

Sustainable value creation  
and business integrity



# Group value and solidity

## BUSINESS MODEL



## THE 2022-2025 BUSINESS PLAN

Despite the negative effects on the real economy arising from the pandemic crisis and the recent conflict in Ukraine, Intesa Sanpaolo has demonstrated its ability to achieve significant results in recent years as well, generating value for all stakeholders.

Today, Intesa Sanpaolo is one of the leading players in the industry and is well positioned to be able to make the most of market opportunities, thanks to the distinctive skills acquired over the years, its well-established international network, continuous technology and digital investments, its leading ESG position and a streamlined operating model that has already repeatedly demonstrated its ability to evolve proactively by anticipating new market dynamics.

The Group has proven to be a well-oiled operational structure, systematically achieving its many ambitious goals, and most recently successfully completing the largest acquisition in the Italian banking sector. Furthermore, the expectation of rising interest rates, the Bank's high strategic flexibility in managing costs and the massive deleveraging already achieved are driving forces for further growth, even in the currently highly complex environment.

Intesa Sanpaolo has long stood out for its role in the ESG area, where it features among the global best practices on the social component, and strives to strengthen this leadership on all dimensions of the ESG paradigm. The Group will continue support the community, with a focus on the most vulnerable categories, at the same time renewing its Net-Zero commitment, and supporting the energy transition in order to balance environmental and social needs.

The Group's ambition is to be a Wealth Management, Protection & Advisory leader in Europe, distinguished by zero NPLs, a strong digital push and a focus on commissions, while continuing to excel in ESG and offering the best professional experience for its People. This set of ingredients will also enable Intesa Sanpaolo to be the best investment for Shareholders, both in the short and in the medium-long term.

With the 2022-2025 Business Plan, the Bank, in addition to providing its People with the best professional experience, has set itself the goal of continuing to generate value for all stakeholders and at the same time building a profitable, innovative and sustainable bank.

The main industrial initiatives of the 2022-2025 Business Plan were fully launched during 2022 (see 2022 Financial Statements, page 57), whose objectives will be achieved through a strategy centred on four fundamental Pillars of the Plan and implemented thanks to the quality of the Bank's People:

- **Massive upfront de-risking, slashing cost of risk**  
Intesa Sanpaolo has always proactively and prudently managed its risk portfolio and has been able to successfully navigate the different crises of recent years. Over the upcoming planning horizon, the Group will pursue a structural de-risking strategy, which was mostly launched during the previous Business Plan, placing it among the best in Europe in terms of non-performing loan ratio and stock (Zero-NPL Bank) and generating a net drop in the cost of risk. Indeed, the latter will always be maintained at a conservative level, due to the extensive reserves of provisions on loans and ongoing prudent credit management.
- **Structural cost reduction, enabled by technology**  
Intesa Sanpaolo is already a reference model in terms of operating efficiency and cost management, thanks to its constant monitoring procedures and high flexibility which have led the Bank to become very efficient, while maintaining a significant level of investments to support growth. The next challenge will be to further strengthen the competitive advantage in cost management and become the undisputed European leader in terms of operating efficiency.
- **Growth in commissions, driven by Wealth Management, Protection & Advisory**  
Intesa Sanpaolo has already demonstrated over the years its leadership in the bancassurance sector in Europe, with a growing focus on fee-based business, thanks to its distinctive fully-owned product factories in asset management, life insurance and protection sector, selective strategic acquisitions in selected markets, dedicated partnerships in the payments business and a well-established international network. To further strengthen its leadership in Wealth Management, Protection & Advisory, Intesa Sanpaolo will continue to leverage the specialist expertise acquired and its network of highly qualified product specialists, investing in dedicated tools and platforms to provide customers with an innovative offering and a highly personalised level of service.
- **Significant ESG commitment, with world-class positioning in social impact and strong focus on climate**  
For more information on the action areas in the ESG sphere, see page 242.

Over the period of the 2022-2025 Plan, Intesa Sanpaolo will continue to generate value for all its stakeholders, once again fulfilling the commitments undertaken with its Shareholders and its People and contributing to the country's economic, social and environmental development.

These objectives are detailed in the various sections of the document, together with the progress achieved during 2022. These include:

Stakeholder	Benefits	2022 results	Plan Objectives to 2025 Cumulative value 2022-2025
Shareholders	Net income Dividends	<ul style="list-style-type: none"> <li>4.4 billion euro of Stated Net income</li> <li>5.5 billion euro of Net income in 2022, excluding Russia de-risking<sup>(*)</sup>, exceeded Business Plan target of Net income &gt;5 billion euro in 2022</li> <li>3 billion euro of cash dividends<sup>(**)</sup> + 3.4 billion euro coming from buyback<sup>(***)</sup></li> </ul>	<ul style="list-style-type: none"> <li>&gt;5 billion euro of Net income in 2022, 6.5 billion euro in 2025</li> <li>&gt;22 billion euro distributed to Shareholders for the 2021-2025 period (annual payout ratio of 70%, combined with an additional buyback of 3.4 billion euro in 2022).</li> </ul>
Households and businesses	New medium/long-term credit granted to the real economy	~81.4 billion euro of which ~58.4 billion euro in Italy	~328 billion euro of which 285 billion euro in Italy
Employees	Personnel expenses	~6.7 billion euro	~26.5 billion euro
Suppliers	Purchases and investments	~4.4 billion euro	~17 billion euro
Public sector	Direct and indirect taxes	~3.2 billion euro	~15 billion euro

<sup>(\*)</sup> 1.4 billion euro of provisions/write-downs for the Russia-Ukraine exposure.

<sup>(\*\*)</sup> Including 1.4 billion euro paid as an interim dividend on 23 November 2022.

<sup>(\*\*\*)</sup> Considering the first tranche of the buyback equal to 1.7 billion euro launched on 4 July 2022 and completed on 11 October 2022 and the second tranche equal to 1.7 billion euro launched on 13 February 2023 and to be completed by 12 May 2023.

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

### ECONOMIC AND FINANCIAL PERFORMANCE <sup>1</sup>

The year ended with consolidated net income up by 4% to 4,354 million euro. The improvement was attributable to the sound performance at the level of the operating margin, which absorbed the weight of the valuation effects related to both the conflict between Russia and Ukraine (adjustments for credit risk towards Russian and Ukrainian counterparties, almost entirely attributable to on- and off-balance sheet credit exposures, for a total of 1,415 million euro gross of the tax effect) and the macroeconomic context, in order to prevent possible deterioration in credit quality in relation to prospective risk elements inherent in the current scenario (adjustments to performing loans amounting to 1,174 million euro gross of the tax effect, only partially mitigated by the recoveries in overlays to protect against the vulnerability of the moratoria).

Operating income rose to 21,470 million euro (+3.3%), driven by the positive trend in net interest which amply offset the downward trend of some revenue items.

In a context of repeated increases in the official benchmark rates decided by the ECB starting in July, net interest grew by 20.2% to 9,500 million euro, supported by customer dealing. Income from insurance business also improved by 4.7% to 1,705 million euro. On the contrary, the following items showed negative changes: net fee and commission income (-6.4% to 8,919 million euro), penalised by the volatility of the financial markets, profits (losses) on financial assets and liabilities designated at fair value (-15.7% to 1,378 million euro), due to decreased dealing in securities in the second half of the year, and other operating income (expenses) (-32 million euro compared to +97 million euro recorded in the previous year).

