

Quality of service and customer satisfaction

COMPANY POLICIES

In keeping with the values and principles of conduct defined in the Code of Ethics, which are based on listening and dialogue, transparency and fairness, and the protection of safety in business relations, the Group places its focus on the customer and strives to maintain excellent relationships. These values and principles are incorporated in the essential standards of behaviour set out in the Group's Internal Code of Conduct that commits Board members, employees and other staff to comply with them. In addition, for specific areas of activity governing the quality of customer relations, there are governance Guidelines and rules based on the initiation of processes which, adopting models involving high levels of protection, shape conduct according to criteria of considerable good faith and fairness in relations. Customer health and safety aspects also are monitored with policies that establish principles and rules of conduct and define responsibilities in operational relations in branches.

SERVICE QUALITY

Intesa Sanpaolo has adopted a service model focused on business areas with an organisational structure that guarantees monitoring in both Italy and the other countries in which it operates. The Divisions are responsible for developing the best quality service levels through the various channels, in order to improve the efficiency of the commercial products they offer to the various types of customers. Customer satisfaction and service quality are monitored and overseen by the structures that deal with customer satisfaction and customer experience in the various business Divisions.

LISTENING TO RETAIL AND CORPORATE CUSTOMERS IN ITALY

Thanks to the satisfaction surveys, the Banca dei Territori Division is able to listen to the voice of its customers, promptly intercept any issues resulting from advocacy actions and to intervene effectively to identify coherent actions for improvement. The Division has built and implemented an effective all-round listening system, through numerous tools:

- the NPS (Net Promoter Score) represents the first line of listening for the Banca dei Territori and allows the Bank to understand succinctly and effectively through one single question the willingness of the customer to recommend the Bank and therefore his/her overall satisfaction;
- the NSI (Net Satisfaction Index) is the tool used to monitor customer satisfaction in terms of products, services and the relationship (e.g. with one's manager), as well as with respect to one's experience (e.g. in subscribing to new products);
- the SEIok Programme (consisting of 4 main indicators: NPS, service excellence, operational excellence and credit excellence) which contributes towards the determination of the Variable Result Bonus for the Network and offers solid support for improvement in the level of service offered to customers.

The listening system was developed even further during 2020:

- as regards the NPS, by including new areas and commercial segments such as the Retail Businesses from January and the Third Sector customers from June, and by innovating the process for re-contacting those customers wishing to be called back after responding to the NPS survey;
- as regards the NSI, by activating numerous new touchpoints on the digital channels (in particular on the App for Retail customers) and by widening the perimeter of the products monitored by the annual Customer Satisfaction surveys.

During 2020, for the NPS survey a total of about 700,000 items of feedback were collected from Retail and Exclusive customers, 45,000 from Corporate customers and 9,000 from the Third Sector.

The NPS surveys have also been joined by Customer Satisfaction and Customer Experience surveys, researches and internal surveys.

In 2020, the research perimeter on the use and possession of products was widened for the Customer Satisfaction surveys, extending the product categories monitored from 6 to 15 and by collecting a total of over 20,000 feedback replies. In addition, the Customer Experience surveys, which monitor customers' perception on a continuous basis subsequent to interaction with the Bank through various available (physical and digital) channels, were further enhanced resulting in about 800,000 replies being received.

As regards researches, which look in greater depth at customers' needs and measure the level of satisfaction concerning specific areas of interest and new product concepts, a total of 20 projects were managed, collecting about 13,000 items of feedback.

Lastly, through internal surveys, monitoring the satisfaction of the Division's employees, about 9,000 feedback responses were collected on issues ranging from usability of tools and relations with customers.

Due to the COVID-19 emergency, the NPS surveys were suspended in March and April. When they were restarted in May, the opportunity was taken to listen to customers' views on the experience they had just been through and on their perceptions about the support received from the Bank. The evidence that was gathered turned out to be very positive: over 70% of customers felt that the Bank paid the right level of attention to customers' needs (with peaks of 79% for the Retail Businesses); about 80% believe that the Bank met Italy's needs and lastly over 80% (with peaks of 91% for Retail customers) felt that the safety measures taken in Branches were adequate. One of the main elements of satisfaction was seen in the comments from customers that highlighted the promptness shown by the Bank in responding to the emergency, its efficiency, courtesy and speed in adjusting to the changed customer needs, as well as the excellent management of online tools. Precisely the online operations and in general the remote contact with the Branch and the Online Branch are becoming central topics for the coming months, when the health emergency will give way to a "new normal" which is beginning to take shape and establish its main characteristics. When asked about their expectations on contacts with the Bank in the future, only a minority of customers declared that they wanted to continue using mainly the Branch (15% of respondents), whereas over 60% stated they intended to use the digital channels more (Website and App) and 25% would use remote contacts (virtual/telephone meetings with their Manager and Online Branch).

The NPS results in 2020 highlight an improvement over 2019 for all customer segments in the Banca dei Territori Division. This trend is the result of a strengthening of relations with the Bank and is also positively affected by opinions on the way that Intesa Sanpaolo operated during the health emergency. In particular, as regards Corporate customers, the full application of the new service model, launched at the beginning of 2019, resulted in a significant improvement in the NPS.

NET PROMOTER SCORE – NPS®

The NPS is an indicator that expresses the likelihood of customers to recommend a product, service or company, calculated in index points (between -100 and +100) subtracting the percentage of detractors (dissatisfied customers) from the percentage of promoters (loyal customers) obtained. Intesa Sanpaolo carries out NPS surveys via telephone for Businesses and Third Sector customers and via email and Internet Banking for Retail customers and a mix of telephone calls and emails for Retail Businesses. Starting in 2019 the method for calculating the NPS was refined to allow the results to be compared both internally, among surveys involving different channels, and with external benchmarks (carried out mainly by telephone) in order to quantify the impact of each channel on opinions and define a corrective measure to make them comparable.

THE CUSTOMER'S VOICE WITHIN THE VARIABLE RESULT BONUS FOR THE BANCA DEI TERRITORI

Since 2016 the NPS, together with the other three indicators monitored within the SEIok Programme, has had a 25% contribution towards the Synthetic Performance Indicator used for determining the Excellence Bonus within the Variable Result Bonus of the Branches in the Banca dei Territori Division. In 2020 the contribution provided by the NPS was further enhanced, by also becoming a factor for adjusting Revenues which can correct the final value by +/- 5 points, and similarly since 2020 the whole system has also been extended to the Third Sector Branches.

As part of the Protection Excellence System, launched in 2018 and dedicated to the Retail, Exclusive and Business Branches, a Customer Satisfaction indicator is envisaged at the time that the Protection Policies are signed, which acts as a corrective of the bonus amount due at a rate of +/- 10%.

Furthermore, the NSI - Net Satisfaction Index - which expresses customer satisfaction with regard to the service offered by the Remote Managers has also been used since 2020 as a corrective (+/- 10%) for the Excellence Bonus of the Remote Branches.

LISTENING TO LARGE CORPORATE CUSTOMERS IN ITALY

As part of maintaining relations with the Large Corporate customers, the customer experience surveys also are designed and conducted regularly on the basis of views shared with the structures responsible for products and services, in order to identify the measures to be taken to improve the range of products and services offered. The results of the surveys are shared on an ongoing basis with the relations functions which, in their approach with the customers, benefit from the information received and can act with greater awareness of and focus on their needs.

During 2020, the IMI Corporate and Investment Banking Division (IMI CIB) designed and developed the following surveys:

- 1,147 customers (of which 926 in Italy and 221 abroad) were involved in an online and telephone-based survey aimed at outlining the level of digital maturity of companies and financial institutions within the IMI CIB perimeter. The aim was also to outline the expected scenario over the coming 24 months with respect to market performance and the acceleration in digital development triggered by COVID-19 as regards front, middle and back office activities. The response rate was 36% (34% in Italy and 47% abroad).
- 69 Investor Relators from companies in the STAR segment were involved online in a qualitative survey aimed at understanding which strategic drivers were considered most decisive in determining the companies' success with particular regard to topics concerning the Circular Economy and ESG. The response rate was 59%.
- 716 corporate customers were invited to take part in research, similarly on topics concerning sustainability, which aimed to glean the approach of customers with regard to issues linked to sustainability and to find out their requirements and intended actions in the field of ESG issues. The response rate was 18%.
- 36 Italian and foreign corporate customers were interviewed by telephone, regarding the quality of service offered for the Requests For Proposals (RFP) won during the previous three-year period or – if the choice fell on another institute – regarding the rationale behind the choice. The response rate was 61%.
- 290 representatives of Trade Finance customers were involved in an online quantitative study with the aim of assessing corporate customer satisfaction with regard to the management of operations in the international specialist and transactional areas. The response rate was 34%. The Net Promoter Score (NPS) was 56%.

LISTENING TO CUSTOMERS IN THE INTERNATIONAL SUBSIDIARY BANKS

In 2020 the International Subsidiary Banks Division reinforced its coordination of the 11 international subsidiary banks for the development of new initiatives and increasingly more advanced processes for listening to retail customers, through the definition of a framework of Group indicators and practices within the scope of Customer Satisfaction and the creation of a new unit dedicated to analysing the quality of products and services and any complaints.

The benchmarking surveys in the CIB Bank in Hungary, Banca Intesa Beograd in Serbia, VÚB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia, Privredna Banka Zagreb in Croatia and Bank of Alexandria in Egypt involved over 10,000 customers. In addition, thanks to the Instant Feedback – NPS listening programme active in six banks, about 160,000 opinions were received from customers regarding their relational moments with the Bank.

Furthermore, since 2020 the analysis on the progress of complaints has been included for 4 banks and an initial structuring has been implemented on the process for dealing with complaints received via the showcase website of the International Subsidiary Banks.

LISTENING TO INSURANCE CUSTOMERS

The Customer Satisfaction survey system of the Insurance Division involves, on a voluntary basis, all calls received by Customer Service using a 2-question questionnaire to assess the Service. This initiative is in addition to the already-active initiative for customers of the Non-life business who expressed a significant level of satisfaction in 2020. In particular, on a scale from 0 to 10, the average scores were as follows: 9.0 for roadside assistance; 8.6 for Motor liability claims; 8.8 for Land Vehicles Insurance (CVT) claims; 8.1 for Home Assistance and 7.9 for Home Claims.

During the year, there was also a survey addressed to customers following their calls to Customer Service. Good results were achieved here, too. In particular, on a scale from 1 to 5, the average score was 4.5 for general satisfaction and 4.5 for the management of the call.

LISTENING TO CUSTOMERS IN FIDEURAM - INTESA SANPAOLO PRIVATE BANKING

In 2020, a Customer Satisfaction survey of the Private Banking Division was carried out on the Fideuram and Sanpaolo Invest Networks and the Intesa Sanpaolo Private Banking Network. The survey took account of the distinctive elements of the two service models and involved a sample of resident customers from all over Italy who filled in two distinct questionnaires on different platforms, that were made available solely via digital procedures.

The questionnaires, which received 66,153 customer replies (50,681 for the Fideuram Network, 13,472 for the Sanpaolo Invest Network and 2,000 for the Intesa Sanpaolo Private Banking Network), investigated various

contact points between the Division and the customer, including the relationship with Private Bankers, customer care and online services.

The survey results confirmed a high level of customer satisfaction for all three Networks. The relationship with Private Bankers is always one of the fundamental elements for the appreciation of the service offered: in particular, customers recognise their helpfulness, expertise, ability to offer solutions and courtesy in the relationship.

The results of these surveys show that, in the current context, there is a further strengthening in appreciation for the solidity, reliability, being part of a large Group, multi-channelling, presence of top-level professionals and the level of attention paid to customers' needs. The understanding of customers' needs, the ability to make them feel like privileged customers, as well as the attention to privacy and the aptitude for anticipating critical issues were also highly appreciated. Based on the replies received, the two important indicators displayed positive results: the Net Promoter Score (NPS) achieved 49 (47 in 2019) and the Customer Satisfaction Index was 8.5, in line with the previous year's survey.

The questionnaires addressed to customers were an opportunity to ask questions on issues related to sustainable investments, so as to assess customers' knowledge of such topics and their willingness to invest their assets in ESG products.

As regards customers of the Fideuram and Sanpaolo Invest Networks, the survey found that ESG issues are known to over 60% of customers and 45% believe that such investments create value for themselves and for the community and the environment (a figure on the increase compared to the previous year's survey of 41%). The percentage rises to 52% and 53% if we consider, respectively, the Private customer segment and the segment of customers with an aggressive risk profile (both stood at 48% in 2019). Moreover, around 31% of customers are willing to invest more than 30% of their assets in sustainable products (29% in 2019).

As regards Intesa Sanpaolo Private Banking customers, it emerges that these types of investments are known by over 50% of customers, that 27% already hold some of them in their portfolios and that 64% of the sample would prefer to invest in sustainable instruments, provided the levels of yields are the same.

MANAGEMENT OF COMPLAINTS

The Intesa Sanpaolo Group maintains an ongoing dialogue with its customers to ensure that their relationship remains excellent. To consolidate this trusting relationship, fundamental importance is attached to the careful and prompt management of complaints and other applications made which express customer dissatisfaction. In Italian law, the regulations issued by the relevant supervisory authorities provide for specific information requirements by the Compliance Function, with the aim of reporting at least once a year to corporate bodies and authorities on the overall situation of complaints received, as well as on the adequacy of the procedures and organisational solutions adopted.

The regulatory, procedural and organisational framework adopted by the Group is defined by the Guidelines for managing complaints, disclaimers and protests to the Supervisory Authority and appeals to alternative dispute resolution Bodies, approved in 2016 by the Board of Directors of the Parent Company and subsequently implemented by the various members of the Group.

In 2020, a total of 128,083 complaints¹ were registered at a Group level, broken down as follows:

Banca dei Territori: a total of 67,781 complaints were registered (up 32% compared to 2019) of which 53,732 related to Group Banks and Companies² and Banca 5 (+35% compared to 2019) and 14,049 submitted by former Accedo clients (up 20%). The increase is linked to the COVID-19 emergency and to the increase in complaints more generally relating to the quality of customer service, fraud in digital payment systems and malfunctions of the website and the APP as well as of the equipment (ATMs, POS, MTA).

During 2020, 49,255 complaints and reiterations were settled, of which 15,201 were accepted and, among these, 2,805 entailed disbursements; with regard to the management of complaints relating to previous Accedo activities, a further 4,480 complaints and reiterations entailed disbursements.

Excluding claims submitted by former Accedo customers who, in exchange for the early redemption of loans with assignment of one-fifth of salary, claim the pro-rata refund of fees and/or charges paid at the time of disbursement, the following are the complaints and reiterations submitted for the various product/service categories:

- organisational and management issues and functions of Internet sites: 16,352 complaints and reiterations (+36%). This growth was driven both by the effects directly related to the health emergency - which resulted in 1,316 complaints - and also by some organisational issues, that had already come to light in previous years and had ballooned during the year, primarily related to the difficulties, raised by customers, in contacting the Bank;
- payment systems: 13,464 complaints and reiterations (+33%), mainly relating to the results of requests for the disclaimers of transactions made with payment cards or through internet banking services, as well as

(1) The claims include complaints and their possible reiteration (customer appeals), appeals to out-of-court dispute resolution bodies (ADR appeals) and requests for clarifications made by supervisory authorities in response to customer reports (reports).

(2) Banks in the BdT Division (Cassa di Risparmio in Bologna, Banca CR Firenze, CR Pistoia e Lucca, Banca Apulia, Banca Prossima and Mediocredito) merged into the Parent Company during 2019.

- errors or delays in the execution of bank transfers;
- loans: 11,687 customer complaints and reiterations (+50%). This category registered the largest number of complaints related to the health emergency (2,841 complaints) and, more specifically, the management of government measures in support of the economy (granting of subsidies under the “Cura Italia” and “Liquidity” Decrees);
- current accounts, deposits and securities accounts: 4,370 complaints and reiterations (+18%), due to errors and processing delays, mainly in relation to the delayed or failed closure of accounts, economic terms and conditions and their application, and communication problems on the part of the Bank;
- investment services: 2,019 complaints and reiterations (-6%), mainly referring to the delayed or failed dispatch of requested documentation needed to join the FIR for compensation for damages incurred following investments in securities issued by the former Venetian Banks, errors and anomalies in the sale and purchase of financial instruments, dissatisfaction with the yield on financial products;
- insurance products: 2,543 complaints and reiterations (+29%), mainly relating to policies linked to loans, class I life insurance policies and class III policies, the main reason being the correctness of the sales process and/or delays or failures in compensation payments.

IMI Corporate & Investment Banking Division: the number of complaints was lower due to the type of operations carried out and customers served, with 587 complaints received from foreign entities (583 from Banca Intesa – Federazione Russa, 4 from ISP Bank Luxembourg) and 3 complaints received from the former Banca IMI, with a reduction of 6% compared to the previous year. The complaints led to disbursements for modest amounts (less than 5 thousand euro mainly on foreign entities).

Private Banking Division: a total of 2,591 complaints were recorded, with an increase of 17%. Most of the complaints were on account of errors in executing orders due to website malfunctions or temporary anomalies that occurred on the operating and consulting platform and issues related to the transmission of flows between the placement agent and payment agent; of issues relating to fraud on credit transfers and payment card, errors or delays in the closure or transfer of current accounts and securities accounts and in the liquidation of insurance policies. During 2020, 2,429 complaints and reiterations were settled, of which 928 were accepted and, among these, 233 entailed disbursements.

