



Employees

RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

Like the previous plan, the 2018-2021 Business Plan identifies the Group's employees as key to the further development of the Bank's business. Thanks to their professionalism, their range of expertise and their growth paths, together with the important technological investments made to ensure they are ready for the digital challenge, the people of Intesa Sanpaolo contribute to ensuring the excellent quality of customer services and the fulfilment of the Plan's goals.

The importance of the Group's people is evident in the company's full protection of workers' rights (in terms of the development of labour relations and employment protection), its personnel development activities (with particular focus on training and merit), its promotion of concrete development policies and measures, and its enhancement of a modern and integrated company welfare system. In addition, for some time Intesa Sanpaolo has also adhered to an Occupational Health and Safety Management System compliant with the most advanced international standards. The programmes adopted, also thanks to the numerous agreements signed with the trade unions, have made it possible to effectively protect employment levels through professional retraining activities, but also with the introduction and consolidation of numerous innovative contractual tools, that are able to foster the development of an effective company welfare system and establish a better work-life balance.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2018 Actions/Results	2021 objectives
Job protection	People reassigned to high value-added activities	<ul style="list-style-type: none"> 989 reassigned employees working on new priority activities 	<ul style="list-style-type: none"> 5,000 people reassigned to high value-added initiatives
	New hires	<ul style="list-style-type: none"> 3,974 hires at Group level, of which 441 hires have specialised profiles 	<ul style="list-style-type: none"> At least 1,650 new hires to support core business growth
Labour Relations	Employees belonging to a trade union	<ul style="list-style-type: none"> 77.84% in Italy (credit agreement) 31% abroad 	<ul style="list-style-type: none"> People acting as an enabling factor, including by means of a meaningful discussion with trade union representatives
	Signed trade union agreements	<ul style="list-style-type: none"> 43 signed trade union agreements 	

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-issue	Projects/Indicators	2018 Actions/Results	2021 objectives
Employee growth and development	Training: hours provided	<ul style="list-style-type: none"> 9.1 million hours of training 	<ul style="list-style-type: none"> 46 million hours of training in the 2018-2021 period 11.9 million hours in 2021
	Insurance sector training	<ul style="list-style-type: none"> 218 protection specialists introduced to support branches 1.2 million hours of training and specialisation for insurance sector growth for over 34,000 people, supporting branches 	<ul style="list-style-type: none"> Training and specialisation for insurance sector growth: some 220 protection specialists supporting branches, some 30,000 trained individuals from branches
	Loan recovery training	<ul style="list-style-type: none"> 4,700 training hours provided to 285 employees to consolidate loan recovery 191 employees managing customers in arrears 	<ul style="list-style-type: none"> Enhancing skills in loan recovery and creating a dedicated internal unit (1,000 individuals managing customers in arrears, out of 1,300 reassigned to lending priorities)
	International Talent Program	<ul style="list-style-type: none"> The first iteration of the programme – currently underway – involves the participation of 104 employees (72 men and 32 women) The second iteration of the International Talent Program came to a close, with 120 new talents selected to take part in development courses 	<ul style="list-style-type: none"> Around 500 talents involved
	Managerial assessments	<ul style="list-style-type: none"> 968 employees subject to assessment (55% men and 45% women) 	<ul style="list-style-type: none"> Career advancement paths for employees destined for managerial roles
	Employees participating in the LECOIP 2.0 incentive plan	<ul style="list-style-type: none"> Over 80% of those eligible participating in the LECOIP 2.0 Plan 	<ul style="list-style-type: none"> Strengthening employee involvement through long-term incentive programmes linked to the Business Plan objectives
	Diversity Management initiatives	<ul style="list-style-type: none"> New Diversity & Inclusion structure set up Introducing the Diversity & Inclusion objective into the assessment system of roughly 900 managers, constituting 10% of the overall assessment 	<ul style="list-style-type: none"> Promote diversity and inclusion
Welfare and quality of life in the company	Smart Working	<ul style="list-style-type: none"> 11,582 participants in the flexible work scheme 	<ul style="list-style-type: none"> Flexibility programmes to improve staff productivity and satisfaction: smart working extended to 24,000 people in 2021
	Intesa Sanpaolo Employees' Association	<ul style="list-style-type: none"> Over 145,000 members Over 4.5 million euro to support free time initiatives 	<ul style="list-style-type: none"> Promotion of welfare and work-life balance
	Group health fund	<ul style="list-style-type: none"> 145 million euro of intermediate healthcare services net of excesses Over 200,000 people assisted 	
	Company pension	<ul style="list-style-type: none"> Over 95,000 subscribers to all Group Funds (Defined Contribution and Benefit) Over 9 billion euro of assets 	
Health and safety	Injuries	<ul style="list-style-type: none"> Inside the workplace: 260 Outside the workplace: 613 Injury rate: 1% 	<ul style="list-style-type: none"> Protecting employee health and safety
	Health and Safety Management System Certification Health and safety training for employees	<ul style="list-style-type: none"> OHSAS 18001 certification extended to all Italy branches 9,371 participants in health and safety training; 44,879 hours provided 	

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.

PEOPLE AND DIGITAL TRANSFORMATION

Intesa Sanpaolo has identified People and Digital Technology as key enablers for the achievement of the goals in its 2018-2021 Business Plan.

To this end, the three-year Digital & Data HR Transformation plan was launched with the aim of digitising human resources services and therefore making them easier and more transparent, harnessing the Group's vast data archive and making it easier to use for managerial and strategic purposes.

This digital transformation involves all Intesa Sanpaolo employees and also seeks to increase the knowledge of employees, thanks to data and information integration, as well as to develop individuals as best as possible, supporting the heads and the central management functions in their strategic decisions and HR management.

This therefore makes it possible to promote and support the change with effective, ongoing, profiled and social communications with a single point of access, and to optimise the work of employees in the HR functions, freeing them of administrative activities for the benefit of relationships.

#PEOPLE: THE PORTAL FOR THE PEOPLE OF INTESA SANPAOLO

The launch of #People, the new services and processes portal for Group employees, is an important step in the digital transformation process. Online since July 2018, it is the space dedicated to all people of the Intesa Sanpaolo Group. #People is a way of getting to know others better, simplifying and digitising processes and services, promoting intragroup mobility and bringing the HR functions increasingly closer to employees. A number of services were launched in 2018, including a personal profile where each employee can talk about themselves, their ambitions and experience, find their personal, contractual and salary information, as well as performance assessments, and access Jobs@ISP, the internal job marketplace with professional opportunities for all Group personnel, LECOIP 2.0 and the POP (Performance-based Option Plan), so they can see the value of their personal investment plan at all times. In addition, multimedia information is also published on #People to always keep employees up to date on events and major news. The portal dedicated to the people of Intesa Sanpaolo will continue to grow to provide increasingly simple, effective and digital services, and to free people of administrative activities so they can concentrate on business, interpersonal and greater value-added activities.

Employee Central – ISBD People Data is the application introduced in 2018, dedicated to the International Subsidiary Banks which consists of a database containing the most important personal and professional information on around 20,500 employees from nine Subsidiaries in ten countries within the area managed by the International Subsidiary Banks Division. It was one of the first modules implemented in the Digital Data HR Transformation process, and its main goal is to provide an up-to-date source of data for the development and creation of advanced reports.

ASSESSMENT AND INCENTIVE SYSTEMS

Performer 2.0 is the performance assessment system adopted by the Intesa Sanpaolo Group across all of Italy. The structure dedicated to managing this process is Performance Management, part of the People Management & HR Transformation Head Office Department which, using the feedback received from the human resources structures of the Head Office Departments, Divisions and Group Companies, monitors and oversees the completion of all activities involved in each phase of the process.

The activity involves a comparison between the contribution of each employee in their role and the Company's expectations.

At the start of this process employees are asked to carry out a self-assessment, focusing on the effectiveness of their performances throughout the year.

The assessment forms contain qualitative performance indicators which provide a concrete evaluation of working performances, and are therefore easy for employees to understand.

The process concludes with an assessment by the manager and an interview with the employee aimed at sharing this evaluation and professional development goals.

Another tool used by managers when interacting with employees is the People Portfolio Management, which precisely and specifically shapes the actions of managers in the area of personal development issues.

Looking abroad, the new Performance Management system for the International Subsidiary Banks, the New Performance Appraisal Tool – NewPat, was developed during the year and since February 2019 has made it possible to assess the performances of all Head Office employees in the International Subsidiary Banks.

The system was given a overhaul, in order to be in line with the Group's policies in this area, and also in relation to

the IT platform designed to be integrated with the management systems of each country in the area. The Feedback 180 project has also continued, a process which analyses the managerial performances of the heads of the structures in the Banca dei Territori Division (from Branch Managers – excluded – upwards) involving 452 participants evaluated (106 women and 346 men) by 4,562 total observers. The roles, professional figures and relative development paths in Banca dei Territori and the Intesa Sanpaolo governance structures continue to be regulated by specific agreements with the Trade Unions which were renewed in 2018 and are fully covered by the second-level contractual structure. The system Guidelines continue to be developed, taking into account the specific nature of the production context and the changes to the organisational and service model, on the basis of which roles, figures, development paths and relative indemnities are adapted in compliance with the instructions in the Business Plan.

