

Letter to Stakeholders

In the context of the extraordinary emergency of 2020, Intesa Sanpaolo, relying on its financial strength, confirmed its ability to fulfil its role as a social accelerator by actively supporting the country in managing the impact of an extremely severe health, economic and social crisis through a strategy centred around sustainability. This situation was the backdrop for the merger with the UBI Banca Group, which contributed to strengthening Intesa Sanpaolo's role for sustainable and inclusive growth, also thanks to the sharing of common values between the two companies.

This document aims to serve as evidence of the strong commitment made by the Group on sustainability issues, enhancing the numerous initiatives and results achieved, albeit in a context of exceptional complexity such as that unfolding in 2020. The Intesa Sanpaolo Group is one of the few financial groups in Europe to have joined all the main United Nations initiatives relating to the financial sector in the sustainability area, which are part of the achievement of the UN Sustainable Development Goals: the Principles for Responsible Banking, the Principles for Responsible Investment, signed by Eurizon as far back as 2015, followed by Fideuram Asset Management SGR and Fideuram Asset Management in early 2021, the Principles for Sustainable Insurance, with the participation of Intesa Sanpaolo Vita; and finally the Women's Empowerment Principles, for the promotion of gender equality and the professional development of women.

The ISP4ESG programme, launched in 2019, was fully implemented in order to consolidate Intesa Sanpaolo's leadership in the field of sustainability and meet the continuous challenges posed by the external context and Stakeholders' expectations. The ESG Control Room was thus launched with the role of supporting the Steering Committee in the strategic proposition on ESG issues and operational coordination, also relying on the new role of the Sustainability Manager identified for each Division/Governance Area. As part of the Programme, various projects were launched which involved financing activities, primarily with an ESG sector mapping of the Group's loan portfolio, as well as investment and training activities.

Intesa Sanpaolo continued to work closely with businesses and families supporting the real economy with approximately 87 billion euro in new medium to long-term loans. Around 11,500 Italian companies returned from non-performing to performing status, protecting over 57,000 jobs. The ability to act as the engine of sustainable and inclusive development is also substantiated with the Group's disbursements for social and environmental purposes, equal to approximately 40 billion euro in 2020 and accounting for around 46% of the total. Approximately 37.2 billion euro is comprised of high social impact loans and around 32 billion euro directed towards supporting the production industry during the health emergency. Among these loans, the Fund for Impact initiatives stand out, whose credit plafond was extended with the integration of UBI Banca to allow the disbursement of 1.5 billion euro intended for excluded individuals or those who are unlikely to access credit through traditional financial channels despite their potential. After per Merito (51.5 million euro in loans were disbursed to 6,446 students in 2020), the offer was enriched with new solutions for working mothers in the first years of their children's lives with Mamma@work and XME StudioStation, a loan for families to support distance learning.

In order to support the production industry, even before the legislation implemented the relevant framework Intesa Sanpaolo suspended payments on outstanding loans, which in 2020 totalled - including renewals - 73 billion euro (of which 54 billion for companies and 19 billion for households) reaching close to 95 billion euro when also considering UBI Banca.

In 2020, the Group made available a programme for the disbursement of 50 billion euro in the coming years in the context of the European Green Deal. Overall, over 2.5 billion euro was directed to support the Green and Circular Economy, still a strong focus for the Group, seizing the opportunity to operate in support of the transition to a sustainable economy.

The 5 billion euro credit plafond in support of the Circular Economy - increasing to 6 billion euro after the acquisition of UBI Banca - allowed financing of approximately 1.5 billion euro (2.2 billion euro since the launch of the credit plafond in 2019) also including projects concerning renewable energy production, energy efficiency, sustainable agriculture and biodiversity as well as green mortgages (over 800 million euro was disbursed in 2020), in addition to the circular criteria developed in partnership with the Ellen MacArthur Foundation.

This context, with a focus on developing solutions aimed at the ESG transition of companies, led to the S-Loan, a new loan for SMEs based on the identification of specific KPIs connected to the investment with a dedicated credit plafond of 2 billion euro and 130 million euro already disbursed during the year.

The commitment to the environment also translated into the actions put in place to improve efficiency and reduce the Group's environmental impact, which led to a decrease in the Group's CO₂ emissions of 13.1% in 2020, also thanks to the reduction in the use of the company's business premises.