International Subsidiary Banks³: a total of 46,703 complaints were registered, with an increase of 9%. The complaints mainly focused on four Banks (VÚB Banka, Privredna Banka Zagreb, Banca Intesa Beograd, CIB Bank) which recorded 94% of the Division’s complaints and primarily related to (i) fraud and/or inefficiencies in the payment systems and (ii) the difficulties that have dogged the application of subsidised credit measures introduced by national Authorities as a result of the COVID-19 emergency. During 2020, 47,233 complaints were processed, of which 25,501 were accepted and, among these, 4,575 involved disbursements.

Insurance Division: 5,574 complaints were recorded, (+15% compared to 2019), in addition to 4,646 complaints received by Intesa Sanpaolo RBM Salute, the new company operating in the healthcare sector that entered the perimeter of the Insurance Division in May 2020.

With reference to the Companies in the Life business (Intesa Sanpaolo Vita, Fideuram Vita, Intesa Sanpaolo Life) the overall growth in complaints focused primarily on the liquidation area and was mainly due to delays occurring during the COVID-19 emergency in the collection of compulsory documentation needed to complete the liquidation process and to performance in financial markets, which had a negative impact on the liquidation values of policies, especially in the first half of the year.

As regards Intesa Sanpaolo Assicura, the increase in disputes was essentially due to the liquidation area (contractual rejection, management of accident claims and related times required for liquidation, disputes over the amount liquidated) and administrative aspects (reversal of receipts and after-sales management).

Finally, with regard to ISP RBM Salute, the most common reasons for complaints, accounting for more than 80% of protests, concerned the documentation required to support claims, the correct application of criteria for calculating liquidation, the time required to manage claims and the problems with trying to access partnered facilities.

During the year, 9,787 complaints were processed, of which 2,626 were accepted and, among these, 177 involved disbursements.

Asset Management Division: 198 complaints were recorded, an increase of 55%, due to the negative trend recorded by financial markets from February onwards due to the COVID-19 pandemic. Almost all the disputes concerned the operations of Eurizon Capital SGR and in particular the collective asset management. In 2020, 200 complaints were processed, of which only 28 were accepted and of these 9 involved disbursements.

(3) The scope includes the following Companies: Alexbank, Banca Intesa Beograd (BIB), CIB Bank, Eximbank, ISP Bank Albania, ISP Bank Romania, ISP Bank Slovenia, ISP Bosnia i Herzegovina (BiH), Pravex Bank, Privredna Banka Zagreb (PBZ), VÚB Banka, Yi Tsai.

CUSTOMER PROTECTION AND RESPONSIBLE SALES

TRANSPARENCY TO CUSTOMERS

Intesa Sanpaolo makes the information it provides to its customers clear and comprehensible in all stages of their relationship with the Bank through the simplicity of its language, transparent policy statements, and the consistency among the various documents on the same products/services. The main offer documents, drawn up in line with the clarity and intelligibility requirements, can be found in branches and also on the Bank's website, under the Banking Transparency section [1]. These include Product and Service information sheets, Specific Guides and Information documents on the conditions offered to all type of customers.

INVESTMENTS: ADVISORY SERVICE

In terms of investments, Intesa Sanpaolo has offered its customers the highest possible form of protection with its consultancy service, since 2007. As regards transactions relating to financial products or investment services, personalised recommendations are made consistent with the customer's financial profile. With this in mind, a series of specific rules that Bank personnel must observe was introduced and implemented in full. After the entry into force of the MiFID II Directive and European Regulations in the area of investor protection¹, these Rules were strengthened in order to provide investors with higher levels of protection and increased transparency in trading on the financial instruments markets. In particular, Intesa Sanpaolo introduced new obligations in terms of the governance of financial instruments, knowledge and expertise requirements for personnel responsible for providing investment services and ex ante and ex post information on the costs, charges and incentives of the products and services available.

Among the projects concerning advisory services, "Valore Insieme" is a global consultancy solution provided by branch managers through an innovative relations platform that provides advanced and personalised consultancy in all phases of the construction, protection and transfer of investment portfolios, also through dedicated investment products (such as, for example, Multimanager Exclusive funds). It is a service aimed at those looking for an exclusive relationship that combines an innovative platform and ongoing professional support from a dedicated manager.

THE COMPLIANCE CLEARING OF NEW PRODUCTS AND SERVICES

The new products and services and their subsequent variations are subject to the Product Governance process and need to be checked by the Compliance Function to ensure substantial and formal compliance with internal and external regulations. Compliance assessments are carried out in accordance with the principles of fairness and protection of the interests of customers, and also relate to the quality of the information provided, the consistency of the services, products or transactions with the needs and characteristics of the target customers.

The Product Governance process allows the individual phases envisaging the development, approval and monitoring of new products or services to be managed with clarity and rigour. Every activity entails the participation of a number of structures so as to analyse and assess the characteristics of individual products and services, whether provided by the Bank or by third party producers, as required by the regulations². Products and services subject to clearing undergo periodic, after-sales monitoring so as to assess their coherence with the predefined parameters of target markets and with the characteristics of reference customers.

The entire process is regulated by internal Guidelines and by specific process guides which the Bank has adopted, which identify in detail the activities and structures involved.

(1) Directive 2014/65/EU (MiFID II), Regulation 2014/600/EU (MiFIR) and Regulation 2014/1286/EU (PRIIPs).

(2) Directive 2014/65/EU (MiFID II) and ESMA 35-43-620_guidelines_on_MiFID II Product_Governance.

BUSINESS CONDUCT ADVISORY

In 2020, the Business Conduct Advisory (BCA) function, created in 2018, continued its business conduct advisory service, assessing the proposals for new products presented by the International Subsidiary Banks with a view to reducing the risk of conduct on the markets in the ISBD perimeter. During 2020, 47% of opinions related to topics on ESG (Environmental, Social & Governance), compared to 34% in 2019.

DIALOGUE WITH CONSUMER ASSOCIATIONS

Intesa Sanpaolo has for some time been involved in a long-established, open and constructive dialogue, at a national level, with the Consumer Associations belonging to the National Council of Consumers and Users (Ministry of Economic Development). Within this context, on 12 April 2019 it signed the framework agreement - called *Innoviamo le Relazioni* (Let's Innovate Relations) - which establishes the formation of 6 permanent work groups on the topics of greatest interest: Products and Services, Regulations and Authority, Education, Customer Care and Conciliation, Sustainability, Local Relations.

In 2020, 6 theme-based work groups were held:

- three Product and Service work groups (Fondo Indennizzo Risparmiatori [Savers' Compensation Fund]; measures supporting individuals and businesses in the emergency; Superbonus and Sismabonus; transparency through the presentation of the Quick Starts, initial consultation sheets for the main banking products with essential information in everyday language);
- an Impact and Sustainability work group (Fund for Impact; banking inclusion; per Merito; initiatives for working mothers);
- an Educational work group (training initiatives for Consumer Associations' national and regional middle managers in the project called "Mettere in Comune Competenze" [Sharing Expertise]);
- a plenary work group to illustrate the details and financial repercussions of the public exchange offer (OPS) of Intesa Sanpaolo with respect to UBI Banca.

In addition, with a view to further developing cooperation with the Consumer Associations, a series of meetings were arranged with the regional delegations from Piedmont, Lombardy, Emilia-Romagna, Tuscany and Campania. Intesa Sanpaolo is also a member and component of the Executive Committee of the Consumers' Forum (an independent association consisting of the most important Consumers' Associations, numerous Industrial and service companies and their Employer Associations, Institutions), which in 2020 continued its commitment to Consumer Sustainability with the aim of building a fair and balanced market where consumers and businesses assume shared objectives. In this context, the Association joined and participated in various initiatives, including Saturdays for future and the event called "LockUp Economy e cittadini. Mercati e regole al tempo della pandemia, tra sostenibilità e solidarietà" (Lockup Economy and citizens. Markets and rules at the time of the pandemic, on sustainability and solidarity), the annual meeting with the leading Italian Authorities. Work also continued throughout the year on permanent conciliation (see the Conciliation Agreement at [\[i\]](#) on the Website) and its role as an out-of-court solution instrument adopted and managed together with the Consumer Associations. The conciliation procedure, which concerns products offered to Retail customers, is simple, free and quick, with a maximum case resolution time of 60 days. Customers may decide to participate, at no cost and without impacting on any other paths they may wish to take, even subsequently, in order to protect their interests. In 2020, 52 applications for permanent conciliation were received.

The territorial training initiatives were illustrated to the Consumer Associations during the Educational work group meeting and will be launched during the first half of 2021 with webinars, training clips and newsletters.

CUSTOMER HEALTH AND SAFETY

In all its offices and branches the Intesa Sanpaolo Group protects the health and safety of all the people who work and pass through them by implementing operational rules and technological safety measures, supported by IT tools and the promotion of a health and safety culture. During the health emergency, the Group guaranteed customer services thanks to branches being open (almost 100%) performing all transactions; a system of restricted admissions was introduced, with specific appointments, together with the definition of essential transactions to be performed face-to-face and the extension of multi-channel services.

PHYSICAL SAFETY

Physical safety represents a central topic in protecting people, in particular in safeguarding the physical well-being of employees, customers and suppliers.

To achieve this, the matter is overseen by the relevant Physical Safety function of the Parent Company, which works directly with respect to Italy. It analyses the development of (current and emerging) risks and threats, defines and updates rules and processes on mitigating identified risks and establishes defence strategies and the consequent solutions requiring implementation. The structure also defines the functional specifications for physical safety works, checks compliance between the specifications and the actual completed works so as to ensure the mitigation of risks and undertakes the actions required to manage alarm reports which reach the Control Room, with the purpose of verifying their justification and activating the necessary mitigation measures. The Physical Safety structure also has a role in functional orientation and coordination for the International Subsidiary Banks, each of which has its own safety function: with the publication in 2020 of the “Physical Safety guidelines for the Intesa Sanpaolo Group” the aim was to define more effectively the orientation and coordination procedures of the Banks and Companies in the Intesa Sanpaolo Group and, more generally, the benchmark model for overseeing physical safety.

As regards the risks associated with offences of a predatory type, the analysis of the risks of robbery and theft is constantly updated and, at the same time, checks are made on the level of protection of the most exposed sites. In 2020 in Italy there were 3 completed incidents and 3 attempted robberies, compared to 13 completed incidents in 2019 and 9 attempted robberies. The trend in the number of cases has been constantly decreasing over the last 10 years or more and in 2020 there was a reduction of 73% compared to 2019. As regards the risk of theft, which, unlike robberies, does not affect the health and safety of customers and colleagues, during 2020 there were a total of 12 incidents involving ATMs (3 of which were completed and 9 attempted). ATMs are also the target of cyber physical security attacks, which combine physical and computer-based techniques, without posing any threats to people’s physical safety.

In addition, there is an emerging trend of aggressive behaviour, not aimed at appropriating monies, which is on the increase mainly due to social difficulties as a result of the pandemic. This trend is also under observation by ABI-OSSIF, due to its growth in the financial services sector for all those activities involving customer contact. In 2020, a survey of the Group’s Local Networks revealed 262 cases of aggression (19 of which involved physical abuse and the rest, verbal abuse). In 2019, the cases were 132 (11 of which involved physical abuse). Mitigation actions, enhanced during 2020, consist of training on the processes of early identification of risk situations and the techniques for de-escalation, in addition to the detection and management of incidents (investigation, psychological support, legal action if required) with the contribution of the Banca dei Territori Division, Safety and Protection and Legal Affairs Head Office Departments.

In 2020, albeit with the limitations imposed by the pandemic, there was no interruption to the activities conducted by Physical Safety, which continued on site and remotely. The audits and analyses on the levels of exposure to security risks were conducted on-site and supported by “remote analyses” based on the acquisition of data from the “data lakes” of the Group and interviews with the Heads of the Structures under assessment. The method used was based on the ISO 31000:2018 and on the use of models for identifying risk indicators and signs. These analyses have led to the implementation of prevention measures to reduce the probability of robberies and theft and protection measures to reduce their impact (through the use of technological systems); to an increase in investments in resources towards a culture of physical safety (preparation of new training modules through the Appendo platform); to the development of awareness raising actions at branches in cooperation with the Network Departments; to enhance measures to manage actions against non-predatory attacks in line with the increase in the phenomenon during the year, in cooperation with all the Bank’s relevant structures.

Innovation and digital transformation

COMPANY POLICIES

In a highly digitalised and competitive context, the commitment of Intesa Sanpaolo is supported by a state-of-the-art infrastructure which ranks the Group's practices among the best in Europe.

The Digital programme represents one of the qualifying factors in the 2018-2021 Business Plan, through optimisation of an advanced multi-channel platform aimed at offering all customer segments an innovative, safe and efficient range of products and services and complete digitalisation of the Group's priority processes. The widening of User Experience, due also to agreements and partnerships, and also the new functions geared to "mobile first" ideas represent the crucial elements in the Bank's digitalisation process. Strong investment in technologies and strategic vision in this area have ensured solidity as a going concern during the health emergency, allowing sound management of internal business and the rapid interaction with customers through a wide range of remote services.

The Bank's operations highlight the use of cybersecurity practices, already in line with the best international standards and certified by the national authorities, thanks to attentive data management and a focusing on risk management topics and the ongoing protection of the company's assets. The Board of Directors of Intesa Sanpaolo approves the IT Security Plan each year; in addition, in line with current regulations, cybersecurity is governed by guidelines and integrated processes for the safeguarding of the interests and rights of customers through the Bank's Integrated Internal Control System which defines responsibilities at all levels of the company.

The cybersecurity profile is also based on disseminating an awareness of risks and prevention methods by all the parties involved (Bank structures, employees, customers and suppliers).

THE DIGITALISATION PROCESSES PAVING THE WAY TOWARDS AN INTEGRATED

Intesa Sanpaolo is continuing along the path of Group transformation to assert its role as a digital company, with the progressive, in-depth overhaul of its IT platform. This has enabled remote dealings between customers and the Bank to be made increasingly more efficient and a gradual widening of multi-channel services aimed at customers, with a focus on the use of mobile devices allowing the early achievement of the results envisaged by the Business Plan for 2021.

Also in response to the COVID-19 emergency, the process of digital transformation was accelerated so as to enable all customers and employees to work remotely in a fully effective, efficient and secure manner. The range of products and services for customers that can be managed remotely has been widened, while home working has been enabled for employees through the widespread distribution of technologies and tools to facilitate collaborative working, interaction and the sharing of information.

Similarly with regard to digital transformation, final agreements were signed with TIM and Google during 2020 for launching the creation of two Cloud Regions in Italy, based on green solutions which will reduce CO₂ emissions and allow the potential offered by modern cloud technologies to be grasped, also providing a thrust in local digitalisation through training initiatives devoted to students, SMEs and Start-ups.

Thanks to the progress Intesa Sanpaolo has made in the area of multichannel and digital banking activities, it has already achieved notable results in terms of customer engagement and the volume of services offered. In Italy (excluding Fideuram - Intesa Sanpaolo Private Banking and Banca 5) the main results were:

- about 10.3 million multichannel customers (9.2 million in 2019), equalling 88% of customers;
- about 11.6 million digitised transactions (about 44.6 million since 2018) and 60% of digitised activities (35% in 2019);
- 6.5 million customers connected at least once to the new App since 2018 (+18.2% compared to 2019) and 6.6 million customers connected at least once to the digital channels (Internet Banking and Mobile App) in 2020;
- 42 Group companies already introduced into the Cybersecurity Model (89%);
- 93.5 million average monthly accesses via App, with 73.9 million transactions carried out in 2020 (in 2019 there were approximately 48 million transactions);
- about 7.1 million customers have activated the new access systems that are simpler and safer than a physical flash drive key (compliant with the requirements of the European Directive on Payment Services in the Internal Market PSD2, Payments Service Directive 2), i.e. the O-key Smart or the O-key SMS (OTP - One-Time Password software);
- about 85% of the retail customer product range available via multichannel platforms (including the current

account, payment cards and personal loans);

- about 536,000 active customers already reached by the Intesa Sanpaolo Investo App, through which the customers of the Banca dei Territori completed almost 46% of their online trading transactions in 2020.

The relationship with Business and Corporate customers also continues to develop digitally thanks to a multi-year transformation programme and a new Inbiz Portal for companies.

As a result of the COVID-19 health emergency and thanks also to the new MyKey Inbiz identity and digital signature model (available since June 2020) there has been an acceleration to the digitalisation programme for the business world with the release of the new function which allows agreements to be signed remotely with exchange of documents. The Group's ambition was to make it easier for customers to manage their relationship with the Bank independently and remotely.

On this point, it is worth highlighting the following:

- 300,000 companies migrated to the new digital portal and 20 million transactions per month, corresponding to 140 billion euro per month transacted;
- 330,000 users (employees of customer companies) with new access credentials, highly reliable in terms of Cyber Security and based either on the use of Smartphones or digital QR Code readers;
- 170,000 users who use the New Inbiz app, which allows them to approve millions of transactions per month, even via mobile, or to consult the balances and transactions of all the accounts of the Intesa Sanpaolo Group and other banks;
- 100,000 customers activated on the new digital tool Corporate Treasury (Treasury Management System to support Corporate Treasurers as they monitor and plan working capital);
- 25,000 customers activated on the new Customer Journey Export (working area to support companies with Trade Export needs);
- extension of the portal to foreign sites: at the moment Inbiz covers 70% of Foreign Branches and 5 International Subsidiary Banks of the Group.

