



Identity  
and profile

# Group Presentation

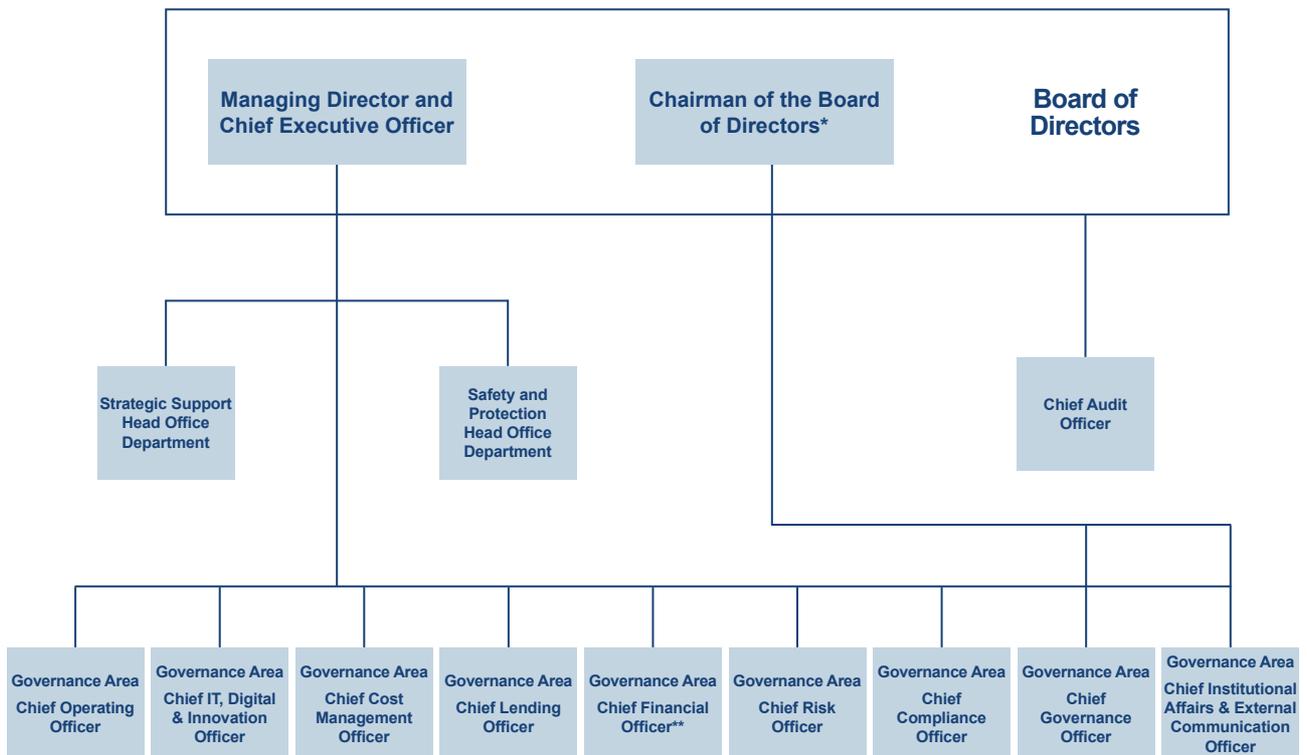
The Intesa Sanpaolo Group is one of the leading banking groups in Europe, with a market capitalisation of 41.5 billion euro<sup>(1)</sup>, and is committed to supporting the economy in the countries in which it operates, particularly in Italy, where it is also committed to becoming an exemplary model in terms of sustainability and social and cultural responsibility.

Intesa Sanpaolo is the market leader in Italy in all operating sectors (retail, corporate and wealth management). The Group supplies its services to some 14.7 million customers via a network of around 5,300 branches across the country, boasting a market share of at least 12% in most regions.

Intesa Sanpaolo has a strategic international presence, with roughly 1,000 branches and 7.1 million customers, including subsidiary banks operating in commercial banking in 12 countries in Central/Eastern Europe and in the Middle East and North Africa. It also has an international network specialising in providing support to corporate customers in 26 countries, particularly the Middle East and North Africa, and in countries where Italian businesses are especially active, such as the United States, Brazil, Russia, China and India.

<sup>1)</sup> As at 26 February 2021

The Group is organised into Governance Areas and Head Office Departments reporting directly to the Managing Director and CEO, and six divisions - also reporting to the Managing Director and CEO - focusing on customers.



\* Reporting to the Chairman of the Board of Directors: Chairman's Technical Secretariat.

\*\* Reporting to the Chief Financial Officer: Manager Responsible for preparing the Company's financial reports.

The six divisions into which the Group's activities are organised are as follows:

<b>Banca dei Territori</b>	Focused on the market and the central role of the territory in strengthening relationships with individuals, small and medium enterprises, and non-profit entities. The division includes industrial credit, leasing and factoring activities as well as instant banking activities via the partnership between subsidiary Banca 5 and SisalPay (Mooney).
<b>IMI Corporate &amp; Investment Banking</b>	Global medium/long-term partner of businesses, financial institutions and public authorities, on a national and international basis. Includes capital market & investment banking operations and is present in 25 countries, supporting the cross-border activities of its customers through a specialised network of branches, representative offices and subsidiaries that carry out corporate banking activities.
<b>International Subsidiary Banks</b>	Includes subsidiary banks performing commercial banking activities in the following countries: Albania (Intesa Sanpaolo Bank Albania), Bosnia-Herzegovina (Intesa Sanpaolo Banka Bosna i Hercegovina), Croatia (Privredna Banka Zagreb), Egypt (Bank of Alexandria), Moldova (Eximbank), Czech Republic (the Prague branch of VUB Banka), Romania (Intesa Sanpaolo Bank Romania), Serbia (Banca Intesa Beograd), Slovakia (VUB Banka), Slovenia (Intesa Sanpaolo Bank), Ukraine (Pravex Bank) and Hungary (CIB Bank).
<b>Private Banking</b>	Serves customers in the Private and High Net Worth Individuals segment by offering targeted products and services. The division includes Fideuram – Intesa Sanpaolo Private Banking, with 5,741 private bankers.
<b>Asset Management</b>	Asset management solutions aimed at the Group's customers, non-Group distribution networks and institutional customers. The division includes Eurizon, with assets managed totalling 273 billion euro.
<b>Insurance</b>	Insurance and pension products targeted at Group customers. The division is headed by the companies Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo RBM Salute, with direct deposits and technical reserves of 175 billion euro.

A detailed presentation of Intesa Sanpaolo's organisational structure is available on the Group's website [\[1\]](#).

## International presence

■	<b>ITALY</b> 5,299 Branches
■	<b>OTHER EUROPEAN COUNTRIES</b> 830 Branches 3 Representative Offices
■	<b>AMERICA</b> 2 Branches 3 Representative Offices
■	<b>ASIA</b> 7 Branches 11 Representative Offices
■	<b>AFRICA</b> 176 Branches 2 Representative Offices
■	<b>OCEANIA</b> 1 Branch



Data as at 11 February 2021.

## Competitive positioning\*

### Ranking in Italy

1	Loans		20.6%
1	Deposits <sup>1</sup>		22.0%
1	Pension Funds <sup>2</sup>		23.5%
1	Asset management <sup>3</sup>		24.8%
1	Factoring <sup>2</sup>		27.6%

Figures as at 31 December 2020.

(\*) Including UBI Banca and considering the impact of the going concern to be sold to BPER Banca.

(1) Including bonds.

(2) Figures as at 30 September 2020.

(3) Mutual funds; figures as at 30 September 2020.

# Business Model\*



\* For more in-depth insights with regard to the main trends and factors that may affect the business model such as COVID-19, one should refer to the section called "Business continuity and the actions taken in relation to the Group's stakeholders" in the Consolidated Annual Report.

# Group value and solidity

## THE 2018-2021 BUSINESS PLAN

The 2018-2021 Business Plan seeks to maintain solid and sustainable value creation and distribution for all stakeholders. In addition, Intesa Sanpaolo, already a leader in the field of Corporate Social Responsibility, is seeking to become an exemplary group in terms of social and cultural responsibility. The Business Plan integrates the commitments set by the Group, by defining measures to contribute to global development, in order to support its customers, promote the development and well-being of people and communities, and protect the environment, including through combating climate change. In particular, Intesa Sanpaolo wishes to become an exemplary group for society, through a series of initiatives aimed at, among other things, granting loans to groups who have difficulty accessing credit despite their potential, ensuring support to disadvantaged people, mitigating the consequences of natural disasters for households and businesses, supporting the Circular Economy's development, and making the most of the artistic, cultural and historical heritage of the Group to promote art and culture in Italy and abroad. In this sense, the Group, including in its strategy, takes into consideration the Sustainable Development Goals (SDGs) set by the United Nations, and therefore wishes to provide a concrete response not only in wording, but also in implementing the commitments undertaken, whose results have now become an integral part of the Bank's sustainable and responsible business model. Intesa Sanpaolo thus intends to seize every opportunity to strengthen the central role of sustainability and social and environmental responsibility within its overall strategy.

All this is made possible by the Bank's ability to consistently create value over time, reinforcing the Group's resilient and highly-diversified business model, in particular positioning itself as a leading player in wealth management & protection.

In a highly digitalised and competitive world, the Bank is continuing to achieve its goals by relying upon its values and the proven implementation capacity of a results-oriented delivery machine.

The Group's strategy hinges on a number of priorities that are now part and parcel of Intesa Sanpaolo, which aims to confirm its leadership as a Bank of the real economy, supporting households and businesses. With a strong balance sheet and a leading position, the Group fulfils requests for credit and responsibly manages customers' savings. Intesa Sanpaolo wishes to be a Bank with sustainable profitability, in which the operating results, productivity, risk profile, liquidity and soundness/leverage are carefully balanced.

The 2018-2021 Business Plan is based on three central pillars:

- significant de-risking at no cost to Shareholders;
- cost reduction through further simplification of the operating model;
- revenue growth seizing new business opportunities.

The enabling factors are people, who continue to be Intesa Sanpaolo's most important resource, and the completion of the digital transformation, which will make it possible to increase the levels of efficiency and offer advanced, high-quality products and services to customers.

People, in particular, benefit from a series of initiatives aimed at strengthening their involvement, promoting inclusion and ongoing dialogue with the company, developing the best talents, improving skills, maintaining employment levels, promoting internal fairness and facilitating a work/life balance through flexibility initiatives (see 2020 Financial Statements, page 66 [1]).

