

# Quality and innovation in customer relations

## COMPANY POLICIES

In keeping with the values and principles of conduct defined in the Code of Ethics, which are based on listening and dialogue, transparency and fairness, and the protection of safety in business relations, the Group places its focus on the customer and strives to maintain excellent relationships. These values and principles are incorporated in the essential standards of behaviour set out in the Group's Internal Code of Conduct that commits Board members, employees and other staff to comply with them. In addition, for specific areas of activity governing the quality of customer relations, there are governance Guidelines and rules based on the initiation of processes which, adopting models involving high levels of protection, shape conduct according to criteria of considerable good faith and fairness in relations. Customer health and safety aspects are also monitored with policies that establish principles and rules of conduct and define responsibilities in operational relations, both in branches and on the digital channel.

## SERVICE QUALITY

Intesa Sanpaolo has adopted a service model focused on business areas with an organisational structure that guarantees monitoring in both Italy and the other countries in which it operates. The Divisions are responsible for developing the best quality service levels through the various channels, in order to improve the efficiency of the commercial products they offer to the various types of customers. Customer satisfaction and service quality are monitored and overseen by the structures that deal with customer satisfaction and customer experience in the various business Divisions.

## LISTENING TO RETAIL AND CORPORATE CUSTOMERS IN ITALY

Customer Experience surveys represent a decisive aspect of the strategic vision of the Banca dei Territori Division because by listening to the customer it is possible to identify factors of satisfaction and dissatisfaction and areas for improvement requiring action.

The Division implements the following methods:

- monitoring the Net Satisfaction Index (NSI) to detect customer satisfaction and dissatisfaction through suggestions and the identification of opportunities for improvement in products and services;
- measurement of the Net Promoter Score (NPS), which indicates people's likelihood to recommend the Bank;
- the establishment and monitoring of indicators of the quality provided and measured through three indices (excellence in service, operations and credit) whose results, together with the NPS, form the basis of the SEIok programme and contribute to the determination of the Variable Results Bonus of the branches and areas of the Banca dei Territori Division, accounting for 25% of the Synthetic Performance Indicator.

In addition to ongoing surveys, there are also specific in-depth surveys to develop strategies aimed at different customer targets. Nine surveys were carried out in response to specific requirements or to examine particular issues and allowed the gathering of 14,000 pieces of feedback.

In 2019, new product Customer Satisfaction surveys were also launched thanks to which over 54,000 responses were collected. These surveys make it possible to monitor satisfaction with individual products over time and to collect any suggestions for improvement from customers, complementing Customer Experience surveys.

To align the Employee Experience with the Customer Experience, the Division monitors satisfaction with tools and services using the Internal Service Quality (ISQ) survey carried out on Network staff. The survey, now in its third edition, involved about 18,000 employees and collected almost 9,000 responses.

Furthermore, in order to measure internal satisfaction regarding commercial and relationship issues, during 2019 a total of approximately 240,000 questionnaires were sent to Group employees and more than 133,000 responses were collected. Analysis of the results of these surveys made it possible to better understand employees, with the aim of supporting them both in carrying out their daily activities and developing/strengthening relationships with customers.

The listening process is continuously evolving and expanding. Indeed, the scope of the Net Promoter Score (NPS) survey has been extended to the world of Retail Businesses and to companies belonging to the Third Sector (Impact Department). In the event of significant discontinuities like a corporate merger it is in fact essential to use the listening activities extensively in order to better monitor the quality of the Customer Experience, identifying specific actions where appropriate.

For the purposes of NPS in 2019, responses from approximately 820,000 Retail and Personal customers and approximately 45,000 Businesses were analysed.

NPS by customer type	2019
Retail	20
Personal	7
Businesses	11

Findings collected from the Banca dei Territori Division customers.

In 2019 it was established that the survey channel of reference is the telephone. Therefore, the 2019 NPS is calculated by applying a correction that makes it possible to make the votes collected through different channels comparable with those gathered by telephone.

The 2019 NPS for Retail and Personal customers is respectively 20 and 7 points.

For Corporate customers, the 2019 figure of 11 is affected by the inclusion in the survey of customers that, due to the Bank's choice to change the Service Model at the beginning of 2019, have undergone a change of Branch and/or Manager. Net of the latter, the NPS would be 19.

It should be noted that in 2019, for the first time, for all commercial areas, customers of the aggregate group of former Banca Popolare di Vicenza and former Veneto Banca ("former Banche Venete") were also included in NPS calculations.

### NET PROMOTER SCORE – NPS®

The NPS is an indicator that expresses the likelihood of customers to recommend a product, service or company, calculated in index points (between -100 and +100) subtracting the percentage of detractors (dissatisfied customers) from the percentage of promoters (loyal customers) obtained. Intesa Sanpaolo carries out NPS surveys via telephone for companies and via email and Internet Banking for retail customers. Starting in 2019 the method for calculating the NPS was refined to allow the results to be compared both internally, among surveys involving different channels, and with external benchmarks (carried out mainly by telephone) in order to quantify the impact of each channel on opinions and define a corrective measure to make them comparable.

### LISTENING TO LARGE CORPORATE CUSTOMERS IN ITALY

In relations with the customers of large companies in Italy, Customer Satisfaction surveys are regularly planned and carried out with the aim of identifying and pursuing improvements in products and services.

In 2019, the Corporate and Investment Banking Division designed and developed the following activities:

- qualitative survey on 100 companies during the updating of the electronic corporate banking platform focused on simplification and customisation, with a response rate of 73%;
- qualitative survey on 74 Investor Relators from companies in the STAR segment to understand the strategic drivers of success for companies, with a response rate of 49%;
- launch of a channel to communicate accessible to all users active on the corporate banking platform to understand customers' working capital needs, which received 72 responses;
- telephone interviews with 18 national Financial Institutions customers to collect qualitative assessments in terms of market positioning and level of satisfaction with the Market Hub platform service that Banca IMI offers its customers;
- telephone survey of 207 Corporate customers in Italy to understand the perception of the improvement of the new Inbiz portal and identify potential action areas, with a response rate of 57%;
- quantitative survey on 321 companies to assess the satisfaction of corporate customers in specialised and transactional foreign markets, with a response rate of 39%, a Net Promoter Score (NPS) index of 51 and general satisfaction index (CSI - Customer Satisfaction Index<sup>1</sup>) of 87 out of 100.

### LISTENING TO CUSTOMERS IN THE INTERNATIONAL SUBSIDIARY BANKS

In 2019, work continued on the measurement of customer satisfaction of the customers of International Subsidiary Banks. With respect to the Retail customers, the banks involved were Banca Intesa Beograd in Serbia, Intesa Sanpaolo Bank in Slovenia, CIB Bank in Hungary, Privredna Banka Zagreb-PBZ in Croatia and VÚB Banka in Slovakia. The surveys, which involved around 14,000 customers, show increasing levels of satisfaction and loyalty with regard to both the country's banking systems and individual banks, despite growing competitiveness in the markets. The surveys are also enriched by the information collected through the Instant Feedback programme, launched at five of

<sup>1</sup> The index was calculated using a structural equation model with latent variables, specifically Partial Least Squares - Path modeling (in literature, PLS-PM). The outputs of the model include the measurement, through a summary index, of the overall satisfaction level (CSI - Customer Satisfaction Index).

the international banks, which gathers the opinions of customers during their interactions with the bank and consequently resolves any problems that arise. In 2019, qualitative KPIs were also introduced to measure the perceived quality of service in the branch, and in line with the relaunch of Retail activities in Pravex Bank (Ukraine) the first Net Promoter Score project was launched with 16% response levels. With regard to the SMEs, internal and benchmarking initiatives were carried out in CIB Bank in Hungary, Banca Intesa Beograd in Serbia, VÚB Banka in Slovakia and Privredna Banka Zagreb - PBZ in Croatia, as well as the corporate segment in Banca Intesa Beograd in Serbia. A total of 3,500 companies were involved, and the results highlighted the role of managers in listening to customers as a strength.

## LISTENING TO INSURANCE CUSTOMERS

At the end of 2019, the Insurance Division launched a Customer Satisfaction survey system that involves all calls received to Customer Service on a voluntary basis using a 2-question questionnaire to assess the Service. This initiative is in addition to the already active initiative to measure the Customer Experience of Non-Life business customers who expressed a significant level of satisfaction in 2019: on a scale of 0 to 10, the average score was 8.9 for roadside assistance; 8.5 for home care; 8.8 for Motor liability claims and 7.9 for paid Home claims.

## LISTENING TO CUSTOMERS IN FIDEURAM INTESA SANPAOLO PRIVATE BANKING

In 2019, a Customer Satisfaction survey of the Private Banking Division was carried out for the first time on the Fideuram and Sanpaolo Invest Networks and the Intesa Sanpaolo Private Banking Network. The survey took into account the distinctive traits of the two service models and was conducted through questionnaires, to which 33,860 customers replied (25,084 for the Fideuram Network, 6,667 for the Sanpaolo Invest Network and 2,109 for the Intesa Sanpaolo Private Banking Network). The results of the survey confirmed a high level of customer satisfaction for all three networks. The relationship with the Private Banker is always the fundamental element for the appreciation of the service offered: customers recognise availability, expertise and professionalism as well as the ability to customise solutions and regularity in the relationship. The NPS was 47 and the Customer Satisfaction Index was 8.5. In particular, the survey conducted on the Fideuram and Sanpaolo Invest Networks shows that customers recognise among their strengths solidity, reliability, a large Group supporting them, multi-channel, the best professionals, attention to customers and quality of services. The survey of the Intesa Sanpaolo Private Banking Network found that other important qualities are the understanding of customers' needs and the ability to make them feel like privileged customers, as well as the attention to privacy and the ability to anticipate critical issues. The customers of the Fideuram and Sanpaolo Invest Networks were asked some questions regarding ESG investments in order to investigate their knowledge and propensity to invest in ESG products. It was found that ESG issues are known to about 60% of customers and 41% believe that ESG investments create value for themselves and for the community and the environment. The percentage rises to 48% if we consider the private customer segment or the segment of customers with an aggressive risk profile. Moreover, around 30% of customers are willing to invest more than 30% of their assets in sustainable products.

## MANAGEMENT OF COMPLAINTS

The Intesa Sanpaolo Group maintains an ongoing dialogue with its customers to ensure that their relationship remains excellent. To consolidate this trusting relationship, fundamental importance is attached to the careful and prompt management of complaints and other applications made which express customer dissatisfaction. In Italian law, the regulations issued by the relevant supervisory authorities provide for specific information requirements by the Compliance Function, with the aim of reporting at least once a year to corporate bodies and authorities on the overall situation of complaints received, as well as on the adequacy of the procedures and organisational solutions adopted.

The regulatory, procedural and organisational framework adopted by the Group is defined by the Guidelines for managing complaints, disclaimers and protests to the Supervisory Authority and appeals to alternative dispute resolution Bodies, approved in 2016 by the Board of Directors of the Parent Company and subsequently implemented by the various members of the Group.

In 2019, a total of 102,057 complaints<sup>1</sup> were registered at a Group level, broken down as follows:

Banca dei Territori: a total of 51,514 complaints were registered (down 3% compared to 2018) of which 39,841 related to Group Banks and Companies<sup>2</sup> and Banca 5 (+5% compared to 2018) and 11,673 submitted by former Accedo clients (down 23%).

During 2019, 37,972 complaints and reiterations were settled, of which 10,096 were accepted and, among these, 2,648 entailed disbursements; on the other hand, with regard to the management of complaints relating

<sup>1</sup> The claims include complaints and their possible reiteration (customer appeals), appeals to out-of-court dispute resolution bodies (ADR appeals) and requests for clarifications made by supervisory authorities in response to customer reports (reports).

<sup>2</sup> Banks in the BdT Division (Cassa di Risparmio in Bologna, Banca CR Firenze, CR Pistoia e Luccchia, Banca Apulia, Banca Prossima and Mediocredito) merged into the Parent Company during 2019.

to previous Accedo activities, a further 3,912 complaints and reiterations entailed disbursements.

Excluding claims submitted by former Accedo customers who, in exchange for the early redemption of loans with assignment of one-fifth of salary, claim the pro-rata refund of fees and/or charges paid at the time of disbursement, the following are the complaints and reiterations submitted for the various product/service macro-categories:

- Organisational issues and the management/functionality of websites: 12,025 complaints and reiterations with an increase of 22%, mainly related to waiting times, queues in branches or problems related to branch organisation, malfunctioning of the website and the smartphone application, failure or late processing of requests for copies of documentation;
- payment systems: 10,121 complaints and reiterations from customers, up 17%, mainly relating to the results of requests for the disclaimers of transactions made with payment cards or through internet banking services, as well as errors or delays in the execution of bank transfers;
- loans: 7,784 customer complaints and reiterations, down 11%. In particular, there is a reduction in the number of disputes relating to alleged usury, the alleged usurious nature of the conditions and the illegitimacy of the compound effects of interest capitalisation, the way in which the APR is calculated or its alleged divergence from the agreed rate and errors and/or delays in the execution of transactions;
- current accounts, deposits and securities: 3,703 complaints and reiterations, with a decrease of 27%, mainly due to errors and processing delays, conditions and their application and communication problems on the part of the Bank;
- investment services: 2,150 complaints and reiterations, up by 26%, of which over 800 were due to delays in processing requests for copies of documentation made by customers of the former Banche Venete with respect to the submission of requests to the Fondo Indennizzo Risparmiatori (Savers' Compensation Fund) for reimbursement of damages caused by the investment in securities issued by the banks themselves, for which the Bank has already taken the appropriate steps;
- insurance products: 1,973 complaints and reiterations, with an increase of 38%, mainly relating to policies linked to loans, class I life insurance policies and class III policies, the main reason being the correctness of the sales process and/or delays or failures in compensation payments.

