	Office	Office held since	End of office	Fixed Remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (xx)	Profit-sharing					
Gatti Anna	Member of the Board of Directors	01/01/2023	31/12/2023	120							120		
	Member of the Remuneration Committee	01/01/2023	31/12/2023			45					45		
Mosca Fabrizio	Member of the Board of Directors and of the Management Control Committee	01/01/2023	31/12/2023	260							260		
Motta Milena Teresa	Member of the Board of Directors and of the Management Control Committee	01/01/2023	31/12/2023	260							260		
Zoppo Maria Cristina	Member of the Board of Directors and of the Management Control Committee	01/01/2023	31/12/2023	260							260		
Pisani Alberto Maria	Member of the Board of Directors and of the Management Control Committee	01/01/2023	31/12/2023	260							260		
	Chair of the Management Control Committee	01/01/2023	31/12/2023	65							65		
Franchini Roberto	Member of the Board of Directors and of the Management Control Committee	01/01/2023	31/12/2023	260							260		
Vernero Paolo	Full Member of the Surveillance Board	01/01/2023	31/12/2023	25							25		
	Chair of the Surveillance Board	18/05/2023	31/12/2023	6.25							6.25		
Cortellazzo Andrea	Chair of the Surveillance Board	01/01/2023	17/05/2023	3.75							3.75		
	Full Member of the Surveillance Board	01/01/2023	31/12/2023	25							25		

Surname and Name	Office	Office held since	End of office	Fixed Remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (xx)	Profit-sharing					
Dalla Sega Franco	Full Member of the Surveillance Board	01/01/2023	31/12/2023	25							25		
a)	BANCOMAT S.p.A. – Chair	01/01/2023	31/12/2023	70							70		
Key Managers (*)	Total remuneration and attendance fees awarded by Intesa Sanpaolo	01/01/2023	31/12/2023	17,741 c)			8,677.4		995		27,413.4 c)	12,401.7	
	Total remuneration and attendance fees awarded by subsidiaries and associates	01/01/2023	31/12/2023	850 d)			1,226.4		56		2,132.4 d)	1,686.3	

a) Remuneration/Attendance fees in subsidiaries and/or associates.

b) The amount does not include the remunerations for the office equal to euro 10,000 as they have been waived.

c) The data reported does not include other remunerations for offices in company subsidiaries and/or associates and equal to euro 689,123, since entirely transferred to the parent company.

d) The data reported does not include other remunerations recognized for offices in company subsidiaries and/or associates and equal to euro 98,750 since entirely waived/transferred to subsidiaries companies.

(\*) Remuneration refers to No. 19 Key Managers.

(x) The data reported refers to the portions of bonus assigned, both upfront and deferred, awarded following 2023 performance (for further details please see table 3B).

Table No. 2: Stock options granted to members of administration body, General Managers and other Key Managers

(thousands of euro)

			Options held at the beginning of the year			Options awarded during the year						Options expired during the year			Options held at end of the year	Options for the year	Options held at the beginning of the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Surname and Name	Office	Plan	Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair Value at the awarding date (x)	Awarding date	Market share price of the shares underlying the award of options	Number of options	Exercise price	Market share price of the shares underlying the exercise date	Number of options	Number of options	Fair value
Messina Carlo	Managing Director and Chief Executive Officer General Manager	Long-term Incentive Plan 2018 – 2021 POP (Performance-based Option Plan) (**)	16,466,726	2.4937	10/03/2023										16,466,726	0	0
Key Managers (*)	Total Remuneration awarded by Intesa Sanpaolo		73,634,192	2.4937	10/03/2023										73,634,192	0	0
	Total Remuneration awarded by subsidiaries		8,550,030	2.4937	10/03/2023										8,550,030	0	0

(x) The overall Fair Value, intended as an employee benefit, is determined considering also the probability of completion of the service period in the Company, the Fair Value adjustments due to non-negotiability, deferral of the instruments assignment and unavailability constraints on the shares received according to the Plan schedule.

(\*) Remuneration refers to No. 19 Key Managers.

(\*\*) The POP Plan, approved on 27/04/2018 and subsequently amended by the resolution of 29/04/2021, ended in 2022. Specifically, the Plan was not activated as on the Exercise Day (i.e. 10 March 2023) the POP Option was "under water" as the share price of 2.006 euro – determined as the average Intesa Sanpaolo share price during the Averaging Period (11 March 2022 – 10 March 2023) – was lower than the strike price of 2.4937 euro. For further details please see page 97 of the 2023 Report on remuneration policy and compensation paid.