Through the Business Plan, Intesa Sanpaolo has set itself goals which will generate value for its stakeholders and for the achievement of which the Group has continued to develop the main strategic projects. As a solid Bank that is increasingly profitable, Intesa Sanpaolo is able to make a positive contribution for the interests of its shareholders and all other stakeholders.

These objectives are detailed in the various sections of the document, together with the progress achieved during 2020. These include:

Stakeholder	Benefits	2020 results	Plan Objectives for 2021 Cumulative value 2018-2021
Shareholders	Cash payout ratio	Overall cash payout ratio of 75% <sup>(1)</sup> <sup>(2)</sup> (distribution of dividends and reserves) for a normalised 2020 net income of 3.5 billion euro <sup>(3)</sup> :  <ul style="list-style-type: none"> <li>• 694 million euro<sup>(4)</sup> cash dividends to pay in May 2021</li> <li>• Further cash distribution from reserves to meet the overall payout ratio of 75%<sup>(2)</sup> possibly in the 4th quarter of 2021, subject to the approval of the ECB</li> </ul>	85% in 2018, 80% in 2019, 75% in 2020 and 70% in 2021
Households and businesses	New medium/long-term credit granted to the real economy	~87.4 billion euro (~205.6 from the beginning of 2018)	~250 billion euro
Employees	Personnel expenses	~5.5 billion euro (~17 from the beginning of 2018)	~24 billion euro
Suppliers	Procurement and investments	~2.7 billion euro (~8.4 from the beginning of 2018)	~11 billion euro
Public sector	Direct and indirect taxes	~2.1 billion euro (7.4 from the beginning of 2018)	~13 billion euro

(1) Subject to the future indications of the ECB regarding the dividend policy after 30.9.21, term indicated in the recommendation of 15.12.20.

(2) As per the 2018-2021 Business Plan.

(3) Excluding from the 2020 consolidated stated net income the items related to the combination with UBI Banca (effects of the PPA – including negative goodwill – and merger expenses) and the impairment of the goodwill of the Banca dei Territori Division.

(4) Maximum amount available for distribution pursuant to the ECB recommendation of 15.12.20 regarding the dividend policy in light of the COVID-19 epidemic.

## ECONOMIC AND FINANCIAL PERFORMANCE AND DISTRIBUTION OF THE VALUE GENERATED\*

### ECONOMIC AND FINANCIAL PERFORMANCE\*\*

The consolidated income statement for 2020 reported a net income of 3,277 million euro. The net income takes account of the effects of the acquisition of UBI Banca and, in particular, the final amount of the negative goodwill deriving from the business combination with UBI Banca and its subsidiaries as well as the merger expenses of the acquired entity. Furthermore, the income statement also includes the value adjustment made necessary by the goodwill allocated to the Banca dei Territori Division (912 million euro after tax), now entirely written down also in relation to the increase of the carrying value of the Cash Generating Unit following the integration of UBI Banca.

Without taking into account the income statement effects of the consolidation and integration of UBI Banca and its subsidiaries and the aforementioned value adjustment of the goodwill, the consolidated net income would have been 3,083 million euro as compared with the figure of 4,182 million euro for 2019. This fall compared with the previous financial period can be ascribed to the significant impact of the value adjustments to loans (4.2 billion vs. 2.1 billion euro in 2019) and the drop in net fees and commissions and profits (losses) on financial assets and liabilities as a consequence of the COVID-19 epidemic.

(\*) For more in-depth insights with regard to the main impacts of COVID-19 on financial performance, one should refer to the section called "Intesa Sanpaolo Group's approach to the preparation of the financial statements as at 31 December 2020" in the Consolidated Annual Report.

(\*\*) Commentary refers, unless otherwise specified, to the reclassified data published in the 2020 Consolidated Financial Statements of the Intesa Sanpaolo Group.

The figures of the Intesa Sanpaolo Group as at 31 December 2020 reflect the effects of the acquisition of UBI Banca and its subsidiaries, subject to consolidation from the date of acquisition (August). Changes in annual percentages are based on 2019 figures, restated, where necessary and if they are material, to take account of changes in the scope of consolidation, with the exception of the acquisition of UBI Banca and its subsidiaries. In fact, given the particular case in question, no adjustments have been made to the historic reclassified income statement and balance sheet data in order to retroactively reflect the effects of the acquisition. Consequently, unless otherwise indicated, the comments on performance trends refer to the income and capital components net of the UBI Group's data, in order to ensure a consistent comparison. Amounts are in millions of euro. For additional details or information, see the 2020 Consolidated Financial Statements of the Intesa Sanpaolo Group.

In detail, in 2020 the Intesa Sanpaolo Group had operating income of 19,023 million euro, including the UBI Group's contribution for the last five months of 2020 of approximately 1.6 billion euro. Net of this contribution, operating income declined by 4.2% on a like-for-like basis on 2019 due to the downtrend in profits (losses) on financial assets and liabilities designated at fair value (-25.3% at 1,441 million euro) and net fee and commission income (-4.8% at 7,582 million euro), only partially offset by the moderately positive performances of income from the insurance business (+5.9% at 1,343 million euro) and net interest income (+0.9% at 7,070 million euro). Overall, the resilience of revenues largely offset the adverse impacts of the persistent pandemic emergency on the income statement.

Operating costs continued to fall (-3.4% to 9,086 million euro, net of 885 million euro relating to UBI) both for personnel expenses (-3.8%), as a result of the downsizing of the workforce and the contraction of the variable component – the effects of which more than offset the remuneration increases linked to the renewal of the National Collective Bargaining Agreement – and for administrative expenses (-5.4%).

In contrast, amortisation and depreciation increased (+3.5%) as a result of the greater IT investments.

Net adjustments to loans (4,160 million euro, net of 54 million euro relating to UBI) doubled compared to 2019. This dynamic can be ascribed, in the context of the outbreak of the COVID-19 epidemic, to the revision of the scenario, applying the Group's methods and taking account of the prospective vision outlined by the ECB and the Bank of Italy.

Other net provisions and net impairment losses on other assets were up (338 million euro, net of 8 million euro relating to UBI, compared to 254 million euro for 2019), due to the higher net provisions for legal disputes.

Other income (expenses), which include realised profits (losses) on investments and income and expenses not strictly linked to operations, had a higher net positive balance (64 million euro, +16.4%) compared with 2019. Income from discontinued operations, amounting to 1,163 million euro (88 million euro in 2019), included the contribution of the business line consisting of the acquiring activities within the payment systems area transferred to Nexi and, in particular, the capital gain recognised at the end of the first half on completion of the sale (1,110 million euro) and the income from the business line sold (53 million euro).

As a result of the trends illustrated above, gross income amounted to 5,052 million euro (-23%), net of 667 million euro relating to UBI.

Taxes on income amounted to 1,190 million euro (net of 170 million euro relating to UBI).

There were also charges for integration and exit incentives (after tax) of 174 million euro, net of 1,387 million euro related to UBI, almost all of which (1,378 million) consisting of charges connected with the integration of the UBI Group in the Intesa Sanpaolo Group.

There was also the Effect of purchase price allocation of -102 million euro, which was joined by 2,062 million relating to the negative goodwill deriving from the company consolidation of UBI Banca and its subsidiaries (net of the additional charges of the Public Purchase and Exchange Offer not allocated to shareholders' equity and other charges strictly connected with the operation).

Also significant and up compared to 2019 are the charges aimed at maintaining the stability of the banking industry, which amounted to a total of 465 million euro after tax (360 million euro in 2019). These amounts do not include the charges relating to UBI, which amounted to 47 million euro after tax.

With regard to the balance sheet figures, at 31 December 2020 loans to customers totalled around 402 billion euro (net of 60 billion euro relating to the UBI Group), up compared to the end of 2019 (+6.6 billion euro, +1.7%), due to the varying trends in the components of the aggregate on a like-for-like basis. In this area, net non-performing loans declined sharply (-3.9 billion, -27.3%).

On the funding side, at the end of December 2020 direct deposits from banking business amounted to 457 billion euro (net of 68 billion euro relating to the UBI Group), up on the figure at the end of 2019 (+31.5 billion euro, +7.4%).

Direct deposits from insurance business – which includes technical reserves – was up compared to the end of 2019 (+6.7 billion euro, +4%), amounting to around 173 billion euro at the end of December (net of 2.7 billion related to the UBI Group).

At the end of 2020, the Group's indirect customer deposits amounted to 552 billion euro, net of the 89 billion euro attributable to the UBI Group. The increase of 3.3% since the beginning of the year is due to the balanced development of all components.

The effects of the COVID-19 pandemic have increased uncertainty regarding the prospects of individual businesses and the economy in general. From the very beginning of the dramatic public health and social emergency that swept Italy, Intesa Sanpaolo has been committed to tackling the situation effectively, whilst ensuring the continuity of its processes and services. With a detailed illustration of the impact of the pandemic and the strategies implemented by the Group provided in the 2020 Consolidated Financial Statements, here we will limit our analysis to underlining how the complexity of the context called for the even closer monitoring of the factors that enable the Group to pursue sustainable profitability: high liquidity, funding capacity, low

leverage, adequate capital base and prudent asset valuations.

At the end of December 2020 liquid assets amounted to 243 billion euro (289 billion including the contribution of UBI Banca), 164 billion of which (195 billion including the contribution of UBI Banca) readily available. The Basel III Liquidity Coverage Ratio and Net Stable Funding Ratio liquidity requirements were met in full. At 31 December 2020, the financing operations with the ECB to optimise the cost of funding and support the investments of corporate customers amounted to around 70.9 billion (around 82.9 billion including the contribution of UBI Banca), entirely made up of TLTRO III.

Funding sources were stable and well diversified with the retail component making up 83% of direct deposits from banking business (excluding the contribution of UBI Banca), including securities issued.

Wholesale medium/long-term funding (excluding the contribution of UBI Banca) came to 7.1 billion in 2020 and included senior bond benchmark transactions of 350 million sterling and 1.25 billion euro and Additional Tier 1 transactions of 3 billion euro (around 85% of which placed with foreign investors).

The Intesa Sanpaolo Group's leverage ratio was 7.2% as at 31 December 2020.

The capital base also remains high and well above regulatory requirements. At the end of the year, the Total capital ratio stood at 19.6%, while the ratio of the Group's Tier 1 capital to its total risk-weighted assets (Tier 1 ratio) was 16.9%. All in all, over the 12-month period the Group preserved its sound capital base: while risk-weighted assets increased by around 49 billion euro as a result of the consolidation of the UBI Group, Common Equity Tier 1 capital increased by over 9 billion euro, bringing the transitional Core Tier 1 Ratio to 14.7% from 13.9% at the end of 2019.