SERVICE QUALITY AND EMPLOYEE INCENTIVES

The incentive system for personnel of the Intesa Sanpaolo network is intended to reward the work of the best teams and reward standout conduct, with a focus on achieving sustainable performances over the medium- to long-term in terms of profitability, expandability, credit quality, sustainable growth, service quality and a multichannel approach (measured by the so-called Composite Performance Indicator). The Bonus is awarded to up to 20% of the best-performing branches in each Business Area, on the condition that they achieve a minimum score on both the Composite Performance Indicator and the specific service quality indicator. Accounting for 25% of the Synthetic Performance Indicator, service quality is very important in determining the final score. This KPI is measured through four indices: the net promoter score and the indices of service, operational and credit excellence.

The quality of know-how is an increasingly crucial factor when it comes to success, the effectiveness of results and also when responding quickly to change. The Intesa Sanpaolo Group has therefore decided to adopt a model that enables it to identify, map, harness and develop professional know-how, to systematically collate the Group's wealth of knowledge using a reference and cataloguing tool, and to continuously fine tune, update and verify its knowledge. The aim is to enable people to share knowledge in #People, the platform on which employees can talk about their own personal and professional development.

SKILL UP FOR YOUR JOB

Through targeted campaigns, the Skill Survey project Skill Up for Your Job gathers together the know-how developed by employees inside and outside their professional spheres in a structured way. The process is organised into two stages: an initial self-assessment phase during which each employee has to indicate their skills with reference to both their organisational area and their previous professional experience, inside and outside the company, and a second step of validation by the reference manager. The aim is to complete the Skill Survey for the entire Group during 2019. The structured collection of skills will make it possible to launch targeted personal training plans based on the specific needs that emerge from the survey. The mapping and organisation of skills come together in the Skills Dictionary: a catalogue of the entire Group's know-how that provides a complete, consistent insight into the Organisation and which will also be used to implement mobility policies and plan training and development programmes.

Among the initiatives outlined in the Business Plan to maximise internal equity, external competitiveness and a culture of meritocracy, Intesa Sanpaolo has introduced a system to map the organisational positions in the company called Global Banding.

This system, based on a consolidated international methodology, objectively evaluates the relative value of different organisational roles, taking into consideration their complexity, type of influence and impact on the Group's performance.

This will make it possible to develop a framework architecture for the consistent management of HR management systems and subsequently to reward employees for their various professional skills, recognising the specific

attributes of the individual businesses and the different areas in which the Group operates.

The aim is to provide a cross-cutting view of the Group that facilitates the development of career paths, including between structures in different areas, and to make the responsibilities of each Manager easier to recognise, both internally and externally, including through a new international Titling system that currently covers around 2,500 managerial positions in Italy and abroad.

As for its Incentive Systems, the Group has both short-term and long-term Plans. With regard to the latter, two new long-term incentive systems were launched in parallel with the 2018-2021 Business Plan, in line with the changing regulatory and business contexts.

The Plans have the same timescale as the 2018-2021 Business Plan, and are tailored to different categories of the company's employees in terms of their purposes and instruments.

More specifically, to bring the Top Management, Risk Takers and Strategic Managers in line with the challenging and ambitious expected goals of the Plan, an incentive system based on performance conditions that uses an option vehicle called Performance-based Option Plan (POP) was introduced.

The POP guarantees a link between variable remuneration and the Bank's performance over time, paying out only in the event that value is created for shareholders.

Following on from the 2014-2017 LECOIP (Leveraged Employee Co-Investment Plan), the LECOIP 2.0 plan was set up for the other Managers and employees, and was warmly received by the Group's people, with over 80% of those eligible subscribing to the plan for an Initially Allocated Capital value of around 184 million euro

With the aim of rewarding all employees for their contributions to achieving the goals of the 2014-2017 Business Plan, as well as the efforts that will be required of them by the new 2018-2021 Plan, second-level agreements were signed for the pay-out of the 2018 Variable Result Bonus (VRB) and the Protection Excellence System.

The aim of the 2018 VRB is to reward the increase in profitability and productivity obtained by achieving the results of 2018, that are identified in the agreements in relation to the different company levels of reference (Group, Division, etc.).

The 2018 VRB consists of three parts linked to specifically identified economic and financial parameters and to specific clusters of the Group employees:

- The basic bonus, for every company level, role or seniority level, is designed to reward individuals for the collective contribution made, supporting those with lower salaries as part of an internal equality policy. As an extraordinary measure, in 2018 this figure was supplemented with a component called the Welcome Bonus, an early reward paid out in 2018 for the efforts that will be required to meet the profitability goals;
- The additional bonus, which recognises the contribution made to achieving the results of the relevant department, and varies according to role or seniority and professional category;
- The excellence bonus, which rewards individual merit and the distinctive contribution made to achieving the team's results.

The agreements also gave every employee the option to convert the basic bonus into shares. In addition, confirming the importance that the issues of assistance and services for families and work-life balance have in the Group's policies, employees once again have the option of requesting that all or part of their 2018 VRB be recognised in the form of welfare services, taking advantage of the opportunities that the tax regulations in the area of workplace productivity remuneration offer employees year by year. The agreements of 4 May 2018 between the Company and the Trade Unions with regard to the 2018 VRB and LECOIP 2.0 also allowed recipients of the 2018 VRB, among other things, to invest the shares originating from the conversion of the VRB share in question called Welcome Bonus in the new Certificate, paid out ahead of the 2018 VRB in June of the same year, for which the employee, on the basis of the agreement could exercise the option of conversion into shares. On subscribing to the LECOIP 2.0 investment plan, employees also received additional free shares called – matching shares – commensurate with their role or seniority.

In July 2018, the funds were invested in the LECOIP 2.0 Certificates which expire in March 2022, when people will not only be able to benefit from the sums invested and the discount on the matching shares initially assigned to them, but also from the yield on their overall investment, calculated exclusively on the basis of the increase in the Intesa Sanpaolo share price.

The Protection Excellence System (PES) is designed for employees in the Sales Network, and aims to reward business results in the Protection area, in accordance with the goals of the new Business Plan as regards the non-life business.

The setting out of the union agreements that underlie the creation of the VRB, PES and LECOIP 2.0 is overseen by the Labour Policy functions in collaboration with Remuneration Policies and Systems functions. However, the process is managed in coordination with the aforementioned functions by the Head Office HR departments across the country, to guarantee the fairness of the assigned objectives and the correct awarding of the identified bonuses.

TRAINING

Through the Development Policies and Learning Academy Head Office Department, the Group provided training and development activities for all Group employees, developing innovative multichannel methodologies that maximise learning accessibility and flexibility.

The training solutions are based on the key skills for each role/position, and prioritise digital channels with quick, simple and interactive engagement methods, supporting all learning and development approaches.

The approaches supported in particular concern the acquisition of new knowledge and skills in the context of the major transformations taking place that change the Group's roles and service models.

On the whole, the training activities provided over 9 million hours of training. In 2018, there was a further reduction in classroom activities due to the continuation of the digitisation of training which prioritises remote channels over traditional ones. During the year, the digital training platform Appendo gained a foothold, and continued to develop and disseminate a wide range of digital content in different formats (video, audio, graphic, text) and with various learning purposes, and this was combined with short films of just a few minutes produced on the basis of highly structured rationale, methods and techniques. Content is accessible anywhere and anytime on all company devices, but can also be accessed at any time from other devices.

In 2018, access to the platform was extended to 67,900 employees in Italy and 1,600 non-domestic employees. To do this, around 320 priority roles were identified, with digital training developed and provided to them in Italian and English. In 2018, the platform supplied over 2,700 training tools, with around 69,500 users, and was accessed a total of just under 30 million times. Together with topics in regulatory fields, the platform provided specific content on subjects strictly connected with work activities, but also on soft skills like the organisation of working activities or proactive approaches to developing business opportunities.

In 2018, the new Business Plan consolidated the mission of the School of Managers App which provides to over 7,800 Managers and Talents the tools they need to keep developing. During the year, the School of Managers promoted internationalisation with the involvement of the Heads of the International Subsidiary Banks and those that reside abroad, a total of over 1,000 people.

Developed to provide management training content, the App was enhanced from a numerical, linguistic and content perspective in both the management and cutting-edge areas.

For example, the managerial content included the Feedback, Loyalty, Collaboration, Conflict, Aptitude and Storytelling sections, while in terms of cutting-edge issues, the Circular Economy, Robo Advisors, Digital Payments, Cyber Security and Artificial Intelligence were touched upon.

To increase familiarity with the guidelines of the Plan, the original content published on the App was reorganised in the Frontiers of the Plan section, which also contains in-depth video interviews featuring the Bank's Executive Managers. In 2018, the App had over 6,100 users and more than 560,000 views, with an average rating of 4.2 (on a scale from 1 to 5). School of Managers was used by the IT, Digital & Innovation Area to launch the Change Management programme with an integrated range of tools and content released via the app, and with physical and one-to-one events to support Managers during a complete process of change and managerial growth.