Table No. 3A: Incentive plans based on financial instruments other than stock options, in favour of Managing Director and CEO and other Key Managers

(thousands of euro)

			Financial instruments awarded in previous years and not vested during the year		Financial instruments awarded during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and Name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at award date	Vesting period	Award date	Market price at award date	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair value
Messina Carlo	Managing Director and Chief Executive Officer General Manager	Incentive 2017									134,179	326	326
		Incentive 2018	153,359	May 2024							153,359	373	373
		Incentive 2019	74,734	May 2025							85,408 <sup>1</sup>	208	208
		Incentive 2020	97,310	May 2025 - May 2026							51,899 <sup>1</sup>	126	126
		Incentive 2021	454,768	May 2025 - May 2027							194,900 <sup>1</sup>	474	474
		PSP Plan	2,031,322 <sup>(X)</sup>	June 2022 - June 2031									
		Incentive 2022	731,056	May 2025 - May 2028							365,527 <sup>1</sup>	889	889
		Incentive 2023			(*)	2,751	May 2024 - May 2029	(*)	(*)				917
Key Managers (**) (Remuneration awarded by Intesa Sanpaolo)		Incentive 2017									244,444	594	594
		Incentive 2018	460,611	May 2024							538,784	1,313	1,313
		Incentive 2019	438,229	May 2024 - May 2025							275,563 <sup>1</sup>	670	670
		Incentive 2020	513,173	May 2024 - May 2026							161,524 <sup>1</sup>	393	393
		Incentive 2021	2,090,345	May 2024 - May 2027							708,627 <sup>2</sup>	1,723	1,723
		PSP Plan	11,228,862 <sup>(X)</sup>	June 2022 - June 2031									



			Financial instruments awarded in previous years and not vested during the year		Financial instruments awarded during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and Name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at award date	Vesting period	Award date	Market price at award date	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair value
Key Managers (**) (Remuneration awarded by subsidiaries)		Incentive 2022	3,591,002	May 2024 - May 2028							1,395,696 <sup>1</sup>	3,394	3,394
		Incentive 2023			(*)	12,895	May 2024 - May 2029	(*)	(*)				4,314
		Incentive 2017									2,866.01 <sup>3</sup>	124	124
		Incentive 2018	4,099.93 <sup>3</sup>	May 2024							4,099.92 <sup>3</sup>	113	113
		Incentive 2019	13,805	May 2024 - May 2025							15,774 <sup>1</sup>	38	38
			4,108.33 <sup>3</sup>								2,191.11 <sup>3</sup>	65	65
		Incentive 2020	28,931	May 2024 - May 2026							15,430 <sup>1</sup>	38	38
			2,710.47 <sup>3</sup>								1,414.16 <sup>3</sup>	44	44
		Incentive 2021	142,430	May 2024 - May 2027							61,041 <sup>1</sup>	148	148
			7,883.26 <sup>3</sup>								3,941.63 <sup>3</sup>	228	228
		PSP Plan	1,434,330 <sup>(x)</sup>	June 2022 - June 2031									
		Incentive 2022	226,093	'mag.2024 - mag. 2028							113,046 <sup>1</sup>	275	275
			16,439.40 <sup>3</sup>										
		Incentive 2023			(*)	1,840 <sup>4</sup>	May 2024 - May 2029	(*)	(*)				613 <sup>5</sup>

(\*) The information related to the shares that will be granted as an incentive for the performance of financial year 2023 will be available following the resolutions of the Ordinary Shareholders' Meeting called on 24 April 2024.

(\*\*) Remuneration refers to No. 19 Key Managers.

(x) The indicated number represents the assigned rights on Performance Shares. Each one assigns the right to receive No. 1 Intesa Sanpaolo Share at the end of the PSP Plan, conditioned upon the verification of the gateway conditions, of the level of achievement of the performance objectives and of the possible application of de-multipliers. Such number was calculated for each cluster of beneficiaries by dividing the value of the

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initial grant (for the Managing Director and CEO equal to 100% of the fixed remuneration at the launch of the Plan) by the market price at grant date determined by applying some Fair Value adjustments – based on the valuation models certified in the Group's Fair Value Policy - due to sale and availability constraints (please see the Report of the Board of Directors, Ordinary Part – Point 3f of the agenda of 15 March 2022).

1) Shares subject to a year of holding period and retained for the entire duration of this period in a fiduciary position in Siref S.p.A.

2) Of which 612,977 shares subject to a year of holding period and retained for the entire duration of this period in a fiduciary position in Siref S.p.A.

3) Assigned in UCITS units (instead of Intesa Sanpaolo shares) to the Head of the Asset Management, in his capacity as Chief Executive Officer of the Eurizon Capital Group, as required by the industry-sector regulations (Joint Bank of Italy – Consob Regulation after confirmed by the Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of Bank of Italy Consolidated Law on Finance).

4) Of which 889thousand euro assigned in UCITS units (instead of Intesa Sanpaolo shares) to the Head of the Asset Management, in his capacity as Chief Executive Officer of the Eurizon Capital Group, as required by the industry-sector regulations (Joint Bank of Italy – Consob Regulation after confirmed by the Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of Bank of Italy Consolidated Law on Finance).