Corporate e Investment Banking:

The number of complaints was lower due to the type of operations carried out and customers served, with 624 complaints received from foreign entities (621 from Banca Intesa Russia, 1 from Intesa Sanpaolo Bank Luxembourg and 2 from foreign Branches) and 3 complaints received from Banca IMI, with an overall reduction of 19% compared to the previous year.

Private Banking Division:

A total of 2,218 complaints were recorded, with an increase of 23% influenced in particular by those that arrived in the last part of the year relating to irregularities perpetrated by a Private Banker of Sanpaolo Invest SIM. In any event, the trend of the claims is comparable to that of the BdT Division.

During 2019, 1,636 complaints and reiterations were settled, of which 766 were accepted and, among these, 153 entailed disbursements.

International Subsidiary Banks<sup>3</sup>:

A total of 42,709 complaints were registered, an increase of 15%. The complaints mainly focused on four banks (VUB, PBZ, BIB, CIB), which accounted for 96% of the Division's claims and mainly concerned malfunctions of ATM/POS equipment, various types of home banking related inefficiencies, payment system fraud and charges applied to cards, bank transfers and current accounts.

During 2019, 42,696 complaints were processed, of which 24,134 were accepted and, among these, 4,160 involved disbursements.

Insurance Division:

A total of 4,861 claims were recorded, up 6%, mainly relating to the settlement area (claims management, rejections of contracts) and administrative aspects (reimbursement of premiums paid but not received in the event of early repayment of loans associated with the policies, customer care and content of the information during the relationship).

During the year, 3,797 complaints and reiterations were handled, 1,077 of which were accepted and 110 of these involved disbursements.

Asset Management Division:

A total of 128 complaints were recorded, a decrease of 50%, mainly due to collective asset management and relating in particular to the performance of mutual funds recorded in previous years and the information provided to customers.

In 2019, 132 complaints were processed, of which only 13 were accepted and of these 2 involved disbursements.

<sup>3</sup> The scope includes the following companies: Bank of Alexandria, Banca Intesa Beograd (BIB), CIB Bank, Eximbank, Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank in Slovenia, Intesa Sanpaolo Banka Bosna i Hercegovina (BiH), Pravex Bank, Privredna Banka Zagreb (PBZ), VUB Banka



## DIGITALISATION, INNOVATION AND ACCESSIBILITY

### THE DIGITALISATION PROCESSES PAVING THE WAY TOWARDS AN INTEGRATED MULTICHANNEL BANK

Intesa Sanpaolo is continuing to transform the Group into a digital company, anticipating and supporting the needs and actions of customers in order to increasingly develop their “remote” relations with the Bank. Indeed, the main goals of the 2018-2021 Business Plan entail progressive digitalisation involving ongoing interaction with customers and employees, high-impact innovation with the building of the Group’s innovation brand, and support for the development of businesses and the implementation of IT systems and processes to ensure they are digital ready. At the same time, plans are in place to strengthen the operating structure with new skills to maintain its high levels of efficiency in an approach which genuinely combines the business and IT worlds. In this regard, an in-depth review of the IT platform is ongoing, continuing to focus on cybersecurity and expansion on the multichannel nature of customer services concentrating on the use of mobile devices.

Thanks to the progress Intesa Sanpaolo has made in the area of multichannel and digital banking activities, it has already achieved notable results in terms of customer engagement and the volume of services offered. In Italy (excluding Fideuram Intesa Sanpaolo Private banking and Banca 5) the main results were:

- About 9.2 million multichannel customers (8.3 million in 2018), equalling more than 78% of customers;
- 17.2 million digitised transactions (33 million since 2018) and 35% of activities digitised (17.8% in 2018);
- 6.1 million customers connected at least once to digital channels (Internet Banking and Mobile App) in 2019, including 5.5 million from 2018 to the new App (+38% compared to 2018);
- 32 Group companies already introduced into the Cybersecurity Model (76%);
- 66.4 million average monthly accesses via App, with 48 million transactions carried out in 2019 (in 2018 there were approximately 26 million transactions);
- 5.7 million customers have activated the new access systems that are simpler and safer than a physical flash drive key (compliant with the requirements of the European Directive on Payment Services in the Internal Market PSD2, Payments Service Directive 2), i.e. the O-key Smart or the O-key SMS (OTP - One-Time Password software);
- about 85% of the retail customer product range available via multichannel platforms (including the current account, payment cards and personal loans);
- about 500,000 active customers already reached with the launch of the Intesa Sanpaolo Investo App and almost 40% of online trading transactions carried out by Banca dei Territori retail customers.

With a similar innovative drive, the relationship with business and corporate customers is also evolving digitally thanks to a multi-year transformation programme and a new portal for companies, with:

- 320,000 companies migrated to the new digital portal and 20 million transactions per month, corresponding to 140 billion euro per month transacted;
- 350,000 users (employees of customer companies) with new access credentials, highly reliable in terms of Cyber Security and based either on the use of Smartphones or digital QR Code readers;
- 170,000 users who use the New Inbiz app, which allows them to approve millions of transactions per month, even via mobile, or to consult the balances and transactions of all the accounts of the Intesa Sanpaolo Group and other banks;
- 20,000 customers activated on the new digital tool Corporate Treasury (Treasury Management System to support Corporate Treasurers as they monitor and plan Working Capital);
- 25,000 customers activated on the new Customer Journey Export (working area to support companies with Trade Export needs).

The main innovations in the digital area in 2019 concerned:

- the development of new customer journeys (sales processes) with a multi-channel logic to improve the product line and customer experience, with an expansion of the products sold through Internet Banking, app and Intesa Sanpaolo Mobile, via self-service and Remote Offers;
- a series of new functions identified as priorities to remain European best practices, like improving the OCR (optical character recognition) function on the app to allow the payment of F24 tax forms and bill payment slips from the app or the release on app and Internet Banking of the notification dashboard, for real-time monitoring of transactions on Accounts, Cards and Investments;
- digital payments over 700,000 XME Pay active, the digital portfolio of the Intesa Sanpaolo Mobile app and the dematerialisation of payment cards on mobile devices by integrating all the main solutions available on the market, as well as the extension of the possibility of dematerialising the card to the national debit card circuit;

## EMPLOYEE ENGAGEMENT

In 2019 the Ottomila! change management system consolidated the support activity involving about 44,500 employees in the achievement of the objectives of the 2018-2021 Business Plan within Banca dei Territori. Ottomila! is based on listening, participation and involvement of employees in activities on the website in a process of co-creation of initiatives and KPIs designed to enhance the contribution of each of them. In 2019, a tool called Altimetro (Altimeter) was used with branches and offices for quarterly surveys (96,979 questionnaires completed in 4 surveys in 2019) to enable employees to propose and implement initiatives in order to improve work.

With the Vividigitale project, the spread of digital culture continued in a context of profound transformation through formats dedicated to employees and customers, and in particular 5,823 digital culture promoters identified in the branches and management offices, points of reference for employees and customers, involved in 122 in-depth sessions. The shared content was then presented to customers through information and direct support through 70 dedicated events organised in the branches with new layouts, better suited to hosting this type of meeting.

## THE PHYSICAL NETWORK CHANNEL AND INTEGRATION WITH ONLINE STRUCTURES

The branches continue to represent the physical space of personal relationships of the distribution network, particularly with regard to more complex operations. The New Branch Layout project has led to significant changes in the physical place where the Bank comes into contact with its customers with modular spaces that have been made as welcoming as possible and functional areas for specific activities (booths, co-working), and are also suitable for hosting artistic and cultural events. At the end of 2019 the new branch model was available in 229 branches, including 7 corporate branches, which have hosted around 450 events and engaged around 15,000 customers.

As outlined in the 2018-2021 Business Plan, the rationalisation of the distribution network, the search for innovation, the digitalisation and the offer of integrated models come to fruition in the remote consulting of the Online Branch.

In 2019, the Remote Manager Project was progressively extended to all Regional Governance Centres with a total of 14 Remote Branches with 141 Remote Managers in operation. The Remote Manager manages the relationship, the management and development of the customers included in the portfolio, starting from an initial phase of creation thereof where customers are called to propose the new service, with voluntary and free participation and then move on to the management and advice, always remotely. The Remote Manager is not an exclusive point of contact for the customer, who can always opt to make an appointment with the Network, according to the need to be satisfied. This is a relevant innovative feature: a circular model that puts customers at the centre, with two relationships that accompany them in their choices and support them in their decisions.

The geographical coverage and accessibility of services are offered by Banca 5, the first online Bank in Italy to operate in the payment system sector and based exclusively on a network of tobacco points of sale. Banca 5 has about 17,000 businesses with terminals for the provision of proximity financial services (withdrawals and transfers) and payment services (bill payment slips and Group cards). In 2019 Intesa Sanpaolo and Sisal, through Banca 5 and SisalPay, set up a NewCo that offers banking products, payment and transactional services at over 50,000 merchants located throughout the entire country, which are visited by 45 million individuals daily. The new network, fully operational from the beginning of 2020, will add to the offering of products and services of Banca 5 and SisalPay.

In 2019, the International Subsidiary Banks Division continued its projects:

- Adopting Group Distribution Model, implementing the new commercial service model in Banca Intesa Beograd in Serbia, CIB Bank in Hungary, Privredna Banka Zagreb-PBZ in Croatia, VÚB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia, involving about 300 branches for the benefit of 300,000 customers with a personalised consulting service from the dedicated manager and a service that is constantly improving, also thanks to additional latest generation ATMs (255 advanced ATMs). Given the positive results achieved, the Division decided to include Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina and Intesa Sanpaolo Bank Romania in the project.
- DigiCal programme strengthened the integration between the physical and the digital channels in order to digitalise current processes for Retail and Small Business customers. During 2019, the number of online customers using digital channels grew steadily: 278,000 in CIB Bank in Hungary, 257,000 in Bank of Alexandria, 483,000 in Privredna Banka Zagreb - PBZ in Croatia and 35,000 in Intesa Sanpaolo Bank Albania. At the end of the year DigiCal was extended to Intesa Sanpaolo Bank in Slovenia with internet and mobile banking. In 2019, Privredna Banka Zagreb - PBZ in Croatia reached over 5,000 customers with the introduction of the Digi4Biz Internet and Mobile Banking platform dedicated to the Small Business and SME segment, which will be extended in 2020 to CIB Bank in Hungary and Intesa Sanpaolo Bank Albania.

The use of Danube tablets for gathering signatures during transactions in Privredna Banka Zagreb -PBZ in Croatia, VÚB Banka in Slovakia, Intesa Sanpaolo Bosna i Hercegovina, CIB Bank in Hungary, Intesa Sanpaolo Bank in Slovenia contributed to the dematerialisation of contracts and simplified and improved the Customer Experience.

## CREDIT INNOVATION

The activity of granting credit to retail customers in terms of products and processes is also carried out in a multi-channel perspective. In fact, the offer received from the traditional branch can be completed and concluded by customers conveniently from their mobile devices, independently or with the assistance of the branch. Over 70% of approved credit applications are evaluated automatically and granted within 24 hours, completing the disbursement within about 48 hours for 90% of the cases. In consumer credit, with the PerTe Prestito Diretto product the Bank makes it possible, in self-service mode, to purchase interest-free products from an extensive catalogue of consumer durables. The product range is supplemented with the constant presence of the Online Branch, which assists customers from the purchasing stages through to the home delivery of their goods. The innovation involves the home mortgage sector with the product "Mutuo in Tasca", intended for customers looking for a property who can ask the Bank to decide the maximum amount of credit that can be granted to them; at the end of 2019 there were more than 9,300 subscribers, with more than 1,500 customers who identified a house to buy and were granted a loan.

## ACCESSIBILITY FOR PEOPLE WITH DISABILITIES

Accessibility for visually impaired or blind customers is made available in Italy thanks to automatic teller machines equipped with an interface featuring easy-to-read graphics for the visually impaired, while for the blind over 6,400 machines are equipped with headphones for listening to voice guidance. The monitoring of the accessibility and usability of buildings and services led to the conclusion of the census of 4,576 operating points (consisting mainly of Retail, Personal, Business, Private and Corporate branches, satellite agencies of the various branch types, and detached and company branches) out of a total of 5,460, i.e. about 84% of coverage (the former Venetian banks excluded), inspecting the user-friendliness of automated equipment and the accessibility of various areas with the use of tactile flooring for visually impaired and blind people. You can find specific information on the accessibility of branches on the Intesa Sanpaolo website [\[i\]](#).

In particular, there is information on the accessibility of branches and self-service areas for individuals with reduced mobility; visitors can also find out if there are accessible cashier desks, accessible toilets, adequate space for manoeuvring in corridors, tactile flooring for the visually impaired and blind, lifts or lifting platforms, or stair lifts to connect the various floors.

In International Subsidiary Banks, as part of the DigiCal model, the updating of Web-WCAG 2.0 (Web Content Accessibility Guidelines) applications continues, with a service in English and in the local language.

