

Governance and
risk management

Governance structure

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Intesa Sanpaolo has adopted the “one-tier” management and control model, whereby management and control duties are performed, respectively, by the Board of Directors and the Management Control Committee set up within it, both appointed by the Shareholders’ Meeting.

Detailed information on the corporate governance system and remuneration – including references to diversity in the Board of Directors – is provided in the “Report on Corporate Governance and Ownership Structures” and in the “Report on remuneration policy and compensation paid” published on the Bank’s website, to which reference should be made.

In particular, the model of attributions and responsibilities of the Bodies on ESG risks and the diversity profiles of the composition of the same Bodies are specifically represented in the “Report on Corporate Governance and Ownership Structures”.

THE BOARD OF DIRECTORS

The Board of Directors is tasked with corporate management and may therefore undertake all transactions considered necessary, useful or appropriate in achieving the corporate purpose, both of an ordinary and extraordinary nature. It performs strategic guidance and supervision functions for the Company and resolves on all the most important corporate deeds.

The Managing Director is the CEO and General Manager and supervises the company’s management to the extent of his/her assigned powers, in compliance with the general planning and strategic guidelines set forth by the Board. The Chair of the Board of Directors oversees the work of the Board, organises and directs the activity and performs all the tasks envisaged by the supervisory legislation and the Articles of Association. He/She has a non-executive role and does not carry out, not even de facto, management functions.

Within the Board there is a Management Control Committee, appointed by the shareholders’ meeting, which is made up of five independent directors pursuant to the Articles of Association and exercises the control functions also as an internal control and audit committee (pursuant to Italian Legislative Decree no. 39/2010).

The Ordinary Shareholders’ Meeting of 29 April 2022 set the number of members of the Board of Directors at 19, appointing directors for the three-year term of office on the basis of the lists submitted by shareholders.

All directors are non-executive, with the exception of the Managing Director and CEO; 14 directors are independent. Minority shareholders are adequately represented (5 members) and present in all Board Committees with the chairmanship of the Management Control Committee and the Committee for Transactions with Related Parties. The Directors meet the suitability requirements required by the applicable regulations and the provisions of the Articles of Association.

The Board of Directors has established four internal committees, whose members are appointed by the Board itself from among its members, with assessment, advisory and propositional tasks:

- Nomination Committee;
- Remuneration Committee;
- Risks and Sustainability Committee;
- Committee for Transactions with Related Parties.

In view of the growing focus on sustainability issues, also confirmed by the provisions of the 2022-2025 Business Plan, during 2022 the responsibilities already assigned to the Risks Committee have been strengthened and expanded, and the Committee has accordingly been renamed “Risks and Sustainability Committee”.

All Board Committees are composed of five non-executive Directors, the majority of which are independent, with the exception of the Committee for Transactions with Related Parties, which is entirely composed of independent Directors. All the Committees are chaired by independent directors.

RESPONSIBILITIES AND DIVERSITY OF THE MANAGEMENT AND CONTROL BODIES

According to Intesa Sanpaolo’s Articles of Association, the Board shall adopt the necessary measures to ensure that each Director, and the Board as a whole, have a continually adequate level of diversification, including in terms of experience, age, gender and international orientation, in addition to competence, fairness, reputation, independence of mind, and time commitment.

In the document on the qualitative and quantitative composition of the Board of Directors published on the Bank’s website in March 2022, in view of the renewal of the Corporate Bodies which took place with ordinary Shareholders’ Meeting of 29 April 2022, the shareholders were asked to ensure that the new Board of Directors had the broadest gender diversity with adequate professional skills, as well as a diversity of age brackets amongst Directors, in addition to a comprehensive level of knowledge and experience.

With specific reference to the adequacy and diversity of the professional profiles required, in the document mentioned the set of very good or distinctive expertise, knowledge and skills – with a very wide, medium-wide or limited distribution – considered appropriate to achieve the optimal overall qualitative composition of the Board of Directors was outlined in a “Skills Directory” for the 2022-2024 term of office. The skills and expertise were subsequently strengthened and supplemented on the basis of training programs as well as of the intensive induction plan for both the new directors (onboarding) and the entire Board.

For further information on the responsibilities present on the Board, declared by the individual directors upon acceptance of the candidacy, please refer to the Report on Corporate Governance and Ownership Structures (page 15).

The less-represented gender must be reserved a share of at least two fifths of the total members (8 members out of 19), as established by currently applicable laws on the matter of equal access to the management and control bodies of listed companies. Furthermore, in the current structure of the Board, the female gender is represented within all the Board Committees, makes up 80% of the members of the Committee for Transactions with Related Parties and has the chairmanship of the Risks and Sustainability Committee and the Nomination Committee.

The Board of Directors assessed its composition as adequate, including in terms of diversity, and suitable for a properly balanced composition of the Board Committees.

Senior officers of the subsidiaries are appointed by the Board of Directors, which operates according to uniform policies and principles at Group level and in compliance with the regulations and best practices applicable to each subsidiary, with specific importance given to the level of diversity, including in terms of age, gender, seniority of service, geographical origin and international orientation. In establishing the composition of the Bodies, the most adequate and effective mix of personal and professional profiles is sought for each subsidiary in terms of its nature, the structure of its activities and the risks taken. To this end, any indications made by the Management Body of each subsidiary during the annual self-assessment process are taken into account.

TRAINING AND UPDATING OF THE DIRECTORS

With the support of the Nomination Committee, the Board of Directors shall ensure the implementation of induction and training programmes for its members. In this context, following the Chair’s indications, Board Members’ participation in initiatives is promoted to enhance the degree of knowledge of the operating sectors of the Bank and of the Group companies, company dynamics and their development, the principles of sound risk management and the regulatory and self-regulatory environment of reference, and in formal and informal meetings, aimed at further review of strategic matters.

During 2022, 11 onboarding sessions were held for newly appointed Directors and 8 induction sessions for all Directors (3 for the outgoing Board). The training sessions concerned, inter alia, the following topics: ESG scoring overview and impact of ESG scoring on Credit Strategies, news on the Consolidated Non-Financial Statement related to the EU Taxonomy, updates on the main Group ESG projects, ESG framework on investment services, evolution of ESG issues and sustainability issues, fight against corruption, 2022-2025 Business Plan. More specifically, all 18 non-executive Directors participated in the induction session relating to the fight against corruption, which lasted two hours.

To promote better understanding of the applicable corporate and regulatory framework and its development, a collection of governance documents, regulatory references, key correspondence with the Supervisory Authorities,

accounting positions and any additional documentation conducive to the performance of their duties is available to Board Members – and regularly updated – through a dedicated electronic platform.

The Board of Directors receives periodic reports from the corporate control functions on their activities, which illustrate the checks carried out, the results achieved, the weaknesses found and the proposals for action to be taken to eliminate them within the various company areas. These reports shall also cover anti-corruption issues. Several Directors also hold positions on the Boards of Directors of leading Italian universities as well as on the Boards of foundations and third sector bodies active in the fields of art and culture, health, support for poverty and the circular economy and support for nutrition policies. Furthermore, a Director, as well as Chair of the Risks and Sustainability Committee, holds the same position as Chair of the Risks and Sustainability Committee in two other listed companies.

REMUNERATION

Full information, both in qualitative and quantitative terms, is provided in the Report on remuneration policy and compensation paid (hereinafter also the Policies), available on the website [1].

The main bodies responsible for supervising the Policies are:

- the Board of Directors (19 members, 14 of whom are independent, 1 executive and 5 elected by the minority) which draws up, submits to the Shareholders' Meeting and reviews the Policies at least on an annual basis;
- the Remuneration Committee (5 members, 3 of whom are independent), which proposes, advises and enquires on compensation and on remuneration and incentive systems and supports the Board of Directors in all activities related to remuneration.

The Board of Directors, having acquired the report prepared by the Remuneration Committee, resolves on the Policies in order to present them to the Shareholders' Meeting which has the ultimate responsibility for their approval.

The 2022 Policies were defined taking into account the results of the Shareholders' Meeting vote which took place on 29 April 2022 and obtained a high level of appreciation with the votes in favour being equal to 86% of the capital represented at the Shareholders' Meeting.

During 2022, the Remuneration Committee relied on a leading external consulting firm in the context of specific topics concerning the Top Management.

The Bank's Articles of Association envisage that the members of the Board of Directors be entitled, in addition to the reimbursement of expenses incurred due to their office, to a remuneration for the services rendered, determined by the Shareholders' Meeting in a fixed amount for the entire period of their office. The Shareholders' Meeting also determines the additional remuneration for the office of Chair and Deputy Chair. Pursuant to the Articles of Association, the Shareholders' Meeting has the duty to determine, at the time of the appointment of the Management Control Committee and for the entire term of office, specific remuneration for the Board Members of this Committee, consisting of an equal amount for each Member, but with a special addition for the Chair.

Pursuant to the Articles of Association, the Managing Director is entitled to receive a fixed and variable remuneration tied to the position of General Manager, determined by the Board of Directors in line with the Policies approved by the Shareholders' Meeting.

As required by the Supervisory Provisions, the Shareholders' Meeting resolved for several years now to increase the incidence of variable remuneration to fixed remuneration up to a maximum of 2:1 for Group Risk Takers, including the Managing Director and General Manager.

The variable component of remuneration, bound to the achievement of specific performance objectives linked to the creation of value for shareholders and adjusted for the risks assumed, is composed of the Annual Incentive System linked to the Managers' Performance Accountability assessment system and the 2022-2025 Long-Term Incentive Performance Share Plan (PSP). In accordance with the Supervisory Provisions and the Policies, such variable components are subject to deferral and partly assigned in shares subject to holding periods after the vesting period.

Under the Annual Incentive System, if the bonus accrued by the CEO is equal to or less than 100% of the fixed remuneration, 55% is paid in shares and the remainder in cash. On the other hand, if the bonus accrued is more than 100% of the fixed remuneration, 60% is paid in shares and 40% in cash. Furthermore, the disbursement of 60% of the bonus is deferred for 5 years. The payment of the deferred portions is subject to the verification of the malus conditions each year. Finally, the company reserves the right to activate claw-back mechanisms on bonuses already paid in the 5 years following their payment in the event of disciplinary measures against fraudulent or grossly negligent conduct, in the event of non-fulfilment of the obligations required pursuant to Articles 26 and 53, paragraphs 4 et seq., of the Consolidated Law on Banking or of the obligations on remuneration and incentive, as well as in the event of conduct that does not comply with the provisions of the

law, regulations, articles of association or any codes of ethics or conduct resulting in a “significant loss” for the Bank or for customers.

In the Incentive System, the ESG dimension continues to play a key role through the provision of a specific and structured KPI. This KPI - available since 2021 and which represents an evolution compared to the previous “Diversity & Inclusion” transversal KPI - was assigned in the 2022 scorecards to the CEO and approximately 3,000 Group managers (in Italy and abroad), in line with the Bank’s ever-increasing commitment to social, cultural and environmental sustainability and with the aim of creating long-term value for its people, its customers, the community and the environment.

Furthermore, the KPI is in line with the increasing attention on those issues by Regulators, Proxy Advisors, Shareholders and Stakeholders of the Group.

The ESG KPI (weight 15%) is assessed on the basis of specific drivers.

In particular, for the CEO:

- Inclusion of Intesa Sanpaolo in the sustainability indices of specialised companies (number of times);
- Achievement of gender equality commitments: i) in annual hires; ii) in the pool of candidates for first appointment to management positions;
- Group initiatives in the ESG sphere:
 - support for the green economy and the circular economy: i) YoY increase in Customer Loan Volumes relating to ESG products (Sustainability Linked Loans, Green/Transition Loans, Circular Economy Loans and Green Mortgages); ii) reduced exposure in the ESG risk sectors;
 - growth in Sustainable Investments through the increase in assets invested in ESG products managed;
 - “Giovani e Lavoro” Programme
 - Promotion of the Group’s artistic and cultural heritage.

For the remaining personnel, the ESG KPI is assessed:

- both at Group level, to recognise the Bank’s overall commitment in terms of Intesa Sanpaolo’s inclusion in sustainability indices of specialised companies;
- and at Governance Area/Division level, in order to enhance the areas of action of the individual structures. In particular, the assessment takes into account specific projects/actions in the ESG area, as well as the achievement of the commitments on gender equality expressed in line with the Group’s Principles on Diversity & Inclusion.

The ESG component was also included in the two new long-term Incentive Plans launched in conjunction with the new 2022-2025 Business Plan.

