



## Report on Corporate Governance and Ownership Structures



# Report on Corporate Governance and Ownership Structures

Approved by the Board of Directors on 25 February 2020

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**Intesa Sanpaolo S.p.A.** Registered Office: Piazza S. Carlo, 156 10121 Torino Italy Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Italy Share Capital Euro 9,085,663,010.32 Torino Company Register and Fiscal Code No. 00799960158 "Intesa Sanpaolo" VAT Group representative Vat Code No. 11991500015 (IT11991500015) Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group "Intesa Sanpaolo" included in the National Register of Banking Groups

*This is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.*

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# Introduction

Our Report, available in the “Governance” section of the Company’s website, as well as in the authorised storage mechanism eMarket Storage, intends to provide the market, in accordance with Article 123-bis of the Consolidated Law on Finance, with annual and detailed information on ownership structures, compliance with the Corporate Governance Code for listed companies, Corporate Bodies structure and operation as well as corporate governance practices within the Company.

The Report also fulfils disclosure obligations on organisational structures and corporate governance laid down for banks by the Supervisory Provisions on corporate governance.

More specifically, the Report describes the levels of compliance with the Corporate Governance Code, and identifies the rare cases of discordance with the latter and the reasons supporting them, also considering the peculiarities of the one-tier corporate governance model and taking account of the Code Guidelines with regard to “comply or explain” in the event of any deviation from the recommendations contained in the related principles and application criteria.

The Report is preceded by an executive summary (“Overview”) with the most relevant and pertinent information and data which – including through charts and tables - provide a summary overview of the main features of Intesa Sanpaolo’s corporate governance model and the management characteristics of the Bank and the Group, set out in the text of the Report, and also supplement some of the information contained in the Report on Remuneration.

The Report consists of three parts, containing respectively:

- the main information on ownership structures;
- information on the corporate governance, the Corporate Bodies, the corporate structure and the internal control and risk management system;
- summary tables on the Bodies' structure.

Information on the provisions of the Code concerning remuneration items is mainly contained in the Report on Remuneration.

For more immediate interpretation, margin notes have been included alongside the text citing the relevant Principles and Criteria of the Code, along with the requirements of paragraph 1 (ownership structures) and paragraph 2 (corporate governance) of Article 123-bis of the Consolidated Law on Finance.

The Appendix to the document contains two check lists that indicate, on one side, the Principles and Criteria of the Code applied and the provisions of Article 123-bis and, on the other side, their application (including the amendments) or non-application, with reference to the page in which the matter is discussed.

However, these check lists should be read together with the clarifying notes and details provided in the Report as regards application of the individual provisions.

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Information contained in this Report, unless otherwise stated, refers to the position as at 25 February 2020, the date on which the Report was approved by the Board of Directors.

The Report was audited for consistency by the independent auditors KPMG, in accordance with the aforementioned Article 123-bis. Their findings are published in the Independent Auditors’ Reports, prepared in accordance with Article 14 of Italian Legislative Decree No. 39/2010, and annexed to the Parent Company’s and consolidated financial statements for 2019.



Overview



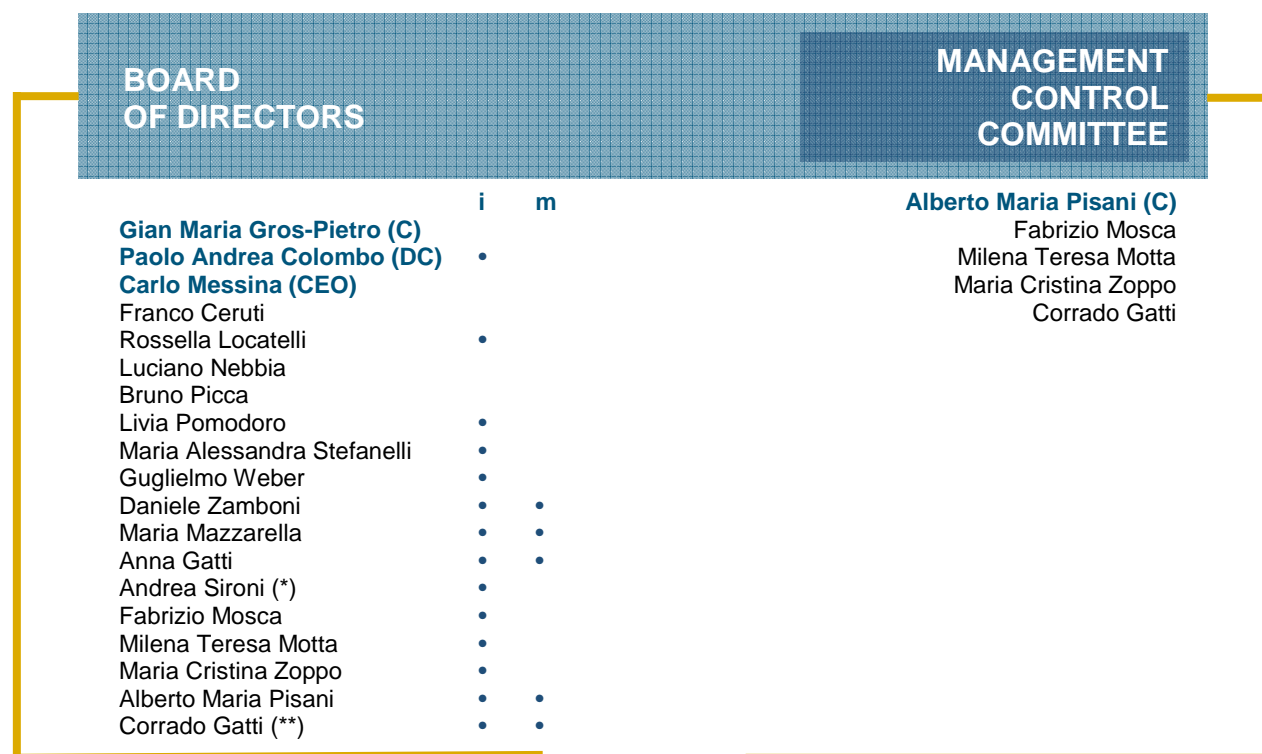
Intesa Sanpaolo is a Bank quoted on the MTA market (Mercato Telematico Azionario) organised and managed by Borsa Italiana. The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries, together with any other transactions instrumental or related to the achievement of its corporate purpose.

**Corporate Governance model**

Intesa Sanpaolo adopts the "one-tier" management and control model, whereby the administration and control duties are performed, respectively, by the Board of Directors and the Management Control Committee set up within it, both appointed by the Shareholders' Meeting.



## SHAREHOLDERS' MEETING



**i** Independent Director  
**m** Director elected by the minority

(\*) appointed by co-option on 2/12/2019 following the resignation tendered by Giovanni Gorno Tempini  
(\*\*) On voluntary suspension as of 13 December 2019, he subsequently ceased from office, following his resignation, on 2 March 2020

## BOARD COMMITTEES

NOMINATION COMMITTEE	REMUNERATION COMMITTEE	RISKS COMMITTEE	COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES
<b>Livia Pomodoro (C)</b> Paolo Andrea Colombo Gian Maria Gros-Pietro Maria Mazzarella Bruno Picca	<b>Paolo Andrea Colombo (C)</b> Franco Ceruti Anna Gatti Luciano Nebbia Andrea Sironi	<b>Rossella Locatelli (C)</b> Franco Ceruti Bruno Picca Guglielmo Weber Daniele Zamboni	<b>Daniele Zamboni (C)</b> Rossella Locatelli Maria Mazzarella Maria Alessandra Stefanelli Andrea Sironi

Duties, powers and rules of operation of the Corporate Bodies are detailed in the paragraphs of this Report respectively dedicated to the same; summary information is contained in Part III of this Report (Summary Table No. 1).

Also in relation to the above and on the basis of the experience gained during the first three years of application, Intesa Sanpaolo's one-tier governance model presents peculiar characteristics and significant advantages, summarised below, which are set out in detail both in this Overview and in the Report.

Composition of the Bodies	Distribution of duties	Decision-making process	Supervision and controls
<p>Adequate size to the Group's relevance and complexity</p> <p>All non-executive Directors except for the Managing Director and CEO</p> <p>Wide majority of Independent Directors</p> <p>Qualified representation of minorities</p> <p>Full respect of gender diversity, including within the Board Committees</p> <p>Balancing and diversification of professionalisms and skills, constantly updated and strengthened through specific induction plans</p> <p>Time availability and commitment in the role of the Directors</p>	<p>Centralisation of the strategic supervision and management functions in the Board</p> <p>Integration within the Board of the strategic supervision function with the ex-ante control activity</p> <p>Clear definition of the roles, duties and powers of the Board, Board Committees, Chairmen and of the Managing Director</p> <p>Clear structure of the Board Committees – mostly composed of Independent Directors – and distribution of roles, tasks and responsibilities in line with the one-tier governance model</p>	<p>Sole discretion of the Board in the key decisions</p> <p>Challenge role of the Board of Directors vis-à-vis the Managing Director and the Key Managers</p> <p>Structured analysis of the proposals by the Board Committees</p> <p>Immediate circulation of the information between the Bodies</p> <p>Important role of the Chairman aimed at encouraging the effective debate within the Board</p> <p>System of adequate and timely information flows, within the Bodies and between the Bodies and the corporate functions</p>	<p>More direct relationship between the Board, which determines and monitors the strategic guidelines, and the Managing Director, who proposes and implements them</p> <p>Enhancement of the effectiveness of the control function, centralised in the Management Control Committee established within the Board</p> <p>Proactive role of the Management Control Committee</p> <p>Increasing interaction between the Management Control Committee and the Risks Committee, in relation to the areas provided for by the applicable regulations</p>

## Board of Directors, Management Control Committee and Board Committees

	<i>Board of Directors</i>	<i>Management Control Committee</i>
Appointment	30 April 2019	
Term	Three financial years	
Expiry	Date of the Shareholders' Meeting for approval of the financial statements as at 31/12/2021	
Members	19	5
Directors elected by the minority	5 (26%)	2 (40%)
Directors, less-represented gender	7 (37%)	2 (40%)
Executive Directors	1	-
Independent Directors	14 (74%)	5 (100%)
Directors' average age	61	54
Independent Directors' average age	58	54
Chairman's status	Non-executive	Non-executive
Lead Independent Director	Not applied	-

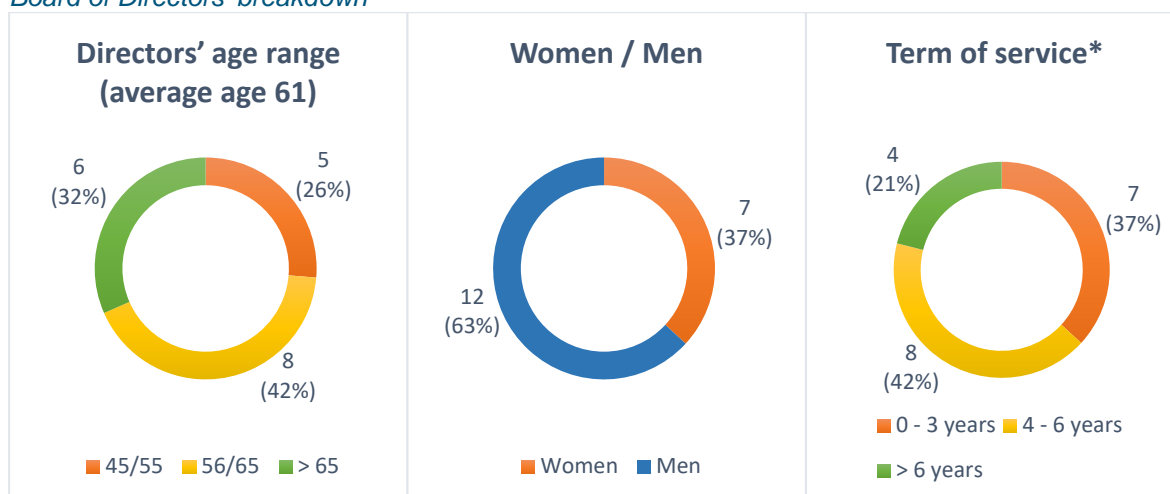
### *Distinctive skills and expertise within the Board of Directors*



Without prejudice to the general expertise required for all areas envisaged by the applicable regulations, **the findings reported make reference to the skills declared by the individual Directors at a distinctive level**, for the purposes of their evaluation by the Board at the time of their appointment. The skills and expertise shown above were subsequently strengthened and supplemented on the basis of training programs as well as of the intensive induction plan dedicated both to newly appointed Directors (onboarding) and to the Board as a whole, as described in Part II of this Report.