5) Of which 296thousand euro assigned in UCITS units (instead of Intesa Sanpaolo shares) to the Head of the Asset Management, in his capacity as Chief Executive Officer of the Eurizon Capital Group, as required by the industry-sector regulations (Joint Bank of Italy – Consob Regulation after confirmed by the Regulation implementing articles 4-undecies and 6, paragraph 1, letter b) and c-bis), of Bank of Italy Consolidated Law on Finance).

Note: this information refers to the remuneration assigned by Intesa Sanpaolo or, where indicated, by subsidiaries; the granting of variable remuneration by associates is not envisaged.

Table No. 3B: Monetary incentive plans in favour of Managing Director and CEO and other Key Managers

(thousands of euro)

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office	Plan	Bonus of the year			Bonus from previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferral period	No longer payable	Payable / Paid	Still deferred	
Messina Carlo	Consigliere Delegato e Chief Executive Officer  Direttore Generale	Incentive 2017					412 <sup>1)</sup>		
		Incentive 2018						325	
		Incentive 2019					91	387	
		Incentive 2020					58	303	
		Incentive 2021						758	
		Incentive 2022					917	917	
		Incentive 2023	917	917	May 2024/ May 2029				
Key Managers (*) (Remuneration awarded by Intesa Sanpaolo)		Incentive 2017					1,030 <sup>1)</sup>		
		Incentive 2018						1,160	
		Incentive 2019					401 <sup>2)</sup>	1,688	
		Incentive 2020					261	1,370	
		Incentive 2021						3,180	
		Incentive 2022					4,185	4,231	
		Incentive 2023	4,314	4,361	May 2024/ May 2029				3 <sup>2)</sup>

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office	Plan	Bonus of the year			Bonus from previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferral period	No longer payable	Payable / Paid	Still deferred	
Key Managers (*) (Remuneration awarded by subsidiaries)		Incentive 2017					154 <sup>1)</sup>		
		Incentive 2018						98	
		Incentive 2019					48	203	
		Incentive 2020					33	172	
		Incentive 2021						467	
		Incentive 2022					563	563	
		Incentive 2023	613	613	May 2024/ May 2029				

(\*) Remuneration refers to No. 19 Key Managers.

1) An appreciation of 7% was calculated on the portions paid, in line with market rates.

2) Remuneration refers to the former Banco Ambrosiano Veneto fidelity bonus accrued by the Head of the Banca dei Territori Division.

## Equity

Table No. 1: Equity investments of Members of Board of Directors

Surname and Name	Office	Subsidiary	Number of shares held at the end of prior year (-)	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year (-)
Colombo Paolo Andrea	Deputy Chair of the Board of Directors	Intesa Sanpaolo ord.	5,494			5,494
		Intesa Sanpaolo ord.	5,200 (a)			5,200 (a)
		Intesa Sanpaolo ord.	19,047 (b)			19,047 (b)
Messina Carlo	Managing Director and Chief Executive Officer General Manager	Intesa Sanpaolo ord.	3,780,526 (d)	985,272 (*)		4,765,798 (e)
Ceruti Franco	Member of the Board of Directors	Intesa Sanpaolo ord.	250,000			250,000
Nebbia Luciano	Member of the Board of Directors	Intesa Sanpaolo ord.	192,281			192,281
Picca Bruno	Member of the Board of Directors	Intesa Sanpaolo ord.	383,086			383,086
Pomodoro Livia	Member of the Board of Directors	Intesa Sanpaolo ord.	60,000			60,000
Stefanelli Maria Alessandra	Member of the Board of Directors	Intesa Sanpaolo ord.	147 (a)			147 (a)
Zamboni Daniele	Member of the Board of Directors	Intesa Sanpaolo ord.	100,000			100,000
Mazzarella Maria	Member of the Board of Directors	Intesa Sanpaolo ord.	10,000 (a)		10,000 (a)	0 (a)
Gatti Anna	Member of the Board of Directors	Intesa Sanpaolo ord.	0	2,000		2,000
Mosca Fabrizio	Member of the Board of Directors	Intesa Sanpaolo ord.	18,000			18,000
Motta Milena Teresa	Member of the Board of Directors	Intesa Sanpaolo ord.	30,000 (a)			30,000 (a)
		Intesa Sanpaolo ord.	1,752 (c)			1,752 (c)
		Intesa Sanpaolo ord.	2,118 (a,c)			2,118 (a,c)

(-) Or start / end date of the office, if different from the reference period specified.

(a) Shares owned by spouse.

(b) Shares held indirectly.

(c) Shares resulting from UBI Voluntary Public Purchase and Exchange Offer.

(d) Of which 488,090 shares are held through the trust company Siref S.p.A.

(e) Of which 697,734 shares are held through the trust company Siref S.p.A.