With regard to future leaders, in 2018 School of Managers contributed to the International Talent Program with learning and development initiatives. Participants took part in both physical and digital activities through content in dedicated apps, a combination that resulted in strong levels of engagement.

One example was the Banking Foundations Training, a 4-module course in English that provided participants with an insight into the basics of banking and future trends through the accounts of people that work both inside and outside the Bank. In addition, through experiential workshops the Group's talents were able to hone their managerial skills (such as learning agility, effective communication and entrepreneurship) and developed a medium-term vision of areas relating to cutting-edge technology.

The participation in flexible home training continued in 2018. Smart Learning allowed all Branch Managers, Coordinators and Managers of the Retail and Corporate Areas (over 29,000 people) to exclusively dedicate time to their professional training for a total of over 5,000 days of training provided during working hours, also thanks to the distribution of around 9,500 shared branch tablets.

TALENT DEVELOPMENT

The formats for the hiring and recruitment of young talent continued to be implemented in 2018. Make it Real is the brand with which the Group has chosen to reach out to Millennials, offering them company business game experiences supported by internal tutors and managers, which end with the best talents joining the company. In 2018, eight editions were organised and customised in line with the needs of the company structures that requested them. Meanwhile, December 2018 saw the launch of the first contest for recent graduates, "Find your Talent", consisting of an inter-divisional and international training course forming part of the International Talent Program. The International Talent Program (ITP) has established itself as one of the most important talent development initiatives at a Group level. Launched in 2017 to develop a new generation of managers with an international outlook, the programme is aimed at a target group of employees who are professionals or

middle management. The key element of the programme is its personalised development courses of 3-5 years. Each course consists of inter-functional, inter-divisional and international work experiences, each of which lasting at least a year. The aim is to develop new skills – technical/specialised, behavioral and managerial – and an overall vision of the Intesa Sanpaolo Group.

All participants in the programme supplement their professional activities with involvement in specialist and managerial training initiatives in English in collaboration with leading Business Schools, international workshops focused on innovation, and project work initiatives closely related to the Group's business areas.

For each talent there is a sponsorship programme for the entire duration of the course, with the direct involvement of Group Senior Managers.

The first edition of the ITP is currently taking place, with over 100 people from across the Intesa Sanpaolo Group gradually completing their first rotation experience. In addition, the selection process for the second edition of ITP began in June 2018, and involved over 1400 employees identified on the basis of objective criteria.

The completion of the selection process in December 2018 made it possible to identify around 100 other new participants, for whom personalised development courses will be put together. This is an important step forward with regard to the Business Plan goal of developing talent, with the aim of strengthening the international middle management community through the involvement of around 500 employees by 2021.

INCLUSION AND DIVERSITY MANAGEMENT

The new Diversity & Inclusion structure was set up within the Chief Operating Officer Governance Area in December 2018. The aim is to foster an inclusive approach in the Company, incentivising the respect and appreciation of diversity and enhancing the assets of multiculturalism, experiences and the qualities of the Group's people.

The company population is fairly evenly spread between male and female employees (47% men and 53% women). There are over 14,000 female managers (executives and middle managers) in the Group, representing 28.7% of all female employees, largely in line with the 2017 figure.

Women managers account for 38.9% of all managerial staff.

The 2018-2021 Business Plan focuses on the issue of gender equality, introducing the Diversity & Inclusion objective into the assessment system of around 900 Intesa Sanpaolo Group managers. This objective entails the promotion of female talent to enhance the skills of the female workforce through specific initiatives, and accounts for 10% of the total evaluation. In terms of diversity and inclusion, Intesa Sanpaolo seeks to introduce personal development and management policies based on fairness and free of all kinds of discrimination. Inclusion and non-discrimination are values that underpin all corporate projects and instruments aimed at improving the Group's performance, cultivating talent and contributing to the work-life balance of all employees.

The theme is far-reaching and therefore involves various structures both in terms of the assessment of ongoing projects and the planning of new activities. Promoting diversity is first and foremost a managerial and organisational issue with specially designed initiatives to reward merit, promote a work-life balance, and support the return of employees after maternity/paternity leave and long absences. Paying particular attention to inclusion practices, in 2016 the Welfare, Safety and Sustainable Development Committee (a bilateral company-trade union body) focused on the management of age diversity and the problems that may arise from extending employees' working life in terms of professional development and integrated welfare policies.

As part of the process to renew the Group's second-level collective bargaining agreement, integrating the analyses, detailed studies and proposals formulated by the Welfare, Safety and Sustainable Development Committee, Intesa Sanpaolo and the Trade Unions signed a specific inclusion agreement in 2018. This agreement, reflecting the forecasts of the 2014 Protocol and supplementing the content of previous agreements in this area, plans to introduce a set of tools and solutions aimed at guaranteeing the correct and careful management of staff with disabilities from the moment they join the company through specially designed training courses for example, as well as supporting employees dealing with disabilities, illness or particularly difficult periods in their lives. The inclusion agreement also sets out the launch of two trial projects: one seeks to encourage people diagnosed with autism or autism spectrum disorder to perform data entry activities on behalf of Intesa Sanpaolo, through a specialised association, while the other entails work-study initiatives for pupils with intellectual disabilities, with the goal of potentially including them in the aforementioned work project.

These projects will be partly funded by the "Arrotonda Solidale" ("Round-down Solidarity") initiative, that sees for the contribution, on a voluntary basis among all employees, of the residual amount collected from rounding down the net monthly salary to the closest euro. In turn, the Company will contribute the remaining cents to make the contribution per employee a total of one euro.

In 2018, there were new hires of people with disabilities, respecting their specific requirements and tapping into their skills with the aim of including them in professional development plans.

In 2018, Intesa Sanpaolo once again received the Diversity & Inclusion Award, which is given to companies that

promote job placement policies for disadvantaged individuals, seeking to integrate them in the processes and work groups of various talents.

DISABILITY MANAGEMENT WORK GROUP SET UP

As part of the renewal of the second-level collective bargaining agreement, in August 2018 plans were made for the creation of an inter-functional work group made up of over 50 employees and coordinated by the Welfare Function, a point of reference for all issues linked with disability and illness within the company. Promoting the culture of inclusion, launching awareness and training campaigns, showcasing the skills and merits of people with disabilities and harnessing their talents, and guaranteeing the integration of each individual in the company despite there being limiting factors: these are just a few of the goals of the work group. The work group is also tasked with enhancing the welfare tools supporting individuals with disabilities and/or illnesses, on the basis of the proposals and priorities shared with the Group's Trade Unions. Completed and ongoing projects include Clouds of Solidarity, an initiative involving a group of volunteer employees in Milan, with the aim of supporting a person with reduced mobility every day as they arrive and leave their work premises. Meanwhile, in Turin, trained assistance dog Emma can accompany wheelchair users into the office, assisting them in their daily activities and helping them, for example, to pick things up and open and close doors, making them feel much safer in the process. As well as providing practical help, these examples are representative of a genuine support and social assistance network, made possible thanks to the emphasis that the Group places on these issues and the greater awareness of its people's needs, resulting in a shared sense of well-being among both those who provide and receive help.

DYSLEXIA FRIENDLY COMPANY CERTIFICATION

Launched in 2017 in collaboration with the Italian Dyslexia Foundation, the project achieved an important milestone in 2018: in December, the Intesa Sanpaolo Group was awarded the Dyslexia Friendly certification. The process of obtaining this certification consists of different stages, with the creation of an inclusive work environment requiring understanding and knowledge. Beginning with the collection and subsequent analysis of information on the Bank's characteristic business processes, the next stage involved training meetings for employees in the various structures involved. The best practices, tailored to Intesa Sanpaolo on the basis of the analysis performed, were compiled together in a Guide. Intesa Sanpaolo is one of the few companies in Italy to have taken part in the DSA Progress for Work project, which in Italy represents the first genuine effort to support companies and people affected by dyslexia, for the interests of both parties. The goal is the positive integration of people with dyslexia and other specific learning disabilities in the working world, as well as ensuring to harness their potential.

The Group firmly believes in respecting and enhancing diversity as a fundamental value for innovation and growth. For this reason, it is particularly active in supporting external initiatives on inclusion and gender diversity, and participating in various studies with the aim of measuring and monitoring its position and identifying any gaps that need filling. Intesa Sanpaolo continues to support Valore D, the association of businesses that promotes diversity and female talent and leadership for the growth of companies and the country. In one respect, the partnership is an ongoing opportunity to spread and develop the culture of inclusion through participation in numerous training initiatives, in courses aimed at developing skills, networks and careers, and in cross-company mentoring programmes, as well as in programmes for forming a dialogue with other companies. In addition, from a social commitment perspective, Intesa Sanpaolo continues to sponsor Inspiring Girls Italia, a project dedicated to lower secondary school pupils aimed at building their self-confidence and helping girls in particular to overcome the gender stereotypes that can hinder them in achieving their dreams and ambitions.