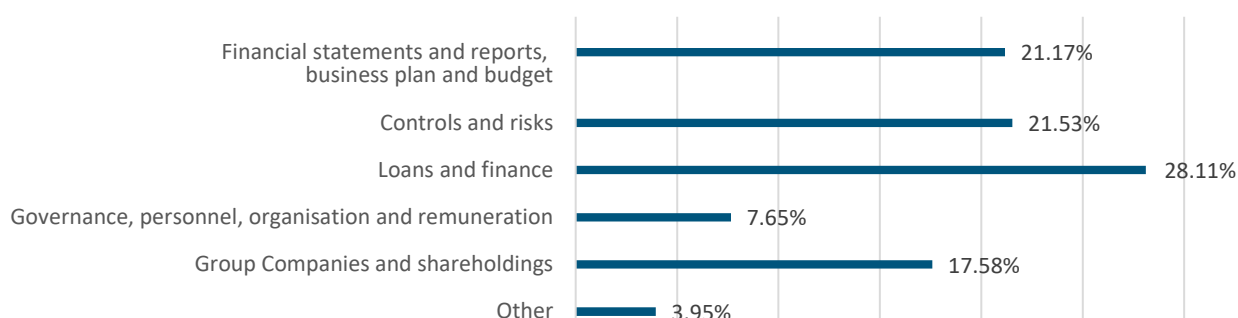


### Board of Directors' breakdown



\*referred also to the offices held in the Supervisory Board and in the Management Board within the scope of the previous two-tier governance model

### Thematic areas examined in the 2019 board meetings (\*)



(\*) reference period: 02/05/2019 - 19/12/2019

### Directors with positions in other limited companies

Director	Group Company	Other companies		
		Executive Director	Non-executive Director	Control body member
Paolo Andrea Colombo			1	
Franco Ceruti	2			
Rossella Locatelli			2 (*)	1
Luciano Nebbia	1		1	
Anna Gatti			2	
Andrea Sironi			3 (*)	
Fabrizio Mosca			1	5 (**)
Milena Teresa Motta			1	1
Maria Cristina Zoppo				3
Corrado Gatti (***)				1

(\*) within the same corporate group; (\*\*) of which 3 positions in one corporate group and 2 in another group; (\*\*\*) on voluntary suspension effective 13/12/2019, he subsequently ceased from office, following his resignation, on 2/3/2020

For details of the positions see Part III of this Report (Summary Table No. 2).

### Board of Directors' meetings in 2019 (\*)

J	F	M	A	M	J	J	A	S	O	N	D
•	•••	•	••	••••	•	••••	-	••	•	•••	•••
Total											25 (7)
Average length (h)											3 and 55'
Attendance rate											98% (99%)
Independent Directors' Meetings											1
Meetings scheduled for 2020											21

• = number of monthly meetings

### Management Control Committee's meetings in 2019 (\*)

J	F	M	A	M	J	J	A	S	O	N	D
••••	••••	••••	••••	•••••	•••	••••••	-	••	••••	•••••	••
Total											43 (16)
Average length (h)											3 and 30'
Attendance rate											98% (98%)
Meetings scheduled for 2020											46

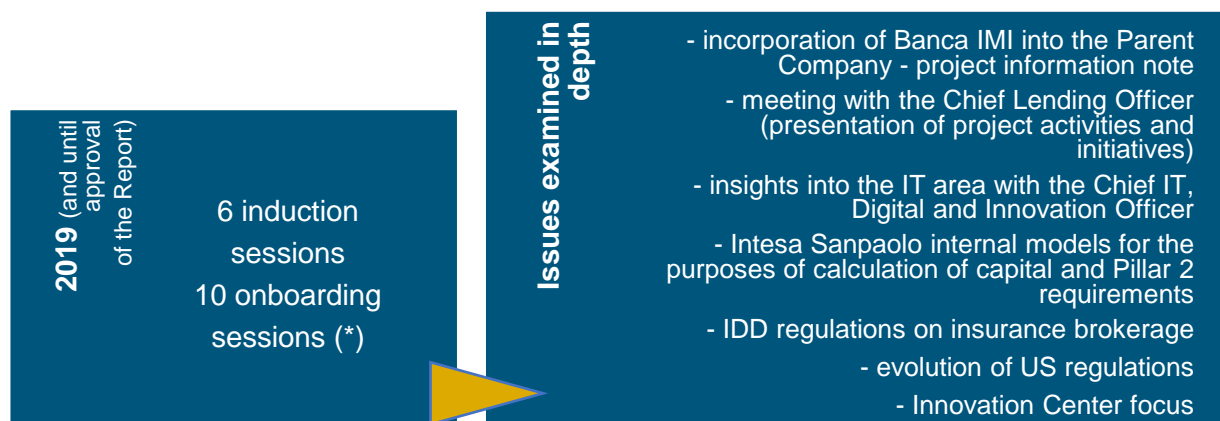
• = number of monthly meetings

### Board Committees (\*)

Committee	Members	Less-represented gender	Independent members	Number of meetings 2019	Meetings' average length (h)
Nomination Committee	5	2(**) (1)	3 (3)	15 (6)	40'
Remuneration Committee	5	1 (1)	3 (3)	20 (10)	1 and 15'
Risks Committee	5	1(**) (2)	3 (3)	36 (15)	4 and 45'
Committee for Transactions with Related Parties and Associated Entities	5	3 (3)	5 (5)	13 (3)	1 and 40'

(\*) The figures in brackets refer to the Bodies in office until 30 April 2019 and the related meetings compared to the total figure; (\*\*) Including the Chairman

### Board induction



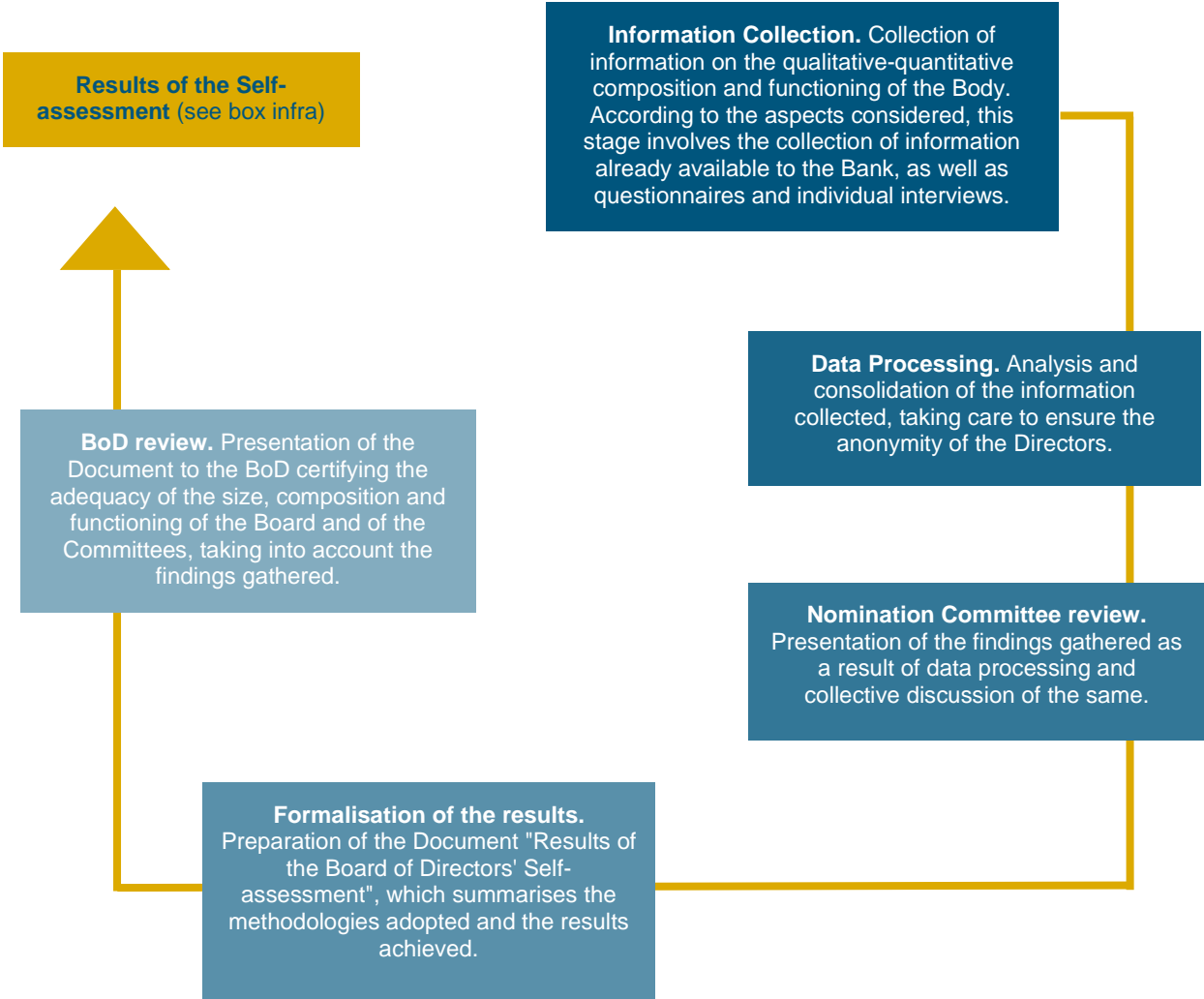
\* the onboarding sessions, addressed to the newly appointed Directors, were held with reference to the following topics: (i) Intesa Sanpaolo Group governance, (ii) 2018-2021 Business Plan and 2019 Budget, (iii) budget and tax issues, (iv) ICAAP/ILAAP and Group Capital Plan – Basel III, (v) Internal Control System, (vi) Remuneration and Incentive Policies, (vii) 2018-2021 Group NPL Plan, (viii) IT Plan, (ix) Cybersecurity, (x) Innovation and Data/Artificial Intelligence, (xi) Risk Appetite Framework and Risk Management Policies, (xii) Relations with Supervisors (SSM - SRM).

**Board Evaluation**

Procedure	Self-assessment Regulations	External consultant
Yes	Yes, approved by the Board of Directors on 28 October 2016	Yes, professional assistance of Crisci & Partners

The self-assessment process is carried out with reference to both the Board of Directors and the Management Control Committee; for details on both self-assessments, reference is made to the chapters dedicated to the two Bodies. The following is a graphical representation of the process concerning the Board and, in summary, the findings in terms of adequacy, progresses made and suggestions for improvement.

**Self-assessment Process and Results of the 2020 Self-assessment**



## Results of the Self-assessment: adequacy profiles and best practices

- **the Board was renewed by carefully refreshing its composition**, reconfirming and consolidating and, in part, (with the entry of 6 newly appointed Directors, 5 of which independent) renewing and expanding, within it, the necessary and appropriate professional skills for the new mandate
- **continuity at the level of independence and balancing contributed by non-executive and independent Directors**; excellent balancing of the Independent Directors appointed, evaluated with full/high intellectual independence
- appropriate set of **professional skills** and productive **integration of the Directors** both in the Board's dynamics and discussions, as well as in the work and interactions with management
- excellent results of the **onboarding** activity, carried out to aid and accelerate the entry and role acquisition of the new Directors, as well as of the induction plan aimed at all Directors, with a reflection on the opportunity to extend on-boarding in the future also with reference to the Committees and on the possibility of involving external teachers for certain areas of the induction sessions
- points raised on more accurate **time management of the Bodies' meetings**, considering the high number and duration thereof
- the Board is **supported by processes, procedures, operating standards and corporate functions of excellence** and has a **high standard** of operations, functionality and performance; the Board does a **significant amount of work** and **meets with a high frequency**, thereby promoting interaction between the Directors at excellent levels
- **very appropriate composition of the Committees**; the opinions issued are very adequate and the interaction with the Board and management is open, frequent and constructive
- **excellent information flows** in terms of structure, timeliness and continuity, between the Bodies
- high appreciation for the **Chairman** and the **CEO**
- excellent quality and support provided by the **secretariat**

## Remuneration

The remuneration for the members of the Corporate Bodies, as resolved by the Shareholders' Meeting held on 30 April 2019, for the 2019-2021 financial years, as well as by the Board of Directors on 24 May 2019, pursuant to the Articles of Association and in line with the provisions laid down by the Remuneration Policies approved by the same Shareholders' Meeting, is shown below; all the above without prejudice to the reimbursement of any expenses incurred due to their office.

