

Employee well-being

COMPANY POLICIES

In terms of relationships with its employees, the Intesa Sanpaolo Code of Ethics promotes policies that help foster a better work-life balance; the concrete implementation of this principle takes the form of specific rules in the area of reconciliation.

Welfare is a priority area with actions designed to foster motivation and involvement, placing people at the centre with the aim of meeting their needs and those of their families.

Accordingly, the meetings between the company and the Trade Unions have often centred on policies to strengthen and fine-tune the instruments that make up the company's welfare package and significantly contribute to improving the work-life balance of employees and, as such, also their well-being.

Well-being that is also protected through the safeguarding of health and safety in the workplace via increasingly effective measures, as outlined in the Group's Health and Safety Policy and Code of Ethics. The internal regulations establish a System of Roles and Responsibilities – in the shape of company rules and operating guidelines affecting many different parties – with regard to particular professional skills, i.e. specific company departments.

WELFARE AND QUALITY OF LIFE IN THE COMPANY

Intesa Sanpaolo has chosen a corporate welfare model that operates within an integrated system and includes: the supplementary pension, supplementary health care, the cultural, recreation and sports Association for Intesa Sanpaolo Group employees (ALI) and the Intesa Sanpaolo Foundation NPO, as well as Mobility management activities (see page 143) and activities focused on the needs of people and work-life balance. The company welfare system seeks to address the key issues in order to establish the best possible work-life balance for employees and their families. It does this by promoting sustainable solutions and projects consistent with their expectations. The activities are managed and monitored by the Trade Union Affairs Department.

During meetings of the Welfare, Safety and Sustainable Development Committee, a bilateral body set up also with the aim of further improving the wellbeing of employees, representatives of the company and the workers dedicate specific sessions to analysing and examining issues relating to assistance, services for families and the more balanced use of time, identifying suitable improvement and awareness initiatives with the aim of reconciling the company's organisational requirements with the personal lives of its employees.

With the trial having finished at the end of 2015, the Flexible Work project continued in 2018, also in light of the new Business Plan objective of extending the initiative to around 24,000 people in 2021, involving an increasing number of structures and people across the Group (over 11,500 employees) and offering the possibility of working from home, from different company sites and from customer premises. Since 2017 it has also been possible to carry out flexible training at home. In 2018, Flexible Work was extended to Banca Intesa Beograd and to Intesa Sanpaolo Bank Albania. The project's goal was to promote an improvement in quality of life, whilst also increasing employee motivation and productivity. Banca Intesa Beograd introduced flexible working in May, along with flexible working hours, for a target group of 400 employees (36% of the Head Office structures). Intesa Sanpaolo Bank Albania launched a trial in December and will introduce the scheme in 2019. Another innovative instrument is the Time Bank, introduced with the trade union agreement of October 2015 in the area of the work-life balance, that was fully functional in the following 2-year period, 2016-2017, and implemented with the renewal of the second-level contract in 2018. This reserve of time is made available by the company and employees so they can provide greater support for people in difficulty, even for brief periods, and give them more time. It is also an initiative that appeals to our generosity and spirit of solidarity because, in addition to the hours made available by the company, with an initial reserve of 50,000 hours, every employee has the possibility of donating some of their leave or holidays to the bank, which the company will then match, up to a maximum of another 50,000 hours. In 2018, 8,695 hours were donated, which were topped up with the same number of hours by the company, for an overall total of 67,390 hours. As part of the same Time Bank

initiative, a corporate volunteering project was promoted that let 397 people in 2018 carry out volunteer work, on working days for external associations and bodies chosen by the Group. A total of 2,926 hours of leave were granted.