Intesa Sanpaolo, in recognising a strategic role to digitalisation and multichannel operations, accelerated the digital transformation process in order to enable all Group customers and employees to operate remotely in a fully effective, efficient and secure manner also during the health emergency. This took place through extensive use of smart working for over 65,500 Group employees. Thanks to cybersecurity policies aligned with international best practices, 10.3 million

multichannel customers were able to operate, equal to approximately 88% of total customers. Strong digital solutions were implemented with 60% of activities being digitised (35% in 2019) and over 2 million product sales on digital channels (+182% compared to 2019).

Recognition of the Group's work was reflected in the improvement of customer satisfaction indicators, as evidence of its endeavours during the health emergency.

The Group confirmed itself to be a leader in sustainable investments in Italy with an overall market share of 22.8% (30.4% including UBI Banca). In addition, in 2020 the Group's net inflows rose significantly, amounting to 8.4 billion euro (over 9 billion euro in 2020 when considering UBI Banca), compared to 2 billion euro in 2019. The amount of assets under management in the area of ethical and ESG funds amounted to over 18.4 billion euro in 2020 (about 24.6 billion when considering UBI Banca). On the insurance front, in order to promote the integration of ESG principles within the organisation, a Sustainability Policy was adopted, with guidelines for promoting a responsible and sustainable business model.

In 2020, the Group disbursed over 184 million euro to the community; some of the most high-profile operations include the 120 million euro donated to strengthen the national health system in the context of the COVID-19 pandemic. The Charity Allowance, through which the Bank allocates a share of the profits to support projects of solidarity, social benefit and the value of individuals, disbursed 16 million euro, 6.4 million of which in support of projects to combat the health emergency. An important initiative undertaken by the Group focuses on reducing inequalities, which during 2020 allowed for 16.1 million meals and over 994,000 beds to be offered, 228,000 medicines to be provided, and around 178,000 items of clothing to be given out to charitable organisations and associations.

With the *Giovani e Lavoro* programme, in collaboration with *Generation Italy*, a job orientation project was created, involving 1,400 companies at the end of 2020, despite the difficulties of the emergency context, with over 1,500 young people accepted on the courses since the start of the programme.

Intesa Sanpaolo was able to achieve its objectives thanks to the professionalism of its employees. In the context of COVID-19, in 2020 the Group guaranteed safe working conditions, accelerating the digitisation and reviewing - also with a focus on business continuity - organisational and regulatory processes, as well as technological and IT measures, to allow the extension of smart working in the Group.

A voluntary flu and pneumococcal vaccine campaign was also put in place for Group employees during the year. The pandemic also had a great impact on training activities, which reached 12 million hours in 2020, 11 million of which were provided with flexible methods.

The enhancement of diversity and the promotion of inclusion policies resulted in the approval of the Diversity & Inclusion Principles in 2020.

The 2018-2021 Business Plan confirms the importance Intesa Sanpaolo attaches to job protection: in 2020 more than 1,400 people were involved in professional reallocation and training programmes. Furthermore, following the integration of UBI Banca and also with a view to ensuring generational change, agreements were reached for the voluntary departure of around 7,200 Group employees with plans in place to hire 3,500 new workers.

Also in the light of these achievements, in 2020 Intesa Sanpaolo was recognised as an exemplary model, establishing itself among the most significant and virtuous entities and placing at the top of sustainability indices and rankings, confirming its presence in the Dow Jones Sustainability Indices, in CDP's Leadership Band and in the Corporate Knights Global 100 Most Sustainable Corporations in the World Index. It is also the only Italian bank to be included in the Refinitiv's Diversity & Inclusion Index, which selects the world's top 100 listed companies worldwide in terms of diversity and inclusion. And once again, Intesa Sanpaolo is the first European bank both in terms of relations with financial analysts and institutional investors and in terms of ESG aspects, according to Institutional Investor.

Finally, in the interest of increased transparency, this document, proposes a new executive summary section that allows an immediate and concise overview of the main performance indicators. The information framework is completed by a section dedicated to the achievement of the United Nations Sustainable Development Goals (SDGs), the consideration of the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), the indicators provided by the Sustainability Accounting Standards Board (SASB), where deemed applicable, and the results and progress achieved with respect to the Principles for Responsible Banking (PRB).

These results testify to Intesa Sanpaolo Group's desire to keep sustainability at the centre of its focus and choices, while meeting the expectations of all its Stakeholders.

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