<sup>(1)</sup> The comments, unless otherwise specified, refer to the data of the reclassified format published in the 2022 Consolidated Financial Statements of the Intesa Sanpaolo Group which, in continuity with the previous year, presents the figures relating to the first two quarters of 2021 "redetermined" on the basis of management data to take into account both the effects of the sales of branches carried out in the first part of 2021 and related to the acquisition of the former UBI Banca Group, and the entry of 100% equity investments in insurance companies with which the UBI Group had long-term partnerships, which took place during the second quarter of 2021, adjusted for the income results attributable to the production referred to the customers of the branches sold. Details regarding the calculation of the "redetermined" figures are provided in the chapters "Economic results" and "Balance sheet aggregates" of the 2022 Consolidated Financial Statements of the Intesa Sanpaolo Group. Amounts are in millions of euro. For additional details or information, see the 2022 Consolidated Financial Statements of the Intesa Sanpaolo Group.

Also due to the synergies deriving from the integration of the former UBI Banca Group, operating costs fell further to 10,934 million euro (-0.4%), despite the inflationary environment and the increased depreciation and amortisation related to investments aimed at growth. In detail, personnel expenses remained stable at 6,742 million euro, despite the reduction in the average workforce, having mainly incorporated an increase in the variable component of the remuneration linked to the results achieved by the Group. Administrative expenses fell by 2.7% to 2,912 million euro while depreciation and amortisation rose to 1,280 million euro (+3%), primarily due to greater investments in technology.

The revenue and cost performance resulted in an improvement by 7.4% to 10,536 million euro in the operating margin, while the cost/income ratio fell by almost two percentage points, from 52.8% to 50.9%.

Having incorporated the valuation effects to deal with the Russia-Ukraine risk and the prospective risk elements inherent in the current scenario, adjustments to loans totalled 3,113 million euro, compared to 2,766 million euro in 2021 which included an additional provision of 1,615 million euro to accelerate the reduction in non-performing loans.

The 2022 consolidated income statement also recorded:

- other net provisions and net impairment losses on other assets of 281 million euro (851 million euro in 2021); The reduction concerned other net provisions (to allowance for risks and charges), which decreased from 700 million euro to 106 million euro (80 million euro of which for the write-off of the value of the Russian equity investment in the consolidated financial statements);
- other income (a caption which includes realised profits (losses) on investments, equity investments and financial assets at amortised cost other than loans, as well as income and expenses not strictly linked to operations) amounting to 202 million (332 million in 2021); The item includes 195 million euro gain on the sale of Intesa Sanpaolo Formazione and 41 million euro in one-off contribution to Intesa Sanpaolo people to deal with the impact of inflation.

Following these entries, gross income amounted to 7,344 million euro, an increase of 11.5%.

Taxes on income increased to 2,059 million euro (+28.3%). Net of tax, charges for integration and exit incentives were recorded of 140 million euro (439 million euro in 2021, 210 million euro of which referred to exit incentives pursuant to the agreement of 16 November 2021), together with the negative economic effects of the purchase price allocation of 211 million euro (-39 million euro in 2021).

As usual, the amount of charges aimed at maintaining the stability of the banking industry was significant and growing: 576 million euro after tax (836 million euro gross) compared to 512 million euro net (746 million euro gross) in 2021.

With regard to the balance sheet aggregates, loans to customers stood at 446.9 billion euro as at 31 December 2022 (-19 billion euro; -4.1%). The decline, essentially attributable to the fourth quarter, mainly concerned commercial banking loans, down to 419.7 billion euro (-14.4 billion euro, -3.3%) and also reflects actions to optimise the Group's RWAs. The actions concerned the corporate segment, exposures to Russian counterparties and lease receivables (subject to sale through a securitisation finalised in the fourth quarter). These measures were compounded by the decline in medium/long-term loans to businesses of Banca dei Territori and, in the short-term segment, by the reduction in loans of a financial nature, consisting of repurchase agreement transactions. Net non-performing loans decreased to 5.5 billion euro (-22.3%) and as a result, their proportion decreased to 2.3% in gross terms and 1.2% in net terms (3.2% and 1.5% respectively at the end of 2021)<sup>2</sup>.

On the funding side, in line with the current trend at the system level, at the end of 2022 Intesa Sanpaolo Group's direct deposits from banking business were down to 545.4 billion euro (-11.9 billion euro; -2.1%), mainly with reference to current accounts and bonds.

Direct deposits from insurance business, including technical reserves, totalled 173.6 billion euro, with a decline by 15.1% mainly attributable to the first nine months of the year, in relation to the widespread climate of uncertainty.

The volatility of the financial markets affected indirect customer deposits which ended the year down to 674.7 billion euro (-7%), despite the recovery that took place in the fourth quarter. A similar trend, albeit to different extents, was observed in both assets under management (-9.9%) and assets under administration (-1.2%).

<sup>(2)</sup> Based on the EBA definition, as at 31 December 2022 the proportion of non-performing loans was 1.9% in gross terms and 1% in net terms (respectively, 2.4% and 1.2% in December 2021).

With Italy's exit from the health emergency, the effects on the business performance specifically attributable to the pandemic decreased significantly. Conversely, a scenario of general concern and uncertainty linked to the Russian-Ukrainian military conflict and the rise in inflation gradually took over, with the addition of the effects of the trend reversal in European monetary policy. With a detailed illustration of the impact of the Russia-Ukraine conflict and the pandemic, both with regard to the measures implemented by the Group and the related valuation effects provided in the 2022 Consolidated Financial Statements, here we will limit our analysis to underlining how the increased complexity of the context called for the even closer monitoring of the factors that enable the Group to pursue sustainable profitability: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations.

At the end of 2022 the Group's liquid assets amounted to 298 billion euro, 178 billion of which readily available (net of haircut). Both regulatory indicators were largely met: Liquidity Coverage Ratio and Net Stable Funding Ratio, the latter also excluding the positive contribution from TLTRO III funding. As at 31 December 2022, loan transactions with the ECB to optimise the cost of funding and support the investments of corporate customers amounted to approximately 96 billion euro, down to approximately 76 billion euro in January 2023 following further early repayments.

Funding sources were stable and well diversified with the retail component making up 85% of direct deposits from banking business, including securities issued.

In 2022, wholesale medium/long-term deposits amounted to 6.3 billion, including benchmark transactions of AT1 for 1 billion, green senior non-preferred bonds for 1 billion, Tier 2 for 400 million pounds, social senior preferred bonds for 750 million, senior preferred and senior non-preferred bonds for a total of 2 billion dollars. Approximately 91% of these issues were placed with foreign investors.

Leverage ratio as at 31 December 2022 was equal to 5.6% under the transitional arrangements for 2022 and 5.5% on a fully loaded basis.

The Group's capital base remains high and well above regulatory requirements. At the end of 2022 - under the transitional arrangements in force and deducting from the capital the 2022 interim dividend paid in November, the proposed 2022 final dividend and the full amount of the buyback authorised by the ECB - the CET 1 Ratio (i.e. the ratio between Common Equity Tier 1 capital, and total weighted assets) was 13.8%.