With regard to the valuation of financial assets, as mentioned it was necessary to make a value adjustment of the goodwill allocated to Banca dei Territori of 912 million euro (after tax) which has now been written off.

In general, it is worth pointing out that the Intesa Sanpaolo Group is carefully monitoring the development of the situation, including through specific scenario and stress analyses used to assess the related impacts in terms of profitability and capital adequacy.

Key indicators [millions of euro]	Intesa Sanpaolo Group (excluding UBI Banca Group)		ISP + UBI
	2019	2020	2020
<b>Economic indicators</b>			
Loans to customers	395,229	401,824	461,572
Direct deposits from banking business	425,512	456,969	524,999
Direct deposits from insurance business and technical reserves	165,945	172,606	175,279
Consolidated shareholder's equity	55,968	64,349	65,871
Consolidated net income	4,182	2,171	3,277
Dividends	-		694
Stock Exchange average capitalisation	36,911		34,961
Total assets	816,570	870,172	1,002,614
Economic value generated	17,371		19,490
Economic value distributed	-12,325		-14,339

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations. The figures relating to the UBI Group were not restated.

## CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

The economic value generated by the Group in the year is calculated in accordance with ABI ("Italian Banking Association") instructions and consistent with international reference standards. The calculation is made by reclassifying consolidated income statement items recorded in the financial statements, as required under Bank of Italy Circular 262.

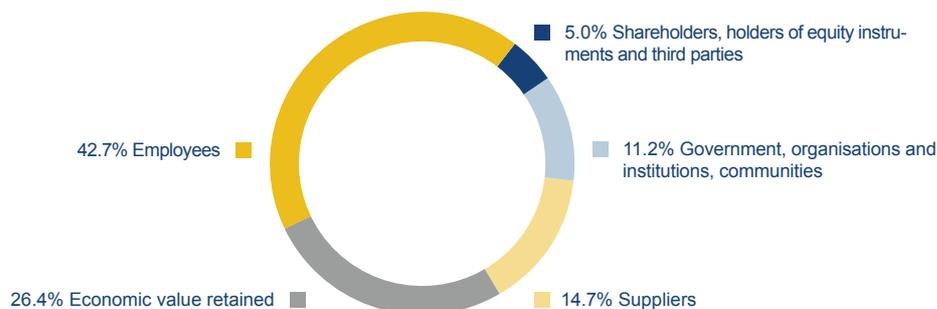
The economic value generated, which in 2020 was over 19 billion euro, came from net income from banking and insurance activities – which therefore takes into account the impairment losses on loans and other financial assets – plus the realised gains and losses on investments and other operating income. The amount of the economic value generated expresses the value of the wealth produced, most of which distributed among the stakeholders with which the Group interacts in various ways on a day-to-day basis. In particular:

- employees and other staff benefited from over 42% of the economic value generated, for a total of 8.3 billion euro. In addition to staff pay, the total also includes payments to the network of financial advisors. It also includes the employee benefits relative to the agreement on staff exit incentives signed with the trade unions as a result of the integration with UBI Banca;
- suppliers received almost 15% of the economic value generated, for a total of 2.9 billion euro in payment for goods and services, including those connected with the acquisition of UBI Banca;
- the Government, Organisations and Institutions recorded a total flow of funds of over 2 billion euro, around 11% of the economic value generated, over 1 billion euro of which referring to indirect taxes and duties, over 400 million euro to taxes on income from continuing operations, and over 700 million euro to levies and other charges concerning the banking industry, consisting of contributions to resolution and guarantee funds. There were also numerous social and cultural initiatives and other actions taken to support the charity funds and issue disbursements by way of social and cultural contributions, also following the outbreak of the COVID-19 epidemic;
- approximately 5% of the economic value generated was allocated to Shareholders, holders of equity instruments and minority interests, largely in terms of the proposed dividend, for a total of approximately 1 billion euro, subject to the ECB Recommendation of 15 December 2020 following the outbreak of the COVID-19 epidemic. In particular, the dividend proposed was 694 million euro, the maximum permitted according to this Recommendation. For more details see the Proposals to the Shareholders' Meeting in the Intesa Sanpaolo S.p.A. separate financial statements.

The remaining amount of the economic value generated, around 5 billion euro, was withheld by the corporate system and mainly comprises retained earnings, deferred tax assets and liabilities, amortisation and depreciation, and provisions for risks and charges. The aforementioned ECB Recommendation of 15 December 2020 on dividends had an impact on the significant amount of economic value withheld. In addition, as already alluded to, subject to the developments in the guidance from the Supervisory Authority after 30 September 2021, and in line with the 2018-2021 Business Plan, a distribution of reserves is envisaged, from the results for 2020, which when added to the above-mentioned dividend should lead to the payment of a total amount of 3,505 million euro of adjusted consolidated net income corresponding to a payout ratio of 75%.

## BREAKDOWN OF 2020 ECONOMIC VALUE

ECONOMIC VALUE	Millions of euro	
ECONOMIC VALUE GENERATED	19,490	100.0%
ECONOMIC VALUE DISTRIBUTED	-14,339	73.6%
Employees	-8,315	42.7%
Suppliers	-2,855	14.7%
Government, organisations and institutions, communities	-2,189	11.2%
Shareholders, holders of equity instruments and third parties	-980	5.0%
<b>ECONOMIC VALUE RETAINED</b>	<b>5,151</b>	<b>26.4%</b>



## Vision and values

*“We work to provide quality banking and financial services to our customers and activate ways to promote development in all the areas in which we operate.*

*Conscious of the value of our activities in Italy and abroad, we promote a style of growth that focuses on sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.*

*We compete on the market with a sense of fair play and are ready to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall capacity for growth of the economies of the countries in which we operate.*

*We take responsibility for prudent savings management, we commit to extending access to credit and financial instruments to everyone, and we support sustainable development of the entrepreneurial system, aware that our decisions have a significant direct and indirect impact on the natural environment and on the community. We want to contribute to the wellbeing (not only material) of both by supporting and implementing cultural initiatives and projects for the common good.”*

(from the Code of Ethics [1])

The Intesa Sanpaolo Group growth strategy aims at creating solid and sustainable value from an economic and financial, social and environmental point of view, built on the trust of all our stakeholders and based on the values outlined in the Code of Ethics.

### **Integrity**

The Group pursues its goals with honesty, fairness and with a sense of responsibility in full compliance with the rules, professional ethics and spirit of signed agreements.

### **Quality**

The Group's aim is to continually improve. It is forward-looking and anticipates challenges, cultivating widespread creativity with the objective of achieving innovation and worth.

### **Transparency**

Transparency forms the basis for all our activities, communications and contracts in order to enable stakeholders to make independent, fully informed decisions.

### **Respect for specific qualities**

The Group's intention is to combine its international and national dimension with its local roots, becoming a bank that “thinks big”, without losing sight of individuals.

### **Equality**

We are committed to eliminating discrimination from our conduct, and to respecting differences of gender, age, race, religion, political beliefs, trade union membership, sexual orientation and identity, language or disability.

### **Value of individuals**

The value of each and every individual guides the entire modus operandi of the Group, which adopts listening and dialogue as tools for continually improving relations with all stakeholders.

### **Responsibility in the use of resources**

We strive to use all resources with the utmost care, encouraging conduct focused on optimisation and the prevention of waste and ostentation and prioritising choices geared towards long-term sustainability.

The Group is committed to complying with sustainable development principles and has been involved in important international initiatives that promote dialogue between companies, international organisations and civil society, and that pursue respect for the environment and human rights.

# Voluntary commitment to domestic and international initiatives, partnerships and strategies for the United Nations Sustainable Development Goals



In support of

**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office



## Global Compact [\[i\]](#)

A UN initiative that promotes corporate social responsibility through the adoption of ten fundamental principles relating to human rights, labour rights, the environment and combating corruption.

## Women's Empowerment Principles – WEPs [\[i\]](#)

Principles promoted by the UN that define guidelines for companies aimed at promoting gender equality and women's professional development in the workplace.

## UNEP Finance Initiative [\[i\]](#)

The UN Environmental Programme that promotes dialogue among financial institutions on economic performance, environmental protection and sustainable development.

## UNEP Finance Initiative – Principles for Responsible Banking – PRB [\[i\]](#)

UNEP FI Programme that intends to bring the banking sector closer to the UN Sustainable Development Goals and the 2015 Paris Agreement on Climate.

## UNEP Finance Initiative – Principles for Sustainable Insurance – PSI [\[i\]](#)

UNEP FI programme for the insurance industry, with the aim of addressing the risks and opportunities related to environmental, social and governance issues.

The Intesa Sanpaolo Group subscribes to the Principles as a signatory through Intesa Sanpaolo Vita.

Signatory of:



## Principles for Responsible Investment – PRI [\[i\]](#)

Principles on the integration of ESG criteria on investments, the result of the partnership between UNEP FI and the Global Compact. The Intesa Sanpaolo Group subscribes to the Principles as a signatory through Eurizon Capital SGR and the Group's Pension Fund.



## Equator Principles [\[i\]](#)

Guidelines for social and environmental risk assessment and management in projects, based on criteria recommended by the International Finance Corporation, a World Bank organisation.



## CDP [\[i\]](#)

Independent non-profit organisation which provides companies and countries with a global system of information on climate change. Joining CDP fosters the dissemination of information on greenhouse gas emissions and the management of risks and opportunities associated with climate change.

The Intesa Sanpaolo Group adheres to the CDP as a signatory through Eurizon Capital SGR.



## Task Force on Climate-related Financial Disclosures – TCFD [\[i\]](#)

Established in December 2015 by the Financial Stability Board (FSB), the Task Force published eleven recommendations in June 2017 to promote transparent reporting of risks and opportunities linked to climate change by companies.



## Global Reporting Initiative [\[i\]](#)

Organisation which develops (GRI Standard) Guidelines for sustainability reporting recognised at a global level. Intesa Sanpaolo is a member of the GRI Community.



## B4SI [\[i\]](#)

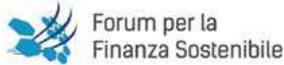
An internationally recognised reporting standard on investments in the community by businesses.

## PARTNERSHIPS



### Ellen MacArthur Foundation

The foundation is one of the main international promoters of the systemic transition towards the Circular Economy. Intesa Sanpaolo is the Strategic Partner of the Foundation, with which it has renewed the collaboration agreement for the three-year period 2019-2021.



### Forum for Sustainable Finance

Multi-stakeholder association with the objective of spreading the culture and supporting the development of sustainable finance. It is the Italian representative of the EuroSIF (European Sustainable Investment Forum).