Maternity and paternity support is provided through an excellent company crèche service in Florence, Milan, Moncalieri, Naples and Turin which looks after 255 children, and a network of partner crèches right across Italy. In 2018, the renewal of the second-level Group contract made it possible to consolidate and strengthen the tools designed to provide parental support, already introduced in the previous contract cycle. Indeed, fathers can request specific additional paid leave for the birth of their children, 10% of the sum granted by law for parental leave, 30% of their individual gross annual remuneration if they take an additional 10 days of leave once their statutory parental leave has finished, and additional days of unpaid leave and leave of absence for the illness of a child or for childcare reasons. The series of regulations on parental rights has been expanded, on a trial basis, to include an additional form of paid leave to settle children in at crèches or pre-school, and extra days of unpaid leave to care for underage children for separated or divorced parents, the exclusive guardians of children, as well as in the cases of widowhood and single-parent families. Also, as a result of the renewal of the second-level Group contract, the amount of allowance that the Company pays to employees with disabled family members increased. Furthermore, with regard to the Time Bank, new conditions were introduced relating to developmental disorders affecting minor children, which make it possible to request paid days of leave, enhancing and completing the instrument.

With regard to supplementary pensions, and with the first phase initiated by the October 2015 collective agreements completed, the absorption of the Cariparo Pension Fund and the Pension Funds of the former Venetian Banks into the Intesa Sanpaolo Group Defined Contribution Pension Fund continued. The second phase of the project was launched in 2018 with the aim of streamlining the defined benefit pension funds through the integration of the San Paolo Pension Fund in the Banco di Napoli Pension Fund to create the Intesa Sanpaolo Group Defined Benefit Pension Fund. The process involved a preliminary capitalisation offer made by the San Paolo Pension Fund to its subscribers, an offer which was subsequently accepted on a voluntary basis, and led to the subscribers being transferred to the Intesa Sanpaolo Contribution Fund. Over 90% of subscribers took this opportunity resulting in an overall capital of around 1 billion euro which has been in the process of being transferred to the Intesa Sanpaolo Contribution Fund since 1 January 2019, being added to over 6 billion euro of funds with a total of around 75,000 subscribers at the end of 2018. With the Fund, it is also still possible to take out additional insurance coverage, subscribe dependent family members and continue to subscribe to the Fund having reached retirement age. Among the benefits provided by the Fund within the customer area of the website, the feature for estimating the net amount payable for redemptions (within the context of termination, accessing the Solidarity Fund, Permanent Disability or Retirement), R.I.T.A. (*Rendita Integrativa Temporanea Anticipata, Supplementary Temporary Early Retirement Pension*) and advances (health costs, first time home buying, etc.) was enabled.

THE GROUP HEALTH FUND

As regards healthcare, the Group Health Fund, an NPO whose actions are inspired by cooperative and social solidarity values, offers subscribers and their families supplementary and replacement services for those provided by the national health service. In 2018, it provided its 201,000 subscribers with 145 million euro of services, net of excesses. Following the campaigns for cardiovascular (2016) and osteoporosis prevention (2017), 2018 was devoted to skin cancer prevention. Participation levels in this initiative were high, with 20,900 people taking part in screenings and 6,500 undergoing skin check-ups, with dermoscopy being used to examine their moles. On the back of this initiative, the Fund Scientific Committee has planned a new cancer prevention campaign for 2019 with a widespread programme of information and awareness-raising activities on lifestyle choices to reduce risk, and with a particular focus on colon and cervix cancer.

The International Subsidiary Banks Division renewed the International Healthcare Programme, an initiative that offers to foreign employees (excluding Pravex and Eximbank) with permanent contracts (over 19,000 people) second medical opinion (also extended to spouses and school-age children) and/or medical treatment in centres of excellence (only for the employee) in countries that are not their country of residence and/or workplace in the event of serious illnesses (cancer, transplants, highly complex surgical procedures etc.). As well as covering surgical costs, various other complementary services are provided (visa assistance, hospitalisation, accommodation for an accompanying person, travel etc.) and all expenses required to get to the chosen facility, stay in the foreign country, and meet medical costs

once back home are covered. Since 2018, for a number of the companies abroad, the programme has involved – on a voluntary basis and at the employee’s expense – an option to guarantee treatment for family members as well (spouse and school-age children).