(\*) (i) Of which 134,179 shares refer to the 2017 Incentive System and No. 153,359 refer to the deferred portion in shares of the 2018 Incentive System and (iii) of which No. 85,408 shares refer to the 2019 Incentive System, No. 51,899 refer to the 2020 Incentive System, No. 194,900 shares refer to the 2021 Incentive System, and No. 365,527 shares refer to the 2022 Incentive System and are subject to a year of holding period and retained for the entire duration of this period in a fiduciary position in Siref S.p.A.

Table No. 2: Equity investments of other Key Managers

Number of other Key Managers	Subsidiary	Number of shares held at the end of prior year (*)	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year (*)
19 (**)	Intesa Sanpaolo ord.	11,209,029 (b)	3,529,929 (***)	1,524,157 (****)	13,214,801 (c)
	Intesa Sanpaolo ord.	199 (a)			199 (a)
<p>(a) Shares owned by spouse  (b) Of which 1,792,059 shares are held through a trust company (Siref S.p.A.)  (c) Of which 2,136,465 shares are held through a trust company (Siref S.p.A.)</p> <p>(*) Or start / end date of the office, if different from the reference period specified.  (**) Total number of other Key Managers who do not hold any equity investments yet.  (***) (i) Of which 244,444 shares refer to the 2017 Incentive System, No. 538,784 refer to the 2018 Incentive System and No. 95,650 shares refer to the deferred portion of the 2021 Incentive System, and (ii) of which No. 291,337 shares refer to the 2019 Incentive System, No. 176,954 shares refer to the 2020 Incentive System, n. 674,018 shares refer to the 2021 Incentive System and No. 1,508,742 shares refer to the 2022 Incentive System and are subject to a year of holding period and retained for the entire duration of this period in a fiduciary position in Siref S.p.A.  (****) Of which No. 29,428 shares refer to the 2019 Incentive System, No. 26,417 shares refer to the 2020 Incentive System, No. 111,406 refer to the 2021 Incentive System and No. 347,335 refer to the 2022 Incentive System as so-called sell to cover, i.e. sold in order to pay the tax charges deriving from the transfer of the shares to Siref S.p.A. where they have been placed in trust for the residual duration of the holding period.</p>					



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## PART III – INTERNAL AUDITING DEPARTMENT

### ASSESSMENT OF THE INCENTIVE SYSTEM

The Chief Audit Officer of Intesa Sanpaolo carried out the planned audits, aimed at analysing the operational practices adopted in activating the incentive system for 2023, in accordance with the policies and application profiles approved by the Bodies and with the regulations on remuneration applicable to the Group including, in particular, Circular 285/2013 issued by the Bank of Italy.

The audit plan is structured so as to cover the operational phases of the process, namely: quantification and approval of the main incentive system components (economic requirements, certification of results achieved, determination of the bonus pool, incentives for Group Top Risk Takers and Heads of the Control Functions) and the actual payout of incentives, with specific reference to the Group Risk Takers.

As expected, the remuneration policies, the principles of the incentive system, the financing methods for the bonus pool, the activation thresholds, the rules for the identification of Risk Takers and the objectives assigned to the Group Top Risk Takers were approved by the Bodies in 2023, each within its own remit.

The structure was assessed as being compliant with the Regulations by the Compliance Function.

For 2023, the regulatory framework of 2022 was confirmed, including the definition of the variable remuneration component for the remaining personnel (PVR – subject of a level 2 agreement with the Trade Unions).

In addition, the following main changes are noted: introduction, in the context of hiring, of the possibility of paying a bonus as indemnification for the variable remuneration deferred reduced or cancelled by the previous employer due to the termination of the contract; increase in the materiality threshold for Middle Managers and Professionals in countries characterised by high competitive pressure; introduction of the role indemnity for Risk Takers and/or Middle Managers of the Company Control Functions operating in certain countries and for specific categories of commercial personnel of the Reyl ISP Group; award of interests on deferred bonus portions paid in cash; revision and simplification of the variable remuneration payment schemes for Middle Managers and Professionals.

With regard to checking the implementation of the 2023 incentive system, it is confirmed that the threshold defined by the Group's bonus pool activation rules was reached and the gateway conditions – i.e. Net Income (positive), Gross Income, Group RAF indicators (CET1, NSFR, MREL and leverage ratio) – were positively verified, allowing its financing according to the application profiles and policies. In addition, no corrective mechanisms were applied to the bonus pool since, also in this case, the compliance with the limits set for non-financial risks (i.e. Risk related to Operating Losses and Integrated Risk Assessment) was verified.

The results achieved by the Group Top Risk Takers were quantified, documented in specific schedules and approved by the competent Bodies.

Based on the audits conducted to date, the Chief Audit Officer expresses an opinion on the adequacy of the operational practices adopted, in accordance with the policies and profiles defined.

The audit plan will be completed with the checks on the correctness of the phases of actual payment of the incentives (including the deferred portion), with specific regard to the incentives paid to the Risk Takers, in order to determine their alignment with what was approved by the Corporate Bodies.