Intesa Sanpaolo participates in the Global Compact initiative and is an active member of the community of businesses that support the UN Sustainable Development Goals.

## SDGs – SUSTAINABLE DEVELOPMENT GOALS



The Sustainable Development Goals were set by the United Nations 2030 Agenda and adopted by all 193 member states of the UN, including Italy, at the end of 2015. The 17 Global Goals and their 169 targets build on the Millennium Development Goals launched in 2005.

Intesa Sanpaolo is aware of the fact that many of the objectives set in the 2018-2021 Business Plan are strictly connected with certain Sustainable Development Goals. This link is also confirmed by the materiality analysis, which highlighted the importance of certain issues both in terms of impact on the Group's strategies and on its stakeholders. Therefore, the link with the Business Plan and the material issues (namely the topics that the materiality analysis has shown to be of key importance) have been bolstered by the various Sustainable Development Goals, as well as with the actions, projects and results of greatest significance in terms of their positive effects on the community.

This approach is proof of the Group's contribution to generating positive change at global level through a commitment that, considering the loans granted by the Group to support families and businesses and the investments, it extends to all SDGs and is focused on 12 objectives in particular.

Contribution to SDGs	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Group value and solidity						■						
Direct environmental impacts					■						■	
Transition to a sustainable, green and circular economy					■					■	■	
Retention, enhancement, diversity and inclusion of the Group's people			■	■		■		■				
Health, safety and well-being of the Group's people		■				■						
Employment protection						■						
Quality of service and customer satisfaction		■										
Financial inclusion and supporting production	■	■	■	■		■	■		■			
Sustainable investments and insurance						■					■	
Community support	■	■	■						■			
Integrity in corporate conduct												■
Innovation and digital transformation							■					

These are the identified goals, the main actions carried out in 2020 and the strategies for the future, with specific reference to 2021, unless otherwise specified.

SDGs	2020 Actions	Objectives
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**Intesa Sanpaolo for disadvantaged people (see page 134)**  
16.1 million meals, over 994,000 beds, 228,000 medicines and 178,000 items of clothing were given out in the 2018-2020 period.

**Supporting the Third Sector (see page 110)**  
In 2020, approximately 470 million euro was granted to support social enterprises and the third sector.

**Intesa Sanpaolo Fund for Impact (see page 107)**  
As part of the Fund for Impact, the 2020 per Merito loan funded the university studies of 6,446 students thanks to the disbursement of around 51.5 million euro. New types of loans were introduced during the year: the first is targeted at working mothers, Mamma@work, and aims to support them financially following maternity; the second, XME StudioStation, is a loan for families designed to support distance learning (1.2 million euro disbursed in 2020). Finally, two new initiatives were announced: one to support working mothers in India, and Obiettivo Pensione, a loan for people over 50 who have lost their job or have difficulty accessing pension schemes.

**Microcredit (see page 107)**  
In 2020 approximately 85 million euro was granted for microcredit or anti-usury projects, in Italy and abroad.

**Charity Fund (see page 130)**  
In 2020, the Intesa Sanpaolo Fund for charitable, social and cultural donations disbursed approximately 16 million euro to support over 750 projects carried out by non-profit organisations. The target of allocating a large share of resources (>70%) to donations supporting projects benefiting more vulnerable sections of the population was exceeded by a considerable amount, amounting to 92%.

- The 'Cibo e Riparo per le persone in difficoltà' (Food and Shelter for disadvantaged people) initiative to guarantee 10,000 meals a day, 6,000 beds a month and 3,000 clothing items and medicines a month by 2021.
- New medium- to long-term loans in support of social enterprises, totalling approximately 0.7 billion euro over the 2018-2021 period, thus confirming Intesa Sanpaolo's position as the largest third-sector lender in Italy.
- Intesa Sanpaolo Fund for Impact which will enable the disbursement of loans totalling 1.25 billion euro (with an increase in lending capacity to around 1.5 billion euro following the acquisition of UBI Banca) over the 2018-2021 period to sections of society who find it hard to access credit despite their potential.



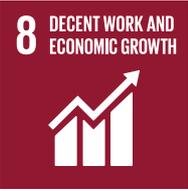
**Contribution to the community (see page 129)**  
100 million euro donated to strengthen the National Health Service via the Civil Protection Department, 10 million euro to the Dioceses of Bergamo and Brescia to support families in financial and social difficulty as a result of the pandemic, and 350,000 euro to the National Association of Alpine Regiments to accelerate the construction of a field hospital in Bergamo. All in all, the financial contribution to the community amounts to around 184 million euro (86 million in 2019) of which over 57% in the health area and 7% in civil and humanitarian emergencies.

**Training for doctors and nurses (see page 132)**  
As part of the Generation project, 102,409 doctors and nursing staff participated in the training programmes on personal protection, non-invasive ventilation and management of emergencies connected with COVID-19.

**Charity Fund (see page 130)**  
1 million euro allocated by the Charity Fund to support scientific research on COVID-19.

- Active commitment to supporting the health service during the health emergency.
- Guarantee of safe working conditions and business continuity for Group employees and customers.
- Support for well-being (Process and People Care) and flexibility programmes (24,000 workers working remotely in 2021).

SDGs	2020 Actions	Objectives
	<p><b>Customer health and safety (see page 98)</b></p> <ul style="list-style-type: none"> <li>◦ Around 100% of branches open and fully operational; consultancy by appointment only and over-the-counter transactions by appointment only in the areas with the tightest restrictions due to the health emergency.</li> <li>◦ Free extension of ISP health insurance to cover COVID-19.</li> </ul> <p><b>Support for innovation (see page 118)</b></p> <p>From the early days of the pandemic, support was provided to the Sacco Hospital for research on COVID-19, offering expertise and human capital in the areas of IT, statistics and data science.</p> <p><b>Health, safety and well-being of Group employees (see page 162)</b></p> <ul style="list-style-type: none"> <li>◦ Flexible work extended to over 65,500 people with "digital coaches" to support the switch to remote working and share best practices.</li> <li>◦ Adoption of organisational, prevention and protection measures in response to the health emergency, such as the introduction of hygiene regulations and codes of conduct, the supply of health equipment to workers, flexible working hours and shifts in order to guarantee a reduction in personal contact and social distancing.</li> <li>◦ Voluntary flu and pneumococcal vaccine campaign for Group employees (17,493 flu vaccines and 7,575 pneumococcal vaccines administered).</li> <li>◦ Launch of specific initiatives for the well-being of Group employees, such as Consultation and Support, a service that provides free psychological support, and Carelab, an integrated system of content and tools focused on diets, exercise, energy and emotional well-being.</li> <li>◦ Health and safety training: 159,677 hours provided to 33,279 workers in 2020.</li> </ul>	
	<p><b>Training (see page 157)</b></p> <p>The Group's training solutions prioritised digital channels with quick, simple and interactive forms of participation, providing a total of around 11.8 million hours of training in 2020.</p> <p><b>Intesa Sanpaolo Fund for Impact (see page 107)</b></p> <p>With per Merito, a loan without collateral for all young university students residing in Italy and studying in Italy or abroad, launched as part of the Fund for Impact, 6,446 students received funding and approximately 51.5 million euro was granted in 2020. In August XME StudioStation was launched, a loan to support distance learning (1.2 million euro granted in 2020).</p> <p><b>Contribution to the community (see page 129)</b></p> <ul style="list-style-type: none"> <li>◦ Intesa Sanpaolo works in various ways with over 60 Italian universities through partnership agreements that include training initiatives, support activities for teachers and Master's courses, scholarships for students and PhD students, research and innovation projects.</li> <li>◦ Investment in young people, their education and job promotion is also tangible in the Giovani e Lavoro programme, developed in collaboration with Generation Italy, a job orientation project which has involved around 1,400 companies and trained around 1,500 young people since the start of the programme.</li> <li>◦ The P-Tech initiative, in partnership with IBM, aims to provide young professionals with training in the area of new digital skills: mentoring activities with 20 ISP mentors were held for 40 young professionals.</li> </ul>	<ul style="list-style-type: none"> <li>◦ 1 billion euro of investment in training and learning for employees, with the provision of around 46 million hours of training in the 2018-2021 period (11.9 million hours in 2021).</li> <li>◦ Continuation of the per Merito initiative, part of the Fund for Impact, and introduction of new solutions.</li> <li>◦ Supporting training and access to the Italian labour market for 5,000 young people over a multi-year timeframe with the Generation initiative.</li> </ul>
	<p><b>Mamma@work (see page 107)</b></p> <p>In 2020 a new subsidised loan, Mamma@work, was introduced to support working mothers financially following maternity.</p> <p><b>Inclusion and diversity management (see page 159)</b></p> <ul style="list-style-type: none"> <li>◦ Diversity &amp; Inclusion Principles approved in 2020.</li> <li>◦ Creation of a specific Diversity &amp; Inclusion Operating Committee to align, discuss and share D&amp;I initiatives with all structures;</li> <li>◦ Number of managers also assessed on the basis of a KPI, equal to 10% of the overall evaluation, dedicated to the promotion of female talent, extended to more than 1,200 (1,100 in 2019).</li> <li>◦ Continuation of projects to support empowerment and female talent.</li> </ul> <p><b>Support for female entrepreneurship (see page 109)</b></p> <p>With Business Gemma, the loan that supports businesses run by women and self-employed women, 93 loans amounting to 3.2 million euro were granted in 2020. Banca Intesa Beograd and Intesa Sanpaolo Bank Albania entered into agreements with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business programme, respectively disbursing 163 loans amounting to around 1.2 million euro and around 500,000 euro for 9 loans, in 2020.</p>	<ul style="list-style-type: none"> <li>◦ Intesa Sanpaolo Fund for Impact, which will enable the disbursement of loans totalling 1.5 billion euro over the 2018-2021 period to sections of society who find it hard to access credit despite their potential.</li> <li>◦ Launch of dedicated initiatives to ensure diversity and inclusion are fully promoted.</li> </ul>

