



Identity
and profile

Group Presentation

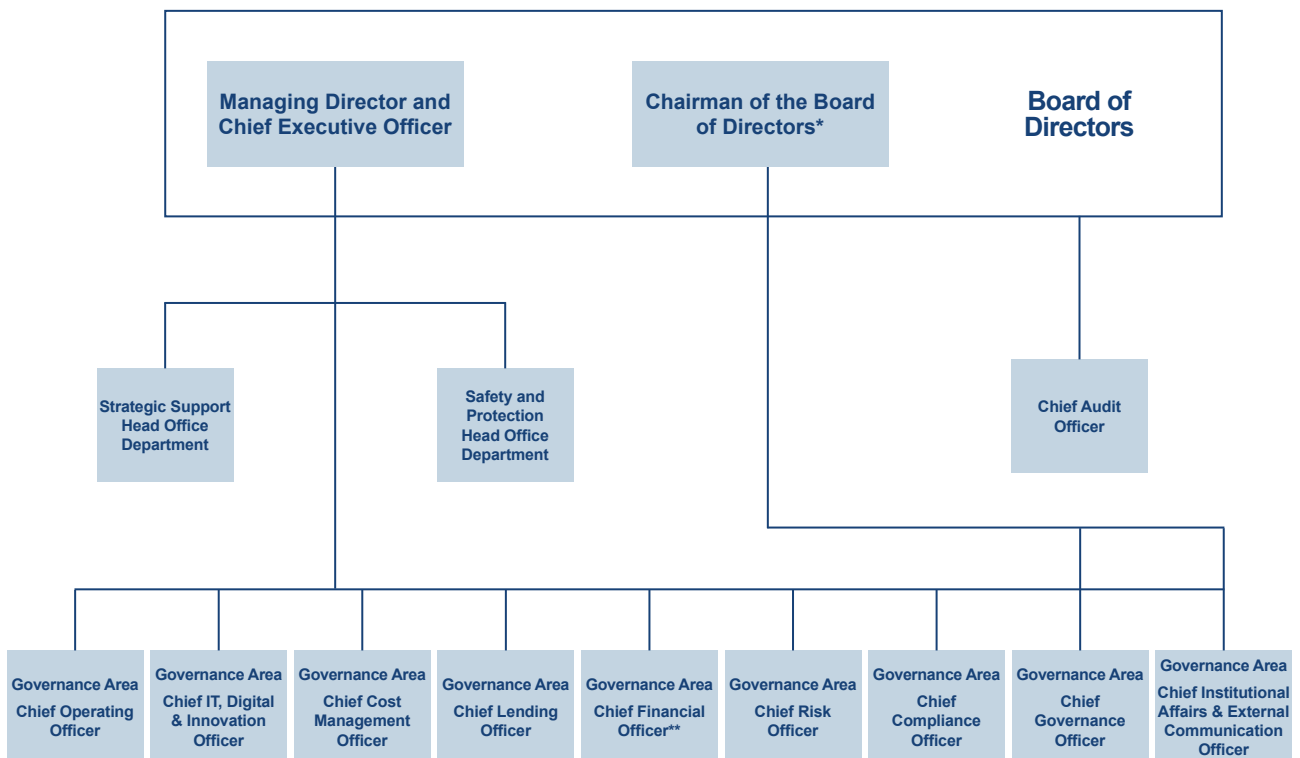
The Intesa Sanpaolo Group is one of the leading banking groups in Europe, with a market capitalisation of 38.5 billion euro¹, and is committed to supporting the economy in the countries in which it operates, particularly in Italy, and to becoming an exemplary model in terms of sustainability and social and cultural responsibility.

Intesa Sanpaolo is the market leader in Italy in all operating sectors (retail, corporate and wealth management). The Group supplies its services to some 11.8 million customers via a network of around 3,800 branches across the country, boasting a market share of at least 12% in most regions.

Intesa Sanpaolo has a strategic international presence, with roughly 1,000 branches and 7.2 million customers, including subsidiary banks operating in commercial banking in 12 countries in Central/Eastern Europe and in the Middle East and North Africa. It also has an international network specialising in providing support to corporate customers in 25 countries, particularly the Middle East and North Africa, and in countries where Italian businesses are especially active, such as the United States, Brazil, Russia, India and China.

¹) As of 28 February 2020

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



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

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

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

Banca dei Territori	Focused on the market and on the central role of the territory, with a view to strengthening relationships with individuals, small and medium-sized enterprises and non-profit entities. It includes industrial loans, leasing and factoring and instant banking (through Banca 5).
Corporate e Investment Banking	A global partner to support the balanced and sustainable development of businesses and financial institutions, from a medium/long-term perspective and on a national and international basis. It includes capital markets and investment banking activities (carried out through Banca IMI) and operates in 25 countries in support of the cross-border operations of its customers through a specialised network of branches, representative offices and subsidiaries that engage in corporate banking activity. The Division operates in the Public Finance sector as a global partner for public administration.
International Subsidiary Banks	Includes subsidiary banks performing commercial banking activities in the following countries: Albania (Intesa Sanpaolo Bank Albania), Bosnia-Herzegovina (Intesa Sanpaolo Banka Bosna i Hercegovina), Croatia (Privredna Banka Zagreb), Egypt (Bank of Alexandria), Moldova (Eximbank), Czech Republic (the Prague branch of VUB Banka), Romania (Intesa Sanpaolo Bank Romania), Serbia (Banca Intesa Beograd), Slovakia (VUB Banka), Slovenia (Intesa Sanpaolo Bank), Ukraine (Pravex Bank) and Hungary (CIB Bank).
Private Banking	Serves customers in the Private and High Net Worth Individuals segment by offering targeted products and services. The division includes Fideuram – Intesa Sanpaolo Private Banking, with 5,834 private bankers.
Asset Management	Provides asset management solutions aimed at the Group's customers, non-Group distribution networks and institutional customers. The division includes Eurizon, with assets managed totalling 266 billion euro.
Insurance	Develops the provision of insurance and pension products for the Group's customers. The division is headed by the companies Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita and Intesa Sanpaolo Assicura, with direct deposits and technical reserves of 166 billion euro.

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

International presence

■	ITALY 3,752 Branches
■	OTHER EUROPEAN COUNTRIES 863 Branches 2 Representative Offices
■	AMERICA 2 Branches 1 Representative Office
■	ASIA 7 Branches 6 Representative Offices
■	AFRICA 175 Branches 1 Representative Office
■	OCEANIA 1 Representative Office



Figures as at 31 December 2019

Competitive positioning

Ranking in Italy

1st	Loans		17.0%
1st	Deposits ¹		18.2%
1st	Asset management ²		21.1%
1st	Pension Funds ³		23.0%

Figures as at 31 December 2019.