To supplement the Report on Remuneration presented on 28 April 2023, and as anticipated, the subsequent phases of disbursement of the incentives for the financial year 2022 (including the deferred portion) were checked, both on a domestic and an international sample, and were found to be substantially consistent with the policies and approved application profiles. Small residual areas for improvement were addressed, as also confirmed by the most recent follow-up.

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## Appendix

**Table No. 1: “Art. 5 - Corporate Governance Code”**

Principles and Criteria of the Corporate Governance Code		Page of Report
P. XV	The remuneration policy for directors, members of the control body and the top management contributes to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role.	Pages 15, 19, 21, 23, 33, 38, 52
P. XVI.	The remuneration policy is developed by the board of directors through a transparent procedure.	Page 11
P. XVII.	The board of directors ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, considering the results achieved and any other circumstances relevant for its implementation.	
R. 25	<p>The board of directors entrusts the remuneration committee with the task of:</p> <ul style="list-style-type: none"> <li>a) supporting it in the development of the remuneration policy;</li> <li>b) submitting proposals or expressing opinions on the remuneration of executive directors and other directors who hold specific responsibilities, as well as on the setting of performance objectives related to the variable component of this remuneration;</li> <li>c) monitoring the actual application of the remuneration policy and verifying the effective achievement of the performance objectives;</li> <li>d) periodically assessing the adequacy and overall consistency of the remuneration policy for directors and the top management.</li> </ul> <p>In order to have people with adequate competence and professionalism, the remuneration of executive and non-executive directors and of the members of the control body is defined with due consideration of the remuneration practices that are common with regards to the company's reference sectors and size. It also considers comparable international practices, with the possible support of an independent consultant.</p>	Pages 11, 23
R. 26	<p>The remuneration committee is made up of non-executive directors, the majority of whom are independent, and is chaired by an independent director. At least one member of the committee has adequate knowledge and experience in financial matters or remuneration policies; such skills are assessed by the board of directors before his or her appointment.</p> <p>No director takes part in the meetings of the remuneration committee in which proposals relating to his or her remuneration are made.</p>	Page 12
R. 27	<p>The remuneration policy for executive directors and the top management defines:</p> <ul style="list-style-type: none"> <li>a) a balance between the fixed and the variable component which is consistent with the company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the company. The variable component has in any case a significant weight on the overall remuneration;</li> <li>b) caps to the variable components;</li> <li>c) performance objectives, to which is linked the payment of the variable components, that are predetermined, measurable and predominantly linked to the long-term 16 horizon. They are consistent with the company's strategic objectives and with the aim of promoting its sustainable success and includes non-financial parameters, where relevant;</li> <li>d) an adequate deferral of a significant part of the variable component that has been already accrued. Such a deferral period is consistent with the company's business activity and its risk profile;</li> <li>e) provisions that enable the company to recover and/or withhold, in whole or in part, the variable components already paid-out or due, where they were based on data which subsequently proved to be manifestly misstated. The company can identify other circumstances in which such provisions are applied;</li> <li>f) clear and predetermined rules for possible termination payments, establishing a cap to the total amount that might be paid out. The cap is linked to a certain</li> </ul>	Pages 15, 19, 30, 33, 35, 37, 38, 51-53, 54, 57-61, 75, 90, 93, 94

amount or a certain number of years of remuneration. No indemnity is paid out if the termination of the office is motivated by director's objectively inadequate results.

- R. 28 The share-based remuneration plans for executive directors and the top management are aligned with the interests of the shareholders over a long-term horizon, providing that a predominant part of the plan has an overall vesting and holding period of at least five years. Pages 54, 57-60
- R. 29 The remuneration of non-executive directors is adequate to the competence, professionalism and commitment required by their role within the board of directors and its committees; this remuneration is not related to financial performance objectives, except for a non-significant part. Pages 14, 15
- R. 30 On the occasion of the termination of office and/or dissolution of the relationship with an executive director or general manager, a press release is published as soon as the internal processes that led to the assignment or the recognition of any indemnities and/or other benefits has been concluded. The press release provides for detailed information on: Pages 12, 14
- a) the assignment or the recognition of indemnities and/or other benefits, the circumstances that justify their accrual (e.g. due to the expiration of the term of office, its termination or a settlement agreement) and the decision-making process followed for this purpose within the company;
  - b) the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the vesting of rights connected with incentive plans, the compensation for non-competitive commitments or any other remuneration allocated to any reason and in any form) and the timing of their disbursement (distinguishing the part paid immediately from the part subject to deferral mechanisms);
  - c) the application of any claw-back or malus clauses;
  - d) the compliance of the elements indicated in letters a), b) and c) consistently with the remuneration policy, with a clear indication of the reasons and the decision-making process followed in the event of non-compliance, even if only partial, with the policy itself;
  - e) the procedures that have been or will be followed for the replacement of the executive director or the general manager whose office has been terminated.