More specifically, the PSP reserved for the Group Management - around 3,100 recipients (including the Managing Director and CEO, the remaining Group Top Risk Takers and the other Group Risk Takers) - and based on shares paid on a fixed basis upon the achievement of specific performance objectives, entails a composite KPI which, in a pursuit of sustainability, acts as a possible de-multiplier, reducing the number of such shares by 10/20%, depending on the degree of achievement. The KPI consists of a sub-KPI for each of the 3 factors comprising ESG identified in the Business Plan, namely:

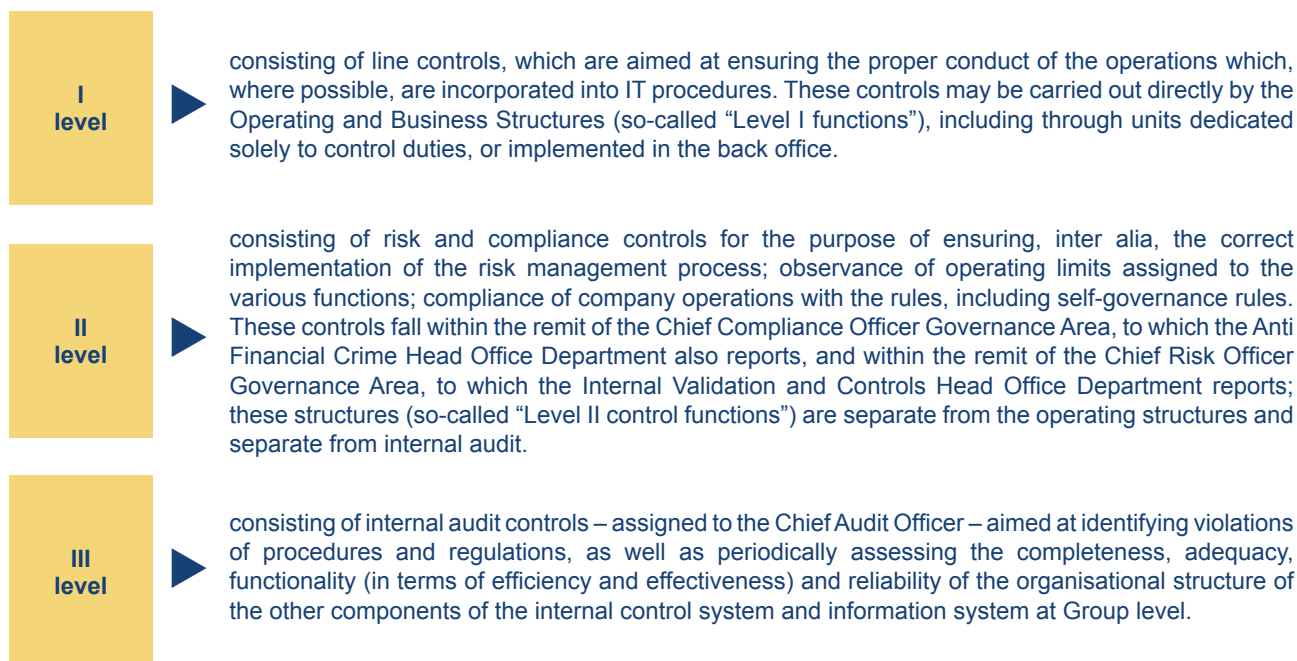
- Environmental: new loans for the green/circular economy and the ecological transition with a special focus on supporting the Corporate/SME transition (weight 40%);
- Social: number of people who successfully completed the re-skilling and up-skilling programmes with reallocation in new job roles in the case of the former (weight 40%);
- Governance: percentage of women in new appointments to senior positions, i.e. -1 and -2 organisational levels below the CEO (weight 20%).

On the other hand, the LECOIP 3.0 Plan was launched for all Professionals in Italy (45,629 people joined the Plan - around 63% of those entitled) based on Certificates with Intesa Sanpaolo shares as underlying, which pays a minimum return (4%) of the capital initially allocated upon the achievement by the Group of the same ESG composite KPI contemplated in the PSP Plan. If the indicator is not achieved, the amount that would have been paid to the employees will be invested by the Bank in ESG projects that contribute to the achievement of the ESG objectives in question.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

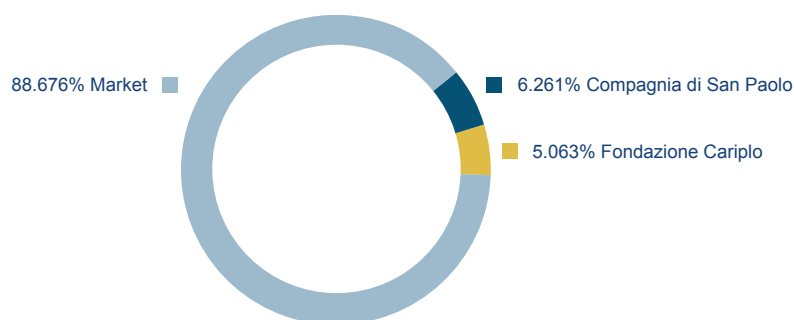
To ensure sound and prudent management, which combines business profitability with informed risk taking and operating conduct underpinned by fairness, the Bank has adopted the Integrated Internal Control System Regulation.

The internal control system has been designed so as to constantly identify, manage and monitor business-related risks:



SHAREHOLDER BASE

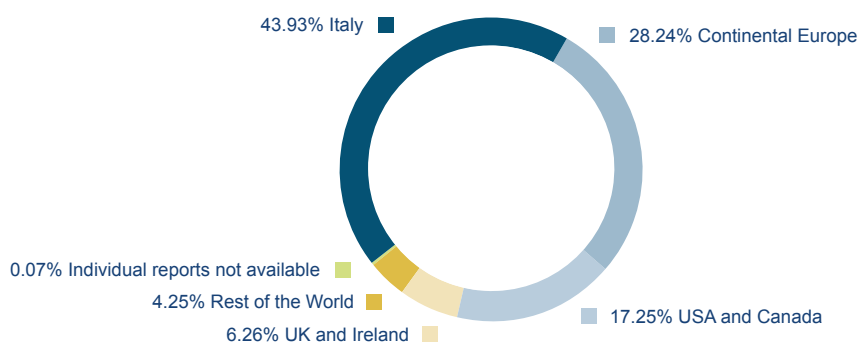
The share capital of Intesa Sanpaolo is equal to 10,368,870,930.08 euro, divided into no. 18,988,803,160 ordinary shares. On 22 December 2022, Intesa Sanpaolo’s shareholder base was composed as follows (holders of shares with voting rights exceeding 3%*):



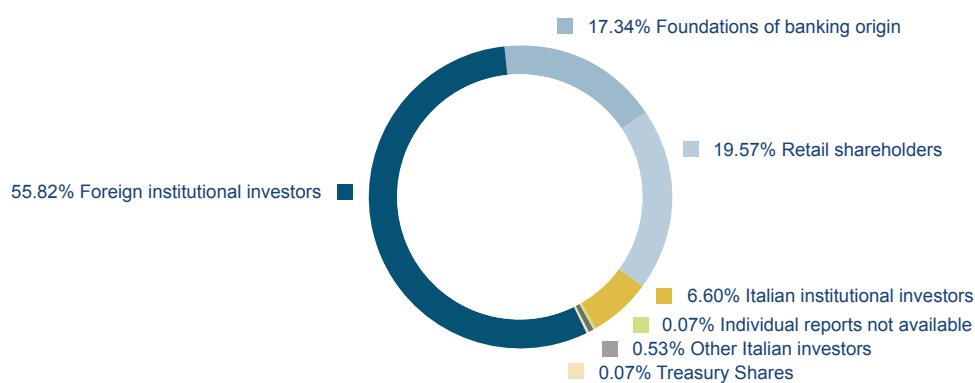
(*) Shareholders that are asset management companies may have asked to be exempted from disclosure up to 5% of share ownership. BlackRock Inc. disclosed with Form 120 A on 9 December 2020 an interest equal to 5.005% of the share capital of Intesa Sanpaolo as well as with Form 120 B dated 4 December 2020 an aggregate interest equal to 5.066% and has not communicated updates following the subsequent changes in the number of shares into which the share capital of Intesa Sanpaolo is divided. Italian regulations (Article 120 of the Consolidated Law on Finance) provide for the obligation to notify the investee company and Consob of the threshold of 3% of the share capital with voting rights held in a listed company being exceeded, as well as (Article 19 of the Consolidation Law on Banking) the prior authorisation of the Bank of Italy to acquire a significant shareholding in a bank or that entails the possibility of exercising significant influence over the bank itself or the acquisition of a shareholding that attributes a share of the voting rights or of the capital at least equal to 10%.

The following chart shows the estimate of the ownership structure by geographical area and type of shareholders, on the basis of the names of the recipients of the distribution to shareholders of dividends and part of the share premium reserve, provided by the intermediaries (coupon presentation date 23 May 2022).

OWNERSHIP STRUCTURE BY GEOGRAPHICAL AREA



OWNERSHIP STRUCTURE BY TYPE OF SHAREHOLDERS



RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY

In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on fair and timely communication.

During 2022, communications with the financial community focused on the key messages of the 2022-2025 Business Plan, including the status as a Zero-NPL Bank, the strengthening of ESG leadership, solid capitalisation and increasingly sustainable value creation. To guarantee access to all, again in 2022 this information was made available quickly, easily and economically through a number of channels like Internet and conference calls via a freephone number. The Investor Relations section of the website [\[i\]](#) has a well-organised content and thematic updates providing Stakeholders with extensive, systematic information.

In order to contribute to the creation of sustainable value over time, regular and frequent meetings were held with the financial community that consolidated long-term relations based on mutual trust. Special attention was also paid to ESG investors, with dedicated events. During 2022, ESG & Sustainability promoted specific initiatives, including responding to 20 assessments from specialised companies and investors, in addition to numerous responses to engagement requests and questionnaires on ESG and climate change issues, and holding 44 meetings with 67 parties including investors and analysts focusing on sustainability, in collaboration with Investor Relations and Investor Coverage.

At the end of 2021, Intesa Sanpaolo adopted a Policy for the management of dialogue with investors, consistent with the Corporate Governance Code and recent banking supervisory provisions on corporate governance. The initiative is also in line with the guiding principles of EU law aimed at encouraging the long-term engagement of

the shareholders in companies listed on regulated markets (SHR-II Directive) and, in particular, of institutional investors and asset managers. The main objective of the Policy is to define the principles that specifically govern the dialogue of the Bank's Board of Directors with investors (meaning investors, including potential investors, other than individuals and, in the case of individuals, only the holders of Intesa Sanpaolo shares) and proxy advisors.

More specifically, the Policy illustrates:

- how investors and proxy advisors may submit an engagement request to the Company or how the Company may make proposals to one or more investors or proxy advisors to participate in a dialogue;
- the methods and criteria used by the Company to assess its willingness to engage in direct dialogue between the members of the Board of Directors and investors and proxy advisors;
- the process of internal management of the requests submitted, including how they are reported to the Board of Directors and how responses are prepared and delivered to the parties involved.

The Policy also sets out the responsibilities of the Corporate Bodies and internal Structures supporting dialogue management. During the annual assessment conducted in September 2022, the Board found the Policy to be effective and appropriate.

INTESA SANPAOLO STOCK PERFORMANCE

The price of Intesa Sanpaolo ordinary shares in 2022 moved in correlation with the banking sector indices, with an upward trend until the first ten days of February, when it reached its peak, followed by a sharp decline until the beginning of March and a fluctuating trend until the end of the third quarter, during which it reached its minimum in mid-July, and a recovery in the last quarter, closing the year 8.6% lower than at the end of 2021. Intesa Sanpaolo's capitalisation dropped to 39.5 billion euro at the end of December 2022, from 44.2 billion euro at the end of 2021.

SHAREHOLDERS' MEETING

For Intesa Sanpaolo, the Shareholders' Meetings are the culmination of a process of preparation of the most significant management decisions, entrusted to the expression of the shareholders' will, in the manner and on the matters reserved for them by law and the Articles of Association. Intesa Sanpaolo has always strived to encourage the broadest possible participation in the Shareholders' Meetings and to guarantee the best quality standards for the information provided in order to realise the full potential of the meeting.

The Shareholders' Meeting is called by the Board of Directors whenever it is deemed appropriate, or upon request by Shareholders representing at least one twentieth of the share capital.

The Shareholders' Meeting may also be called by the Management Control Committee, where required for the fulfilment of its duties, subject to sending notice thereof to the Chair of the Board of Directors.

In 2022, the ordinary and extraordinary Shareholders' Meeting was held on 29 April.

RIGHT TO ATTEND AND VOTE

Each share gives the right to attend and vote at Ordinary and Extraordinary Shareholders' Meetings (each share carries one voting right).

Sustainability Governance

The strategic guidelines and policies on sustainability/ESG (Environmental, Social, Governance) are approved by the Board of Directors with the support of the Risks and Sustainability Committee, taking into account the objectives of solid and sustainable creation and distribution of value for all Stakeholders.

The main ESG responsibilities of the Intesa Sanpaolo Bodies and Structures are specified below.