¹ Include bonds

² Mutual funds, figures as at 30/9/2019

³ Figures as at 30/9/2019

Business Model

VISION AND VALUES

GOVERNANCE

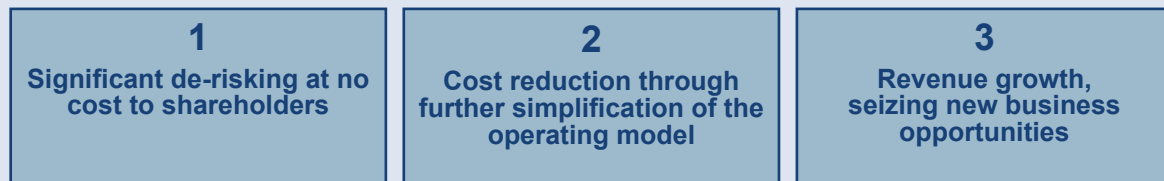
STRENGTHS

- Strong balance sheet
- One of the best cost/income ratios in Europe
- Leader in risk management
- High number of customers
- Capital exceeding regulatory requirements
- Excess liquidity reserves
- Low degree of leverage
- Leader in Corporate Social Responsibility

STRATEGIC PRIORITIES

- Being a real-economy Bank
- Achieving sustainable profitability
- Being the #1 Bank in Europe for risk profiles
- Being the #1 Bank in Europe for efficiency
- Being the #1 Bank in Italy for all banking products, and a European leader in Wealth Management & Protection
- Supporting Italian businesses abroad with our international presence
- Being a simple and innovative Bank
- Ensuring the very best customer relations with a multichannel approach

OUR FORMULA FOR SUCCESS



Our People and Digital Technology representing key enablers

OUTCOME

- Solid and sustainable value creation and distribution, whilst maintaining a high capital base
- Medium/long-term credit disbursed to households and businesses
- Support for groups struggling to access credit, despite their potential
- Employment protection and HR development
- Supplier partnership development
- Contribution to fulfilling the needs of the community
- Improvement of customer relations
- Innovation in products and service models
- Being an exemplary group for society in terms of social and cultural responsibility
- Support for combating climate change

SOCIO-ECONOMIC CONTEXT

Company value and solidity

THE 2018-2021 BUSINESS PLAN

The 2018-2021 Business Plan seeks to maintain solid and sustainable value creation and distribution for all stakeholders. In addition, Intesa Sanpaolo, already a leader in the field of Corporate Social Responsibility, is seeking to become an exemplary group in terms of social and cultural responsibility.

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

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

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

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

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

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

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

People, in particular, will benefit from a series of initiatives aimed at strengthening their involvement, promoting inclusion and ongoing dialogue with the company, developing the best talents, improving skills, maintaining employment levels, promoting internal fairness and facilitating a work/life balance through flexibility initiatives (see 2019 Financial Statements, page 43 [i]).

Through the Business Plan, Intesa Sanpaolo has set itself goals which will generate value for its stakeholders and for the achievement of which the Group has continued to develop the main strategic projects (see 2019 Financial Statements, page 44). As a solid Bank that is increasingly profitable, Intesa Sanpaolo is able to make a positive contribution for the interests of its shareholders and all other stakeholders.

These objectives are detailed in the various sections of the document, together with the progress achieved during 2019. These include:

Stakeholder	Benefits	2019 results	Plan Objectives for 2021 Cumulative value 2018-2021
Shareholders	Cash payout ratio	80% 3,362 million euro*	85% in 2018, 80% in 2019, 75% in 2020 and 70% in 2021
Households and businesses	New medium/long-term credit granted to the real economy	~58 billion euro (~118 from the beginning of 2018)	~250 billion euro
Employees	Personnel expenses	~5.7 billion euro (~11.5 from the beginning of 2018)	~24 billion euro
Suppliers	Procurement and investments	~2.8 billion euro (~5.5 from the beginning of 2018)	~11 billion euro
Public sector	Direct and indirect taxes	~2.7 billion euro (5.3 from the beginning of 2018)	~13 billion euro

* The Board of Directors shall propose to the Shareholders' Meeting to allocate 0.192 euro per share, totalling approximately 3.4 billion euro.

ECONOMIC AND FINANCIAL PERFORMANCE AND DISTRIBUTION OF THE VALUE GENERATED

ECONOMIC AND FINANCIAL PERFORMANCE¹

The Intesa Sanpaolo Group closed its income statement for 2019 with net income of 4,182 million euro, up by around 3.3% on 4,050 million euro for the previous year, which also included the positive effect of significant non-recurring income. The change was driven by a rise in operating income, a fall in operating costs, and lower adjustments for credit risk. The amount of levies and charges for the banking system was still significant, although slightly lower than in 2018.

In detail, operating income amounted to 18,083 million euro, up on 2018 (+1.5%) due to the significant performances of profits on financial assets and liabilities designated at fair value (+31% at 1,928 million), the increase in income from insurance business (+9% at 1,184 million) and the stability of net fee and commission income (+0.1% at 7,952 million). By contrast, net interest income (-3.7% at 7,005 million) declined, primarily due to lower interest on non-performing assets as a result of de-risking activities, as did other net operating income (4 million against 34 million in 2018).

Operating costs were down (-2.1% at 9,290 million), both for personnel expenses (-1.2%), due to the downsizing of the workforce, and for administrative expenses (-5%), which fell across all the main expense items. Amortisation – which under the new IFRS 16 also includes the amount related to property and equipment and intangible assets under operating leases – was, overall, essentially in line with the same figure in 2018 (+0.1%).

Net adjustments to loans fell overall (approximately -13% to 2,089 million), due to lower adjustments for stage 3 loans and for bad loans in particular. This performance was also influenced by the recoveries on performing loans, which benefited from a better risk profile.

Other net provisions and net impairment losses on other assets increased overall to 254 million euro (187 million euro for 2018).

Other income, which includes realised profits (losses) on investments and income and expenses not strictly linked to operations, amounted to 55 million euro, compared to 506 million euro for 2018, which included the gain resulting from the signing of the agreement with Intrum for the strategic partnership regarding non-performing loans (443 million euro).

Income from discontinued operations, amounting to 88 million euro (71 million euro in 2018 on a like-for-like basis), reflected the income effects, before tax, of the acquiring business line that will be transferred to Nexi in 2020 under the agreement signed with regard to the payment systems.

¹ Commentary refers, unless otherwise specified, to the reclassified data published in the 2019 Consolidated Financial Statements of the Intesa Sanpaolo Group. Changes in annual percentages are based on 2018 figures, restated, where necessary and if they are material, to take into account changes in the scope of consolidation. Amounts are in millions of euro. For additional details or information, see the 2019 Consolidated Financial Statements of the Intesa Sanpaolo Group.

As a result of the changes illustrated above, gross income increased (+4.3% to 6,593 million euro).

Taxes on income for the period, which were impacted by the realignment of the tax values in the year, came to 1,838 million euro.

Charges for integration and exit incentives were recorded for 106 million euro as well as effects of purchase price allocation for 117 million euro.

The charges aimed at maintaining the stability of the banking industry, which are still significant, amounted to a total of 360 million euro after tax (378 million euro in 2018).

With regard to the balance sheet figures, as at 31 December 2019 loans to customers exceeded 395 billion euro, up slightly overall (+1.7 billion euro, or +0.4%) on the beginning of the year. In this area, net non-performing loans declined sharply (-2.4 billion, approximately -14%).

On the funding side, direct deposits from banking business totalled 426 billion euro at the end of 2019, up from the beginning of the year (+10.4 billion euro, or +2.5%). Direct deposits from insurance business – which includes technical reserves – was also up compared to the start of the year (+16.5 billion euro, or +11%), amounting to 166 billion at the end of 2019.