**Table No. 2: “Art. 123-bis - Report on corporate governance and ownership structures”**

**Art 123-bis - Report on corporate governance and ownership structures**

**Page of Report**

1. The report on operations of issuers with securities admitted to trading on regulated markets shall contain a specific section entitled: “Report on corporate governance and ownership structures”, providing detailed information on:

- a) the capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented;
- b) any restriction on the transfer of securities, e.g. limitations in the possession of securities or the need to obtain consent from the company or other securities holders;
- c) significant direct and indirect equity investments, for example through pyramid structures and cross-investments, as stated in reports submitted pursuant to article 120;
- d) if known, the holders of any securities with special control rights and a description of such rights;
- e) the mechanism for the exercise of voting rights in any employee share ownership scheme where voting rights are not exercised directly by the employees;
- f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company’s cooperation, the financial rights attached to the securities are separate from the holding of securities;
- g) agreements known to the company pursuant to article 122;
- h) any significant agreements to which the company or its subsidiaries are parties and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal provisions; Page 15
- i) agreements between companies and directors, members of the management board or supervisory board which envisage indemnities in event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid; Page 15, 77
- l) rules applying to the appointment and replacement of directors and members of the management board or supervisory board, and to amendments to the articles of association, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures;
- m) the existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors or members of the management board to issue equity instruments or to authorise the purchase of own shares.

*[omissis]*

**Table No. 3: “Art. 123-ter – Report on the remuneration policy and compensation paid”**

Art. 123-ter - Report on the remuneration policy and compensation paid	Page of Report
<p>1. At least twenty-one days prior to the date of the Shareholders' Meeting established by article 2364, paragraph two, or the Shareholders' Meeting established by article 2364-bis second paragraph of the Italian Civil Code, companies with listed shares shall make a report on the remuneration policy and compensation paid available to the public at the company registered office, on its internet website or in any of the other ways established by Consob regulation.</p>	Page 8
<p>2. The report shall be laid out in the two sections envisaged by paragraphs 3 and 4 and shall be approved by the Board of Directors. In companies adopting the two-tier system, the report shall be approved by the supervisory board, upon proposal from the management board, solely for the section envisaged by paragraph 4, letter b).</p>	Page 9
<p>3. The first section of the report shall set out in a clear and comprehensible manner:</p>	Page 9
<p>a) the company's policy on the remuneration of the members of the management bodies, general managers and key managers with reference to at least the following year and, subject to the provisions of Article 2402 of the Italian Civil Code, the members of the control bodies;</p>	Page 11, 14, 19
<p>b) the procedures used to adopt and implement this policy.</p>	Page 11, 14
<p>3-bis The remuneration policy shall contribute to the business strategy, the pursuit of long-term interests and the sustainability of the company and shall explain how it makes this contribution. Subject to the provisions of paragraph 3-ter, companies shall put the remuneration policy referred to in paragraph 3 to the vote of shareholders, according to the frequency required by the duration of the policy set in accordance with paragraph 3, letter a), and in any case at least every three years or when amendments are made to the policy. Companies shall award the remuneration only in accordance with the remuneration policy last approved by the shareholders. In exceptional circumstances, companies may temporarily deviate from the remuneration policy, provided the policy sets out the procedural conditions for applying the deviation and specifies the parts of the policy that may be subject to deviation. Exceptional circumstances only means situations where the deviation from the remuneration policy is necessary to pursue the long-term interests and sustainability of the company as a whole or to ensure its ability to stay in the market.</p>	Page 9
<p>3-ter. The resolution envisaged in paragraph 3-bis shall be binding. If the Shareholders' Meeting does not approve the remuneration policy put to the vote pursuant to paragraph 3-bis, the company shall continue to pay remuneration in accordance with the most recent remuneration policy approved by the Shareholders' Meeting or, if there is no such policy, it can continue to pay remuneration in accordance with existing practices. The company shall put a new remuneration policy to the vote of shareholders at the latest at the next Shareholders' Meeting required by Article 2364, second paragraph, of the Italian Civil Code, or at the Shareholders' Meeting required by Article 2364-bis, second paragraph, of the Italian Civil Code.</p>	page 9
<p>4. The second section of the report, in a clear and comprehensible manner and, by name for the members of the management and control bodies, general managers and in aggregate form, subject to the provisions of the regulation issued in accordance with paragraph 8, for key managers:</p>	Page 9
<p>a) shall provide a suitable representation of each of the items comprising the remuneration, including the treatment provided for in the event of termination of office or termination of employment, detailing the consistency with the company's remuneration policy for the reporting year;</p>	Page 90



- b) shall detail the remuneration paid during the reporting year, for any reason and in any form by the company and by subsidiaries or associates, noting any components of said remuneration that refer to activities performed in years prior to the reporting year, in addition to highlighting the remuneration to be paid in one or more subsequent years in relation to work performed in the reporting year, and specifying any estimated value for components that cannot objectively be quantified in the reporting year;

b-bis) shall describe how the company has taken into account the vote cast in the previous year on the second section of the report.