Within the scope of the International Subsidiary Banks, in 2019 a survey of the Banks' sites was carried out on the entire network of branches and head offices (more than 900 sites) to verify the state of accessibility according to a series of common parameters (accessibility from outside, to tellers, managers, etc.) and identifying improvements to be performed throughout the scope. Accessibility to branches from the outside varies between 38% and 91% depending on the country, with the highest rates for Privredna Banka Zagreb-PBZ in Croatia (91%), Intesa Sanpaolo Bank in Slovenia (82%), CIB Bank in Hungary (72%) and VÚB Banka in Slovakia and Intesa Sanpaolo Bank Romania (70%).

Intesa Sanpaolo has also been cooperating with the Fondazione LIA (Libri Italiani Accessibili - Accessible Italian Books Foundation), which has been working for years with Associazione Italiana Editori (the Italian Publishers Association) and Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) to improve the accessibility of its documents published on the Internet and on the Intranet.

## CUSTOMER PROTECTION AND RESPONSIBLE SALES

### TRANSPARENCY TO CUSTOMERS

Intesa Sanpaolo makes the information it provides to its customers clearer and more comprehensible in all stages of their relationship with the Bank through the simplicity of its language, transparent information, and the consistency of the various documents on the same products/services. The main offer documents, drawn up in line with the clarity and intelligibility requirements, can be found in branches and also on the Bank's website, under the Banking Transparency section [1]. These include Product and Service information sheets, Specific Guides and Information documents on the conditions offered to all type of customers.

### INVESTMENTS: ADVISORY SERVICE

In terms of investments, Intesa Sanpaolo has offered its customers the highest possible form of protection, i.e. its consultancy service, since 2007. With regard to transactions relating to financial products or investment services, personalised recommendations are made consistent with the customer's financial profile. With this in mind, a series of specific rules that Bank personnel must observe was introduced and implemented in full. After the entry into force of the MiFID II Directive and European regulations in the area of investor protection<sup>1</sup>, these Rules were strengthened in order to provide investors with higher levels of protection and increased transparency in negotiations on the financial instruments markets. In particular, Intesa Sanpaolo introduced new obligations in terms of the governance of financial instruments, knowledge and expertise requirements for personnel responsible for providing investment services and ex ante and ex post information on the costs, charges and incentives of the products and services available.

Among the projects concerning advisory services, "Valore Insieme" is a global consultancy solution provided by branch managers through an innovative relations platform that provides advanced and personalised consultancy in all phases of the construction, protection and transfer of investment portfolios. It is a paid service aimed at those who are looking for an exclusive relationship that combines innovative technology with ongoing professional support from a dedicated manager.

### THE COMPLIANCE CLEARING OF NEW PRODUCTS AND SERVICES

New products and services, like changes to existing ones, are subject to verification of compliance with applicable regulations. Similarly, innovative projects that launch new businesses or enter new markets are assessed in advance to ensure their substantial and formal compliance with internal and external regulations. Compliance assessments are carried out in accordance with the principles of fairness and protection of the interests of customers, and also relate to the quality of the information provided and the consistency of these services, products or transactions with the needs and characteristics of the target customers.

### BUSINESS CONDUCT ADVISORY

In 2019, the Business Conduct Advisory (BCA) function, created in 2018, continued its monitoring of the political and regulatory framework of the countries of the International Subsidiary Banks and advising on both the assessment of conduct risks related to the introduction of new products and on specific cases. A total of 50 opinions were provided, 17 of which related to ESG (Environment, Social & Governance) issues. To ensure a shared understanding of conduct risk, a BCA newsletter dedicated to the compliance and business functions of subsidiaries will be launched in 2020.

<sup>1</sup> Directive 2014/65/EU (MiFID II) Regulation 2014/600/EU (MiFIR) and Regulation 2014/1286/EU (PRIIPs).



## DIALOGUE WITH CONSUMER ASSOCIATIONS

As part of a long-established, open and constructive dialogue with the Consumer Associations at the national level, Intesa Sanpaolo signed the framework agreement called "Innoviamo le Relazioni" on 12 April 2019 with all the National Council of Consumers and Users (Ministry of Economic Development). The agreement establishes the formation of six permanent round tables on the topics of greatest interest: Products and Services, Regulations and Authority, Education, Customer Care and Conciliation, Sustainability, Local Relations. Also during 2019, two round tables were held on Products and Services, and in particular on: Fondo Indennizzo Risparmiatori (Savers' Compensation Fund) (former Banche Venete), new directive on the definition of default, updated Mifid II reporting, clarity and transparency in customer communications, subsidised loan for university students "per Merito", Banca 5 - Sisal Pay agreement.

Intesa Sanpaolo is also a member of the Consumers' Forum, which in 2019 continued its commitment to Consumer Sustainability with the aim of building a fair and balanced market where consumer and business take on collective objectives. In this context, the association joined and participated in the Saturdays for future, an initiative on responsible consumption promoted by ASVIS.

Work also continued throughout the year on permanent conciliation (see the Conciliation Agreement at [i]) and its role as an out-of-court solution adopted and managed together with the Consumer Associations. The conciliation procedure, which concerns products offered to retail customers, is simple, free and quick, with a maximum case resolution time of 60 days. Customers may decide to participate, at no cost and without impacting on any other paths they may wish to take, even subsequently, in order to protect their interests. In 2019, 16 applications for permanent conciliation were received.

## RESALE OF DIAMONDS THROUGH PURCHASES AT ORIGINAL PRICES

The cooperation agreement with Diamond Private Investment (DPI) for the supply of diamonds to customers was terminated in November 2017 and the Bank ceased this activity. At the same time, Intesa Sanpaolo launched a process to pay customers the original cost incurred for the purchase of the diamonds, as well as the withdrawal of the stones. This has been done in order to satisfy the resale needs of customers unsatisfied by DPI due to the illiquidity that had arisen on the market. In order to further support customers, in January 2018 the Bank sent a communication to its customers owning diamonds confirming its willingness to intervene directly to meet customers' selling needs. As at 31 December 2019, the Bank had satisfied the requests received from approximately 6,600 customers for a value of approximately 112 million euro.

In this context, in February 2019, an order for precautionary penal seizure of 11.1 million euro was served to the Bank, corresponding to the fee and commission income paid by DPI to Intesa Sanpaolo. In October 2019, the Milan Public Prosecutor's Office served a notice of conclusion of the preliminary investigations in the criminal proceedings which, as far as Intesa Sanpaolo is concerned, involves two branch managers for alleged aggravated fraud and persons still to be identified both for the aforesaid allegations of fraud and self-laundering. These investigations concern four other banks and two companies that sell diamonds involved in other alleged offences. Intesa Sanpaolo is accused of an administrative offence pursuant to Italian Legislative Decree 231/2001 in relation to the alleged offence of self-laundering. In this regard, the Bank is confident that the correctness of its actions will come to light, and that the aforementioned initiatives introduced to safeguard its customers from damage will be appreciated. For further information see page 490 of the consolidated financial statements [i].

## CUSTOMER HEALTH AND SAFETY

In all its offices and branches the Intesa Sanpaolo Group protects the health and safety of all the people who work and pass through them by implementing operational rules and technological safety measures, supported by IT tools and the promotion of a health and safety culture.

### PHYSICAL SAFETY

Physical safety is safeguarded by the relevant function of the Parent Company, which works directly in Italy and carries out a practical coordination role for the International Subsidiary Banks, each of which has its own safety function.

The robbery risk analysis is updated constantly and, with the improvement of the safety systems, an update is carried out to check the security level of high-risk sites. In 2019 in Italy there were 13 completed incidents and 9 attempted robberies, compared to 12 completed incidents in 2018 and 12 attempted robberies. The phenomenon remains limited and down 8% compared to 2018. Physical security risks are shifting towards threats that, unlike robberies, do not affect the health and safety of customers and employees, like attacks on ATMs (26 incidents in 2019, of which 7 were carried out and 19 attempted), mainly at night when branches are closed. Cyber physical security attacks are also on the rise and combine physical forms of breach with

cyber-attacks without any threat whatsoever to human safety. With regard to aggressive behaviour not for predatory purposes, it should be noted that the phenomenon is under continuous observation, also by INAIL, due to its continuous growth in many sectors, including Health and Education. The financial services sector is exposed for all activities involving customer contact. In 2019, a survey of the Group's Local Networks revealed 132 cases of aggression (9 of which involved medical treatment) compared with 96 cases in 2018 (4 of which involved health assistance). Mitigation actions consist of training on prevention and the detection and management of incidents with the contribution of the Banca dei Territori Division, Safety and Protection and Legal Affairs Head Office Departments.

Moreover, in 2019 the activities carried out by the Group's physical security structure were based on an on-site verification plan of the levels of exposure to security risks and the definition of an assessment methodology based on the application of the ISO 31000:2018 standard and the use of consolidated synthetic models for the identification of risk indicators. These analyses have led to: the implementation of technological solutions for theft prevention (vault protection, protection of cash systems, ATM protection, increase in alarm systems) and robbery prevention (cash splitting systems, video surveillance and replacement of security services with technology); the preparation of new training modules through the Appendo platform; raising of employees' awareness through actions carried out at branches in cooperation with the Network Departments; management actions against non-predatory attacks in cooperation with all the Bank's relevant structures.

## IT SECURITY

The Group considers the protection of information and the management of related processes a matter of strategic importance. In line with current regulations, IT security is governed by guidelines and integrated processes for the protection of the interests and rights of customers and employees, with rules set out in the Bank's Integrated Internal Control System which defines responsibilities at all levels of the company.

The Group's IT security model is based on a risk-based approach and is divided into three main macro-areas:

- Orientation: defined through the review of organisational aspects and policies/processes, strategic and predictive intelligence on cyber security risks, awareness-raising activities and information flows to internal control bodies;
- Control: ensured through risk management, the execution of controls and the maintenance of the most widespread safety certifications;
- Active monitoring: guaranteed through the use of the most appropriate technologies in order to ensure adequate levels of protection to customers and through supply chain governance and management.

In accordance with the model, appropriate roles and responsibilities have been defined to support and oversee IT security, including: the Corporate Bodies and Committees that assume general responsibility for the guidance and control of information security, supported by the Governance Functions that ensure its effective management; an Information Security Officer (ISO) who ensures the protection of information and infrastructure in line with the Group's strategy, ensures consistency between internal rules, promotes and develops integration between the various responsibilities in the Security field, guarantees compliance with the regulatory framework; the Relevant Functions that provide services, design and release information security solutions in compliance with the relevant regulations.

IT security tasks are carried out according to shared Group guidelines with both a centralised management model, for Banks and companies that have a high degree of integration with the Parent Company, and a coordination and control model for the other Group companies and the International Subsidiary Banks. The model and the IT security management system as a whole are periodically reviewed and updated, at least once a year or in conjunction with any external and/or internal changes (e.g. laws and regulations, organisational, technological changes) that may have an impact in terms of IT security, with a focus on continuous improvement thereof. The IT Security structure also conducts annual Strategic Intelligence activities aimed at identifying the most relevant risk scenarios for the Intesa Sanpaolo Group, in relation to which the necessary policy areas are defined in order to enable the Group's cyber readiness.

Given the growing importance of cybersecurity issues, including in relation to the 2018-2021 Business Plan, the Intesa Sanpaolo Board of Directors annually approves the IT Security Plan which organises, in a structured and coordinated way, the challenges introduced by cyber space through the measures already established by the Group functions that are responsible in various capacities for guaranteeing security. The underlying goal of the Plan is to clearly define responsibilities in the spread of the safety culture at all levels in order to protect all of the company's assets. In particular, the Plan envisages the implementation of the Group's IT security strategy, which must be based on a perfect knowledge of every element of the area to be protected, which grows together with the services offered and the new risks, strongly linked to behaviour and the human factor. This strategy is based on four main pillars (Excellence in fundamentals, Sensitivity and dynamism, Culture, Group Governance) which have allowed for the development of the operational projects and the

related investments necessary for the implementation of the initiatives set out in the Master Plan. Some of the most important initiatives for the Bank are:

- activities aimed at improving customer service (e.g. risk-based authentication – security measures that adapt to the risk of the transaction) and strengthening internal processes in terms of actions and communications to be activated in the event of a critical event, in order to reduce the related risks
- anti-fraud actions at a Group level, the objective of which is the continuous strengthening of the predictive model based on the use of data, technology and process knowledge. The expected benefits are manifold, including improved operational and process efficiency, minimisation of successful attacks and a faster response to fraud attempts
- growth of the Security Monitoring of third parties that provides services to the Bank using its own methodology for the evaluation, classification and verification of suppliers for IT security and business continuity. The security checks cover the entire life cycle of the supplier within the Bank, from the contracting phase, during the provision of the service, to the termination of the contract. A dedicated team set up in 2019 will oversee this issue.

With regard to the direct protection of customer assets, the Bank constantly updates its anti-fraud system, which is able to analyse all operations carried out via the digital channels in real time, flagging up any suspicious ones so they can immediately be checked centrally by a team of experts.

In a context where attempted breaches are constantly growing, Intesa Sanpaolo maintains the level of effectiveness of its anti-fraud systems year after year. This made it possible to block fraudulent transactions in 2019 totalling about 46 million euro for retail customers and about 86 million euro for corporate customers. The IT security profile is also based on the spread of awareness of the risks, of the prevention methods, of the relevance of the data processed and of the use of the application procedures by all the subjects involved (Bank structures, employees, customers and suppliers). Particular attention has been paid to customer awareness of IT security issues by publishing a series of communications on the public website (information pages, documents and infographics) and on bank statements (used as safe channels), also in collaboration with the relevant Italian and European authorities. In this regard, by way of example, Intesa Sanpaolo was the only Italian bank to participate in Europol campaigns (Cyber Scams, Don't Be a Mule, No More Ransom initiatives), helping with the preparation and distribution of materials designed to increase the knowledge of computer security culture among customers through examples and direct messages, so that they can maintain control of their digital lives.