Indicators [millions of euro]	2022	2021
Loans to customers	446,854	465,871
Direct deposits from banking business	545,386	557,248
Direct deposits from insurance business and technical reserves	173,597	204,479
Equity attributable to the shareholders of the Parent	61,655	63,775
Consolidated net income	4,354	4,185
Dividends	3,048	2,932
Average market capitalisation	38,433	44,535
Total assets	975,683	1,070,816
Economic value generated	20,575	20,024
Economic value distributed	-16,168	-15,514

Comparative figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

## CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

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

The economic value generated, which in 2022 had reached almost 20.6 billion euro, came from net income from banking and insurance activities – which therefore takes into account the impairment losses on loans and other financial assets – plus the realised gains and losses on investments in associates and companies subject to joint control, investments and other operating income. The amount of the economic value generated expresses the value of the wealth produced, most of which distributed among the stakeholders with which the

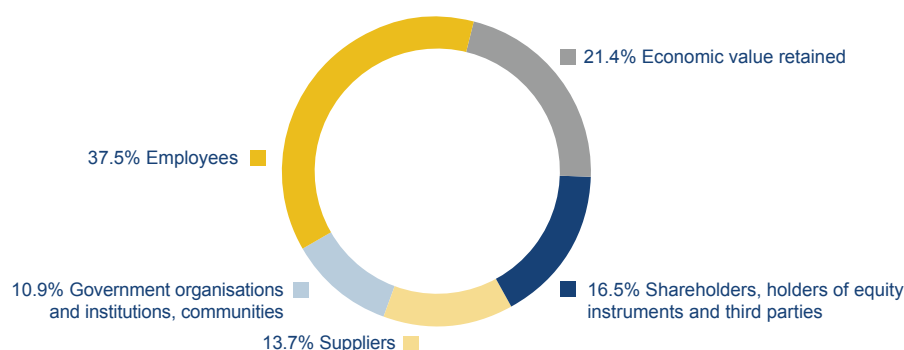
Group interacts in various ways on a day-to-day basis. In particular:

- employees and other staff benefited from over 37% of the economic value generated, for a total of 7.7 billion euro. In addition to staff pay, the total also includes payments to the network of financial advisors, together with 77 million euro in bonuses paid to the Group's non-executive staff to mitigate the impact of inflation;
- suppliers received around 14% of the economic value generated, for a total of 2.8 billion euro in payment for goods and services;
- The Government, Organisations and Institutions recorded a total flow of funds of over 2.2 billion euro, around 11% of the economic value generated, over 1.1 billion euro of which referring to indirect taxes and duties, and over 800 million euro to levies and other charges concerning the banking industry, consisting of contributions to resolution and guarantee funds. Numerous social and cultural initiatives and other actions were also undertaken to support the charity funds and issue disbursements by way of social and cultural contributions;
- over 16% of the economic value generated was allocated to Shareholders, holders of equity instruments and minority interests, largely in terms of the proposed dividend, for a total of approximately 3.4 billion euro. Specifically, the proposed final dividend is 1,648 million euro (in addition to the 1,400 million euro interim dividend paid in November 2022, for a total of 3,048 million euro from the 2022 net income). For more details in this regard see the Proposals to the Shareholders' Meeting in the Intesa Sanpaolo S.p.A. financial statements.

The remaining amount of the economic value generated, around 4.4 billion euro, was withheld by the corporate system and mainly comprises amortisation and depreciation, deferred tax assets and liabilities and allocations to reserves.

## BREAKDOWN OF 2022 ECONOMIC VALUE

ECONOMIC VALUE	Millions of euro	Share %
<b>ECONOMIC VALUE GENERATED</b>	<b>20,575</b>	<b>100.0%</b>
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>-16,168</b>	<b>78.6%</b>
Employees and other staff	-7,718	37.5%
Suppliers	-2,823	13.7%
Government, organisations and institutions, community	-2,244	10.9%
Shareholders, holders of equity instruments and third parties	-3,383	16.5%
<b>ECONOMIC VALUE RETAINED</b>	<b>4,407</b>	<b>21.4%</b>





# Integrity in corporate conduct

## RELEVANT ISSUES

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## RELEVANCE OF ISSUES AND MAIN IMPACTS

The Intesa Sanpaolo Group recognises that compliance with internal and external regulations and codes of conduct is of significant importance, also from a strategic viewpoint, and therefore it acts in the belief that respecting standards and fairness in business (combating active and passive corruption, combating money laundering, compliance with tax regulations, protection of free competition, privacy protection and compliance with the rules governing employment relationships) are essential elements in carrying out banking operations, which by nature are based on trust and transparency. Intesa Sanpaolo believes that compliance with standards encourages the creation and maintenance of a competitive economic environment and the protection of customer rights. Awareness and dissemination of the culture of ethics and human rights among the Group's people, its business partners, and stakeholders can translate into a tangible contribution to the development of local areas and communities. The Group is committed to pursuing its corporate goals with honesty, fairness, and responsibility in the full and true respect of the rules and professional ethics and in the spirit of signed agreements, implementing high compliance standards for all Group's people.

## PERFORMANCE INDICATORS AND RESULTS ACHIEVED

Macro-issue	Projects/Indicators	2022 Actions/Results
Fighting against corruption and combating money laundering	Training to prevent corruption and money laundering	<ul style="list-style-type: none"> <li>74,539 Group's people trained (78.5% of the total)</li> <li>297,227 hours provided</li> </ul> Training on anti-corruption and anti-money laundering is mandatory and follows multi-year cycles, also according to local regulations.
	Disciplinary sanctions against Group's people due to corruption	0
	Dismissal due to corruption	0
	Internal advice and clearing on transactions in the highest corruption risk area	396
	Certifications	<ul style="list-style-type: none"> <li>Obtained renewal of the UNI ISO 37001:2016 Anti-bribery management systems certification, with an expansion of the scope which includes Intesa Sanpaolo - as well as its international branches - the banking entities, and the main financial and insurance companies</li> </ul>
Protection of free competition	Training on free competition	<ul style="list-style-type: none"> <li>73,962 Group's people trained (77.9% of the total)</li> <li>1,520,274 hours provided</li> </ul>
	Internal requests for antitrust advice and clearing on Group projects	<ul style="list-style-type: none"> <li>Advice and clearing requests were made for 120 initiatives, of which 26 advice and 69 clearing requests have been completed (opinions not subject to changes or updates), with the rest still ongoing</li> </ul>



## PERFORMANCE INDICATORS AND RESULTS ACHIEVED

Macro-issue	Projects/Indicators	2022 Actions/Results
Privacy and data protection	Training on Privacy protection	<ul style="list-style-type: none"> <li>▪ 57,696 Group's people trained (60.8% of the total)</li> <li>▪ 67,228 hours provided</li> </ul>
	Cases of customer data being lost or stolen	<ul style="list-style-type: none"> <li>▪ In Italy 103 cases were assessed; in 94 of them no risk to the rights and freedoms of the data subjects was found and therefore reporting them to the Italian Data Protection Authority was not necessary. The remaining 9 cases were reported to the Italian Data Protection Authority and in one of these cases the data subjects were also notified. Abroad in the EU 80 cases of alleged personal data breach were assessed, 71 of which were found not to pose a risk to the rights and freedoms of the data subjects by the local Data Protection Officers, the remaining 9 cases were reported to the local authorities.</li> </ul>
Consumer protection	Training on consumer protection	<ul style="list-style-type: none"> <li>▪ 67,286 Group's people trained (70.9% of the total)</li> <li>▪ 1,672,752 hours provided</li> </ul>
Whistleblowing	Whistleblowing reports	<ul style="list-style-type: none"> <li>▪ 28 reports, of which 4 were judged to be not pertinent and 24 were subject to specific investigations</li> </ul>

## COMPANY POLICIES

Intesa Sanpaolo seeks to act as a reliable and professional partner for the regulators. In this context, the Group actively adheres to the principles of the United Nations Global Compact that envisage the development of policies for combating corruption, protecting human rights and workers' rights, and safeguarding the environment.

The Group has defined and implemented a well-structured system of risk assessment throughout the company structures, which is applied according to risk assessment criteria. Adherence to the rules and integrity of corporate conduct are also ensured through compliance activities focused on risk monitoring to fight against corruption and money laundering and to protect competition. The Group adheres to the principle of active cooperation in preventing these phenomena, which represent a serious threat to the legal economy. Intesa Sanpaolo monitors developments in international tax regulations guided by the OECD and aimed at countering base erosion and profit shifting from high-tax to low-tax countries, with the ongoing commitment to adhere to those principles. Intesa Sanpaolo is continually committed to implementing regulatory, organisational and technological measures aimed at adequately meeting the needs of privacy protection.