Another form of corporate welfare is the Intesa Sanpaolo Employees’ Association (ALI), which seeks to bring people together by promoting innovative methods, personal services and initiatives to improve work-life balance. Since 2014, ALI has been the only Group association, and in 2018 its membership was roughly 145,000 members. It offers a wide range of services at both a local and national level, from social, tourism, cultural and sporting activities to personal services designed particularly for families with children and caregivers. For the children of members, as well as proposing a wide range of junior campuses in Italy and abroad, it offered – in cooperation with a specialist company – programmes to help them choose secondary schools, universities and/or their field of work. The Association gives a Christmas present to all children aged 1-6, and a one-off voucher for families of all babies born during the year. Members enjoyed a wider range of special offers made possible through agreements thanks to the launch of the first purchasing groups in collaboration with Destination Gusto, and a long-term rental partnership. In 2018, ALI began a process to better listen to its members and identify their needs and expectations so that it can devise its own operational strategies. Thanks to a series of focus groups, ALI was able to create a “materiality analysis”, identifying the “material” issues, namely those that are key to understanding the impacts of the Association’s activities and that influence the decisions of the most important stakeholders: the members.

Through Fondazione Intesa Sanpaolo Onlus (Intesa Sanpaolo Foundation NPO), efforts to combat financial and social hardship have continued, supporting employees, former employees and retired employees with difficulties, and the promotion of art and culture through the issuing of university and PhD study grants to disadvantaged students continued as well. Last but not least, financial support was provided for entities operating directly in the field of solidarity and social welfare, with targeted projects for people in need. The sum set aside by the Board of Directors in 2018 came to around 2.6 million euro, and included a significant allocation for canteens and dormitories for the poor and needy.

PEOPLE CARE

As part of the 2018-2021 Business Plan, the People & Process Care structure was set up in 2018 which, focusing on people and with an ongoing dialogue with employees, seeks to foster corporate well-being and contribute to organisational improvements in accordance with Intesa Sanpaolo’s values and culture. In the fourth quarter of 2018, a project aimed at creating a Group People Care Model was launched with the goal of improving quality of life in the company, based first and foremost on the needs of employees. The aim was twofold: to promote and raise employee awareness of the numerous services currently available to people, and to contribute to developing new solutions to enrich and enhance the current range of services offered. To fulfil these goals, a suitable communication strategy is currently being implemented which, also thanks to the digitisation process, will allow employees to personalise and access the services more easily. Furthermore, the Group is also working on the introduction of a confidential and qualified listening service to support employees experiencing difficulties or personal problems.

COMPANY CLIMATE

The Intesa Sanpaolo Internal Communications Service is responsible for developing a common culture based on corporate values and fostering the sense of belonging of employees.

An integrated system which, as well as the structured consultation of employees, is made up of instruments like the Intranet, Web TV, Mosaico and Mosaico International that foster the continuous sharing of information, engagement, the sharing of objectives and active participation in changes.

In February 2018, interComm, the new Intesa Sanpaolo internal communications app, was added to this range of instruments.

Wherever they are, whether at work or at home, all the Group's people can keep up to date at all times with Headlines, Intranet news, Web TV videos and Mosaico articles directly on their company or personal smartphones. Lots of activities were carried out in 2018. Firstly, a considerable focus was placed on the presentation of the 2018-2021 Business Plan, which was supported by information and engagement activities using all communication tools, and the Plan was sent to all employees in Italy and abroad with an email written by the CEO.

Structured listening is a tool that can provide support to the Top management and the company structures with regard to issues and specific requirements or project activities.

This year over 60 listening activities (feedback, surveys, focus groups, web focus groups etc.) were held in Italy and abroad, involving almost 50,000 people from the Group's Governance Areas, Divisions and companies.