With regard to the International Subsidiary Banks, following the signing of the Diversity Charter in Croatia in 2017, PBZ, through various initiatives, strengthened its awareness activities in the area of diversity and inclusion within the day-to-day operations of the bank. One of these was the "How our diversity enriches our work environment" competition, which involved 160 employees with the aim of discovering and promoting the teams which in their daily activities collaborate and achieve positive results while respecting different points of view, ideas and other differences.

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.



Environment
and climate change

RELEVANT ISSUES

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WHY THESE ISSUES ARE RELEVANT

Climate change is an extremely relevant phenomenon whose consequences are not only limited to the environment but have major repercussions also for the social dynamics of the present and future generations. This view was confirmed in October 2018 in the report of the Intergovernmental Panel on Climate Change (IPCC), which highlights that, at the current rate of CO₂ emissions, the increase in average global temperature by 2030 will be over 1.5°C, considered by experts to be the maximum safety threshold.

In November 2018, the European Commission published a long-term strategy to outline the transition towards achieving net-zero greenhouse gas emissions by 2050, while, in December, the UN Climate Change Conference (COP24), held in Katowice, reiterated the need to implement the Paris Agreement, preparing a series of technical standards aimed at limiting the rise in global temperature to within 1.5°C. It is important to define the process of transition towards a sustainable economy, including through a financial policy which seeks to mobilise and direct private capital towards green investments.

Awareness of the consequences of climate change on the financial sector has facilitated international cooperation, with contributions from representatives of civil society, industry, the academic world and institutions, both at international and European level. On this point, it is worth mentioning the European Commission Action Plan on sustainable finance, for its contribution in terms of accelerating the transition towards a low-carbon economy, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Intesa Sanpaolo is backing the transition to a low-carbon economy through its actions to mitigate its direct emissions and with its support for green initiatives and projects.

This commitment was reaffirmed in the 2018-2021 Business Plan, with objectives concerning support to the production system with an environmental perspective, with a specific plafond of up to 5 billion euro, aimed at companies which adopt the circular model. As regards direct impacts, the Intesa Sanpaolo Group Environmental Plan – Climate Change Action Plan – identifies mid and long-term objectives for reducing CO₂ emissions and increasing energy consumption and production from renewable sources.

PERFORMANCE INDICATORS, RESULTS ACHIEVED AND OBJECTIVES

Macro-theme	Project/Indicator	2018 Actions/Results	2021 Objectives
Direct environmental impacts	Greenhouse gas emissions*	<ul style="list-style-type: none"> Scope 1 + 2 Market-based**: 100,626 tCO₂eq vs 2008 -40.9% 0.027 tCO₂eq/m² 1.049 tCO₂eq/staff member 	<ul style="list-style-type: none"> Containment of CO₂ emissions
	Energy consumption	<ul style="list-style-type: none"> Electricity: 475,481 MWh Thermal energy: 240,616 MWh 	<ul style="list-style-type: none"> Containment of energy consumption
		<ul style="list-style-type: none"> Renewable electricity consumption vs total: 80.5% Electricity produced from renewable sources: 1,010 MWh 	<ul style="list-style-type: none"> Increase in the use of renewable energy sources Maintenance of electricity production levels from photovoltaic energy
	Responsible management of resources	<ul style="list-style-type: none"> Paper purchased: 6,805 t Environmentally-friendly paper purchased vs total: 89.6% Paper saved (digitisation): 3,424 t Water: 1.97 million m³ Waste: 3,997 t Business travels: 179 million km 	<ul style="list-style-type: none"> Responsible use of resources
Green economy	Loans and services for the green economy and Circular Economy	<ul style="list-style-type: none"> Loans for environmental purposes: 1,922 million euro disbursed 3.2% of total loans 	<ul style="list-style-type: none"> Supporting the green economy
		<ul style="list-style-type: none"> Circular Economy: Creation of a plafond of up to 5 billion euro Launch of the Circular Economy Lab, with Fondazione Cariplo 	<ul style="list-style-type: none"> 5 billion euro in credit for companies that adopt the circular model using innovative methods Launch of a specific investment fund dedicated to the Circular Economy

* Emission factors for the calculation of CO₂ established by Intesa Sanpaolo, in accordance with the ABI Energia Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" and on the basis of the main 2018 publications (UNFCCC, IEA, IPCC, AIB, etc.).

** Market-based: for purchased electricity the Scope2 data considers the contribution, agreed contractually, of the guaranteed renewable source certificates, which therefore have zero emissions.

Direct environmental impacts

COMPANY POLICIES

Intesa Sanpaolo's commitment to the environment takes the form of self-regulated environmental and energy instruments that define the strategic and operational guidelines which underpin the Group's environmental protection initiatives and its efforts to reduce its environmental footprint. The Group's Code of Ethics and the Rules for environmental and energy policy, approved by the top management, define the principles and guidelines that regulate the environmental responsibility of the Group and the monitoring of the direct and indirect impact of its activities. With reference to the direct impacts on the environment, arising from the Bank's operations, some time ago, Intesa Sanpaolo adopted an Environmental and Energy Management System (EEMS), implemented in accordance with the most important reference international standards (ISO 14001 and ISO 50001), and subject to annual certification by an independent, third-party body.

In addition, in order to translate the environmental protection commitment into concrete actions, the roles of Energy Manager and Mobility Manager were established, responsible for ensuring constant oversight in areas within their remit.

The Group takes heed of the impacts generated by customers and suppliers, contributing to the spread of virtuous processes and conduct as regards the environment. Moreover, it also closely manages the risks connected with climate change by promoting adaptive behaviour or conduct designed to mitigate this phenomenon, while simultaneously developing a culture focused on prevention. The monitoring of these risks is based on the processes established for the governance and implementation of the Group's Code of Ethics, the Background Analysis of the Environmental and Energy Management System and the sustainability reporting, which make it possible to identify goals and action plans aimed at guaranteeing their effective monitoring (see page 50).

A dedicated structure – Corporate Social Responsibility (CSR) – has the task of overseeing the areas that fall under the Group's social and environmental responsibility, including the more specific issue of climate change. The Safety and Protection Head Office Department, which reports directly to the Managing Director and CEO, is responsible for the coordination and maintenance of the Environmental and Energy Management System adopted by the Group, along with activities connected with Energy Management.

CLIMATE CHANGE ACTION PLAN

In accordance with the environmental responsibility commitments undertaken by the Group, since 2009 Intesa Sanpaolo has set mid to long-term goals through the creation of specific action plans. The first Intesa Sanpaolo Environmental Plan covered the 2009-2013 period, and was followed by the plan relating to 2013-2016. Both Plans set measurable goals in the areas of energy savings, economic savings and the reduction of CO₂ emissions. The scope of the plans, limited to Italy in the first Plan, has gradually increased with the inclusion of various International Subsidiary Banks.

In 2017, CSR, in association with the Real Estate and Logistics, Procurement and Safety and Protection Head Office Departments, the International Subsidiary Banks Division and the Chief Operating Officer and Chief IT, Digital and Innovation Officer Governance Areas, drafted a new Environmental Plan – the Climate Change Action Plan – with targets for 2022 and 2037. This Plan was reviewed by the Risks Committee and approved by the CEO.

In the Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO₂ emissions associated with its activities, taking 2012 as its base year, also for the emission factors. CSR will monitor the achievement of the targets on an annual basis and the results will be analysed with the relevant competent structures. In 2018, the initial monitoring of the Environmental Plan highlighted performance broadly consistent with the CO₂ emission reduction forecasts.

The goals for 2022 include a reduction of 37% in absolute emissions connected with energy consumption (direct and indirect) compared with 2012 (a 31% reduction was recorded in the period 2012-2016).

The Plan also includes objectives related to consumption and energy production from renewable sources, and more specifically:

- an increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022;
- the maintenance of electricity production levels from photovoltaic energy (over 1,000 MWh in 2016), taking account of the restrictions and characteristics of the real estate assets.

Finally, in accordance with the international climate change agreements, long-term targets for 2037 have been set which will be monitored and possibly reviewed at 5-year intervals.

The extension of the perimeter which has occurred in the meantime will lead to a recalculation of the aforementioned objectives.

ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

In Italy, over ten years ago, Intesa Sanpaolo adopted an Environmental Management System, later combined with its Energy Management System, (EEMS), which is subject to an annual certification and auditing process by an independent body. In particular, the certification scope currently covers a sample of around 250 operating units which, also in 2018, were awarded compliance certification pursuant to the ISO 14001 and ISO 50001 international standards. The System monitors all activities and operations carried out in the above operating units which have, or may have, an effect on the surrounding environment, and is subject to periodic controls and internal audits aimed at guaranteeing the compliance of the System with the requirements of the reference standards and the principles of the continuous improvement of environmental and energy performances.

The top management of Intesa Sanpaolo is committed to the development and application of the EEMS through an annual plan that includes the review of all significant environmental and energy aspects and the definition of annual objectives that are consistent with the Rules for the environmental and energy policy. Various company functions are involved in applying the Management System: the Safety and Protection, the Real Estate and Logistics Head Office Departments and the training functions. In addition, there is an EEMS Delegate in every operating unit with whom the various structures interface for aspects in their remit.

In 2018, the certification scope was extended and now contains a sample of operating units found in every region of Italy, which, taken as a whole, in terms of system type, climate zone, size and organisational characteristics, ensure that the sample is representative.