Role	Gross annual remuneration (euro)	Attendance fee (euro)
Board Member who is not also a member of the Management Control Committee	120,000	/
Chairman of the Board of Directors (additional remuneration)	800,000	/
Deputy Chairman of the Board of Directors (additional remuneration)	150,000	/
Board Member who is also a member of the Management Control Committee	260,000	/
Chairman of the Management Control Committee (additional remuneration)	65,000	/
Managing Director (additional remuneration) (*)	500,000	/
Members of Committees appointed by the Board	/	2,500
Chairmen of Committees appointed by the Board	60,000	/

(\*) The Managing Director, in his/her capacity as General Manager, is entitled to receive the gross annual remuneration, set at 2,000,000 euro by the Supervisory Board as from 1 March 2016, as well as to participate in the incentive system and the supplementary pension scheme, and to receive the additional fringe benefits for the position determined by the Board of Directors in accordance with the Remuneration and Incentive Policies for employees.

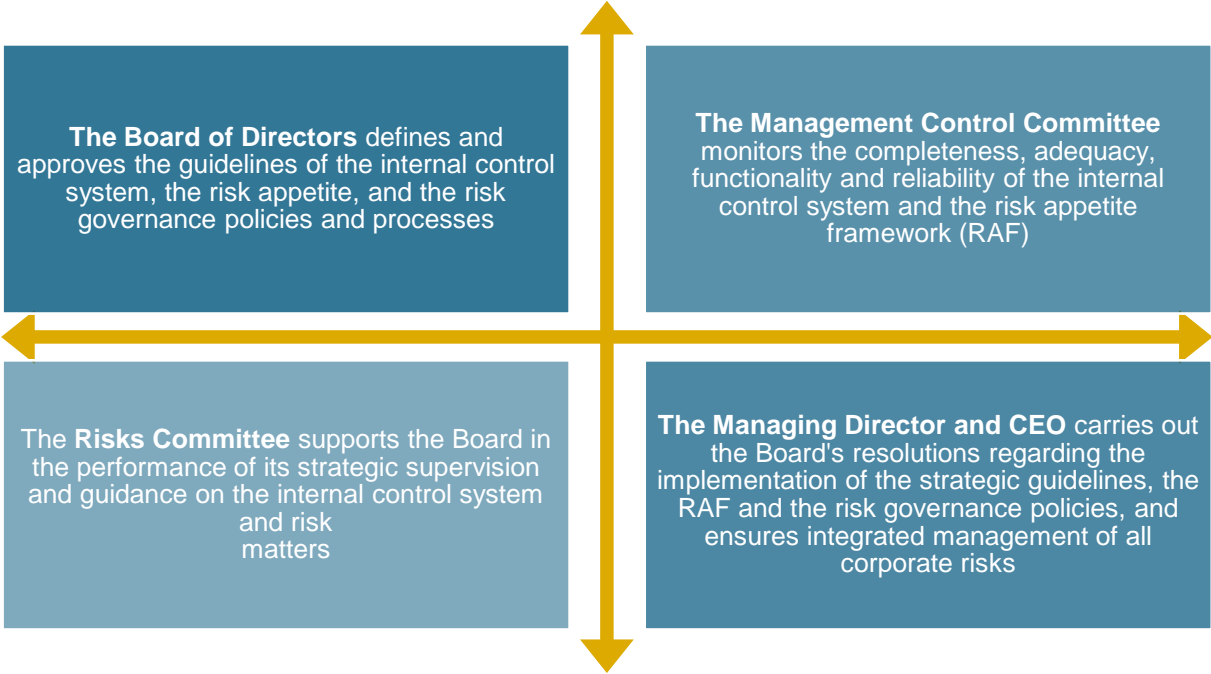
For further information and details, reference is made to the Report on Remuneration.

**Internal control and risk management system**

The **internal control system** consists of a set of rules, functions, structures, resources, processes and procedures aimed at ensuring the achievement of the following objectives:

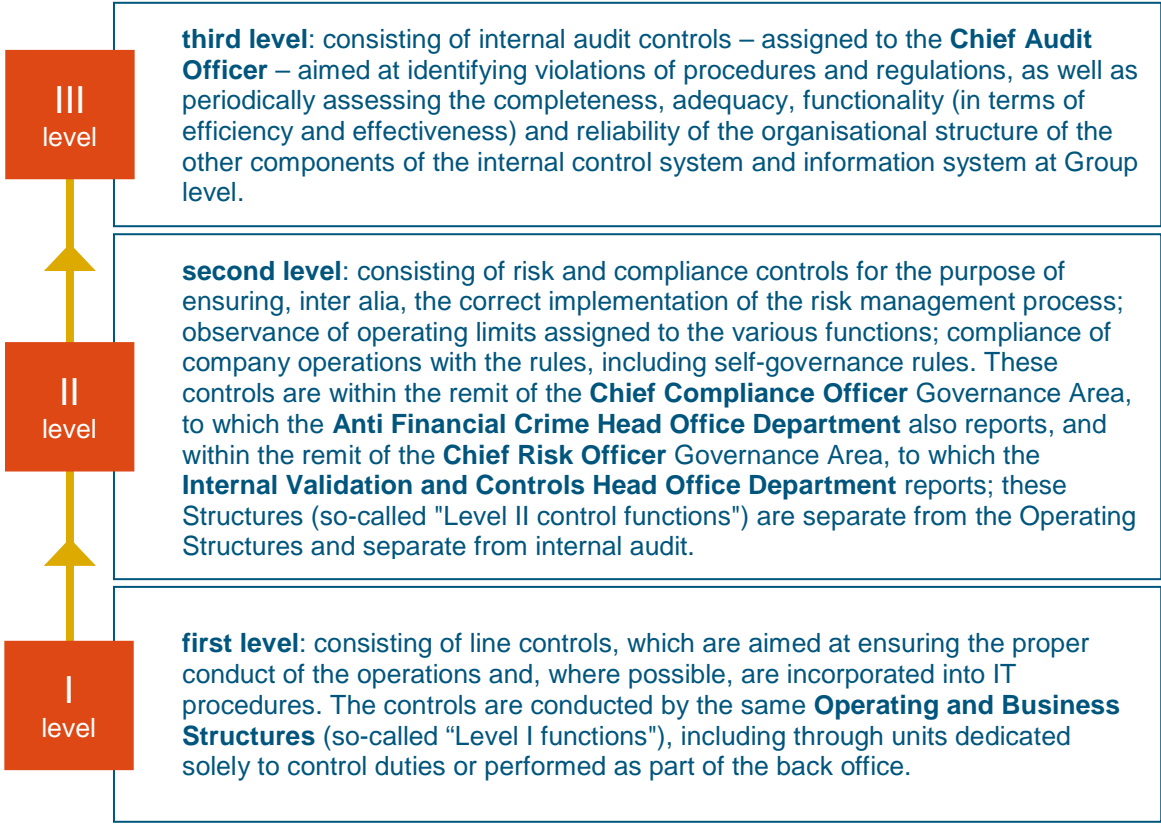
- verification of the implementation of Company strategies and policies;
- containment of risks within the limits indicated by the Bank (Risk Appetite Framework);
- safeguarding of asset value and protection from losses;
- effectiveness and efficiency of the Company processes;
- reliability and security of Company information and IT procedures;
- prevention of the risk that the Bank may be involved, including involuntarily involved, in illegal activities (with special regard to those relating to money-laundering, usury and financing of terrorism);
- compliance of business continuity with the law and supervisory regulations, as well as internal policies, procedures and regulations.

**The Corporate Bodies** ensure the completeness, adequacy, functionality and reliability of the internal control system at Group level, as provided for by the Supervisory Provisions on the control system and by the Supervisory Provisions on corporate governance.



**The Surveillance Body** – composed of external parties outside the Bank and vested with independent initiative and control powers – supervises the operation, effectiveness and compliance with the Model 231 adopted by the Bank, pursuant to Italian Legislative Decree No. 231/2001 on the administrative liability of companies, and supports the competent Bodies for the purposes of its implementation or modification.

The internal control system is **based on three levels**: the first, which is within the remit of the Operating and Business Structures; the second, conducted by the Risk and Compliance Structures; the third entrusted to Internal Audit.



The main activities falling within the scope of III and II level controls are described below:

Chief Audit Officer	
<ul style="list-style-type: none"> <li>Ensuring constant and independent surveillance on the regular performance of the Bank and Group operations and processes, evaluating the functionality of the internal control system</li> <li>Providing advice to the Group's corporate functions</li> <li>Ensuring supervision of the internal control system of the subsidiaries</li> <li>Supporting corporate governance and ensuring that the Corporate Bodies and the competent Supervisory Authorities (European Central Bank, Bank of Italy, Consob, etc.) promptly and systematically receive information on the control system</li> </ul>	
Chief Compliance Officer	Chief Risk Officer
<ul style="list-style-type: none"> <li>Ensuring monitoring of the Group regulatory compliance risk</li> <li>Defining guidelines and policies on Group regulatory compliance</li> <li>Coordinating the implementation of guidelines and policies on regulatory compliance</li> <li>Collaborating with the other corporate control functions in order to achieve effective integration of the risk management process</li> <li>Managing relations with the Corporate Bodies and Supervisory Authorities with regards to compliance issues</li> </ul>	<ul style="list-style-type: none"> <li>Governing the process of definition, approval, control and implementation of the Risk Appetite Framework (RAF)</li> <li>Assisting the Corporate Bodies in defining guidelines and policies on risk management</li> <li>Coordinating the implementation of guidelines and policies on risk management by the relevant Group business units</li> <li>Guaranteeing the measurement and control of Group exposure to the various types of risk</li> <li>Ensuring credit quality monitoring</li> <li>Validating internal risk measurement systems</li> </ul>

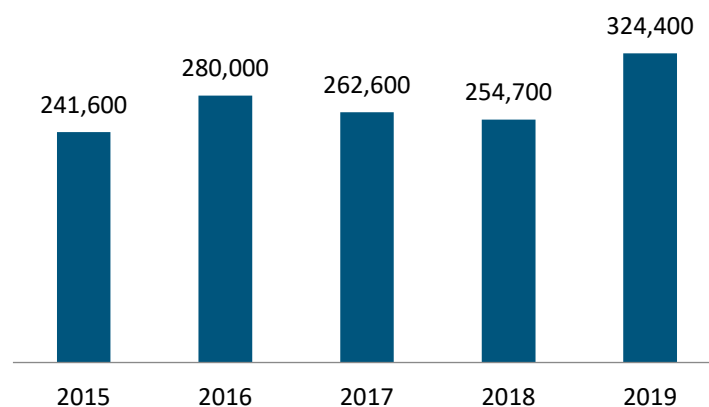
The detailed description of the internal control and risk management system as well as of the roles of the Corporate Bodies and Structures involved is contained in Part II of this Report.