Internal auditing involves constant and independent monitoring of the due conduct of the Group's operations and processes. Reference is made to individual paragraphs for further information on the policies defined by the Group in each relevant area.

## FIGHTING AGAINST CORRUPTION

The Group's Code of Ethics provides that business goals are pursued with honesty, fairness and with a sense of responsibility in full compliance with the rules, professional ethics and spirit of signed agreements. It recognises the strategic importance of the work aimed at ensuring compliance with internal and external regulations and codes of conduct and sets high standards of compliance for all Group's people, which are also included in the Code of Conduct. It also establishes Intesa Sanpaolo's commitment to contributing to combating corruption, supporting the OECD (Organisation for Economic Co-operation and Development) Guidelines, and the anti-corruption principles established by the United Nations, including by taking a "zero tolerance" approach. The Group has adopted strict internal procedures and specific Guidelines over time to prevent the risk of corruption.

## MODEL FOR THE MANAGEMENT OF ADMINISTRATIVE LIABILITY PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01

Italian Legislative Decree no. 231/01 (the Decree) establishes a system of administrative liability for Italian Companies for certain specifically identified crimes or offences, committed in their interest or for their benefit. Intesa Sanpaolo has long had an Organisational, Management and Control Model in place that defines the principles of control and conduct to be adopted to reduce the risk of committing crimes and offences envisaged by the Decree, including corruption and environmental crimes.

In preparing the Model, the Bank took into account all the existing regulations, procedures and control systems, insofar as they were also suitable as measures for preventing crimes and illegal conduct in general, including those envisaged by the Decree.

The Bank identified the following as specific instruments already existing and aimed at planning the formation and implementation of company decisions and carrying out controls on business operations, including in relation to crimes and offences to be prevented:

- the corporate governance rules, adopted in compliance with the Corporate Governance Code for listed companies and the relevant company regulations and regulatory legislation;
- internal regulations and company policies;
- the Group's Code of Ethics, Internal Code of Conduct and Anti-Corruption Guidelines;
- internal control system;
- power and delegation system.

The Board of Directors delegates the structures the task of implementing the Model and ensuring the constant updating and implementation of internal regulations and company processes, which are an integral part of the Model, in compliance with the principles of control and conduct defined for each sensitive activity. The effective and concrete implementation of the Model is also guaranteed by:

- the Surveillance Body, in exercising the powers of initiative and control in relation to the activities carried out by the individual organisational units in sensitive areas;
- the heads of the Bank's structures in relation to the risk activities carried out.

Without prejudice to the independent responsibility of each Italian-registered company of the Group for the adoption and effective implementation of its own Model, Intesa Sanpaolo in performing its duty as the Parent Company issues general criteria and instructions, and verifies the compliance of company Models with those criteria and instructions. In 2022, the Parent Company updated the Model in order to: (i) support specific initiatives with social and/or cultural purposes, (ii) align the suitability of the Surveillance Body members with the requirements of Ministerial Decree 169/2020, (iii) implement the regulatory changes, such as the inclusion of crimes relating to payment methods other than cash and those against cultural heritage as well as the extension of some unlawful conduct (money laundering, crimes against Public Administration, etc.). The Group Italian companies are currently in the process of updating the Model.

To provide the Surveillance Body with an overall picture of the planning of controls, the Compliance function collects the respective plans from the relevant structures on an annual basis regarding the scheduled supervision of sensitive areas and incorporates them into the 231 Audit Plan. Based on this document, the Surveillance Body assesses the adequacy of the programme of audits and identifies any further actions.

The heads of the organisational units involved in sensitive processes pursuant to the Decree certify the level of implementation of the Model, by means of an overarching self-diagnosis process on the work carried out. Finally, constant attention is ensured to the training and dissemination of the compliance culture: in this regard, the remote training course for the 2022-2024 three-year period was reviewed.

The Group's Anti-Corruption Guidelines, approved by the Board of Directors and adopted as of 2017, identify the principles and the sensitive areas and define the roles, responsibilities and macro-processes for the management of this risk, further strengthening an internal regulatory framework which already consists of the Code of Ethics, the Group's Internal Code of Conduct and – for the Italian Group companies – the Organisational, Management and Control Model adopted pursuant to Italian Legislative Decree no. 231/2001. The Guidelines define the commitment to comply with the regulatory provisions aimed at combating corruption in all its forms, where corruption means the direct or indirect offering or acceptance of money or other benefits capable of influencing the recipient, in order to induce or reward the performance of a function/activity, or alternatively its omission. In line with international best practices, the Group does not tolerate:

- any type of corruption, in any form, manner or jurisdiction, not even if activities of this kind are permitted, tolerated or not prosecuted under the laws in force in the countries in which the Group operates;
- any conduct involving the offer or acceptance of money or other benefits – directly or indirectly – with the aim of inducing or rewarding the performance of a function/activity, or alternatively its omission.

Monitoring in this area is assigned to the Anti Financial Crime Head Office Department, and its Manager is allocated the role of Group Anti-Corruption Officer.

The Anti-Corruption Guidelines were approved and adopted by the Group Italian and international companies.

On 21 April 2022, the Intesa Sanpaolo Board of Directors approved the updated Group Anti-Corruption Guidelines so as to require that market conditions are not applied to social and/or cultural initiatives, establishing principles of conduct and control that are similar to those applied to charities. In 2022, there were continued checks on the consistency of the detailed internal regulations with the general principles set out in the Anti-Corruption Guidelines, in order to implement the necessary alignment, in addition to the analysis of the anti-corruption controls currently in place in the individual highest risk areas, in order to identify any strengthening measures. In particular, the process regulations regarding the disposal of non-performing loans, financial equity investments, management of real estate assets, and the recruitment and selection of employees in management positions were updated.

In May 2022, Intesa Sanpaolo obtained the renewal of UNI ISO 37001:2016 Anti-bribery management systems certification, which sets the international standard on the subject, with an extension of the scope to include the Group entities included in the Compliance and Anti Financial Crime risk assessment. More specifically, the certification applies to Intesa Sanpaolo (including the international branches), the banking entities and the main financial and insurance companies. The certification will be valid until May 2025, subject to two maintenance audits which will take place in 2023 and 2024, respectively.

During the year, the Anti Financial Crime Head Office Department processed 396 advice and clearing files for specific operations in the highest corruption risk areas, particularly concerning the purchase, management and sale of equity investments and other assets, donations, sponsorships and relationships with suppliers, the hiring of personnel, and gifts.

In 2022, the provision of the e-learning course for the Group's people operating in Italian companies and at international branches continued. In addition, a training course was released on a specific dedicated platform for Group's people in the international companies.

There were no cases of disciplinary measures related to corruption incidents. There were no significant penalties for non-compliance with laws or regulations relating to corruption.

## COMBATING MONEY LAUNDERING

Intesa Sanpaolo pays particular attention to compliance with national and international regulations aimed at combating money laundering and terrorist financing, which it recognises as a serious threat to the legal economy with destabilising effects for the banking system, and it adheres to the principle of active cooperation in preventing these phenomena.

In compliance with the legislative provisions of the legislator and the sectoral supervisory authorities, and based on the international standards contained in the FATF (International Financial Action Task Force) Recommendations, the Group has adopted procedures, instruments and controls designed to mitigate the risk of being involved, even unknowingly, in acts of money laundering, terrorist financing, violation of embargoes and arms regulations.

The Group's governance system to combat money laundering and terrorist financing is based on Guidelines that constitute a systematic and functional reference framework, with active collaboration by the Group in preventing these illegal activities.