The main innovations in the digital area in 2020 concerned:

- The continuing development of new customer journeys (sales processes) in multi-channel logic, for the improvement of the product and service offer and user experience, with the expansion of products for sale via Internet Banking and the Intesa Sanpaolo Mobile App, in self-service mode and Remote Offering including: "fully digital" granting of short-term loans to retail businesses, the service for making instalments of the account movements on the credit lines also via the App, the ability for customers to view and trade mutual funds via the Investo App, the service for the aggregation of accounts and payment cards held by customers at other Banks, the implementation (for the management of the customer relationship remotely on the Mobile App and Internet Banking) of an integrated Digital Collaboration system with a virtual assistant with Google cognitive technology, the new operating and service model as an Insurance Bank aimed at improving the efficiency of the policy delivery processes (adoption of a new platform, new App, issue of a new Collective accident insurance product, activation of the channel for remote offers for Motor policies).
- Continuous developments, identified as priorities to remain as European best practice (gaining recognition for the Intesa Sanpaolo Mobile App among the leading banking Apps in Europe, with high scores in the overall Forrester standings on Valuable Features and User Experience).
- The expansion of the range of new digital payment services in a multi-channel setting such as: Samsung Pay service, the Wearable service with Swatch Pay customers and the Mobility App for car park payments.
- The introduction of the New Inbiz Workspace dedicated to Factoring products that allows users to sign the contract, manage counterparties and invoices for factoring activities and monitor the progress of assignments and various uses.
- The creation of a new Workspace for Structured Finance, which qualifies Intesa Sanpaolo as the first Italian bank to provide a dedicated, digital and dematerialised area for use in Lending and Structured Finance transactions.

EMPLOYEE ENGAGEMENT

The Ottomila! change management system continued in 2020, supporting over 42,000 people from the Banca dei Territori Division in achieving the objectives of the 2018-2021 Business Plan. The general scenario caused by the pandemic has inevitably influenced the topics covered: new ways of interacting remotely with customers and among staff and the increasing importance of digital systems found their space. These topics were covered in the "Digital Coach" programme managed by the Chief Operating Officer Area, in a special arrangement dedicated to the people from the Banca dei Territori, with the aim of accompanying them in a highly complex professional and human experience. To further enrich the contents of Ottomila! the new Scenarios section was launched, created in collaboration with the Cybersecurity and Business Continuity Management structure of the Bank, which engages and raises awareness with periodic publications dedicated to digital transformation

and cybersecurity. The commitment towards disseminating the digital culture was further consolidated with the Vividigitale project through sharing formats via Skype, involving a really vast number of employees. In particular, thanks to the digital culture communicators, identified as contacts in each branch, employees were involved in 195 information sessions. To facilitate the dissemination of information related to services and products, in a remote working context, additional moments of study were held for a diverse range of participants: a schedule of meetings via Skype, called Vivichat with 131 information sessions attended by a total of 18,325 employees.

IT SECURITY

The Group considers the protection of information and customers a matter of strategic importance and in general contributes actively to the cybernetic resilience of Italy's Economy. In line with current regulations, cybersecurity is governed by guidelines and integrated processes for the protection of the interests and rights of customers and employees, with rules set out in the Bank's Integrated Internal Control System which defines responsibilities at all levels of the company.

The Group's cybersecurity model has a risk-based approach and is divided into three main macro-areas:

- Orientation: defined through the review of organisational aspects and policies/processes, strategic and predictive intelligence on cybersecurity risks, awareness-raising activities and information flows to internal control bodies;
- Control: ensured through risk management, the execution of controls and the maintenance of the most widespread cybersecurity certifications;
- Active monitoring: guaranteed through a holistic approach based on technological and organisational initiatives aimed at customers, stakeholders, third parties and the supply chain.

In accordance with this model, appropriate roles and responsibilities have been defined to support and oversee this aspect, including: the Corporate Bodies and Committees that assume general responsibility for the orientation and control of cybersecurity, supported by the Governance Functions that ensure its effective management; a Group Information Security Officer (ISO) who ensures the protection of information and infrastructure in line with the Group's strategy, ensures consistency between internal rules, promotes and develops integration between the various responsibilities in the cybersecurity field, guarantees compliance with the regulatory framework; the Relevant Functions that provide services, design and release cybersecurity solutions in compliance with the relevant regulations.

Cybersecurity tasks are carried out according to shared Group guidelines with both a centralised management model, for Banks and companies that have a high degree of integration with the Parent Company, and a coordination and control model for the other Group companies and the International Subsidiary Banks. The model and the cybersecurity management system as a whole are periodically reviewed and updated, at least once a year or in conjunction with any external and/or internal changes (e.g. laws and regulations, organisational, technological changes) that may have an impact in terms of cybersecurity, with a focus on continuous improvement. The cybersecurity structure also conducts annual Strategic Intelligence activities aimed at identifying the most relevant risk scenarios for Intesa Sanpaolo, in relation to which the necessary areas of orientation are defined in order to enable the Group's Cyber Readiness.

Given the growing importance of cybersecurity issues, including in relation to the 2018-2021 Business Plan, the Intesa Sanpaolo Board of Directors annually approves the IT Security Plan which organises, in a structured and coordinated way, the challenges introduced by cyber space through the measures already established by the Group functions that are responsible in various capacities for guaranteeing cybersecurity. The underlying goal of the Plan is to clearly define responsibilities in the spread of the cybersecurity culture at all levels in order to protect all of the company's assets. In particular, the Plan envisages the implementation of the Group's cybersecurity strategy, which must be based on a perfect knowledge of every element of the area to be protected, which grows together with the services offered and the new risks, strongly linked to behaviour and to the human factor. This strategy is based on four main pillars - Excellence in fundamentals, Sensitivity and dynamism, Culture and Group Governance - which have allowed the operational projects to be defined together with the related investments necessary for the implementation of the initiatives set out in the master Plan, geared towards increasing the levels of Cyber Resilience and Cyber Readiness among the Group companies. Some of the most important initiatives for the Bank are:

- the continuing activities aimed at improving levels of protection for customers in a period of rapid growth in the use of digital services and in relation to the new context created by the health emergency:
 - continuation of the pathway towards enhancing cybersecurity and the resilience of the systems and applications dedicated for that purpose in services offered to customers;
 - strengthening of anti-fraud monitoring, especially in view of the emergency situation that may be favourable

for attacks against customers less accustomed to operating through digital channels, also through the use of artificial intelligence and machine learning.

- strengthening of security monitoring of Third Parties that provide the Bank with services using their own methodology for the evaluation, classification and verification of suppliers as regards cybersecurity and business continuity. The checks cover the supplier's entire life cycle within the Bank (the contracting phase, provision of the service, termination of the contract, if it has occurred). A dedicated team oversees this issue;
- the enhancement of the security measures adopted by employees such as, for example,
 - extension of services with multi-factor authentication also in accordance with the new way of working introduced with the pandemic emergency;
 - enhancement of internal processes and communications to be activated if a critical event occurs so as to reduce risks.

With regard to anti-fraud monitoring, the Bank keeps its anti-fraud system constantly updated and capable of real-time analysis of all transactions carried out by customers via digital channels and of detecting, through a risk assessment system, any potentially anomalous transactions generating SMS alarm messages and security questions to the customer; furthermore, the Bank acts in collaboration with the Authorities to combat new techniques used by the fraudsters, and makes use of every channel to remind customers that their credentials are personal and must be well guarded and never disclosed to third parties.

During 2020, the entire financial system noted a growing trend of attempted attacks that required Intesa Sanpaolo to block fraudulent transactions amounting to around 162 million euro for retail customers and about 33 million euro for corporate customers.

The cybersecurity profile is also based on the spread of awareness of the risks, of the prevention methods, of the relevance of the data processed and of the use of the application procedures by all the parties involved (Bank structures, employees, customers and suppliers). Particular attention has been paid to customer awareness of cybersecurity issues by publishing a series of communications on the public website (information pages, documents and infographics), on the most popular social networks, on the Bank's safe channels (e.g. bank statement notices, and App notices), also in collaboration with the relevant Italian and European Authorities. In this regard, by way of example, Intesa Sanpaolo was again in 2020 the only Italian bank to participate in Europol campaigns (Cyber Scams, Don't Be a Mule, No More Ransom initiatives), it arranged the Facebook campaign "Aiutaci ad aumentare la tua sicurezza" ("Help us to enhance your security") and the YouTube video "Proteggiti da chi finge di essere la tua banca" ("Protect yourself against those pretending to be your bank") cooperating to increase the cybersecurity culture among customers so that they can maintain control of their digital lives.

The internal training provided by Intesa Sanpaolo is aimed at all levels of the company's hierarchy in a customised manner, including Top Management, which in 2020 was involved in specific induction and role-play initiatives (together with other financial sector institutes and with CERTFin).

Intesa Sanpaolo is strongly committed to increasing cyber culture at a country-wide level and, in this sense, it has continued its collaboration with Bocconi University and the Polytechnics of Milan and Turin in order to support the first degree courses in the field of Cybersecurity, internships and talent programmes for ethical hackers; moreover, the Bank is providing leading support for initiatives aimed at all citizens (e.g. Youth4Cyber, within the context of the Digital Week in Milan) so as to raise their awareness about the threats related to digitalisation.

In 2020, the Intesa Sanpaolo Group structures responsible for the collection and analysis of information in order to technically identify cyber-threats (threat intelligence) intensified their activities for the Group Banks and companies, as well as for national bodies supporting the credit sector. Initiatives also continued involving Intesa Sanpaolo in various working groups with international bodies like EBF, AFME, ECSO, Enisa, Europol, CERTFin and ABILab.

The integrated monitoring of cybersecurity and business continuity as part of Crisis Management procedures confirmed the Bank's effective management not only of events related to natural disasters but also, for the first time, for a pandemic emergency, ensuring the continuity of services and focusing on the protection of customers and employees. The Bank took immediate steps to ensure social distancing of employees and customers by introducing new operating procedures and speeding up the digitalisation process already underway.

Finally, as in previous years, the Bank remains committed to obtaining and maintaining third-party certification for its cybersecurity and operational continuity activities that guarantee quality, and also for its appropriate monitoring of the services it provides (see [1]). As confirmation of its high-level monitoring as regards cybersecurity, Intesa Sanpaolo won the CTF AIPSA 2020 prize, dedicated to Cyber Resilience during the global pandemic.

THE PHYSICAL NETWORK CHANNEL AND INTEGRATION WITH ONLINE STRUCTURES

The branches continue to represent the physical space of personal relationships of the distribution network, particularly with regard to more complex operations. The New Branch Layout project has led to significant changes in the physical place where the Bank comes into contact with its customers with modular spaces that have been made as welcoming as possible and functional areas for specific activities (customer reception areas, living areas and self-service areas), which are also suitable for hosting artistic and cultural events. At the end of 2020, the new branch model was present at 271 branches, including 13 Corporate branches.

During the health emergency period about 4,800 customers and 500 employees were involved in remote meetings, through the use of a digital platform, in 94 webinars organised in the second half of the year.

As outlined in the 2018-2021 Business Plan, the rationalisation of the distribution network, the search for innovation, the digitalisation and the offer of integrated models come to fruition in the remote consulting of the Online Branch. The latter provided practical support during the health emergency. Thanks to the widespread use of home working by Online Managers the freephone number was active at all times and it guaranteed answers to customers in times when local branches were forced to suspend their activities. It encouraged dialogue with managers in the branches, accompanied customers in using digital channels and provided assistance on products and services according to arrangements subsequent to the pandemic.

The year 2020 saw the consolidation of some tools for dialoguing between customers and the Online Branch. Through the Intesa Sanpaolo Mobile App, customers can write via chat to the Online Branch or their Remote Manager. It is an asynchronous and persistent, WhatsApp-like form of interaction that improves customer experience using a popular and well-known mode such as a chat, reduces the need to go to the local branch and provides fast assistance and expert advice through digital channels.

This pathway will soon be complete, also extending the chat service to the internet channel and allowing customers to access the dialogues at any time from whatever device they like. In 2020 the supply chain was enhanced with a new operating point and includes a total of over 1,000 Online Managers distributed among 18 branches and 161 Remote Managers, operating in 14 remote branches.

Dialogue with customers was constant and parallel to the relationship with the face-to-face network with which the management of portfolios is shared. The Remote Manager is a new way for the customer to access the Bank over longer hours and remotely.

The geographical coverage and accessibility of services are offered by the new network born from Banca 5, the first online Bank in Italy to operate in the payment system sector, and Sisalpay. The new network that has been operational since early 2020 and in November changed its name to Mooney through a re-branding operation, had at the end of 2020 a total of about 42,000 affiliated stores around the country and provides the 20 million or so citizens that use the authorised stores every day with a complete range of payment and collection services (withdrawals, transfers, MAV, payment orders, top-ups for prepaid cards, etc.) and other business services (SPID Recognition, phone top-ups).

In 2020, the International Subsidiary Banks Division continued its projects:

- Adopting Group Distribution Model (AGDM), implementing the new commercial service model in Banca Intesa Beograd in Serbia, CIB Bank in Hungary, Privredna Banka Zagreb in Croatia, VÚB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia, involving since the start of the project 397 branches for the benefit of 577,000 customers with a personalised consulting service from the dedicated manager and latest generation ATMs (in total 321 MTA - advanced ATMs). In 2020 Intesa Sanpaolo Banka Bosna i Hercegovina also became part of the AGDM project and Intesa Sanpaolo Bank Albania launched its pilot phase in the pre-COVID-19 period.
- DigiCal programme strengthened the integration between the physical and the digital channels in order to digitalise current processes for Retail and Small Business customers. During 2020, the number of Retail online customers using digital channels grew steadily: 286,486 in CIB Bank in Hungary, 345,306 in Bank of Alexandria, 538,316 in Privredna Banka Zagreb in Croatia, 43,769 in Intesa Sanpaolo Bank Albania and 71,401 in Intesa Sanpaolo Bank in Slovenia. At the end of the year DigiCal was extended to Banca Intesa Beograd with internet and mobile banking. In 2020, Privredna Banka Zagreb in Croatia reached 6,500 customers with the Digi4Biz Internet and Mobile Banking platform dedicated to the Small Business and SME segment, which will also be extended in 2021 to CIB Bank in Hungary, Intesa Sanpaolo Bank Albania, Banca Intesa Beograd and Bank of Alexandria.

The use of Danube tablets for gathering signatures during transactions in Privredna Banka Zagreb in Croatia, VÚB Banka in Slovakia, Intesa Sanpaolo Banka Bosna i Hercegovina, CIB Bank in Hungary, Intesa Sanpaolo Bank in Slovenia contributed to the dematerialisation of contracts and simplified and improved the Customer Experience.

In addition, in a situation such as a health emergency the implementation of the Remote Offer service allowed the employees of the branches of Privredna Banka Zagreb in Croatia and Intesa Sanpaolo Bank in Slovenia to assist customers remotely through the chat function and to send commercial offers via online channels; the Public Portal of Privredna Banka Zagreb enabled customers to sign the multi-channel contract online, thus avoiding having to go into a branch during the difficult period caused by the pandemic.

ACCESSIBILITY FOR PEOPLE WITH DISABILITIES

Accessibility for visually impaired or blind customers is made available in Italy thanks to automatic teller machines equipped with an interface featuring easy-to-read graphics for the visually impaired, while for the blind over 6,400 machines are equipped with headphones for listening to voice guidance. The monitoring of the accessibility and usability of buildings and services led to the conclusion of the census of 3,535 operating points (consisting mainly of Retail, Personal, Business, Private and Corporate branches, satellite agencies of the various branch types, and detached and company branches) out of a total of 4,789, i.e. about 74% of coverage (the former Venetian Banks excluded), inspecting the user-friendliness of automated equipment and the accessibility of various areas with the use of tactile flooring for visually impaired and blind people. You can find specific information on the accessibility of branches on the Intesa Sanpaolo website [\[1\]](#).

In particular, there is information on the accessibility of branches and self-service areas for individuals with reduced mobility; visitors can also find out if there are accessible cashier desks, accessible toilets, adequate space for manoeuvring in corridors, tactile flooring for the visually impaired and the blind, lifts or lifting platforms, or stair lifts to connect the various floors.

As part of the DigiCal model, there is continued updating in the International Subsidiary Banks, of mobile and web applications according to WCAG 2.0 (Web Content Accessibility Guidelines) accessibility standards, which allow persons with disabilities to use the platforms, offering a service in English and in the local language.

During 2020, the surveying of the premises of the International Subsidiary Banks continued its progress, taking into consideration the branch networks and head offices and, for the first time, involving the Bank of Alexandria. The mapping activities included 100% of properties and considered several common parameters (accessibility from the outside, to tellers and to managers, etc.). The highest levels of accessibility from the outside are currently found in Slovenia (88%) and Croatia (86%). During the month of September the banks identified several actions for improvements based on priorities and feasibility with a focus on the removal of architectural barriers. The first planned interventions will start in the Banca Intesa Beograd involving 30 branches with modest works, and in VÜB Banka, where the works of a more structural nature will involve 4 branches.

There is continued collaboration with the Fondazione LIA (Libri Italiani Accessibili - Accessible Italian Books Foundation), which has been working for years with Associazione Italiana Editori (the Italian Publishers Association) and Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) in order to improve the accessibility of the Group's documents published on the Internet and on the Intranet.

CREDIT INNOVATION

The activity of granting credit to retail customers, in terms of products and processes, is carried out in a multi-channel perspective. In fact, the offer received from the traditional branch can be completed and concluded by customers directly via their mobile devices, independently or with the assistance of the branch. Over 80% of credit applications are approved with automatic evaluation within 24 hours. In consumer credit, with the PerTe Prestito Diretto product the Bank makes it possible, in self-service mode, to make interest-free purchases from an extensive catalogue of consumer durables. The product range is supplemented with the constant presence of the Online Branch, which assists customers from the purchasing stages through to the home delivery of their goods. The innovation also involves the home mortgage sector with the product "Mutuo in Tasca", intended for customers looking for a property who can ask the Bank to decide the maximum amount of credit that can be granted to them; at the end of 2020 there were more than 22,200 subscribers, with more than 2,700 customers who identified a house to buy and were granted a loan.