The Group's indirect customer deposits at the end of the 2019 amounted to around 534 billion euro, up since the start of the year (+38 billion euro, or +7.8%), due to the positive performance of all the components, also in relation to the more favourable market conditions.

The persisting complexity of the macroeconomic environment and the marked volatility of financial markets call for constant control of the factors enabling the Group to pursue sustainable profitability: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations.

Group liquidity remains high: as at 31 December 2019, both the regulatory indicators, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), also adopted as internal liquidity risk measurement metrics, had reached a level well above fully phased-in minimum requirements provided for by the regulations.

At the end of the year, the Central Banks' eligible liquidity reserves came to 190 billion euro (175 billion euro in December 2018), of which 118 billion euro, net of haircut, was unencumbered (89 billion euro at the end of December 2018). The Loan to Deposit Ratio at the end of 2019, calculated as the ratio of loans to customers to direct deposits from banking business, stood at 93%.

In terms of funding, the widespread branch network remains a stable, reliable source: 80% of direct deposits from banking business come from retail operations (338 billion euro). In addition, the following were placed during the year: 1 billion euro of covered bonds, 13.2 billion Yen of unsecured senior Tokyo Pro-Bonds, 3.50 billion euro and 2 billion USD of unsecured senior bonds, unsecured senior bonds in Swiss francs of 250 million CHF, unsecured senior green bonds of 750 million euro, focused on the Circular Economy, within the scope of the Intesa Sanpaolo Sustainability Bond.

With regard to the targeted refinancing operation TLTRO, at the end of December 2019, the Group's participation amounted to 49 billion euro: 17 billion of TLTRO III loan (54 billion euro being the financing cap), against a partial repayment of 29 billion euro of the amount received in the previous TLTRO II (equal to 60.5 billion).

The Intesa Sanpaolo Group's leverage ratio was 6.7% as at 31 December 2019.

The capital base also remains high and well above regulatory requirements. At the end of the year, the Total capital ratio stood at 17.7%, while the ratio of the Group's Tier 1 capital to its total risk-weighted assets (Tier 1 ratio) was 15.3%. The ratio of Common Equity Tier 1 capital (CET1) to risk-weighted assets (the Common Equity Tier 1 ratio) was 13.9%.

Key indicators [millions of euro]		
Economic indicators	2019	2018*
Loans to customers	395,229	393,550
Direct deposits from banking business	425,512	415,082
Direct deposits from insurance business and technical reserves	165,838	149,358
Consolidated shareholder's equity	55,968	54,024
Consolidated net income	4,182	4,050
Dividends	3,362	3,449
Stock Exchange average capitalisation	36,911	44,947
Total assets	816,102	789,385
Economic value generated	17,371	16,960
Economic value distributed	-15,687	-14,827

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

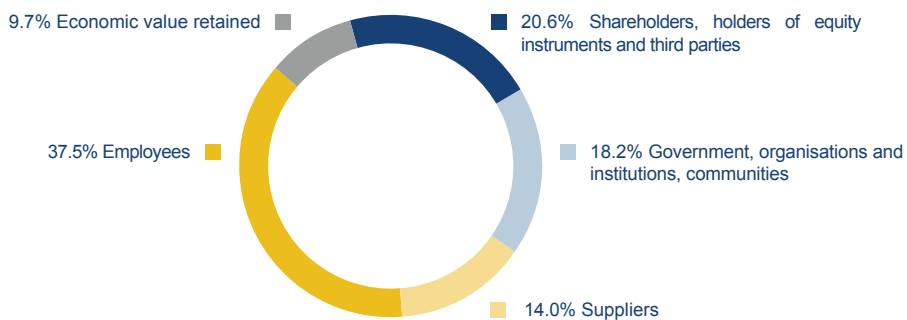
The economic value generated, which in 2019 was over 17 billion euro, came from net income from banking and insurance activities – which therefore takes into account the impairment losses on loans and other financial assets – plus the realised gains and losses on investments in associates and companies 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 6.5 billion euro. In addition to staff pay, the total also includes payments to the network of financial advisors;
- suppliers received 14% of the economic value generated, for a total of 2.4 billion euro in payment for goods and services;
- the Government, Organisations and Institutions recorded a total flow of funds of 3.2 billion euro, around 18% of the economic value generated, almost 900 million euro of which referring to indirect taxes and duties, over 1.7 billion euro to taxes on income from continuing operations, and over 500 million to levies and other charges concerning the banking industry, consisting of contributions to resolution and guarantee funds. There were also numerous social and cultural initiatives and other actions taken to support the charity funds and issue disbursements by way of social and cultural contributions;
- approximately 21% 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 3.6 billion euro.

The remaining amount, around 1.7 billion euro, was withheld by the corporate system and mainly comprises deferred tax assets and liabilities, amortisation and depreciation, provisions for risks and charges, and retained earnings. Self-financing is to be considered an investment that other stakeholder categories make each year to maintain efficiency and allow the sustainable development of the Bank as a whole.

BREAKDOWN OF 2019 ECONOMIC VALUE

Economic Value	millions of euro	
ECONOMIC VALUE GENERATED	17,371	100.0%
ECONOMIC VALUE DISTRIBUTED	-15,687	90.3%
Employees	-6,513	37.5%
Suppliers	-2,437	14.0%
Government, organisations and institutions, communities	-3,167	18.2%
Shareholders, holders of equity instruments and third parties	-3,570	20.6%
ECONOMIC VALUE RETAINED	1,684	9.7%



Vision and Values

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

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

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

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

(from the Code of Ethics [1])

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

Integrity

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

Quality

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

Transparency

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

Respect for specific qualities

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

Equality

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

Value of individuals

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

Responsibility in the use of resources

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

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

Commitment to domestic and international initiatives and the United Nations Sustainable Development Goals



In support of

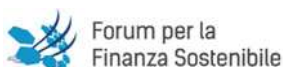
**WOMEN'S
EMPOWERMENT
PRINCIPLES**
Established by UN Women and the
UN Global Compact Office



Founding Signatory of:



Signatory of:



Global Compact [i]

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

Women's Empowerment Principles – WEPs [i]

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

UNEP Finance Initiative [i]

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

UNEP Finance Initiative – Principles for Responsible Banking – PRB [i]

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

UNEP Finance Initiative – Principles for Sustainable Insurance – PSI [i]

UNEP FI programme for the insurance industry, with the aim of addressing the risks and opportunities related to environmental, social and governance issues. The Intesa Sanpaolo Group subscribes to the Principles as a signatory through Intesa Sanpaolo Vita.

Principles for Responsible Investment – PRI [i]

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

Equator Principles [i]

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

CDP [i]

An independent non-profit organisation that maintains and manages the most extensive database on climate change worldwide. Members of the CDP pledge to make their greenhouse gas emissions and their strategies for managing the problem of climate change public. The Intesa Sanpaolo Group adheres to the CDP as a signatory through Eurizon Capital SGR and the Group's Pension Fund.