Specific processes and procedures are in place in the areas of obligations of customer due diligence, reporting of suspicious transactions, storage and provision of data, information and documents, risk assessment and management, internal control and guarantee of compliance with all of the relevant provisions to prevent and impede the completion of transactions connected to money laundering, terrorist financing, violation of embargoes and arms regulations. The guidelines and standards established by the Parent Company are developed and implemented within the individual operating structures in accordance with the characteristics and complexity of the activity carried out, as well as in accordance with their size and organisational structure, in compliance with the requirements of local regulations and ensuring the sharing of information at a consolidated level.



Procedures that provide automatic checks on the Group's register and transactions have been active for some time now, in order to mitigate the risk of having customers included in the list of entities subject to restrictions or freezing of assets (black list). The Group has also adopted a stricter approach, going beyond the regulatory requirements, by envisaging more detailed assessments of credit and reputational aspects to prevent its involvement, in any capacity, in transactions with counterparties or countries under embargo, even if the transaction is among those permitted by the restrictive provisions issued by the international authorities.

In 2022, the planning of the Anti-Financial Crime Head Office Department focused in particular on the following priorities:

- continuation of the activities of the multi-year programme for the overall review and strengthening of anti-money laundering, embargoes, anti-terrorism and anti-corruption controls at Group level (ENIF Programme - Enabling Integrated Anti Financial Crime);
- continuation of the Compliance Next digital transformation programme, activated by the Chief Compliance Officer Governance Area in order to implement a series of measures based on innovative technologies to increase the effectiveness of the monitoring activity and the efficiency of the main compliance processes;
- support for the business initiatives set out in the 2022-25 Business Plan in order to ex ante ensure adherence to the compliance profiles thereof with particular reference to the creation of the new digital bank Isybank and the development of international private banking;
- activities aimed at ensuring compliance with the sanctioning measures arising from the Russia-Ukraine crisis.

## RELATIONS WITH POLITICAL PARTIES AND MOVEMENTS

The Intesa Sanpaolo internal policies establish that political parties and movements cannot be recipients of donations and sponsorships. With regard to the financing of political parties, connected associations and individual candidates, specific rules state that the only form of new credit concession for them, which can solely be decided upon by the Board of Directors, consists of the advance on an annual basis of the "2x1000 contribution" against the transfer, to be reported in accordance with the law, of the sums due to the parties for this form of contribution. In 2022 Intesa Sanpaolo did not grant financing in this area.

## COMPLIANCE WITH TAX REGULATIONS

In compliance with the Code of Ethics, the entire Group is committed to observing principles based on values of honesty and integrity in managing tax matters, compliance with the tax regulations applicable in the countries in which the Group operates, and maintaining a collaborative and transparent relationship with the tax authorities, including through adherence to cooperative compliance schemes.

Intesa Sanpaolo places a particular focus on the evolution of tax regulations, both on a domestic and international level, aimed at countering base erosion and profit shifting, with the ongoing commitment to adhere to those principles. The Group has strengthened the internal control system for tax risk, known as the Tax Control Framework, to make it capable of covering the strategically important area of tax risk and meeting the requirements for access to the collaborative compliance scheme introduced in Italy, in accordance with Italian Legislative Decree no. 128/2015. On 10 December 2018, Intesa Sanpaolo was granted access by the Italian Revenue Agency to the Cooperative Compliance scheme, starting from 2017 when the application was submitted. Under this scheme, Intesa Sanpaolo and the Italian Revenue Agency can perform joint assessments on certain situations that could lead to tax risks thanks to ongoing, preventive contact, with a view to resolving any potential disputes before they occur.

The Intesa Sanpaolo Group adopted a tax strategy through the Principles of conduct in tax matters <sup>[1]</sup> that ensure compliance over time with the tax rules of the countries where it operates and guarantee the financial and reputational integrity of all Group companies. In particular, guidelines have been established to ensure uniform management of taxation at all Group companies, based on an approach of (i) correct and timely determination and payment of taxes due by law and performance of the related obligations, (ii) containment of tax risk, understood as the risk of operating in violation of tax regulations or in conflict with the principles or with the aims of the legal system in the various jurisdictions in which the Group operates, both due to outside factors (primarily, the uncertainty of the interpretation of tax laws due to ambiguity or lack of clarity of tax regulations) and internal factors (usually, incorrect and/or untimely compliance with mandatory requirements, failure to detect regulatory changes affecting the taxation of the Group; and transactions that may be challenged by the tax authorities as abusive).

The principles set out in the document are as follows:

- Corporate Responsibility - The Group, in compliance with the Corporate Responsibility principle, acts according to the values of honesty and integrity in the management of tax matters, in the knowledge that revenue from taxes is one of the main sources of resources contributing to the economic and social development of the countries in which it operates.
- Legality - The Group adopts conduct based on compliance with the tax regulations applicable in the countries in which it operates and on interpretations that allow it to manage tax risk responsibly so that it can satisfy the interests of all its stakeholders and ensure its positive reputation.
- Tone at the top - The Board of Directors defines the principles of conduct in relation to Group tax matters and ensures their application, therefore assuming the responsibility of driving the spread of a corporate culture based on the values of honesty and integrity and the principle of lawfulness.
- Relationship - The Group maintains a collaborative and transparent relationship with the tax authorities, guaranteeing, among other things, to provide them with the information needed to fully understand the circumstances underlying the application of tax rules. To this end, Intesa Sanpaolo encourages the Group companies to adhere to cooperative compliance schemes, which supplement the national regulations, in order to create stronger relationships with the tax authorities.

The Principles of conduct in tax matters are adopted by Intesa Sanpaolo including in its capacity as the Parent Company and are approved by the Board of Directors. On this assumption, the Principles must be implemented by all Group companies, subject to the resolution of their bodies with strategic supervision duties. The interpretation of the provisions contained in the Principles of conduct on tax matters is the responsibility of the Parent Company which, through the Tax Department, also takes care of updating them.

The Guidelines were also approved for the management of tax risk within the collaborative compliance scheme with the Italian Revenue Agency, which govern the criteria and processes that Intesa Sanpaolo must adopt to ensure the adequacy and effectiveness of its Tax Control Framework as well as the related Rules.

The types of tax risk that may arise in the context of business processes have been identified by Intesa Sanpaolo as follows:

- Tax compliance risks. These are risks of an operational nature and arise in both business processes (such as risks of not correctly performing all the operational tasks necessary to ensure correctness – in terms of completeness, accuracy and timely processing – of the relevant data for tax purposes), and in specific tax compliance processes (from data collection through to its processing and preparation of tax declarations/ payments and communications sent to the tax authorities);
- Tax risks of an interpretative nature in transactions/routine operations. This type of risk relates to the uncertainty about the actual meaning of the regulations and the classification of actual cases with respect to theoretical circumstances and arises within the following processes: regulatory alignment, advice given to the Structures of the Bank and interpretation choices adopted in tax compliance processes;
- Tax risks of an interpretative nature in non-routine transactions. These risks arise whenever non-routine transactions/operations are carried out, which are characterised by objective and defined uncertainty regarding the risk of adopting incorrect interpretations or, in any case, interpretations that are contrary to the principles and aims of the tax system. Intesa Sanpaolo has adopted tax risk management processes and procedures, in compliance with the Principles of conduct in tax matters, which ensure, among other things:
  - the correct assignment of roles, responsibilities and powers to each party involved, in whatever capacity, in processes with tax implications in order to ensure proper management of tax risk and minimise the likelihood of disputes;
  - the involvement of the Tax Department in business decisions. Intesa Sanpaolo's processes must ensure full and constant involvement of the Tax Department in business decisions, to encourage informed decisions in the event of a significant tax risk.
- Risks of tax fraud committed by third parties. This refers to the risk of incurring violations of tax laws as a result of fraudulent tax conduct carried out by third parties.