The goals pursued, through the attentive monitoring of environmental aspects and energy uses, have made it possible to improve performances in terms of the supervision of environmental risks, the reduction and optimisation of consumption, the awareness of employees and the involvement of internal departments contributing to the System's operation. For these reasons and with a view to continually improve, as per the reference regulations, the certification scope will be further extended.

CIB Bank (Hungary) has also maintained its certification in compliance with the ISO 50001 standard. At the end of 2018, the Bank renewed the certification of its properties (81) and services thanks also to the installation of data loggers in some branches, improving the management of the data centres and replacing old systems with highly energy-efficient systems.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

The mitigation and containment of CO₂ emissions play an important role in the policies of the Group which, with the Climate Change Action Plan, has identified specific medium-term actions for reducing its environmental footprint and, as a result, its emissions. This is done with a view to continually improve its environmental performance, which has already seen major reductions in electricity and thermal energy consumption, and in the resulting emissions, over the last decade (40.9% reduction in Scope1 + Scope2 Market-based emissions compared to 2008).

In 2018 electricity and thermal energy consumption increased (+10.6% compared to 2017) mainly due to the extension of the reporting perimeter.

Scope1 + Scope2 Market-based greenhouse gas emissions were also up by 27.4%, mainly because of the rise in consumption mentioned above, as well as the introduction of the new calculation method, which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines "Linee guida sull'applicazione in banca degli Standards GRI in materia ambientale" (Guidelines on the application in Banks of the GRI Environmental Standards).

In general, the Intesa Sanpaolo Group's greenhouse gas emissions are reported in CO₂ equivalent in accordance with the international GHG Protocol (Greenhouse Gas Protocol), in the form of:

- Scope1 direct emissions, relating to the use of fuel for heating and the fleet;
- Scope2 indirect emissions for centralized HVAC systems and electricity;
- Scope3 indirect emissions produced as a result of activities connected with the company but not directly controlled by it (paper, waste, office equipment, etc.).

With the goal of continuous improvement, the reporting perimeter of Scope3 indirect emissions was extended in 2018 by including the assessment of emissions connected with the cash-in-transit (CIT) activities of the Intesa Sanpaolo Group.

EFFICIENCY AND OPTIMISATION OF ENERGY CONSUMPTION

In accordance with the provisions in the Environmental Plan, the actions and measures to reduce electricity and thermal energy consumption continued in 2018 both in Italy and in International Subsidiary Banks, where there is an increasing awareness of energy efficiency issues. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence future

management costs of the properties (see page 50).

Below are some of the initiatives:

Project	Description	Forecast annual savings
Measurement of electricity consumption (Italy and Croatia) Investment: 90,000 euro	37 new electricity consumption measurement systems were installed. Managed online, they allow to turn the lighting and HVAC systems on and off	Energy saving: 232,000 kWh Economic saving: 43,000 euro Reduction in potential CO ₂ emissions: 109 t
Replacement of lighting systems (Italy, Croatia, Egypt, Serbia and Ukraine) Investment: 175,000 euro	Traditional or low energy lamps were replaced with new LED technologies in various branches and central offices	Energy saving: 293,000 kWh Economic saving: 24,000 euro Reduction in potential CO ₂ emissions: 130 t
Replacement of HVAC systems (Italy, Croatia, Hungary, Albania and Serbia) Investment: 7,650,000 euro	The replacement of heating and air conditioning systems continued. Furthermore, in line with the regulatory obligations, in Italy 34 systems containing R22 were replaced with refrigeration units containing R410A gas.	Energy saving: 2,158,000 kWh Economic saving: 315,000 euro Reduction in potential CO ₂ emissions: 846 t
Other optimisation and energy efficiency measures (Italy and Albania) Investment: 837,000 euro	Renovation work was carried out on sites with the replacement of fixtures and the improvement of the exterior insulation system, alongside energy optimisation measures.	Energy saving: 155,000 kWh Economic saving: 25,000 euro Reduction in potential CO ₂ emissions: 65 t

Finally, in line with the Rules of environmental sustainability for the development of sustainable branches, the site renovations or the development of new branches are carried out in accordance with criteria for the improvement of energy and management efficiency: since 2008, over 1,000 Group buildings have undergone energy certification processes.

Thanks to the measures introduced in recent years, in Italy the Group was able to claim tax deductions of around 7 million euro in 2014-2018, around 1 million euro in 2018.

RENEWABLE ENERGY

One important measure for reducing the Intesa Sanpaolo Group's environmental impact is the purchase and production of energy from renewable sources.

As regards the purchase of zero-emissions electricity, in 2018 the Group reached an overall consumption percentage of around 80.5%.

Notwithstanding the use of self-produced energy from cogeneration at the Parma site (3.1% usage with economic savings of over 700,000 euro), in Italy the purchase of energy from fossil fuels was extremely limited, at 2.1%.

In the International Subsidiary Banks, the situation differs, also in relation to the limits imposed by certain national regulations. Once again, this year, Intesa Sanpaolo Bank (Slovenia) has eliminated its emissions by purchasing all its energy from hydroelectric sources, while Privredna Banka Zagreb (Croatia) purchases around a third of its electricity from renewable sources. Additionally, thanks to the national energy mix part of the electricity used by Intesa Sanpaolo Bank Albania (100%), VÚB Banka (Slovakia) (15%) and CIB Bank (Hungary) (5%) comes from renewable sources.

The Group itself produced over 1,010 MWh of energy from renewable photovoltaic sources, generated from the 13 sites in Italy (nine small and four large) and two sites in Slovenia.

In Italy, photovoltaic plants generated an energy saving by not purchasing electricity, totalling approximately 190,000 euro in 2018.

Finally, in line with Italian Legislative Decree 28/11, consideration was given to the thermal energy produced in Italy using heat pump air conditioning systems, with around 2,800 tonnes of CO₂ emissions avoided as a result.

MOBILITY

The Mobility Management function part of the Labour Affairs and Policies Head Office Department, is dedicated to supporting employee commuting, to improve their quality but also to promote sustainable means of transport. The goal is to translate the feedback from employees into concrete actions in order to provide a structured range of options for daily commutes and implement the actions of the Home-Work Commuting Plans. The questionnaire issued to employees in 2017 was an attempt to gain a better understanding of the demand for home-work mobility, how the employees' behaviour had changed, and which areas of improvement were to be focused on.

The main goals pursued by the Intesa Sanpaolo Group are: the reduction in the use of private individual transport, as requested by the so-called Ronchi Decree, the improvement of road safety, as established by the international ISO 39001:2012 standard, and the reduction of the Group's CO₂ emissions.

As regards the last objective, the two most significant initiatives are as follows:

- the spread of Flexible Work and Training, which innovatively combine the management of people's private lives with the company's organisational requirements (see page 130);
- signing a union agreement on work-life balance, which also introduced measures to help people that work a long way away and that have specific personal needs to move closer to their residence or home;
- the Mobility Office platform which promotes the use of public transport, enabling employees to request annual season tickets directly from their workstation and also to take advantage of discounted rates with the option of paying in instalments (the service is available in certain cities – Bologna, Florence, Milan, Naples, Padua, Rome, Turin and Venice – and will be gradually extended). Contributions to promote the use of public transport have been implemented at CIB Bank (Hungary) and Privredna Banka Zagreb (Croatia);
- company shuttle service available in Turin/Moncalieri, Milan/Assago, Naples, Padua/Sarmeola di Rubano and Venice/Mestre, which have a positive impact on the environment (an estimated 508 tonnes of CO₂ avoided) as well as on people's quality of life; at the Bank of Alexandria (Egypt), a shuttle service to Cairo and Alexandria is available;
- development of car and/or bike sharing services. In Italy, ALI - the Intesa Sanpaolo employees' association - has entered into agreements with the main networks in a number of cities (Bologna, Carrara, Como, Cremona, Cuneo, Florence, La Spezia, Milan, Modena, Monza, Padua, Perugia, Rome, Turin and Treviso). Bicycles owned by the Bank are available at Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank (Slovenia) and CIB Bank (Hungary). At Privredna Banka Zagreb (Croatia) and CIB Bank (Hungary) employees can take advantage of special parking facilities and services (changing rooms and showers) and the application of discounts on purchases of bicycles and accessories. In addition, in April 2018, the Hungarian bank signed a contract for the use of car sharing to replace taxis, which will only use electric cars. Lastly, for the fifth year in a row, VÚB Banka (Slovakia) took part in the Cycle to Work campaign, the objective of which is to encourage the use of the bicycle as a means of transport for travelling to work;
- management of the company fleet through precise selection criteria and usage guidelines that respect the environment. In this context, the process of updating the company fleet with Euro 6 vehicles continues;

- development of remote communications for both listening activities (internal communications web focus groups managed online) and work activities, with the use of Skype for Business (instant messaging, voice over IP or online meetings) instead of business travels.