Board of Directors	The Board of Directors, with the support of the Risks and Sustainability Committee, approves the updates to the Code of Ethics, as well as the strategic guidelines and policies on sustainability (ESG), including the social and cultural responsibility model and the fight against climate change – taking into account the objectives of solid and sustainable value creation and distribution to all stakeholders; again with the support of the Risks and Sustainability Committee, it approves the CNFS and any other key reporting in this area, monitoring the Group's sustainability performance, including in the fight against climate change, and ensuring that the CNFS is drawn up and published in compliance with the regulations currently in force
Risks and Sustainability Committee	The Risks and Sustainability Committee supports the Board of Directors in the assessment and investigation of the sustainability issues (ESG) associated with the performance of the Bank's activities and in the approval of the strategic guidelines and policies on sustainability, including the social and cultural responsibility model and the fight against climate change, contributing to ensuring more efficient risk monitoring and taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders; in approving the list of ESG-sensitive sectors for the purposes of the Group's loan activity; in approving the updates to the Code of Ethics and in examining the Annual Report on the Code of Ethics; in approving the CNFS, analysing, in particular, the potentially most relevant sustainability issues as well as any other report of particular importance in this area submitted to the Board of Directors; in verifying the Group's positioning with respect to national and international best practices in sustainability, with particular reference to Intesa Sanpaolo's participation in the main sustainability indices.
Management Control Committee	With the support of the functions responsible for sustainability (ESG) and internal auditing, the Management Control Committee monitors compliance with the principles and values contained in the Code of Ethics. With regard to the CNFS, it monitors compliance with the provisions set out in Italian Legislative Decree no. 254/2016 and reports on this in its annual report to the Shareholders' Meeting.
Managing Director and CEO	The Managing Director and CEO governs the sustainability performances and has the power to submit proposals to the Board for the adoption of resolutions within its remit.
Steering Committee	The Steering Committee is a management committee chaired by the Managing Director and CEO and includes his/her first reporting lines, i.e. the Heads of the Governance Areas and Divisions. The Committee collaborates in the identification of sustainability issues (ESG) that are potentially relevant for the definition and updating of the material issues. Taking into account the objectives of solid and sustainable creation and distribution of value for all Stakeholders, it collaborates in the definition of strategic guidelines and sustainability policies (ESG), including the model of social and cultural responsibility and the fight against climate change, which the Managing Director and CEO submits to the relevant Board Committees and the Board of Directors; it reviews the CNFS prior to submission to the Board. It also examines the CNFS prior to its presentation to the Board. In order to review these issues, the Committee meets at least quarterly as part of the Business Plan and Sustainability (ESG) session. It is also tasked with guiding the consistency of technological development, with specific reference to artificial intelligence/machine learning, with the Group's ethical principles.
ESG Control Room	The ESG Control Room is overseen by the CFO Area and by the Strategic Support Department and relies on the Sustainability Managers, identified in each Governance Area and Division, who guarantee an overall and integrated supervision of ESG initiatives for the relevant scope and contribute to the Group's strategic proposition on these issues. It was introduced as part of the ISP4ESG Programme and has been operational since October 2020. The ESG Control Room supports the Steering Committee - Business Plan and Sustainability (ESG) Session - in the strategic proposition relating to ESG issues; it takes care of the operational coordination for the implementation of the most relevant ESG initiatives and assesses the opportunity and solidity of any new initiatives in this area.

ESG & Sustainability

ESG & Sustainability, within the Financial Market Coverage Department of the Chief Financial Officer Governance Area, oversees the process related to the definition, approval and updating of the ESG and sustainability guidelines, in line with the corporate strategies and objectives and contributes, in coordination with the ESG Control Room, to supporting the Steering Committee in the preparation of proposals for strategic guidelines and sustainability policies (ESG); it oversees the promotion and implementation of ESG and sustainability aspects in the Group's strategies and operations, including Climate Change issues, including in collaboration with the other structures; it updates the Code of Ethics and monitors its application with the support of the Chief Audit Officer functions; it is in charge of ESG and sustainability reporting (i.e. CNFS, TCFD Report); it oversees relations with the financial community in relation to ESG and sustainability issues; it oversees the stakeholder engagement process in relation to ESG and sustainability issues; it takes care of communication and disclosure activities, in coordination with the ESG Control Room, and is responsible for defining the Group's training requirements on ESG and sustainability issues, including in collaboration with the other competent corporate functions.

The sustainability/ESG governance system is based on the involvement, not only of the Board of Directors, but also of the Committees that support the assessment and in-depth analysis processes related to ESG issues. In 2022, 25 meetings of the Board of Directors were held, 22 of which dealt with, inter alia, ESG topics including, for example, the update of the Guidelines for the governance of the Group's Most Significant Transactions, Diversity&Inclusion - Gender equity and application of the Principles; Report on the implementation and governance of the Code of Ethics; Gender neutrality of the Group's Remuneration Policies - Analysis of the gender pay gap; 2021 Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016; Modern Slavery Statement; Culture Project; update of the Group's Guidelines for the governance of the environmental, social and governance (ESG) risks.

The revision of the Regulations that has been applicable as of the renewal of the Corporate Bodies which took place in 2022 entailed, due to the growing attention on sustainability issues, the enhancement and extension of the responsibilities assigned to the Risks Committee in this area, with the latter consequently being renamed Risks and Sustainability Committee. A total of 40 meetings were held during the year¹, 13 of which specifically concerned ESG issues, such as the update of the internal regulations for the governance of ESG risks and of the Most Significant Transactions, for which further strengthening the monitoring of reputational and ESG risks was envisaged as well as the review of the Report on the implementation and governance of the Code of Ethics, the positioning of Intesa Sanpaolo in ESG indices and rankings, the results of the ECB Climate Stress Test, the reporting on the application of the principles on gender equity as well as the implementation of the sustainability profiles in the internal regulations on investment services. The Committee also conducted specific insights with the Asset Management Division on the subject of investments; it is also monitoring the evolution of the ESG Credit Framework.

In addition, 22 meetings of the Steering Committee were held in 2022 (each divided into one or more sessions). In particular, the "Business Plan and Sustainability (ESG)" sessions, also dedicated to ESG issues, were held on 9 occasions, during which, for example, updates relating to the main ongoing ESG activities, the Rules for the classification of sustainable credit products and lending transactions as well as many of the issues mentioned above, were addressed. The ESG Control Room met 9 times during the year; a further 2 sessions of the Control Room were dedicated to the issue of Sustainable Investments.

The Sustainability Governance is also strengthened by the role of the 17 Sustainability Managers retained by the ESG Control Room, identified in each Area and Division, who are tasked with coordinating the numerous ESG initiatives undertaken by the Divisions and Governance Areas and assessing new opportunities and cross-cutting projects in the ESG sphere accordingly. Within the scope of the International Subsidiary Banks Division, the ESG governance model is consistent with the diversity and specificities of the reference territories and in line with the Parent Company's approach. At Head Office level, a dedicated structure was created in 2022 to support the Sustainability Manager who will be reporting directly to the Head of Division as of 2023 and an ESG manager is present at the individual Bank level, who is usually identified in the deputy CEO, assisted by an ESG team reporting to him/her. In 2022, the implementation of an ESG Committee at the Division level (International Subsidiary Banks Division's Sustainability Committee) and at the level of the individual Banks (Sustainability Committee) was planned, with advisory and decision-making functions and with the aim of coordinating and guiding ESG issues to ensure the correct implementation of the Parent Company's strategies and guidelines.

In 2022, several strategic and significant projects were carried out for the Group on sustainability issues, coordinated by the ESG Control Room.

⁽¹⁾ 18 of which in the January-April period, in which the Committee was still named Risks Committee: ESG issues were explicitly discussed in 4 of these. The further 22 meetings were held in the May-December period as Risks and Sustainability Committee: 9 of these explicitly dealt with ESG issues.

In 2019, with the aim of consolidating Intesa Sanpaolo's leadership in sustainability, the Group launched a Programme called ISP4ESG, a wide-ranging high-impact initiative, led by the Strategic Support Department and the CFO Governance Area, with the objective of integrating ESG into the Bank's business model and strategy, generating a concrete impact within the company and on society and leading to the establishment of the ESG Control Room in 2020.

Various initiatives were coordinated under the programme, including the drafting of the Action Plan in 2021 in response to the 13 expectations identified by the ECB in the "Guide on climate-related and environmental risks", followed in 2022 by the Group's activities relating to the ECB's 2022 Thematic Review.

The ISP4ESG programme also provided an important contribution to various activities for the definition of the 2022-2025 Business Plan, which includes the ESG/Climate area as one of its four pillars (for further information, see page 87 and page 241).

The main activities carried out in 2022 include:

- the publication, within the 2022-2025 Business Plan, of the net-zero targets for 2030 defined in the Oil&Gas, Power Generation, Automotive and Coal Mining sectors, more than a year ahead of the forecasts set out in the Net Zero Banking Alliance² (NZBA). Targets were defined by the Target Setting project which aims to define the net-zero targets also in the remaining NZBA sectors in order for them to meet both the Alliance's requirements and be validated by the "Science Based Target Initiative" (SBTi)³ (for further information, see page 224 and the 2022 TCFD Report [i]);
- monitoring of activities aimed at defining the Targets of the Group companies that joined the following alliances/initiatives: Net Zero Asset Managers Initiative (NZAMI), Net Zero Asset Owner Alliance (NZAOA) and Net Zero Insurance Alliance (NZIA) (for further information, see page 145 and the 2022 TCFD Report [i]);
- the implementation of the ESG-Climate Credit Framework project for the introduction of ESG factors in the assessment of the Group's credit portfolio;
- the launch of the EU Taxonomy Green Enhancement project to introduce rules and processes for the classification of credit transactions in line with the regulatory requirements laid down by the EU Taxonomy and to dynamically direct the loan portfolio to improve the expected Green Asset Ratio.

Among the significant initiatives put in place by the Group on sustainability issues, the ESG Reporting project should also be highlighted.

The constant evolution of European regulations on ESG reporting and sustainability, including the Corporate Sustainability Reporting Directive (CSRD) proposal and the related European Sustainability Reporting Standards of the European Financial Reporting Advisory Group (EFRAG), the EBA Guidelines on ESG Reporting, the EU Taxonomy (and related disclosure obligations), the Sustainable Finance Disclosure Regulation (SFDR), the ECB guide on the management of environmental and climate risks, together with the requirements arising from adherence to the various voluntary reporting standards (TCFD, SASB, PRB and WEF), led Intesa Sanpaolo to define a multi-year project focused on Group ESG Reporting. In 2022 the second project phase was completed and the activities scheduled in the 2023 third phase were defined.

The project, conceived in 2021, with the goal of creating an integrated and transversal approach to Group ESG Reporting capable of addressing the new regulatory requirements and emerging best practices, involved, besides the Parent Company structures, the Asset Management, Insurance and Private Banking Divisions and the International Subsidiary Banks. In 2022, the second project phase, broken down in 6 working groups, focused on updating the Process Guide for the preparation of the CNFS; impact analysis for the purposes of the Principles for Responsible Banking (PRB); monitoring process dedicated to ESG KPIs to oversee the achievement of the Plan targets; 2023 Budget process of the relevant ESG KPIs; preparation of the quantitative Templates and qualitative Tables required by Pillar 3 in the ESG area and on the industrialisation of the related indicators. The project's activities on ESG Pillar 3 were developed in synergy with the project's activities in the EU Taxonomy area, defining and finalising the measures for the calculation of the Green Asset Ratio (GAR) and all the other KPIs and disclosures required for 2022 reporting by the Delegated Act under Article 8 of EU Taxonomy Regulation, thereby also developing the target solution for 2023 reporting. The third phase, launched in the first months of 2023, will have among its main objectives monitoring the finalisation of the projects developed in the second phase and planning and development of further activities with the aim of meeting the ESG reporting requirements envisaged for future years, such as the GAR first (with a view to taxonomy alignment) to be reported in 2024 and new reporting in line with the CSRD to be produced as of 2025.

⁽²⁾ Intesa Sanpaolo joined the NZBA in October 2021.

⁽³⁾ Partnership between CDP, United Nations Global Compact (UNGC), World Resources Institute (WRI) and WWF.

TRAINING AND PROMOTION OF ESG CULTURE

Training and communication are two fundamental levers for involving all Group's people in fulfilling "a firm ESG commitment, with a top global positioning in terms of social impact and a strong focus on the climate", which is one of the four pillars of the new 2022-2025 Business Plan.

THE TRAINING ACTIVITIES

The training activities are intended to support the dissemination of the sustainability culture and to develop and strengthen core competencies for the implementation of corporate strategies geared towards generating economic, social and environmental value together.

Intesa Sanpaolo's goal is to have all Group's employees trained in ESG by 2025, through a training provision structured on two levels:

- a basic level, cutting across the various topics and provided to all employees, mainly through online remote training modules;
- an in-depth or specialist level, on individual topics, managed by the Divisions and Governance Areas concerned, including live training.

Overall, in 2022, ESG training⁴ accounted for over 13% of total training. Almost 87,000 Group's people (92% of the total) received over 640,000 ESG training hours, with over 5 million accessed content on digital platforms (Apprendo, Myla and Management School).

The Management School platform is a mobile App that provides a catalogue of over 11 hours of ESG content on issues such as diversity & inclusion, remote working, ethics, circular economy and environmental sustainability, to support managers also in integrating sustainability criteria in their managerial activities and raising awareness among their resources.

A collection of training modules is dedicated to the dissemination of the values and principles enshrined in the Code of Ethics. Launched in 2018, at the end of 2022 it had 9 modules on topics closely related to the values and principles of conduct in relation to stakeholders that are set out in the Code of Ethics. In 2022, the training modules were accessed by over 6,000 users on average, with a maximum of around 11,200 users of the course dedicated to "Principles of conduct in customer relations".

The training activities conducted within the various Divisions and Governance Areas serve the purpose of providing and strengthening the technical skills for the performance of specific tasks as well as contributing to the dissemination of the sustainability culture throughout the Group.