SDGs	2020 Actions	Objectives
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p><b>Loans and services for the Green Economy (see page 174)</b>            In 2020, the Group disbursed 1,985 million euro (almost 22 billion euro over the 2010-2020 period) for the Green Economy, corresponding to 2.3% of all Group loans. The proceeds of the 500 million euro Green Bond issued in 2017, 60.5% of which allocated to photovoltaic power, 13.3% to wind power, 9.3% to hydroelectric power, 15.1% to bioenergy and 1.8% to energy efficiency, financed 76 projects with annual savings of around 460,000 tonnes of CO<sub>2</sub> emissions.</p> <p><b>Renewable energy (see page 187)</b>            In 2020 electricity consumption from renewable sources amounted to 84.3% of total consumption. The Group itself produced 1,082 MWh of energy from renewable photovoltaic sources.</p>	<ul style="list-style-type: none"> <li>◦ An increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022.</li> </ul>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p><b>Supporting production and innovation (see page 112)</b></p> <ul style="list-style-type: none"> <li>◦ Approximately 87 billion euro in new medium/long-term loans was disbursed in 2020 (205 billion euro since 2018), over 77 billion euro of which in Italy and around 63 billion euro of which to households and SMEs. Over 37 billion euro consists of loans of high social impact (42.5% of the total), of which around 30 billion euro, backed by the government and SACE, to support the production industry during the health emergency. In addition, in accordance with the emergency regulatory framework, suspensions were granted for 73 billion euro of households and business mortgages and loans, including renewals.</li> <li>◦ In response to the pandemic, the Group made 50 billion euro of credit available to support businesses and professionals, and as part of the strengthening of the Sviluppo Filiera (Supply Chain Development) Programme made 10 billion euro of new credit available to support ~2,500 Italian supply chains.</li> <li>◦ In 2020 the Group facilitated the return from non-performing to performing status of around 11,500 Italian companies, with a positive impact on employment through the protection of approximately 57,000 jobs.</li> <li>◦ The Renaissance Programme consists of grants and impact loans to help micro businesses and start-ups in specific communities get back on their feet and develop their business models following the COVID-19 pandemic, leveraging on development and innovation projects. Activated in Bergamo (30 million euro, in collaboration with the Municipality of Bergamo) and Florence (50 million euro, in collaboration with Fondazione CR Firenze).</li> <li>◦ With Resto al Sud, the initiative promoted by the Italian Ministry of the Economy aimed at young people for the launch of start-ups in southern Italian regions, which takes advantage of the 1.25 billion euro made available by the Development and Cohesion Fund, 575 loans amounting to 26 million euro were disbursed.</li> </ul> <p><b>Employment protection (see page 153)</b>            In 2020 the employment protection measures implemented by the Group made it possible to reassign around 1,400 employees to new priority activities (approximately 4,500 since 2018) and hire 386 people with specialised profiles. At the end of 2020, 380 people were hired on the new mixed work contract. Following the integration of UBI Group, agreements were reached for the voluntary resignation of around 7,200 Group employees with plans in place to hire 3,500 new workers.</p> <p><b>Assessment and incentive systems (see page 156)</b>            Over 80% of eligible employees joined the LECOIP 2.0 Plan for an Initially Allocated Capital value of around 84 million euro. Second-level agreements were signed for the pay-out of the Variable Result Bonus and the Protection Excellence System and, for the Insurance Division, the Variable Additional Bonus and the Social Bonus</p> <p><b>Talent development (see page 159)</b>            The International Talent Program, aimed at developing a new generation of managers with an international outlook, continued and had involved 310 Talents at the end of 2020.</p> <p><b>Welfare and quality of life in the company (see page 162)</b>            Flexible work extended to over 65,500 people with "digital coaches" to support the switch to smart working and share best practices.</p>	<ul style="list-style-type: none"> <li>◦ New medium- to long-term loans totalling around 250 billion euro disbursed to the real economy</li> <li>◦ Hiring of at least 1,650 people in the 2018-2021 period to support the growth of the core business and facilitate generational change.</li> <li>◦ Reassignment of excess capacity (5,000 people) into new high-value added initiatives (Proactive HR In-Placement)</li> <li>◦ Support for well-being (Process and People Care) and flexibility programmes (24,000 employees to participate in smart working schemes by 2021) to improve individual productivity and satisfaction, part-time and mixed contracts.</li> <li>◦ International Talent Program aimed at strengthening the international middle management community through training programmes and personalised career paths involving around 500 resources by 2021.</li> </ul>

SDGs	2020 Actions	Objectives
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p><b>Digital Transformation (see page 100)</b> Intesa Sanpaolo is a European leader for its mobile app functionalities and stands out for its strong digital solutions with:</p> <ul style="list-style-type: none"> <li>◦ around 10.3 million multichannel customers, equal to around 88% of total customers;</li> <li>◦ 11.6 million digitised transactions in 2020 (44.6 million since 2018) and approximately 67.6 million since the launch of the initiative;</li> <li>◦ about 85% of products available on multi-channel platforms;</li> <li>◦ around 60% of activities digitised (35% in 2019).</li> </ul> <p>In 2020 final agreements were signed with TIM and Google to begin development of two Cloud Regions in Italy, which will make it possible to take advantage of the potential of modern cloud-based technologies.</p> <p><b>Supporting production and innovation (see page 112)</b> Via the Intesa Sanpaolo Innovation Center, workshops were developed for applied research projects:</p> <ul style="list-style-type: none"> <li>◦ Artificial Intelligence Lab: at the end of 2020, 7 research projects were ongoing and 4 scientific papers had been published, one of which regarding the partnership with the Sacco Hospital, to which the Group provided support for research activities connected with COVID-19.</li> <li>◦ Neuroscience Lab: at the end of 2020, 7 research projects were ongoing on human resources, protection and corporate well-being. 11 events/seminars were held and 5 videos created to promote and spread this culture in the field of neuroscience.</li> <li>◦ Development and promotion of start-ups: around 1,400 start-ups were analysed (approx. 2,650 since 2018) and 8 acceleration programs launched for 155 start-ups (390 since 2018) which were presented to selected investors and other stakeholders in the ecosystem (around 5,600 since 2018); 293 applications received, including 49 Italian start-ups, for the Techstars acceleration programme.</li> </ul> <p>As a bank that grants specific public subsidies for research and innovation (in particular, the Sustainable Growth Fund, managed by the Ministry of Economic Development), in 2020 Intesa Sanpaolo approved 68 projects for around 312 million euro of investments in 145 beneficiaries. 28 innovation projects worth over 30 million euro were financed with Nova+ in 2020.</p> <p>Through the Innovfin guarantee, issued by the EIF with the financial support of the EU, around 63 million euro was allocated to 28 loans in 2020.</p>	<ul style="list-style-type: none"> <li>◦ 2.8 billion euro of investments in 2018–2021 to complete the digital transformation.</li> <li>◦ 70% of activities digitised in 2021 (10% in 2017)</li> </ul>
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p><b>Inclusion and diversity management (see page 159)</b></p> <ul style="list-style-type: none"> <li>◦ The projects to encourage the inclusion of people with intellectual disabilities and people diagnosed with autism or autism spectrum disorder, continued.</li> <li>◦ Creation of a section dedicated to Disability Management on the company Intranet.</li> <li>◦ In 2020 a project was launched to analyse and discuss the prevention of gender harassment and violence in the workplace with the goal of adopting common measures.</li> <li>◦ The commitment to the issue of dyslexia continued: in December 2018 Intesa Sanpaolo was the first bank in Italy to be certified Dyslexia Friendly.</li> </ul> <p><b>Assessment and incentive systems (see page 156)</b> The adoption of the Global Banding system to map managerial positions in the company was consolidated, also through the adoption of an international title valid for managerial positions in Italy and abroad.</p> <p><b>Intesa Sanpaolo Fund for Impact (see page 107)</b> The per Merito loan launched in 2020 funded the university studies of 6,000 students thanks to the disbursement of around 51.5 million euro. New types of loans were introduced during the year: the first is targeted at working mothers, Mamma@work, and aims to support them financially following maternity; the second, XME StudioStation, is a loan for families designed to support distance learning (1.2 million euro disbursed in 2020). Finally, two new initiatives were announced: one to support working mothers in India, and Obiettivo Pensione, a loan for people over 50 who have lost their job or have difficulty accessing pension schemes.</p>	<ul style="list-style-type: none"> <li>◦ Launch of dedicated initiatives to fully promote diversity and inclusion (e.g. gender, age, nationality, religion, personal and social conditions)</li> </ul>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>Promotion of culture for social cohesion (see page 138)</b></p> <ul style="list-style-type: none"> <li>◦ The project for the fourth Gallerie d'Italia venue was presented in Turin in January.</li> <li>◦ In 2020 the Bank accelerated the production of online content on the Gallerie d'Italia website and social channels.</li> <li>◦ In the months in which they were able to open, the Gallerie d'Italia welcomed around 210,000 visitors and in the first months of the year, before the pandemic, 678 workshops were held for 17,000 children and 107 dedicated courses were held free of charge for people from socially vulnerable and disadvantaged backgrounds (2,000 participants).</li> <li>◦ the Group's art portfolio consists of over 30,000 works.</li> </ul> <p><b>Support to households and businesses affected by disasters (see page 108)</b> The Group continued to support populations affected by earthquakes and other natural disasters by suspending mortgage repayments on affected properties for around 500 million euro of residual debt and providing subsidised loans of over 163 million euro (around 497 million euro since 2018).</p>	<ul style="list-style-type: none"> <li>◦ Proactive management of the artistic, cultural and historical heritage of the Group and promotion of art and culture in Italy and abroad.</li> </ul>