COMPANY CARPOOLING

With the aim of inverting the trend observed in internal surveys, which show that a large number of employees go to work in their own car, a pilot company carpooling project was launched in November 2017 at the Milan-Bisceglie site. The initiative has since been extended to all employees working within the municipality of Milan and Assago, Turin New Headquarters, Moncalieri Data Centre and Florence-Novoli sites. It is also planned to extend the project to other locations. Carpooling is a mode of transport based on the sharing of private cars by multiple people with compatible routes and timetables. The aim is to share the car for commutes in order to improve the quality of transfers, make savings on transport expenses, and reduce traffic, pollution and road accidents. Using an app, created for the specific needs of Intesa Sanpaolo, a trial initiative was developed that facilitates the matching of travel supply and demand and the sharing of the relative costs, with the possibility of managing the provision of incentives, in the form of fuel and parking vouchers, and forming a network of users.

Other forms of car sharing have been implemented at Intesa Sanpaolo Bank Albania, CIB Bank (Hungary), Banca Intesa Beograd (Serbia), Pravax-Bank (Ukraine) and Intesa Sanpaolo Bank Romania.

RESPONSIBLE MANAGEMENT OF RESOURCES

According to the Code of Ethics and the Rules for the environmental and energy policy, the Group's responsibilities include the close evaluation of the consequences of its activities on ecosystems and the reduction of its environmental footprint. For this reason, the responsible management of resources is a priority issue for the Intesa Sanpaolo Group in its attempts to mitigate its impact on the environment.

PAPER

In 2018, the Group continued to reduce the use of paper per staff member, which fell by 1.3% compared with 2017. Additionally, there was an increase in the use of recycled paper of 3.4% which, together with certified sustainable paper, now represents 89.6% of the total.

In Italy, these results were also achieved through the implementation of various paperless initiatives. Among these measures, particularly worthy of note are the paperless contracts and accounts project, extended during the year to other banking products and services, the consultation of information sheets on screens, online statement and the Zero Carta ("*Zero Paper*") project in training initiatives. Thanks to these initiatives, it was possible to avoid the use of over 3,265 tonnes of paper, corresponding to a reduction in CO₂ emissions of around 6,330 tonnes, with cost savings of over 4.7 million euro.

The paperless contracts project, involving the exclusive use of graphometric or remote digital signature for signing documents, instead of paper, available in all Retail and Personal branches, enables a simple and innovative interaction with customers.

Managers' activities have been simplified within the internal paper management and archiving processes and through the creation of a digital document archive which ensures, in accordance with the legislation in force, better storage and a reduction of back office activities to zero.

Eurizon in order to promote sustainable conduct, launched the sustainability contest - Risparmio della carta (*Paper saving*) - for employees of Eurizon Capital SGR and Epsilon SGR. 37 teams were selected and took part in a competition to reduce paper consumption: during the two-month period between May and June 2018, around 106,000 pages were saved (-25%) compared with October-November 2017.

A significant contribution to the reduction of paper consumption is made by the multichannel projects in Italy and the DigiCal project for the Group's International Subsidiary Banks (see page 78).

In the International Subsidiary Banks, the development of dematerialisation processes/paperless branches, being a component of the DigiCal model, has been implemented at Privredna Banka Zagreb (Croatia), CIB Bank (Hungary), Intesa Sanpaolo Banka Bosna i Hercegovina and VÚB Banka (Slovakia), enabling an overall saving of around 159 tonnes of paper in 2018, while also simplifying archiving activities.

The DigiCal environment of the paperless branches has been enhanced with a series of cutting-edge technologies, such as tablets enabling customer interaction, as well as an IT platform that allows managers to optimise the time spent on banking activities - to the benefit of the customers.

OTHER GREEN PURCHASES

In 2018, around 45 tonnes of environmentally-friendly stationery was purchased in Italy.

In line with the Rules on sustainability for the purchase of office machines, the Bank assesses the environmental impact connected with the purchase and responsible use of the following equipment: photocopiers, printers, desktop computers, computer, monitors, notebooks and ATMs/MTAs. In the promotion of sustainability aspects due consideration is given both to legislation and relevant compliance requirements in force, as well as to specific environmental evaluation criteria.

WATER

The Intesa Sanpaolo Group's consumption of drinking water from aqueducts is predominantly related to sanitary purposes and, to a lesser extent, the generation of cold air for air conditioning.

In 2018, the Group's water consumption per person was around 20.6 cubic meters per staff member.

In Italy, the New Headquarters is an excellent example of efficient water management: in 2018, drinking water consumption was again well below the Group average at around 7 cubic metres per staff member, partly due to the installation of low-consumption and timer taps, double-flush toilets, and the dual network for toilets using a rainwater collection system combined with (if necessary) groundwater.

With a view to sustainable and efficient management of resources, the HVAC systems of the New Headquarters also use a heat exchange system with groundwater that is taken and put back into the aquifer without affecting the water quality.

HAZARDOUS WASTE MANAGEMENT

The Intesa Sanpaolo Group focuses particular attention on the monitoring and management of hazardous waste for the environment, including radon and asbestos.

Radon is a gas normally present in the subsoil which can however penetrate into closed environments due, for example to the presence of cracks or the permeability of the foundations of buildings; in such cases it can accumulate and reach concentrations that are damaging to health.

In line with current legislation, which for underground work spaces sets warning and action thresholds depending on the concentration level, the Safety and Protection Head Office Department carries out campaigns for the measurement of the average annual concentration in order to protect the health of employees. Should the warning threshold be exceeded, a notification concerning the matter is issued so employees and their representatives are properly informed about the issue in question. In addition, a Qualified Radiation Protection Expert is appointed, an external consultant who assesses employees' exposure to radon through the calculation of Effective Doses and the identification of any risk mitigation measures, mandatory in the event of the exceeding of the Effective Dose threshold of 3 mSv/year. No significant risk situations were highlighted in 2018.

In the region of Puglia, which set a lower concentration limit than the national average for non-residential buildings open to the public, monitoring activities are currently being finalised. Should this limit be exceeded, the Qualified Expert immediately prepares specific mitigation measures.

In the same way, although the activities carried out by Intesa Sanpaolo employees do not in any way expose employees to dust and materials containing asbestos, in 2018 the Safety and Protection Head Office Department once again carried out a specific risk assessment for all workspaces. The measurements, carried out by an external consultant responsible for storing materials containing asbestos which performs periodic checks according to the timeframes established by law, confirmed that there is no contamination: all of the values measured are lower than the threshold established by the laws in force and similar to those present in the external environment.

WASTE MANAGEMENT

The handling of all waste produced at the Group's sites has been entrusted to outside companies that operate in the local area, have the necessary permits for the transport and/or disposal of waste, and use specifically authorised vehicles. These companies have been appointed to oversee the collection, sorting, correct temporary deposit and disposal of the waste. As for waste that is collected separately (e.g. paper, glass, plastic etc.), the management methods used are those indicated by the municipal regulations.

In 2018, the special waste produced by the Group totalled 3,997 tonnes (41.7 kg per staff member), an increase of 27.6% compared with 2017. The rise is mainly due to the adjustment of the IT equipment following the integration of the former Banca Popolare di Vicenza and former Veneto Banca.

Only 6.0% of waste is disposed of in landfills, 0.9% is incinerated with energy recovery, and the remaining 93.1% is recycled or reused/recovered.

In 2018, the reconditioned toner project continued in Italy, involving the partial replacement of black ink cartridges with reconditioned cartridges on a number of models representing over 90% of the black cartridges purchased. At the end of 2018, 55% of black cartridges were reconditioned.

The Cost Management Department has launched a project to streamline and reduce expenses from printing costs, including for the purposes of environmental sustainability. To this end, certain measures were identified and assessed jointly with the Communication and Corporate Image Head Office Department which concern the type of character used in the individual productivity documents and the associated graphic standards, aimed at reducing the consumption of toner.

Green economy

COMPANY POLICIES

In accordance with the principles of the Code of Ethics and the Rules for environmental and energy policy, the Intesa Sanpaolo Group has always paid particular attention to the portfolio of green products and services it offers to its customers, also with the goal of contributing to combating climate change. International studies and research show that climate change may also be a business opportunity and a lever for economic growth, considering the fact that, in order to achieve the European Union's climate and energy targets for 2030, the European Commission's Action Plan on sustainable finance estimates supplementary investments of 180 billion euro per year.

To this end, Intesa Sanpaolo is active in promoting renewable energy, energy efficiency and the circular business model by supporting their development and assisting the various customer segments, committed to reducing their environmental impact, with the promotion of green products and services offered by the sales network in Italy and abroad.

In addition, particular importance is given to training and research initiatives, as well as to events on environmental issues organised by Intesa Sanpaolo and/or its partners.

LOANS AND SERVICES FOR THE GREEN ECONOMY

In 2018, the Group disbursed 1,922 million euro to the green economy (over 18 billion between 2010 and 2018), equal to 3.2% of all Group loans. The offer involves all customer segments: retail customers (3.5%), businesses and Third sector (20.1%), leasing (0.2%), corporate & public finance (25.4%) and project finance (50.8%).