Task Force on Climate-related Financial Disclosures – TCFD [i]

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

Global Reporting Initiative [i]

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

Forum per la Finanza Sostenibile [i]

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

LBG [i]

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

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

SUSTAINABLE DEVELOPMENT GOALS (SDGS – SUSTAINABLE DEVELOPMENT GOALS)



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



The Goals aim to:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure access to water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development

Intesa Sanpaolo is aware of the fact that many of the objectives set in the 2018-2021 Business Plan are strictly connected with certain Sustainable Development Goals. This link is also confirmed by the materiality analysis, which highlighted the importance of certain issues both in terms of impact on the Group's strategies and on its stakeholders. Therefore, the link with the Business Plan and the material issues (namely the topics that the materiality analysis has shown to be of key importance) have been bolstered by the various Sustainable Development Goals, as well as with the actions, projects and results of greatest significance in terms of their positive effects on the community. This approach is proof of the Group's contribution to generating positive change at a global level, through a commitment that, considering the loans granted by the Group to support families and businesses, it extends to all SDGs and is focused on 11 objectives in particular.

Contribution to SDGs	1 NO POVERTY	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Company value and solidity											
Direct environmental impacts				■						■	
Green economy				■					■	■	
Employee growth and development		■	■		■		■				
Employee well-being					■						
Employment protection					■						
Quality and innovation in customer relations											
Access to credit and financial inclusion	■	■	■		■	■		■			
Responsible asset management and customer protection											
Relations with the community	■	■						■			
Integrity in corporate conduct											■

These are the identified goals, the main actions carried out in 2019 and the strategies for the future, with specific reference to 2021, unless otherwise specified.

SDGs	2019 Actions	Objectives
	<p>Intesa Sanpaolo for disadvantaged people (see page 97) 8.7 million meals, over 519,000 beds, 131,000 medicines and 103,000 items of clothing were given out in the 2018-2019 period.</p> <p>Supporting the Third Sector (see page 79) In 2019, approximately 200 million euro was granted to support social enterprises and the Third Sector.</p> <p>Intesa Sanpaolo Fund for Impact (see page 77) As part of the Fund for Impact, in addition to "per Merito", the first initiative, which in 2019 financed the university studies of 3,240 students and granted approximately 28 million euro, two new initiatives were announced in January 2020 to support working mothers and people over 50 who lost their jobs or have difficulty accessing pension schemes.</p> <p>Microcredit (see page 77) In 2019 approximately 75 million euro was granted for microfinance or anti-usury projects, in Italy and abroad.</p> <p>Charity Fund (see page 96) In 2019, the Fund for charitable, social and cultural donations of Intesa Sanpaolo has disbursed approximately 12.9 million euro in support of over 800 projects carried out by non-profit organisations. The target of allocating a high share of resources (>70%) to donations supporting projects benefiting more vulnerable sections of the population has been exceeded by a considerable amount, being 95%.</p>	<ul style="list-style-type: none"> ■ The 'Cibo e Riparo per le persone in difficoltà' (Food and Shelter for disadvantaged people) initiative to guarantee 10,000 meals a day, 6,000 beds a month and 3,000 clothing items and medicines a month by 2021. ■ New medium to long-term loans in support of social enterprises, totalling approximately 0.7 billion euro over the 2018-2021 period, thus confirming Intesa Sanpaolo's position as the largest Third Sector lender in Italy. ■ Intesa Sanpaolo Fund for Impact (established by allocating 0.5% of the shareholders' equity, for an estimated value of ~250 million euro), which will enable the disbursement of loans totalling 1.25 billion euro over the 2018-2021 period to sections of society who find it hard to access credit despite their potential.
	<p>Training (see page 116) The training solutions, based on key skills for each position, prioritised digital channels with quick, simple and interactive participation methods, providing around 11 million hours of training in 2019.</p> <p>Per Merito (see page 77) With "per Merito", a loan without collateral for all young university students residing in Italy and studying in Italy or abroad, launched as part of the Fund for Impact, 3,240 students received funding and approximately 28 million euro was granted in 2019.</p> <p>Contribution to the community (see page 95) Investment in young people, their education and job promotion is also tangible in the <i>Giovani e Lavoro</i> programme, created in collaboration with <i>Generation Italy</i>, a job orientation project involving over 1,000 companies and training 700 young people.</p>	<ul style="list-style-type: none"> ■ 1 billion euro of investment in training and learning for employees, with the provision of around 46 million hours of training in the 2018-2021 period (11.9 million hours in 2021). ■ Continuation of the 'per Merito' initiative, launched as part of the Fund for Impact. ■ Supporting training and access to the Italian labour market for 5,000 young people in 2019-2021 through the <i>Generation</i> initiative.

SDGs	2019 Actions	Objectives
 <p>5 GENDER EQUALITY</p>	<p>Inclusion and diversity management (see page 117) The Diversity & Inclusion (D&I) structure is committed to defining the D&I strategy, also starting from the results of a specific Survey carried out on the Italian territory. In particular, the number of managers also assessed on the basis of a KPI, equal to 10% of the overall evaluation, dedicated to the promotion of female talent, was extended to more than 1,100 (900 in 2018) and projects in support of female empowerment and talent continued. At International Subsidiary Banks, structured action plans are being defined following the results of the D&I Pulse Survey carried out in 2019.</p> <p>Support for female entrepreneurship (see page 86) With Business Gemma, the loan in support of businesses run by women and for self-employed women, 267 loans were disbursed for a total of 10.1 million euro in 2019. Banca Intesa Beograd and Intesa Sanpaolo Bank Albania entered into agreements with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business program, disbursing in 2019 355 loans amounting to approximately 3.6 million euro and approximately 670 thousand euro for 21 loans, of which 19 to female entrepreneurs.</p>	<ul style="list-style-type: none"> ▪ Launch of dedicated initiatives to ensure diversity and inclusion are fully promoted.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Loans and services for the Green Economy (see page 137) In 2019, the Group disbursed 1,419 million euro for the Green Economy (almost 20 billion euro over the 2010-2019 period), equalling 2.4% of all Group loans. The proceeds of the 500 million Green Bond issued in 2017, 64.0% of which being allocated to photovoltaic power, 12.6% to wind power, 9.3% to hydroelectricity power, 12.5% to bioenergy and 1.6% to energy efficiency, financed 75 projects with an annual saving of more than 353,000 tonnes of CO₂ emissions.</p> <p>Renewable energy (see page 132) In 2019 the consumption of electricity from renewable sources reached approximately 83% of the total consumption. The Group itself produced over 1,119 MWh of energy from renewable photovoltaic sources.</p>	<ul style="list-style-type: none"> ▪ An increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Supporting production and innovation (see page 82) Approximately 58 billion euro in new medium/long-term loans was disbursed in 2019, approximately 48 billion euro of which in Italy, and around 38 billion of which was granted to households and SMEs.</p> <p>In 2019 the Group facilitated the return from non-performing to performing status of around 18,500 Italian companies, with a positive impact on employment through the protection of approximately 93,000 jobs.</p> <p>In 2019, 674 loans were disbursed for a total of 14.8 million euro with 'Finanziamento Microcredito imprenditoriale' (Business Microcredit Financing). With 'Resto al Sud', the initiative promoted by the Italian Ministry of the Economy aimed at young people for the launch of start-ups in southern Italian regions with 1.25 billion euro made available in funding by the Development and Cohesion Fund, 822 loans were disbursed amounting to 35.7 million euro.</p> <p>Employment protection (see page 112) In 2019, the employment protection measures implemented by the Group allowed the reassignment of 2,039 employees to new priority activities, as well as the hiring of 393 people with specialised profiles. With the new mixed work contract, 150 people were hired and 200 traineeships activated.</p> <p>Assessment and incentive systems (see page 115) Over 80% of eligible employees joined the LECOIP 2.0 Plan for an Initially Allocated Capital value of around 184 million euro. Second-level agreements were signed for the pay-out of the Variable Result Bonus and the Protection Excellence System.</p> <p>Talent development (see page 117) The International Talent Program, aimed at developing a new generation of managers with an international outlook, continued and reached 254 talents at the end of 2019.</p> <p>Welfare and quality of life in the company (see page 119) In 2019, the flexible work scheme involved an increasing number of structures and people across the Group with approximately 17,250 employees, of which 3,500 in International Subsidiary Banks.</p>	<ul style="list-style-type: none"> ▪ New medium to long-term loans disbursed to the real economy and totalling around 250 billion euro (~500,000 new investments financed). ▪ Hiring of at least 1,650 people in the 2018-2021 period to support the growth of the core business and facilitate generational change. ▪ Reassignment of excess capacity (5,000 people) into new high-value added initiatives (Proactive HR In-Placement) ▪ Support for well-being (Process and People Care) and flexibility programmes (24,000 employees to participate in smart working schemes by 2021) to improve individual productivity and satisfaction, part-time and mixed work contracts. ▪ International Talent Program aimed at strengthening the international middle management community through training programmes and personalised career paths involving around 500 resources by 2021.