The business functions and the Head Office Departments that carry out transactions with potential tax impacts must comply with the Principles of conduct in tax matters and the Guidelines in the performance of the activities for which they are responsible. If the clearing processes adopted by the Bank do not already require the involvement of the Tax Department, it is the responsibility of the Business Function (Division or Head Office Department) proposing/structuring the transactions to involve the Head of the Tax Department in advance to allow an adequate assessment of the tax effects and risks arising from their implementation.

The Business Functions or Head Office Departments that carry out transactions with potential tax impacts:

- adopt conduct that is compliant with the guidelines received from the Tax Department, with reference to cases of tax relevance;
- promptly inform the competent corporate functions about changes in operations that may lead to reviewing corporate processes, so that the necessary tax risk assessments may be initiated and suitable safeguards adopted to mitigate their effects;
- carry out the planned first-level monitoring activities in the management of tax risk;
- they are responsible for the implementation of the actions identified, in coordination with Taxation Controls, in order to mitigate the tax risks that have an impact on their respective processes.

Tax risk management, also following the Group Compliance Guidelines, is broken down into the following macro-processes:

- regulatory alignment, aimed at monitoring external regulations and translating them into internal guidelines, processes and procedures, through:
  - the activities aimed at continuously identifying and interpreting the external regulations applicable to the Bank, through the ongoing monitoring of external regulatory sources and the consolidation, in the event of regulatory changes, of a univocal and shared interpretation;
  - the assessment of the impact of the applicable rules on corporate processes and procedures and consequent proposal of organisational and procedural changes aimed at ensuring adequate monitoring of non-compliance risks;
- advice and assistance to the Bank's corporate bodies and other structures and preliminary assessment of compliance with applicable regulations (clearing) of transactions (routine and non-routine), new products and services to be introduced to the market, innovative projects;
- discussions with the Italian Revenue Agency, in cases where the risk exposure values exceed the agreed-upon materiality threshold. If the tax position that Intesa Sanpaolo intends to adopt is not accepted by the Italian Revenue Agency, its final adoption must be approved by the Board of Directors;
- monitoring of the Tax Control Framework (Assurance): compliance risk monitoring takes place, in addition to preliminary activities, in verifying ex post the adequacy and effective application of internal processes, procedures, and the proposed organisational adjustments for its prevention and, more in general, checking the effective compliance with external and internal regulations by the corporate structures. Control on the Tax Control Framework (TCF) is carried out by the Head of the Tax Control Office on the basis of an annual audit plan and according to the Group Compliance Guidelines and the Integrated Internal Control System Regulation;
- dissemination of culture: tax risk monitoring also takes place through the dissemination of a corporate culture founded on the principles of honesty, fairness, and respect for the spirit and the letter of the rules.
- information flows to the Corporate Bodies: at least annually, the Board of Directors, the Risks and Sustainability Committee and the Management Control Committee receive from the Head of the Tax Department all the information relating to the main policies and choices followed in the tax area, the progress of the discussions with the Italian Revenue Agency in the context of cooperative compliance, as well as with regard to the outcomes of the audit activities, including on the adequacy of the TCF, carried out during the period by the Head of Taxation Controls. The Head of the Tax Department also promptly reports any non-compliance issues and events deemed to be particularly significant to the Corporate Bodies;
- tax risk management process of an interpretative nature: regulatory alignment and advisory and clearing activities, as well as the preparation of tax returns, involve interpretative choices on the applicable regulations. In making these choices, the Tax Department must assess the degree of certainty of the position it intends to adopt. If the interpretation presents a high degree of uncertainty and has a significant impact on business operations, the Tax Department measures the exposure to tax risk, the acceptance of which is resolved upon, according to its relevance, pursuant to the approval thresholds set out in the Guidelines. The methods used to assess the degree of certainty of the interpretation and the related impact on the Bank's operations and to determine the tax risk are defined by specific internal regulations and shared between the Tax Department and the Compliance, Governance, Privacy and Controls Head Office Department and, within the scope of their responsibility, with those of the Chief Risk Officer.



Intesa Sanpaolo, in adopting tax risk management processes and procedures, in compliance with the “Principles of conduct in fiscal matters”, ensures that the tax risk management processes guarantee adequate protection of internal and external stakeholders, both in terms of risk mitigation (also in consideration of possible reputational impacts), and in more general terms of safeguarding stakeholders’ value, defined as the interest of stakeholders in not diminishing corporate value.

During 2022, the Group, in addition to indirect taxes of 1,147 million euro, recorded accrued income taxes for the year of 2,059 million euro(\*), for the most part in Italy, where the majority of operating income was earned, as per the table below.

2022 Figures [millions of euro] (*)	Italy	Europe	Rest of the world
Taxes on income	- 1,599	- 338	-122
Operating income	16,716	3,819	935

The International Branches are presented in the geographical breakdown in relation to the country where these branches are located. As far as taxes on income are concerned, since Intesa Sanpaolo did not apply the option for the scheme of income exemption for international branches (known as Branch exemption), these branches’ income is also taxed in Italy. In compliance with the applicable regulations, Intesa Sanpaolo also publishes a country-by-country disclosure in which the following information is provided for each country (according to the rules established by the Bank of Italy): gross income, number of employees, profit or loss before tax and tax on profit or loss. The report is available at the following link [\[i\]](#).

(\*) Consolidated reclassified data published in the 2022 Consolidated Financial Statements of the Intesa Sanpaolo Group, which can be referred to for additional details or information.

## PROTECTION OF FREE COMPETITION

The Group constantly monitors and promotes free competition, and spreads a culture of compliance with antitrust regulations, working to ensure that the international, European and national rules and procedures are effectively applied and observed.

In the Group’s Code of Ethics, Intesa Sanpaolo declares its commitment to compete fairly in the market and cooperate with other economic, private and public entities, whenever necessary, to strengthen the overall capacity of the countries where the Group operates. The Bank has an ongoing commitment to manage relations with institutions and organisations, to monitoring existing regulations and conducting attentive advocacy on any bills that could impact the activities of the Group and of its stakeholders at the national, European and international level, with a view to limiting legal, economic, and reputational risks and exploiting new opportunities.

Due to the growing importance of antitrust issues, the Group has long since adopted a risk control system for antitrust compliance, under the responsibility of the Institutional Affairs Department. In this regard, it has adopted an extensive Antitrust Compliance Program that among its key elements includes the establishment of a specific internal team to monitor compliance with antitrust rules, the adoption of a Group Antitrust Regulation (which has incorporated the Antitrust Compliance Policy), the Antitrust Rules of Conduct and the Antitrust Inspections Rules, as well as a training and information programme. The control of this area has been extended beyond the more traditional forms of antitrust (mergers, abuses of dominant positions and agreements) to also include EU regulations on state aid and the recent Italian regulations in support of Italy’s competitiveness.

In 2022 the Group continued to raise awareness and spread the culture of antitrust compliance within the Group through the creation of 11 Web TV clips, the publication of 15 articles for the Group’s communications magazine “Mosaico” (also translated in English) and the circulation of specific “Antitrust Update” reports. During the year, a series of remote training initiatives were also carried out on specific topics within various Group companies.

## PRIVACY AND DATA PROTECTION

The hallmark of Intesa Sanpaolo's business is its strong commitment to ensuring that the personal data of its customers and employees are collected and processed in full compliance with the provisions of law.

25 May 2018 marked the entry into force of Regulation (EU) 2016/679, which standardised privacy legislation in the Member States of the European Union and introduced new principles on personal data protection.