The annual training provided by Intesa Sanpaolo is aimed at all levels of the company's hierarchy, including Top Management, which in 2019 was involved in various initiatives, including some simulations of crisis management caused by a cyber/data breach and several workshops on IT security. A number of partnerships have been established with Bocconi University and the polytechnics of Milan and Turin in order to support the creation of the first courses in cybersecurity, internships, talent programmes for ethical hackers.

In 2019, the Intesa Sanpaolo Group structures responsible for the collection and analysis of information in order to technically identify cyber-threats (threat intelligence) intensified their activities for the Group Banks and companies, as well as for national bodies supporting the credit sector. Initiatives involving Intesa Sanpaolo in various working groups with international bodies like AFME, BPI, JP Morgan, HSBC, ECSO, Leonardo, EBF, Enisa and CERTFin and ABILab also continued.

The integrated monitoring of IT security and business continuity as part of crisis management procedures confirmed the Bank's effective management of events related to natural disasters and crisis situations, ensuring the continuity of services and the safeguarding and protection of employees and customers.

Finally, as in previous years, the Bank remains committed to obtaining and maintaining third-party certification for its security and operational continuity activities that guarantee quality, and also for its appropriate monitoring of the services it provides (see [i]).

# Access to credit and financial inclusion

## COMPANY POLICIES

Intesa Sanpaolo provides a range of products and services that promote financial inclusion and access to credit, in accordance with the Group's Code of Ethics. This code highlights, among the principles of customer relations, this policy's value as a key lever for social inclusion, enabling people to improve their lives and exercise their citizenship rights to the full. The Code of Ethics also outlines Intesa Sanpaolo's commitment to promoting economic and social development in the countries where it operates. In particular, this responsibility results in assisting companies to develop and improve their competitiveness, and to introduce innovations and internationalise their business. Among other initiatives, the 2018-2021 Business Plan launched the Fund for Impact, which is intended to disburse social impact loans of around 1.25 billion euro to sections of society that find it difficult to access credit, despite their potential.

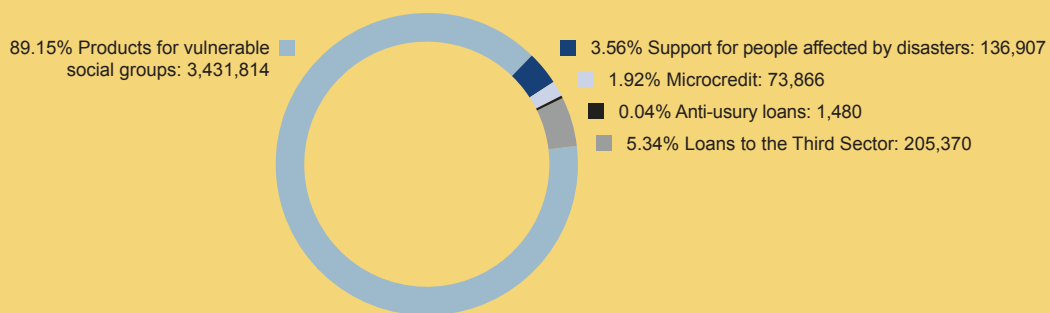
## FINANCIAL INCLUSION OF VULNERABLE PEOPLE

Support of people in vulnerable conditions is offered through projects and initiatives aimed at the fair allocation of resources by identifying actors within the territory with whom agreements and synergies can be developed that will make access to credit easier for vulnerable individuals or those who would otherwise have no access to banking.

### INITIATIVES WITH HIGH SOCIAL IMPACT

In 2019, the Intesa Sanpaolo Group issued new loans for high social impact activities amounting to about 3.8 billion euro, equal to 6.6% of the total granted, helping to create business and employment opportunities and also to assist people in difficulty with various initiatives: microfinance; anti-usury loans; products and services for associations and entities in the Third Sector; products for the most vulnerable social groups to support their financial inclusion; and loans to support people affected by disasters.

### LOANS WITH SOCIAL IMPACT [% AND THOUSANDS OF EURO]



## MICROFINANCE AND THE FIGHT AGAINST USURY

There are various partnerships with different entities to provide credit to individuals or small companies in difficulty. Altogether, in 2019 the Group disbursed about 75 million euro in microfinance or anti-usury projects, in Italy and abroad.

The longest-term initiative is the “Prestito della Speranza” loan, promoted since 2010 by the Episcopal Conference of Italy and the Italian Banking Association to support families in temporary difficulty by supporting the start-up of small businesses. The project subsequently focused on Intesa Sanpaolo by providing from 2015 to 2019 about 44.4 million euro for over 5,700 loans, of which 900 in the last two years for about 7.3 million euro. The typical mechanism for the “Prestito della Speranza” loan, whereby an entity – generally philanthropic or religious – provides money for a guarantee fund set up with the Group associated with an agreement with Intesa Sanpaolo, has been replicated with a number of counterparties.

Noteworthy initiatives include Intesa Sanpaolo’s partnership with Fondazione Lombarda Antiusura and Fondazione Welfare Ambrosiano. The initiative entails supporting microfinance initiatives of a social nature, to provide income support for families, and those of a business nature, for the creation of micro and small enterprises. The catchment area is essentially the Milan area, and Intesa Sanpaolo is one of the four financial partners involved.

Lastly, there are a few other ongoing agreements for the credit inclusion of disadvantaged persons or small businesses. These include agreements once again with Fondazione Lombarda Antiusura (in collaboration with Caritas Ambrosiana and Fondazione Cariplo), with Finetica Onlus, and with NEETwork to offer free training placements provided by non-profit organisations, as well as with Adiconsum, Exodus 94, Fondazione San Nicola Medici, Fondazione Antiusura Cavalla, Fondazione Moscati and Fondazione San Matteo for anti-usury initiatives.

In addition to partnerships, the Bank makes available “Finanziamento Microcredito Imprenditoriale” (“Business microcredit financing”), dedicated to micro-enterprises in the start-up phase of a new business or when investing in growth projects, enabling them to access credit even without collateral. This opportunity was made possible by a special section of the SME Guarantee Fund (Ministry of Economic Development Fund, operational since 2000). The medium/long-term loan, with a maximum duration of 7 years and a maximum amount of 25,000 euro, is designed for the purchase of goods (including raw materials) or key business services (including lease payments), to pay for salaries to new employees or working partners, or to pay for training courses to improve professional quality and technical and managerial skills. Some of the essential characteristics of Business Microcredit Financing are assistance and monitoring services that support the business, offered free of charge by the VOBIS association (Volontari Bancari per le Iniziative nel Sociale, an association of volunteer former bank employees that operates throughout Italy and is purely focused on social solidarity). In 2019, about 700 loans were disbursed for a total of 14.8 million euro.

### MICROFINANCE IN COOPERATION WITH NGOS

Bank of Alexandria, in partnership with several NGOs, has launched targeted solutions to contribute to the economic empowerment and financial inclusion of vulnerable segments of society. The solutions, also aimed at the specific needs of non-bank customers, are developed through a multi-stakeholder approach involving partner entities from different sectors. In particular, the beneficiaries are women young people in disadvantaged situations and Egyptian artisans. In 2019 20 loans for a total of more than 47,000 euro were disbursed.

## FUNDS FOR IMPACT – NEW CREDIT ACCESS OPPORTUNITIES

Following the guidelines contained in the 2018-2021 Business Plan, the Fund for Impact was launched with funds of 250 million euro to support the disbursement of around 1.25 billion euro of loans to groups that would otherwise find it difficult to access credit, despite their potential.

The Fund for Impact is based on the experience of Banca Prossima, now integrated in the Impact Department of Banca dei Territori di Intesa Sanpaolo, which has introduced this method of intervention to support the non-profit sector.

In ten months of 2019, the commitment took concrete form with the launch of the “per Merito” initiative, loans for students in any economic and social condition residing in Italy to access Italian and foreign universities or master’s degrees without requiring personal or family guarantees. The loan application is made online, with an increasing credit facility as long as students complete at least 20 credits or 80% of the exams scheduled



per semester. A maximum of 3,000 euro is provided for students that stay in their town or city of residence, and 5,000 euro is provided for those that live away from home to cover the length of the 3-year course, and for an additional two years for those also doing a Master's degree. For studies abroad or master's degrees, the amounts can also be higher, up to a maximum of 50,000 euro for the duration of the studies. Two years after earning the degree, the repayment of what has been used will commence, with instalments up to a maximum of 30 years at a fixed rate defined at stipulation. Repayments can be suspended three times, and there are no additional charges for early repayment. The loan complements and strengthens the solutions offered by universities, scholarships or study grants without replacing the primary role of public institutions in guaranteeing the right to study, supporting students who have not met the requirements for the support provided by universities and thus contributing to fostering university enrolment, a prerequisite for the development of young people's human capital for the country's growth.

In all the "per Merito" initiative financed 3,240 new students in 2019, disbursing about 28 million euro.

## NATURAL CATASTROPHES AND DISASTERS

The Intesa Sanpaolo Group confirmed its concrete commitment to support the populations affected by the extraordinary events related to the bad weather that are increasingly affecting the Italian territory by providing new subsidised loans intended for the restoration of damaged properties (houses, shops, offices, artisan workshops, companies), suspensions on existing loans, actions in the area of protection and preferential, simplified and expedited procedures.

In 2019 there were about 1,900 suspensions of repayments on existing loans for a total residual debt of 800 million euro. In addition, about 2,800 subsidised loans were disbursed for over 135 million euro in 2019 and about 335 million euro from 2018.

The Bank has made available a credit line of 4.5 million euro to families and businesses affected by the collapse of the Genoa bridge for the write-off of loans on properties declared uninhabitable (0.5 million euro written off) and 50 million for reconstruction (4.6 million granted); it has also provided for the subscription of the Vicino a Te policy for minors who lost one or both of their parents during the collapse.

This year, among other measures, the Group allocated a credit line of 100 million euro for families and businesses affected by the bad weather emergency in Venice and has provided for the possibility of requesting a 12-month suspension of mortgages.

Intesa Sanpaolo Bank Albania has confirmed its commitment to help the population affected by the earthquake of November 2019, with the Earthquake Relief and Support Plan. Thanks also to a dedicated survey, it intervened to assist affected customers, individuals and businesses by means of a suspension on current loans (suspension of the loan for up to 12 months, rescheduling of the instalment repayment plan) and loans at preferential conditions for damages or for restarting businesses, with very short approval times.

## SUPPORT FOR HOUSEHOLDS

Intesa Sanpaolo participates in the Guarantee Fund for Main Home Purchases, established by the 2014 Stability Law. Thanks to the Memorandum of Understanding between ABI and the Italian Ministry of the Economy and Finance, the beneficiaries – young couples, single-parent families with minor children, young people under the age of 35 with a temporary employment contract and tenants of public housing owned by the Istituto Autonomo Case Popolari (Social Housing Authority) – can get a guarantee on the principal amount of their loan (up to 50%).

In 2019, 6,144 mortgages of a value of 633 million euro were issued.

Support for households was also reflected in the renegotiation of mortgages, more than 63,000 in 2019, and more than 3,200 suspensions overall, defined as a result of system agreements and to provide support to households affected by natural disasters, noted above. Moreover, during 2019 initiatives were taken to suspend loan instalments (up to 12 months) for employees of companies in crisis situations and in some cases also due to related events (e.g. former Ilva of Taranto), which provided an immediate signal of support to the families of employees of the companies directly affected. Also to support retail customers, funding continued for APE (cash advances against pension entitlement) requests, a system introduced on a trial basis by the 2017 Budget Act and extended to 2020 for workers who, having turned 63 and with a minimum of 20 years of contributions, wish to retire early.

In 2019, 1,555 applications were received, bringing the total number to 9,264, and 1,327 were accepted, for a total of 6,769 since the start of the initiative, with a total of 66.7 million euro disbursed.

## SOLUTIONS FOR YOUNG CUSTOMERS

Solutions for young customers include:

- mortgages, in particular Mutuo Giovani, with a total disbursement – also considering the Guarantee Fund for Main Home Purchases – of about 2.5 billion euro to over 21,700 young people;
- loans, with the product dedicated to young university students "per Merito" with the aim of facilitating access to studies, the details of which are outlined in the section "Fund for Impact - New credit access opportunities";
- current accounts, with the XME Conto product, with preferential conditions and tax paid by the Bank, up to 35 years of age, with just under 898,000 holders at the end of 2019 and with XME Conto UP! for those under 18, completely free until the age of 18;
- savings with XME Salvadanaio, the digital piggy bank that can be used by children and adults alike, which allows them to set retained sums of money, either manually or automatically for rounding off payment transactions made by card. The "children's version" of XME Salvadanaio is called XME dindi, a technological piggy bank that, in addition to collecting coins and banknotes, makes it possible to see the money saved in XME Salvadanaio, the progress in achieving the set objectives and to monitor the balance of XME Conto UP! through the touch screen on the device. In 2019, the product was proposed on World Savings Day in order to spread a financial culture and attention to savings from a very young age.

## REMITTANCE MANAGEMENT

Intesa Sanpaolo offers specific products for foreign customers in Italy who need to send money to their home countries. In 2019, around 95,000 remittances were made, amounting to approximately 47 million euro.