SDGs	2020 Actions	Objectives
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>Circular economy (see page 177)</b>            The Group's commitment to the Circular Economy, developed in partnership with the Ellen MacArthur Foundation, involved - for the 2018-2021 period - the creation of a dedicated 5 billion euro credit line (subsequently increased to 6 billion euro following the acquisition of the UBI Group) and the launch of the Circular Economy Lab, the first Italian laboratory - in conjunction with Cariplo Foundation - designed to generate value for the Group's business customers by developing research and circular innovation projects. In 2020, disbursements from the credit line amounted to around 1.5 billion euro (2.2 billion euro since it was launched). In December 2020 Intesa Sanpaolo published the first report on the use of the proceeds from the 750 million euro Green Bond issued in 2019 and focused on the Circular Economy, fully allocated during the first year, with annual savings of over 255,000 tonnes of CO<sub>2</sub> emissions, corresponding to 341 tonnes per million euro.</p>	<ul style="list-style-type: none"> <li>◦ Allocation of a dedicated credit plafond and launch of an investment fund for the Circular Economy.</li> </ul>
 <p><b>13</b> CLIMATE ACTION</p>	<p><b>Environment and climate change (see page 172)</b>            All the actions carried out in 2020, in line with the Environmental Plan, confirm the Group's commitment to reducing its environmental footprint. In 2020, Scope1 + Scope2 greenhouse gas emissions decreased by 13.1% thanks also to the reduction in the use of the company's business premises.</p> <p><b>Climate Change Action Plan (see page 184)</b>            Since 2017 Intesa Sanpaolo has had a Multi-Year Environmental Sustainability Plan – the Climate Change Action Plan – with targets for 2022 and 2037. The positive data emerging from the monitoring of the Environmental Plan was also influenced by the effects of COVID-19. Following the integration of UBI in the Group, the Climate Change Action Plan was updated in 2020 with the revision of the 2012 baseline and also confirming the medium- and long-term emission reduction goals established by the original Plan within the new corporate structure. In addition, with regard to renewable energy a new goal of purchasing 89% of electricity from renewable sources by 2022 was established. In 2020 electricity purchased from renewable sources already amounted to 88%.</p> <p><b>Transition to a sustainable, green and circular economy (see page 174)</b>            As part of the programme of disbursements in favour of the European Green Deal, in 2020 the Group launched a loan designed to incentivise sustainable growth projects for SMEs (S-Loan). The loans enjoy subsidised rates, subject to the annual monitoring of two ESG KPI, which are reported in the company's financial statements. For this specific product a dedicated credit line of 2 billion euro has been allocated with 130 million euro disbursed in 2020.</p> <p><b>Management of potential risks and impacts related to climate change (see page 69)</b>            Since October 2018 Intesa Sanpaolo has supported the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), publishing information on the risks and opportunities linked to climate change, as outlined in the TCFD Reconciliation table (see p. 240).</p>	<ul style="list-style-type: none"> <li>◦ The Climate Change Action Plan, Intesa Sanpaolo's Multi-Year Environmental Sustainability Plan, envisages a reduction of 37% in CO<sub>2</sub> emissions in the 2012-2022 period.</li> <li>◦ In the context of the European Green Deal, in January 2020 Intesa Sanpaolo stated its willingness to make 50 billion euro of loans available in Italy in the coming years.</li> </ul>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>Combating corruption (see page 77)</b></p> <ul style="list-style-type: none"> <li>◦ In March 2020 the Board of Directors approved the update of the anti-corruption guidelines to take account of the organisational changes in the Group and the new obligations that have been introduced by law.</li> <li>◦ In 2020 the certification confirming the compliance of Intesa Sanpaolo's anti-corruption management system with the international ISO 37001 standards was renewed following the annual audit process.</li> <li>◦ In 2020, training to prevent corruption and money laundering involved 74,511 employees for a total of approximately 361,394 hours provided.</li> <li>◦ Activities to monitor the compliance of the detailed regulation on areas of greatest risk with the principles defined in the Group Anti-Corruption Guidelines continued.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Verification of the compliance of internal regulations with the most recent update of the anti-corruption guidelines.</li> </ul>

# Materiality analysis and Stakeholder engagement

Non-financial and sustainability reporting focuses on key aspects that reflect the impacts, positive or negative, generated by the Group's activities in the economic, social and environmental sphere which are capable of significantly influencing the stakeholders' perception of it.

As well as constituting the core of non-financial and sustainability reporting, these aspects are also crucial for identifying and managing risks and opportunities, also contributing to shaping the company's strategy with regard to relevant issues for the business and its stakeholders. To this end, in line with the process outlined in the GRI Standards, Intesa Sanpaolo updates its materiality analysis on an annual basis.

The results of the Materiality analysis are graphically represented using a Cartesian coordinate system known as the Materiality Matrix which shows on the ordinate axis (y axis) the relevance that the material issues cover for the Group and its strategy, and on the abscissa axis (x axis) the relevance that they have for stakeholders based on their decision-making requirements and prospects. This representation makes it possible to disclose in summary form the significance ("materiality") of each issue on the basis of its overall position with respect to the two axes.

The Intesa Sanpaolo Group 2020 Materiality analysis process was set out in line with the following macro-phases:

- Stakeholder mapping of Intesa Sanpaolo Group;
- identification of the relevant issues for the Intesa Sanpaolo Group and its stakeholders based on benchmark analyses, national/international documentation and with respect to the strategic priorities defined in the 2018-2021 Business Plan;
- prioritisation of the issues through the involvement of Intesa Sanpaolo's Sustainability Managers (key contacts for ESG issues identified in each Area and Division of the Bank) and the stakeholders of the Group, in order to define the positioning of the relevant issues within the materiality matrix. In addition, the Steering Committee collaborates in identifying potentially relevant sustainability issues (ESG) for the definition and updating of the materiality matrix;
- validation of the materiality matrix.

## STAKEHOLDER MAPPING

The stakeholder map represents the Group's network of relations, with which Intesa Sanpaolo exchanges views on a regular basis in order to identify and monitor their needs and prospects in relation to the issues deemed to be priority topics. The identification of the stakeholder map represents the first phase of the periodic updating process of the materiality analysis.

## IDENTIFICATION OF THE RELEVANT ISSUES



Intesa Sanpaolo has identified the priority issues for the Group and for its stakeholders through an analysis that took into consideration the following elements:

- benchmark made on a panel of over 500 international banking and fintech organisations\*;
- internal document sources, including the 2018-2021 Business Plan, the Code of Ethics, the Consolidated Non-financial Statements of the last three years, the communications of the top management, the minutes of the Shareholders' Meetings and company policies;
- external documents, including: reference standards and frameworks for sustainability performance reports (AA1000, GRI standards, International <IR> framework, SASB, Guidelines on reporting climate-related information), international documents linked to sustainability issues, Recommendations of the Task Force on Climate-related Financial Disclosures, Principles for Responsible Banking and the main regulations in the sector (e.g. Italian Legislative Decree 254/2016, EU Regulations 2019/2088 and 2020/852);
- Sustainability Reports/Consolidated Non-financial Statements and additional public documentation of other Italian and international financial groups;
- documents drafted by national and international institutions for the identification of general and specific megatrends in the banking sector;
- results emerged from the dialogue with the Sustainability Managers and with the stakeholders of the Intesa Sanpaolo Group.

In order to provide clear definitions to all stakeholders, these issues were described (see outline on pages 261-262) with their meaning to the Intesa Sanpaolo Group clearly explained. Finally, the issues were evaluated in terms of priority, related risks, areas of priority action and specific actions.

## PRIORITISATION OF ISSUES AND DEFINITION OF THE MATERIALITY MATRIX

To assess the priority of each theme consideration was given both to the impact of the issues with respect to the company's goals and strategies, as reported on the "Impact on strategies" axis of the materiality matrix, and to the information requirements, expectations and needs of its stakeholders reported on the "Importance for stakeholders" axis of the same Matrix.

The prioritisation process of the issues on the "Impact on strategies" axis involved the Sustainability Managers of the Intesa Sanpaolo Group and took into consideration the aspects, particularly in the ESG area, to which the Group paid special attention in 2020.

The prioritisation process of the issues on the "Relevance for Stakeholders" axis was set out through a series of personalised stakeholder engagement initiatives, carried out in compliance with the AA1000 AccountAbility standard. The engagement plan was defined in collaboration with the internal functions which have direct relations with all categories of stakeholder on a daily basis.

During the engagement activities, in addition to requesting specific assessments from all stakeholders with regard to the identified sustainability issues, specific focus areas were carried out in the COVID-19 sphere, by virtue of the health emergency that characterised 2020 and its implications for public health and the economy.

This engagement is documented in minutes taken down in collaboration with the relevant parties and is managed by an independent third party. The topics proposed to individual stakeholders relate to different aspects of sustainability, not limiting the listening process to the issues traditionally connected with each category, thereby encouraging broader discussions and new perspectives.

\* The benchmark analysis included a panel of organisations from the fintech world given the relevance for the banking sector of the reference macro-trends in the fields of innovation, digitisation and technology.

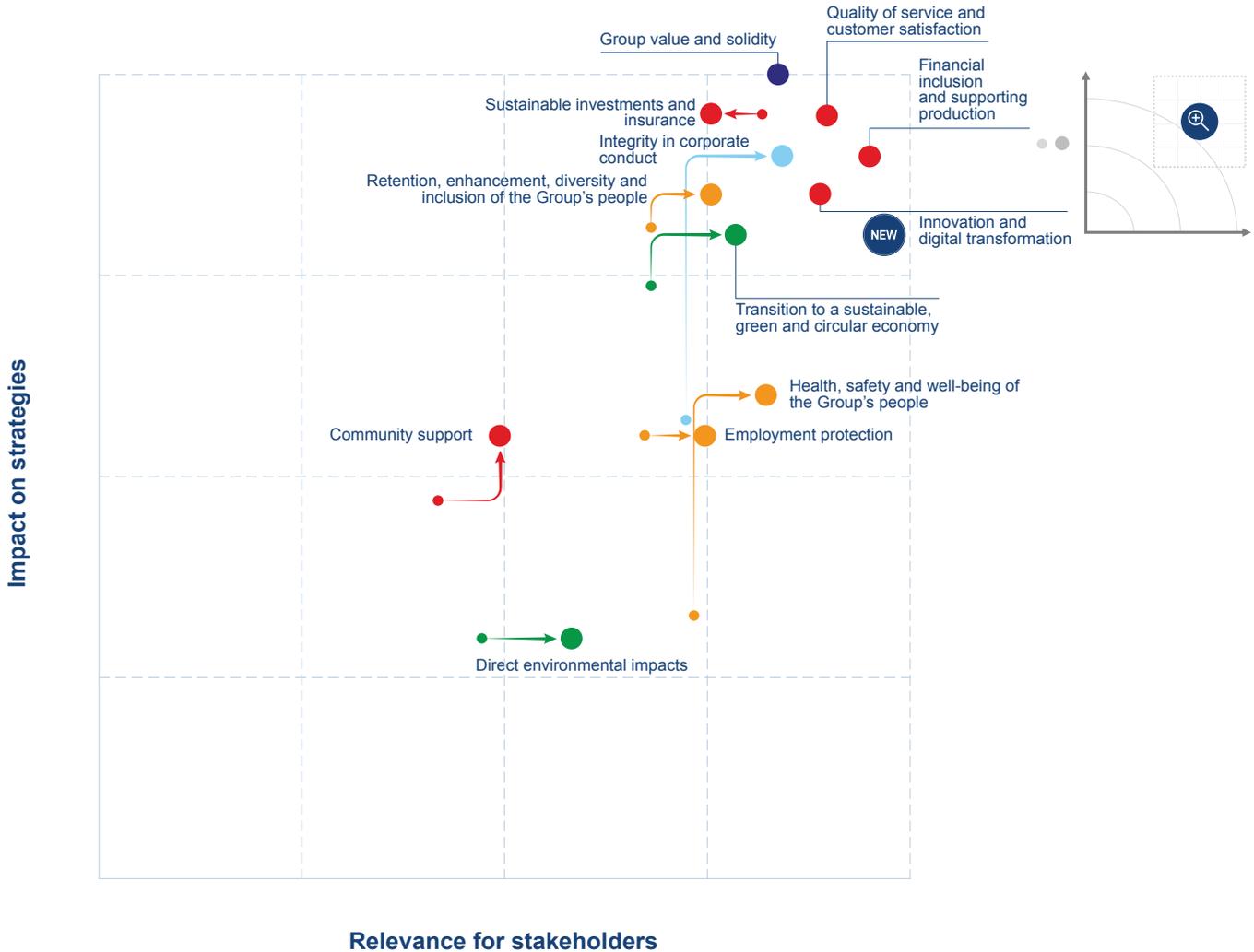
The following table outlines the methods used to engage stakeholders included in the materiality analysis, broken down into individual categories, and the summary of the related issues covered.