These rules were immediately incorporated by the Bank and integrated into the main internal Governance documents consisting of the Group Code of Ethics, Internal Code of Conduct, Corporate Guidelines and Rules for the processing of personal data, approved by the Board of Directors, to outline an overall framework for conduct that all Group employees and other staff are required to observe in order to ensure correct data processing.

Intesa Sanpaolo also requires its suppliers to comply with the policies, regulations and standards relating to personal data protection, defining their subjective role in the processing activities, assessing the existence of the necessary safeguards, formalising the contractual terms and conditions, and implementing compliance and adequacy assessments.

More specifically, the GDPR has introduced the accountability principle which requires the data controller to implement regulatory, organisational and technological measures aimed at ensuring that the processing of personal data takes place in compliance and in the light of the criteria laid down in the Regulation such as privacy by design, privacy by default, the appointment of the Data Protection Officer, privacy impact assessment, the record of processing activities, the subjective role of Third Parties and data breach management.

Privacy monitoring is ensured by the Data Protection Officer and the Privacy Function, recently placed under the Compliance Governance Privacy and Controls Department and divided into 3 Privacy Advisory offices - Relations with the Data Protection Authority and the Data Subjects - Privacy Controls and Reporting. The Data Protection Officer and the Privacy structure are entrusted with the following tasks:

- Monitoring and overseeing compliance with the GDPR;
- Preliminary compliance check on new products, initiatives and services involving the processing of personal data;
- Assessment of risks to the rights and freedoms of individuals when starting or changing any personal data processing activities (Privacy Impact Assessment) in accordance with Article 35 of the GDPR;
- Assessment of the subjective privacy role played by Suppliers/Third Parties and preparation of the letter of appointment;
- Management of customer requests regarding the exercise of the rights of the data subjects;
- Management of replies to the Data Protection Authority and data subjects following reports or complaints lodged with the same Authority;
- Role of guidance, coordination and control of the Group companies located in Italy and abroad (EU and non-EU);
- Keeping and updating the Record of Processing Activities, as required by Article 30 of the GDPR, wherein all the personal data processing activities carried out are recorded. The Register shows the purposes of each processing, the data storage methods, the security measures applied and other information on the processing activities carried out;
- Assessment of non-compliance events and data breaches;
- Update of the list of Third Parties that process personal data of customers and employees;
- Monitoring training courses on Privacy.

Intesa Sanpaolo processes personal data solely for the purposes described in the policy made available to the data subjects, exclusively after obtaining their consent to the processing, for the purposes expressly stated therein. No processing will be carried out for secondary purposes not expressly stated and to which the data subject has not given their consent.

As part of the Integrated Internal Control System, the Control Functions carry out checks with diversified depth and frequency, the outcomes of which are reported to the Board of Directors, relating to the compliance of the activities with the regulatory requirements on personal data protection and the correct implementation of the measures issued by the Data Protection Authority on these issues.

In this context, the Data Protection Officer, in compliance with the GDPR and the Guidelines, is tasked with preparing a report, at least annually, to report to the Board of Directors any data protection issues of particular importance.

This commitment allows, through the adoption of appropriate measures, for the mitigation of reputational and non-compliance risks in the processing of personal data, also with respect to the lawfulness and fairness of the

processing, the purpose of the processing and its relevance, and the completeness and non-excessive nature of the data collected.

The Intesa Sanpaolo Group, having companies located in various EU and non-EU countries, complies with the provisions expressly set forth by local regulations on the protection of personal data.

In the past year, the Bank strengthened its control model by enhancing the existing mechanisms to make them more efficient and planning additional controls in line with new criteria. The implementation process was partially completed in 2022 with the set-up and the simultaneous launch of additional controls and the activity will continue throughout 2023.

At the same time, it was deemed appropriate to raise Group employees' awareness of the personal data protection issue through the provision of mandatory e-learning training courses: in 2022, new modules concerning specific topics were made available and the publication of new courses is currently being defined with a view to continuing to enable personnel to learn about regulations with a practical approach.

In the field of planning activities, a new integrated platform is being developed that will enhance controls on the Record of Processing Activities and the main corporate privacy processes. The development, testing and fine-tuning will continue until 2025.

In relation to the activities carried out in the international scope, the guidance, coordination and control activity continued in relation to the EU Companies with special meetings being held for the presentation of privacy processes, discussion about relevant issues, transmission and analysis of periodic information flows. In the context of the non-EU scenario, controls on the international branches that carry out a higher number of personal data processing activities were enhanced to reduce the risks of non-compliance and strengthen their governance.

This year, following the completion of preliminary proceedings by the various local authorities regarding the protection of personal data, the Intesa Sanpaolo Group incurred fines for a total of approximately 196,250 euro.

With regard to requests received from customers regarding personal data protection, in Italy 149 reports were received in 2022 for alleged instances of non-compliance (126 of which related to Intesa Sanpaolo S.p.A.) and 12 requests (6 of which for complaints from customers and 6 for information/documentation requests) from the Italian Data Protection Authority regarding companies belonging to the Group, for which the necessary responses were given.

In 2022, 103 cases (71 of which related to Intesa Sanpaolo S.p.A.) of loss or theft of data of customers of the Group (Data Breach) were assessed in Italy, 94 of which (66 related to Intesa Sanpaolo S.p.A.) were not found to pose a risk to the rights and freedoms of the data subjects and therefore reporting to the Italian Data Protection Authority was not necessary. For the remaining 9 cases it was deemed necessary or prudential to notify the Italian Data Protection Authority and/or the data subjects.

The international Companies established in the European Union reported a total of 80 incidents/events of alleged personal data breach, of which 9 were reported to local authorities, while for the remaining 71 the local Data Protection Officers did not detect a risk to the rights and freedoms of the data subjects so reporting the respective Data Protection Authority was not necessary.

## COMPLIANCE WITH LABOUR LAWS

Consistent with the commitment set out in the Code of Ethics for the development of a working environment permeated by mutual trust, loyalty and enriched by the contribution of each person, the management model in this area is based on national and second-level (Group) collective bargaining agreements. Compliance with these rules, in addition to the legal provisions, is instrumental to improving the working environment, with a view to continued growth in the quality of relations between the Company and its personnel and customers. Thus, they have the goal of asserting the need for a transparent and sustainable work organisation, with clear operational responsibilities at the various levels to continuously ensure compliance with the rules and the prevention of non-compliant behaviour, identifying measures that ensure the effective encapsulation of company objectives and worker expectations in terms of the working environment and internal relations. Responsibility for management, and consequently also for monitoring the effective application of the trade union agreements, is assigned to the Labour Affairs and Policies Head Office Department. The protocol for Labour Relations identifies the methods to enable joint research between the Company and Trade Union Organisations on solutions to improve the well-being of the Group's people and make a positive contribution to productivity with advanced and innovative responses in the area of pensions, assistance and services for families, education and an improved work-life balance. In general, the number of labour lawsuits is small: 54 cases (35 of which from employees in service) for violations of labour law were reported in 2022 and 112 cases were closed. The main types of ongoing litigation



concern deskilling, appeals against dismissal and disciplinary sanctions, higher job positions, and termination of the employment relationship (sale of business unit - Intrum). In 2022, there were no reports of lawsuits exclusively relating to mobbing involving Group's current employees. There is no evidence of cases of discrimination that have led to investigations for measures to be issued under formal procedures or processes. With regard to the reports relating to the "Rules for combating sexual harassment", the inter-functional working group set up for the management of potential cases of this kind was activated on 15 occasions. Ongoing monitoring has also been conducted on compliance with the rules laid down by the Group Internal Code of Conduct, through carrying out investigations of potentially abnormal situations. The training initiative aimed at maximising knowledge of the Group's Internal Code of Conduct with a view to risk prevention continued in 2022; in particular, a special course relating to the "Group Internal Code of Conduct" was included in the mandatory training content for new employees of all Intesa Sanpaolo Group companies (Italian and international scope) managed on the Apprendo platform. The course may also be taken to fulfil the mandatory training obligations imposed by the US NFA (National Futures Association, the self-regulatory body of the US Futures market). The training initiatives on the subject of "Rules for combating sexual harassment" also continued. In addition to these training initiatives, intended for all personnel, a specific training course for Intesa Sanpaolo Bank Albania was added in the form of a webinar for top and middle management. In agreement with the International Subsidiary Banks Division, the roundtable discussions launched in 2021 for the alignment of the Code with local regulations in order for the renewed text to be implemented also by International Subsidiary Banks continued to be held. Furthermore, similar transposition and harmonisation activities were launched with the international companies managed by the IMI Corporate & Investment Banking Division and by Fideuram - Intesa Sanpaolo Private Banking.