5. Remuneration plans shall be established by article 114-bis are attached to the report, or the report shall specify the section of the company's website where these documents can be viewed.

6. Without prejudice to the provisions of Articles 2389 and 2409-terdecies, first paragraph, letter a) of the Italian Civil Code and Article 114-bis, the Shareholders' Meeting called in accordance with Article 2364, paragraph two or Article 2364-bis, paragraph two, of the Italian Civil Code, shall resolve in favour or against the second section of the report envisaged by paragraph 4. This resolution shall be non-binding. The outcome of voting shall be made available to the public in accordance with article 125-quater, paragraph 2.

*[omissis]*

**Table No. 4: Bank of Italy Provisions on “Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers” - Section XI - paragraph 2-quater “Remuneration policies and practices” and 2-quater.1 “Remuneration policies and practices for relevant persons and credit intermediaries”**

**Bank of Italy Provisions on “Transparency of the banking and financial transactions and services – correctness of the relations between intermediaries and customers” - Section XI – paragraph 2-quater “Remuneration policies and practices”**

Page of Report

This paragraph governs the policies and practices that intermediaries adopt for the remuneration of staff and third parties in the sales network. This is without prejudice to the application of the prudential provisions on remuneration policies and practices<sup>101</sup>.

For the purposes of this paragraph:

- “remuneration” means any form of payment or benefit (either monetary or non-monetary) paid directly or indirectly by the intermediary to staff and third parties in the sales network;
- “products” means transactions and services falling within the scope of Title VI of the Consolidated Law;
- “relevant persons” means the staff of the intermediary who offer products to customers and interact with those customers, and the hierarchical superiors of those staff;
- “credit intermediaries” means the entities identified in Section VII.

Intermediaries shall adopt and apply policies and practices for the remuneration of staff and third parties in the sales network: i) consistent with the company’s objectives and values and long-term strategies; ii) inspired by criteria of diligence, transparency and fairness in customer relations, containment of legal and reputational risks, customer protection and loyalty, and compliance with any applicable self-disciplinary provisions; and iii) which are not based exclusively on commercial objectives and do not constitute an incentive to place products that are not suitable for the customers’ financial needs. Intermediaries shall ensure that the human resource management policies and procedures are consistent with these principles.

Page 19, 28-29, 48, 49, 63-65, 70-72, 72-74

Intermediaries required to establish a remuneration policy under other supervisory provisions may draw up a single document to also implement the rules laid down in this paragraph, provided that the parts that implement these rules are clearly disclosed.

For the staff responsible for assessing creditworthiness, the remuneration policies and practices shall ensure prudent risk management by the intermediary.

Page 65

The remuneration policies and practices for staff responsible for handling complaints shall include indicators that take into account, among other things, the results achieved in handling complaints and the quality of customer relations.

Page 65

<sup>101</sup> These provisions are included: for banks, in the Bank of Italy Circular No. 285 of 17 December 2013 (Part I, Title IV, Chapter 2); and for financial intermediaries entered in the register pursuant to Article 106 of the Consolidated Law, in the Bank of Italy Circular No 288 of 3 April 2015 (Title III, Chapter 1).

Intermediaries shall adopt and apply policies and practices for the remuneration of relevant persons and credit intermediaries that take into account the rights and interests of customers in relation to the offering of products. For this purpose, intermediaries shall ensure that:

- a. the remuneration does not create incentives for the relevant persons and credit intermediaries to pursue their own interests or those of the intermediary to the detriment of the customers; Pages 28-29, 46, 48, 49
- b. account is taken of any risk likely to be prejudicial to customers; intermediaries shall take appropriate measures to guard against this risk; Pages 19, 28-29, 33, 48, 49, 63, 65
- c. the variable component of the remuneration (if provided) of relevant persons and credit intermediaries:
  - i. is anchored to quantitative and qualitative criteria<sup>103</sup>; Pages 28-29, 46, 48, 49
  - ii. does not constitute an incentive to offer a specific product, or a specific category or combination of products (e.g. because it is particularly favourable for the intermediary or the relevant persons or the credit intermediaries), when this may result in a detriment to the customer through the offering of a product that is not appropriate to the customer's financial needs or which results in higher costs than another product that is also suitable, consistent and useful with respect to the customer's interests, objectives and characteristics; Pages 28-29, 46, 48, 49, 63, 65
  - iii. is suitably balanced with respect to the fixed component of remuneration; Pages 19, 23, 25-26, 28-29, 30
  - iv. is subject to adjustment mechanisms that enable the reduction (including significant reductions) or the reduction down to zero of the remuneration, for example in the event of conduct, by relevant persons or credit intermediaries, which has caused or contributed to causing significant damage to customers or a significant violation of the regulations contained in Title VI of the Consolidated Law, of the related implementing provisions or of codes of ethics or codes of conduct for customer protection applicable to the intermediary. Pages 51-53

The remuneration policies drawn up in accordance with this sub-paragraph shall, in addition to the aspects covered by points a), b) and c), also include: i) a description of the objectives they are seeking to achieve; and ii) details of the number of relevant persons and credit intermediaries they apply to, as well as the role and functions performed by them<sup>104</sup>. Pages 19, 22-23

The remuneration policies shall be duly documented and the related documentation shall be kept for a period of no less than five years. The documentation shall also include a description of how the policies have been implemented, with particular regard to the application of the criteria for setting the variable component of remuneration, where envisaged.