SDGs	2019 Actions	Objectives
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Digital Transformation (see page 69) Intesa Sanpaolo was Italy's leading digital bank and among the top three European banks with:</p> <ul style="list-style-type: none"> ▪ a further increase in sales through digital channels equal to over 9% of total sales; ▪ around 9.2 million multichannel customers, equalling over 78% of total customers; ▪ 17.2 million digitised transactions in 2019 (33 million since 2018) and approximately 56 million since the launch of the initiative; ▪ about 85% of products available on multi-channel platforms; ▪ around 34.6% of activities digitised (17.8 % in 2018). <p>Supporting production and innovation (see page 82) The following actions were developed through Intesa Sanpaolo Innovation Center:</p> <ul style="list-style-type: none"> ▪ frontier trials: two patents filed (in the field of Cybersecurity and risk analysis of investment strategies), 6 active projects in the Neuroscience field; ▪ start-up development and enhancement: around 720 start-ups were analysed (approximately 1,300 since 2018) and 6 acceleration programs on 124 start-ups (235 since 2018) which were presented to 850 selected investors and other ecosystem players (around 1,600 since 2018); 293 applications were obtained, including 49 Italian start-ups in the Techstars acceleration programme; 100 million euro was allocated to direct investments through Neva Finventures and the equity crowdfunding platform BackToWork24 (owned by Neva) through which over 7.2 million euro was channelled in 2019; ▪ open innovation: about 400 companies were analysed in 2019 of which about 90 were selected to undertake transformation processes; ▪ dissemination of culture and development of the innovation network: 6 orientation programmes abroad were carried out in the main innovation ecosystems and 26 national and international events. <p>41 innovation projects amounting to over 41 million euro were financed with Nova+ in 2019. Through the Innovfin guarantee, issued by the EIF with EU financial support, around 58 million euro was disbursed to 38 loans in 2019.</p>	<ul style="list-style-type: none"> ▪ 2.8 billion euro of investments in 2018-2021 to complete the digital transformation. ▪ 70% of activities digitised in 2021 (10% in 2017). ▪ Increase the % of sales on digital channels (15% in 2021 from 2% in 2017).
 <p>10 REDUCED INEQUALITIES</p>	<p>Inclusion and diversity management (see page 117) Projects were launched to encourage the inclusion of people with intellectual disabilities, in particular people with Down syndrome (2 people already included) and people diagnosed with autism or autism spectrum disorder. In 2019 most members of the inter-functional working group on disability management attended the "Disability Manager e mondo del lavoro" (Disability Manager and the working world) higher education course organised by Cattolica University of Milan, thereby attaining the Disability Manager certification by the Lombardy Region. The commitment on the dyslexia front also continued: Intesa Sanpaolo was Italy's first Dyslexia Friendly certified bank in December 2018.</p> <p>Assessment and incentive systems (see page 115) The adoption of the system to map organisational managerial positions in the company called Global Banding was consolidated, including through the adoption of an international Title valid for managerial positions in Italy and abroad.</p>	<ul style="list-style-type: none"> ▪ Launch of dedicated initiatives to fully promote diversity and inclusion (e.g. gender, age, nationality, religion, personal and social conditions).
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Promotion of culture for social cohesion (see page 102) 18 exhibitions organised with over 560,000 visitors; around 80,000 students participated in free educational activities; 230 masterpieces were lent to Italian and international museums, and over 100 art historians are working at the Gallerie d'Italia on a permanent basis.</p> <p>Support to households and businesses affected by disasters (see page 78) Intesa Sanpaolo's commitment to tackling situations of hardship and difficulty has also extended to communities and people affected by natural disasters and emergencies, such as the collapse of the Genoa bridge and the adverse weather events in the Venice area, through payment suspension programmes for mortgages on affected properties totalling 0.8 billion euro and subsidised loans amounting to over 135 million euro (approximately 335 million euro since 2018).</p>	<ul style="list-style-type: none"> ▪ Proactive management of the artistic, cultural and historical heritage of the Group and promotion of art and culture in Italy and abroad.

SDGs	2019 Actions	Objectives
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Circular economy (see page 139) The Group's commitment to the Circular Economy, developed in partnership with the Ellen MacArthur Foundation, planned - for the 2018-2021 period - to establish a dedicated credit plafond amounting to 5 billion euro and the launch of the Circular Economy Lab, the first Italian laboratory - in conjunction with Cariplo Foundation - with the aim of generating value for the Group's customers companies by developing research and circular innovation. At the end of 2019, the credit plafond made it possible to disburse approximately 760 million euro in 63 projects for the transition to the circular economy, against 248 projects under review. The placement of the first 750 million euro Sustainability Bond was successfully completed in November 2019, against a demand of over 3.5 billion euro, intended to support the loans granted by the Bank under the credit plafond dedicated to the Circular Economy.</p>	<ul style="list-style-type: none"> Allocation of a dedicated credit plafond and launch of an investment fund for the Circular Economy.
 <p>13 CLIMATE ACTION</p>	<p>Environment and climate change (see page 127) All the actions carried out in 2019, in line with the Environmental Plan, confirm the Group's commitment to reducing its environmental footprint. In 2019, Scope1 + Scope2 greenhouse gas emissions decreased by 21.4%. Management of potential risks and impacts related to climate change (see page 46) Since October 2018, Intesa Sanpaolo has decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the voluntary commitment to disseminate transparent reporting on the risks and opportunities linked to climate change, in order to include the main climate-related communications within the framework of financial disclosures for stakeholders, as shown in the TCFD Reconciliation table (see page 195). Climate Change Action Plan (see page 130) A new Multi-Year Environmental Sustainability Plan – the Climate Change Action Plan – was drawn up in 2017 with targets for 2022 and 2037. The monitoring of the Environmental Plan highlighted for 2019 a trend in line with the CO₂ emission reduction forecasts.</p>	<ul style="list-style-type: none"> The Climate Change Action Plan, Intesa Sanpaolo's Multi-Year Environmental Sustainability Plan, envisages a reduction of 37% in CO₂ emissions in the 2012-2022 period. In January 2020, Intesa Sanpaolo, in the context of the European Green Deal, stated its willingness to make available 50 billion euro loans in the coming years in Italy.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Combating corruption (see page 52) The Group's Anti-Corruption Guidelines continued to be implemented. In May 2019 Intesa Sanpaolo was among the first banks in Europe to receive the certificate of compliance of its anti-bribery management system with UNI ISO 37001 international standards. In 2019, training to prevent corruption and money laundering involved 77,383 employees for a total of approximately 307,000 hours provided.</p>	<ul style="list-style-type: none"> Update of the Anti-Corruption Guidelines and verification of their adoption by the Group's Italian and international companies. Conduct of an internal audit to verify the compliance of the Intesa Sanpaolo corruption prevention system with the requirements of the UNI ISO 37001 standard.