### PROJECT FOR THE FINANCIAL INCLUSION OF IMMIGRANTS

The financial inclusion project for immigrants was developed on the basis of the results of a study on the current process and the future impact of immigrant integration dynamics on the sustainable growth of the country. The analysis resulted in internal Intesa Sanpaolo Group projects focused on training and change management, business development and change management.

## SUPPORTING THE THIRD SECTOR

For some time now Intesa Sanpaolo has made available an offer dedicated to Third Sector organisations, first through Banca Prossima and then (after its merger in 2019 into Intesa Sanpaolo) through the Impact Department, into which it was incorporated.

At the end of 2019, there were about 66,000 customers, and direct and indirect deposits of about 5.8 billion euro, of which roughly 4.1 billion euro was in direct deposits, and about 2 billion euro in loans. The intangible assets of Third Sector entities play an important role in making their long-term financial exposure sustainable. To this end, specific rating models have been developed that better suit the characteristics of customers from the non-profit and religious sectors, particularly with respect to the qualitative section. As a guarantee of its activities, the articles of association of Banca Prossima envisage a Fund for the development of social enterprises, to which at least 50% of the remaining profits net of allocation to legal and statutory reserves and the reconstitution of the share premium reserve initially used to set up the Fund were allocated each year.

The Fund continued to function even after the incorporation of Banca Prossima, through the creation of a plafond of around 0.1% of the shareholders' equity of Intesa Sanpaolo.

## CROWDFUNDING PLATFORMS

For Funding is the social crowdfunding platform of the Intesa Sanpaolo Group aimed at organisations, non-profit associations and foundations which want to launch a fundraising campaign with the participation of a wider donor community. The fundraising initiatives are selected by the Intesa Sanpaolo team, which evaluates the beneficiary organisation and the type of projects in order to support the most deserving projects. Once the project has been published on the platform, donors may contribute to the fundraising process with a donation made through the website using a credit card, by online bank transfer, or with a bank transfer made at their own bank or at any Intesa Sanpaolo branch. Each transaction is free for both the donor and the beneficiary.

In 2019 For Funding became a unique, distinctive model in the world of social crowdfunding, incorporating the Terzo Valore platform developed by Banca Prossima for non-profit organisations. Supporters can underwrite part of the loan at a rate of their own choosing that is below a maximum level stated by the organisation itself. In fact, about half of lenders lend at zero interest. In 2019, 0.8 million euro were disbursed by the Bank and 0.9 million euro by third parties.

## EDUCATION AND SPREAD OF FINANCIAL CULTURE

The demand for economic-financial education in Italy is constantly growing, a clear fact for the Savings Museum, which in 2019 continued its financial education projects and content aimed at informing and spreading awareness of financial services as well as avoiding the spread of over-indebtedness.

The lead project remains the SAVE Tour (Sustainability, Action, Voyage, Experience), a journey through the Italian regions in collaboration with Italscania and the European Investment Bank Institute, for students of all levels and age groups. The initiative, recognised by the Ministry of Education and Research, consists of multimedia courses and didactic workshops revolving around economic-financial education and environmental sustainability and held in a Discovery Truck set up with video and games stations (for more information [1]). The first edition of the SAVE tour of Italy took place from October 2018 to April 2019 and covered Central and Southern Italy, crossing eight Regions and engaging about 10,000 students. The second edition, launched in October 2019, will involve 21 cities through Calabria, Sicily and Sardinia, as well as Turin, Genoa and Naples. The Savings Museum pays special attention to children and young people who, due to geographical and/or socio-economic barriers, benefit from fewer educational opportunities. In 2019 it carried out specific projects for this group, to which were added personalised financial education activities for groups of people in economically and socially fragile conditions:

Project	Partner Entities	Description	Events and users involved
MOney Learning	European Investment Bank and the Fondazione per la Scuola della Compagnia di Sanpaolo	Primary school students located in mountainous areas or more than 80 km from Turin, transported by bus without any expense for the families, have access to the Savings Museum, which offers them a free guided tour and an educational workshop.	The current 2019-2022 edition is extended to schools in the regions bordering Piedmont (Liguria, Lombardy, Valle d'Aosta), located at a maximum distance of 200 km from Turin. The initiative engages about 2,000 children a year.
SKY IS THE LIMIT	GLT Foundation	Dedicated specifically to lower secondary school students of "outlying" schools, to train them to think of themselves as active builders of their professional future, equipping them with planning skills and entrepreneurship.	The pilot phase started in 2019 for 100 students coming from schools located in difficult neighbourhoods of Turin
Fuoriclasse della Scuola project	Ministry of Education and Research, Feduf, Confindustria and ABI	Financial and Business Education Campus for winners of the student School Olympics from all over Italy.	The fourth edition involved 78 secondary school students.
Welcom-ED	University of Turin	Interactive modular course on topics like saving, basic financial terminology, simple budgeting and planning techniques and operations of the most popular financial instruments.	over 500 migrants
L.E.I. (Labour, Emancipation, Inclusion)	Compagnia di Sanpaolo, Casa Circondariale di Torino (Turin prison) and its cooperatives	Project for the reintegration of women inmates into society, with a special focus based on the informed management of money and self-employment.	On average 60 inmates are involved in the training.

Among the most important events promoted and coordinated by the Savings Museum in 2019 are the following:

Project	Partner Entities	Description
Art of Saving	Various realities of the Intesa Sanpaolo Group, like International Subsidiary Banks Division, Gallerie d'Italia and Historical Archives	World Savings Day (31 October); 190 volunteer staff and 15,000 students involved; the International Subsidiary Banks Division joined with 9 out of 11 subsidiaries.
Exhibition "Tommaso Bonaventura 100 MARKS - Berlin 2019"	CAMERA – Centro Italiano per la Fotografia, Fondazione Museo storico del Trentino, Centro Ricerca Archiviazione della Fotografia di Spilimbergo (CRAF)	A photographic and video account of the Begrüssungsgeld, the welcome money that the citizens of the former East Germany received when they crossed the Berlin Wall between 1970 and 1989.
Convention "New Italians: information needs and integration" - 24 January 2019	University of Turin	Seminar addressed to CPIA teachers and associations to reflect on opportunities for economic and labour inclusion of migrants and asylum seekers
EDUTAINMENT event. A winning combination of learning and fun – 23 May 2019		Experiential and interactive event to take stock of the tools and new frontiers of edutainment applied to economic-financial education.
Seminar "Educating children and young people about economic citizenship: comparing experiences" - 26 September 2019	USR Piemonte and Fondazione Scuola della Compagnia di Sanpaolo	Seminar addressed to primary school teachers and educators aimed at spreading new teaching approaches and evaluation methods in financial education.
Sky Is the Limit initiative. Workshop on inclusive education – 10 October 2019	Global Thinking Foundation	Seminar for teachers and educators to promote good practices of inclusive and innovative education

Moreover, through a specific range of financial education and sustainability workshops, participation was confirmed in national events such as the International Book Fair, the Sustainable Finance Forum, World Investor Week and European Money Week. Finally, international networking activities were consolidated through the organisation, together with the International Federation of Finance Museums (IFFM), of the Financial Education Summit in Ottawa on 31 October, which brought together the main stakeholders working at a European and international level on the issues of financial inclusion and literacy.

The partnership with the Osservatorio Permanente Giovani-Editori for the Financial Culture at School project continued in 2019 with the aim of supporting young people's critical reading and the act of referring to quality information.

## FINANCIAL EDUCATION TRAINING INITIATIVES WITH CONSUMERS

In 2019, the "Mettere in comune competenze" ("Skills pooling") project offered two training courses for managers of Consumer Associations, one locally in Florence for associations in Tuscany, and one nationally in Rome. At the events, lasting 8 days for a total of 56 hours of training, 66 delegates from 15 different consumer associations belonging to the CNCU (National Council of Consumers and Users) were involved. The seminars dealt with finance, markets, credit, insurance products and regulatory areas.

## SUPPORTING PRODUCTION AND INNOVATION

Intesa Sanpaolo puts itself forward as a point of reference, and not just financially, to support the country's economic system in every phase of the economy, even in the most delicate areas, for the business and associative world, helping its customers in a consolidated and long-term model founded on quality, reliability and trust.

With regard to over a million of companies and 200,000 SME customers, the Group puts forward solutions that support the future of Made in Italy in the world and contribute to sharing their internationalisation, capitalisation, innovation and development processes, with particular attention to the topic of economic, social and environmental sustainability, as stated in the 2018-2021 Business Plan.

### SUPPORT FOR BUSINESSES

In 2019, Intesa Sanpaolo allocated about 58 billion euro of new medium-long term loans to the real economy. Around 48 billion euro was granted in Italy, 38 billion euro of which to households and SMEs.

In 2019 the Group facilitated the return from non-performing to performing status of around 18,500 Italian companies, with a positive impact on employment through the protection of approximately 93,000 jobs.

The internationalisation process of Italian businesses is supported, directly or through the Group's main subsidiaries abroad, by:

- Group network with presence of branches and offices in around 40 countries worldwide and coverage across 85 countries thanks to agreements with other Banks;
- a service model that leverages specialised product expertise (trade finance, cash management and internationalisation), the presence of specialised desks (Corporate Desk and Multinational Clients Desk), with consultancy provided by specialists in financial support and Trade and Cash Management needs;
- an offering of domestic and cross-border products, which, in the purely transactional area, aims to offer corporate customers the opportunities (open banking) offered by the entry into force of PSD2.

To promote the international development of businesses Intesa Sanpaolo also organises various types of events in Italy and accompanies businesses on missions abroad in cooperation with various partners, institutional bodies and trade associations.

The growth of Italian SMEs is also supported by the Intesa Sanpaolo Structured Finance and Advisory units and the partnership with Elite of Borsa Italiana, supporting the growth and investment plans of virtuous SMEs through innovative financial solutions that give companies high visibility to institutional investors and enhance their reputation and financial culture.

In partnership with Confindustria, in 2019 Intesa Sanpaolo brought 67 companies representing Italy and economic sectors to three Elite Lounges (an international programme to accompany the most ambitious companies in their development phases), one of which was dedicated to women's entrepreneurship and another one that saw the involvement of some finalists in the Imprese Vincenti programme.

In 2019, in partnership with Elite, the Intesa Sanpaolo Basket Bond Programme was set up, an operation to allow SMEs to issue bonds and subsequent securitisation through "Notes" to institutional investors. The Programme, structured in several tranches, provides for the subscription of bonds for a total amount of up to 1 billion euro and seeks to involve a total of about 200 SMEs throughout Italy.

With regard to the financing of SMEs we note our efforts in the world of culture, and in particular the film world and the advance tax credit, thus giving substance to the important new development introduced by Italian Cinema Law no. 220/2016 (assignability of the tax credit) and responding to the pressing demand of industry operators.

### IMPRESE VINCENTI PROGRAMME

In 2019, the Group launched the first edition of Imprese Vincenti, the programme to promote Italian entrepreneurial excellence, i.e. small and medium-sized enterprises that stand out nationally for growth and creation of value and jobs. The aim is to provide media visibility and services to accompany growth, in collaboration with important partners and with the support of the Intesa Sanpaolo Formazione companies, Intesa Sanpaolo Forvalue and Intesa Sanpaolo Innovation Center. The first edition saw excellent results, with about 1,800 companies nominated and 120 companies selected and celebrated as winning companies.



## INDUSTRIAL DIALOGUE AND THE PRODUCTION CHAINS DEVELOPMENT PROGRAM

Dialogo Industriale ("Industrial Dialogue") was born with the aim of increasing the "strength of the relationship" of managers with companies, identifying a common language for a better understanding of their needs, oriented to offer solutions better suited to the objectives and peculiarities of each company. It combines company requirements and credit quality, supporting the creation of sustainable business.

In 2019, functions were developed and implemented in order to extend the use of the platform to potential new customers, to enhance the information assets linked to the industrial supply chains and to encourage commercial-credit collaboration.

The Sviluppo Filiera ("Supply Chain Development") programme continued concurrently with Dialogo Industriale, with the aim of facilitating access to credit, focusing on the relationship that links lead companies with the suppliers' network and enabling a more detailed understanding of the financial requirements of individual supply chains. At the end of 2019, there were around 680 participating lead companies with potentially 15,600 suppliers and a workforce of 93,000 employees.

## NON-FINANCIAL SERVICES

In a situation with high innovative potential, Intesa Sanpaolo Forvalue is the Group company that offers companies advanced solutions for business development, contributing to the development of the following areas:

- servitisation (or product as a service) as a circular business model that companies can use to improve the productivity of resources employed and to reduce costs;
- the model provides for the renunciation of asset ownership while maintaining access to it and its performance, in the short or long term. For such cases Intesa Sanpaolo Forvalue offers Simple Rent, the rental solution designed to meet the needs of mobility (Simple Rent Auto) and the management of companies' capital goods (Simple Rent Beni Strumetali);
- lean thinking, to integrate technology into business processes as a source of sustainable competitive advantage;
- open innovation through collaboration with networks of expertise (universities, polytechnics, research centres, accelerators, incubators, start-ups, consulting companies, technology suppliers and customers) to identify solutions that can lead to the development of new businesses in new markets. Intesa Sanpaolo Forvalue offers the Club Forvalue, a platform that supports entrepreneurs by offering information, training, innovation and personalised consultancy services.

## CORPORATE WELFARE SERVICES

The Welfare Hub service offers corporate welfare programmes through a digital multimedia and multi-channel platform (navigable from PCs, tablets, smartphones) that allows the company to offer its employees a set of goods and services called Flexible Benefits that enjoy tax benefits both for the company that offers them and for the employee who receives them. At the end of 2019, around 1,900 companies were using the platform.