In addition to these, three new initiatives involved all the people of Intesa Sanpaolo in Italy and abroad. The first of these is the Net People Impact Index which, created in the period from February to June, gauges people's energy and connection with the Group.

The second is Progetto Mission (Mission Project), a qualitative and quantitative survey held between July and October to gather useful information that the management can use to update the current Intesa Sanpaolo Mission on the basis of the 2018-2021 Business Plan, which in order to contribute to the stakeholder engagement process also examined Corporate Social Responsibility issues in a specific dedicated section. The third was the Inclusion Project, a listening activity designed to verify the perceptions of all employees and their level of satisfaction with the inclusion measures already introduced, which also helps the company understand the degree to which both the Group and the collective are open and welcoming, at the same time highlighting strengths and potential new areas of development in this field.

MISSION PROJECT: PERCEPTION OF STRATEGIC COMMITMENTS MADE REGARDING CSR ISSUES THAT IMPACT EMPLOYEES

Launched primarily to gauge the general opinion about the Group's mission and values in light of the new Business Plan, the survey was an opportunity for the Group to verify, with the inclusion of specific questions in a dedicated section of the questionnaire, the way employees view the social and environmental goals set out in the Plan. The survey was distributed to almost 69,000 employees in Italy and around 20,000 abroad, and had a response rate of 51.6% and 41.5% respectively. Among the people-centric issues of the Business Plan, those regarded as most important by the Intesa Sanpaolo Group employees were the performance assessment and incentive systems, the training of people, welfare and quality of life in the company, the working environment, talent development and job protection. For example, in terms of the areas pertaining to the development, growth and well-being of people, employees in Italy believe that the Group's commitment to increasing the number of hours of training provided in 2018-2021 by 80% may have a significant effect on their professional and personal growth (75% of respondents), regarding it as an opportunity that effectively meets individual needs (59%). Furthermore, 68% believe that smart working, an instrument highlighted by the Plan as an initiative to expand, will be increasingly adopted in the future as it contributes both to improving the well-being of employees and reducing company costs, while others view it as an opportunity that improves their private lives without compromising their work (48%). Confirming the focus and importance that Group people place on CSR issues related to the business, all employees that took part in the survey agreed that priority should be given to the approaches that the bank should adopt. The most important of these was transparency and customer care, followed by the opportunity to prioritise sustainable investment solutions for customers, access to credit and financial inclusion for the most disadvantaged and vulnerable groups.

HEALTH AND SAFETY

The Safety and Protection Department is responsible within the Group for overseeing health and safety activities. Intesa Sanpaolo has adopted and successfully implemented an Occupational Health and Safety Management System identifying, within its organisational structure, responsibilities, procedures, processes and resources for implementing its policy on the protection of employees.

With the aim of enhancing the health and safety protection of its employees, since 2017 the Occupational Health and Safety Management System has undergone an annual inspection by an independent third party which certifies its compliance with current legislation and industry standards (British Standard BS OHSAS 18001:2007).

The responsibilities and methods associated with the implementation, maintenance, monitoring and improvement of the Occupational Health and Safety Management System (OHSMS) are contained in the Process Guide - Compliance Management - Management of Occupational Safety Regulations, updated in June 2018.

The Guide was produced with the goal of: reducing the possibility of any harmful event occurring that impacts people, the environment and relevant external parties; monitoring risks in the operations of the company and external businesses involved in the company's activities; and gradually improving the Group's performance in occupational health and safety.

The risks to the health and safety of employees are evaluated according to a multidisciplinary approach, considering the combined effect of the working environment, processes and equipment as well as the subjective conditions of workers

The health and safety risk management process comprises the following phases:

- identification of dangers and their classification;
- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- establishment of an action plan as part of a programme to guarantee the improvement of safety levels over time, with the identification of the competent company structures in its implementation;
- implementation of the planned measures as part of the programme;
- establishment of employee information and training programmes;
- monitoring of the implementation of the programmes and checks on the application and effectiveness of the measures adopted;
- management of residual risks.