Stakeholder CATEGORY	Stakeholder	LISTENING METHOD	SUMMARY OF THE ISSUES COVERED
Customers	Retail customers	Online questionnaire filled out by a sample of 3,553 retail customers	<ul style="list-style-type: none"> <li>Pursuit of the banking business in full compliance with the rules and principles of fairness in business</li> <li>Responsible, solid and sustainable governance</li> <li>Value creation and distribution models for the stakeholders of the Group</li> <li>Attention to service quality, customer relationship and satisfaction</li> <li>Group leadership in sustainable investments and integration of ESG factors in the conduct of insurance business</li> <li>Instruments for the disbursement of loans to sections of society that would otherwise find it difficult to access credit, loans and products with a high social impact</li> <li>Support to the community, through solidarity initiatives and projects carried out in partnership, donations and sponsorships</li> <li>Promotion of art and culture in Italy and abroad</li> <li>Promotion of a low-carbon and circular economic model</li> <li>Development of initiatives for environmental protection and the reduction of the environmental footprint relating to the Group's buildings, offices and branches</li> </ul>
	Corporate customers	Telephone interviews carried out with a sample of 2,352 corporate customers	<ul style="list-style-type: none"> <li>Talent development</li> <li>Development of internal skills, periodic training plans</li> <li>Assessment and incentive systems</li> <li>Diversity management and inclusion</li> <li>Employment protection measures aimed at allowing the updating and conversion of the skills of the Group employees towards priority activities and with higher added value</li> <li>Occupational Health and Safety Management compliant with the most advanced international standards.</li> <li>Flexibility plans, including smart working, to improve people's productivity and well-being</li> <li>Business continuity and management of the COVID-19 pandemic</li> </ul>
Environment/ Community	Representative figures	Questionnaires and virtual one-to-one interviews for 3 representative figures of the Community and the territory	<ul style="list-style-type: none"> <li>Communication, transparency and accessibility of non-financial disclosure</li> <li>Contribution to decarbonisation and transition to a low-emission circular economy model</li> <li>Support for families, communities and the country's production sector and society to cope with the COVID-19 emergency</li> <li>Support to non-profit organisations in the light of the so-called "Third sector reform" in order to promote the effective implementation of activities of general interest in the territory for the benefit of communities and the environment</li> <li>Exclusion policies adopted by Intesa Sanpaolo with regard to controversial sectors</li> <li>Employment protection, including in consideration of the potential economic and social implications for local communities and the country's social cohesion</li> </ul>
Shareholders/ investors	SRI investors	Analysis of the outcome of investor requests that emerged during the virtual meetings held during the year	<ul style="list-style-type: none"> <li>Group value and solidity, including in relation to the merger with UBI Banca</li> <li>Combating climate change and transition to a Green and Circular economy</li> <li>Sustainable finance, investments and insurance</li> <li>Green and ESG-related financial products</li> <li>Actions implemented by the Group to tackle the COVID-19 pandemic and ensure business continuity</li> <li>Group employee growth, well-being and protection (e.g. incentive plans, diversity, etc.)</li> <li>Innovation and digital transformation strategies and plans</li> <li>Support for the territory and communities, with particular reference to the actions implemented to support the country's production sector</li> </ul>
	Small shareholders (E.di.va.)	Virtual one-to-one interview	<ul style="list-style-type: none"> <li>Communication, transparency and accessibility of non-financial disclosure</li> <li>Organisational changes, including in relation to the merger with UBI Banca</li> <li>Support for communities, young people and the production sector in a particularly uncertain context</li> <li>Strengthening financial education and inclusion programmes</li> <li>Combating climate change</li> <li>Promotion of circular economy models</li> <li>Loans for environmental protection purposes</li> <li>Group value and solidity</li> </ul>

Stakeholder CATEGORY	Stakeholder	LISTENING METHOD	SUMMARY OF THE ISSUES COVERED
Employees	Group Employees, in Italy and abroad	<p>Survey aimed at listening to the opinions and needs of more than 36,000 Group employees in Italy, and almost 14,000 Group employees abroad, over the period of the health emergency linked to COVID-19;</p> <p>+ Survey focused on sustainability issues conducted through a questionnaire which included the participation of the Branches and Division Head Office Departments/ Governance Areas/ Departments (questionnaire sent to 1,500 Group employees)</p>	<ul style="list-style-type: none"> <li>• Dissemination and knowledge of good practices already in place</li> <li>• Employment protection</li> <li>• Actions implemented by the Group to address the COVID-19 pandemic</li> <li>• Health and safety of Group employees, including in relation to the context linked to the COVID-19 pandemic</li> <li>• Employee well-being (flexibility and work-life balance, relationship with colleagues and managers)</li> <li>• Management of smart working</li> <li>• Progressive digitisation of banking processes and dematerialisation, including with reference to the commitments contained in the Business Plan</li> <li>• Welfare Policies adopted by Intesa Sanpaolo</li> <li>• Group Employees' engagement methods</li> <li>• Integrity in corporate conduct</li> </ul>
	Trade unions	Virtual focus group with 11 representatives from 5 trade unions	<ul style="list-style-type: none"> <li>• Communication, transparency and accessibility of non-financial disclosure</li> <li>• Group value and solidity</li> <li>• Management of the COVID-19 emergency, with particular reference to the actions taken in order to safeguard the health and safety of the Group Employees, in the offices and branches</li> <li>• HR management and employment protection, including in consideration of the organisational changes that occurred during the year</li> <li>• Training and incentive mechanisms for Group employees</li> <li>• Group employee well-being (e.g. flexibility and smart working)</li> <li>• Ability to attract talent</li> </ul>

The assessments collected made it possible to update the Intesa Sanpaolo Group 2020 materiality matrix, represented below:

## 2020 MATERIALITY MATRIX



- Group value and solidity
- Community
- Integrity in corporate conduct
- People
- Environment and climate change
- → Change from 2019

## MAIN VARIATIONS IN THE 2020 MATERIALITY MATRIX

In 2020, the material issues identified in 2019 in response to the requests contained in Legislative Decree 254/2016 were essentially confirmed, including in terms of positioning. The analyses carried out made it possible to update the wording and related descriptions of specific issues in order to provide a better explanation of some of the key aspects that emerged. Furthermore, it was possible to grasp the changes driven by the sustainability/ESG context of reference within and outside the Group, also in consideration of the exceptional moment linked to the COVID-19 pandemic (such as the emphasis placed on the health and safety issue). Among the changes of 2020, in particular, "Innovation and Digital Transformation", previously included in the issue "Quality and innovation in customer relations", was highlighted as a separate topic.

Below are the main updates in terms of wording made to material issues in 2020 compared to those in 2019.

CHANGES OF MATERIAL ISSUES	2019	2020
	• Integrity in corporate conduct	• Integrity in corporate conduct
	• Employment protection	• Employment protection
	• Direct environmental impacts	• Direct environmental impacts
	• Green Economy	• Transition to a sustainable, green and circular economy
	• Company value and solidity	• Group value and solidity
	• Access to credit and financial inclusion	• Financial inclusion and supporting production
	• Employee growth and development	• Retention, enhancement, diversity and inclusion of the Group's people
	• Employee well-being	• Health, safety and well-being of the Group's people
	• Quality and innovation in customer relations	• Quality of service and customer satisfaction
	• Relations with the community	• Community support
	• Responsible asset management and customer protection	• Sustainable investments and insurance
	-	• Innovation and digital transformation

 No change     
  Updated issues     
  New issues

In terms of positioning, the topic "Group value and solidity" has not changed compared to 2019: it is the most important topic for Intesa Sanpaolo and among those of particular relevance for stakeholders in consideration of its cross-cutting nature and the interrelations of the latter with all the other issues identified.

In relation to the issues relating to Society, the positioning of "Financial inclusion and supporting production", as well as of "Quality of service and customer satisfaction", continues to be the topic of greatest relevance for the stakeholders of the Group compared to 2019. The matrix relevance of these issues also reflects the peculiarities of the year 2020 linked to the pandemic context and the absolute need to promote financial inclusion, support production and ensure customer satisfaction in a context generally perceived as uncertain. In this sense, this year's matrix highlights the relevance of the topic "Innovation and Digital Transformation" which is among the most relevant issues in consideration of the incontrovertible trends and the related impacts connected to Intesa Sanpaolo's operating sector. In the light of these dynamics, the topic "Sustainable investments and insurance", on the other hand, undergoes a slight decrease in relation to its relevance as perceived by the stakeholders. As already mentioned, this trend is linked to the greater attention paid in 2020 by stakeholders to the issues perceived as more related to the fight against the COVID-19 pandemic and the support to the country's social and economic cohesion. In particular, the topic "Community Support" is further enhanced compared to 2019, both for the Group and for the stakeholders, in consideration of the attention paid by the Bank to the development of projects aimed at supporting communities and younger generations.

In addition, the topic "Integrity in corporate conduct" is shown to be perceived as more relevant both for the Group and for the stakeholders, given that it is increasingly considered as a structural prerequisite of financial institutions and deemed to be fundamental and indispensable for the correct management of all other issues present in the

Matrix, as well as the foundation of customer relationships based on trust. In particular, in the context of a high rating on average, the engagement activities carried out highlighted the absolute relevance of this issue for the Group Employees, Trade Unions and Customers.