## CORPORATE CREDIT AGREEMENTS

With the aim of continuing to support businesses and respond to the developments occurring within the European regulatory context, and with the "Imprese in Ripresa 2.0" ("Recovering companies") initiative, operational since January 2019, the new Credit Agreement signed by ABI and the main trade associations introduced adjustments to the SME loan suspension and extension measures set out in the previous Credit Agreement of 2015.

In 2019, the Group received more than 900 requests for the suspension or extension of loans.

Within the framework of the Industria 4.0 national plan, in order to support and foster innovation processes, investment in new technologies and the digitalisation of businesses, the following sectoral agreements were entered into or continued in 2019:

Sector agreement	Purpose
FEDERLEGNO ARREDO Italian Federation of Wood, Cork, Furniture, Lighting and Furniture Industries	Innovation and circular economy processes based on a model of sustainable development of the supply chain and, more generally, of the "home system" which includes the wood trade, the wood-building sector and the home-furnishing-design world. 1 billion euro credit line
CONFAGRICOLTURA	Reinforcement of supply chains, internationalisation, innovation, digitalisation, e-commerce and initiatives dedicated to promoting training and welfare in agriculture
CNA National Confederation of Crafts and Small and Medium Enterprises	Spread the culture of corporate welfare through the innovative "Welfare Hub" platform that allows taking advantage of the opportunities granted by tax regulations and the advantages offered by the flexible benefits
CONFCOMMERCIO	Access to credit for micro-enterprises and SMEs through the provision of a guarantee on a first portfolio of 100 million euro of new loans (Tranched Cover)
FIPE (Italian association in the sector of public-related activities)	For the benefit of more than 100,000 member companies operating in the catering, entertainment and tourism sector, it provides for the reduction to zero of POS merchant commissions for payments under 15 euro, loans at preferential conditions and training to encourage investment, with the aim of providing companies with tailor-made tools for day-to-day operations and responding to new needs to increase the quality of services and the ability to compete

In 2019, support for the internationalisation of companies continued in the context of the agreement signed with SACE to guarantee the International+ medium/long-term loans with SACE guarantee from Intesa Sanpaolo. Furthermore, after 10 years of cooperation with Confindustria Piccola Industria, a partnership born as a response to the recession and that then evolved into a support for quality growth, the credit line of the 2017-2019 three-year agreement "Designing the future" dedicated to competitiveness and digital transformation of companies to seize the opportunities offered by the fourth industrial revolution has been increased from 90 to 100 billion euro.

Within the context of Industry 4.0, in 2019 support for SMEs took the form of over 601.9 million euro of loans issued in response to over 2,229 requests processed.

Agreements and partnerships have been established with the European Investment Bank (EIB) and the European Investment Fund (EIF), and the use of the EIB funds still available and linked to the agreements signed – for a total of 1,035 million euro – has continued to be used to support investments by SMEs in all sectors, to finance energy efficiency projects in the public, industrial and residential sectors carried out throughout the country mainly by energy service companies (so-called ESCOs). In October, two further agreements were signed with the EIB for two loans of 100 million euro each, the first for SMEs and Midcap companies operating in the agriculture and bio-economy sectors, and the second for the financing of small and medium-sized renewable energy projects in Italy in the wind, geothermal, biomass and photovoltaic sectors. The agreement with the EIF calls for the creation of a portfolio with an InnovFin guarantee for new loans of up to 300 million euro for research, innovation and development projects, and continued in 2019 with the construction of portfolios of new financing guaranteed by the SME Guarantee Fund. Operations which began in 2018 with the admission of four portfolios for a total value of loans of 1.2 billion euro, continued in July 2019 with a new initiative that benefits from the guarantees of the consortium company promoted by Confcommercio

alongside the SME Guarantee Fund.

In addition, preparatory activities were launched in line with the SME Initiative, a dedicated SME initiative promoted by the European Union and the EIB Group (the European Investment Bank and the European Investment Fund) which aims to stimulate SME financing by providing partial risk coverage for SME loan portfolios by the original financial institutions.

The Bank is committed to providing more than 300 million euro in loans to SMEs.

## SUPPORT FOR NEW BUSINESSES

In 2018, Intesa Sanpaolo joined the "Resto al Sud" initiative to support young people with new entrepreneurial businesses in the Southern Regions. The project, promoted by the Italian Ministry of the Economy, has access to 1.25 billion euro from the Development and Cohesion Fund.

The amount eligible for funding can be up to 50,000 euro per applicant, with a maximum of 200,000 euro for projects with several applicants and maximum coverage by the Bank of 65% and the remaining 35% by the public.

In 2019, regulatory changes were made that extended the range of beneficiaries to those under the age of 46 and to freelancers, resident or willing to move to the target regions of the initiative, and the benefits to the territories affected by the earthquakes of 2016-2017, thus including specific territories of Lazio, Marche and Umbria (regions to that point not included in the measure).

Intesa Sanpaolo was one of the first Banks to offer financing in response to the initiative, raising awareness about the project among thousands of young people at more than 70 regional meetings. Overall, 822 loans were disbursed for a total of 35.7 million euro in 2019.

"Finanziamento Microcredito Imprenditoriale" ("Business microcredit financing") supported micro-enterprises in launching a new business or investing in growth projects, offering them access to credit even without collateral. More details are available in the section Microfinance and the fight against usury. In support of new entrepreneurship during 2019 a commercial offer was launched dedicated to New Entrepreneurs who received a VAT number no more than 12 months ago and to all innovative start-ups registered in the special section of the Company Register.

The offer includes a current account and associate cards with no fee for the first three years and a reduced fee for the following two years. Further benefits are also offered in the first three years for other products that can complete the offer at the customer's request, like Internet Banking, POS and Digifattura.

Finally, a new payment system was developed through an agreement with an Italian fintech start-up, Matipay, which allows purchasing services and products online with cash using the physical network of banknote readers and vending machine token holders, making it possible to reach non-bank customers like young people who do not yet have a credit card.

## WOMEN'S ENTERPRISE SOLUTIONS

The Business Gemma loan supports businesses run by women and self-employed women. While the original agreement underlying the product signed by ABI, the government and trade associations expired in 2018, the Bank has maintained the loan which benefits free of charge from the guarantee of the special section of the SME Fund for Women's Entrepreneurship and allows the Bank to request the suspension of the capital portion of the instalments for up to 12 months during the amortisation period.

267 loans were disbursed for a total of 10.1 million euro in 2019.

Among International Subsidiary Banks, Banca Intesa Beograd and Intesa Sanpaolo Bank Albania signed agreements with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business programme which, in support of micro, small and medium enterprises run by women in the Western Balkans, has offered subsidised loans, technical consulting and the sharing of know-how for women who benefit from the initiative. In 2019, Banca Intesa Beograd disbursed 355 loans for more than 3.6 million euro, and Intesa Sanpaolo Bank Albania, having renewed the programme with a new line of credit of 5 million euro, made available approximately 670 thousand euro for 21 loans to female entrepreneurs.

### WOMEN VALUE COMPANY AWARD

In support of gender equality and the enhancement of the role of women in entrepreneurship, Intesa Sanpaolo promotes the "Women Value Company - Intesa Sanpaolo" award together with the Marisa Bellisario Foundation. In its fourth iteration in 2019, the award is given to small and medium-sized enterprises that implemented concrete and innovative policies and strategies to guarantee men and women equal opportunities and equal recognition in their careers. In 2019, in partnership with Elite, the London Stock Exchange Group's international programme dedicated to companies with high growth potential, the first Lounge edition was held dedicated entirely to female leadership for 20 Italian companies with a strong focus on gender diversity. Thanks in part to the Bellisario Foundation, companies have been identified among the top organisations of the common Intesa Sanpaolo Women Value Company business development programme.

## SUPPORT FOR INNOVATION

Intesa Sanpaolo Innovation Center is the Group company dedicated to exploring and learning new business models, creating assets and skills to support the long-term competitiveness of the Group and its customers. Addressing the ecosystem of innovative start-ups, it creates a network of relationships with businesses, incubators, research centres, universities and local and international organisations to facilitate the meeting of supply and demand for innovation. The Intesa Sanpaolo Innovation Center also oversees the development of the culture of innovation with events and information initiatives both inside and outside the Group, that are also promoted via a network of specialist representatives in the Regional Governance Centres of Banca dei Territori. These initiatives contribute to strengthening the Group's position as an innovation leader, developing relations with other institutional stakeholders in the national and international ecosystem, maximising all possible collaborations.

## DEVELOPMENT AND GROWTH OF START-UPS

Start up Initiative [1] is an international acceleration programme of the Intesa Sanpaolo Innovation Center dedicated to the most promising innovative companies, preparing them to face the market with coaching initiatives, and introducing them to players in the innovation ecosystem. The best start-ups are also presented at specific events (Investor Arena Meetings).

In 2019, 6 acceleration programmes were implemented, of which 124 start-ups (235 from 2018) were presented to about 850 investors and other players in the ecosystem (about 1,600 from 2018).

In 2018, a Memorandum of Understanding was signed with Compagnia di San Paolo and Fondazione Cassa di Risparmio di Torino to pool resources and expertise and define a joint strategic plan on innovation. The first concrete realisation of this collaboration is the partnership with the American accelerator Techstars, one of the first in the world, for the exclusive European launch of three acceleration programmes related to Smart Mobility between 2020 and 2022. The programme lasted 13 weeks and collected 293 applications, 49 of which were Italian. The start-ups will be guided by about 100 mentors. The 10 start-ups selected at the end of the programme will receive an investment in equity and potential follow-up in the form of convertible notes.

Furthermore, as part of the activities in support of the acceleration programmes, the partnership continued with B-Heroes, an acceleration, mentorship, investment and communication programme aimed at innovative start-ups, which reached its third edition in 2019 with the involvement of over 1,000 start-ups and over 500 meetings in the area.

For digital learning, the "Officine Formative" project provides online acceleration courses for early-stage start-ups aimed at providing the necessary entrepreneurial skills, free of charge, to create and launch a start-up on the market and raise capital from investors. There are 21 courses on the site, with over 100 lessons on various topics. So far, over 1,750 hours of lessons have been provided on the website to over 3,900 registered users. In order to support the growth of start-ups, international expansion programmes with assistance and consultancy services are also carried out to support the growth of start-ups abroad. Business development services were offered in the analysis of the potential target markets and competition's characteristics, as well as identifying the most suitable business opportunities and technological solutions.

Intesa Sanpaolo Innovation Center has created a qualitative assessment model to support the Bank's credit granting process to innovative start-ups in the Company Register. The Diligence Assessment Tool Scorecard (DATS) associates traditional credit assessment based on economic and financial aspects with a long-term vision that harnesses the growth potential of start-ups.

## OPEN INNOVATION

In collaboration with the Intesa Sanpaolo Innovation Center, Intesa Sanpaolo manages the Tech-Marketplace, the digital platform that promotes interactions between start-ups and small/medium-sized enterprises, with approximately 6,000 businesses representing the demand for innovation and more than 11,000 technology supplier profiles.

Working with research institutes and universities, Intesa Sanpaolo Innovation Center creates laboratories for applied research projects that generate know-how in the academic world, the Group and corporate customers. One of the projects involves Artificial Intelligence in partnership with the ISI Fondazione of Turin to design, develop and test mathematical models and algorithms as part of applied cutting-edge research on issues of interest to the Group and/or customers. In particular, in 2019 5 challenges were concluded, and for 3 of them the research results were brought into production. Furthermore, 6 challenges are still ongoing.

As regards the protection and development of intellectual property, two patent applications have been filed and two scientific publications and a position paper have been produced. Regarding the dissemination of knowledge, 6 seminars were organised on topics related to the application frontier in the industrial field of artificial intelligence and over 40 events in humanoid robotics. The Lab Neuroscience, launched in partnership with IMT School for Advanced Studies of Lucca with the aim of designing, developing and testing the field of neuroscience with respect to business issues, in 2019 concluded 6 challenges. As far as the protection and development of intellectual property is concerned, 4 scientific papers are being prepared and a neuroscientific publication has been chosen, conducted at the Pontifical Academy of Rome and presented at the RoboEtica event. With regard to the dissemination of knowledge, 3 events have been organised with Banca IMI and more than 10 workshops.

The Group provides many loans for businesses that invest in innovation and research, most notably Nova+, a loan issued on the basis of technical and industrial assessments of the innovation and research project conducted by a team of engineers specialising in the technology sector, which in 2019 funded 41 projects for about 42 million euro. A total of 335 projects (Nova+) were funded in the period 2014-2019 for about 370 million euro.

The Innovfin guarantee, issued by the European Investment Fund (EIF) with the financial support of the European Union, aims to facilitate access to credit for Small and Medium-sized Enterprises and Small MidCaps. In 2019, 38 loans were disbursed for approximately 58 million euro.

Furthermore, as a bank granting specific public subsidies for research and innovation (in particular, the Sustainable Growth Fund, managed by the Ministry of Economic Development), in 2019 Intesa Sanpaolo approved 41 projects for about 106 million euro of investments in 88 beneficiaries (of which 55 SMEs). In total, 240 projects were approved under the Sustainable Growth Fund from 2014 to 2019, for a total of about 1.2 billion euro of investments in 394 beneficiaries (of which 222 SMEs).