With these two objectives, the IMI Corporate & Investment Banking Division identified a pool of resources called upon to act as "ambassadors" in the respective structures on ESG issues and promoted online training initiatives that addressed the macroeconomic impacts on the business of ESG regulatory developments, the importance of circular economy policies and the related international best practices. Particular attention was also paid to ESG issues in the curriculum of the new higher education course "IMI CIB Next Generation Education Program", promoted by the IMI Corporate & Investment Banking Division in collaboration with Digit'Ed and SDA Bocconi.

The International Subsidiary Banks Division undertook a number of activities to increase internal awareness and knowledge of ESG issues with initiatives and courses involving members of the Boards and various corporate functions in the subsidiaries and resources at the Head Office of the Division. The main objective was to support the change and create specific ESG skills in the functions most involved in the different projects, addressing topics such as ESG risk management, green banking procurement, building energy efficiency and savings. As part of "People First", a programme designed in the Human Resources area, that brings people to the forefront and guides them towards change, specific aggregation initiatives were carried out to educate and raise awareness of people of the Division about ESG issues. More specifically, 3 webinars were held with the participation of 316 people and 4 ecological and social voluntary initiatives were carried out with the participation of 53 people as well as a gamification experience aimed at 55 people from the Division and VÚB Banka.

In 2022, the Banca dei Territori Division continued to improve its sustainability profile, by involvement of a team of over 170 people from the Regional Governance Centres and the Impact, Agribusiness and Digital Branch Departments which once again took centre stage, working and putting forward 150 separate initiatives for environmental and social purposes, to be promoted across the entire Division. These initiatives, independently undertaken by the individual Departments, led to the rationalisation of 40 good practices, which highlight the creation of value in the individual Territories on the key ESG dimensions (Customers, Employees, Communities and the Environment) and define, including through dialogue with the Head Office Departments, the profile evolution that Banca dei Territori intends to obtain in the development of the Business Plan. Training is a major

⁽⁴⁾ It also includes training on the Code of Ethics - reported in the paragraph "Implementation and governance of the Code of Ethics" - and mandatory training on health and safety and anti-corruption.

lever of this improvement process. Within the Division, during 2022, a programme was developed, through 35 training modules, which covers various topics, including:

- sustainable finance and circular economy;
- useful tools and skills for the purposes of evaluating the positioning of corporate customers with respect to the sustainable development criteria of the economic activity;
- specific training content on ESG-related banking products and services, including those dedicated to the third sector and Businesses to promote their knowledge and commercial offering.

The Impact Department designed and set up an “academy” specifically dedicated to the over 600 people belonging to the Department, called the Open Academy, with 15 online and face-to-face information and training meetings to reflect on and explore ESG issues and specific topics related to the third sector, including with the participation of high-profile external and expert testimonials from the non-profit, lay and religious communities. The meetings were recorded and can be accessed by all personnel at any time through the company intranet.

In 2022, all employees in the Insurance Division were involved in ESG training activities. More specifically, a cycle of webinars garnered much interest, with the participation of around 500 people in each event, dedicated to:

- dissemination of the sense of urgency of the ecological transition and of the contribution that everyone can make, with topics such as “Our commitment to the Environment, Society, People”, “The strategy and projects of the ISP Group”, “Energy, Transition and Sustainability” and “The future of food: between innovation and sustainable development”. This cycle of meetings is also scheduled to continue in 2023;
- topics such as affectional orientation, neurodiversity, inclusive language and inter-generational dialogue organised together with the Group’s D&I structure.

Moreover, in alignment with the latest regulatory developments, a specific ESG up-skilling course was designed for and provided to the people most involved in the projects underway in the Insurance Group. The course was divided into five modules: Sustainable Finance Disclosure Regulation (SFDR), Insurance Distribution Directive (IDD) and sustainability; Taxonomy (KPIs); Sustainability Risks and Own Risk and Solvency Assessment (ORSA); Taxonomy, Underwriting Impacts; Sustainability Reporting and Standards. The process involved almost 500 people in online sessions, from June to December.

During the year, the Fideuram - Intesa Sanpaolo Private Banking Division, also with a view to supporting the expansion of the ESG product offering, launched a number of educational and training activities. These include:

- an ESG training course, in collaboration with some of the most prestigious Italian universities, dedicated to the Private Bankers of the Fideuram, Sanpaolo Invest and IW Private Investments Networks, including the option to access a skills certification test at the end;
- a schedule of six meetings for the Division’s Top Management, conducted in collaboration with Intesa Sanpaolo’s Institutional Affairs Department, focused on the evolution of EU regulations on ESG issues;
- over 6 hours of ESG training content on the Apprendo platform for all the people of the Division involved in mandatory CONSOB training;
- the provision of the ESG Advisor EFPA certification process to 3,057 financial advisors of the Fideuram, Sanpaolo Invest and IW SIM networks for over 51,000 hours and to 1,043 employed Private Bankers and agents of Intesa Sanpaolo Private Banking for approximately 14,000 hours. During the year, 414 financial advisors and 182 employed private bankers and agents obtained the ESG /EFPA certification.

A number of ESG courses were also organised in 2022 within the Asset Management Division (Eurizon) on topics such as diversity and inclusion, both in terms of gender and generational, as well as leadership and ethics. Two ESG training modules were included in the new “Eurizon Higher Education” training course, aimed at a selection of under 35s from the Italian companies of the Division: “Ethics and conduct”, which dealt with D&I issues and “The ESG dimension”, which described the impact of ESG on finance, economy and society, and the Division’s sustainability policy. Furthermore, with a view to maintaining and expanding skills in ESG issues, some employees of the Division participated in specialist training sessions organised by the CFA Institute⁵ that prepare for the ESG Investing Certification. In order to enable people of Eurizon’s Marketing and Development Department to better understand how ESG issues affect and impact the decisions of customers of asset management companies, in the last quarter of 2022, as part of the activities of Eurizon’s ESG & SA structure, a new weekly insight format was launched on sustainability-related issues. Specifically, 18 “ESG Breakfast” initiatives were organised (9 in Italian and 9 in English, 15 of which were held in 2022).

⁽⁵⁾ The CFA Institute is the global, non-profit association of financial professionals at the forefront of the investment industry by setting the highest standards of ethics, education and professional excellence.

COMMUNICATION

Internal communication in the sustainability area was strengthened during the year through the publication of news on the company intranet. The subject of the communications included the results relating to inclusion of Intesa Sanpaolo in sustainability rankings and indices, the publication of policies (e.g. the new Group Guidelines for the Governance of Environmental, Social and Governance (ESG) risks entered into force in April 2022) and reports (annual and half-yearly CNFS, TCFD Report), commitment to initiatives in the sustainability area (e.g. World Environment Day), the launch of initiatives to disseminate the ESG culture (editorial products of the institutional website, ESG training). Particular attention was paid to the disclosure of the CNFS to the Group's people, through a dedicated video and a survey to investigate knowledge of the reported topics.

The commitment to communication aimed at the people of Intesa Sanpaolo on ESG issues is also strengthened by the individual Divisions, which feature ESG news and products in their intranet areas (e.g. Atlante portal for the IMI CIB Division and One Desk for the ISBD Division).

On the external communication front, the main tool is the Sustainability section of the institutional website, which was updated with contents linked to the main areas of the ESG pillar set out in the new 2022-2025 Business Plan. Another interactive summary version of the Consolidated Non-Financial Statement has been published this year and the most important indicators of a non-financial nature were collected on a single page that can be downloaded in Excel format. These actions allowed the Group to rank first in Europe in the Lundquist/Comprend Webranking Europe 500 rankings in 2022 thanks to the transparency and effectiveness of its online sustainability reporting.

IMPLEMENTATION AND GOVERNANCE OF THE CODE OF ETHICS

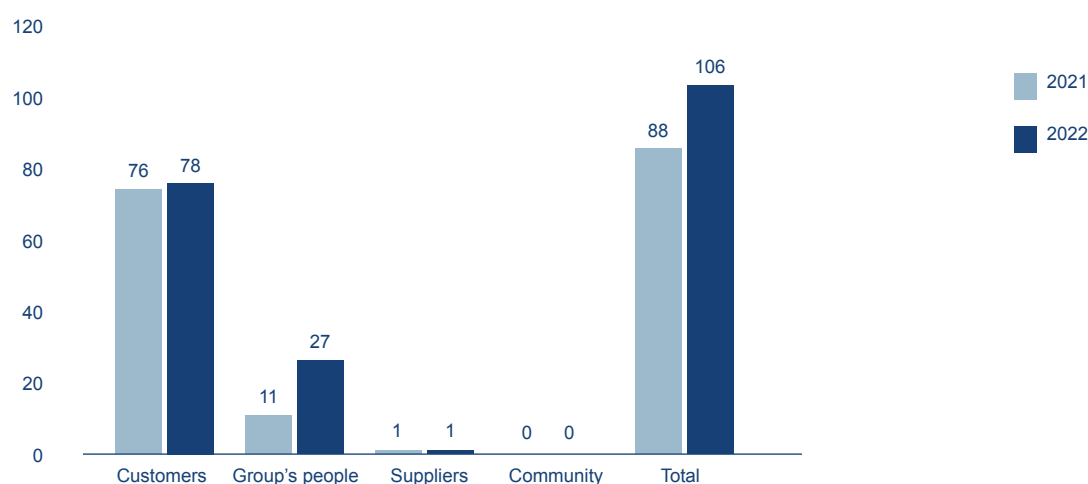
The Code of Ethics is the self-regulatory document adopted by all the Group companies and is an integral part of the Sustainability management model; it sets out the values and principles that govern relations with Stakeholders, referring, for some particularly important areas (e.g. human rights, employment protection, environmental protection, fight against corruption), to rules and principles that are consistent with the best international standards.

The Code's implementation and governance mechanism is based on the following cornerstones:

- The principle of self-responsibility, where each structure is directly responsible and ensures adherence to the values and principles of the Code, setting the objectives and the related action plans and, where appropriate, appointing a Contact and a Sustainability Manager.
- The commitments set out in the Code are given practical expression in the annual reporting process (Consolidated Non-financial Statement), which presents the management policies and procedures, initiatives, indicators and objectives for the issues relevant to the Stakeholders and the business. The process was reinforced by the half-yearly non-financial reporting in 2022 as well. In addition, Intesa Sanpaolo published its first TCFD Report at Group level for 2020-2021 and is going to publish a 2022 TCFD Report.
- The analysis and subsequent certification of corporate social responsibility governance by an independent third party in accordance with the principles and contents of standard ISO 26000, published annually on the website [\[i\]](#). In 2022, the Governance assessment was entrusted to a new assessor who applied the UNI PdR 18:2016 approach to the Group's Italian and international scope. This assessment is supported by an analysis carried out with respect to each of the topics arising from the materiality analysis. In 2022, the implementation progress of the Intesa Sanpaolo Code of Ethics at Group level was rated 4.9 on average on a scale of 0 to 5 in each of the specific Governance aspects provided for by the benchmark practice. The assessment underlined the high awareness and sound monitoring of the Group's Sustainability Governance in synergy with the Control Room dedicated to ESG issues. More specifically, the score of both the Italian and international scope was above 4 in all topics and in Italy was the highest in 5 topics (Integrity in corporate conduct; Community support; Employment protection; Innovation, transformation and cybersecurity; Group value and solidity). The integration of ESG issues into cross-cutting processes (human resources management, health and safety, management of direct impacts on the environment, prevention of corruption) is mature and complete. The International Subsidiary Banks achieved the highest score in 2 topics (Integrity in corporate conduct; Community support). These results underscore high awareness of the material issues and of the importance of a robust governance system that is consistent and integrated with the Parent Company's Guidelines in order to establish structured supervision of these issues in line with Group standards.
- The Code of Ethics includes the option to address reports of alleged non-compliance with the provisions laid down therein. The management of the cases of non-compliance falls within the remit of the ESG & Sustainability structure which, following the necessary checks, replies in collaboration with the structures concerned, ensuring to protect the reporting parties from any form of retaliation, discrimination or penalisation,

and guaranteeing the utmost confidentiality, without prejudice to obligations laid down by the law. In 2022, 106 reports were received, an increase on the previous year (88 in 2021), albeit in line with the results from previous years: 91 were received in Italy and 15 from abroad. The highest number of reports came from customers (78), followed by those from employees (27). The category having the greatest impact in the area of customer complaints concerns the difficulty of access to branches or online services by people with disabilities (22 reports); 18 reports concern operating issues often connected with communication problems with foreign customers. No requests were received from customers in relation to the Diversity and Inclusion Policy and regarding the inclusion of people with disabilities. The Group's employees sent 27 reports, 7 of which from abroad; reports were also received from Italy for which a cross-functional round table was set up for the management of cases falling within the scope of the Rules for Combating Sexual Harassment (see page 188). The issues related to non-discrimination were also constantly monitored in 2022.

Alleged non-compliance reports with the Code of Ethics by Stakeholder



- Finally, the last cornerstone for the implementation and governance of the Code of Ethics is represented by the initiatives for the dissemination of the sustainability culture through internal and external training and communication activities (see the paragraph Training and promotion of ESG culture).