The Bank took immediate action in the early days of the health emergency to activate centralised remote processes, to enable Retail Business and Corporate customers to independently apply for the suspension of mortgages and loans, as provided for in Law Decree no. 18 of 17 March 2020, and reduce the level of face-to-face contacts between customers and managers.

The remote process, which allows information and documents to be exchanged between the manager and the customer by telephone and/or email, was activated for several initiatives, including the activation of the suspension of loan instalments, applications for access to state guarantees, the completion of applications for new loans or the use of available credit lines.

In addition, to reduce the impact on operations at the branches and to meet more effectively the considerable demand for the suspension of loan instalments from Retail Business and Corporate customers, a dedicated Task Force was set up with a total of about 2,400 employees, who supported branches in evaluating and processing applications.

The first, totally digital short-term loan product called Circolante Impresa Smart has been available since September 2020. On the one hand, the signing process allows the SME customers to sign the loan agreement in self-service mode, without needing to go to the branch. On the other hand, the evaluation process is based on the new online calculation model for the rating of SMEs, which can automatically verify the loan repayment capacity, through an assessment of creditworthiness that analyses, among other aspects, the balances and transactions of the customer's current accounts over the previous 15 months.

Financial inclusion and supporting production

COMPANY POLICIES

Intesa Sanpaolo provides a range of products and services that promote financial inclusion and access to credit, in accordance with the Group's Code of Ethics. This code highlights, among the principles of customer relations, this policy's value as a key lever for social inclusion, enabling people to improve their lives and to fully exercise their citizenship rights. The Code of Ethics also outlines Intesa Sanpaolo's commitment to promoting economic and social development in the countries where it operates. In particular, this responsibility results in assisting companies to develop and improve their competitiveness, and to introduce innovations and internationalise their business. Among other initiatives, the 2018-2021 Business Plan launched the Fund for Impact, which is intended to disburse social impact loans of 1.25 billion euro (subsequently increased to 1.5 billion following the integration of the UBI Banca Group) to sections of society that find it difficult to access credit, despite their potential..

FINANCIAL INCLUSION OF VULNERABLE PEOPLE

Support of people in vulnerable conditions is offered through projects and initiatives aimed at the fair allocation of resources by identifying actors within the territory with whom agreements and synergies can be developed that will make access to credit easier for vulnerable individuals or those who would otherwise have no access to banking.

INITIATIVES WITH HIGH SOCIAL IMPACT

In 2020, the Intesa Sanpaolo Group issued new loans for high social impact activities amounting to about 37.2 billion euro, equal to 42.5% of the total granted, 32 billion of which to support the production system during the health emergency, helping to create business and employment opportunities and also to assist people in difficulty with various initiatives: microfinance; anti-usury loans; products and services for associations and entities in the Third Sector; products for the most vulnerable social groups to support their financial inclusion; and loans to support people affected by disasters.

LOANS WITH SOCIAL IMPACT [% AND THOUSANDS OF EURO]



MICROFINANCE AND THE FIGHT AGAINST USURY

There are various partnerships with different entities to provide credit to individuals or small companies in difficulty. Altogether, in 2020 the Group disbursed about 85 million euro in microfinance or anti-usury projects, in Italy and abroad.

The initiatives of a social nature, to provide income support for families, and those of a business nature, for the creation of micro and small enterprises, involve Intesa Sanpaolo working in partnership with the Fondazione Lombarda Antiusura and the Fondazione Welfare Ambrosiano, with a catchment area covering mainly Milan. In addition, there are some other ongoing agreements for the credit inclusion of disadvantaged persons or small businesses. These include agreements with NEETwork to offer free training placements provided by non-profit organisations, and also with Adiconsum, Exodus 94, Fondazione San Nicola Medici, Fondazione Antiusura Cavalla, Fondazione Moscati and Fondazione San Matteo, Fondazione Beato Giuseppe Tovini, Fondazione Toscana Antiusura, Fondazione Santa Maria del Soccorso, Fondazione Santi Smplicio e Antonio and the Fondazione Sant'Ignazio da Laconi for anti-usury initiatives.

In addition, the Bank makes available the “Finanziamento Microcredito Imprenditoriale” (“Business microcredit financing”), dedicated to micro-enterprises in the start-up phase of a new business or when investing in growth projects, enabling them to access credit even without collateral. This opportunity was made possible by a special section of the SME Guarantee Fund (Ministry of Economic Development Fund, operational since 2000). The medium/long-term loan, with a maximum duration of 7 years and a maximum amount of 25,000 euro, is designed for the purchase of goods (including raw materials) or key business services (including lease payments), to pay for salaries to new employees or working partners, or to pay for training courses to improve professional quality and technical and managerial skills. Some of the essential characteristics of Business Microcredit Financing are assistance and monitoring services that support the business, offered free of charge by the VOBIS association (Volontari Bancari per le Iniziative nel Sociale, an association of volunteer former bank employees that operates throughout Italy and is purely focused on social solidarity). 258 loans were disbursed for a total of 5.7 million euro in 2020.

MICROCREDIT IN EGYPT

As a driver for poverty reduction and socio-economic development in the country, microcredit is an activity at the heart of the Bank of Alexandria strategy which aims to position itself as the point of reference for financial inclusion, economic empowerment and income support for small businesses and customers with no access to banking. Its range of products and services, with solutions for retail customers and micro-enterprises from various sectors, has thus been enhanced over the years with the introduction of products for the agribusiness sector and artisans, women and young people. In 2020 the Bank disbursed more than 77 million euro for a total of more than 46,600 loans, also providing some customers with advisory services developed in cooperation with various NGOs.

FUND FOR IMPACT – NEW CREDIT ACCESS OPPORTUNITIES

The Fund for Impact was launched in 2019 with initial funds of about 250 million euro to support the disbursement of loans to customer groups with difficulties in accessing credit, despite their potential. In 2020 the operating regulations were issued and the endowment was expanded to 300 million euro following the integration of UBI into the Intesa Sanpaolo Group.

The Fund for Impact supports the “per Merito” initiative, the first unsecured credit line dedicated to all university students residing in Italy and studying in Italy or abroad, which in 2020 financed 6,446 students granting them 51.5 million euro (90.6 million euro since 2019). In 2020 some new partnerships with universities and other institutions were created (especially schools specialising in the Made in Italy business such as fashion and cuisine as well as selected schools for digital activities); loans were made available to the families of students attending certain high schools and the scope of assisted students was extended to PhD scholars.

In addition, three new initiatives were implemented:

- MAMMA@WORK, operational since July 2020, is a loan on favourable terms for working mothers so that they can manage their economic commitments after their period of maternity leave, paying nurseries, child care or other temporary needs, thanks to a loan of 300 or 500 euro per month (disbursed half-yearly), which may last until the end of the child's 6th year and be paid back over prolonged periods (up to 20 years) and thus with very modest instalments. In 2020 the product financed 79 mums for a total amount of 236,000 euro.
- XME StudioStation is a loan for the purchase of computers and connectivity for families with children who are following distance learning. The maximum amount is 1,500 euro with customisable duration (12-48 months), zero-rate interest and no guarantees are required. In 2020, 891 loans were concluded for a total of 1.2 million euro granted.

- **Obiettivo Pensione:** in December 2020, the possibility became operational of granting loans to people who, despite having reached the minimum age requirement for their pension, do not have enough pension contributions to actually retire, especially because they have been made redundant; Obiettivo Pensione covers the cost of their missing pension contributions of up to a maximum of 3 years and 6 months, with a line of credit that allows them to repay over a long period (10 years) using consolidated methods.

NATURAL CATASTROPHES AND DISASTERS

The Intesa Sanpaolo Group confirmed its concrete commitment to support the populations affected by catastrophic and natural disasters affecting the Italian territory by activating dedicated credit lines, providing new subsidised loans intended for the restoration of damaged properties (houses, shops, offices, artisan workshops, companies), suspensions on existing loans, actions in the area of protection and preferential, simplified and expedited procedures.

In 2020 there were about 300 suspensions of repayments on existing loans for a total residual debt of 500 million euro. In addition, subsidised loans were disbursed in 2020 for over 163 million euro (about 497 million euro since 2018).

SUPPORT FOR HOUSEHOLDS

Intesa Sanpaolo participates in the Guarantee Fund for Main Home Purchases, established by the 2014 Stability Law. Thanks to the Memorandum of Understanding between ABI and the Italian Ministry of the Economy and Finance, the beneficiaries – young couples, single-parent families with minor children, young people under the age of 35 with a temporary employment contract and tenants of public housing owned by the Istituto Autonomo Case Popolari (Social Housing Authority) – can get a guarantee on the principal amount of their loan (up to 50%). In 2020, 5,693 mortgages were issued with a value of over 610 million euro.

During 2020, Intesa Sanpaolo provided employees of companies in crisis, such as the former Embraco and Air Italy, with effective support allowing them to suspend the payment of instalments on mortgages and loans for a period of 12 months.

Support for households was also reflected in the renegotiation of mortgages, almost 45,000 in 2020.

The Group also signed up to the Agreement for women victims of violence which ABI and the main trade unions also signed. For women included in certified security programmes, who are in economic difficulty, the agreement provides for the suspension of repayment of the principal in mortgages and personal loans for a period of 18 months. When signing up to the Agreement, the Bank also provided for the suspension of the entire instalment to offer greater support.

Intesa Sanpaolo has for some years operated the “Anticipazione Sociale” project, designed for redundant workers who receive their INPS benefits 7-8 months after applying. “Anticipazione Sociale” offers the opportunity to open credit facilities with favourable terms, until their redundancy benefits arrive from INPS. More specifically, provision was made for an advance lump sum of 1,400 euro, reduced proportionally in the event of a shorter period of suspension (suspension for less than 9 weeks on zero hours, or in the event of a reduction not on zero hours) or in the case of part-time employment. Through agreements signed with the Piedmont Region, the Metropolitan City of Turin, Emilia Romagna, Tuscany and Veneto, the worker does not bear any charges as these are covered by the project partners.

SOLUTIONS FOR YOUNG CUSTOMERS

Intesa Sanpaolo pays great attention to young people and their needs; in this regard it has developed a dedicated offer that more specifically concerns:

- mortgages, especially “Mutuo Giovani”, an offer whose aim is to facilitate young people with their house purchase accepting applications of up to 100% of the property value with repayment periods of up to 40 years. The total disbursement – also considering the Guarantee Fund for Main Home Purchases – is about 3.8 billion euro to over 31,350 young people;
- loans, with the “per Merito” product dedicated to students with the aim of facilitating their access to studies (for details one should refer to the section “Fund for Impact - New credit access opportunities”). In addition, for university students who reside in the South, or who reside in other regions of Italy and want to attend a university or a specialist school in the South, the “per Merito” initiative has been joined by “StudioSI” - a Fund of the Ministry of Education, University and Research (MIUR) co-financed by the European Social Fund (ESF), which enables Intesa Sanpaolo to provide interest-free loans to university students, of up to 50,000 euro to be repaid in up to 20 years without collateral, to meet registration fees, purchase of books and all costs related to their studies;
- current accounts, with the XME Conto product, which offers current account fees and a debit card absolutely free of charge with the tax paid by the Bank, for those up to 35 years of age, and with XME Conto UP! for those under 18, completely free until the age of 18;

- savings with SMART SAVE, the first of the investment services planned in line with digital functions; it allows users to subscribe to funds from 5 euro upwards and to manage all transactions directly via the App. It is an accumulation service on dedicated mutual investment funds, which aims to facilitate access to occasional and/or periodic investment, even for small amounts and via mobile.
- savings with XME Salvadanaio, the digital piggy bank that can be used by children and adults alike, which allows them to set retained sums of money, either manually or automatically for rounding off payment transactions made with cards

WOMEN'S ENTERPRISE SOLUTIONS

The Business Gemma loan supports businesses run by women and also women freelancers, benefitting free of charge from the guarantee of the special section of the SME Fund for Women's Entrepreneurship and allows to request the suspension of the capital portion of the instalments for up to 12 months during the amortisation period. 93 loans were disbursed for a total of 3.2 million euro in 2020.

Among International Subsidiary Banks, Banca Intesa Beograd and Intesa Sanpaolo Bank Albania signed agreements with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business programme which, in support of micro, small and medium enterprises run by women in the Western Balkans, offers subsidised loans, technical consulting and the sharing of know-how for women who benefit from the initiative. In 2020, Banca Intesa Beograd agreed a new credit line of 8 million euro with the BERS and disbursed 163 loans to local SMEs for about 1.2 million euro; Intesa Sanpaolo Bank Albania made available approximately 511,000 euro for 9 loans to female entrepreneurs. Following the pandemic, the customers were also able to benefit from moratoria.

WOMEN VALUE COMPANY AWARD

In support of gender equality and the enhancement of the role of women in entrepreneurship, Intesa Sanpaolo promotes the "Women Value Company - Intesa Sanpaolo" award together with the Marisa Bellisario Foundation. In its fourth iteration in 2020, the award is given to small and medium-sized enterprises that implemented concrete and innovative policies and strategies to guarantee men and women equal opportunities and equal recognition in their careers. From about 900 candidates from all over Italy for the 2020 edition, 90 SMEs received awards in the final event that was held in live streaming in the month of September 2020. The event was an occasion for sharing views and opinions on corporate policies and best practices aimed at eliminating the gender gap, for an effective debate that aims to inspire and develop the corporate culture of Italian SMEs.

REMITTANCE MANAGEMENT

Intesa Sanpaolo offers specific products for foreign customers in Italy who need to send money to their home countries.

To facilitate customers in this difficult year, an agreement was reached with Western Union to cut costs to zero for remittances made through Money Transfer throughout the second half of 2020. In addition to the Money Transfer service, Intesa Sanpaolo allows customers and non-customers to send money to various countries of origin using the GetMoney To Family service and at Group Banks abroad with the Express to Family service. In 2020, around 97,000 remittances were made, amounting to over 48 million euro.

IMPACT PROJECT FOR THE FINANCIAL INCLUSION OF IMMIGRANTS

The financial inclusion project for immigrants was developed on the basis of the results of a study on the current process and the future impact of immigrant integration dynamics on the sustainable growth of the country.

During 2020, the project was developed along two main lines, one internal and one external to the Bank, directed towards several action fronts:

- Making the most of previous experience through an operational spin-off with the commencement of works on the "Credit to Migrants" project with the Impact Department; a sustained action of alignment, sharing of views and raising awareness with the other Business Units of the Bank that may become involved, broadening the focus from the issue of financial inclusion of migrants to the issue of financial inclusion in its broadest sense (i.e. for all those lacking inclusion).
- Launch and consolidation of dedicated discussions with the Robert F. Kennedy Human Rights

Foundation: in its capacity as a partner of the Bobby's Dream project, the Group contributed to the scientific magazine published by Euricse, dedicated to best practices in support of social and economic inclusion of migrants and asylum seekers, and in the framework of the training project initiated by the same Foundation and the Cattolica University, Intesa Sanpaolo defined the terms of its intervention in the project and its best practices for the undergraduates on the Management of Sustainability degree course.

- Dialogue with the national and international institutions directly involved in supporting the financial inclusion and integration process: in this context, and in order to make the most of and share the project results, Intesa Sanpaolo was invited to take part in the national working group on financial inclusion promoted by the Italian Ministry of Economy and Finance and the Bank of Italy within the scope of the country's participation in the Global Partnership for Financial Inclusion of the G20, of which Italy has recently assumed the Presidency, and in the upcoming discussion group on the subject of financial inclusion set up by ABI. This discussion group will also include Acli, Anci, Arci, Caritas Italiana, CeSPI, Directorate General - Immigration Department from the Ministry of Work and Social Affairs, UNHCR and International Organisation for Migration (IOM).

SUPPORTING THE THIRD SECTOR

For some time now Intesa Sanpaolo has made available an offer dedicated to Third Sector organisations, first through Banca Prossima and then (after its merger in 2019 into Intesa Sanpaolo) through the Impact Department, into which it was incorporated.

At the end of 2020, there were about 88 thousand customers in the Third Sector network, and direct and indirect deposits of about 7.3 billion euro, of which roughly 5.5 billion euro were in direct deposits, and about 2.3 billion euro in loans. The intangible assets of Third Sector entities play an important role in making their long-term financial exposure sustainable. To this end, specific rating models have been developed that better suit the characteristics of customers from the non-profit and religious sectors, particularly with respect to the qualitative section. As a guarantee of its activities, the articles of association of Banca Prossima envisage a Fund for the development of social enterprises, to which at least 50% of the remaining profits net of allocation to legal and statutory reserves and the reconstitution of the share premium reserve initially used to set up the Fund were allocated each year. The Fund continued to function even after the incorporation of Banca Prossima, through the creation of a plafond of around 0.1% of the shareholders' equity of Intesa Sanpaolo.

CROWDFUNDING PLATFORMS

For Funding is the social crowdfunding platform of the Intesa Sanpaolo Group aimed at organisations, non-profit associations and foundations which want to launch a fundraising campaign with the participation of a wider donor community. The fundraising initiatives are selected by the Intesa Sanpaolo team, which evaluates the beneficiary organisation and the type of projects in order to support the most deserving projects. Once the project has been published on the platform, donors may contribute to the fundraising process with a donation made through the website using a credit card, by online bank transfer, or with a bank transfer made at their own bank or at any Intesa Sanpaolo branch. Each transaction is free for both the donor and the beneficiary.