# Responsible asset management and customer protection

## COMPANY POLICIES

Asset management and the insurance coverage of customers are central to the activities of the Intesa Sanpaolo Group, and are ensured through organisational structures in business areas specialising in asset management, private banking and protection requirements with financial and insurance products and services. Based on the response to the customers' portfolio diversification requests on the basis of their needs (expenses, reserves, investments, pensions and protection) and specific goals in terms of the effective allocation of resources, the product and service range offered was gradually expanded from financial management and consultancy to the area of protection, which concerns all customers, from small to large assets, and from SMEs to large companies, with the due adjustment of the guarantees. The activity is therefore aimed at the development of financial and insurance products and advisory services to meet the welfare and protection needs of households and businesses, including in the long term. Guidelines and Rules for the marketing of financial and insurance products clearly explain the obligation of operators to act in a transparent, fair and diligent way in the provision of investment services, as required by applicable legislation as well.

In the Group's Code of Ethics, as regards the principles of conduct towards customers, asset management's focus is to increasingly highlight social, environmental and good corporate governance criteria in investment assessments in order to promote balanced and sustainable development. With this in mind, the portfolio offered includes funds that apply selection criteria in compliance with the Principles for Responsible Investment, also with the aim of introducing sustainability dynamics in businesses and in customer choices. Eurizon Capital has also signed up to the Italian Stewardship Principles, which define the procedures for exercising administrative and voting rights in listed companies, in order to stimulate discussion and cooperation about social and environmental sustainability issues with listed issuers that the company invests in. As of 2018 Eurizon has its own Engagement Policy in which it reaffirms its commitment to carry out in-depth research and to establish a fruitful dialogue with the management and/or control bodies of the relevant issuers.

Describing itself in the 2018-2021 Business Plan as the leading Wealth Management and Protection company in Italy and Europe, and in its role as bank and insurance company, the Intesa Sanpaolo Group seeks to be a partner that is able to manage all of the assets and risks of households and businesses through a structured array of family welfare solutions and targeted insurance policies, also including protection products as pension saving, business continuity and corporate welfare choices.

In 2019, as part of a more general process of integration of sustainability into business logic and strategies, the Intesa Sanpaolo Vita Insurance Group joined the PSI (Principles for Sustainable Insurance) promoted by the United Nations.

## SUSTAINABLE INVESTMENTS

The Intesa Sanpaolo Group has continued to strengthen its leadership in sustainable investments, with an overall market share of over 27%, 39 sustainable and responsible open-ended funds (of which 12 launched during 2019), assets of 8.4 billion euro and inflows of over 2 billion euro from the start of the year.

## EURIZON

Eurizon Capital is the first asset management company in Italy on sustainable and responsible funds with a market share of almost 27%. For years it has been committed to formulating and promoting new rules and conduct that focus on sustainable investment issues. Having adhered to the United Nations Principles for Responsible Investment in 2015, Eurizon Capital is particularly conscious of the policies implemented by the issuers that it invests in, in the belief that healthy corporate governance policies and practices, which incorporate environmental, social and correct governance issues, are able to create value for all stakeholders in the long term.

<sup>1</sup> Assogestioni, Quarterly Map of Assets under Management of the 4th Quarter of 2019 (table 7) at the end of the year, its market share was 26.6%, with a range comprising 37 dedicated products (33 ESG funds and 4 ethical funds), assets of 8.2 billion euro and inflows of 2 billion euro since the beginning of the year.

The creation of Eurizon Real Asset SGR, a joint venture between Eurizon and Intesa Sanpaolo's Insurance Division, was part of the implementation of the Intesa Sanpaolo Group's 2018-2021 Business Plan at the end of 2019, aimed at enhancing expertise in the market of alternative private market investments in support of the real economy for the direct benefit of companies.

To strengthen its control over the sustainability of its investments, Eurizon is assisted by its internal Sustainable and Responsible Investments (SRI) Committee (within the SGR and chaired by the CEO) and the Sustainability Committee (an autonomous and independent body that helps with the management of Ethical Funds and performs a supporting role). The SRI Committee, set up in 2017, supports the Chief Executive Officer in setting out ESG-related proposals to present to the Board of Directors by monitoring the exposure of assets in relation to the relative assessment indicators identified, and overseeing the escalation process relating to the securities of critical issuers. As well as the Chief Executive Officer, the Heads of the Investments Department, the Heads of the Control Functions, and the ESG and Strategic Activism, Corporate Governance and Sustainability Heads also sit on the Committee.

The Sustainability Committee was set up in compliance with the provisions of the Regulation on managing open-ended mutual investment funds belonging to the Ethics System, and is composed of external persons of recognised probity and morality. It is responsible for periodically monitoring the investment choices of the ethical funds and the management strategy adopted by these funds during the reference period. If it comes to light that fund managers have diverged from the guidelines of the Committee, the Committee can make a request Eurizon to provide a detailed justification for the investment decisions taken. It then establishes guidelines for the methods of donating the proceeds from the Ethical System funds to social projects. In December, the Board of Directors of Eurizon approved the donation of 150,000 euro, of which 134,000 euro already donated to 16 worthwhile associations/entities/social organisations.

Eurizon Capital SGR has adopted a method for the selection of financial instruments that takes into account environmental, social and governance factors as an integral part of the investment process, aimed at curbing risks, including those of a reputational nature, and creating value for its customers' portfolios. The ESG and SRI principles are applied to all actively managed funds, whether they are benchmark or flexible ones (in contrast ESG criteria are not applied to passive/indexed products or investment solutions such as, for example, funds of funds, retail portfolio management and specific institutional mandates).

In terms of actively managed funds, specialised ESG products were made which use a proprietary rating platform to select securities based on their sustainability rating. Active management products also include ethical funds with dedicated benchmarks.

The process of selecting and monitoring investments based on ESG and SRI principles carried out by the asset management company is structured on the basis of three phases:

- creation, by the Long-Term Sustainable Strategies office of the Investments Department, of a list of issuers with high exposure to ESG risks (critical issuers) and a list of issuers operating in sectors regarded as not socially responsible;
- sharing and verification of these lists with the Investments Department and the SRI Committee;
- monitoring of the observance (ex ante during the order preparation phase and ex post during the portfolio optimisation phase) of specific operating limits on investments in issuers operating in non-socially responsible sectors by the Compliance Department.

Operating limits are set in various ways with the following specifications:

- for products whose investment policy is characterised by the presence of a benchmark, the maximum direct investment allowed is equal to the weight of the issuer in the benchmark;
- for products whose investment policy does not provide for the presence of a benchmark, direct investment in securities of issuing bodies belonging to the list is ruled out.

With particular reference to the list of critical issuers, the SRI Committee of the asset management company coordinates and implements an engagement process, i.e. an active share ownership procedure formulated and enacted at various levels, from dialogue with the companies subject to scrutiny through to the activation of voting rights at shareholders' meetings. It is implemented differently for:

- securities already in the portfolio. An 18-month observation period begins upon the activation of the engagement process to assess whether the issuer should be removed from the critical issuer list, after which time - in the event of a negative outcome - the process of the divestment of assets under management begins, according to timeframes that fit with the interests of the customer and, in any case, within three months of the decision;
- securities invested in for the first time (new securities). Purchases are conditional on the drafting of an Investment Case subject to the prior analysis of the SRI Committee, the results of which are presented to the Board of Directors for approval.

In 2019, Eurizon carried out 675 engagement initiatives with 515 issuers, with about 15% (102 initiatives with 77 companies) primarily related to ESG issues.

Compared to 2018 (600 engagement initiatives, of which 22% on ESG issues), in 2019 there was a lower incidence of engagement with issuers specifically dedicated to ESG issues due to a lower number of renewals of the corporate bodies of Italian companies and a lower number of critical issuers in the portfolio.

At the end of the engagement activity (18 months of monitoring), the process of disinvesting all securities (50 issuers) which did not provide proof of convincing actions that may have a short-term effect on the sustainability profile began at the start of 2019. The only exceptions were four issuers for whom the engagement process was extended.

With regard to active share ownership activities, the asset management company adheres to the Italian Stewardship Principles for the responsible exercising of the administrative and voting rights of listed companies, with the commitment to promote high standards of corporate governance. These rights are exercised transparently in the interest of the portfolio subscribers and market integrity, while maintaining a strong focus on limiting potential conflicts of interest.

In 2019, Eurizon Capital SGR took part in 100 shareholders' meetings of select companies listed on Borsa Italiana (55%) and the international markets (45%), voting on around 920 resolutions on the agenda.

In terms of actively managed funds, specialised ESG products which use a proprietary rating platform were developed and offered to the public.

The total number of these funds was 33 products (compared to 21 funds in 2018), with issue windows for different deadlines of the two product families Eurizon Disciplina Sostenibile and Eurizon Flessibile Azionario. There were 12 new products in 2019 (compared to 11 in 2018). Specifically, the new Megatrend line mutual funds were launched: Eurizon Planet, Eurizon People and Eurizon Innovation.

During 2019 the Eurizon ESG products (EF Bond Corporate Smart ESG and EF Sustainable Global Equity) were introduced to International Subsidiary Banks (CIB Bank, VÚB Banka, Intesa Sanpaolo Bank in Slovenia) supported by training and an educational event in Slovenia.

### EURIZON FUND ABSOLUTE GREEN BONDS - GLOBAL IMPACT REPORT [1]

In September 2019, the asset management company drafted the third Global Impact Report regarding Eurizon Fund Absolute Green Bonds, which details the results of the quantitative impact analysis and the contribution to the UN's SDGs. The investments made during the analysis period (30 September 2018 - 30 September 2019) helped achieve key environmental and social impact results, such as:

- a generating capacity of 116 megawatts, thanks to the financing of plants that produce renewable energy; these plants produced around 138,600 megawatt/hours of energy;
- energy savings of around 12.45 million kilowatt/hours thanks to investments in sustainable infrastructure (real estate and transport);
- a reduction in annual emissions of harmful gases of over 94,000 tonnes of CO<sub>2</sub>;
- the saving and purification of over 26,600 million litres of water through investments in plants and production processes;
- the recycling of 3,288 tonnes of waste;
- 69 jobs created by the entire portfolio.

For every million euro invested, the following results are obtained: 303 megawatt/hours produced, 58,537 litres of water saved or purified, 206 tonnes of CO<sub>2</sub> saved.

The Fund also contributes to meeting various Sustainable Development Goals (SDGs) - every bond in the portfolio can contribute to one or more goals and the percentage highlights the amount of bonds that contribute to this objective, including: 9. Industry, innovation and infrastructure (80%), 7. Affordable and clean energy (73%), 11. Sustainable cities and communities (71%), 3. Good health and well-being (67%), 13. Climate action (66%), 8. Decent work and economic growth (48%), 12. Responsible production and consumption (34%), 6. Clean water and sanitation (28%), 2. Zero hunger (22%), 15. Life on Land (19%), 14. Life below Water (19%).

At the end of December 2019, the fund's assets amounted to 725 million euro.

The assets of the funds of the asset management company that meet sustainability criteria (ESG) amounted to about 6.6 billion euro (about 2% of the total and around 9.6% of the assets of Italian funds). The range of products and services is completed with the management of four ethical funds, characterised by the a priori exclusion from the investable universe of all companies involved in activities considered unethical, such as nuclear energy, arms and tobacco. All the products belonging to the “Ethics System” envisage the donation of proceeds. The amount of assets under management in the area of Ethical Funds amounted to over 1.6 billion euro in 2019 (2.3% of the total amount managed in Italian funds). All in all, the assets under management in funds meeting sustainable and ethical criteria (37 products at the end of 2019) amounted to over 8.2 billion euro (over 2.4% of the total and around 12% of Italian funds). In general, the performances of both ethical funds and funds managed with ESG criteria were positive due to the market’s own performance, with the results largely in line with the market or the reference benchmark. In addition, Eurizon manages 15 mandates relating to 13 customers characterised by sustainability criteria, making for about 3.5 billion euro. In particular, the services provided for these mandates concern the choice of ad hoc benchmarks, supporting engagement and corporate governance activities, and the creation of exclusion lists when selecting investments.

During 2019, Eurizon continued its commitment to spreading the culture of sustainability by participating in numerous conferences, like the Salone SRI, the Italian Corporate Governance Conference, the Conference on Green and Social Bonds organised by Icm/Assiom. Eurizon also held sustainability induction sessions organised by Assogestioni in favour of both current officers and candidates for corporate bodies. At the invitation of Assogestioni, an induction session was also held for the Board of Directors and the Board of Statutory Auditors of an issuer listed on the Milan Stock Exchange. It has continuously participated in working groups organised by institutions like Consob, European Banking Federation, Assogestioni and Foundations.

## FIDEURAM – INTESA SANPAOLO PRIVATE BANKING

The Private Banking Division specialises in offering advisory services to meet the financial, pension and insurance needs of Private customers and HNWIs (High Net Worth Individuals). As well as listening to and entering into a dialogue with customers for the continuous improvement of its service quality, it is also committed to spreading an appropriate financial culture in order to improve the customers’ knowledge and awareness with regard to investment choices, including in relation to issues of social and environmental interest.

The progressive integration of ESG criteria is taking place across the product range (under administration, own and third party funds, personalized management mandates, internal insurance funds private insurance) with the aim of offering a full spectrum of opportunities.

In particular, with regard to Fideuram Multibrand, the offer of traditional investment funds with ethical and social value has been enriched with the inclusion of third party funds that have consolidated and recognised experience in this field, improving the coverage of different types of investment (equity, bond, flexible) and allowing customers greater freedom in the composition of their portfolio in accordance with ESG principles.

Among its own funds Fideuram Intesa Sanpaolo Private Banking offers two different products, Fonditalia Ethical Investment and Fonditalia Millennials Equity, for total assets of approximately 225 million euro.