Sustainability indices, rankings and awards

Intesa Sanpaolo is included in the main sustainability indices and rankings defined by specialist ratings agencies that select companies not only for their financial performance but also for their results in the three ESG areas (Environment, Social, Governance), or in specific fields such as diversity.

Below is a summary of the main indices and rankings in which Intesa Sanpaolo is included:



Dow Jones Sustainability Indices e S&P ESG Indices [i]

Included in the DJSI World and DJSI Europe, based on an annual assessment carried out by RobecoSAM with a best-in-class criterion among companies with largest market capitalisation. DJSI World includes around 300 companies among the 2,500 largest businesses in the world included in the S&P Global BMI. DJSI Europe includes around 150 companies among the 600 largest European businesses included in the S&P Global BMI. Intesa Sanpaolo is also included in some indices of the S&P ESG Index Family. In January 2020, Intesa Sanpaolo received the SAM Bronze Class Sustainability Yearbook Award 2020.



FTSE4Good Index Series [i]

Intesa Sanpaolo is included in 3 indices of the FTSE4Good Index Series, based on the ESG rating, assigned by FTSE Russell which exclusively uses public information of over 4,000 companies in 47 different financial markets.



MSCI ESG Indexes [i]

Based on the analysis of the environmental, social and governance sustainability aspects of 7,500 companies, they are divided to represent the main ESG strategies. Intesa Sanpaolo is included in several families of indices including MSCI ESG Leaders Indexes and MSCI Low Carbon Indexes.



CDP - Climate Change A List 2019 [i]

Includes roughly 180 listed companies, selected based on the results of an annual assessment (over 8,400 companies participated in 2019) for their advanced approach to climate change mitigation. In February 2020, Intesa Sanpaolo was recognized as a Supplier Engagement Leader 2019.



Corporate Knights - 2020 Global 100 Most Sustainable Corporations in the World Index [i]

The index includes the 100 most sustainable companies in the world, which are assessed on the basis of public information, in relation to 21 indicators, within a universe of around 7,400 listed companies.



Euronext Vigeo Eiris Indices [i]

Intesa Sanpaolo is included in the Euronext Vigeo Europe 120 and the Euronext Vigeo Eurozone 120. The 120 companies included in both indices are selected on the basis of the assessment conducted by the rating company ESG Vigeo-Eiris on 4,500 issuers and various asset classes.



Ethibel Sustainability Indices [i]

The target universe of the Ethibel indices is composed of the Ethibel Excellence Investment Register, defined on the basis of the criteria of the independent association Forum Ethibel. Inclusion in the indices is based on the assessment conducted by Vigeo-Eiris. Intesa Sanpaolo is included in the Ethibel Sustainability Index Excellence Global and in the Ethibel Sustainability Index Excellence Europe.



STOXX® ESG, Low Carbon and Climate Impact Indices [i]

Intesa Sanpaolo is included in several families of STOXX® ESG, Low Carbon and Climate Impact Indices. The STOXX® Global ESG Leaders Index selects companies using best-in-class criteria, based on the sustainability rating assigned by Sustainalytics. The index includes around 440 leading companies worldwide.



Standard Ethics Indices [i]

These indices analyse companies in terms of sustainability, governance and Corporate Social Responsibility. Intesa Sanpaolo is included in the Standard Ethics Italian Index, Standard Ethics Italian Banks Index, Standard Ethics European Banks Index and Standard Ethics European 100 Index.



ECPI Indices [i]

A family of over 50 indices based on the analysis of the public information of over 4,000 companies. Intesa Sanpaolo is included in the ECPI World ESG Equity and ECPI Euro ESG Equity, to name a few.



2020 Bloomberg Gender - Equality Index - GEI [i]

Thematic index dedicated to gender equality: it includes 325 companies analysed in terms of five areas of investigation. The initial target universe for the analysis includes over 11,500 listed companies.



World Benchmarking Alliance (WBA) – SDG2000 [i]

In January 2020, Intesa Sanpaolo was included in the SDG2000, a list that identifies the 2,000 companies belonging to 7 key sectors which, worldwide, have the potential to influence the achievement of the United Nations Sustainable Development Goals (SDGs) in 2030.

Intesa Sanpaolo has also received some awards in the field of sustainability, in particular:



2019 Sustainable Development Grand Prix - ASSOSEF

(European Sustainability and Financial Services Association) [i]

The award was given for its contribution to the promotion of the United Nations 2030 Agenda for Sustainable Development Goals, in particular for the commitment shown in support of the Circular Economy.



2019 Diversity & Inclusion Award

Intesa Sanpaolo received the Diversity & Inclusion Award, which is awarded to companies that promote job placement policies for disadvantaged individuals.



Green Building Council Italia

Green Building Council - (Existing Buildings Operations & Maintenance – EB O&M) [i]

In 2019 the Turin Skyscraper obtained the LEED Platinum (Leadership in Energy and Environmental Design) certification from the Green Building Council in the sustainable management category. In 2015 the New Headquarters had already received the LEED Platinum certification for the construction of the building, thanks to the design features and the technological solutions adopted.

Materiality analysis

Non-financial and sustainability reporting focuses on key aspects that reflect the impacts, positive or negative, generated by the Group's activities in the economic, social and environmental sphere which are capable of significantly influencing the stakeholders' perception of it. As well as constituting the core of non-financial and sustainability reporting, these aspects are also crucial for identifying and managing risks and opportunities, also contributing to shaping the company's strategy with regard to relevant issues for the business and its stakeholders. To this end, in line with the process outlined in the GRI Standards, Intesa Sanpaolo updates its Materiality analysis on an annual basis by performing the following steps and activities:

- identification of relevant issues for the company and for stakeholders;
- prioritisation of issues and definition of the materiality matrix;
- validation of the materiality matrix.

IDENTIFICATION OF MATERIAL ISSUES AND STAKEHOLDERS

Intesa Sanpaolo has identified the priority issues for the company and for its stakeholders through a documentary analysis that is periodically updated. The main documents considered are:

- internal document sources, including the 2018-2021 Business Plan, the Code of Ethics, the Sustainability Reports / Consolidated Non-financial Statements of the last three years, the communications of the top management, the minutes of the Shareholders' Meetings and company policies;
- external documents, including: reference standards and frameworks for sustainability reports (AA1000, GRI Standards, <IR>, SASB, Guidelines on reporting climate-related information), international documents linked to sustainability issues (Agenda 2030, COP24, SDGs, European Commission Action Plan on sustainable finance, Recommendations of the Task Force on Climate-related Financial Disclosures, Principles for responsible banking) and the main regulations in the sector (pursuant to Legislative Decree 254/2016);
- Sustainability Reports/Consolidated Non-financial Statements of other Italian and international financial groups;
- documents drafted by national and international institutions for the identification of general and specific megatrends in the banking sector.