For Funding is a unique and distinctive model in the world of social crowdfunding and for loans to non-profit projects, that are direct and without intermediaries. Italian private individuals and legal entities can use the platform to make loans to non-profit organisations at a favourable rate. In 2020, For Funding raised about 9.8 million euro in donations, positioning itself as the leading Italian Donation Crowdfunding platform.

Donations through For Funding to support initiatives for the COVID-19 emergency amounted to 3.5 million euro. In particular, the platform hosted the fundraising called "Emergenza Coronavirus: vicini a chi ha più bisogno" (Coronavirus Emergency: close to those in need) supporting the Department of Civil Protection, which collected donations of over 2.2 million euro.

EDUCATION AND SPREAD OF FINANCIAL CULTURE

The health emergency due to the spread of COVID-19 meant we were forced to have a profound rethink about the edutainment and educational activities proposed by the Museo del Risparmio (MDR - Savings Museum). To keep public engagement and the participation of young people at a high level, we chose to act on two fronts: the development of new online formats and the implementation of technology solutions to convey financial education in an effective and innovative manner, both remotely and face-to-face.

Despite the closure to the public for about six months and the restrictions imposed, during 2020 the activities designed and delivered face-to-face and remotely by the Museo del Risparmio involved about 22,000 people.

For adult audiences the MDR Web TV was launched, a programme of live and on-demand digital events that reached a total of about 4100¹ people between April and December. The events organised by MDR in 2020 included:

- A book in 30 minutes: 8 online events with writers and experts who, through their books, helped to take a more in-depth look at topics such as behavioural finance, psychology of money, relationship between philosophy and economics, development of payment systems and the circular economy;
- MDR-HSS International virtual seminars: 2 seminars in English in collaboration with the Herbert Simon Society and addressed to experts and researchers in the financial sector, dedicated to financial education determinants and the consequences of the pandemic on the financial markets;
- Financial education webinars: 11 events to stimulate reflection on certain crucial issues for financial education (gender gap, sustainability, educational innovation, resilience in managing the effects of the pandemic).

To help people get through the difficulties they face in the complicated economic situation associated with the health emergency, the Museum created FIREWALL, four video pills to boost financial resilience i.e. the ability to withstand the impact of the crisis without falling into despair.

In partnership with Episteme, a research programme was also created called “Capacità di Sopportazione e di Reazione in tempi di pandemia” (Ability to Endure and React in times of a pandemic) aimed at analysing the behaviour of Italians in the face of the health emergency and the consequent economic and social emergency in progress.

The Museo del Risparmio, in collaboration with the International Federation of Finance Museums, looked after the drafting of “Financial education in pandemic times”, a booklet that collects the experiences of the world’s leading museums of economy and finance in the development of new educational and communication proposals following the COVID-19 emergency.

Also on the international front, on the occasion of the World Savings Day, the collaboration between the Museum and the Banks of the International Subsidiary Banks Division continued in 2020; eight of them proposed activities promoting financial education within “The Art of Saving” initiative, including distance learning workshops and other digital initiatives to raise awareness.

School	Distance learning activities
PRIMARY SCHOOL	<ul style="list-style-type: none"> • MDR PLAY LAB: the video tutorial series for parents and teachers to perform distance-learning educational workshops on savings and sustainability • New educational format called “Legonomia” to learn the basics of financial education through LEGO • Online participation at the TIME4CHILD festival
LOWER SECONDARY SCHOOL	<ul style="list-style-type: none"> • AES Quiz: edu-quiz series on the history of money, which involved about 300 middle school pupils competing through the Kahoot application • New educational format on the “INFO-Mania” information asymmetry developed in collaboration with the Turin Polytechnic
UPPER SECONDARY SCHOOL	<ul style="list-style-type: none"> • New video-courses dedicated to the contamination between finance, film and literature (“Un libro nella Borsa” and “Si gira motore..azioni!”) • Online meeting with R. De Bonis and M. Vangelisti of the Bank of Italy on the development of payment instruments • Online meeting on “La finanza spiegata bene – Speciale Scuole” (Finance explained well - a School Special) with the journalist Mauro del Corno • Digital live show “Non ci casco” (I won’t fall for it) on electronic payment frauds, held during the Salone dei Pagamenti • Digital live show “Scelte Insostenibili” (Unsustainable choices) • Digital Festival “Il mio posto nel mondo” (My place in the world) with Lavazza and the Next Level Association

(1) The figure includes those who followed the events live and the number of views of the recording subsequently uploaded on the YouTube channel of the Museo del Risparmio.

For the school world, new forms of distance learning were designed, differentiated by age, which allowed them to reach a total of approximately 10,800 pupils, students and teachers.

For upper secondary schools, a new module was launched with 30 hours of distance learning to be dispensed within the scope of “Courses on across-the-board skills and orientation” which were followed in 2020 by 303 students, while another 600 will take part in 2021.

In 2020 the 2nd edition of the SAVE Tour was completed (Sustainability, Action, Voyage, Experience), an itinerant course on financial education and sustainability developed with the European Investment Bank and Italscania which visited 15 cities in Liguria, Sardinia and Sicily between October 2019 and February 2020 and involved 85 schools and 4,550 pupils from primary schools and secondary schools. An additional 7 stages in Calabria and Campania were cancelled due to restrictions imposed by the health emergency.

The project will be transformed in 2021 into a virtual tour with new content accessible both in Italian and English.

Among the main technological innovations introduced:

- The 3D virtual tour to the Museum, allowing pupils to explore the various rooms, view a selection of content and download the apps to get familiar with the complex art of money management.
- The app called “Il tesoro di Mika” (Mika’s treasure) is an exciting virtual treasure challenge with quizzes and games. Anyone who can answer the questions correctly is awarded the title of Maestro del Risparmio (Master of Savings).
- The futuristic “Test and fun” terminal uses artificial intelligence to find out how each of us relates to money and savings.

The partnership with the Osservatorio Permanente Giovani-Editori (Young Publishers’ Forum) for the Young Factor project continued in 2020, with the aim of supporting young people’s critical reading and economic and financial literacy. The initiative managed to continue with the project in schools, in spite of the health emergency, thanks to distance learning involving an even greater number of schools (2,150) and pupils (617,180).

Developed within the scope of the Il Quotidiano in Classe (Daily Newspaper in Class) initiative, which through the reading and comparison of different newspapers aims to help young people to develop that essential critical spirit in order to become tomorrow’s free citizens, the project intends to facilitate the spread of an economic-financial culture among young people, providing them with useful knowledge support so as to make informed choices about their future and to foster the creation of responsible citizens. Teachers and classes participating in the project include focused studies in their syllabus on the main topics underlying the economy, finance and the rules that govern financial and banking activities. The educational work is inspired by current issues (the economic crisis, the performance of financial markets, etc.) and allows the various topics to be looked at in detail and related to the youngsters’ daily reality.

SUPPORTING PRODUCTION AND INNOVATION

Intesa Sanpaolo puts itself forward as a point of reference, and not just financially, to support the country’s economic system and the business and associative world, also during the period of the COVID-19 emergency. The Group assists its customers in a consolidated and long-term relationship model founded on quality, reliability and trust.

With regard to about a million Corporate and SME customers, the Group puts forward solutions that support the future of Made in Italy in the world and contribute to sharing their internationalisation, capitalisation, innovation and development processes, with particular attention to the topic of economic, social and environmental sustainability, as stated in the 2018-2021 Business Plan.

SUPPORT FOR BUSINESSES IN ITALY

In 2020, Intesa Sanpaolo allocated approximately 87 billion euro in new medium-long term loans to the real economy with approximately 77 billion euro in Italy, of which around 63 billion was disbursed to households and SMEs.

In 2020 the Group facilitated the return from non-performing to performing status of around 11,500 Italian companies, with a positive impact on employment through the protection of approximately 57,000 jobs.

In response to the COVID-19 emergency, Intesa Sanpaolo immediately adopted some extraordinary measures first and then promptly implemented the measures specified in the government Decrees, through initiatives of effective help to businesses to support them in these times of difficulty: the suspension of repayments of loans and the allocation of a credit line of 50 billion euro, with a focus on the sectors most affected by the crisis (tourism and trade). For more details, one should refer to the section “Support for households and businesses to deal with the COVID-19 emergency”.

By August Intesa Sanpaolo had already made available the tools allowing people to benefit from the Superbonus and the other building bonuses and in September they were set under way, also later extending the offer to

the UBI Banca network customers, thanks to the progressive business integration of the two banks. For more information, one should refer to the chapter Loans and services for the green and circular economy.

The growth of Italian SMEs is also supported by the Intesa Sanpaolo Extraordinary Finance structures and the partnership with Elite of Borsa Italiana, through innovative financial solutions that give companies high visibility to institutional investors and enhance their reputation and financial culture.

In partnership with Confindustria, in 2020 Intesa Sanpaolo took 57 companies representing all of Italy and its economic sectors to three Elite Lounges (an international programme to accompany the most ambitious companies in their development phases), in a digital version. One of these was entirely dedicated to start-ups from the B-Heroes programme and another saw the involvement of some companies in the Imprese Vincenti programme.

In 2020, the Intesa Sanpaolo Basket Bond Programme continued in partnership with Elite, an operation allowing SMEs to issue bonds which envisages a potential, subsequent securitisation through “Notes” geared to institutional investors. The Programme, structured in a number of tranches, envisaged in 2020 the subscription of bonds for a total amount of 100 million euro and involved 12 SMEs throughout Italy.

CORPORATE CREDIT AGREEMENTS

With the aim of continuing to support businesses and respond to the developments occurring within the European regulatory context, the operations under the Credit Agreement, signed by ABI and the main trade associations in 2019, continued in 2020 with the changes introduced by the Addenda of 6 March and 22 May which extended the procedures of access in response to the COVID-19 emergency.

In 2020, the entire national economy was deeply affected by the devastating effects of the pandemic. From February onwards, thanks to agreements with national associations, the Bank was able to provide businesses firstly with its own extraordinary measures to support liquidity and immediately after with further actions in support of operators in the economy, in accordance with the legal provisions that were issued throughout the year (Cura Italia Decree, and the Liquidity, Relaunch and Relief Law Decrees). The agreements were the subject of widespread dissemination through numerous webinars, both nationally and in individual areas, through the involvement of a large number of participants, including associated companies.

The themes common to many agreements involved basically three main areas: the first, supporting corporate liquidity and working capital, with short, medium and long term loans, also with government guarantees from the Central Fund and SACE, the extraordinary moratoria and the enhancement of Supply Chains and support for internationalisation; the second related to innovation and sustainability, with particular attention to ESG issues, the Circular Economy and innovative Start-ups; the third and final area was to encourage working from home and to ensure protection and insurance and health cover.

Moreover, thanks to the measures included in the Relaunch Law Decree some important steps were taken, made effective through the signing of new agreements or addenda to those already signed, as part of the incentives linked to the home system, in particular the Superbonus, and the possibility of transferring tax credits to banks, which facilitated the development of innovative solutions through the active collaboration with some representative trade associations.

The following is a list of agreements signed with the main trade associations in 2020, mentioning only those that are of national importance:

- Confcommercio Imprese per l'Italia
- Confartigianato Imprese
- CNA - Italian Confederation of Craft Trades
- Confapi - Italian Confederation of small and medium-sized private industries
- Federalberghi
- Federturismo, Confindustria Alberghi and Federterme
- ANCE National Association of Construction Companies
- Federlegno Arredo
- Anima Confindustria Meccanica Varia
- Confindustria Intellect
- Assopellettieri - Italian Association of Furriers
- CDO Compagnia delle Opere
- Finco - Federation of Industries for Products, Plants, Services and Specialist Works for Constructions and Maintenance

Furthermore, in support of the internationalisation of companies, in 2020 the agreement with the ICE Agency was renewed as well as the agreement with SACE SRV, which allows corporate customers to access the services for the recovery of international credits on competitive terms, in addition to the continuation of the agreement with SACE for the guarantee of medium/long-term International+ loans from Intesa Sanpaolo and

the Master Participation Agreement in existence with SACE, for the sharing of the risk arising from the issue of international guarantees and export documentary credits.

The support to SMEs in the field of Industry 4.0 (still partially continued in 2020) led to loans this year of 541 million euro.

In addition, in 2020, through several specific agreements with the European Investment Bank Group (EIB and EIF, European Investment Fund), Intesa Sanpaolo prepared additional lines of action that will allow the disbursement to final recipients of new loans for a total of over 2.8 billion euro, mainly for the Italian economy. The resources will be directed to finance SMEs for new investments, including in particular those in research projects and innovative investments, permanent working capital and liquidity requirements to overcome the COVID-19 emergency. Through the use of European Structural Funds, two projects were given support: one with the Region of Sardinia to deal with the COVID-19 emergency, with a particular focus on the tourism sector and another to finance the training of university students.

In addition, through a synthetic securitisation of an existing loan portfolio of about 2 billion euro created within the scope of the "GARC" programme (Gestione Attiva Rischio di Credito - Active Credit Risk Management), Intesa Sanpaolo, subsequent to the optimisation of the credit risk, will offer new loans for a total of 450 million euro available to SMEs affected by the emergency caused by the COVID-19 pandemic.

Again, in 2020 the agreement signed with the European Investment Fund in 2018 for the creation of a portfolio supported by the InnovFin guarantee for new loans of up to 300 million euro associated originally with research, innovation and development projects, was revised by expanding the purposes for investment to digitalisation and energy efficiency improvements in full compliance with the European Green New Deal. At the same time, a portion of the portfolio was also dedicated to Working Capital, a COVID-19 line, aimed to support businesses lacking liquidity due to the pandemic crisis. In 2020, some portfolios of new loans were constructed guaranteed by the Guarantee Fund for SMEs. Operations which began in 2018 with the admission of four portfolios for a total value of loans of 1.2 billion euro, continued with a new initiative that benefits from the guarantees of the consortium company promoted by Confcommercio alongside the SME Guarantee Fund. In addition, the Bank took steps to launch the activity in line with the SME Initiative, a dedicated SME initiative promoted by the European Union and the EIB Group (the European Investment Bank and the European Investment Fund) which aims to stimulate SME financing by providing partial risk coverage for SME loan portfolios of the original financial institutions. During 2020, the initiative was not actually used by businesses because of the COVID-19 emergency; in December, the required authorisation was obtained from the EIF for the extension of eligible purposes, including loans to support the working capital for businesses that have been damaged due to the pandemic. The Bank is committed to providing more than 300 million euro in loans to SMEs, using this instrument, which allows companies to be financed with a benefit of 50 bps discount on the benchmark pricing.

SUPPORT FOR HOUSEHOLDS AND BUSINESSES TO DEAL WITH THE COVID-19 EMERGENCY

Since the beginning of the pandemic, the whole Bank has been strongly committed in a series of initiatives to give support to all corporate customers affected by the crisis, on occasions independently launching measures that were able to become operative even before the enactment of policies and regulatory measures implemented by the government.

The support provided by Intesa Sanpaolo to households and businesses during the health emergency consisted mainly of the suspension of payments of mortgages and loans and the disbursement of subsidised loans. In 2020 Intesa Sanpaolo disbursed about 30 billion euro in loans with state and SACE guarantees and granted suspensions - including renewals - on mortgages and loans of 73 billion euro, of which about 54 billion euro for businesses and about 19 billion euro for households, in order to support the economy of the country.

INITIATIVES TO SUSPEND INSTALMENTS FOR HOUSEHOLDS

The Bank adhered to the moratoria provided for by law and more specifically to the moratorium for the so-called "red zone"¹, directed at retail customers with loans and mortgages on properties located in the municipalities indicated in the Decree. The Group then extended the measures provided for by the Order to holders of personal loans, resident in the so-called "red zone". Within the package of favourable measures prepared to implement the legal provisions, it is worth mentioning the moratorium on mortgage loans disbursed to individuals to purchase their first home. The Solidarity Fund for the suspension of first home mortgages (the so-called Gasparrini Fund) supported the suspension of payment of instalments (principal and interest) when temporary situations of difficulty arose within the family unit. Through subsequent legislative measures, the range of cases for accessing the moratoria were expanded in terms of access requirements. No fees were applied for the moratorium.

The Group launched its own initiative to support Retail customers with a mortgage and/or personal loan, which was then merged into the ABI/Consumer Associations' Agreement which Intesa Sanpaolo signed up to.

(1) The so-called "initial red zone" included the Lombardy Municipalities of Bertinico, Casalpuusterlengo, Castelgerundo, Castiglione D'Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini, and also the Veneto Municipality of Vò Euganeo, clearly listed in Annex 1 to the Decree of the President of the Council of Ministers dated 01/03/2020.

It envisaged the option of suspending the entire instalment or just the principal for 6 months, with a possible extension up to 12 months. A comparable initiative was also implemented by the UBI Group.

The COVID-19 moratoria initiated by the UBI Group involved the suspension of the entire instalment for retail customers applying for it, without stipulating any specific requirements. From the second half of 2020, all new requests were referred to the so-called formulas by law or included in the trade or consumer association agreements. The UBI Group also participated, through its subsidiary Prestitalia, in the moratorium of the ASSOFIN - Consumer Associations agreement concerning the suspension of payments of instalments on loans with assignment of one-fifth of salary and consumer credit.

INITIATIVES TO SUSPEND INSTALMENTS FOR CORPORATE CUSTOMERS AND RETAIL BUSINESSES

Following the introduction of the “Cura Italia” and “August” Decrees, the lawmaker introduced the possibility for SMEs and professionals to suspend payment of loan instalments that were due, with specific conditions for businesses in the tourism sector, which were eligible for a longer period of suspension. The moratorium on the so-called “red zone” was made in favour of holders of mortgages on buildings located in the municipalities of the so-called “initial red zone”² and closely associated with the running of commercial and economic businesses, including agricultural businesses. The possibility of suspending the entire instalment or just the principal has been provided until the end of the state of emergency.