## Share capital and ownership structure

Intesa Sanpaolo's share capital is equal to 9,085,663,010.32 euro, divided into 17,509,728,425 ordinary shares without nominal value as set out below:

	No. of shares	% share capital	listing	Rights	
Ordinary shares	17,509,728,425	100%	Borsa Italiana MTA	Right to attend and vote at Ordinary and Extraordinary Shareholders' Meetings (each share carries one voting right)	
Other information				YES	NO
Restrictions on voting rights					x
Securities granting special rights					x
Limitations on share ownership					x
Restrictions on share transfers					x
Employee share ownership					x
Shareholders' agreements					x
Minimum shareholding for submission of slates				0.5%	

According to records in the Shareholders' Register and other available information, there are approximately 324,400 Intesa Sanpaolo shareholders; the chart below shows the trend in the number of shareholders <sup>(1)</sup>



<sup>(1)</sup> figures referred to the ex-dividend dates paid in the financial year

### 2019 shareholders > 3% vs. 2020

(on the date of approval of the Report on Corporate Governance and Ownership Structures) (\*)

Shareholders 26/02/2019	% (portion with voting rights)	Shareholders 25/02/2020	% (portion with voting rights)
Compagnia di San Paolo	6.790	Compagnia di San Paolo	6.790
Fondazione Cariplo	4.381	BlackRock Inc. <sup>(1)</sup>	5.003
		Fondazione Cariplo	4.381
Market	88.829	Market	83.826

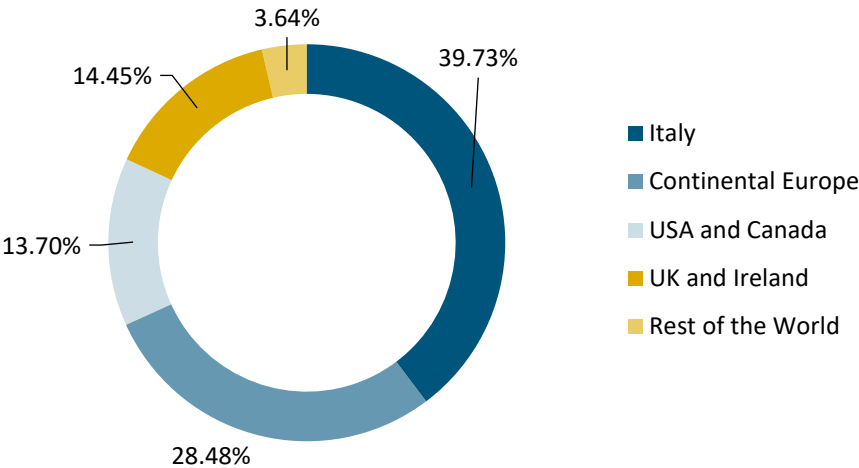
(\*) updates are available on the Bank's website ("Investor Relations" / "Shareholder Base")

<sup>(1)</sup> Held as assets under management.

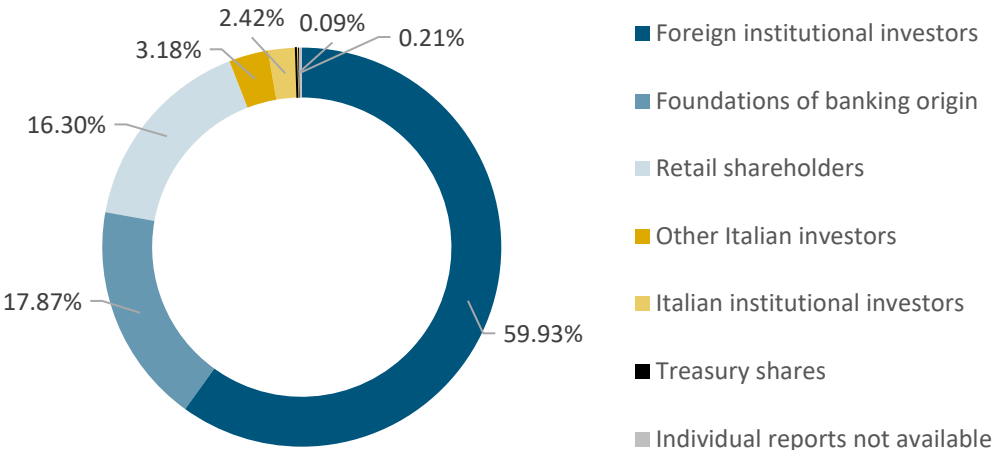


Below is the ownership structure by geographical area and by type of shareholders, on the basis of the names of the recipients of the dividend paid for the 2018 financial year, as given by intermediaries (ex-dividend date 20 May 2019).

*Ownership structure by geographical area*



*Ownership structure by type of shareholders*



## Shareholders' Meeting

The Shareholders' Meeting is for Intesa Sanpaolo one of the main opportunities for contact and dialogue with shareholders and for the latter it represents an opportunity for active participation in the Bank's operations and a chance to express their opinions, through the methods and on the topics envisaged by law and by the Articles of Association. During the course of the meeting, the presentation of the Bank's general performance and its results for the year is generally followed by a full debate – in question and answer format – with shareholders.

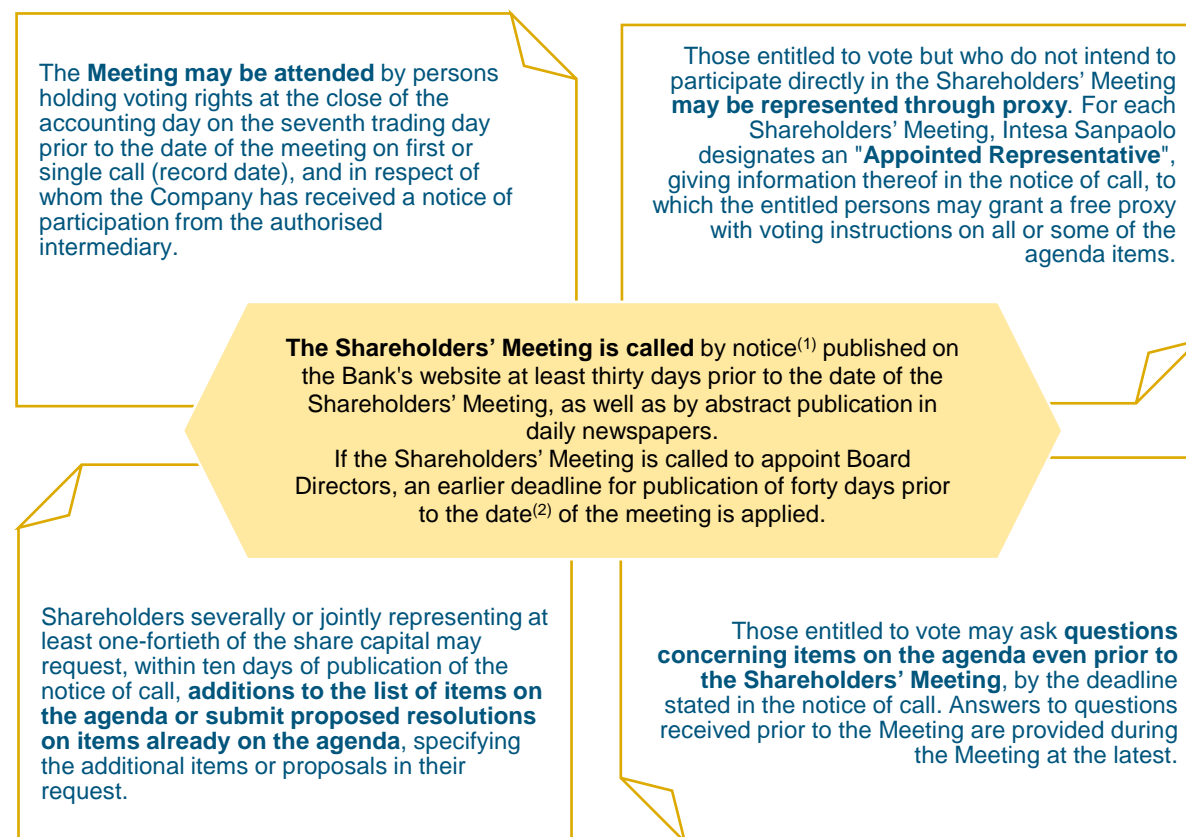
Key points in the Ordinary Shareholders' Meeting of 30 April		% votes in favour
▶	<ul style="list-style-type: none"> <li>Approval of the 2018 Financial Statements</li> <li>Allocation of net income for the year and distribution to shareholders of dividend</li> </ul>	<ul style="list-style-type: none"> <li>98.98%</li> <li>99.05%</li> </ul>
▶	Appointment of the independent auditors for financial years 2021-2029	97.80%
▶	<ul style="list-style-type: none"> <li>Determination of the number of directors to be appointed to the Board for financial years 2019/2020/2021</li> <li>Appointment of the members of the Board of Directors and Management Control Committee for financial years 2019/2020/2021 on the basis of slates of candidates submitted by the shareholders               <ul style="list-style-type: none"> <li>➤ Slate 1</li> <li>➤ Slate 2</li> </ul> </li> <li>Election of the Chairman of the Board of Directors</li> <li>Election of the Deputy Chairman of the Board of Directors</li> <li>Remuneration policies for Directors</li> <li>Determination of the remuneration paid to Directors</li> </ul>	<ul style="list-style-type: none"> <li>96.11%</li> <li>➤ 63.12%</li> <li>➤ 35.62%</li> <li>95.77%</li> <li>95.77%</li> <li>95.71%</li> <li>61.15%</li> </ul>
▶	<ul style="list-style-type: none"> <li>Remuneration and incentive policies of the Intesa Sanpaolo Group for 2019</li> <li>Increase in the cap on the variable-to-fixed remuneration to certain categories of personnel belonging to Asset Management Companies (Società di Gestione del Risparmio) of the Intesa Sanpaolo Group</li> <li>Integration of the criteria for the determination of the remuneration to be granted in the event of early termination of the employment contract or early termination of office</li> <li>Approval of the 2018 Annual Incentive System based on financial instruments</li> <li>Authorisation to purchase and dispose of own shares to service the 2018 Annual Incentive System</li> </ul>	<ul style="list-style-type: none"> <li>93.21%</li> <li>96.41%</li> <li>98.37%</li> <li>96.59%</li> <li>96.77%</li> </ul>

The full text of the resolutions adopted by the Shareholders' Meeting of 30 April 2019 is contained in the minutes published on the Bank's website ("Governance" / "Shareholders' Meeting"), where the meeting reports and documents submitted to the Shareholders' Meeting are also available.

2020 Shareholders' Meeting

27 April

## Shareholders' rights



(1) The **notice of call** provides detailed information as regards the day, time and place of the meeting, as well as the list of items on the agenda; it provides information on the procedures for participation and the exercise of voting rights in the Shareholders' Meeting, the record date, the terms and methods for exercising the right to ask questions on items on the agenda, the terms and methods for acquiring the Meeting documentation. The **Shareholders' Meeting reports** and documents to be submitted to the Meeting are **made available to the public** at the Bank's registered office and in the dedicated section of its website ("Governance" / "Shareholders' Meeting") – accessible directly from the homepage – by the deadline for publication of the notice of call prescribed in relation to each item on the agenda and in any event within the timeframe provided for by the law.

(2) In this case, **shareholders holding at least 0.5% of the share capital** (or another lower percentage set forth by applicable regulations) may **submit a slate of candidates to the posts of Directors** containing from a minimum of 2 (two) to a maximum of 19 (nineteen) names. The slate of candidates must be deposited at the registered office at least 25 calendar days before the day scheduled for the Shareholders' Meeting on first call and is made available to the public by the Company at the registered office, on the website and with the other methods provided for by legal and regulatory provisions at least 21 days before the date of the Meeting.

Before the beginning of the Shareholders' Meeting, shareholders receive the file of the Shareholders' Meeting proceedings containing the proposals of the Corporate Bodies on the items on the agenda, the Annual Financial Report and the additional documentation submitted or presented to the Shareholders' Meeting. This documentation, also in accordance with the internal rules on sustainability for the use of paper, is made available on an IT support.

## Shareholders' majorities

At Intesa Sanpaolo, the quorum required for the validity of the Shareholders' Meetings and for the validity of its resolutions – both in ordinary and extraordinary session – is that determined by applicable regulations.

The quorum required for Shareholders' Meetings indicates the proportion of share capital required to be represented in order for the Meeting to be declared valid. Voting majorities refer to the proportion of share capital required for shareholder resolutions to be approved.

