

# Employment protection

## COMPANY POLICIES

The company's approach to managing issues relating to the protection of workers' rights is outlined in the Code of Ethics, which recognises the principles established by the fundamental conventions of the ILO (International Labour Organization) and in particular the right to freedom of association and collective bargaining, the abolition of forced and child labour, and non-discrimination in employment. The applied collective bargaining system works on two separate and complementary levels; the first at national level and the second at company level for the Intesa Sanpaolo Group (second-level contractual structure).

The labour relations model, adopted and developed by the Group together with the Trade Unions, has promoted dialogue between the parties on a continuous basis. The model is a way of identifying the most suitable solutions and tools for addressing and managing the various growth and reorganisation phases that have marked the company's activities over the years, including those involved in the implementation of the 2018-2021 Business Plan. Concrete evidence of the way in which trade union relations are structured and developed at Intesa Sanpaolo can be seen in the creation and work of bilateral Company/Union bodies, formed with the aim of analysing, identifying and proposing positive actions, solutions and tools in the areas of equal opportunities, welfare, safety and sustainable development.

## JOB PROTECTION

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

Strategic measures include the strictly voluntary resignation, by June 2020, of 9,000 employees due to retirement or through access to the sector Solidarity Fund, and the hiring of over 1,600 new employees to support the growth of the business and facilitate generational change.

Employment within the Group was also guaranteed by the completion of the integration of the former Venetian banks' staff and structures, and by the gradual extension of the new mixed contract – a contractual solution whereby individuals possess two separate contracts, one part-time contract and one for self-employment service provision as a financial advisor. Job protection in the Group was also guaranteed with the involvement of 5,000 people in a dedicated initiative (Proactive HR Inplacement) for professional redeployment to activities of greater value added.

In this context, the Intragroup Mobility structure and HR Proactive Placement oversaw the mobility tools and processes, verifying the availability of internal personnel and their necessary expertise on the basis of the identified requirements, while also guaranteeing the development of employees in new roles.

Since April 2018 the structure has also sought to manage over-capacity via a proactive internal reassignment scheme based on priority needs consistent with the Group strategy.

Furthermore, in line with the principles that form the basis of the new Business Plan, an agreement was signed in 2018 for the creation, and subsequent carving out, of a loan recovery management platform.

This process took place protecting the employment levels and professional skills of those transferred to the new company Intrum, external to the Group, and guaranteeing the ongoing application of the current second-level collective bargaining agreement. The reabsorption of service company Intesa Sanpaolo Group Services S.c.p.A. in Intesa Sanpaolo, implementing the previous agreements of 2009, was regulated in the same way, constituting an additional step forward in the corporate simplification process, another of the priorities of the new Business Plan.

As for employer branding, a communication and narration strategy was adopted for live events which in 2018 generated excellent levels of interaction and a notable increase in views of the LinkedIn careers pages (+56% versus 2017, with 317,000 views). The online job application experience was also improved thanks to the recruitment process support platform and the new area on the website (career site).

With almost 4,000 new hirings, the turnover rate in 2018 was -4.52%, in line with the application of the agreements signed in 2017.

## LABOUR RELATIONS

As well as the industry outlook, relations with the Trade Unions are also regulated by the Labour Relations Protocol, which has made it possible to develop a specific trade union relations model in the Intesa Sanpaolo Group. Dialogue with the Trade Unions regarding company projects is ongoing, prompt and aimed at identifying shared solutions to the various requirements that come to the attention of the Parties from time to time.

This also takes place in accordance with trade union representation in Italy (77.84% of current employees), in line with national representation in the sector. 43 agreements were signed in 2018, dedicating plenty of space to define an integrated welfare system characterised by heavy investment and innovative initiatives in the area of work-life balance, inclusion, non-discrimination and sustainable development.

These results were achieved thanks to the activities of the Welfare, Safety and Sustainable Development Committee. This bilateral body, which adequately represents both the company and the Trade Unions, is supplemented each time by technical experts that are able to offer specific expertise on the issues in question. In 2018, also in accordance with and in support of the new Business Plan, the Committee promoted a series of measures and actions that contributed significantly to the renewal of numerous agreements pertaining to the Group second-level collective bargaining agreement. In particular, the agreements of August 2018 guaranteed both the continuity and innovation of the reference regulatory framework of the entire Group, maintaining a strong focus on people.

The Time Bank, Flexible Work and the various initiatives for the development of policies and tools to address problems relating to the area of disabilities, and to promote the culture of inclusion, are just some examples that define and characterise the overall direction that the second-level collective bargaining agreement has been going in for some time. Within the overall process to renew the second-level collective bargaining agreement, there was also an evident desire to apply a new long-term incentive plan (LECOIP 2.0) – connected with the 2018-2021 Business Plan and following on from the previous Plan – to all Group employees: once again, the introduction of this incentive scheme was based on and guided by the principles of inclusiveness, merit and cohesion.

## Employee growth and development

### COMPANY POLICIES

The enhancement of human resources and the principle of excellence based on the recognition of merit are defined in the Group Code of Ethics and Remuneration Policies.

Dedicated platforms make it possible to implement structured performance assessment processes and to map skills and professional growth paths. Specific Guidelines define the performance assessment system for employees in Italy and abroad, which is characterised by indicators that gauge the quality of working performance and contribute to the creation of a management dashboard available to heads which is used to accurately and specifically guide managerial actions as regards the growth and development of employees.

The Remuneration Policies regulate the Group's remuneration and incentive systems, being based on the principles of: aligning the conduct of employees at all levels with the strategic objectives of the 2018-2021 Business Plan; merit, ensuring a strong connection with performance and the distinctive contributions made; sustainability, to minimise expenses as per the Group's strategies; and impartiality, which as well as promoting virtuous conduct, also makes it possible, through the adoption of a Global Banding system, to align remuneration based on the level of responsibility and company area.

In terms of diversity, the Code of Ethics promotes the specific qualities of each employee, recognising their key contribution towards innovation and the growth of the Group. At the same time, it guarantees equal opportunities in terms of professional growth and development and access to training courses and refresher and role assignment initiatives. In order to recognise the diversity of everyone's lifestyle choices and gender identity, specific company policies have been introduced to define the framework for the extension of company benefits to same-sex unions.