In addition, through the ABI “Imprese in Ripresa 2.0” (Recovering companies) Agreement, which Intesa Sanpaolo adhered to, companies operating throughout the Italian territory were able to ask for the suspension of repayments on existing loans, which could be extended depending on the duration of the emergency, with a particular focus on businesses operating in the tourism sector, which were specifically allowed to request the suspension of repayments on loans for a longer period. Intesa Sanpaolo (including the UBI Group) also joined the ABI - Local Authorities Agreement dated 6 April 2020, which provided for the possibility of suspending repayment of the principal element in instalments falling due in 2020, relating to loans granted to local authorities.

The COVID-19 moratoria initiated by the UBI Group involved the suspension, in favour of Corporate customers, of just the principal quota and for a maximum period of 12 months. No limitations regarding technical forms were specified, nor were any specific requirements requested.

IMMEDIATE SUPPORT TO COMPANIES UNDER THE “LIQUIDITY DECREE”

The “Liquidity Decree” introduced measures to promote access to credit for Businesses through the use of guarantees granted by the State and that the Intesa Sanpaolo Group quickly made available, as follows:

- Loans of up to 30,000 euro with a 100% guarantee from the SME Guarantee Fund;
- Other loans guaranteed by the Guarantee Fund: the “Liquidity Decree” granted the possibility of increasing the MCC - Medio Credito Centrale guarantee up to 90% for SMEs affected by the emergency;
- Loans guaranteed by SACE – “Garanzia Italia - SACE”, obtainable on new loans, if aimed at investments. The SACE guarantee could reach a maximum of 90%. SMEs, including the self-employed and freelance professionals with a VAT number are also eligible for SACE guarantees, provided that they have fully utilised their ability to access the SME Guarantee Fund;
- Suspension of the possibility to revoke short-term overdrafts, in implementation of the legislative initiatives provided by the “Cura Italia Decree” and subsequently by the “August Decree”.

RENAISSANCE PROGRAMMES: BERGAMO AND FLORENCE

The Renaissance Programmes are an innovative and timely response that Intesa Sanpaolo provided to deal with the economic and social emergency, caused by the spread of COVID-19. These programmes supporting the real economy, which enable virtuous mechanisms for public-private-non-profit partnerships, are designed for start-ups, micro-enterprises and SMEs wishing to carry out development and innovation projects with impacts on their local area. As part of these programmes, the so-called Impact Loans were created, which are innovative and sustainable, long-term financing tools that are qualified as a form of patient capital with very modest costs.

In May 2020, Intesa Sanpaolo and the Municipality of Bergamo launched the Bergamo Renaissance Programme, in order to support an area that was particularly affected by the spread of COVID-19. The initiative, with the participation of the Cesvi Foundation as Actuating Party, was arranged into various calls for proposals geared to supporting various types of Beneficiaries, which could submit projects aimed at consolidating, upgrading, renewing, innovating and/or reorganising their activities.

The Programme has a total value of 30 million euro, provided by the Bank in the form of grants (10 million euro)

(2) The so-called “initial red zone” included the Lombardy Municipalities of Bertinico, Casalpusterlengo, Castelgerundo, Castiglione D’Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini, and also the Veneto Municipality of Vò Euganeo, clearly listed in Annex 1 to the Decree of the President of the Council of Ministers dated 01/03/2020.

and Impact Loans (20 million euro) to Beneficiaries which sent applications and were selected based on the terms laid down in the 6 calls for proposals. A portion of 5 million euro of Impact Loans will be used to finance a sustainable mobility project in Bergamo which is in the process of being defined.

As at 31 December 2020, the Technical Committee of the Renaissance Program had approved the disbursement of grants in favour of 3,668 micro-enterprises in Bergamo to sustain mandatory costs, and positively assessed 524 innovation and consolidation projects, for a total commitment of 9 million euro in terms of grants and 6 million euro in terms of Impact Loans. At the same date, 164 Impact Loans had been entered into for an amount of approximately 2.5 million euro.

The Florence Renaissance Programme was launched in September 2020 by Intesa Sanpaolo and Fondazione CR Firenze, with the aim of supporting micro and small enterprises, craft activities, profit and non-profit organisations in the Metropolitan Area of Florence, operating in various fields: arts and crafts, tourism and culture industry, fashion industry, food and wine business and lifestyle (including cosmetics and perfumes), World of start-ups/Technology/Industry 4.0, Agritech and Agribusiness. To support the programme, the Fondazione CR Firenze provided 10 million euro to be disbursed in the form of grants and the Bank provided up to 50 million euro to be granted as Impact Loans.

The Programme, which is arranged based on the representative sectors in the area through 5 calls for proposals, promoted and managed by the Actuating Parties, intends to support the implementation of projects for the revitalisation/reorganisation of activities that are credible and have a social impact that can be measured through defined social KPIs within each individual project. At the end of 2020, the first three calls for proposals had been launched: arts and crafts; tourism and culture industry; fashion industry, food and wine business and lifestyle.

INITIATIVES IN SUPPORT OF TERRITORIES AND COMMUNITIES IN COLLABORATION WITH THE DIOCESES

The initiatives in collaboration with the dioceses aim to support families, craftsmen, tradesmen and small businesses, allowing them to overcome the current period of crisis and return to their normal conduct of life or work. These projects are intended for specific areas and communities, with the aim of supporting the restart phase and reducing the additional inequalities and social conflicts worsened by the spread of COVID-19 which has made family and employment situations more fragile.

In Bergamo, a contribution of 5 million euro was granted to the Diocese of Bergamo through the project “Ricominciamo insieme – Sostegno alle generazioni nella famiglia” (Let’s start again together - Support for the generations in the family), doubling the allocation of the Fund with contributions already made available by the same Diocese with other entities and private individuals. More specifically, a “COVID-19 Emergency Fund for the Family” was set up to provide more than 100 thousand families with help in coping with the principal items affecting the family budgets of all generations: primarily rent or mortgage for the family home, electricity and gas bills, food bills, but also educational expenses for the children (fees, meals, textbooks) and support for their summer activities.

In addition, to facilitate the re-start of the Bergamo area, the Bank’s commitment also involved a programme of “Impact Loans” for small crafts and commercial concerns and small family businesses. The programme provides for the granting of subsidised loans of up to 20,000 euro. The first applications began to arrive on 10 June and at the end of December 2020, 40 applications had been approved with a total of over 700 thousand euro in approved loans.

SUPPORT FOR THE INTERNATIONALISATION OF BUSINESSES

Intesa Sanpaolo assists Italian businesses and their subsidiaries abroad by providing financial and advisory support for their various needs related to internationalisation with support from:

- a foreign Network consisting of subsidiary Banks, foreign branches and representative offices in around 40 countries worldwide with specialised Desks (Corporate Desks and Multinational Desks), and a coverage in over 80 countries through cooperation agreements with other correspondent Banks;
- a service model that leverages the specific expertise of internationalisation Specialists found in Italy who act as a reference point and are dedicated to financial support initiatives, and of Specialists in Global Transaction Banking (GTB) dedicated to the needs of Trade Finance and Cash Management;
- an offering of domestic and cross-border products, which, in the purely transactional area, aims to offer corporate customers the opportunities offered by the entry into force of Payment Services Directive 2 (PSD2).

In addition, to facilitate international development of businesses and promote knowledge of the international Network and its available services, Intesa Sanpaolo organises various types of events (face-to-face or online) on internationalisation in Italy and abroad, accompanies businesses on missions and to trade fairs abroad in cooperation with various external partners, institutional bodies and trade associations, and arranges various forms of internal and external communication tools.

IMPRESE VINCENTI PROGRAMME

In 2020, the Group arranged the second edition of Imprese Vincenti, the programme to promote Italian entrepreneurial excellence, i.e. SMEs that stand out nationally for growth and creation of value and jobs. The aim is to provide media visibility and services to accompany growth, in collaboration with important partners and with the support of the Intesa Sanpaolo Formazione companies, Intesa Sanpaolo Forvalue and Intesa Sanpaolo Innovation Center. Despite the crisis caused by the pandemic, the second edition recorded excellent results, with about 4,000 companies nominated and 144 companies selected and celebrated as “Imprese Vincenti” (Winning Companies) during the Digital Tour which, in 12 stages/events, covered the whole of Italy in virtual fashion. One new element in the 2020 edition was the involvement of Third Sector companies, confirming the importance of the links between the profit world and local territories.

INDUSTRIAL DIALOGUE AND THE PRODUCTION CHAINS DEVELOPMENT PROGRAM

The new “Dialogo Industriale” (Industrial Dialogue) approach was created with the aim of increasing the strength of dealings of managers with companies, identifying a common language for a better understanding of their needs, oriented to offering solutions better suited to the objectives and peculiarities of each company. It combines company requirements and credit quality, supporting the creation of sustainable business.

In 2020, some new features were developed that allow the dialogue with businesses to be further improved when discussing action strategies for a sustainable recovery, thanks to a broader information set, forecast data that is consistent with the post-COVID-19 scenarios and new analysis data on the impacts of the emergency.

The “Sviluppo Filiere” (Supply Chain Development) programme continued concurrently with Dialogo Industriale, to support businesses in every sector and of every size facilitating their access to credit, focusing on the relationship that links lead companies with the suppliers’ network and enabling a more detailed understanding of the financial requirements of individual supply chains. To revive the Italian economy in the delicate post-COVID re-start phase, the Programme was enhanced by addressing 2,500 potential Supply Chains and allocating a new credit line with a ceiling of 10 billion euro. In addition, agreements were signed on new forms of Supply Chains with the extension to direct and indirect suppliers and the involvement of the upstream supply chain and the supply chain that is downstream of retailers. At the end of 2020, there were around 763 participating lead companies with potentially 18,400 suppliers and a workforce of over 98,000 employees.

CORPORATE WELFARE SERVICES

The Welfare Hub service offers corporate welfare programmes through a digital multimedia and multi-channel platform - that can be browsed via PCs, tablets and smartphones and is accessible also via App - which allows the company to offer its employees a set of goods and services called Flexible Benefits, instead of company bonuses in their payslips, that enjoy tax benefits both for the company that offers them and for the employee who receives them. At the end of 2020, the Welfare Hub was enhanced as a sustainability tool by the “Sviluppo Filiere” programme and by the S-Loan project and has 3,037 companies that have signed up to the platform.

SUPPORT FOR NEW BUSINESSES

In 2018, Intesa Sanpaolo joined the “Resto al Sud” initiative to support young people with new entrepreneurial businesses in the Southern Regions. The project, promoted by the Italian Ministry of the Economy, has access to 1.25 billion euro from the Development and Cohesion Fund.

The range of beneficiaries was extended in 2019 to the under-46s and to freelancers, resident or willing to move to the target regions of the initiative; the benefits are also valid for the territories affected by the earthquakes of 2016-2017, thus including specific territories of Lazio, Marche and Umbria, not previously included.

The amount eligible for funding can be up to 60,000 euro per applicant (in the case of businesses with a sole proponent) or 50,000 euro (in the case of companies), with a maximum of 200,000 euro for projects with several proponents, and maximum coverage by the Bank of 50% and the remaining 50% by the public, non-repayable. The bank loan includes an interest rate subsidy recognised by Invitalia and is always assisted by an 80% guarantee under Law 662/96.

Intesa Sanpaolo was one of the first Banks to offer financing in response to the initiative, raising awareness about the project among thousands of young people at more than 70 regional meetings. Overall, 575 loans were disbursed for a total of 26 million euro in 2020.

“Finanziamento Microcredito Imprenditoriale” (Business microcredit financing) supports micro-enterprises in launching a new business or investing in growth projects, offering them access to credit even without collateral (one should refer to the section Microfinance and the fight against usury).

In support of new entrepreneurship, a commercial offer was confirmed dedicated to New Entrepreneurs who have had a VAT number for no more than 12 months. The offer includes a current account and associated cards with no fee for the first three years and a reduced fee for the following two years, as well as special conditions in the first three years for additional products which, at the request of the customer, can supplement the offer such as Internet Banking, POS and Digifattura.

SUPPORT FOR INNOVATION

Intesa Sanpaolo Innovation Center is the Group company dedicated to exploring and learning new business models, creating assets and skills to support the long-term competitiveness of the Group and its customers. Addressing the ecosystem of innovative start-ups, it creates a network of relationships with businesses, incubators, research centres, universities and local and international organisations across the country to facilitate the meeting of supply and demand for innovation. Intesa Sanpaolo Innovation Center also oversees the development of the culture of innovation with events and information initiatives both inside and outside the Group, that are also promoted via a network of specialist representatives in the Regional Governance Centres of Banca dei Territori. These initiatives contribute to strengthening the Group’s position as an innovation leader, developing relations with other institutional stakeholders in the national and international ecosystem, maximising all possible collaborations.

DEVELOPMENT AND GROWTH OF START-UPS

Intesa Sanpaolo Innovation Center aims to be a player in the innovation ecosystem to support start-ups by managing their acceleration pathways personally or with specialised, Italian and international partners.

Among the programmes delivered directly by Intesa Sanpaolo Innovation Center, the Startup Initiative is an initiative dedicated to the most promising innovative companies, which prepares them through a selection and coaching pathway to address the market and facilitates meetings with actors from the innovation ecosystem. The best start-ups are presented at specific events (for example, Investor Arena Meetings).

Two editions of Startup Initiative were held in 2020, in which approximately 200 start-ups put forward proposals, 18 of which, at the end of the selection path, were introduced to about 230 investors and other ecosystem players. With regard to partnerships established to assist with acceleration paths, it is worth mentioning the partnership agreement signed in 2019 between Techstars, one of the leading accelerators in the world, and Intesa Sanpaolo Innovation Center, the Compagnia di San Paolo and the Fondazione Cassa di Risparmio di Torino, to manage three annual programmes in Turin, lasting 13 weeks, as part of the Smart Mobility programme. The first class was held in 2020 and 293 start-ups applied (including 49 Italian ones) from 55 countries. Intesa Sanpaolo Innovation Center helped to support the business development of start-ups promoting collaboration with Corporate companies and locally with the Municipality of Turin and local enterprises that are part of Torino City Lab, also to allow the start-ups to test their technologies in settings made available by the City of Turin. Four start-ups launched trials and Proofs of Concept (POC) thanks to this collaboration, two received investment proposals and one start-up has opened an office in Italy. The nominations for the second class which will get underway in January 2021 are 397, coming from 54 countries (66 are Italian).

The partnership continued with B-Heroes, an acceleration, mentorship, investment and communication programme aimed at innovative start-ups, which reached its fourth edition in 2020 with the involvement of over 500 innovative Italian companies. Other notable programmes that have benefited from the support of the Innovation Center, include

“Accelerate in Israel”, a Call for proposals from the Embassy of Italy in Tel Aviv for financing mobility for start-ups in Israel (with more than 50 proposals) and “Digithon”, the largest Italian digital marathon dedicated to start-ups (with more than 400 proposals).

Intesa Sanpaolo Innovation Center has contributed to the selection and identification of Innovative start-ups and SMEs for the Mediterranean Aerospace Matching event promoted by ICE and Distretto Tecnologico Aerospaziale (DTA) to be held in Grottaglie in 2021 and has participated as a contributor to the Next Generation initiative of Talent Garden.

Also to provide start-ups with support, there is the “Officine Formative” (Training Workshops) platform, online acceleration courses aimed at providing the necessary entrepreneurial skills, free of charge, to create and launch a start-up on the market and raise capital from investors. There are 21 courses on the site, with over 100 lessons on various topics. At the end of 2020, over 1,890 hours of lessons had been provided on the website to over 4,200 registered users. International expansion programmes with assistance and consultancy services are also carried out to support the growth of start-ups abroad. Business development services were offered in the analysis of the potential target markets’ and competition’s characteristics, as well as identifying the most suitable business opportunities and technological solutions.

A convertible MLT funding instrument is already fully operational, dedicated to innovative start-ups and developed by Intesa Sanpaolo and Intesa Sanpaolo Innovation Center, which during 2020 provided 11 loan disbursements.

OPEN INNOVATION

Working with research institutes and universities, Intesa Sanpaolo Innovation Center has created laboratories for applied research projects that generate know-how through collaboration between the academic world, the Group and corporate customers. In particular, the following are operative:

- Artificial Intelligence Lab in partnership with the ISI Foundation of Turin to design, develop and test mathematical models and algorithms as part of applied cutting-edge research on issues of interest to the Group and/or customers. At the end of 2020, there were 7 research projects in progress in the fields of finance, risk management and insurance. As regards 15 well-developed research projects concerning the protection and development of intellectual property, two Italian patent applications have been filed.

Four scientific publications were also submitted, including the paper “Molecular tracing of SARS-CoV-2 in Italy in the first three months of the epidemic” published in the international medical journal *Viruses*, produced in collaboration with the Department of Biomedical and Clinical Sciences “Luigi Sacco” of the University of Milan. In particular, since the first days of the pandemic, the Innovation Centre has supported the research activities of the Infectious Diseases Laboratory at the Sacco Hospital for the reconstruction of the process of propagation of the infection in Italy and Europe, the identification and analysis of mutations in viral genes, to identify any impacts on virulence and the management and organisation of the analysis on an exceptional amount of data from the laboratories of the Hospital network.