Compliance with the principles and values of the Code of Ethics was monitored with the support of the Chief Audit Officer, so that it could be reported annually to the Management Control Committee and the Surveillance Body pursuant to Italian Legislative Decree no. 231/2001. Checks were conducted on 11 risk areas (for a total of 60 audits) that also considered social and environmental responsibility aspects and implications including:

- Audit activities within the framework of the ESG Programme;
- Transactions with Related Parties and associated entities;
- Personnel remuneration and incentive systems (in various Group companies);
- Monitoring independent acquisitions (Intesa Sanpaolo Innovation Center) and the Group's outsourced activities in general;
- Checks on the correct management/use of variable-fee contracts in the Banca dei Territori Division;
- Checks on accounts payable (accounting and payment of invoices);
- Checks on the value of the Group's real estate assets;
- Health surveillance checks;
- Customer complaints management activities (on various Group companies) and in general measures aimed at assessing the quality of the services provided to customers (e.g., customer satisfaction issues relating to Banca dei Territori customers);
- Management of innovation-driven initiatives.

Management of environmental, social and governance risks

The Group has implemented specific processes and responsibilities to understand and manage risks in such a way as to ensure long-term business solidity and continuity, extending the benefits to its Stakeholders.

Below is an overview of the main ESG risks that are significant due to their potential impact on company activities and the related mitigation measures.

The following sections go into more detail and describe the main controls relating to some of the risks identified in the table below.

Issue	Potential risk	Potential impacts	Mitigation measures
Integrity in corporate conduct	<p>Compliance risks with applicable legislation (corruption, money laundering, taxation, free competition, privacy, labour law) and ineffective response to regulatory changes</p> <p>Risk of providing employees with insufficient or no training related to external and internal regulations</p> <p>Reputational risks</p>	<p>Fines and penalties, limitations to conducting business</p> <p>Damage to reputation and brand</p>	<p>Compliance system divided into different levels to monitor the compliance risk, with specialised functions</p> <p>Internal control system</p> <p>Definition of corporate internal regulations</p> <p>Specialist training for employees</p> <p>Introducing a whistleblowing system</p> <p>Adoption of internal regulations for the conduct of company operations also in relation to ESG issues</p> <p>Adherence to UNEP FI's Principles for Responsible Banking (PRB)</p>
Quality of service and customer satisfaction	<p>Unfair commercial practices</p> <p>Inadequate customer service levels</p> <p>Inadequate customer communications</p> <p>Loss of access to services</p>	<p>Customer dissatisfaction with loss of competitiveness, customers and market shares leading to reduced profitability</p> <p>Disputes and complaints</p> <p>Fines and penalties</p> <p>Damage to reputation and brand</p>	<p>Model focussing on the level of service, on personalised advisory services, and on transparency</p> <p>Process of clearing for new products and services</p> <p>Careful and proactive management of complaints</p> <p>Dialogue with Consumer Associations</p> <p>Initiatives aimed at ensuring accessibility to services</p> <p>Business continuity plan</p>
Innovation, digital transformation and cybersecurity	<p>Ineffective transition from traditional to digital channels</p> <p>IT risk</p> <p>Business continuity in the event of an emergency, blocking or malfunctions</p>	<p>Loss of competitiveness, customers and market shares leading to reduced profitability</p> <p>Disputes and complaints</p> <p>Fines and penalties</p> <p>Damage to reputation and brand</p>	<p>Prevention of IT risk</p> <p>Careful assessment of emerging risks</p> <p>Development of an innovative offering/solutions</p> <p>Physical network integration with online structures (e.g. Isybank)</p> <p>Dissemination of the digital culture</p> <p>Innovations aimed at ensuring accessibility to services for people with disabilities</p>
Financial inclusion and supporting production	<p>Inadequate offering of products/services to customers</p> <p>Reputational risks</p>	<p>Loss of competitiveness, customers and market shares leading to reduced profitability</p> <p>Damage to reputation and brand</p>	<p>Offering development in favour or financial inclusion for vulnerable people</p> <p>Development of solutions in support of the third sector</p> <p>Offering development to support production</p>

Issue	Potential risk	Potential impacts	Mitigation measures
Sustainable investments and insurance	<p>Assessment and control of ESG risks in the investment portfolios</p> <p>Investments in controversial sectors</p> <p>Reputational risks</p> <p>Failure to comply with regulations</p>	<p>Loss of competitiveness, market shares and customers who are conscious of ESG aspects, leading to reduced profitability</p> <p>Damage to reputation and brand</p> <p>Fines and penalties</p>	<p>Integration of ESG factors into the investment process</p> <p>Development of the range of ESG funds</p> <p>Company engagement activities</p> <p>ESG training</p> <p>Internal control system</p> <p>Subscription to Principles for Responsible Investment (PRI) and Principles of Stewardship</p> <p>Subscription to Principles for Sustainable Insurance (PSI)</p>
Community support and commitment to culture	Reputational risks	Damage to reputation and brand	<p>Development of investments and partnerships with a social impact in the community</p> <p>Development of training and work projects for the next generations</p> <p>Initiatives supporting the promotion of culture for social cohesion</p> <p>Development of institutional initiatives in support of the community</p>
Employment protection	Conflicts and related labour dispute risks	<p>Disputes</p> <p>Strikes with impacts on service continuity for customers and profitability</p> <p>Employee dissatisfaction with impacts on productivity</p>	<p>Investments in the Group's people</p> <p>Responsible management of corporate restructuring processes, with the reallocation of employees to other activities</p> <p>New hires to promote generational change</p> <p>Management of labour dispute risks</p> <p>System of labour relations</p>
Retention, enhancement, diversity and inclusion of the Group's people	<p>Inadequate employee enhancement and motivation</p> <p>Incapacity to acquire and retain talent</p> <p>Termination of the employment relationship with managers holding relevant roles</p> <p>Insufficient focus on diversity and inclusion issues</p>	<p>Employee dissatisfaction with impacts on productivity</p> <p>Lack of adequately trained and qualified personnel</p> <p>Inadequate customer service levels</p> <p>Damage to reputation and brand</p>	<p>Investments in training activities</p> <p>Talent Attraction strategy (short and long term) which, broken down by various communication actions and on different channels, is defined with respect to the different targets of interest</p> <p>Talent management programmes (e.g. Future leaders)</p> <p>Recognition of employees' merit</p> <p>New incentive plans (including LTIP) to foster individual entrepreneurship</p> <p>Succession plans for business continuity</p> <p>Initiatives to enhance diversity and inclusion, including training with a specific focus on the topic</p> <p>Diversity & Inclusion Principles</p> <p>Sexual orientation and identity diversity regulations</p> <p>Rules for combating sexual harassment</p> <p>Commitment to the United Nations "Women's Empowerment Principles"</p> <p>Request for certifications on relevant topics (e.g. ISO PDR 125:2022)</p>

Issue	Potential risk	Potential impacts	Mitigation measures
Health, safety and well-being of the Group's people	<p>Accidents in the workplace</p> <p>Occupational diseases</p> <p>Risks associated with the COVID-19 pandemic</p> <p>Robberies</p> <p>Inadequate employee motivation</p> <p>Work/life balance difficulties</p>	<p>Employee dissatisfaction with impacts on productivity</p> <p>Damage to persons arising from the COVID-19 pandemic</p> <p>Damage to persons and objects during robberies</p> <p>Damage to reputation and brand</p> <p>Employee dissatisfaction with impacts on productivity</p> <p>Loss of skills as a result of employee exits</p>	<p>Health and safety training</p> <p>Certification of the health and safety management system (ISO 45001) in all branches and buildings in Italy</p> <p>Assessment and management of infection risk</p> <p>Risk assessment for workplaces and work processes</p> <p>Preventing and combating robberies</p> <p>Risk assessment of subjective and social conditions</p> <p>Assessment of work-related stress</p> <p>Work-life balance initiatives</p> <p>Flexible working and new organisational models</p> <p>Offering of solutions for welfare and quality of life in the company</p> <p>Development of climate surveys</p>
Employee well-being	<p>Inadequate employee motivation</p> <p>Work/life balance difficulties</p>	<p>Employee dissatisfaction with impacts on productivity</p> <p>Loss of skills as a result of employee exits</p>	<p>Risk assessment of subjective and social conditions</p> <p>Assessment of work-related stress</p> <p>Work-life balance initiatives</p> <p>Flexible working and new organisational models</p> <p>Offering of solutions for welfare and quality of life in the company</p> <p>Development of climate surveys</p>
Transition to a sustainable, green and circular economy	<p>Management of ESG risks in loans</p> <p>Transactions or loans in controversial sectors</p> <p>Reputational risks</p> <p>Regulatory compliance risk</p> <p>Litigation risk</p>	<p>Loss of competitiveness, market shares and customers who are conscious of ESG aspects, leading to reduced profitability</p> <p>Problem loans or need for provisions</p> <p>Damage to reputation and brand</p>	<p>Inclusion of ESG, climate change and reputational risks within the Risk Appetite Framework</p> <p>Rating model which also includes company qualitative aspects on ESG issues</p> <p>Risk clearing processes which include environmental, social and governance aspects</p> <p>Equator Principles for project finance</p> <p>Group Guidelines for the Governance of Environmental, Social and Governance (ESG) risks</p> <p>Inclusion of ESG factors into the credit framework with Rules for the classification of sustainable credit products and lending transactions</p> <p>Development of a specific offering to facilitate the transition with dedicated plafond, including with a view to de-risking of loans</p> <p>Drafting of a transition plan for the target sectors</p> <p>Employee, customer and stakeholder training and engagement</p> <p>Research development</p>

With reference to the topic "Climate Change", reference is made to the tables Indirect/direct risks linked to climate change included in this paragraph and to the Climate Change chapter (page 221).

With reference to the topic "Group value and solidity", the risks and the related monitoring methods are part of the broader management framework of the Group's capital position and economic performance; for further information, reference is made to the Report on operations and the Consolidated Financial Statements of the Group.

The strengthening of the overall risk management system also involves the identification, understanding and monitoring of so-called emerging risks, i.e. risks characterised by components that are little-known or rapidly evolving, potentially significant in the medium term to the Group's financial position and business model, even though their effects are not easy to assess and cannot yet be fully integrated into the most consolidated risk management frameworks.

The identification of these types of risks derives primarily from the continuous analysis of the external environment and the main findings gathered by the risk management function as part of the risk identification activity, carried out within the Group on an ongoing basis in order to maintain constant alignment with the changing internal and external context and guarantee the adequacy of the controls and limits implemented to safeguard "Long term viability". This activity, in addition to being performed as part of the identification and assessment processes, also involves comparison with peers and with market best practices, as well as with the Bank's other control/business functions.

Any emerging risks for which a model for calculating economic capital has not been developed are assessed, in any event, using expert-based approaches or using proxies or simplified calculation models in order to guarantee a prudent assessment of the economic capital absorbed.

In this context, the growing digitalisation of the technological infrastructure and of the commercial offering, the increased automation of processes (for example through the introduction of robotics and/or artificial intelligence) and the introduction of new working methods have led a change in the nature of some risks. In particular, while not representing inherently new risks, significant potential exposure can be expected to

- IT and Cyber risks, in relation to: (i) growing reliance on ICT systems and consequent increase in the number of users who make use of virtual channels and interconnected devices, (ii) exponential growth in the amount of managed data that must be protected and whose quality must be ensured (iii) greater use of IT services provided by third parties (Open Banking, Fintech, Cloud systems), (iv) low production costs of new attack techniques with the presence of organisations in possession of specific skills and experience;
- risks associated with the digital transformation process linked to the increase in competition induced by the digitalisation of the financial sector (e.g. entry of new competitors) and the vulnerabilities that still characterise the current operating context (e.g. digitalisation process costs, legacy system obsolescence, regulatory framework fragmentation);
- third party risk, in relation to: (i) greater dependence on systems and services offered by third parties (both regarding the outsourcing of company processes and the growing dependence on providers of cloud or IT services in general).

Furthermore, considering the rapid evolution of the Digital Assets/Metaverse world and the competitive scenario associated with them, it is more timely than ever to evaluate a new offering of services and communication methods. The Group has started discussions with the various stakeholders in order to define a structured programme aimed at assessing the opportunities and risks associated with these new potential markets. Although the progress of the activities does not allow for an overall assessment of the risk associated with these ecosystems to be formulated, preliminary analyses show that it can reasonably be expected that digital asset operations and the use of new technologies present the same risk families as traditional finance products, but with increased relevance due to the following factors:

- not fully explored vulnerabilities of new technologies;
- technological standards in the process of being defined;
- absence of a reference regulatory/legal framework;
- absence of safeguards and guarantee systems;
- presence of non-regulated entities and/or entities based in non-EU/OECD countries;
- constant evolution of the reference legislation and applicable laws.

The constant evolution of the operating environment, both internal and external, requires the current risk management frameworks (e.g. portfolio development policies, internal control system, payment systems, cybersecurity safeguards, anti-money laundering and counter-terrorism financing safeguards, accounting, fiscal and prudential treatment of assets) to be constantly updated, in order to take into account the new/changed operations and maximise the effectiveness of the control measures used to identify and mitigate the Group's potential exposure. To this end, a series of project initiatives were launched with the aim of optimising the Group's Digital Operational Resilience profile, through the evolution of the current assessment processes towards more timely and "data driven" approaches.