The first, initially proposed as a flexible bond, expanded its mandate to include the equity segment and the use of third-party funds. It has a decision-making process which combines ESG criteria with the goal of producing clear and measurable positive impacts for people and the environment at an individual investment level. The task of ensuring consistency between the actual composition of the portfolio and the ethical principles it is based on is entrusted to an Ethics Committee consisting of managers and experts from different academic and professional areas.

Fonditalia Millennials Equity in contrast invests in equity instruments, mainly issued by companies with a clearly defined business model, to fully capture the consumer habits of the Millennials (particularly conscious of ESG topics). It combines financial and sustainability analysis in accordance with the following criteria:

- companies that do not respect the principles of the UN Global Compact and whose revenues partially derive from activities deemed harmful to people and the environment (e.g. fossil fuels, arms, pornography) are excluded (negative screening);
- ESG assessment of securities in the portfolio, in order to assign a sustainability rating based on the quantitative analysis of data from external sources and a qualitative audit by expert analysts. The rating ranges from 0 to 5, with 3 being the minimum threshold for the initial inclusion of the security in the portfolio;
- creation of a system to measure the maximum weighting in the growing portfolio, according to the sustainability rating of the companies in which the investment is made;
- continuous controls of risk situations (disputes or relevant issues in the area of ESG) in order to enable the management team to carry out constant monitoring which, in particularly significant cases, can result in a red flag and a subsequent assessment of the merits of disposing of the investment in the company involved;
- establishment of a minimum sustainability rating goal for the portfolio (for the portion covered by the rating).



Currently, the portion of the managed portfolio invested in issuers that have received a sustainability rating of less than 3 (threshold of sufficiency for initial inclusion in the portfolio) is 8.5%. No red flag was assigned in the risk monitoring phase.

For both products, the correct and consistent inclusion of ESG factors in the investment process was certified during 2019.

During the year, as part of the Fideuram Alternative Investments (FAI) product range, the new FAI Fideuram Mercati Europei fund was launched, created in partnership with a French company specialising in private markets using ESG filters on all asset classes.

Also regarding the lines of portfolio management, Fideuram Investimenti has developed individual investment solutions that fulfil the ethics and sustainability criteria.

Furthermore, during 2019 the management of the equity component of the Fideuram Pension Fund sub-funds was started according to ESG exclusion criteria (negative screening), identifying sectors and companies (like coal mining, conventional and unconventional weapons production, gambling, adult entertainment, tobacco) excluded. Therefore, about 740 companies at a global level have been excluded, the only partial exceptions being companies producing conventional weapons with a weight in their turnover below 30%.

Since 2017 Intesa Sanpaolo Private Banking has been offering the GP Mix Sustainable, a portfolio management line characterised by an investment process aimed at building a balanced and diversified portfolio on international markets, combining fundamental analysis with specific sustainability assessments aimed at pursuing financial objectives, as well as social and environmental results. In the choice of financial instruments, the portfolio management prioritises, non-exclusively, governments, companies and supranational bodies aligned with the UN Sustainable Development Goals (SDGs).

More specifically, the assessment is based on a combination of negative criteria, ESG integration and best in class. The sustainability assessment is carried out in two steps: beforehand through an internal sustainable quality assessment process and afterwards through a sustainable rating developed by the dedicated advisor. Together with a quarterly financial report, a report is produced that highlights the contribution to the Sustainable Development Objectives monitored during the period.

As far as the dissemination of ESG issues is concerned, in addition to support materials for the presentation and sale of products, specific and informative measures have also been implemented involving Group companies, in particular Eurizon Capital SGR regarding Eurizon Ethical and ESG funds and in particular those dedicated to Intesa Sanpaolo Private Banking.

Focus Sostenibilità, the internal newsletter on Asset Management, was created in order to maintain and increase periodic attention on the subject.

## PHILANTHROPIC FUNDS AND THEORY OF CHANGE

Intesa Sanpaolo Private Banking has dedicated some of its resources to the creation of philanthropic funds, also called DAF - Donor Advised Fund. It has also included in its offerings support in structuring the Theory of Change (ToC) and social impact assessments for non-profit organisations or for some specific projects. The Theory of Change is a rigorous and participatory process with which an organisation and stakeholders articulate their long-term objectives (impact) and then identify the conditions necessary to achieve them.

## PENSION FUND WITH DEFINED CONTRIBUTION OF THE INTESA SANPAOLO GROUP

The defined contribution Pension Fund of the Intesa Sanpaolo Group observes the Principles for Responsible Investment (UN PRI). In addition to the Code of Ethics, in 2018 the Pension Fund adopted Guidelines on Socially Responsible Investment inspired by the most widespread international practices on sustainability, and in 2019 it added a section dedicated to the integration of ESG assets into investment strategies. The Pension Fund thus decided to launch a review of its portfolios to exclude investment in companies belonging to the two most controversial sectors, unconventional weapons and tobacco (the impact on the Fund's sub-funds of investments in companies involved in both sectors is less than 1%). For 2020 the plan is to establish a new Sub-fund called Futuro Sostenibile that will invest in sectors and companies with a specific focus on Climate Change. In the course of 2020, the Pension Fund is also preparing to revise its Strategic Asset Allocation with the aim of establishing future management mandates on the basis of the ESG criteria set out in the Guidelines, starting with contractual articulation with the selected managers.

Finally, in 2019 the Pension Fund joined the collective initiative Climate Action 100+ (CA100+), which the international



organisations UNPRI and IIGCC – Institutional Investor Group on Climate Change – are active participants of, involving more than 370 investors with resources under management for about 35 thousand billion dollars. The project subjects 161 companies – with a total capitalisation of over 8 thousand billion dollars, identified as responsible for industrial emissions of more than two thirds of greenhouse gases – to climate change engagement: the objective is to induce these companies to adopt a strong active climate change governance, to reduce greenhouse gas emissions in line with the Paris Agreement and to increase transparency in reporting.

## **SUSTAINABLE INSURANCE**

Following an analysis of its positioning and performance in the sustainability area, the Insurance Division has started a process to integrate ESG factors in decision-making and strategic choices with an ESG Strategic Plan that provides for a strengthening of investments also from a governance and monitoring point of view by defining the areas of intervention having the greatest impact. The integration of ESG issues in the insurance business has a number of benefits, not only in terms of reputation and added value generated, but also in terms of a better understanding of risks and opportunities, ensuring a holistic view of the context.

The Plan and the initiatives to be implemented in the short and medium-long term have also been defined in line with PSI (Principles for Sustainable Insurance), signed in December 2019 by Intesa Sanpaolo Vita as the insurance parent company. Developed by UNEP FI in 2012, the Principles represent a framework for the global insurance industry to address environmental, social and governance risks and opportunities. In particular, the insurance companies participating in this global initiative are committed to concrete actions involving the integration of ESG issues into operational and commercial management and the development of new types of products and services. The adherence to the PSI, promoted by the United Nations, has established a path of involvement of delegated managers in the reinterpretation of mandates according to ESG criteria and in the analysis of the managed portfolio.

### **THE RESPONSIBLE MANAGEMENT OF INVESTMENTS**

With regard to investment management, the Insurance Group relies on two different delegated managers: Eurizon Capital is the delegated manager of Intesa Sanpaolo Vita (parent company of the Insurance Division), a long-standing signatory of the Principles for Responsible Investments, while Fideuram Vita manages its investment products through Fideuram Asset Management.

### **CUSTOMER FOCUS AND INNOVATION**

In an ever-changing market, the ability to exploit innovation remains crucial to address some elements of significant change. In this sense the Insurance Group continues to invest in Innovation and Digital, bringing new solutions to the market with an approach that puts the focus on the needs of the Customer (internal and external). In 2018, an intensive Digital Transformation programme for the Non-Life business was launched, completely transforming Intesa Sanpaolo Assicura's interface with the development of a dedicated digital platform. The project primarily involves the new product XME Protezione and exploits new technologies to ensure greater commercial effectiveness and excellence in the services provided to customers. In line with the experience in Non-Life, in 2019 a digital transformation programme was launched in the Life business with the aim of maximising the digital customer experience by leveraging innovation to add new services and functionalities, developing new touchpoints and reviewing existing ones. The project has a three-year plan that involves all the channels and digital touchpoints of the Insurance Group's life insurance companies.

To meet the needs of a younger, digitally native customer base, a digital platform for the sale of on-demand policies was launched during 2019 thanks to the collaboration with the insurtech start-up Yolo.

With a continued focus on customer care and satisfaction with the services provided, in 2019 the One Voice project was developed to train the more than 200 operators of the 5 Intesa Sanpaolo Vita e Assicura call centre and customer care service providers.

As part of its programmes to disseminate insurance culture and skills, the Insurance Group is launching a Level II Master's degree in Insurance Innovation in collaboration with the University of Turin, Turin Polytechnic (POLITO) and Collegio Carlo Alberto. The Master's degree is for recent graduates and people with experience in the insurance sector interested in expanding their knowledge of digital and innovative issues in the insurance sector and will consist of fundamental and specialised modules. The first edition will be proposed starting in the fall of 2020.

### **INSURANCE INCLUSION AND VALUE FOR THE LOCAL COMMUNITY**

The Italian insurance market is distinguished by a low level of insurance culture in terms of the perception of the value of insurance protection. In fact, the incidence of insurance premiums on Italian GDP is about half that of the EU average, and only 20% of homeowners have insurance protection for their homes.

Yet 56% of Italians say that they do not feel protected in case of job loss and 40% do not feel that the possibility

of medical treatment is guaranteed, and the need to be able to access medical care is at the top of their priorities, especially for younger people.

The challenge is to work on customer awareness, adding a further piece to the product range: the protection of risks and contingencies for which Italians still rely too much on cash. Insuring families and businesses against damage is also important for the country's economic growth because it triggers a virtuous circle and makes it more solid.

In September 2019 the Insurance Division inaugurated Area X, the first physical space dedicated to the promotion of insurance culture in Italy. With technological innovations like virtual reality and holograms, visitors are immersed in interactive experiences that allow them to experience concrete everyday life situations where, after unforeseen events, they can learn the value of the right insurance protection.

### **OFFERING OF INSURANCE PRODUCTS**

During 2019, the Insurance Division revised its product and service model for all business lines to meet customer needs with respect to sustainability issues.

With regard to the Life business, Intesa Sanpaolo Vita has enriched the financial offering of the Open Pension Fund "Il Mio Domani" with 3 new ESG benchmark sub-funds. In addition, a new fully-ESG Life Cycle investment profile has been introduced, which provides for the allocation of the most consistent starting sub-fund based on the time horizon missing at the date of retirement.

There are also several products with high social value: Tu Dopo di Noi is an insurance product created for families of disabled people who wish to protect their loved one by accumulating a safe capital to be allocated in the future. Base Sicura Tutelati is instead dedicated exclusively to minors and/or incapacitated people who have capital to be used and who need the prior authorisation of a guardianship.

In November, Fideuram Vita launched the internal fund Orizzonte Responsabile, whose investment universe includes ESG financial instruments or themed funds that propose concrete solutions for sustainable development.

A selection of external ESG funds has also been introduced, with around 20 UCIs fully invested according to ESG criteria available in the Fideuram Vita Insieme family of products.

Finally, with regard to the Fideuram Pension Fund, the investment policy has been revised by introducing criteria for sustainable and responsible investment that are linked to ESG factors.

As far as the Non-life business is concerned, Intesa Sanpaolo Assicura has launched XME Protezione, a modular product to protect against risks related to family life, health and home, which can also be extended to cover the family unit, with the possibility of adding protection against the consequences of floods and earthquakes. In just over a year on the market this insurance solution has already been selected by 520,000 customers.

The car insurance product ViaggiaConMe was designed to promote a sustainable use of the car through different solutions based on the kilometres actually travelled, allowing a savings to the customer of up to 50%. At the end of 2019 a contest was launched among policyholders awarding an electric/hybrid car.

### **THE CULTURE OF SUSTAINABILITY IN THE INSURANCE DIVISION**

To promote a culture of sustainability, in September 2019 a specific Sustainability Section was created in the Myinsurance portal, where all employees have easy access to online courses dedicated to environmental issues and all updates on the Division's sustainability projects and actions. In 2019 all the people in the Insurance Division were invited to access "Our Commitment to the Environment", a collection of 12 learning modules available on the Apprendo platform. Training related to the ISO 14001 and ISO 45001 environmental certification of the building in Viale Stelvio in Milan. A "green questionnaire" was also developed with the aim of gauging the level of awareness of the issues of environmental sustainability and health and safety at work, also useful for gathering ideas to initiate any further awareness-raising actions related to environmental issues. Also in 2019, a first training session on ESG issues was carried out as part of the project developed on sustainability for the top management of the Insurance Group.

With the aim of further promoting the spread and awareness of a culture focused on innovation and customer needs, in addition to supporting the Business in defining evolutionary plans and new initiatives, a monitoring structure dedicated to innovation trends in the insurance sector was launched with discussions open to all colleagues in the Division, dedicated analyses of specific topics or meetings with market experts. As part of its programmes to disseminate insurance culture and skills, the Insurance Group is launching a Level II Master's degree in Insurance Innovation in collaboration with the University of Turin, Turin Polytechnic (POLITO) and Collegio Carlo Alberto. The Master's degree is for recent graduates and people with experience in the insurance sector interested in expanding their knowledge of digital and innovative issues in the insurance sector and will consist of fundamental and specialised modules. The first edition will be proposed starting in the fall of 2020.