The Shareholders' Meeting is usually held in single call, with the application of the following quora:

Ordinary Shareholders' Meeting	Single call
Quorum	The proportion of share capital represented by the entitled parties attending
Voting majority (*)	Absolute majority of the share capital represented at the Meeting

(\*) Pursuant to the Supervisory Provisions on remuneration, the Board's proposal regarding the setting of a limit higher than 100% (1:1 ratio) to the ratio between the variable and the fixed component of the individual remuneration of key personnel is approved by the ordinary Shareholders' Meeting when: (i) the shareholders' meeting is held with at least half of the share capital and the resolution is taken with the favourable vote of at least 2/3 of the share capital represented at the Shareholders' Meeting; or (ii) the resolution is passed with a favourable vote of at least 3/4 of the share capital represented at the Shareholders' Meeting, regardless of the quorum with which it was call.

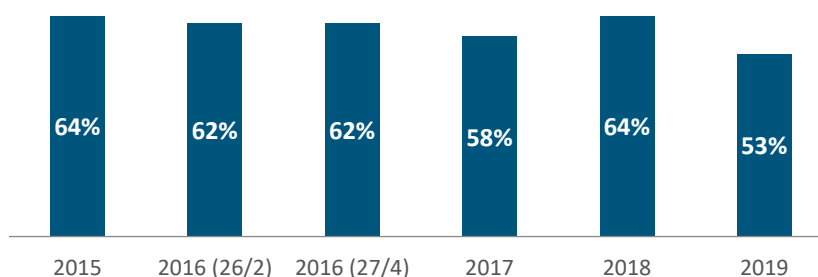
The foregoing is without prejudice to the provisions of the Articles of Association for the election of the Board and the Management Control Committee; on this point, reference is made to the detailed description contained in Part II of the Report.

Extraordinary Shareholders' Meeting	Single call
Quorum	Any number of entitled parties representing at least one-fifth of the share capital
Voting majority	At least two-thirds majority of the share capital represented at the Meeting

The Ordinary Shareholders' Meeting shall be called at least once a year, no later than a hundred and eighty days after the end of the financial year.

The Extraordinary Shareholders' Meeting is called to resolve upon the amendments of the Articles of Association (without prejudice to the powers of aligning the Articles of Association to the law recognised to the Board), the merger and demerger transactions in the cases provided for by the regulations, and on any other matter within its purview pursuant to the law.

**Share capital attendance at the Shareholders' Meeting in the last five years**



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## Social and environmental responsibility

In setting long-term growth and value creation objectives, Intesa Sanpaolo is aware of the social and environmental impact of its business activities. Therefore, the Group promotes a style of growth that concentrates on long-term sustainability of results, in support of the economies and communities in the areas in which it operates, placing special focus on environmental protection and enhancement, and the fight against climate change.

The strategic guidelines and policies on sustainability (ESG)<sup>(\*)</sup> are approved by the Board of Directors, with the support of the Risks Committee, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders.

In the 2018-2021 Business Plan, Intesa Sanpaolo undertook to strengthen its leadership in corporate social responsibility, aiming to become an exemplary group in terms of sustainability, and social and cultural responsibility.

In order to support and preserve the various issues related to sustainability, Intesa Sanpaolo adopts and draws up specific documents, including the Code of Ethics and the Consolidated Non-financial Statement pursuant to Italian Legislative Decree No. 254/2016, to which reference is made, as well as various policies regarding specific areas of the Bank's activities (human rights, the environment, loans to specific sectors).

The Management Control Committee and Surveillance Body are provided, on an annual basis, with a Report on the application of the Code of Ethics and the social and environmental responsibility principles pursuant to Italian Legislative Decree 231/2001.

### THE CODE OF ETHICS

The Code of Ethics – available on the Company's website – is the reference self-regulatory document containing voluntary commitments in the management of relations with all the Group's internal and external parties (the "Stakeholders"). The Code lays down the pillars of the corporate culture and the reference values which inform the rules of conduct with respect to the aforesaid Stakeholders. It is constantly updated in order to follow the evolution of the Bank and the context in which it operates.

All of the Personnel in the Group, both in Italy and abroad, are expected to behave in a manner that complies and is consistent with the values and principles described in the Code and each company in the Group is expected to ensure the adherence of its actions and activities to the values and principles prescribed, in a manner consistent with its own specific characteristics.

### THE CONSOLIDATED NON-FINANCIAL STATEMENT

The Consolidated Non-financial Statement (CNFS) is drafted in compliance with Italian Legislative Decree No. 254/2016, implementing European Directive No. 2014/95/EU, and in compliance with international reporting standards. It is available on the Company's website.

By way of the Consolidated Non-financial Statement – approved annually by the Board of Directors – Intesa Sanpaolo is accountable to Stakeholders regarding the activities performed during the year, the Group's ability to operate in accordance with stated objectives and values, as well as its commitment to pursuing improvement objectives, on the basis of the business strategies and through listening to Stakeholders' legitimate expectations.

Furthermore, in 2019 Intesa Sanpaolo published, on a voluntary basis, a half-yearly Consolidated Non-financial Report with the most relevant indicators.

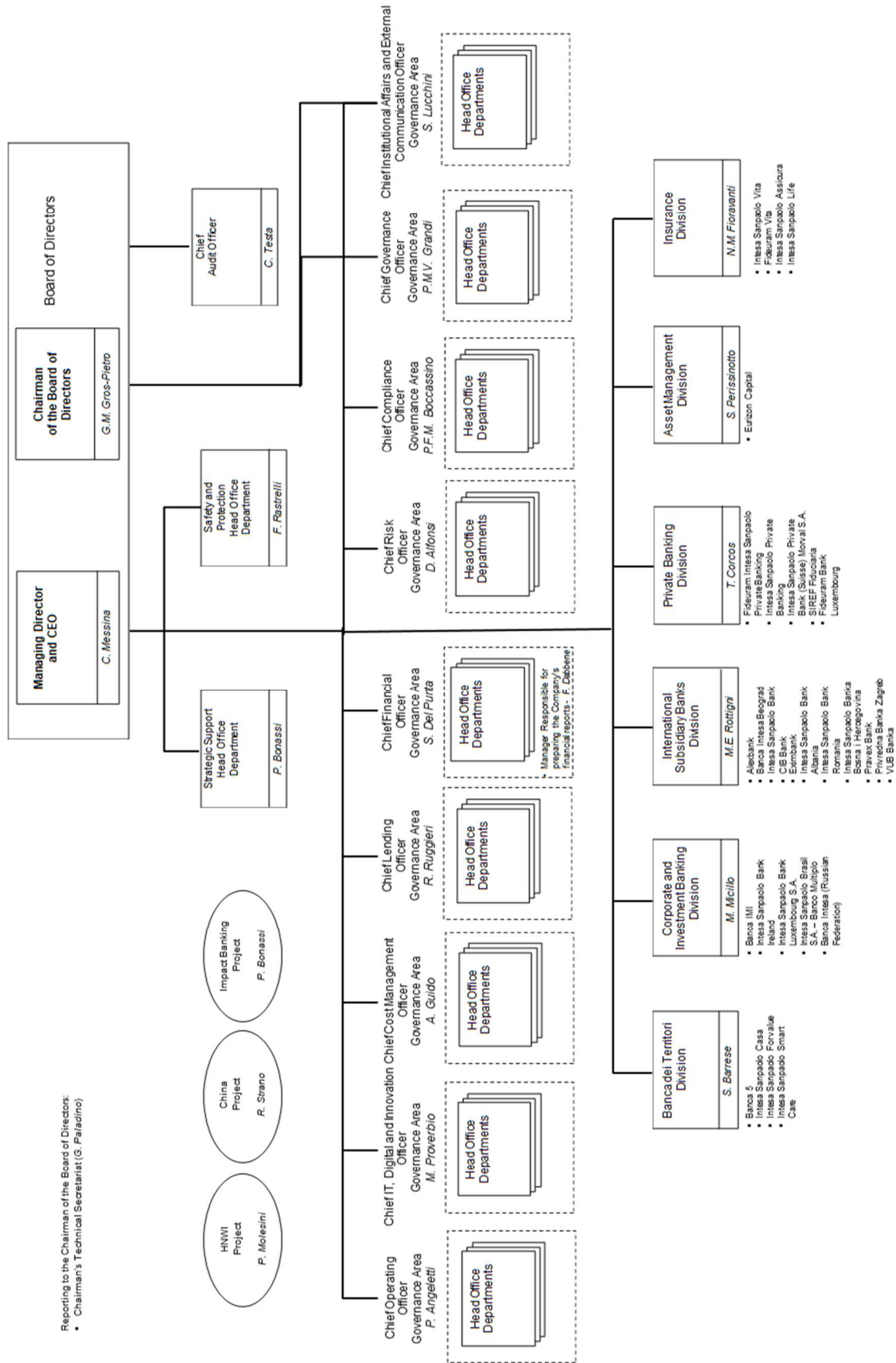
<sup>(\*)</sup> ESG – Environmental, Social and Governance

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## *The governance of corporate social responsibility*

Board of Directors	The Board, with the support of the Risks Committee, approves the Code of Ethics and its updates, as well as the strategic guidelines and policies on sustainability (ESG), including the social and cultural responsibility model and the fight against climate change – taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders; it approves, also with the support of the Risks Committee, the CNFS, ensuring that the same is drawn up and published in compliance with applicable regulations.
Risks Committee	The Risks Committee supports the Board in the assessment and investigation of the sustainability issues associated with the performance of the Bank's activities and in the approval of the strategic guidelines and policies on sustainability, including the social and cultural responsibility model and the fight against climate change, contributing to ensuring more efficient risk monitoring and taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders. It supports the Board in the approval of the Code of Ethics and the CNFS, studying in depth, in particular, the contents of the materiality matrix, which identifies the potentially most relevant issues in the sustainability area.
Management Control Committee	The Management Control Committee, in liaison with the competent sustainability and internal audit departments, supervises compliance with the principles and values of the Code of Ethics; with reference to the CNFS, it oversees compliance with the provisions laid down in Italian Legislative Decree No. 254/2016 and reports in the annual report to the Shareholders' Meeting.
Managing Director and CEO	The Managing Director and CEO governs the sustainability performance and has the power to submit proposals to the Board for the adoption of resolutions within its remit.
Steering Committee	The Committee cooperates in identifying potentially relevant sustainability issues for the purpose of defining and updating the materiality matrix; it collaborates, taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders, in defining the strategic guidelines and sustainability policies, including the social and cultural responsibility model and the fight against climate change, which the Managing Director and CEO submits to the competent Board Committees and to the Board of Directors; it reviews the CNFS prior to submission to the Board.
Corporate Social Responsibility – Chief Financial Officer Area	Corporate Social Responsibility oversees the process of defining, approving and updating the sustainability guidelines, in line with corporate strategies and objectives; it takes care of updating the Code of Ethics and monitors its application with the support of the competent internal audit department; it processes the CNFS; it oversees relations with the financial community with reference to sustainability issues; it oversees the promotion and implementation of sustainability aspects in the Group's strategies and operations, including Climate Change issues, including in collaboration with other structures.

# The Intesa Sanpaolo Group



Update: January 2020

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Intesa Sanpaolo is the Parent Company of the Banking Group bearing its name and, in addition to its member companies, it holds controlling interests in other companies belonging to the broader Business Group, which provides, among other things, insurance and business services.

As Parent Company of the Banking Group, Intesa Sanpaolo is responsible, pursuant to the Consolidated Law on Banking, for the management and coordination of the companies belonging to the Banking Group and issues provisions as required for the implementation of Bank of Italy instructions in the interest of the Group's stability. Furthermore, pursuant to Articles 2497 et seq. of the Italian Civil Code, Intesa Sanpaolo exercises management and coordination activities for all other subsidiaries, with the exception of Risanamento S.p.A. and Autostrade Lombarde S.p.A.

Intesa Sanpaolo also exercises these activities over the insurance company Intesa Sanpaolo Vita, which, pursuant to Italian Legislative Decree No. 209/2005 (the "Private Insurance Code") and its enactment provisions, is parent company of the Intesa Sanpaolo Vita Insurance Group. As such, Intesa Sanpaolo Vita exercises policy, management and coordination activities over the Italian companies belonging to the Insurance Group, namely Intesa Sanpaolo Assicura S.p.A. and Fideuram Vita S.p.A., pursuant to Articles 2497 et seq. of the Italian Civil Code.