Furthermore, with a view to effective monitoring of the evolution of these types of risks, in addition to accelerating the digitalisation process in order to increase long-term profitability and seize new business opportunities, the Group has continued to guarantee investments for:

- the continuous upgrading of Cybersecurity monitoring (including awareness-raising campaigns targeted at customers) in line with best practices and reference international standards, as well as for the progressive evolution of ICT systems (e.g. digitalisation of services, business insourcing, in-cloud service activation);
- the strengthening of third-party monitoring and control measures, also in consideration of the greater complexity of relationships;
- the evolution of the knowledge and skills of internal resources (e.g. Up-Skilling/Re-Skilling programmes, reinforcing awareness of ICT, Cyber, Third Party and ESG Risk issues).

For further information on cybersecurity, reference is made to the paragraph Innovation, digital transformation and cybersecurity (see page 115).

MONITORING OF ESG AND REPUTATIONAL RISKS

In accordance with its approach to sustainability/ESG and the principles outlined in the Code of Ethics, the Intesa Sanpaolo Group is aware of the importance of the correct and responsible allocation of resources, following social and environmental sustainability criteria. Therefore, it promotes balanced development that can redirect capital flows towards sustainable investments balancing interests like the preservation of the natural environment, climate change fight, health, work, the well-being of the whole community and the safeguarding of the system of social relations. As part of the risk management framework, the governance of ESG risk factors is outlined in the various primary risk categories (credit risk, market risk, liquidity risk, operational risks and reputational risks) and develops in close integration with the oversight of reputational risk, enhancing the interconnections between these risk profiles. ESG risk, as the risk stemming from the potential negative impacts of a company or activity on the environment, people and communities, and also including risks related to corporate governance, may have impacts on profitability, on reputation and on credit quality and may entail legal consequences.

REPUTATIONAL RISK GOVERNANCE MODEL

The Intesa Sanpaolo Group attaches great importance to reputational risk, namely the current and prospective risk of a decrease in profits or capital due to a negative perception of the Bank's image by customers, counterparties, shareholders, investors and Supervisory Authorities.

The Group actively manages its image in the eyes of all stakeholders, by engaging all its Organisational Units and seeking robust, sustainable growth capable of creating value for all stakeholders. In addition, the Group seeks to minimise possible negative effects on its reputation through rigorous and comprehensive governance, proactive risk management and guidance and control of its activities.

The overall management of reputational risk is pursued primarily through:

- compliance with standards of ethics and conduct and self-governance policies. The Code of Ethics adopted by the Group contains the core values that Intesa Sanpaolo intends to commit itself to and sets out the voluntary principles of conduct for dealings with all stakeholders (customers, employees, suppliers, shareholders, the environment and, more generally, the community) with even broader objectives than those required by current legislation;
- the systematic, independent contribution by the company structures tasked with safeguarding the company reputation, which maintain relations with stakeholders, within their respective areas of responsibility;
- an integrated monitoring system for primary risks, to limit exposure to those risks, and to comply with the related limits contained in the Risk Appetite Framework¹ (RAF);
- the Reputational Risk Management processes governed by the Chief Risk Officer Governance Area, which operate transversally across the corporate functions and in synergy with decision-making processes.

Those processes, which involve control, specialist and business functions, for various purposes, specifically include:

- the Reputational Risk Assessment, which seeks to identify the most significant reputational risk scenarios that the Intesa Sanpaolo Group is exposed to, is implemented annually and gathers the opinion of Top Management regarding the potential impact of these scenarios on the Group's image, in order to identify appropriate communication strategies and specific mitigation actions, where necessary;

⁽¹⁾ The RAF represents the overall framework within which corporate risk management is developed, and is divided into (i) general principles of risk appetite; (ii) monitoring of the Group's Overall Risk Profile; (iii) monitoring of the Group's Main Specific Risks.

- ESG & Reputational Risk Clearing, which is aimed at the ex-ante identification and assessment of the potential reputational and ESG risks associated with the most significant business operations, the main capital budget projects and the selection of the Group's suppliers/partners;
- Reputational Risk Monitoring, aimed at monitoring the evolution of Intesa Sanpaolo's reputational positioning (on the web, for example) also with the aid of external analyses.

The reputational risk governance model also includes an integrated compliance risk management system, as it considers compliance with the regulations and fairness in business to be fundamental to the conduct of banking operations, which by nature are founded on trust.

In order to safeguard customers' interests and the Group's reputation, specific attention is also devoted to establishing and managing customers' risk appetite, pursued through the identification of the subjective and objective traits of each customer. The assessments of adequacy during the process of structuring products and rendering advisory services are supported by objective information, that considers the true nature of the risks borne by customers when they undertake derivative transactions or make financial investments.

More specifically, the sale of financial products is also governed by specific preventive risk assessment from the standpoint of both the Bank (along with risks, such as credit, financial and operational risks, that directly affect the owner) and the customer (portfolio risk, complexity and frequency of transactions, concentration on issuers or on foreign currency, consistency with objectives and risk tolerance profiles, and knowledge and awareness of the products and services offered).

ESG RISK GOVERNANCE MODEL

The management of ESG risks requires considering not only the impacts of those risks on the Bank's organisation, but also the potential impact on stakeholders and the risks that the Bank exposes its stakeholders and the environment to through its operations.

The Group therefore adopts a holistic approach to ESG issues, which is based on:

- the definition of a Group ESG strategy in line with the guidelines provided by Corporate Bodies, supported by the internal governance structures: Intesa Sanpaolo aims to be a sustainable financial intermediary that generates value for communities, aware that innovation, development of new products and services and companies acting in a sustainable manner can contribute to reducing the impacts of phenomena such as climate change and social inequalities. To this end, it also takes active part in a wealth of national and international initiatives. For further information, reference is made to paragraphs Strategy for combating climate change and Voluntary commitment to domestic and international initiatives, partnerships and strategies for the United Nations Sustainable Development Goals;
- the management of sustainability issues in sensitive sectors through its own regulatory framework and voluntary conduct policies (e.g. "Principles on Human Rights", "Rules for the environmental and energy policy", "Group Guidelines for the Governance of Environmental, Social and Governance (ESG) Risks", "Rules for lending operations in the coal sector", "Rules for lending operations in the unconventional oil&gas sector" and "Rules governing transactions with subjects active in the armaments sector") also aimed at defining general and specific criteria for limiting and excluding lending operations in business sectors considered to be more exposed to ESG risks;
- the identification and management of potential direct and indirect impacts related to climate change and the development of metrics for the measurement of indirect impacts, in line with the Group's ambition of reaching net-zero emission by 2050;
- the integration of ESG factors into the general Risk Management framework and in particular the provision, within the Risk Appetite Framework, of a specific section dedicated to ESG and climate change risks, which defines specific limits and criteria with respect to the financing of sectors and counterparties most exposed to such risks including the sectors subject to target setting (RAF2023);
- the adoption of a corporate rating model, validated by the ECB, which includes social and environmental elements (e.g. environmental certifications, research and development activities) that can lead to an improvement in the rating;
- the integration of ESG factors within the credit framework through the adoption of a sector mapping in terms of the potential impact of climate and ESG risks, as well as with the use of a counterparty ESG score and with the assessment of these risks within the ESG & Reputational Risk Clearing and Equator Principles implementation processes². These assessments are especially important with reference to the financing of

² International Guidelines that financial institutions adhere to on a voluntary basis for the management of socio-environmental risks arising from project financing. The Principles are based on the criteria of the International Finance Corporation (IFC) of the World Bank (the Performance Standards), which concern, amongst other issues: the assessment of social and environmental impacts; the protection of workers' rights; the exclusion of child labour and forced labour; the prevention of pollution and the promotion of energy efficiency; risks to the health and safety of communities; the consultation of the populations concerned and protection of their rights; safeguarding biodiversity and the sustainable management of natural resources; and the preservation of cultural heritage.

Corporate customers, particularly in relation to transactions with counterparties operating in sectors classified as sensitive from an ESG perspective by the “Group Guidelines for the Governance of Environmental, Social and Governance (ESG) Risks” and to transactions classified as Most Significant Transactions³. The development of a counterparty ESG score is yet another method to support lending processes;

- the Rules for Valuation of Financial Instruments at Fair Value, which detail the criteria for the valuation of financial instruments characterised by clauses that affect the contractual cash flows upon the achievement of environmental, social or governance objectives;
- the identification of sustainable credit products on the basis of the “Rules for the identification of sustainable credit products and lending transactions” as part of the Group’s Product Governance processes;
- the assessment of ESG factors relating to customer investments, within the Product Governance processes of the Parent Company and the subsidiaries and linked to Customer portfolio risk issues with a view to the Suitability of Investments with the Group’s financial intermediaries.

Management of sustainability issues in sensitive sectors

In relation to the ESG risks associated with its business activities, Intesa Sanpaolo pays special attention to sustainability issues related to sensitive sectors, above all climate change and the impacts on the environment.

In 2022, Intesa Sanpaolo updated the “Group Guidelines for the Governance of Environmental, Social and Governance (ESG) risks” which define, among other things: 1) a list of “sensitive sectors”; 2) general criteria to limit and exclude loans; 3) detailed criteria applicable to individual sensitive sectors through the application of specific sector regulations.

According to the company ESG risk regulations, the Group pledges not to finance companies or projects which stand out for their negative impact on:

- UNESCO World Heritage Sites⁴
- wetlands according to the Ramsar Convention⁵
- IUCN protected areas, categories I to VI⁶

The Bank also pledges not to finance companies or projects if, during the assessment of the transaction, they are discovered to be located in areas of active armed conflict, or if evidence - such as legal proceedings promoted by the competent authorities - emerges of violations of human rights and forced or child labour practices.

Among the sensitive business segments from an ESG perspective, the coal sector, the unconventional oil and gas sector and the arms production and trading sector are of particular importance and subject to specific internal regulations, which apply to all Group Companies and Banks.

In particular:

- with regard to the coal sector, the regulation, updated and made more stringent in 2021, defines the limits and exclusion criteria for the Group’s lending operations in the segments of coal extraction and coal-fired power plants, supporting customers in their efforts to reduce their use of coal for the production of energy and encouraging the transition towards low carbon-intensity alternatives, such as renewable sources and gas. The Group also undertakes to phase out its exposure to counterparties belonging to the coal mining sector by 2025.
- with regard to the unconventional oil and gas sector, Rules were issued in July 2021 which define limits and exclusions for unconventional resources such as tar sands, shale/tight oil&gas and resources extracted in fragile ecosystems such as the Arctic region (onshore/offshore oil and offshore gas) and Amazonia (oil in the area known as Amazon Sacred Headwaters⁷). Specifically, the regulations prohibit the financing of projects aimed at the development, construction and expansion of activities involving the exploitation and extraction of unconventional resources and the related transport infrastructures. Furthermore, the Group undertakes to

³ Transactions of great significance, within the Group or with single customers or counterparties, which could potentially have a significant impact on the overall risk profile and/or on specific risks of the Group.

⁴ List of sites officially recognised by the United Nations Educational, Scientific and Cultural Organisation (UNESCO). The sites are selected on the basis of their cultural, historical or scientific value, or other relevant aspects, and are legally protected by international treaties.

⁵ Convention that provides a framework for the conservation and sustainable use of wetlands and their resources. Almost 90% of UN member states have acceded to the Convention to become “Contracting Parties”. One of the key pledges of the contracting parties is the identification and addition of suitable wetlands to the list of wetlands of international importance, also known as the Ramsar list.

⁶ List of protected areas which have been identified and classified (from category I to VI) by the International Union for Nature Conservation (IUCN), a membership union uniquely composed of government and civil society organisations. The categories are defined as follows: - I Strict protection [(a) Strict Nature Reserve and (b) Wilderness Area] - II Conservation and protection of ecosystems (e.g. National parks) - III Conservation of natural features (i.e. natural monuments) - IV Conservation through active management (e.g. Habitat / species management area) - V Conservation and restoration of landscape / seascape (e.g. Protected landscape/seascape) - VI Sustainable use of natural resources (e.g. protected area with sustainable use of natural resources).

⁷ Area understood as the drainage basin of the Amazon River, and of the Napo, Pastaza and Marañon rivers

phase out the exposures associated with these unconventional resources by 2030;

- with reference to the armaments sector, the “Rules governing transactions with subjects active in the armaments sector”, updated in May 2021, in accordance with the values and principles set forth in the Code of Ethics, expressly prohibited to undertake any kind of banking or lending activity related to the production of and/or trade in controversial weapons and/or those banned by international treaties and in particular: nuclear, biological and chemical weapons; cluster and fragmentation bombs; weapons containing depleted uranium; and anti-personnel landmines. Aware of the need to support national and European defence together with the allied countries in NATO, the Intesa Sanpaolo Group limits its banking and/or lending activity solely to operations that relate to the production and/or trade of military goods in countries belonging to the European Union and/or NATO. Operations in countries that do not belong to the European Union or NATO are also permitted but are submitted to an extraordinary approval process, subject to the existence of intergovernmental programmes with the Italian Republic. The other Group Banks and Companies are not authorised to undertake operations involving the production and/or trade of military goods. Only the Group International Subsidiary Banks can request specific and prior authorisation from the Parent Company if these operations concern military goods destined for permanent use by the armed forces and related bodies responsible for defence as well as the police forces of the country where the same Bank is located. The operations of the Group’s Branches and International Subsidiary Banks are also subject to local regulations, when they are stricter than the Group regulations.