Intesa Sanpaolo (as Employer) – with the collaboration of the Head of the Prevention and Protection Service and the Qualified Physicians and following the consultation of the Workers' Representatives in charge of Safety – drafts and updates the Risk Assessment Document which contains, among other things:

- the report on the assessment of all health and safety risks during working activities, which also specifies the criteria adopted for the assessment;
- specification of the prevention and protection measures implemented and the individual protection equipment adopted following the assessment;
- the programme of measures regarded as suitable for guaranteeing an improvement in safety levels over time;
- an outline of the procedures for the implementation of the measures, as well as the company roles responsible for this.

The assessment and the associated document are updated on the basis of technical developments as well as significant changes to the production process and organisational structure of the company that may impact on the risk exposure of workers.

This commitment was fulfilled in 2018 as well, with the updated document provided to all employees. In 2018, the risk management process at the Group's sites, implemented in close collaboration with the competent company functions, involved an action plan created to achieve an overall reduction in risk factors of around 27%. The activities to update the risk assessment of all companies acquired as part of the Venetian banks operation were completed in the second half of 2018. The support programme for post-traumatic events (robberies, acts of verbal or physical violence and natural disasters) brought to the attention of the Prevention and Protection Service continued in 2018, providing medical and psychological support – tailored to the seriousness of the trauma suffered – for employees that have been victims of such incidents. 30 activities were organised involving around 120 employees.

OCCUPATIONAL HEALTH AND SAFETY 4.0 PROJECT

As part of the 2018-2021 Business Plan, a project was launched in 2018 to analyse the development of banking activities in relation to the digitisation of processes and the emergence of new technologies, which also aimed to understand their effects on the health and well-being of the company population. To guarantee total compliance with occupational health and safety regulations, also in terms of prevention, it is necessary to anticipate future scenarios and working methods in order to promptly develop risk mitigation measures (not just for employees but for all people who enter the Group's workspaces). Therefore, the Health and Safety 4.0 project takes its cue from a series of contextual elements such as the development of banking (e.g. flexible times and workplaces, smart working, connectivity, spread of new technologies, and changes to service, distribution and process models) and the gradual aging of the workforce in order to envision – with due medical support – the possible effects on the adaptation abilities and physical and psychological health of employees. It is an innovative project that may provide useful pointers in terms of cognitive ergonomics and technostress when organising the layout of new workstations and the content of programmes and procedures designed to give guidance for new activities. The first phase of the project involved a trial within the Safety and Protection Department with the creation of six virtual worksites focused on the following issues: 1) Census of information sources; 2) Types of workplaces and jobs; 3) Working processes and roles; 4) Equipment and applications; 5) Aggregated health indicators; 6) Work-Related Stress and Technostress risks. The results of the project will lead to changes to the Risk Assessment Document.

WORK-RELATED STRESS RISK ASSESSMENT

In 2018 the work-related stress risk assessment for staff that work standard hours in the Intesa Sanpaolo branches was updated. Employees from the network were involved through samples participating in meetings held by the Prevention and Protection Service at the Turin, Milan, Florence, Padua, Bologna, Rome and Naples sites in order to collect the assessments. The work-related stress risk assessment was also completed for the branches with the new layout: the preliminary assessment, set out in the INAIL methodology, was followed by an in-depth assessment phase with the collaboration of the Department of Clinical and Community Sciences of the University of Milan. Ten focus groups were organised in Milan, Turin, Bologna and Naples, with a number of managers, coordinators and directors from this new type of branch invited to take part. The analysis of the indicators did not reveal organisational conditions that could result in any significant work-related stress but, with an eye on guaranteeing excellence, some areas requiring monitoring and improvements did emerge, with various measures taken accordingly. In fact, the preliminary evaluation of the medical check-ups for branch employees showed a good general level of health among staff and a below-average frequency of stress-related illnesses. All the results of the assessment updates are noted in the Risk Assessment Document which is available to all employees on the Group's intranet.