Intesa Sanpaolo has adopted Group Regulations which govern the institutional operations of the Intesa Sanpaolo Group and intragroup relationships, in accordance with supervisory regulations which assign responsibility for the overall consistency of group governance to the parent company, through management and coordination activities.

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The organisational structure of the Intesa Sanpaolo Group is divided into the following business areas.



## Banca dei Territori

Banca dei Territori Division: focused on the market and the central role of the territory in strengthening relationships with individuals, small and medium enterprises, and non-profit entities. The Division includes industrial credit, leasing and factoring activities and instant banking activities through Banca 5.

## Corporate and Investment Banking

Corporate and Investment Banking Division: global partner for the balanced and sustainable development of enterprises and financial institutions from a medium-/long-term perspective, at the domestic and international level. It includes capital markets and investment banking activities (carried out through Banca IMI) and operates in 25 countries in support of the cross-border operations of its customers through a specialised network of branches, representative offices and subsidiaries that engage in corporate banking activity. The Division operates in Public Finance as a global partner for the public administration.

## International Subsidiary Banks

International Subsidiary Banks Division: includes subsidiary banks performing commercial banking activities in the following countries: Albania (Intesa Sanpaolo Bank Albania), Bosnia-Herzegovina (Intesa Sanpaolo Banka Bosna i Hercegovina), Croatia (Privredna Banka Zagreb), Egypt (Bank of Alexandria), Moldova (Eximbank), Czech Republic (the Prague branch of VUB Banka), Romania (Intesa Sanpaolo Bank Romania), Serbia (Banca Intesa Beograd), Slovakia (VUB Banka), Slovenia (Intesa Sanpaolo Bank), Ukraine (Pravex Bank) and Hungary (CIB Bank).

## Asset Management

Asset Management Division: asset management solutions aimed at the Group's customers, non-Group distribution networks and institutional customers. The Division includes Eurizon, with 266 billion euro of assets under management.

## Private Banking

Private Banking Division: it serves customers in the Private and High Net Worth Individuals segment by offering targeted products and services. The Division includes Fideuram Intesa Sanpaolo Private Banking, with 5,834 private bankers.

## Insurance

Insurance Division: insurance and pension products targeted at Group customers. The Division includes Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita and Intesa Sanpaolo Assicura, with direct deposits and technical reserves of 166 billion euro.



The Governance  
of Intesa Sanpaolo



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# Adoption of the Corporate Governance Code

Intesa Sanpaolo has adopted the Corporate Governance Code, available on the Corporate Governance Committee website, ([www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm](http://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm)). Consequently, the Bank's governance is also inspired by the aims and guidelines enshrined therein, with a view to ensuring the effective and transparent separation of the roles and responsibilities of its Corporate Bodies, and, in particular, also in accordance with supervisory provisions, a proper balance of strategic supervision, management and control functions.

Art. 123-bis (2),  
(a) CLF

The Bank adapts the principles and criteria of the Code to its own one-tier governance system, this option being offered by the Code for alternatives to the traditional governance and control models, in a manner consistent with the objectives of good corporate governance, transparent reporting and protection of investors and the market, as well as of the interests of all the stakeholders that the Bank liaises with. Consequently, the articles of the Code that make reference to the board of directors and the board of statutory auditors, or their members, are applied, in principle, to the Board of Directors and the Management Control Committee or their members, respectively.

10.P.1  
10.P.3.

Furthermore, the Company, aware that efficient corporate governance is essential for the pursuit of its objectives, constantly updates its corporate governance operation on the basis of past experience and changing regulations, national and international best practices as well as corporate governance principles and recommendations promoted by the main Bodies and Authorities (i.e. the Financial Stability Board, the Basel Committee on Banking Supervision and the European Banking Authority).

All the above, with no prejudice to compliance with the reference regulatory framework and, in particular, the provisions laid down in EU sector regulations, in the Consolidated Law on Banking, as well as the provisions issued by the Bank of Italy in the performance of its supervisory functions, pursuant to which, Intesa Sanpaolo, as a Bank, must however adapt its organisational structure; in this regard, it is noted that Intesa Sanpaolo – as a "significant supervised entity" – is subject to the direct supervision of the European Central Bank, which is responsible for the fulfilment of specific duties regarding the prudential supervision of credit institutions within the Single Supervisory Mechanism, including specific controls on the presence of sound corporate governance principles.

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The Corporate Governance Committee, by a letter dated 19 December 2019 addressed to the listed companies, has identified certain areas where it is necessary to encourage corporate bodies to improve and strengthen adoption of the best practices recommended by the Corporate Governance Code; in particular, the Committee focused on sustainability as a matter of general and strategic importance for the corporate business, on the quality of reporting provided to the board of directors, on the application of the independence criteria set forth by the Code, as well as on the remuneration of non-executive directors and the members of the control body.

The Committee's recommendations were brought to the attention of the Nomination Committee, the Board of Directors and the Management Control Committee, and are adequately adhered to by Intesa Sanpaolo; the guidelines regarding the governance aspects are duly reflected in this Report while, with specific reference to the evidence regarding remuneration, reference is made to the Report on Remuneration.



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# Part I – Information on ownership structures

## Introduction

Information on the ownership structures of Intesa Sanpaolo is set out below, in accordance with Article 123-bis, paragraph 1, of the Consolidated Law on Finance.

Some of the information required under paragraph 1 is exhaustively provided in Part II of this Report, to refer to for greater detail. In particular:

- the topic of shareholders' rights and voting rights at Meetings is examined in the chapter on Meetings;
- the rules applying to the appointment and replacement of members of the Board of Directors and the Management Control Committee are discussed in the chapters on these Corporate Bodies.

Furthermore, information on the absence of agreements between the Company and Board Members, providing for indemnities in the event of resignation or dismissal without just cause or termination of employment, is contained in the Report on Remuneration.

Art. 123-bis (1), (i) CLF

## Share Capital

The Company's share capital amounts to 9,085,663,010.32 euro, divided into 17,509,728,425 ordinary shares without nominal value.

Art. 123-bis (1), (a) CLF

The share capital increased on two occasions in 2019.

A first capital increase – from 9,085,469,851.64 euro to 9,085,534,363.36 euro – was completed, effective 25 February 2019, following the merger of Cassa di Risparmio di Pistoia e della Lucchesia into Intesa Sanpaolo.

A second capital increase – from 9,085,534,363.36 euro to 9,085,663,010.32 euro – was completed, effective 27 May 2019, following the merger of Banca Apulia into Intesa Sanpaolo.

Each ordinary share confers the right to cast one vote at Ordinary and Extraordinary Shareholders' Meetings. There are no restrictions on voting rights.

Art. 123-bis (1), (a) and (f) CLF

The Articles of Association do not grant any powers to the Board of Directors to issue equity instruments.

Art. 123-bis (1), (d) and (m) CLF

Finally, it is specified that no shares exist that confer special control rights to their holders.

Based on the Articles of Association, the responsibility for resolutions on the allocation of net income, if any, lies with the Ordinary Shareholders' Meeting, on recommendation of the Board of Directors.

Net income as reported in the financial statements, net of the portion allocated to legal reserve and the portion which is not available pursuant to the law, shall be allocated as follows:

- a) to all the ordinary shares to the extent that the Shareholders' Meeting resolves to proceed with its distribution;
- b) any excess funds shall be allocated to the extraordinary reserve and other reserves, without prejudice to the fact that a portion of such earnings may be used for charities and to support social and cultural activities, through the creation of a specific reserve.

## Securities traded on non-European markets

American Depositary Receipts (ADRs), certificates on Intesa Sanpaolo ordinary shares, are outstanding, currently deposited with and managed by the Bank of New York Mellon. Following the deregistration of the ADRs with the SEC, the securities were admitted to trading in the United States on the OTC market only.

Art. 123-bis (1), (a) CLF

### Own shares

Art. 123-bis (1), (m) CLF At the end of the financial year 2019, 26,380,005 residual own ordinary shares were held in the Bank's portfolio, after the purchases and allocations made during the year in relation to the Incentive and Investment Plans in favour of Employees. Additional packets of shares are held by other Group companies as part of their own ordinary banking and financial operations or to service the aforesaid Incentive and Investment Plans.

### Share Transfers

Art. 123-bis (1), (b) CLF There are no limits envisaged to the possession or transfer of shares.

Art. 123-bis (1), (e) CLF Within Intesa Sanpaolo, there are no employee stock ownership schemes that envisage that voting rights are not to be exercised directly by the employees themselves. For information regarding the existing Incentive System based on financial instruments, refer to the Report on Remuneration.

## Shareholder Base

### Main Shareholders

Art. 123-bis (1), (c) CLF The table below provides the list of shareholders which, in accordance with the communications provided for in Article 120 of the Consolidated Law on Finance and other information received by the Company, directly and/or indirectly hold more than 3% of the share capital (\*).

Declaring Company	% of share capital
Compagnia di San Paolo	6.790%
BlackRock Inc. <sup>(1)</sup>	5.003%
Fondazione Cariplo	4.381%

(\*) Shareholders being fund management companies may be exempted from disclosure up to the 5% threshold.

(1) Held as assets under management.

Italian regulations (Article 120 of the Consolidated Law on Finance) provide for the obligation to notify the investee company and Consob of the threshold of 3% of the share capital with voting rights held in a listed company being exceeded, as well as (Article 19 of the Consolidation Law on Banking) the prior authorisation of the European Central Bank to acquire a significant shareholding in a bank or that entails the possibility of exercising significant influence over the bank itself or the acquisition of a shareholding that attributes a share of the voting rights or of the capital at least equal to 10%.

### Shareholders' agreements

Art. 123-bis (1), (g) CLF In relation to the appointment of members of Intesa Sanpaolo's Board of Directors and Management Control Committee for 2019/2020/2021 by the Shareholders' Meeting of 30 April 2019, a shareholders' agreement was signed pursuant to Article 122 of the Consolidated Law on Finance, concerning the consultation, submission and voting on a joint slate by the signatories.

More specifically, on 1 March 2019 an agreement was signed and disclosed, in accordance with regulatory provisions, by Compagnia di San Paolo, Fondazione Cariplo, Fondazione Cassa di Risparmio di Padova e Rovigo, Fondazione Cassa di Risparmio di Firenze and Fondazione Cassa di Risparmio in Bologna.

The agreement expired upon appointment of the Board of Directors. In fact, the contents of its provisions were completed upon definition of the slate of candidates and the agreed exercising of the voting right in favour of those candidates.

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To the Company's knowledge, there are no other shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance.

### "Change of control" clauses

Art. 123-bis (1), (h) CLF As part of their normal business activities, the Bank and other Group companies are usually party to framework agreements and contracts (especially for funding) which, according to standard financial market practice for certain types of relations, envisage specific effects in the event of a "change of control" (agreements "which take effect, alter or terminate upon a change of control of the Company and/or as a result of related events").



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No such framework agreement or contract may be considered significant, per se, in terms of amount or effect on a consolidated basis.

**Allocated Assets**

As at the reporting date, Intesa Sanpaolo has not allocated assets for specific dealings in accordance with the Italian Civil Code.



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# Part II – Information on the adoption of the Corporate Governance Code and other information on governance

## The Board of Directors

The Board of Directors is governed by legal and regulatory provisions, the Articles of Association and its own Regulations, updated in December 2019, which also take into account the principles and criteria of the Corporate Governance Code.

The Board is the highest body in the one-tier corporate governance system adopted by Intesa Sanpaolo and is tasked with managing the company.

1.P.1.

Within the Board, the typical control functions are reserved for Directors sitting on the Management Control Committee, which will be dealt with in a subsequent section.

In the performance of its duties, the Board receives support from Committees, appointed by the Board from its directors:

- Nomination Committee
  - Remuneration Committee
  - Risks Committee
  - Committee for Transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group,
- described in a specific section of this Report.

## Powers of the Board of Directors

The Board of Directors is responsible for corporate management. The Board may therefore undertake all transactions considered necessary, useful or appropriate in achieving the corporate purpose, relating to both ordinary and extraordinary administration. It is assigned strategic guidance and supervision functions for the Company and the duty to resolve on all the most important corporate deeds.