At the same time, the review activities of the Group's Internal Code of Conduct were launched to update the text also in the light of the legislative changes introduced by Legislative Decree 104 of 27 June 2022 transposing Directive (EU) 2019/1152 of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union (so-called Transparency Decree).

## AUDITS

The planning of Audits is coordinated by a specific internal structure, which supports the Chief Audit Officer in setting and assigning short-to-medium-term objectives and plans to the Auditing Responsibility Centres, which are internal structures focused on specific functions of the Bank or Group Companies (e.g. head office functions, ITC, branch network, product companies, etc.) rather than on cross-cutting risk areas. The planning activity takes into account the findings from risk analysis, the requests from the Company Management and Control Bodies, and from Top Management, as well as the obligations arising from external regulations and instructions from the Supervisory Authorities. In terms of timing, it is divided into:

- Multi-year Strategic Planning: in line with the company's strategic guidelines;
- Annual Operational Planning: Annual Audit Plan, subject to approval by the Bodies;
- Quarterly Operational Planning.

In 2021, at the end of the integration process between Intesa Sanpaolo and UBI Banca, the structure of the Chief Audit Officer departments had been revised, which led to the establishment, among other things, of the Audit Global & Strategic Risks Head Office Department, which is also responsible for the cross-cutting control of risks connected to ESG issues.

As required by international standards, the Internal Audit Department is periodically subject to an external Quality Assurance Review (QAR). The most recent one ended in the first half of 2022 with the confirmation of the highest possible rating ("Generally Compliant"). The external evaluator highlighted the continuous development and growth process of the Function as well as increased effectiveness in comparison with the results of the previous QAR and with the international best practices. In addition, on an annual basis, the Internal quality assurance and improvement plan is prepared, which is included in the Annual Plan submitted for approval to the Corporate Bodies.

At the international level, the audits are structured in such a way as to ensure the direct monitoring of Intesa Sanpaolo's international branches, in addition to guaranteeing supervision of the Central Structures and the Banks and Companies of the International Subsidiary Banks, Private, Asset Management, and IMI CIB Divisions. The Parent Company's dedicated Offices ensure governance of the activities carried out by the local audit units and, where necessary, direct audits of the Banks of the International Subsidiary Banks Division and the Insurance Division.

In 2022, 259 Risk Areas were identified in the Central Structures, Banks and Group Companies and analysed, with the completion of 325 audits (66 of which "extraordinary", originating from specific requests of Corporate Bodies, Supervisory Authorities or from events/circumstances occurring after the completion of the annual planning<sup>1</sup>).

<sup>(1)</sup> In addition, 6 out of 7 audits were completed which were underway as of 31/12/2021, while 1, relating to the Russian subsidiary, was cancelled due to the current situation.

The overall residual risk for the Group (Q-Factor) determined at the end of 2022 through the audit methodology was found to be in the acceptable range and the mitigation measures in support of the key points reported by Audit during the various activities are monitored through the “Tableau de bord” and “Repository” tools until their resolution.

In 2022, 135 audits were reported as significant pursuant to Legislative Decree 231/2001 by the Parent Company’s audit structures; 7 of these concerned the risk of corruption, impacting 8 Governance Areas/ Divisions/Legal Entities.

In the ESG area, the 2022 audit was mainly based on a programme of audits (10 audits) involving analysis of the evolution of the Governance (Reporting, Stress testing, Product Governance) and of the ESG framework (ESG scoring methods of the Parent Company and Eurizon, ESG impacts on Credit Granting and the Funding process). A cross-cutting audit of the Social area was also carried out. As in the past, other audits had control objectives more marginally connected to ESG aspects and compliance with the principles and values enshrined in the Code of Ethics (see page 57).

The additional initiatives activated during 2022 by the Chief Audit Officer’s structures also include the SAIL (Strategic Audit Innovation Line-up) programme to support the evolution of audits over a 2022-2025 time horizon of the plan.

As part of this programme, the “Audit for Future” project has developed internal initiatives with a social, environmental and diversity & inclusion impact, including the “CAO4ESG 2022” initiative, aimed at planting trees, and gender diversity initiatives carried out in collaboration with the Parks association.

## WHISTLEBLOWING

Since 2016, a whistleblowing system has been in place, which allows employees to report actions or conduct that could constitute breaches of the regulations on banking activities as well as internal company policies and/or procedures or conduct giving rise to conflicts of interest (whistleblowing). Any employee or non-casual staff of the Group (including supplier and consulting companies), who suspects that a breach has occurred or may occur, can submit a report at any time through specific channels (usually via e-mail) that can also be accessed through the Bank/Company’s intranet portal, providing as detailed a description as possible of the circumstances and conduct deemed to be in conflict with the regulations, in Italian/English (reference international language), or in the language of their respective country. The process ensures adequate controls on all the parties involved, guaranteeing the confidentiality of the information received and of the identity of the whistleblowers to protect them from any retaliatory, discriminatory or otherwise unfair conduct resulting from the report. The Chief Audit Officer is the structure in charge of ensuring that the process is carried out correctly. In 2022, a total of 28 reports were received on the Parent Company’s Ordinary Channel, of which 4 were judged not pertinent, whereas 24 resulted in the launch of specific investigations. Dedicated whistleblowing channels are also active at the Group’s International Subsidiary Banks.

## DISPUTES AND FINES

As at 31 December 2022, there were a total of about 37,400<sup>2</sup> disputes, other than tax disputes, at Group level for a total remedy sought of around 3,850 million euro. This amount includes all outstanding disputes, for which the risk of disbursement of financial resources resulting from a potential negative outcome has been deemed possible or probable and therefore does not include disputes for which risk has been deemed remote.

At Group level, at the end of 2022 the total value of the claims for tax disputes (tax, penalties and interest) is 219 million euro, slightly up from 215 million euro at 31 December 2021.

With regard to compliance with environmental regulations, for damage caused to the environment as a result of the Bank’s operations and in relation to health and safety, over the last three years, no significant reports emerged and no fines were imposed (see page 223).

With regard to labour litigation, at the end of December 2022 there were no significant disputes from either a qualitative or quantitative standpoint.

For information on the legal risks and the most significant civil, administrative and penal lawsuits, please refer to the Consolidated Financial Statements (see pages 562-580) [i].

<sup>2</sup> These include approximately 20,000 disputes relating to the subsidiary Banca Intesa Beograd and concerning actions brought by customers challenging the validity (1) of certain charges provided for in loan agreements and (2) of charges relating to insurance for real-estate loans (both types of dispute are common with other banks in the country). Although numerically significant, the average value of the claims is quite modest: overall, the remedy sought relating to the two types of disputes is slightly more than 2.4 million euro.

<sup>3</sup> The figures for the remedy sought do not include claims of indeterminate value, i.e. those that do not contain a specific financial claim when the dispute is initiated; the value of these disputes is determined during the course of the proceedings when sufficient information emerges for the valuation.