In 2019, in particular, the documentary analysis focused on the Action Plan on financing sustainable growth, on the communication from the European Commission published in March 2018, and on the related documents made available during 2019 (Taxonomy, Report on EU Green Bond Standards, Report on climate benchmarks and non-binding Guidelines on climate reporting).

In 2019, the previously identified material issues in response to the requests contained in Legislative Decree 254/2016 were essentially confirmed. In order to provide clear definitions to all stakeholders, these issues were described (see outline on page 215) with their meaning to Intesa Sanpaolo clearly explained. Finally, the issues were evaluated in terms of priority, related risks, areas of priority action and specific actions.

The stakeholders identified by Intesa Sanpaolo as representative of the Bank's relational universe are shown on page 150.

PRIORITISATION OF ISSUES AND DEFINITION OF MATERIALITY MATRIX

In order to evaluate the priority of each theme, both the interests of the company with respect to the objectives and corporate strategies, reported on the "Impact on strategies" axis of the Materiality Matrix, and those of the stakeholders with respect to their expectations and needs, reported on the "Importance for stakeholders" axis of the same Matrix.

In both cases, the issues were assessed using a scale of 1-5, where 1 indicates that the company strategies or stakeholders have minimal interest in the issue, and 5 indicates that they have maximum interest.

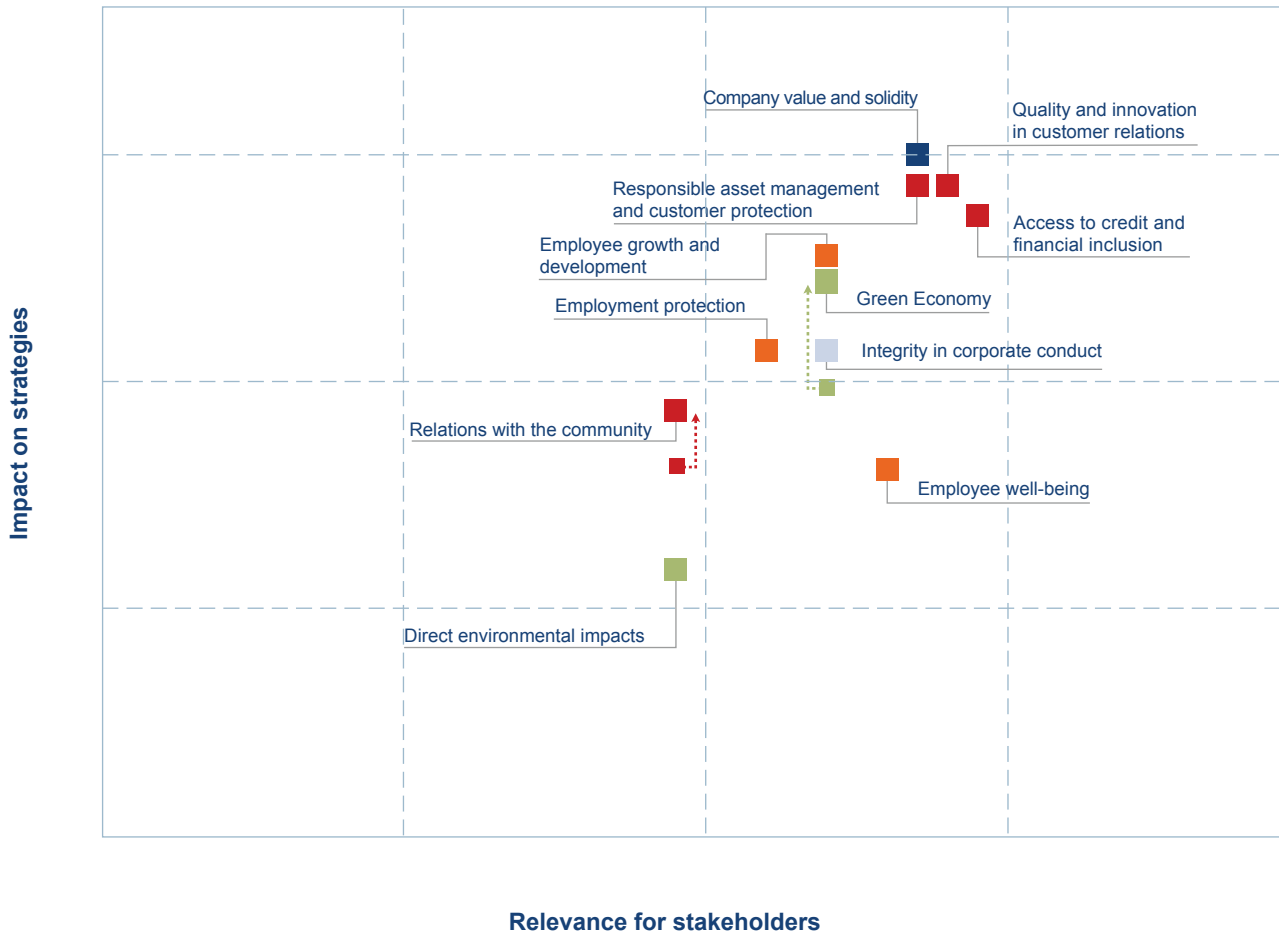
The results of the "stakeholder engagement" process (see page 151) were used when updating the stakeholder axis. The results were classified on the basis of Intesa Sanpaolo's issues and weighted according to the stakeholder's relevance for the Bank.

The strategies axis was built as follows:

- documentary analysis: in order to highlight any aspects, including in the ESG context, to which the Group paid particular attention, the press releases and company policies published in 2019 as the voice of the company's management were analysed.
- update of the strategy axis: the values assigned to the axis in 2018 were updated based on the results of the documentary analysis taking into consideration that, in 2018, the matrix had been built by paying particular attention to the commitments defined in the 2018-2021 Business Plan.

The results of the materiality analysis are graphically represented using a Cartesian coordinate system known as the Materiality Matrix which reports the company’s interest on the vertical axis and the stakeholder’s interest on the horizontal axis. This representation makes it possible to assess the significance (“materiality”) of each issue on the basis of its overall position with respect to the two axes. The 2019 Intesa Sanpaolo Materiality Matrix is composed as follows.

2019 MATERIALITY MATRIX



- Company value and solidity
- Integrity in corporate conduct
- Community
- Employees
- Environment and climate change
- Theme positioning in 2018

MAIN VARIATIONS IN THE 2019 MATERIALITY MATRIX COMPARED TO 2018

The 2018-2021 Business Plan specifies the strategies, policies and objectives that guide the Bank in the four-year period of reference. This document has profoundly influenced the construction of the Matrix presented in the 2018 Consolidated Non-financial Statement and the strategic guidelines set out there continue to play a central role also in 2019.