With regard to the issues relating to the Group Employees, in 2020, the greater emphasis placed on the topic "Retention, enhancement, diversity and inclusion of the Group's people" also reflects the attention paid to aspects such as new talent attraction, training and development investments, performance-based evaluation and incentive systems and the enhancement of diversity and inclusion, with the latter being an aspect that is also reflected in the recent establishment of a dedicated corporate structure and in the publication of the Diversity & Inclusion Principles. The change also reflects the views that emerged from the engagement of the Group Employees regarding the relevance of the training processes aimed at promoting growth opportunities and guaranteeing the strengthening of professional skills. The increase in relevance is also linked to the information needs resulting from the merger with UBI Banca and the management of the Group employees during the COVID-19 pandemic emergency. In this sense, the topic "Health, safety and well-being of the Group's people" has also seen an increase in relevance both for the Group and for its stakeholders. On the one hand, this variation is linked to the impacts that the pandemic has had and is still having on the strategies and the related initiatives implemented to deal with the health emergency (e.g. extension of smart working); on the other hand, for stakeholders, the increase in significance is attributable to the growing information needs in relation to health and safety issues and to the biological risk mitigation measures deriving from the COVID-19 pandemic. In relation to these issues, the Trade Unions have expressed the need for the Group to pay ever greater attention to the Group employees' health, including through the timeliness of implementation of prevention and protection initiatives as well as the dissemination of the smart working internal culture for the benefit of the workforce. Finally, "Employment protection" has gained increased relevance on the stakeholders axis, following the needs and expectations of the latter with regard to the organisational and dimensional changes in progress and the related possible implications, including with reference to the impacts deriving from the merger with UBI Banca and the related potential effects on employment protection, also in light of the NEXT (Nuove esperienze per te) project, which provides a reskilling training process as support during the change process and in new roles.

With regard to the topics relating to Environment and climate change, in 2020, the topic "Transition to a sustainable, green and circular economy" becomes particularly relevant, due to the Group's and its stakeholders' awareness of the role that a financial institution such as Intesa Sanpaolo can play in the transition towards a low carbon economic model and towards the circular economy. The issue represents an aspect of great interest both for the Group and for its stakeholders (especially investors), also in view of the commitment shown by Intesa Sanpaolo in relation to these areas. Consistently with the strong national and international focus on these aspects, sustainable investors confirm a strong interest in green financial products and, more generally, with ESG characteristics. The small shareholders show a more focused vision and underline the importance of the Bank's proactive role in combating climate change and promoting an increasingly circular economy by encouraging positive behaviours in this respect and the disbursement of loans for environmental purposes.

The topic "Direct environmental impacts" has gained increased relevance in the matrix compared to 2019, following the growing interest of stakeholders. In particular, in consideration of the general growing significance of issues relating to climate change, stakeholders have shown greater attention also towards the environmental impacts associated with buildings, offices and branches.

Although relations with suppliers is not a material issue, Intesa Sanpaolo recognises their considerable social and environmental value, and therefore provides summary disclosures on this matter in this document, and detailed information on the website [\[1\]](#).

## MATRIX VALIDATION

All issues that are significant (i.e. that have a score of 3 or higher, on a scale of 0 to 5) for the Group or for at least one of its stakeholders have been considered material and have been reported and detailed in this document.

Each one is assessed in terms of its positive and negative impact on internal and external stakeholders and the company structures, and on the basis of potential associated business risks/opportunities. The reporting scope for each of the topics is specified on pages 261-262. The Materiality Matrix was shared with the Steering Committee and with the Risks Committee, which forms part of the Board of Directors.

## ANALYSIS OF MATERIAL ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

The results represented in the Materiality Matrix were examined in terms of their consistency, including with a context analysis on general sustainability issues and a sector analysis at national and international level. This analysis was also updated through the critical reading of the most relevant ESG documents published in 2020.

As regards national and international trends and objectives, additional aspects were identified to take into account the relevance that aspects such as the COVID-19 pandemic and issues such as sustainable finance, the fight against climate change and the increasing digitisation had in 2020.

## IMPACTS, RISKS AND OPPORTUNITIES AT NATIONAL AND INTERNATIONAL LEVEL

MATERIAL ISSUE	RISKS AND OPPORTUNITIES	NATIONAL AND INTERNATIONAL TRENDS AND OBJECTIVES
<b>Integrity in corporate conduct</b>	<ul style="list-style-type: none"> <li>• Corruption prevention</li> <li>• Compliance and data breach risk management</li> <li>• Investments in sensitive sectors</li> <li>• Fight against organised crime</li> </ul>	<ul style="list-style-type: none"> <li>• Spread of organised crime</li> <li>• Incentive of ethical conduct</li> <li>• Fight against active and passive corruption</li> <li>• Protection of free competition</li> <li>• Compliance with labour laws</li> <li>• Privacy, Cyber &amp; data security</li> <li>• Anti-Money Laundering</li> <li>• Anti-fraud</li> </ul>
<b>Group value and solidity</b>	<ul style="list-style-type: none"> <li>• Credit quality</li> <li>• Efficient use of capital and diversification</li> <li>• Attracting sustainability-conscious investors</li> <li>• Management of business, ESG and reputational risks</li> <li>• Changes in the organisational structure</li> </ul>	<ul style="list-style-type: none"> <li>• Globalisation and competitiveness</li> <li>• Evaluation of long-term scenarios including climate-related risks and opportunities</li> <li>• Promotion of transparent and efficient financial markets</li> <li>• Dissemination of ESG values and culture</li> <li>• Assessment of the financial implications linked to ESG impacts</li> </ul>
<b>Quality of service and customer satisfaction</b>	<ul style="list-style-type: none"> <li>• Proximity to the customer and operational streamlining</li> <li>• Product innovation and service models</li> <li>• IT risk</li> <li>• Unfair commercial practice</li> <li>• Reputational risks associated with the application of ESG factors/criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in bank deposits and increase in loans, due to or in relation to the uncertainty linked to the pandemic context</li> <li>• Business continuity and consumer satisfaction</li> <li>• Reorientation of the financial system towards an offer that incorporates the ESG criteria</li> <li>• Customer health and safety</li> <li>• Service digitisation</li> </ul>
<b>Sustainable investments and insurance</b>	<ul style="list-style-type: none"> <li>• Offer diversification</li> <li>• Management of reputational and ESG risks in investments and in relation to insurance products</li> </ul>	<ul style="list-style-type: none"> <li>• Investors' attention to ESG aspects and to the measurement of the sustainability of investments, also as tools to combat climate change</li> <li>• Customer satisfaction with asset management by financial operators</li> <li>• Integration of ESG risk factors into investment management and insurance activities</li> <li>• Promotion of sustainable lifestyles</li> <li>• Dissemination of ESG integration practices negative/positive screening, impact investing</li> </ul>
<b>Transition to a sustainable, green and circular economy</b>	<ul style="list-style-type: none"> <li>• Risks linked to climate change</li> <li>• Management of reputational and ESG risks in loans and insurance products</li> </ul>	<ul style="list-style-type: none"> <li>• Support to the growth of demand and supply of low carbon products and services</li> <li>• Increase in Italian companies' green competitiveness</li> <li>• Transition to a sustainable economy through a collaborative network and the promotion of circular development models</li> <li>• Support to loans for environmental projects Identification, management and reporting of governance, strategy, climate risk management, climate-related objectives promoted by the TCFD</li> <li>• Promotion of actions aimed at mitigation and adaptation to climate change</li> <li>• Increasing attention to the protection of biodiversity and ecosystem services</li> </ul>
<b>Retention, enhancement, diversity and inclusion of the Group's people</b>	<ul style="list-style-type: none"> <li>• Talent attraction</li> <li>• Investments in training</li> <li>• Diversity &amp; inclusion management</li> <li>• Enhancement of human resources</li> </ul>	<ul style="list-style-type: none"> <li>• Incentive of the banking consultant's proactivity for the dissemination of ESG products</li> <li>• ESG criteria in the incentivisation and inclusion of employees</li> <li>• Gender diversity, equal treatment and inclusion</li> <li>• Dissemination of periodic performance evaluation models integrated with ESG elements</li> </ul>

MATERIAL ISSUE	RISKS AND OPPORTUNITIES	NATIONAL AND INTERNATIONAL TRENDS AND OBJECTIVES
<b>Direct environmental impacts</b>	<ul style="list-style-type: none"> <li>Operational protection in risk situations</li> <li>Impact on costs and business investments</li> <li>Risks related to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Reduction and reporting of atmospheric emissions to combat climate change</li> <li>Responsible use of energy and natural resources</li> <li>Waste management</li> <li>Clean and accessible energy and water</li> <li>Promotion of concrete climate actions</li> <li>Dissemination of the environmental protection culture</li> </ul>
<b>Employment protection</b>	<ul style="list-style-type: none"> <li>Employment</li> <li>Labour law risks</li> <li>Changes in the organisational structure</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain employment levels due to the pandemic context</li> <li>Consultation and inclusion of employees</li> <li>Continuity of employment/Welfare, well-being and social safety nets</li> </ul>
<b>Financial inclusion and supporting production</b>	<ul style="list-style-type: none"> <li>Financial inclusion</li> <li>Support to SMEs</li> <li>Management of reputational and ESG risks in loans</li> </ul>	<ul style="list-style-type: none"> <li>Increased levels of financial education including in terms of sustainability</li> <li>Integration of ESG risk factors into credit management</li> <li>Actions to eradicate poverty</li> <li>Support for young people and the production sector</li> </ul>
<b>Community support</b>	<ul style="list-style-type: none"> <li>Brand enhancement</li> <li>Group's leadership in society for the dissemination of the sustainability culture</li> <li>Promotion and measurement of activities with high social impact</li> <li>Investments in sensitive sectors and reputational risk</li> <li>Management of current socio-demographic changes</li> </ul>	<ul style="list-style-type: none"> <li>Social and economic development of local communities</li> <li>Strengthening cooperation to achieve global sustainable development objectives</li> <li>Dissemination of social finance instruments</li> <li>Increase in social inequalities</li> <li>Rising average age of the population</li> </ul>
<b>Health, safety and well-being of the Group's people</b>	<ul style="list-style-type: none"> <li>Company welfare initiatives</li> <li>Work-life balance and flexibility</li> <li>Management of employees' health and safety risks</li> </ul>	<ul style="list-style-type: none"> <li>Attention to company climate</li> <li>Attention to employees' health and safety</li> <li>Dissemination of welfare and well-being practices</li> <li>Application of protocols for the prevention and mitigation of biological risks</li> </ul>
<b>Innovation and digital transformation</b>	<ul style="list-style-type: none"> <li>Compliance and data breach risk management</li> <li>Service quality</li> <li>Privacy</li> <li>IT risk</li> <li>Market and services diversification</li> </ul>	<ul style="list-style-type: none"> <li>Digital transformation/Digital identity, online payments and billing</li> <li>New technologies to ensure greater accessibility, effectiveness and excellence in the services provided</li> <li>Digital customer experience</li> <li>Dissemination of the use of Home Banking services</li> <li>Application of artificial intelligence and robotics</li> </ul>