Management of risks and potential impacts linked to climate change - development of metrics for the measurement of indirect impacts

The Chief Risk Officer Area and the Chief Financial Officer Area, with the support of the various Governance Areas and Divisions, work together in identifying and analysing the range of risks and opportunities related to climate change, in order to include them in the ordinary risk assessment and monitoring processes and the credit strategies, and to establish the objectives and guidelines aimed at implementing the actions designed to manage and mitigate those risks.

Key activities in climate risk management concern:

- the identification, assessment and measurement of such risks;
- the implementation, development and monitoring of a company-wide risk management framework, including risk culture, risk appetite and relative credit limits.

With reference to the disclosure related to climate risk management, since October 2018 Intesa Sanpaolo decided to support the recommendations of the “Task Force on Climate-related Financial Disclosures” (TCFD), progressively including information relating to risk management in the climate change area in its Consolidated Non-Financial Statement and Financial Statements. In addition, the TCFD report [i] has been published since 2021, to which reference should be made for a detailed representation of the topic.

The potential impacts, the related time horizon (short, medium, long) and the mitigation and adaptation actions taken for each potential risk observed are also identified annually, with reference to both indirect and direct risks.

Indirect risks related to climate change

Potential risks	Timeframe*	Potential impacts	Actions	Opportunities
<p>Transition Changes in public policies Technological changes Changes in customer/ consumer preferences</p>	Short/ medium/long term	<p>Loans Reduction of business or increase in costs for customer companies with possible consequences on creditworthiness and solvency Reputational impacts</p> <p>Asset Management Consequences of climate change on companies in the portfolio with consequent reduction in the value of assets under management Documentary impacts Impacts on the offering of products and services to customers Impacts on internal and IT procedures Reputational impacts</p>	<p>Loans Assessment of ESG and climate risks on loans Inclusion of ESG risks when assessing creditworthiness Assessment of the materiality of ESG risks in business sectors Counterparty ESG scoring Implementation and updating of self-regulation policies for the assessment and management of the socio-environmental risk of loans in sensitive sectors Participation in Net-Zero initiatives with reduction of the emissions associated with loans Active monitoring of ESG regulations</p> <p>Asset Management Assessment and control of ESG risks in the investment portfolios Implementation of sustainability self-regulation policies Participation in Net-Zero initiatives with reduction of the emissions associated with investments Active monitoring of ESG regulations IT investments</p>	<p>Loans Energy transition support through funding to the Green Economy and Circular Economy and related advisory services</p> <p>Asset Management Adaptation and expansion of the range of products and services</p>
<p>Transition Changes in public policies Technological changes Changes in customer/ consumer preferences</p>	Short/ medium/long term	<p>Reputational impact, negative perception from Stakeholders and in particular from ESG investors due to nil or inadequate management of such risks Possible exclusion from sustainability (ESG) indices or a worse ESG position or lower rating</p>	<p>Inclusion of ESG risks when assessing creditworthiness Implementation and updating of self-regulation policies for the assessment and management of the socio-environmental risk of loans in sensitive sectors Stakeholder engagement initiatives Participation in international working groups on climate change issues Participation in Net-Zero initiatives with objectives to reduce financed emissions Active monitoring of ESG regulations</p>	

* 0-5 years short term; 5-10 years medium term; 10-30 years long term.

Potential risks	Timeframe*	Potential impacts	Actions	Opportunities
Transition Changes in environmental regulations Introduction of new greenhouse gas emission limits or new related reporting systems	Short/medium term	Loans Financial implications of environmental and ESG regulations and emission limits and/or taxes imposed on customers operating in certain economic sectors	Loans Participation in working groups and initiatives relating to climate change Active collaboration with policy makers to highlight the need for stable and clear environmental and ESG regulations Target setting initiatives for the reduction of credit portfolio emissions	Loans Offering of dedicated financial solutions and specialist advisory services for customers in the field of renewable energies, energy efficiency and the transition
Transition Introduction of regulation on climate risks for the financial sector	Short/medium term	Reduction of Group revenues deriving from excessive exposure to more vulnerable sectors to climate risk	Inclusion of climate risk in risk management systems Target setting initiatives for the reduction of credit portfolio emissions Counterparty ESG scoring ESG sector mapping	Expansion of the offering of transition-related products and services Rebalancing of portfolios
Transition Changes in customer/consumer preferences	Short/medium term	Reduction in Group revenues due to the increased competition generated by the growing demand for ESG products and the fall in demand for non-ESG services/products	Identification of sustainable credit products on the basis of the "Rules for the identification of sustainable credit products and lending transactions" as part of the Group's Product Governance processes	Strengthening of the offering of products and services for the Green economy, Circular Economy and the ecological transition Green and ESG bond issues
Physical Extreme atmospheric events (floods, landslides, avalanches, rains, hailstorms, heavy snowfalls, tornadoes, hurricanes, cyclones and storm surges)	Short/medium/long term	Financial implications for corporate and retail customers damaged by extreme weather events, with possible consequences on their creditworthiness and solvency	Suspension or moratorium of repayments of loans issued to customers who incurred damage	New subsidised loans intended to restore damaged structures Insurance products for damage caused by extreme climate events

* 0-5 years short term; 5-10 years medium term; 10-30 years long term.

The integration of ESG risks and particularly the climate change risk, into the risk management framework takes place mainly through:

- a materiality analysis (Climate/ESG Materiality Assessment) aimed at assessing the relevance of ESG and climate risk factors with respect to the different portfolios and risk families. One of the main tools supporting this analysis is the ESG Sectoral Assessment, which also forms the basis for the definition of targeted safeguards and the development of sectoral strategies on the subject ("ESG Sectoral Strategy");
- monitoring of ESG risks broken down according to the various risk categories (credit, market, liquidity risk, operational risks and reputational risks), particularly with regard to climate and environmental risks;
- the conduct of climate scenario analyses aimed at assessing the impacts of these risks in the short, medium and long term;
- the definition of specific limits and Key Risk Indicators (KRIs) within the scope of the Risk Appetite Framework (RAF).

The materiality analysis is the process of assessing the potential impacts of ESG and climate risks for the Group. This analysis is based on an organic and structured approach to risk assessment which involves a granular definition of the risk drivers and the integration of forward-looking elements.

The materiality assessment starts from the analysis of the breakdown of each exposure class for each financial risk considering the operational impact and the transmission channels identified for each climate risk driver. The main tool consists of the ESG sectoral assessment, updated on an annual basis, which makes it possible to identify the sectors (and sub-sectors) most exposed to climate change and ESG risks. The methodology adopted requires the assignment of scores to each risk driver (transition risk, physical risk, environmental risk, social risk and governance risk).

The results of the Materiality Assessment are a key element for the definition of the related sectoral strategies (“ESG Sectoral Strategy”) and guide the definition, within the scope of the Risk Appetite Framework, of limits, Key Risk Indicators and specific actions aimed at mitigating ESG risks, particularly with reference to the sectors most exposed to these risks.

In the management of credit, market, liquidity, operational and reputational risks, the effects of climatic and environmental factors are also assessed. These assessments are described in further detail in the TCFD report [1], to which reference should be made for a detailed representation of the topic.

During 2022, the Group focused in particular on the actions set out in the Action Plan in response to the supervisory expectations of the European Central Bank defined in the Guide on climate-related and environmental risks and participated in the Thematic Review with which the regulator verifies the adequacy of the banks’ climate and environmental risk strategies as well as the related risk identification and management processes.

Further actions are being developed as set out in the Action Plan presented last year and will be gradually finalised over the next few years.

Scenario analysis is a key element in integrating the risks and opportunities associated with climate change into the business strategies, also considering the medium- to long-term implications. In conducting this activity, Intesa Sanpaolo adopts an approach that incorporates the following components:

- dedicated solution for verifying the impact of the transition risk on the NFC (Non Financial Corporation) portfolio: the assessment is carried out through shocks applied to the financial statements of each company, differentiating between Corporate and Corporate SME. For the former, the impact of the climate scenario on financial statements is derived through a bottom-up approach, while for Corporate SMEs the model involves top-down modelling, where the impact on the company’s financial statements is determined by the evolution of the respective sector;
- dedicated solution for verifying the impact of transition risk on the Residential Real Estate portfolio: the assessment is carried out at asset level and is aimed at measuring the loss of value of the properties provided as collateral in relation to the energy class they belong to;
- methodology for quantifying the physical risk on the properties underlying the collateral for the mortgage portfolio: the impact in this case depends on the geographical location of the properties and the types of damage resulting from the different levels of risk of acute and chronic weather events.

During 2022, in order to assess the vulnerability of banks to climate and environmental risks, Intesa Sanpaolo participated in the 2022 SSM Climate Risk Stress Test conducted by the ECB. The results of this exercise were integrated into the Supervisory Review and Evaluation Process (SREP). Capabilities and methodologies were also developed for the identification and assessment of physical risk, aimed at introducing, starting from the 2023 ICAAP/ILAAP report, the stresses relating to climate risk, both in the long and short term, with reference to both the transition risk and the physical risk. During 2023, the climate scenario analysis framework will be strengthened further, also by leveraging solutions from qualified suppliers, in order to extend the scope of assessment of physical and transition risk impacts.

Direct risks related to climate change

Potential risks	Timeframe*	Potential impacts	Actions
Transition Changes in environmental regulations	Short/medium term	Possible fines in the event of failure to comply with new regulations	Constant and precautionary monitoring of possible changes to national and European regulations Participation in specific training courses and workshops
Transition Introduction of new greenhouse gas emission limits or new related reporting systems Increase in cost of raw materials	Short/medium term	Costs for upgrading heating and air conditioning systems and for new monitoring tools Costs related to possible taxes connected with greenhouse gas emissions Increase in costs of energy supply	Own Emissions Plan implementation and monitoring Energy efficiency actions Increase in the use of renewable energy sources Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches and buildings
Transition Changes in environmental regulations and standards that the Group voluntarily adheres to (ISO standards)	Short/medium term	Costs of changing the processes of certification in the event of changes to standards	Continuous and precautionary monitoring of possible changes in standards Participation in specific training courses and workshops
Physical - acute Extreme atmospheric events (floods, landslides, avalanches, rains, hailstorms, heavy snowfalls, tornadoes, hurricanes, cyclones and storm surges)	Short/medium/long term	Possible damage to the Bank's infrastructure and possible disruption of activities	Precautionary assessment of the hydrogeological risks for buildings Adoption of a business continuity plan and measures to prevent/mitigate/manage physical damage to the Bank's structures Creation of a platform aimed at identifying a risk of danger for each real estate asset of the Intesa Sanpaolo Group
Physical - chronic Increase or decrease in average temperatures, sea level rise, water stress and drought	Short/medium/long term	Increase in energy supply costs connected with greater heat or electricity consumption Blackout risk due to increased energy demand Sea level rise with consequent impact on buildings located nearby Possible fires due to increasing heat also in areas adjacent to the bank's buildings	Energy efficiency actions Increase in the use of renewable energy sources Preventive actions to replace old systems with next-generation systems with a low environmental impact, as well as consumption monitoring systems during the renovation of branches and buildings Precautionary assessment of sea level rise risks Adoption of a business continuity plan and actions to mitigate/manage possible power blackouts ISO 14001, ISO 50001 and ISO 45001 certifications that take into account the risks associated with climate change Creation of a platform aimed at identifying a risk of danger for each real estate asset of the Intesa Sanpaolo Group

* 0-5 years short term; 5-10 years medium term; 10-30 years long term.

With reference to direct impacts, Intesa Sanpaolo is committed to analysing and containing possible risks on its properties as well as taking immediate action in the event of environmental disasters.

The Risk Assessment Document, which evaluates risks to workers' health and safety (Italian Legislative Decree 81/2008), also assesses hydrogeological risk due to flooding and landslides. The hydrogeological risk assessment of buildings is conducted both as a preventive measure and also following external events with a view to ensuring that the buildings involved meet all safety standards.

With regard to hydrogeological instability, the benchmark for flooding is based on the level of danger associated with a floodable area and depends on the probability of the area being flooded: from P3, frequently floodable areas, hence highly dangerous, associated with a high probability of flooding scenario, to P1 areas that are rarely floodable and hence associated with a low probability scenario. Generally, the high-danger areas are identified as those that speculatively suffer a flood on average every 20-50 years, whilst the medium and low-danger areas are speculated to suffer floods on average every 100-200 years and 200-plus years (extreme events) respectively.

With regard to landslides, the benchmark is based on the level of danger associated with an area subject to landslides and depends on the relationship between the probability of occurrence of the event and its magnitude taking into account both the speed of the landslide's movement and the extent of its spread over the area (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) scale from P1 to P4).

In Italy there are about 290 properties located in areas with medium or high flood risk, while only 16 properties are found to be in areas with high or very high landslide risk.