1.P.2.

With regard to the corporate management function, the Board, without prejudice to the powers reserved for it, delegates to the Managing Director the necessary and appropriate powers to ensure consistency in day-to-day management, in implementation of the guidelines decided by the same Board. The Board determined the content, limits and methods of exercise of the powers granted to the Managing Director, while also defining the methods whereby the Board is to receive information concerning the delegated activity.

1.C.1. d)

In the performance of its strategic supervision functions, the Board of Directors, pursuant to the Articles of Association:

1.C.1. a), b), c)

- defines and approves the business model, strategic guidelines and risk appetite, and thus approves the Risk Appetite Framework, the strategic, industrial and financial plans of the Company and the Group and any amendments thereof, also taking into account the sustainability (ESG) policies;
- defines and approves the risk governance objectives and policies of the Company and the Group, as well as the general guidelines of the capital and liquidity adequacy assessment process (ICAAP and ILAAP);
- defines and approves the guidelines of the internal control system of the Company and the Group;
- defines the overall governance structure and approves the organisational structure of the Company; identifies the flow of information required to ensure the full circulation of information within the Board as well as the information flows to Bodies and Committees to be addressed also by the corporate structures;
- approves the accounting and reporting systems;
- supervises the public disclosure and reporting process of the Company and the Group;
- ensures an effective dialogue with the heads of the main corporate functions.

Furthermore, the Board of Directors is solely responsible for the following matters, among others:

- the appointment and removal of the Managing Director and General Manager, the granting, amendment or termination of his powers and the remuneration relating to the office;

- the appointment and removal of members of Board Committees set up in accordance with the Articles of Association, including their Chairman and the establishment of any additional Committees within the Board of Directors with inquiry and advisory functions;
- the establishment of the Steering Committee and additional Managerial Committees, as provided for by the first-level organisational structure;
- the appointment and removal of the Manager responsible for preparing the Company's financial reports, of the heads of corporate control functions, and of the head of the Safety and Protection function;
- the drafting of the remuneration and incentive policy to be submitted to the Shareholders' Meeting, and the definition of remuneration and incentive systems for top managers;
- the approval of major internal regulations and the amendment thereof;
- the approval of the Consolidated Non-financial Statement;
- the decisions concerning i) the purchase and sale of equity investments amending the composition of the Banking Group, as well as the investments considered strategic under the supervisory regulations or according to the plans and policies adopted by the Board itself, ii) the purchase, sale, contribution of firms, business lines, assets and legal relationships identified en bloc under Article 58 of the Consolidated Law on Banking which are deemed strategic under the above criteria, iii) the investments and divestments, including real estate, deemed to be strategic under the above criteria and in any case iv) transactions which exceed, individually, the value of 3% of the total assets of the Company's capital calculated on a consolidated basis for supervisory purposes;
- the nomination of members of corporate bodies of subsidiaries, including Executive Directors.

1.C.1. f)

The Board approves the strategic guidelines and policies on sustainability (ESG), including the social and cultural responsibility model and the fight against climate change – taking into account the objectives of solid and sustainable creation and distribution of value for all stakeholders.

In this regard, also considering the Recommendations set forth by the Corporate Governance Committee upon publication of the 2019 Report containing the Seventh Report on the application of the Corporate Governance Code, it is noted that Intesa Sanpaolo has always been at the forefront of sustainability, a commitment that was also confirmed in the 2018-2021 Business Plan. The initiatives put in place have enabled the Bank to receive a number of awards, including the inclusion in numerous sustainability indices, such as the Dow Jones Sustainability (World and Europe) and the "2019 Climate Change A List" of the Carbon Disclosure Project, which includes the 179 leading global companies for their commitment to fighting climate change and for their environmental strategy. According to the 2020 ranking of Corporate Knights, a Canadian research and rating company specialising in sustainability, Intesa Sanpaolo ranked 39th out of 7,400 listed companies and is the only Italian bank included in the Top 100 of the most sustainable companies in the world.

For further details, reference is made to the Consolidated Non-financial Statement published on the Group's website.

Furthermore, the Board of Directors may confer specific offices upon its members; upon proposal of the Managing Director, the Board of Directors may also grant Executives, branch managers or other personnel specific powers for certain activities or categories of acts and business activities, establishing the content, limits and methods of performance of such powers and determining when the delegated persons may act separately, jointly or in committees.

1.C.1. c) and e)

The Board periodically assesses the general development of operations, also on presentation of the financial data of the Bank and the Group, taking into account, in particular, the information received from the Managing Director, and periodically comparing results achieved with those previously forecast. The Board also assesses the adequacy of the organisational, management and accounting structure of the Company.

## Composition of the Board of Directors

### *Composition, diversity and appointment*

Art. 123-bis (2), (d) CLF

The Board of Directors is composed of a minimum of 15 up to a maximum of 19 members, shareholders or otherwise, appointed by the Shareholders' Meeting on the basis of slates submitted by Shareholders.

1.C.1. i)

In this context, the Management Control Committee consists of five Board Members, also appointed directly by the Shareholders' Meeting, in accordance with the requirements laid down by the banking supervision regulations.

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The presence within the Board of a large majority of independent directors and the appointment by the Board of a single Managing Director and chief executive officer, excluding that other directors may hold executive offices and that the Board may delegate its duties to an executive committee, were considered a priority.

2.P.1.  
2.P.2.  
2.P.3.

The less-represented gender must currently be reserved a share of at least one third of the total members, as established by applicable regulations on equal access to the management and control bodies of listed companies and by the recommendations of the Corporate Governance Code.

2.P.4.  
2.C.3.

In accordance with the Articles of Association, at least four members shall be enrolled with the Register of Statutory Auditors and shall have practised as auditors or acted as members of a limited company control body for at least three years.

The Board in office until 30 April 2019 was composed of the following 19 members, elected by way of list voting by the Shareholders' Meeting of 27 April 2016:

Gian Maria Gros-Pietro	Chairman
Paolo Andrea Colombo	Deputy Chairperson
Carlo Messina	Managing Director
Bruno Picca	Director
Rossella Locatelli	Director
Giovanni Costa	Director
Livia Pomodoro	Director
Giovanni Gorno Tempini	Director
Giorgina Gallo	Director
Franco Ceruti	Director
Gianfranco Carbonato	Director
Francesca Cornelli	Director
Daniele Zamboni	Director
Maria Mazzarella	Director
Maria Cristina Zoppo	Director
Edoardo Gaffeo	Director
Milena Teresa Motta	Director
Marco Mangiagalli	Director
Alberto Maria Pisani	Director

The Shareholders' Meeting held on 30 April 2019 determined the number of members of the Board as 19 and appointed, by list voting, the Board of Directors for the 2019/2020/2021 financial years, electing as its Chairman Gian Maria Gros-Pietro and as Deputy Chairperson Paolo Andrea Colombo.

The Shareholders' Meeting also appointed the five Management Control Committee members, electing Alberto Maria Pisani as Chairman.

The Board in office at the time of publication of this Report is composed of 18 members elected by the Shareholders' Meeting and 1 Director appointed by co-option by the Board on 2 December 2019, following the resignation tendered by a member elected by the Shareholders' Meeting; the co-opted Director shall remain in office until the Shareholders' Meeting called to approve the 2019 financial statements:

Gian Maria Gros-Pietro	Chairman
Paolo Andrea Colombo	Deputy Chairperson
Carlo Messina	Managing Director
Franco Ceruti	Director
Rossella Locatelli	Director
Luciano Nebbia	Director
Bruno Picca	Director
Livia Pomodoro	Director
Maria Alessandra Stefanelli	Director
Guglielmo Weber	Director
Daniele Zamboni	Director
Maria Mazzarella	Director
Anna Gatti	Director
Andrea Sironi <sup>1</sup>	Director
Fabrizio Mosca	Director
Milena Teresa Motta	Director
Maria Cristina Zoppo	Director
Alberto Maria Pisani	Director
Corrado Gatti <sup>2</sup>	Director

The detailed composition of the Board is shown in Part III, Table No. 1, of the Report.

More comprehensive information on the personal and professional background of each Director is available in the documentation published on the Bank's website at the time of their appointment, and is attached to the slate filed by shareholders from which each elected Director was drawn. The Bank website ("Governance" section) provides brief biographical and professional notes on the Directors in office.

Art. 123-bis (2), (d)-bis, CLF In line with the Supervisory Provisions, for the purposes of appointing or co-opting the Directors, the Board of Directors identifies its optimal qualitative and quantitative composition, including, among other things, an adequate level of diversification of the members also in terms of age, gender, geographical origin and skills.

2.P.4. In this regard, the Articles of Association specify that the Board adopts the necessary measures to ensure that each Director and the Board as a whole are constantly adequate by degree of diversification, including in terms of experience, gender and international orientation, as well as competence, fairness, reputation, independence of mind and time commitment.

1.C.1. h) The Board currently in office was appointed in compliance with the indications regarding the Board's composition and diversity, provided by the outgoing Board at the time of the 2019 renewal as part of the document on the qualitative and quantitative composition of the Board of Directors, approved on 26 February 2019 following the outcome of the self-assessment process.

2.P.4. The document expressly required shareholders to ensure the widest possible gender diversity within the Board, the presence of adequate professional skills and diversification among the directors' age groups, as well as a wide range of knowledge and experience. With specific reference to the adequacy and diversity of the professional profiles required, the set of very good or distinctive expertise, knowledge and skills – with a very wide, medium-wide or limited

<sup>1</sup> Appointed by co-option on 2 December 2019 following the resignation tendered by Giovanni Gorno Tempini.

<sup>2</sup> On voluntary suspension as of 13 December 2019, he subsequently ceased from office, following his resignation, on 2 March 2020.

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distribution – considered appropriate to achieve the optimal qualitative composition of the new Board of Directors, was outlined in a "Skills Directory".

The characteristics declared by the Directors were assessed in May 2019 by the new Board of Directors as appropriately diversified and suitable to allow an adequate composition of the Board as well as a fairly balanced composition of the Board Committees.

2.C.3.

In relation to gender diversity, Intesa Sanpaolo guarantees full compliance with the gender quotas provided for by the regulations, as indicated above. Furthermore, in the current structure of the Board, the female gender is represented within all the Board Committees, reaches the majority of the members of the Committee for Transactions with Related Parties and has the chairmanship of the Risks Committee and the Nomination Committee.

More generally, with regard to gender diversity, Intesa Sanpaolo continued to be included in the 2020 Bloomberg Gender Equality Index (GEI), an index across all business sectors that evaluates the commitment and actions on the subject of gender equality of the leading listed companies at the global level. The analysis led to the inclusion in the index of 325 companies listed on the main world stock exchanges out of over 11,500 companies analysed belonging to 42 countries.

The annual self-assessment also showed that the guidelines set in terms of diversification have been followed.

In accordance with the provisions of the Articles of Association, the appointment procedure of Directors shall take place on the basis of slates of candidates prepared by Shareholders, in line with the regulations for listed companies.

Art. 123-bis (1), (l) CLF

The election system defined in the Articles of Association is based on a majority principle, moderated through the provision of a share of Directors and members of the Management Control Committee assigned on a proportional basis.

The mechanism put in place thus makes it possible to ensure adequate representation of minority shareholders within the Corporate Bodies, by submitting slates of candidates to the Shareholders' Meeting at the time of the renewal of the Board and, subsequently, also during the replacement of any outgoing Board Members.

The minority shareholders are thus given the option to appoint, within both the Board and the Management Control Committee, a number of Members well above that established by the law.

Such a solution creates a governance structure in line with international standards and enhances the election system by slates, provided for by Italian law, allowing the minorities to appoint Directors as well as members of the Management Control Committee.

In any event, the minority slate not connected with the majority shareholders that obtained the highest number of votes in the Shareholders' Meeting is assured the option to appoint, in addition to the Chairman of the Management Control Committee, also a second Member of the same Committee, in order to further strengthen the level of protection of the minorities within the control body.

The slates, containing a minimum of 2 to a maximum of 19 names, must be divided into two sections: the first section shall indicate the names of the candidates for the post of Director and the second the names of the candidates for the post of Director and member of the Management Control Committee.