RETAIL CUSTOMERS

The Bank continued to provide loans and mortgages for environmental purposes in 2018. These loans regarded the replacement of fixtures and high-performance boilers, the renovation of buildings from an energy efficiency perspective, the purchase of environmentally-friendly vehicles and the installation of solar and photovoltaic panels. Moreover, certain features of the Mutuo Domus Case prefabbricate in legno – prefabricated wooden houses – mortgage loan have been improved (increase in the maximum duration of the loan and increase of the LTV - value of the loan that may be obtained in proportion to the value of the property), in order to satisfy the needs of customers most conscious about environmental issues.

The Valorizzazione Immobiliare, an additional loan service, seeks to support customers who intend to invest in their homes through energy redevelopment and restructuring works, providing free information on tax benefits and savings on energy bills, as well as to support the best loan and home protection solutions. Customers can also take advantage of discounts on the services offered by partners of the initiative which operate in the energy savings and redevelopment sectors.

The content of the insurance policy 'XME Protezione', seeks to cover the needs of customers in the areas of Family, Health and Property, has been improved, with new coverage providing protection from natural disasters: earthquakes and flooding.

Lastly, the Intesa Sanpaolo Group continued its tangible and concrete commitment to supporting households and businesses affected by earthquakes, environmental disasters or extraordinary atmospheric events, with the provision of new subsidised loans for restoring damaged structures (homes, shops, offices, artisanal workshops and businesses), suspensions of payments on outstanding loans, actions in the area of protection and preferential, simplified and expedited procedures for new instruments. Among these initiatives, it is worth noting that, in November 2018, Intesa Sanpaolo set up a plafond for households and businesses of one billion euro to tackle the emergency caused by extraordinary atmospheric events which have affected the whole of Italy (see page 86).

BUSINESSES CUSTOMERS

In 2018 Intesa Sanpaolo Group continued to disburse short, medium and long-term loans in support of projects for renewable energy and energy efficiency works for professionals and businesses.

Businesses can continue to use the Finanziamento Energia Imprese ("businesses energy loan"), which is designed to support investment plans focused on the development of efficient energy production plants and diversifying energy sources and/or streamlining consumption, as well as the Finanziamento Energie Rinnovabili ("renewable energy loan"), created for the construction of new plants for the production of renewable energies other than photovoltaic energy, such as biomass and small-scale wind energy.

Banca IMI has continued to play a leading role in the structuring of loans for the renewable energy sector (especially photovoltaic and wind power), by supporting and assisting the main operators in their strategic consolidation process and in the implementation of new investments.

Mediocredito Italiano's contribution was once again noteworthy this year: in particular, it continued to support businesses that invest in renewable energy production plants and in the energy efficiency of their production processes, providing dedicated financial solutions and specialist advisory services. During the year loans were granted to support projects mainly in the photovoltaic, wind and hydroelectric sectors.

At the end of 2018, Mediocredito Italiano's portfolio in the green sector came to approximately 1.5 billion euro, equal to around 10% of all medium and long-term credit. All of the financed projects were carried out in Italy and concerned: photovoltaic plants (80.4%), wind energy plants (6.5%), hydroelectric plants (5.9%), biomass or biogas plants (5.2%) and energy efficiency measures (2.0%). The financed projects also included energy efficiency measures carried out by energy intensive manufacturing companies through the installation of cogeneration plants. In order to regulate energy efficiency investments made directly by businesses, or rather indirectly through the intervention of an ESCo (Energy Service Company), credit guidelines have been developed for this type of project. All loans, overseen step by step by the specialist Energy Desk, are always preceded by an examination in support of the Bank's credit assessment. Customers can count on a comprehensive service that ranges from risk assessment to the structuring of the most appropriate financial solutions, and from consultancy on new technology trends to new market opportunities.

In the lease area, four new Leasenergy product contracts of a value of approximately 4.6 million euro were signed in 2018. The new lease contracts will result in annual emission savings of around 22,485 tonnes of CO₂. There are around 1,540 existing lease contracts, which have contributed to the construction of plants for the production of over 1.8 Gigawatts of energy from renewable sources.

In addition, the Intesa Sanpaolo Group confirmed its commitment to the Circular Economy by promoting the spread of the model, drawing on the support of the Ellen MacArthur Foundation, the main promoter of the global transition towards the Circular Economy. The 2019-2021 three-year cooperation agreement has been renewed, confirming Intesa Sanpaolo's role as Global Partner of the Foundation. Intesa Sanpaolo will continue to redefine business strategies in an innovative way, ensuring financial support for investments to facilitate the redesign of the industrial system.

The transition to a Circular Economy continued, also with the contribution of the Intesa Sanpaolo Innovation Center, a Group company which oversees all the Circular Economy activities.

Some of the most noteworthy activities in 2018 include the Circular Economy Lab and the Plafond Circular.

The Circular Economy Lab was launched in September 2018 in Milan, thanks to a Framework Agreement between Intesa Sanpaolo and Fondazione Cariplo, and followed by a strategic partnership between Intesa Sanpaolo Innovation Center and Cariplo Factory, with the goal of supporting and assisting the transformation of the Italian economic system and disseminating new models of value creation in the collective interest, by accelerating the transition to the Circular Economy.

The activities of the Circular Economy Lab are based on three pillars:

- positioning the laboratory as the primary systemic actor of the Circular Economy, by disseminating and promoting the principles of the new economic model;
- contributing to the creation of business opportunities;
- creating value and growth through Open Innovation initiatives organised between start-ups and companies, as well as with universities and institutions.

In order to provide concrete support to companies involved in the transition process, the Intesa Sanpaolo Group, within the time-frame of the 2018-2021 Business Plan, has decided to provide a plafond of up to 5 billion euro, aimed at companies which adopt the circular model with innovative procedures, granting the best conditions for accessing credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed.

During the year, the 'circular' assessment of businesses along their value chain continued (around 15 businesses were interviewed) through the use of the Circular Economy Standard, an instrument used to measure the level of circularity.

In 2018, with regards to start-ups (see page 94), the Start-Up Initiative continued, which selects the most promising innovative start-ups, prepares them to face the market with coaching initiatives, and introduces them to the players of the innovation ecosystem.

The selection process was integrated together with the circularity criteria in the overall assessment. Two Italian start-ups in the food and fashion sectors were awarded as Circular Economy success stories.

In November 2018, the Position Paper of the Alleanza Italiana per l'Economia Circolare (Italian Alliance for the Circular Economy) was submitted, promoted by Intesa Sanpaolo in conjunction with Enel. The Alliance comprises eight large 'Made in Italy' companies and, since 2017, has sought to reinforce existing collaborations and propose new projects between companies, in order to promote the transition to the Circular Economy in the various production chains, while also involving Italian and European institutions.

In order to support the wood sector in north-eastern Italy, which was severely affected by the extreme weather events at the end of October, an agreement was signed with FederlegnoArredo aimed at supporting the development of companies in the sector with specific products and benefits which also include support to forest holdings and individuals involved in reforestation projects.

Finally, the Insurance Division proposes supplementary insurance coverage for the loans provided for the purchase and installation of a photovoltaic plant. 'Polizza Business Fotovoltaico' protects the photovoltaic plant from material and unforeseen damage accidentally caused to third parties, protecting the plant from damage caused, for example, by fire, weather events, vandalism, theft, malfunctions or electrical problems, and covering losses in profits due to the disruption or fall in the production of clean electricity as a result of the insured events.

THIRD SECTOR

Banca Prossima has continued to support Third sector businesses that wish to invest in energy efficiency projects with solutions that make it possible to save on energy costs and increase the overall sustainability of the social activity. At the end of 2018, total loans relative to the agreement with Federesco (National Federation of ECSO's) came to 1.9 million euro. These initiatives generated savings of around 593 tonnes of oil equivalent (toe) in 2018, corresponding to around 1,270 tonnes of CO₂ avoided.

GREEN BOND

In 2017, Intesa Sanpaolo was the first Italian bank to issue a 500-million-euro Green Bond connected with environmental sustainability projects.

First issued in 2007 by the European Investment Bank, Green Bonds are traditional bonds – in terms of their structure and contractual terms – that must respect specific requirements in terms of the use of funds (to be allocated to green projects), transparency, reporting and the use of proceeds.

The commitments undertaken by Intesa Sanpaolo are defined in a set of guidelines (Green Bond Framework) based on the Green Bond Principles, a voluntary protocol that promotes transparency and involves the close monitoring of the environmental projects that receive the funds. The compliance of the framework with these principles was verified by an external ESG research and analysis company.

In particular, the projects financed by the Bond must belong to the following three categories:

- infrastructures for the generation and transmission of energy from renewable sources (solar, photovoltaic, wind, biomass and hydroelectric);
- investments in infrastructure or processes for reducing the use of energy and fostering greater energy efficiency;
- construction of new buildings or the redevelopment of existing buildings according to the best environmental standards.

In June 2018, following its annual reporting commitment, Intesa Sanpaolo published its first Green Bond Report [\[i\]](#) on the use of Green Bond proceeds and its associated environmental benefits.

The report also includes the certification of the auditing company, the Second Party Opinion on the bond issue (Robust ESG performance) and the Moody's assessment, which obtained the highest score (GB1 Excellent).