Some of the main results made it possible to observe that almost all of the viruses in Italy belong to the B.1 lineage, which later became the most widespread in the world; it also made it possible to observe that the most likely period of entry into Italy was at least one month before the description of the first cases and to estimate the parameters relating to transmissibility.

Regarding the dissemination of knowledge, 15 seminars were organised on topics related to the application frontier in the industrial field of artificial intelligence.

- the Neuroscience Lab, launched in partnership with the IMT School for Advanced Studies in Lucca with the aim of designing, developing and testing neuroscience research frameworks applied to business issues. At the end of 2020, 7 research projects were ongoing with orders from within the Group on HR issues, protection and corporate well-being, Customer Relationship Management (CRM) and the museum sector.

With regard to the exploitation of intellectual property, a general Report has been produced on COVID-19, published internally and externally to the Bank, and also a scientific paper; in addition, there are currently 7 scientific papers/articles being drafted.

As regards the dissemination of a culture in the field of neuroscience, 11 events/seminars were organised (5 of which were published on the Group’s website and open to customers) and 5 videos to enhance the value of and talk about the activities at the Lab.

In the field of Robotics, there is currently a study in progress looking into the development of a partnership with the University of Turin and the Fondazione Paideia on the Project called “Social Assistive Robotics for Autistic Children” on the use of robotic therapy to assist children with autism. Also on the subject of Robotics a position paper has been published.

The Group provides many loans for businesses that invest in innovation and research, most notably Nova+, a loan issued on the basis of technical and industrial assessments of the innovation and research project conducted by a team of engineers specialising in the technology sector, which in 2020 funded 28 projects for about 30 million euro. A total of 365 Nova+ projects were funded in the period 2014-2020 for about 400 million euro. The Innovfin guarantee, issued by the European Investment Fund (EIF) with the financial support of the European Union, aims to facilitate access to credit for Small and Medium-sized Enterprises. In 2020, 28 loans were disbursed for approximately 63 million euro.

Furthermore, as a Bank granting specific public subsidies for research and innovation (in particular, the Sustainable Growth Fund, managed by the Ministry of Economic Development - MISE), in 2020 Intesa Sanpaolo approved 68 projects for about 312 million euro of investments in favour of 145 beneficiaries. In total, 301 projects were approved under the Sustainable Growth Fund from 2014 to 2020, for a total of about 1.47 billion euro of investments in favour of 502 beneficiaries (of which 278 SMEs).

Sustainable investments and insurance

COMPANY POLICIES

Asset management and the insurance coverage of customers are central to the activities of the Intesa Sanpaolo Group, and are ensured through organisational structures in business areas specialising in asset management, private banking and protection requirements with financial and insurance products and services. Focusing on the customers' portfolio diversification requests on the basis of their needs (expenses, reserves, investments, pensions and protection) and specific goals in terms of the effective allocation of resources, the product and service range offered has been gradually expanded from financial management and consultancy to the area of protection, which concerns all customers, from small to large assets, and from SMEs to large companies, with due adjustment of guarantees. The activity is therefore aimed at the development of financial and insurance products and customer advisory services to meet the welfare and protection needs of households and businesses, including in the long term. Guidelines and Rules for the marketing of financial and insurance products clearly explain the obligation of operators to act in a transparent, fair and diligent way in the provision of investment services, as required by applicable legislation as well.

In the Group's Code of Ethics, as regards the principles of conduct towards customers, asset management's focus is to increasingly highlight social, environmental and good corporate governance criteria in investment assessments in order to promote balanced and sustainable development. With this in mind, the range in the portfolio includes funds that apply selection criteria in compliance with the Principles for Responsible Investment with the aim of stimulating sustainability dynamics in the businesses invested in and to offer customers products that meet the new needs of sustainability. Eurizon Capital has also signed up to the Italian Stewardship Principles, which define the procedures for exercising administrative and voting rights in listed companies, in order to stimulate discussion and cooperation about social and environmental sustainability issues with listed issuers that the company invests in.

Describing itself in the 2018-2021 Business Plan as the leading Wealth Management and Protection Company in Italy and Europe, and in its role as Bank and insurance company, the Intesa Sanpaolo Group seeks to be a partner that is able to manage all of the assets and risks of households and businesses through a structured array of family welfare solutions and targeted insurance policies, also including protection products as pension saving, business continuity and corporate welfare choices.

As part of a more general process of integration of sustainability into business logic and strategies, the Intesa Sanpaolo Vita Insurance Group has subscribed to the Principles for Sustainable Insurance (PSI) promoted by the United Nations.

SUSTAINABLE INVESTMENTS

In 2020, the Intesa Sanpaolo Group continued to strengthen its leadership in sustainable investments, with an overall market share of 22.8% (30.4% with the contribution from UBI Banca). With 18 new products, the Group reached a total of 57 open-ended sustainable and responsible funds (72 if we also consider the Pramerica products, 10 of which were launched in 2020) with assets of 18.4 billion euro (24.6 billion with UBI Banca) and net inflows of 8.3 billion euro (over 9 billion with UBI Banca).

EURIZON

Eurizon Capital is the leading asset management company in Italy on sustainable and responsible funds with a market share of almost 21.9%. Having subscribed to the United Nations Principles for Responsible Investment in 2015, Eurizon Capital has paid particular attention over the years towards the policies implemented by the issuers that it invests in, in the belief that healthy corporate governance policies and practices, which incorporate environmental, social and correct governance elements, are able to create value for all stakeholders in the long term.

To strengthen its control over the sustainability of its investments, Eurizon is assisted by the Sustainable and Responsible Investments (SRI) Committee (within the asset management company and chaired by the CEO) and the Sustainability Committee (an autonomous and independent body that helps with the management of Ethical Funds and performs a supporting role). The SRI Committee, set up in 2017, supports the Chief Executive Officer in setting out ESG-related proposals to present to the Board of Directors by monitoring the exposure of assets in relation to the relative assessment indicators identified, and overseeing the escalation process relating to the securities of critical issuers. As well as the Chief Executive Officer, the Heads of the Investments Department, the Heads of the Control Functions, and the ESG and Strategic Activism, Corporate Governance and Sustainability Heads also sit on the Committee.

The Sustainability Committee was set up in accordance with the provisions in the Regulation on Managing Open-ended Mutual Investment Funds (approved by the administrative body of the asset management company in compliance with the applicable provisions on the regulation of mutual funds) belonging to the Ethical System and is composed of persons outside the company of recognised probity and morality. In addition to its role of providing the Board of Directors with general professional advice on sustainability issues applicable to the assets under management, the Sustainability Committee is responsible for periodically monitoring the investment choices of the ethical funds and the management strategy adopted by these funds during the reference period. If it comes to light that fund managers have diverged from the guidelines of the Committee, the Committee can request to Eurizon to provide a detailed justification for the investment decisions taken. The Committee also establishes guidelines for the methods of donating the proceeds from the Ethical System funds to social projects. During 2020, the Eurizon Board of Directors approved the allocation of 200,000 euro equally divided among three hospitals particularly involved in managing the pandemic and Caritas for its support to families in need due to the negative effects of the COVID-19 emergency.

Eurizon Capital SGR has adopted a method for the selection of financial instruments that takes into account environmental, social and governance factors as an integral part of the investment process, aimed at curbing risks, including those of a reputational nature, and creating value for its customers' portfolios. The ESG and SRI principles are applied to all actively managed funds, whether they are benchmark or flexible ones (in contrast, ESG criteria are not applied to passive/indexed products or investment solutions such as, for example, retail portfolio management and specific institutional mandates). During 2020, the investment process was enhanced with a procedure for the selection of third-party funds with ESG criteria that would be useful in the subsequent process of assessment and ranking, a responsibility of the Multimanager Investments & Unit Linked structure of Eurizon Capital SGR.

In terms of actively managed funds, specialised ESG products were made which use a proprietary rating platform to select securities based on their sustainability rating. Active management products also include ethical funds with dedicated benchmarks.

The process of selecting and monitoring investments based on ESG and SRI principles carried out by the asset management company is structured on the basis of three phases:

- creation, by the Long-Term Sustainable Strategies office of the Investments Department, of a list of issuers with high exposure to ESG risks (critical issuers) and a list of issuers operating in sectors regarded as not socially responsible;
- sharing and verification of these lists with the Investments Department and the SRI Committee;
- monitoring of the observance (ex ante during the order preparation phase and ex post during the portfolio optimisation phase) of specific operating limits on investments in issuers operating in non-socially responsible sectors by the Compliance Function.

Operating limits are set in various ways with the following specifications:

- for products whose investment policy is characterised by the presence of a benchmark, the maximum direct investment allowed is equal to the weight of the issuer in the benchmark;
- for products whose investment policy does not provide for the presence of a benchmark, direct investment in securities of issuing bodies belonging to the list is ruled out.

With particular reference to the list of critical issuers, the SRI Committee of the asset management company coordinates and implements an engagement process, i.e. an active share ownership procedure formulated and enacted at various levels, from dialogue with the companies subject to scrutiny through to the activation of voting rights at shareholders' meetings. It is implemented differently for:

- securities already in the portfolio: an 18-month observation period begins upon the activation of the engagement process to assess whether the issuer should be removed from the critical issuer list, after which time - in the event of a negative outcome - the process of disinvestment of the assets under management begins, according to timeframes that fit with the interests of the customer and, in any case, within three months of the decision;

- securities invested in for the first time (new securities): purchases are conditional on the drafting of an Investment Case subject to the prior analysis of the SRI Committee, the results of which are submitted to the Board of Directors for approval.

In 2020, Eurizon carried out 840 engagement initiatives with 573 issuers, with about 24% (200 initiatives with 172 companies) primarily related to ESG issues.

Compared to 2019 (675 engagement initiatives, of which 15% on ESG issues), in 2020 there was a higher incidence of engagement with issuers specifically dedicated to ESG issues.

Eurizon Capital SGR also joined a collaborative engagement scheme as part of a campaign on environmental issues which reached 1,826 selected companies operating in various important sectors at a global level. At the end of the engagement activity (18 months of monitoring), the process of disinvesting all securities (4 issuers) which did not provide proof of convincing actions that may have a short-term effect on the sustainability profile began at the start of 2020. The only exceptions were eight issuers for whom the engagement process was extended.

With regard to active share ownership activities, the asset management company adheres to the Italian Stewardship Principles for the responsible exercising of the administrative and voting rights of listed companies, with the commitment to promote high standards of corporate governance. These rights are exercised transparently in the interest of the portfolio subscribers and market integrity, while maintaining a strong focus on limiting potential conflicts of interest. In June 2020, the Engagement Policy was approved and published and replaced and enhanced the previous Stewardship Policy.

In 2020, Eurizon Capital SGR took part in 120 shareholders' meetings of select companies listed on Borsa Italiana (59%) and the international markets (41%), voting on around 1390 resolutions on the agenda.

In terms of actively managed funds, specialised ESG products which use a proprietary rating platform were developed and offered to the public.

The total number of these funds in 2020 was 55 products (compared to 37 funds in 2019), including issue windows for different deadlines of the two product families: Eurizon Disciplina Sostenibile and Eurizon Flessibile Azionario. Specifically, the new funds launched in 2020 included those in the Megatrend line of mutual funds: Eurizon Planet, Eurizon People and Eurizon Innovation.

During 2020, CIB Bank placed two new ESG products on the market: CIB Sustainable Development Derivative Fund and CIB Responsible Investments Derivative Fund, both with partially protected capital. These products were subsequently included in the Recommended Portfolios offered by CIB Bank, thus extending the range of Eurizon ESG products already bolstered in 2019 with the EF Bond Corporate Smart ESG and EF Sustainable Global Equity products, also present in VUB Banka and Intesa Sanpaolo Bank in Slovenia.

EURIZON FUND ABSOLUTE GREEN BONDS - GLOBAL IMPACT REPORT [1]

In June 2020, the asset management company drafted the Global Impact Report regarding Eurizon Fund Absolute Green Bonds, which details the results of the quantitative impact analysis and the contribution to the UN's SDGs. The investments made during the analysis period (1 July 2019 - 30 June 2020) helped to achieve key environmental and social impact results, such as:

- a generating capacity of 310 megawatts, thanks to the financing of plants that produce renewable energy; these plants produced around 721,973 megawatt/hours of energy;
- energy savings of around 64,833 megawatt/hours thanks to investments in sustainable infrastructure (real estate and transport);
- a reduction in annual emissions of harmful gases of over 458,000 tonnes of CO₂;
- the saving and purification of over 134 million litres of water through investments in plants and production processes;
- the recycling of 10,068 tonnes of waste;
- 53 jobs created by the entire portfolio.

For every million euro invested, the following results are obtained: 837 megawatt/hours produced, 156,037 litres of water saved or purified and a reduction of 532 tonnes of CO₂.

The Fund also contributes to meeting various Sustainable Development Goals (SDGs) - every bond in the portfolio can contribute to one or more goals and the percentage highlights the amount of bonds that contribute to this objective, including: 9. Industry, innovation and infrastructure (86%), 7. Affordable and clean energy (78%), 11. Sustainable cities and communities (76%), 3. Good health and well-being (74%), 13. Climate action (72%), 8. Decent work and economic growth (51%), 12. Responsible production and consumption (36%), 6. Clean water and sanitation (29%), 2. Zero hunger (22%), 15. Life on Land (19%). At the end of December 2020, the fund's assets amounted to over 2 billion euro.

The assets of the funds managed by the company that meet sustainability (ESG) and ethical criteria (under Italian law and under foreign law, delegated to the asset management company) amounted to about 17.2 billion euro, in addition to the assets of three non-delegated funds managed directly by the subsidiary in Luxembourg for an AUM of 0.5 billion euro, making a total of 17.7 billion euro (10.1% of the total assets of Italian and foreign funds). The number of funds managed under the above criteria were 55 - considering the individual placement windows - relating to 30 different investment strategies (as at 31 December 2019 there were 17).

In particular, the range of products on offer includes four ethical funds (three funds belonging to the Ethical System under Italian law and one delegated); the funds belonging to the “Ethical System” are geared towards financial instruments of issuers that - at the time of investment - do not fall under the exclusion cases set out in the “negative criteria”. In addition, they are marked by their respect for one or more “positive criteria” with a management characterised by the exclusion of all companies involved in activities considered unethical, such as nuclear energy, arms and tobacco. All products belonging to the “Ethical System” provide for a donation from proceeds. The amount of assets under management in the area of ethical funds amounted to over 2.2 billion euro in 2020.

In addition, Eurizon manages 15 mandates relating to 13 customers characterised by sustainability criteria, making for about 3.3 billion euro. In particular, the services provided for these mandates concern the choice of ad hoc benchmarks, supporting engagement and corporate governance activities, and the creation of exclusion lists when selecting investments.

During 2020, Eurizon continued its commitment to spreading the culture of sustainability by participating in numerous conferences, like the Salone SRI, the Italian Corporate Governance Conference, the Conference on Green and Social Bonds organised by Icm/Assiom. Eurizon has continuously participated in working groups organised by institutions like Consob, European Banking Federation, EFAMA, Assogestioni and Foundations. During 2020, the European Banking Federation (EBF) chose Eurizon to represent it as a member of the Ecolabel board (the supervisory body of the European Commission for ecological labels) and of the Project task Force organised by EFRAG (European Financial Reporting Advisory Group) at the request of the European Commission in order to establish possible standards on sustainable reporting at a European and global level.

FIDEURAM - INTESA SANPAOLO PRIVATE BANKING

The Private Banking Division considers the integration of environmental, social and governance (ESG) factors into its business model of fundamental importance, in the belief that these elements, as well as promoting economically and socially sustainable development, can contribute positively to the financial results of customer portfolios, while at the same time reducing the risks.

With this in mind and with the objective of making sustainability a central focus of all the products and services offered to customers, the Division launched the activities aimed at the enhancement and integration of ESG strategies and related criteria in its advisory model, in accordance with the instructions received from the Parent Company. The activity was realigned into a new project dedicated to the convergence of the service model between Fideuram and Intesa Sanpaolo Private Banking and integrated into the Scenario Planning initiatives. A range of activities on ESG issues were launched or continued during the year both at the Division level and in the product factories (actions on systems and processes, training, preparedness towards the adjustment to new regulations in the field of sustainability, initiatives providing community support, personnel policies and operational measures aimed at reducing the ecological footprint).

Within the scope of the Division’s Steering Committee, a “Sustainability (ESG)” session was established which meets at least quarterly to collaborate in the identification of sustainability issues, in defining strategic initiatives in this area, while also assessing the financial feasibility and impact on the Division with respect to the policies of the ESG Control Room and consistency with the principles in the Group’s Code of Ethics.

As from 1 January 2021 Fideuram Investimenti, the Italian asset management company of the Private Banking Division, has taken the name of Fideuram Asset Management SGR and within its organisation, to ensure proper management of issues at a product factories level, a structure has been set up called “ESG & Strategic Activism”. This structure reports directly to the Chief Executive Officer/General Manager and is dedicated, among other things, to the integration of ESG metrics in the financial analysis of products managed by the product factories, the assessment of sustainability characteristics within the products distributed and managed by third parties, the management of products focused on sustainability and the monitoring of corporate governance and engagement with respect to issuers.

With the objective of outlining an approach geared not only to guiding towards sustainable and responsible investments (“SRIs”) but also to the integration of environmental, social and governance (“ESG”) factors, in 2020 Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) adopted the Sustainable and Responsible Investment Policies. These policies involve all associates of the asset management company and are applied in its business operations and investment processes, in order to outline the approach relating to sustainable

and responsible investments, specifying the scope of application in operational terms and in terms of the efforts and actions undertaken by the asset management company in order to promote a sustainable investment culture. Commitment Policies have also been adopted to describe the forms of behaviour that companies should adopt to stimulate the sharing of views with the issuers and to encourage long-term commitment in the companies they invest in. In addition, in order to reflect the provisions in the Commitment Policies, both companies have revised their internal documentation related to the exercise of rights to participate and vote with respect to securities held by the managed Funds.