A look at the 2019 Materiality Matrix shows that the most important issues for the Bank continue to be Company value and solidity, Quality and innovation in customer relations, Access to credit and financial inclusion, and Responsible asset management and customer protection. These areas are touched upon by initiatives and objectives set out in the Business Plan which, while maintaining an understandable focus on the creation of economic value, opens up to social commitments such as the launch of the Fund for Impact to facilitate credit access for certain categories in difficulty despite their potential, as well as the launch of the "per Merito" initiative aimed at university students in 2019, and the offer of new investment funds and ESG products.

Furthermore, in 2019, the Green Economy issue takes an even more predominant role compared to the assessment obtained in 2018. This is due to the Group's awareness of the role that a financial institution such as Intesa Sanpaolo can play in the transition towards a low carbon economic model and towards the circular economy. In this regard, the Bank has made available to the European green deal a programme which, over the next few years, will allow the disbursement of 50 billion euro in Italy. Furthermore, in 2019 Intesa Sanpaolo issued the first Sustainability Bond of 750 million euro in support of the circular economy, which follows the issue in 2017 of the Green Bond of 500 million euro as the first Bank in Italy. There have been many initiatives promoted by the Group in recent years: from the establishment, envisaged in the Business Plan, of a funding plafond dedicated to the Circular Economy, to the decision to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), to the disbursement of loans dedicated to the Green Economy and the development of sustainable funds.

Even the stakeholders confirm a high score for the same issues appreciating the Bank's work in financing the Green Economy and the Circular Economy and ensuring credit access for vulnerable people or those who would not be able to access the traditional financial channels. Furthermore, in the area of Quality and innovation in customer relations, more attention is being paid to the aspects of Cyber security and privacy protection, also in the light of the General Data Protection Regulation (GDPR).

The position on the Matrix of the Employee growth and development issue reflects the attention paid in the Business Plan to aspects such as training, enhancement of diversity and inclusion. This aspect is also reflected in the establishment of the Diversity & Inclusion corporate structure and, in parallel, is relevant in terms of engagement with the stakeholders, who recognise the positivity of the Bank's approach and commitment on these topics. Again, with regards to the topics relating to employees, Employment protection confirms its importance on both axes of the Matrix. Employee well-being remains stable for the company and for the stakeholders, influenced by the numerous work-life balance and welfare promotion initiatives put in place.

The importance of the Group's commitment to sustainability also emerges from the position of the Integrity in corporate conduct topic, connected to the need to monitor reputational risks, and is confirmed by the Bank's adherence, in September 2019, to the UNEP FI Principles for Responsible Banking. The stakeholders continue to rate the topic highly, signifying that they perceive it as a structural requirement for financial institutions.

The good score on the 2019 Matrix of the Relations with the community topic, up from 2018, is also linked to the relevance of the Food and shelter initiative for the disadvantaged people and to the promotion of art and culture, aspects which are both present in the Business Plan. In addition, the Group is showing increasing attention to investing in young people, educating them and promoting employment, for example with the implementation of the Youth and work programme. Intesa Sanpaolo's social commitment is also reflected in the growth of the endowment of the Charity Fund. This is in line with the expectations of the stakeholders who ask the bank for a role to support virtuous and responsible approaches for society.

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

MATRIX VALIDATION

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

Each one is assessed in terms of its positive and negative impact on internal and external stakeholders and the company structures, and on the basis of potential associated business risks/opportunities. The reporting boundaries are also stated for each issue (see page 215). The Materiality Matrix was shared with the Risks Committee, which forms part of the Board of Directors, and with the Steering Committee, in order to present feedback provided by company units concerning these activities to the governing bodies.

ANALYSIS OF MATERIAL ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

The results represented in the Materiality Matrix were examined in terms of their consistency with a context analysis on general sustainability issues and a sector analysis at national and international level. This analysis was also updated through the critical reading of the most relevant documents focused on sustainable finance published in 2019.

The 2019 context analysis was enriched, compared to previous years, with the findings that emerged from the use of a platform that employs a large database of information relating to sustainability and ESG issues, allowing the identification and sorting of Intesa Sanpaolo material topics based on the frequency with which they were founding the following sources:

- annual financial and sustainability reports and public statements attributable to the banking sector worldwide;
- European standards (mandatory and voluntary) referable to the banking services sector which entered into force or changed since 2000.

The results of the analysis essentially confirmed the aspects that emerged in 2018, also as regards the risks and opportunities.

As regards national and international trends and objectives, additional aspects were identified to take into account the relevance that issues such as sustainable finance and the fight against climate change had in 2019.

IMPACTS, RISKS AND OPPORTUNITIES AT NATIONAL AND INTERNATIONAL LEVEL

MATERIAL ISSUE	RISKS AND OPPORTUNITIES	NATIONAL AND INTERNATIONAL TRENDS AND OBJECTIVES
Integrity in corporate conduct	Corruption prevention Compliance risk management Investments in controversial sectors	Spread of organised crime Incentive of ethical conduct Fight against active and passive corruption
Company value and solidity	Credit quality Efficient use of capital and diversification Attracting sustainability-conscious investors Management of business, ESG and reputational risks	Globalisation and competitiveness Long-term performance planning Evaluation of long-term scenarios including climate-related risks and opportunities Promotion of transparent and efficient financial markets
Quality and innovation in customer relations	Proximity to the customer and operational streamlining Product innovation and service models IT risk Unfair commercial practice	Stabilisation of investors' consumer habits Business continuity and consumer satisfaction Reorientation of the financial system towards an offer that incorporates the ESG criteri
Responsible asset management and customer protection	Offer diversification Management of reputational and ESG risks in investments	Investors' attention to ESG aspects and to the measurement of the sustainability of investments, also as tools to combat climate change Customer satisfaction with asset management by financial operators Integration of ESG risk factors into investment management and insurance activities Decreased propensity to save in the private sector
Green Economy	Risks related to climate change Management of reputational and ESG risks in loans	Supporting the growth of demand and supply of green products and services Increase in Italian companies' green competitiveness Transition to a sustainable economy through a collaborative network and the promotion of circular development models Support to loans for environmental projects Identification, management and reporting of climate risks, promoted by the TCFD Promotion of actions aimed at mitigation and adaptation to climate change
Employee growth and development	Talent attraction Investments in training Diversity management	Incentive of the banking consultant's proactivity for the dissemination of ESG products ESG criteria in the incentivisation and inclusion of employees Gender diversity and equal treatment
Direct environmental impacts	Operational protection in risk situations Business cost reduction Risks related to climate change	Reduction and reporting of atmospheric emissions to combat climate change Responsible use of energy and natural resources Waste management Clean and accessible energy and water Promotion of concrete climate actions
Employment protection	Employment Labour law risks	Employment recovery Consultation and inclusion of employees
Access to credit and financial inclusion	Financial inclusion Support to SMEs Management of reputational and ESG risks in loans	Increase in credit and consumption Increased levels of financial education including in terms of sustainability Integration of ESG risk factors into credit management Actions to eradicate poverty
Relations with the community	Brand enhancement Bank's leadership in society for the dissemination of the sustainability culture Promotion and measurement of activities with high social impact Investments in controversial sectors and reputational risk	Importance of communication on sustainable finance Social and economic development of local communities Strengthening cooperation to achieve global sustainable development objectives
Employee well-being	Company welfare initiatives Work-life balance and flexibility Management of employees' health and safety risks	Attention to company climate

Level of emphasis detected in the context analysis