Intermediaries shall inform the relevant persons and credit intermediaries in a clear and comprehensible manner about the remuneration policies and practices applicable to them, before they are entrusted with the offering of products. The remuneration policies and practices shall be made easily accessible to the relevant persons and credit intermediaries.

<sup>102</sup> This sub-paragraph implements the European Banking Authority's Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services of 13 December 2016.

<sup>103</sup> In particular, variable remuneration cannot be based solely on the achievement of quantitative objectives linked to the sale of products but must also take into account other criteria (e.g. customer loyalty and level of customer satisfaction).

<sup>104</sup> For relevant persons, separate details shall be given of the number of persons who offer products to customers by interacting with those customers and the number of their hierarchical superiors.

The remuneration policies and practices shall be adopted by the body responsible for strategic supervision – or, if the selection of the latter is not required by the applicable regulations, by the administration body – which is also responsible for their proper implementation and any amendments to them. For the purpose of adopting the remuneration policies, the body shall avail itself of the remuneration committee (where established), the human resources function and the company control functions<sup>106</sup>.

Section I – par. 1

Intermediaries shall subject the remuneration policies and practices of relevant persons and credit intermediaries to review at least annually, also for the purpose of ensuring the regular assessment of the adequacy of the measures adopted with respect to the risks referred to in point b) of this sub-paragraph; the compliance function or, in its absence, the internal audit function shall be involved for such purposes. Where, as a result of this review, gaps or inadequacies in remuneration policies and practices are identified, these shall be promptly modified.

Section I – par. 1

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<sup>105</sup> This sub-paragraph implements the European Banking Authority’s Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services of 13 December 2016.

<sup>106</sup> The compliance function shall, among other things, certify the compliance of the remuneration policies with the provisions of this paragraph.

**“*Panta Rhei*, the aphorism attributed to Heraclitus, captures my artistic ethos - that everything flows and changes, nothing stands still and that all things are in a state of flux - perfectly”.**

Alfredo Pini was born in Mirandola in 1958. Despite graduating with a diploma from vocational business school, in 1985, he devoted himself entirely to his true passion in life: painting. He moved to Ferrara, where he opened the *Lacerba* art gallery, visited the studios of various artists and enrolled in a number of painting courses. This led him to connect with a number of prominent contemporary artists, including Primo Conti, Bruno Cassinari, Mario Schifano, Bruno Ceccobelli, Concetto Pozzati and Omar Galliani.

In 1987, he began exhibiting work and enrolled in the DAMS (Drama, Art and Music Studies) degree programme at the University of Bologna, whose teachers included Renato Barilli, Umberto Eco and Alfredo De Paz.

Through his work as a painter, he established increasingly close collaborative ties with various galleries in cities in Italy, Spain and the United States, where he continues to present his works in solo and group exhibitions today.

Pini is a figurative artist whose style is characterised by rapid and expressive brush-strokes that capture the movement and vitality of the subjects he depicts.

Cover:



**Alfredo Pini**  
(Mirandola, 1958)  
*Landscape*, 20<sup>th</sup> century  
oil on canvas, 49 x 68 cm

While this piece from the Intesa Sanpaolo collection retains the artist's signature pulsating energy, it shows him adopting a slower and more reflective approach. Featuring stunning mountains with patches of snow in the background and a light blue sky populated with white clouds, which - much like the cerulean blue vein-like stream coursing down the mountainside - provides a subtle hint that spring is imminent, this landscape painting depicts a natural setting that, while imposing, is not oppressive.

Enlivened by small touches of colour provided by the cloths hung out to dry in the open air and the bell tower of the small church flanked by soaring green conifers, the small village in the middle of the composition is painted with heart-felt affection. Here, a quiet rural community reliant on hard work and household tasks lives and breathes.

A lone figure, portrayed from behind, ascends a white path cutting through the middle of a grassy expanse caressed by the wind and sun.

In this painting, there is a sense of a memory evoking a simple, tranquil and almost meditative life created by brush-strokes that, in contrast to the excitable and synthetic ones of the artist's best-known works, are vibrant yet robust. The "flux" captured in this work is not that synonymous with the hectic, breakneck pace of the modern cities that Alfredo Pini often depicts on his canvases, but rather a slow and natural one that conveys the passing of the seasons and our ancient relationship with planet Earth.