Fideuram Asset Management SGR has also subscribed to the “Italian Stewardship Principles for the exercise of management and voting rights in listed companies” promoted by Assogestioni.

Both companies have also initiated analyses of the adjustments needed to accommodate changes in the regulations in the field of sustainable finance, which are also closely linked to a greater integration of ESG factors into the investment and risk management processes.

In March 2021, it was finally confirmed that Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) had signed up to the UN PRI principles.

In the Private Banking Division, listening to and entering into dialogue with customers goes hand-in-hand with the commitment to spreading an appropriate financial culture in order to improve customers’ knowledge and awareness with regard to investment choices, also concerning social and environmental aspects.

The progressive integration of ESG criteria is taking place across-the-board in the advisory model and product range on offer (primary market certificates, funds, portfolio management schemes, insurance investment solutions) with the aim of offering a full spectrum of opportunities.

As regards funds distributed à la carte in 2020, placement was initiated of some thematic sectors of specialist partners implemented with a responsible approach in line with the Sustainable Development Objectives enshrined in the United Nations resolutions (such as the solutions of the open-ended investment company CPR Invest of the Amundi Group). These new funds complement the proprietary funds of the Fideuram Group already in placement (Fonditalia Ethical Investment and Fonditalia Millennials Equity). At the end of 2020, the total invested assets in the two sub-funds stood at 708 million euro with an increase of 483 million euro compared to 2019.

PHILANTHROPIC FUNDS AND THEORY OF CHANGE

Intesa Sanpaolo Private Banking has dedicated some of its resources to the creation of philanthropic funds, also called DAF - Donor Advised Funds. It has also included in its range of offered services, support in the structuring, for non-profit organisations or for certain specific projects, of the Theory of Change (ToC), and a rigorous and participatory process in assessing social impact, with which the organisation and stakeholders arrange their long-term (impact) objectives and then identify the conditions required to achieve them.

As regards the Fideuram Omnia Portfolio Management, various customised management lines have been developed since 2018 in collaboration with Mainstreet Capital Partners and oriented towards investment in financial instruments that incorporate environmental, social and good governance criteria, and in 2019 two Ego High Conviction lines were included in the catalogue, developed in partnership with Lombard Odier Investment Managers, using a “Sustainable Equity High Conviction” strategy. In addition, during 2020 the selecting of additional ESG funds continued with a view to enriching the investment universe of Fogli Fideuram and Omnia Portfolio Management available to the manager for the construction of portfolios.

Since 2017 Intesa Sanpaolo Private Banking has been offering the Gestione Patrimoniale Mix Sustainable, a portfolio management line characterised by an investment process aimed at building a balanced and diversified portfolio on international markets, combining fundamental analysis with specific sustainability assessments aimed at pursuing financial objectives, as well as social and environmental results. In the choice of financial instruments, the portfolio management prioritises, non-exclusively, governments, companies and supranational bodies aligned with the UN Sustainable Development Goals. More specifically, the assessment is based on a combination of negative criteria, ESG integration and best in class. The sustainability assessment is carried out in two steps: beforehand through an internal sustainable quality assessment process and afterwards through a sustainable rating developed by the dedicated advisor. Together with a quarterly financial report, a report is produced that highlights the contribution to the Sustainable Development Objectives monitored during the period.

A similar review pathway was also undertaken for Fideuram Vita insurance policies in Class III, focusing on sustainability and long-term trends as a source of greater protection of invested capital. Additional external funds were selected, therefore, with a strong ESG vocation and an internal fund was also created - “FVI High Conviction 100” - in partnership with Lombard Odier. For the open-ended Fideuram Pension Fund, the gradual adjustment of the investment process to ESG criteria continued. In 2020, the ESG exclusion criteria applied in 2019 only to the equity component in portfolios, were also applied to the component invested in corporate bonds. In 2020, Fideuram

Millennials was also created, the new segment in the Fideuram Pension Fund, built with the same characteristics as Fonditalia Millennials Equity.

The search for sustainable investment solutions also involved the assets under administration. Since 2018 Fideuram, together with the issuers in the Intesa Sanpaolo Group, has created five equity protection certificates with underlying ESG type indices, which aim to reward companies that are sustainable in terms of their governance and social and environmental approach. Last in order of time was the EP 100% capital certificate in the iStoxx Europe 600 ESG index placed in 2020. The same policy line was undertaken by Intesa Sanpaolo Private Banking.

ATTENTION TOWARDS AN ESG CULTURE

As far as the dissemination of ESG issues is concerned, in addition to support materials for the presentation and sale of products, specific and informative measures have also been implemented; in particular, thanks to the involvement of Eurizon Capital SGR, measures regarding Eurizon Ethical and ESG funds have been disseminated with specific attention paid to those dedicated to Intesa Sanpaolo Private Banking. This also included the creation of “Focus Sostenibilità”, the internal newsletter on Asset Management, with the aim of maintaining and increasing frequent attention on the subject.

In recent years, the ESG investment approach has moved from being a niche to mainstream topic and is a distinctive and quality feature in the asset management industry. Therefore, an understanding of the ESG investment logic is crucial in financial advisory service provision so that its value points can be shared with customers. In 2020, a webinar was made in collaboration with the Cattolica University of Milan, followed by a more in-depth analysis aimed at all the Financial Advisors in the Fideuram and Sanpaolo Invest networks, so as to clarify and explain clearly the ESG issues, its orders of magnitude (flows, AUM, trends) and main screening criteria (exclusion, positives, negatives, best in class, thematic investing).

In addition, within the Academy project, in partnership with some third-party publishers, three online courses were made available to all Financial Advisors dedicated to corporate sustainable practices, the effects that these have on asset management portfolio construction and, lastly, the social role of the Financial Advisor in directing customers towards making sustainable choices.

Finally, to ensure increasingly widespread dissemination of the ESG culture in the company, all associates are informed through the Division's portal on events they can attend to gain a more in-depth understanding and knowledge in the field of Sustainable Development.

PRAMERICA

Pramerica SGR, an asset management company of the UBI Banca Group, offers a product range that provides increasing space for sustainable and responsible investment products (SRI), with an approach that has evolved over time from the application of exclusion criteria and “best in class” selection processes to ESG integration, while maintaining the practice of devolving part of the fees in support of high-value social and environmental projects.

The processes of exclusion are the first step in sustainable integration within the product range by excluding from the investment universe those companies belonging to the so-called controversial areas, exposed to reputational risks; the best-in-class approach favours investments in companies that stand out on account of their production processes, corporate governance standards, human capital management and relations with the community geared to principles of social and environmental responsibility; the ESG integration processes require an analysis of ESG factors for each individual issuer in the portfolio.

For the definition of the investment universe and the reference benchmark, sectoral exclusions, and the best-in-class selection, Pramerica uses the external independent advice provided by ECPI, whereas for the integration of ESG criteria in the investment process, it uses an external and independent data provider, which runs research in the area of ESG. To complete the ESG analysis, the portfolio manager examines the public records provided by the companies themselves or by independent consulting firms and participates in regular meetings with the companies identified for investment in order to assess their business plans and identify their forecasts for improvement in the field of ESG.

On the side of ESG integration, in 2020 three new products were launched and ESG principles were also integrated into six existing Luxembourg products.

With assets of 6.1 billion euro in sustainable and responsible open-ended funds and a market share of 7.6% at the end of 2020 (compared to 7.3% at the end of 2019), Pramerica SGR operates through 12 funds of Pramerica SICAV and 3 funds of Pramerica SGR SpA with net inflows that have exceeded 650 million euro since the beginning of 2020.

PENSION FUND WITH DEFINED CONTRIBUTION OF THE INTESA SANPAOLO GROUP

The European Directive 2016/2341 of 14 December 2016, the so-called IORP II (Institutions for Occupational Retirement Provision II), which recently entered into force in the Italian supplementary pension system, aims to encourage pension funds to adopt a strategic and long-term approach for the integration of ESG factors, in particular, in risk management and in their investment strategies.

The Fund developed some time ago its own principles of conduct for adoption in the area of sustainability and responsibility. To translate these principles into practice, the Fund has, since 2016 when it started its business, confirmed its support for the Principles for Responsible Investment (PRI), promoted by the United Nations, so as to promote and support sustainable and responsible investment in the international financial community.

The Fund has also published Guidelines that define the Entity's activities in the field of sustainable and responsible investment: they provide behavioural recommendations – inspired by the most common international practices – relating to chosen approaches, adopted tools and the role of the parties involved. For the implementation and regular monitoring of activities related to sustainable and responsible investments, the Fund employs a Sustainability Advisor (ESG Advisor), selected by the Board of Directors.

A particular focus has been placed by the Fund on the theme of Climate Change through support for the Climate Action 100+ initiative and activation of the new Futuro Sostenibile fund. The collective Climate Action 100+ initiative (CA100+), of which the international organisations UNPRI and IIGCC (Institutional Investor Group on Climate Change) are active participants, involves more than 545 investors with resources under management of about 52 thousand billion dollars. The project subjects 167 companies – with a total capitalisation of over 8 thousand billion dollars, identified as responsible for emissions of more than two thirds of greenhouse gases produced industrially – to climate change engagement: the objective is to induce these companies to adopt a strong active climate change governance, to reduce greenhouse gas emissions in line with the Paris Agreement and at the same time to increase transparency in reporting.

As for Futuro Sostenibile, this new fund dedicated to environmental, social and governance issues with a focus on Climate Change has been active since March 2020 and invests in sectors and companies that focus their business on environmental, social and governance factors. In just a few months more than 2,800 members have decided to invest in this fund that has reached assets of over 55 million euro.

Even in their direct investments, the Fund has increased its ESG share, participating, in 2020, in initiatives in the renewable energy sector.

SUSTAINABLE INSURANCE

In line with the objectives of the Intesa Sanpaolo Group and the analyses initiated in 2019, the Insurance Division continued with its developmental path in 2020 to integrate ESG factors into its decision-making and strategic choices, implementing initiatives and concrete actions in the Environmental, Social and Governance area. The Plan and initiatives envisaged in the short and medium-long term have been defined with the aim of having a real impact on the Sustainable Development Goals (SDGs) and in line with the PSI (Principles for Sustainable Insurance), signed in December 2019 by Intesa Sanpaolo Vita as the insurance Parent Company.

The Division's program envisages, first of all, an increased investment also from a Governance and monitoring point of view. To achieve this, at the beginning of 2020, the Insurance Group set up a structure dedicated to Sustainability that is across-the-board in all companies and business units, with the aim of creating and promoting a culture of Sustainability within the company population, contributing to the creative process and monitoring the initiatives with respect to national institutions.

In order to promote the integration of ESG principles within the organisation and to strengthen its own market position at the same time as a sustainable player, during 2020, the Division initiated the preparation of a Sustainability Policy which, at an Insurance Group level, defines the guidelines for promoting a responsible and sustainable business model, so as to support households and businesses in the local areas where it operates. The above policy, which precisely identifies the Insurance Group's areas of commitment, starts primarily with the SDGs and came into force in January 2021. In addition to commitments and guidelines, the document formally specifies the roles of the Board of Directors and company structures involved in the management of the issues and risks related to Sustainability.

In line with the evolution of the international regulatory context, a developmental path was also initiated to integrate the principles and requirements specified in the EU Regulations 2019/2088 and 2002/852, which focus on the disclosure of information about the Sustainability of financial instruments and on their ESG taxonomy. The project involves all the insurance companies and the most affected business functions (e.g. Compliance, Legal, Sales, Finance, Risk Management, etc.) and has the objective of defining, downstream of a series of in-depth analyses into the detailed content of the legislation, an assessment of the current status of the Division and a roadmap of concrete actions so as to ensure compliance with regulatory requirements, in line with the European Union timelines. The defined actions should be implemented in 2021.

THE RESPONSIBLE MANAGEMENT OF INVESTMENTS

With regard to investment management, the Insurance Group relies on two different delegated managers: Eurizon Capital, which is a long-standing signatory of the Principles for Responsible Investment, is the delegated manager of Intesa Sanpaolo Vita (Parent Company of the Insurance Division), while Fideuram Vita manages its investment products through Fideuram Asset Management.

During 2020, the delegated managers were involved in a joint work plan for the definition of an ESG Investment Policy for the Insurance Parent Company, with the aim of integrating Sustainability principles into the investment choices, by defining an overall strategy at Insurance Group level. The document, which has been in force since January 2021, defines the roles of company structures and delegated managers, the investment guidelines, the elements for defining critical issuers and excluded sectors, in line with the Intesa Sanpaolo Group's strategy.

CUSTOMER FOCUS AND INNOVATION

In the developing context that characterises modern markets, the ability to exploit innovation remains crucial in addressing some elements for significant change. In this sense the Insurance Group continues to invest in innovation and digitalisation, bringing new solutions to the market with an approach that puts the focus on the needs of the Customer.

Subsequent to the success of Area X, the experiential space opened in Turin in late 2019 dedicated to the culture of insurance protection, the Insurance Division initiated a developmental path to continue to create effective initiatives that can foster the raising of awareness among the Italian population regarding the value of Insurance. The culture of protection is one of the key elements of a wider strategy on which the Insurance Division has decided to focus so as to develop and integrate the Sustainability/ESG principles within the business and promote increasingly sustainable forms of behaviour both within the Group and in the market.

To achieve this, during 2020 some in-depth analyses were performed to define a new strategic framework for the Culture of Protection, identifying new projects and initiatives to promote protection towards younger customers, involving them (the so-called Millennials) in the process of definition.

Also as part of its programmes to disseminate insurance culture and skills, the Group has launched a Level II Master's degree in Insurance Innovation in collaboration with the University of Turin, Turin Polytechnic and Collegio Carlo Alberto. The Master's degree, launched officially in September 2020, will be for recent graduates and professionals from the insurance sector interested in expanding their knowledge of digital and innovative issues in the insurance sector and will consist of foundation and specialised modules.

OFFERING OF INSURANCE PRODUCTS

During 2020, the Insurance Division continued to develop its product and service model for all business lines to meet customer needs with respect to sustainability issues. As for the Life business, Intesa Sanpaolo Vita pursued its plan of offering, among the products on the market, its own Open-ended Pension Fund Il Mio Domani (My Tomorrow), which in 2019 was enhanced with three new ESG benchmark funds and also equipped with a new fully-ESG Life Cycle investment profile, which provides for the allocation of the most consistent starting sub-fund based on the time horizon missing to reach the date of retirement.

The range offered by Intesa Sanpaolo Vita also includes other products with high social value: “Tu Dopo di Noi” (You After Us) is an insurance product created for families of disabled people who wish to protect their loved one by accumulating a safe capital to be allocated in the future. “Base Sicura Tutelati”, on the other hand, is dedicated exclusively to minors and/or incapacitated people who have capital to be used and who need the prior authorisation of a guardianship judge.

Within the Fideuram Pension Fund, Fideuram Vita launched the new Fideuram Millennials fund, entirely based on ESG investment criteria, and revised the investment policy of the open-ended pension fund by entering exclusion criteria for investments in certain sectors and countries. At the same time, the offer continued of Orizzonte Responsabile and High Conviction 100, internal funds entirely based on sustainable and responsible investment criteria (ESG) and available in the product called Fideuram Vita Insieme Private. Within the Fideuram Vita Insieme family of products, there is also a selection of external ESG funds with around 20 UCIs fully invested according to ESG criteria.

The Intesa Sanpaolo Life range includes Prospettiva Sostenibile, a product which includes an ESG area with 7 funds (3 balanced, 3 flexible and one with gradual exposure to sustainable equities). The product Valore Più also comprises the Best Expertise area, with 3 flexible funds, so it is expected to be mainly characterised by ESG Funds. To meet the needs of the market presented by the COVID-19 pandemic, in March 2020 Intesa Sanpaolo Assicura extended, free of charge, the services and health care coverage of its Health products, providing the opportunity for customers who turned out to be COVID-19-positive to make use of the daily allowance for stays in hospital also for self-isolation at home, with no excess or deductibles.

With regard to health, the acquisition of RBM Salute, a leader in this business segment was completed during 2020. The Intesa Sanpaolo RBM Salute offering includes ESG products with strong social value: the Tutto Salute (All Health) product, in particular, is a modular product designed to protect customer categories that are not normally recognized in national employment contracts (e.g. interns, housewives, etc.); the product has a lower premium than the market average, designed to help these customers.

In addition, an innovative service of Telemedicine/Teleconsultation has been made available to customers for remote assistance, prevention and protection via a digital platform to stay in touch with customers, provide prompt action and care services also in emergency or pandemic situations.

THE CULTURE OF SUSTAINABILITY IN THE INSURANCE DIVISION

To promote a culture of sustainability and to raise awareness among employees towards sustainable and more conscious behaviour, the Insurance Division launched a series of initiatives and projects during 2020, also exploiting digital innovation.

During the year the “SharingResponsibility” project was launched, a major project to promote the culture of Sustainability within the Insurance Group and to raise the awareness of the entire population of the Division concerning issues related to Sustainability/ESG.

The project, which involved all four Companies of the Division in their respective work places in Italy and Ireland, was based on an innovative format combining both physical and digital elements: window stickers and posters used to decorate the various offices were blended with an online quiz platform with questions on Sustainability, that could be accessed via the intranet or QR codes found on the physical materials.

The project involved the active participation of more than half the population of the Insurance Division totalling more than 3,900 interactions by employees.