Other important initiatives were held throughout the year including the updating of the assessment of the amount of time spent at video terminals for personnel that work in standard branches, hub branches and consultancy points. The method used was work sampling which, already employed in the Group for several years, is based on a statistical mathematical model which, following a significant number of samples, makes it possible to determine how much time a homogeneous group of workers spends at the video terminal. The analysis was performed on a total of 152 branches. All the assessments carried out established the list of homogeneous groups of workers exposed to video terminal risks and around 23,000 employees currently undergo medical inspections for this risk. In 2018, the seismic risk assessment methodology underwent a major development with the determination of the Level of Seismic Risk of properties. This index was determined for each property in a high-risk seismic area thanks to technical inspections and the detection of elements to gauge the levels of

danger, vulnerability and exposure in terms of the number of people in the building. With the most recent Risk Assessment Document, approved in July 2018, medical screening and medical surveillance practices were subject to a major reorganisation. The aim of the new protocols is therefore to assess the state of health of workers not just in terms of individual risks, but also with regard to their role responsibilities as a whole. Medical surveillance data plays a specific role in risk assessment and management through the introduction of specific analysis tools: for example, the Work Ability Index questionnaire has been incorporated within the health protocol and is used to assess the suitability of adopting support measures and/or the need to improve working conditions. Taking account of the need to harmonise the approach of the international subsidiaries also around the issue of health and safety, the Safety and Protection Department and the International Subsidiary Banks Division have set out a strengthening plan based on the Group's best practices and focused on continuous improvement, particularly from a health and safety governance perspective. The Safety and Protection Head Office Department and the Human Resources Department of the International Subsidiary Banks Division worked on defining a common approach that makes it possible to harmonise local practices in this area in accordance with national requirements and the Group's standards. The harmonisation process involved two main areas: organisational and regulatory aspects. From an organisational perspective, the function charts of the International Subsidiary Banks were reviewed in 2018, with the aim of integrating the various missions and activities, set out in compliance with local legislation, with those established by the Group's standards, based on the culture of prevention and continuous improvement. As well as organisational harmonisation, at the end of 2018 the Regulations for health and safety management systems were issued which, based on the main international Management System standards (BS OHSAS 18001 and ISO 45001), provide a concise but exhaustive summary of the responsibilities and obligations in this area and represent a key element in the development of the Group's strategy in this field. The adoption and effective application of the Regulations will make it possible to increase the current monitoring levels and to share this approach in compliance with legal requirements in different national contexts.

BRITISH OHSAS 18001:2007 CERTIFICATION FOR OHSMS

In 2018, the certification attesting to the conformity of the Occupational Health and Safety Management System with the British OHSAS 18001:2007 standard was extended to 100% of the Intesa Sanpaolo Group branches in Italy. The verification process, carried out by an independent third-party body, involved the direct assessment of activities by way of audits in the various organisational structures (50 branches and the Turin skyscraper, the headquarters of the System), interviews with staff (at all levels, including maintenance staff, qualified physicians, Worker Safety Representatives, the Training Department, Facility Management), the analysis of documents and records, and the evaluation of the effectiveness of actions implemented in response to the findings of internal audits.

WORKER SAFETY REPRESENTATIVES

Following a 2016 union agreement the Group's Worker Safety Representatives (WSR) were elected. Their areas of responsibility are defined on a geographical basis.

In 2017, the names of the elected Representatives were published on the company intranet; their number increased following the operation to acquire the former Venetian Banks, and currently comprises 114 employees.

Every year dedicated training activities are held to update the WSR.

Thanks to this series of activities it was possible to make the procedures for consultation and participation in the overall health and safety management system fully operative, as established by the regulations.