The Bond proceeds, fully allocated during the first year of the issue, was used as follows: 79.4% to refinance specific loans included in the Energy Portfolio of Mediocredito Italiano, and 20.6% for the financing of new projects, selected by a dedicated working group. In total, 77 projects were financed with over 213,000 tonnes of CO₂ emissions avoided annually. 68.5% of the proceeds were allocated to photovoltaic power, 14.0% to wind power, 8.5% to hydroelectric power, 7.4% to biomass and 1.6% to energy efficiency.

During 2018, the Corporate and Investment Banking Division participated, as a bookrunner, in five Green Bond issues onto the Euro market, including the only three in Italy, thus confirming its leading role on the Italian market.

GREEN CULTURE AND INITIATIVES

One of the goals of the Intesa Sanpaolo Rules for environmental and energy policy is the spread of the culture of sustainability among employees and customers. The following section outlines the main initiatives in 2018.

TRAINING

The Ambientiamo multimedia platform is available for all employees in Italy, it provides in-depth training on climate change, renewable energies and correct waste management. In addition, for those that work in operating units covered by the Environmental and Energy Management System (EEMS) certification or in central offices involved in the activities of EEMS, a specific course on the issue was also provided, as established also by the international reference standards: in 2018, around 140 employees were able to access the online course, joining the 2,000 employees previously trained. In the same way, subsidiary CIB Bank (Hungary) trained around 1,780 employees on the obligations relating to the ISO 50001 standard via the online platform.

As for customers, Intesa Sanpaolo Formazione continued to provide the Think Green course to agricultural entrepreneurs who, focusing particularly on the protection of biodiversity, plan to innovate and develop their businesses. Two new training courses were introduced: Think Green Bio, to enable agri-food companies to seize the opportunity offered by organic farming, by developing new skills, studying the main marketing and operating aspects of the sector, and Think Green Wine, dedicated to companies in the wine industry who wish to consolidate their skills and acquire new expertise, with a particular focus on sustainable vine-growing and wine-making processes. In total, the Think Green courses involved around 90 entrepreneurs.

To spread the culture of innovation in the area of Circular Economy, the promotion of the BioCircE Master (the first Italian Master's qualification in this area) continued, four meetings were held with secondary schools as part of the Italian "Alternanza Scuola-Lavoro" school-work project and online courses were provided to over 100 employees.

In the International Subsidiary Banks, during September, a two-day training course was held on the main innovations and trends in the agribusiness sector. Some of the themes of the course included sustainable agriculture and organic farming techniques. The course was attended by 21 employees from the Group's subsidiaries in Albania, Croatia, Serbia, Slovenia, Slovakia and Hungary. In Egypt, Bank of Alexandria launched two training initiatives, aimed at employees that concerned sustainable finance and green finance.

PARTICIPATION IN ASSOCIATIONS AND DEBATES ON ENVIRONMENTAL SUSTAINABILITY ISSUES

The Group made an important contribution to the international debate on the topic of environmental sustainability in 2018.

In terms of sustainable finance, the Group's collaboration with the Associazione Bancaria Italiana (Italian Banking Association - ABI) continued, within specific working groups, particularly in relation to issues linked to taxonomy and the European Action Plan on financing sustainable growth.

As part of the European Commission initiatives, Intesa Sanpaolo has continued the activity initiated during the second half of 2017, by participating regularly in the work of groups of experts for the financing of the Circular Economy, which will also continue in 2019, until the publication of the final recommendations.

The Group also continued its collaboration with the main European associations, contributing to the work of the Sustainable Finance Working Group of the European Banking Federation (EBF) and the Association for Financial Markets in Europe (AFME).

In particular, Intesa Sanpaolo has contributed to the drafting of the main (legislative and non-legislative) position papers of the financial sector published during 2018, such as, for example, the proposal for a regulation concerning the introduction of a framework to promote sustainable investments and the proposal on reporting sustainable investments and sustainability risks, as well as the document of the European Banking Federation - Financing the Europe of tomorrow. Intesa Sanpaolo also participated in the discussion at the European level on Green Lending Principles and the green supporting factor.

Moreover, the Group participated in the consultation of the Italian Ministry of the Environment and the Protection of Land and Sea (MATTM) on indicators for the measurement of the Circular Economy, and in the work of the National Observatory on Sustainable Finance promoted by the MATTM. It also contributed to the activities of the Circular Economy working group promoted by the Fondazione COTEC (Fondazione per l'innovazione - Foundation for Innovation).

In addition, the Group took part in the work of 'FinanCE', a working group formed within the Ellen MacArthur Foundation network, with the aim of rethinking the finance sector to accelerate the transition to the Circular Economy, by identifying concrete measures which the public and private sectors should undertake, coordinating the sub-working group of Financial Services.

Studi e Ricerche per il Mezzogiorno (SRM), the Group's research centre aimed at disseminating economic

knowledge and culture, with a particular focus on the development of southern Italy, held a series of seminars in cooperation with the Federico II University of Naples on Circular Economy issues, port activities, water resources and energy, with the aim of drawing attention to how policies connected with the Circular Economy constitute an important step which must go hand in hand with technological innovation, infrastructure upgrading and efficient management for the development and competitiveness of these sectors. SRM is also part of SOS LOG, the association for the development of sustainable logistics, whose mission is the dissemination of information, research and initiatives aimed at spreading the culture of sustainable transport and logistics. In July 2018, Intesa Sanpaolo is also part of the RES4Med&Africa non-profit organisation, which promotes the development of renewable energy in Sub-Saharan Africa and the southern Mediterranean. Mediocredito Italiano is a partner of Milan Polytechnic in the market trends observatory regarding the renewable energy and energy efficiency.

STUDIES

The Group's commitment to the development of study and research projects in the environmental field continued in 2018. Listed are some of the most important publications:

- The fourth Report on the Bio-economy - "La Bioeconomia in Europa" (The bio-economy in Europe), produced by the Intesa Sanpaolo Research Head Office Department, which, in addition to providing new estimates of the value of the bio-economy, includes an analysis of innovative start-ups operating in associated sectors, along with two in-depth analyses, one on the use and recovery of sewage sludge and the other on marine resources;
- Two reports on transport drafted by the Research Department, which take into consideration the growing demand in the field of mobility and the resulting problems of congestion and pollution, which are raising awareness of the fact that only reinforcing, reclassifying and improving the efficiency of local public transport (tram, metro, bus, regional rail network) can promote the sustainable development of Italy. In detail:
 - "Le aziende di Trasporto Pubblico Locale (TPL): Ieri, oggi, domani" (Local public transport companies: yesterday, today, tomorrow), in cooperation with ASSTRA and IFEL, offers a general overview of the issue, with in-depth consideration of regulatory, management and financial aspects;
 - "Trasporto ferroviario regionale" (Regional rail transport), provides an analysis of this passenger service, with details of the regulations, pricing, management structure, liberalisation, status of infrastructure and resources, and investments;
- "Un Sud che innova e produce. Il valore delle filiere produttive nel nuovo contesto competitivo e innovativo, tra Industria 4.0 e Circular Economy" (The Innovative, Productive South. The value of the production chains in the new competitive and innovative context, from Industry 4.0 to the Circular Economy), produced by Studi e Ricerche per il Mezzogiorno with the contribution of the Intesa Sanpaolo Innovation Center. The study addresses the theme of interdependence in the production chain and the role of technology in promoting an innovative, interconnected and sustainable production model, which sees the Circular Economy as the reference model;
- The Rapporto Annuale sull'Economia del Mare 2018 (The 2018 Annual Report on the Maritime Economy), produced by Studi e Ricerche sul Mezzogiorno and presented on the national and international stage, having now become a reference point on this matter for institutions, sector professionals, trade associations, infrastructure and the academic world. The Report is part of the 'Osservatorio sull'Economia del Mare e sulla Logistica' research project, managed by Studi e Ricerche per il Mezzogiorno: some of the key topics include the sustainability of port investments, reducing emissions produced by ships, the use of environmentally friendly fuels, and reducing road transport in favour of shipping. Two in-depth analyses were conducted in 2018: one on Liquefied Natural Gas (LNG) and the development of shipping corridors, and the other on alternative fuels for large vessels;
- In 2018, Studi e Ricerche per il Mezzogiorno launched two other major research projects; firstly, the creation of a new Mediterranean Energy Observatory in partnership with the Energy Department of the Turin Polytechnic, and secondly, a monographic research into issues connected with the environment and sustainability with an overview on companies and southern Italy.

ENVIRONMENTAL SUSTAINABILITY EVENTS

In order to raise the awareness of environmental issues among customers and employees, the Intesa Sanpaolo Group participates in various initiatives aimed at increasingly spreading the culture of sustainability and good practices as widely as possible. The main international events in which the Group participated in 2018 were the World Environment Day promoted by UNEP (the United Nations Environment Programme) - whose theme was the reduction of plastic pollution - and the European Week for Waste Reduction promoted by the European Commission, with the 2018 edition focusing on the prevention and management of hazardous waste. In Italy, Intesa Sanpaolo also took part in the Energy Saving Day (part of the "M'illumino di meno" campaign) while some International Subsidiary Banks have signed up to the WWF's Earth Hour.