These assessments, together with the daily analysis of Arpa's weather alert bulletins and the bulletins of the Department of Civil Protection on critical national and regional issues, enable the Intesa Sanpaolo Group in Italy to implement actions that take account of the effects of critical events connected with natural phenomena deriving from climate change, making it possible to manage different potential risk scenarios, indicated in the Emergency Plans, in order to mitigate and reduce their potential damage, particularly with regard to workers and Stakeholders.

The inspections on a sample of selected properties in areas of greater hydrogeological risk continued in 2022. This project was carried out with the aim of validating the methodology for the definition of a vulnerability index for the Bank's properties that can be used to identify priority action and analysis criteria in the event of emergency situations. Based on the results of these inspections, possible intervention measures to make the buildings safe will then be identified in order to prevent the occurrence of potential risk situations.

In addition, the tide bulletin is periodically consulted on the Venice branches affected by the "high tide" phenomenon emergency due to the rise in tide levels so as to allow prior notification to the competent structures for the activation of the procedures laid down in the specific Emergency Plans. Furthermore, the project to update the specific risk analysis based on the implementation of the Mose in the municipality of Venice continued.

In general, with regard to all direct risks related to climate change, in Italy the CEM (Critical Events Management) is activated when the first bad weather alert is issued. CEM guarantees the continuous and precise monitoring of the situation and supports the overall coordination of the actions agreed to by the territorial structures, in constant connection with the relevant central structures.

In the case of very serious disaster situations, the Emergency Management Operations Centre of the Business Continuity Management Department is also activated, which monitors the situation and assesses whether to close facilities temporarily and to take any additional action.

In order to ensure business continuity in the areas most affected by the inclement weather, the crisis delegates of local and central structures are also activated for timely reporting of critical situations, with particular regard to delays in the transport of valuables and correspondence, difficulties for personnel in reaching their workplaces, operational issues and problems with branch physical plant.

The Context Analysis of the three schemes of certification for the Integrated Environment, Energy, Health and Safety Management System, aligned with the UNI EN ISO 14001:2015, UNI CEI EN ISO 50001:2018 and UNI ISO 45001:2018 standards, also took account of the risks connected with climate change. Some areas were identified, including environmental and security regulations, environmental and climatic conditions, credit access and financial inclusion, real estate, plant efficiency and maintenance, internal communication tools, for which the expectations of stakeholders were assessed, highlighting for each one strengths and weaknesses and ongoing or possible actions to mitigate a potential risk. For all highlighted risks, mitigation or risk acceptance actions were defined with the specific identification of the structures responsible for overseeing the actions according to a model that takes account of the value attributed to the impact and the probability of the risk occurring.

In 2022, a project was launched aimed at mapping the exposure of all physical risks, both acute and chronic, from climate change of all bank assets in line as set out in the Bank's Business Plan. The project requires the assessment of environmental vulnerabilities through the use of a platform, aimed at identifying a risk of danger for each real estate asset of the Intesa Sanpaolo Group linked to Climate Change Risks and other Risks of a Territorial Nature. The aim is to adopt an application providing an index of exposure to physical risks arising from Climate Change (floods, hydrogeological risks, drought, fires, etc.) and internal risks (e.g. Radon, Asbestos, etc.) of all corporate real estate assets, so as to support the monitoring and definition of the risk mitigation plan. The scope of the areas subject to constraints related to biodiversity protection will also be taken into consideration. In 2023, the platform, initially focused on instrumental assets in Italy, will gradually be extended to international branches and offices as well.

ESG and climate change risks within the scope of the Risk Appetite Framework

The RAF integrates and translates into specific safeguards what is defined in terms of strategic guidelines, ESG/Climate Materiality Assessment and ESG Sectoral Strategy, identifying year after year, limits, Key Risk Indicators and specific actions aimed at mitigating ESG risks, particularly with reference to the sectors most exposed to these risks. This context also includes specific measures connected, for example, with the Group's commitment to the "Net-Zero" objectives. The development of the RAF controls in the ESG area also takes into consideration the main findings arising from the key assessment processes of these more significant risks, including Stress Tests, Scenario Analyses and ESG & Reputational Risk Clearing.

As of 2021, the Group RAF introduced a section dedicated to ESG Climate Change and Reputational Risks, which includes qualitative and quantitative elements that integrate:

- the awareness that climate change constitutes a significant risk factor on both current and future credit risk, as well as influencing investor preferences;
- the bank's commitment to acting as a responsible financial intermediary and supporting the transition to a low carbon economy;
- the now consolidated role of social media as highly effective tools for creating public opinion and guiding the behaviour of consumers and counterparties and influencing the bank's reputation.

Specific limits were therefore defined in relation to the exposure to the coal mining and oil & gas sectors, which are more exposed to the transition risk; for coal mining in particular, the limit is reviewed annually in line with the financing phase-out objective by 2025. With the aim of achieving the commitments undertaken in the context of the Net-Zero Banking Alliance, specific limits/KRIs were introduced in relation to the CO₂ emissions of the financed counterparties belonging to the Oil & Gas, Power Generation and Automotive sectors. An attention threshold in relation to the Group's exposure was also introduced for the sectors most exposed to social and governance risks, in line with the ESG sectoral strategy of associated credit disincentives.

Again within the scope of the RAF, the main limitations and exclusions to loans to sectors/counterparties most exposed to ESG risks are identified and subsequently integrated into self-regulation policies and/or company processes. More specifically, Intesa Sanpaolo issued the "Rules for lending operations in the coal sector", "Rules for lending operations in the unconventional oil&gas sector" and "Rules governing transactions with subjects active in the armaments sector", aimed at defining general and specific criteria for the limitation and exclusion of lending transactions with counterparties belonging to these sectors.

As of 2023, with the aim of improving the quality of collateral residential real estate and therefore reducing the transition risk relating to retail residential mortgages, a monitoring process was also introduced for new mortgages taken out, broken down by energy performance classes (APE certifications); furthermore, in order to integrate the impacts of physical risk into long-term strategic planning, monitoring of the physical risks of the Real Estate portfolio was put in place.

As regards the Credit Risk Appetite, an indicator that guides managers in assessing counterparties in the phase of credit origination, the risk and resilience factors connected with ESG elements were developed by integrating the internal score into the framework which enhances the ESG characteristics of the analysed counterparties.

Finally, with reference to reputational risk and its correlations with ESG risks, assessment and monitoring processes were put in place (e.g. Most Significant Transactions), in relation to operations with controversial counterparties, the Group's web reputation and any ESG disputes to which the Group may be exposed.

ESG factors and corporate rating model

Thanks to its long-term collaboration with Confindustria Piccola Industria, an innovative rating model has been developed, validated by the ECB. In the model, social and environmental aspects can also have a positive impact, leading to an improvement in the rating. In addition to the usual economic and financial assessments, the new model aims to make it easier to access credit, with more favourable financial terms, by highlighting the intangible qualities of the business, such as trademarks, patents, quality and environmental certifications, research and development activities, innovation and digitalisation, development and competitive positioning projects, management of business risk, ownership and management and being part of a supply chain. During 2021, an application was also submitted to the Supervisory Authorities for the validation and authorisation of a new rating model which further strengthens the analysis of ESG factors by including in the model ESG information at the corporate counterparty level.

For Italian counterparties, the qualitative portion of the rating model also includes the assessment of aspects linked to catastrophic events based on the specific geographic area; The importance of physical risk has been carefully analysed by Intesa Sanpaolo, especially as Italy is considered to be one of the European countries most exposed to the effects of climate change.

Intesa Sanpaolo has therefore developed an ad hoc CAT RISK module for the measurement of physical climate risk related to domestic counterparties with a corporate turnover of less than 500 million euro, assessing the risk of natural disasters potentially affecting corporate plants and equipment. The module investigates the degree of riskiness of the Italian territory at municipal level. The percentage of the area at high CAT risk is transformed and normalised in order to obtain a continuous risk level indicator for different natural calamities. Different factors related to physical risk have been analysed and three variables were included in the final model: fires, earthquakes and floods.

The model identifies a specific impact on the company's credit standing, which goes from neutral (no CAT risk) to negative (exposed to CAT Risk). CAT risk exposure is calculated automatically; a questionnaire investigates the presence of insurance against catastrophic risks, which, if present, can neutralise the impact of CAT risk.

Inclusion of ESG factors in the credit framework

The Intesa Sanpaolo Code of Ethics requires that investment decisions and the credit policy take account of the socio-environmental risks associated with the activities of corporate customers. This commitment is also outlined in the "Rules for the environmental and energy policy", in the "Principles on Human Rights" and in the "Group Guidelines for the Governance of Environmental, Social and Governance (ESG) risks".

Intesa Sanpaolo intends to carefully consider climate and environmental risk factors in the assessment of counterparty creditworthiness, as well as in the credit granting process, ensuring that they are monitored within its portfolios.

The Bank is currently developing a holistic approach for the integration of ESG/Climate factors within the credit framework. In particular, the Bank is gradually reviewing its lending processes with the aim of facilitating the transition to a more sustainable economy.

Key elements to the new credit framework include:

- the definition of sector strategies which take into consideration risk and opportunity aspects;
- an ESG score defined at counterparty level;
- a sustainability attribute to the product/transaction.

These elements have an impact on the Credit Risk Appetite, Credit Strategies (pricing) and credit granting processes.

As part of the ESG sectoral strategy, a sectoral heatmap was also defined, assigning the following sectoral strategies to each business sector in order to:

- encourage credit granting in the case of companies operating in sectors where a clear positive ESG impact emerges in line with the regulatory taxonomy for sustainable investments (i.e. White and Blue sectors);
- encourage credit granting with regard to companies operating in sectors where it is possible to support transition with a view to sustainability (i.e. Yellow Sectors);
- discourage credit granting with regard to companies operating in controversial sectors from an ESG profile (i.e. Orange Sectors);
- prohibit and limit credit granting with regard to companies operating in sectors with high ESG risk (i.e. Red Sectors).

The counterparty ESG score, which Intesa Sanpaolo applies to non-financial companies, is in keeping with and in integration of the sectoral assessment and also includes components relating to climate risk (with reference to the level of preparation for the management of transition and physical risks), the implementation of which on the Bank's IT systems took place in 2022. The purpose is to assess the ESG profile of corporate customers, adopting the same approach across the entire portfolio, from large listed customers to small and medium-sized enterprises. The score leverages on data from external and internal sources and covers the most important indicators of risks and opportunities in the three ESG dimensions, including (but not limited to):

- carbon footprint, the level of preparation for the management of physical and transition risks, water consumption, biodiversity protection (environmental dimension);
- labour conditions and standards, occupational health and safety, human capital development, diversity and inclusion (social dimension);
- ownership and control, structure of the Board of Directors, audit/tax/risk management, business ethics (Governance dimension).

Finally, in 2022 at the product and operation level:

- the document of Rules for the classification of sustainable credit products and lending transactions was finalised, which assigns sustainability categories according to market standards (Loan Market Association principles) and divided between “dedicated financing” and “general purpose financing” on the basis of the intended use of the funds. Credit products and transactions are broken down according to environmental, social and governance categories, and other forms of sustainability;
- a decision tree was defined for directing practices to second-level controls carried out as part of the ESG & Reputational Risk Clearing process according to certain parameters, within the scope of a formalised granting (underwriting) process;
- in 2022, the development of a simplified version of the above-mentioned credit framework was launched for the integration of Climate&Environmental assessment elements also for International Subsidiary Banks.

With regard to corporate credit granting, the ESG & Reputational Risk Clearing process plays a particularly important role. It aims at the identification and assessment of potential reputational and ESG risks associated with the Most Significant Transactions (MST) and Corporate financing transactions as laid down by internal regulations. The process is divided into two control levels: the first, overseen by the proposing structures, aimed at identifying the counterparties, projects and transactions most exposed to ESG and reputational critical issues and the second, overseen by the Enterprise Risk Management Department, aimed at assessing these critical issues and providing a risk opinion including the assignment of a risk level (from low to very high) to support the decision-making process. In 2022, approximately 195 loan transactions with corporate customers were analysed, 70% of which were classified as having a low or medium-low reputational and ESG risk level.

Transactions subject to the Equator Principles (EP)⁸, international guidelines Intesa Sanpaolo complies with since 2007 (the Group currently adopts the “EP IV” standards, an updated version of the Guidelines), also fall within the scope of the ESG & Reputational Risk Clearing process. In 2022, a total of 18 loans subject to screening according to the Equator Principles reached financial approval (a total of 404 since 2007) for an overall granted value of approximately 1,081 million euro⁹.

The table below shows the number of projects that achieved financial approval in 2022, broken down by category¹⁰.

	Total	Category A	Category B	Category C
Project Finance	14	1	6	7
Project related Corporate Loans	4	2	2	0

⁸ The EPs apply to the financial products described below, when they are used to support the development of new projects: Project Finance Advisory Services, Project Finance, Project-Related Corporate Loans, Bridge Loans and Project-related Refinancing and Acquisition transactions.

⁹ The amount of granted credit subject to EP screening came to 5.3% of the total granted credit for project finance transactions.

¹⁰ The EPs envisage the assignment of a risk category to the projects to be financed (A is high, B medium and C low), based on variables such as the socio-environmental characteristics of the country, industrial sector and the characteristics of the project in question. Higher-risk projects, and medium-risk projects, if necessary, are assessed by an independent advisor who identifies the main social and environmental impacts.