For the purposes of the appointment, Board Members are drawn from the majority slate, except for 5 or 4 Directors based on the total number thereof. Specifically, three Directors are drawn from the majority slate to also take up the position of Management Control Committee members. Among the Board Members expressed by the minority slates, two are in any case reserved to the minority slate that obtained the second highest number of votes (first minority slate) and that has no connection with the majority, as laid down by the regulations. The first of said Directors is appointed Chairman of the Management Control Committee. The other Directors are drawn proportionately from slates other than the one that obtained the highest number of votes, it being understood to be included among these also the first minority slate, provided that such slates, taken as a whole, obtained votes at least equal to 10% of the ordinary share capital represented at the Shareholders' Meeting.

Where it is necessary to complete the composition of the Board upon the outcome of the proportional division, all the other additional Directors are drawn from the slate that obtained the most votes, until the exhaustion of the candidates present therein.

The appointment procedure ensures a Board composition in line with the requirements of professionalism, independence and gender balance.

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The Articles of Association contemplate a supplementary mechanism whereby a candidate not meeting the requirements is replaced by the candidate who meets the requirements and is drawn from the same slate as the excluded candidate. In the event whereby the candidates on the slates are not sufficient for that purpose or in any other case in which the established criteria do not make it possible to appoint all Directors in accordance with the necessary requirements, the completion of the structure is ensured by the Shareholders' Meeting with replacement procedures that enable to meet all necessary requirements.

If only one slate of candidates is submitted, the Board Members are chosen from that single slate, up to the number of candidates on that slate, drawing from the second section of the slate all the members of the Management Control Committee. In this case, the office of Chairman of the Committee is assigned to the candidate placed in first position in the ranking of the second section of the slate.

In the absence of slates, the Shareholders' Meeting elects the directors and the Management Control Committee members by relative majority of the capital represented at the Shareholders' Meeting, subject to compliance with the requirements established by the applicable regulations and the Articles of Association. In this case, the Shareholders' Meeting shall appoint the Chairman of the Committee concurrently with the appointment of the Committee members.

The Shareholders' Meeting elects the Chairman of the Board of Directors and one or more Deputy Chairpersons by relative majority.

For additional information on the appointment of Board Members, see the relative provisions of the Articles of Association.

#### *Term of office, replacement and removal*

Directors remain in office for three financial years until the date of the next Shareholders' Meeting called to approve the financial statements and the proposal for allocation of net income in accordance with Article 2364 of the Italian Civil Code and may be re-elected.

The term of office for the current Board Members covers the years 2019/2020/2021. All Board Members will end their tenure simultaneously on the date of the Shareholders' Meeting called pursuant to the aforementioned Article 2364 of the Italian Civil Code, in relation to the approval of the financial statements and the proposal for allocation of net income for 2021. The foregoing is without prejudice to the fact that the Director appointed by co-option by the Board of Directors on 2 December 2019 shall remain in office until the Shareholders' Meeting called to approve the 2019 financial statements.

In the event of a Director's termination of office, the Board of Directors, with the support of the Nomination Committee, may proceed with the replacement of the outgoing Director by co-option, in compliance with the requirements of the Articles of Association, provided that the majority continues to consist of Directors appointed by the Shareholders' Meeting.

If, on the contrary, a member of the Management Control Committee should leave his/her office, the co-option power shall not apply and the first unelected member from the second section of the slate to which the previous member belonged – in possession of the prescribed requirements – shall take up the position or, if the substitute thus identified fails to meet the requirements applicable by law, regulations or pursuant to the Articles of Association to the outgoing member, the latter shall be replaced by the subsequent unelected candidate to satisfy those requirements in the second section of the same slate. If, for whatever reason, it is impossible to proceed with the replacement on the basis of the above criteria, the member of the Management Control Committee who has left service shall be replaced by the Shareholders' Meeting, called without delay.

If the Chairman of the Committee leaves office, the second ranked member on the same slate as the outgoing Chairman becomes the new Chairman of the Committee.

The new members of the Management Control Committee and the members appointed by the Board by co-option shall hold office until the next Shareholders' Meeting.

The Shareholders' Meeting called for the appointment of a new Director to replace those who ceased to hold office shall proceed with the appointment in accordance with the principle of necessary representation of minorities, gender balance and the other requirements provided for by the applicable regulations and the Articles of Association.

All Directors and members of the Management Control Committee may be removed by the Shareholders' Meeting at all times, notwithstanding the Director's right to be indemnified if the removal occurs without just cause. However, considering the guarantee and control functions carried out by the Management Control Committee and pursuant to the Articles of Association, the proposal to remove

Art. 123-bis  
(1),  
(l) CLF



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one or more Committee members submitted to the Shareholders' Meeting by the Board or the same Committee must be duly substantiated and adopted with a more thorough decision-making procedure. The removal of a member of the Management Control Committee also entails that same member's removal from the Board.

#### *Chairman and Deputy Chairperson*

The Shareholders' Meeting held on 30 April 2019 elected by a relative majority the Chairman of the Board of Directors, Gian Maria Gros-Pietro, and a Deputy Chairperson, Paolo Andrea Colombo.

1.C.1. i)

The Chairman has a non-executive role and does not carry out, not even de facto, management functions.

2.P.5.  
2.P.6.

Under the governance model currently adopted and considering the duties assigned by the Articles of Association, as disciplined more extensively in the Regulations of the Board, the Chairman plays a leading role in the Bank, enhanced by distinguished authority and competence as well as time commitment.

3.C.2.

The Chairman oversees the work of the Board, organises and directs its activity and performs all the tasks set by the supervisory regulations.

In this context, the Chairman, among his various duties: i) promotes and supervises the actual operation of the corporate governance system, including with regards to internal and external communications, while also acting as liaison to the Board Committees on which he does not sit, and ensures the balance of power with particular reference to the delegated day-to-day management powers; ii) entertains the necessary and appropriate relations with the Managing Director; iii) requests and receives information also on specific aspects of the Company and the Group management and on business performance in general, also in terms of business outlook, in any event having access to all corporate functions to this end; iv) supervises relations with Shareholders, verifying that such relations are managed correctly, in agreement with the Managing Director; v) manages relations with the Supervisory Authorities.

In urgent cases, the Chairman or, in the case of his absence or impediment, the Deputy Chairperson or the eldest Director, following a binding proposal of the Managing Director, may take resolutions on any matters within the powers of the Board of Directors, with the exception of the strategic matters or those which may not be delegated and are solely within the powers of the Board itself.

At the meeting held on 2 May 2019, the Board of Directors invited Prof. Giovanni Bazoli to continue his collaboration to perform equivalent duties to those attributed to him with the role of Chairman Emeritus, stating that the Chairman and the Managing Director may consult him in relation to some institutional issues and with specific reference to the culture and artistic heritage sector.

#### *Managing Director*

The Board of Directors shall elect, with a qualified majority, from among its members, except for the Chairman of the same Board, the members of the Management Control Committee and the minimum number of Independent Directors, a Managing Director vested with the powers related to the Company's day-to-day management.

Art. 123-bis  
(2), (d) CLF  
2.P.1.  
2.C.1.  
3.C.2.

The Board of Directors' meeting held on 2 May 2019, in continuity with the previous mandate, unanimously confirmed the appointment of Carlo Messina as Managing Director and CEO, who is granted the necessary and appropriate powers to ensure consistency to day-to-day management, in implementation of the guidelines decided by the Board.

The Managing Director is the Chief Executive Officer and General Manager and supervises the company's management to the extent of his/her assigned powers, in compliance with the general planning and strategic guidelines set forth by the Board. He/she is responsible for personnel management and determines operational directives. Within the scope of the duties assigned, he/she shall be vested with powers of proposal for the resolutions of the Board, notwithstanding in any case the right to propose of any other Director and the powers typically within the remit of the Board Committees, as defined by the applicable regulations and the Articles of Association.

2.C.6.

The Managing Director shall implement the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, the Risk Appetite Framework and the risk governance policies defined by the Board.

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He/she shall also ensure that the organisational, management and accounting structure as well as the internal control system are appropriate to the nature and size of the company and suited to furnishing a proper representation of operations.

In performing his/her functions, the Managing Director relies first and foremost on support from the Steering Committee and then the other Managerial Committees, reference to which is made in a specific paragraph below.

In urgent cases, the Managing Director may propose the Chairman to take resolutions on all matters pertaining to the Board (except for strategic matters or those that cannot be delegated); still in urgent cases and on an exclusive basis, he/she shall take resolutions on lending matters.

In the event of absence or impediment of the Managing Director, the powers belonging to the same as General Manager are exercised with the joint signatures of the Chief Financial Officer and the Chief Governance Officer.

5.C.2. The general guidelines of the processes, rules and methodologies relating to the succession of the Group's main managerial positions are set out within the Group's "Strategic Succession Planning", approved by the Board of Directors and drawn up with the support of a leading consultancy firm.

With reference to the succession plans for the Managing Director and the General Manager, the Board of Directors has assigned to the Nomination Committee the task of supporting it, in coordination with the Chairman, in the definition of the related process. This process has been incorporated into the internal regulations adopted by the Board on the assessment of the suitability requirements for office and of the overall adequacy of the Body.

### **Suitability requirements**

In order to ensure the sound and prudent management of the Company and the proper functioning of the Board of Directors as a whole, the Board Members must meet the suitability requirements for the office as established by the applicable regulations and the Articles of Association.

2.P.1. Specifically, Board Members must meet the professionalism and integrity requirements and comply with the criteria of competence, fairness and time commitment, and the specific limitation of directorships laid down by the applicable regulations and in any event those provided for by the so-called CRD IV Directive, for the performance of the office of director of a bank issuing shares listed in regulated markets, and the prohibition of interlocking directorates established by Article 36 of Italian Law Decree No. 201/2011, converted by Law No. 214/2011.

Moreover, taking into account the chosen corporate governance model and the specific characteristics of the Bank in terms of size and operations, the Articles of Association set out specific additional requirements for Board Members and particularly for members of the Management Control Committee (reference is made to the next chapter dedicated to this Body).

The suitability requirements for the exercise of the office laid down by the applicable regulations and the Articles of Association for the Board Members must be verified within 30 days of the appointment and must be subject to specific continuous monitoring.

Specifically, the Board assesses the suitability requirements for the office of all Directors, except for the members of the Management Control Committee, who are assessed by the same Committee.

Where appropriate, the Board proposes the revocation or declares the disqualification or suspension of any Directors who are unable to prove that they meet the established requirements, in the cases provided for in applicable regulations. For the members of the Management Control Committee, any declaration of disqualification is pronounced by the same Committee.

The assessment of suitability carried out by the Board is subject to a specific supervisory power by the Banking Supervisory Authority.

It is recalled that the regulations on the suitability requirements for the office of board members and general managers of banks were reviewed by Italian Legislative Decree No. 72/2015, issued in implementation of the so-called CRD IV Directive, which mandated the definition of the enforcement provisions to new ministerial regulations not yet enacted.

In this regard, the EBA, the ESMA and the European Central Bank have provided precise details about the requirements that must be met by Directors in terms of integrity, competence, independence and

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time commitment (Guidelines on the assessment of the suitability of members of the management body and key function holders of banks and financial intermediaries, issued in 2017 and the ECB's Guide to fit and proper assessments, most recently updated in May 2018).

Additional conditions for undertaking the office and for assessing the suitability of the members of the Corporate Bodies were also defined by the Supervisory Provisions on corporate governance. Taking into account the guidelines of the Regulatory and Supervisory Authorities, the Board of Directors has adopted specific criteria and rules for investigating and assessing the suitability requirements for the office of Board Members and the overall adequacy of the Board.

Each Director is required to submit to the Board of Directors the declarations and documentation proving that he/she meets the suitability requirements and the absence of grounds for incompatibility, and to communicate any changes.

The Board, following the outcome of the renewal of the Bodies, successfully conducted the process of assessment of all the suitability requirements for the office in May 2019 and also assessed the overall compliance of the qualitative and quantitative composition of the Board itself with the recommendations provided by the outgoing Board of Directors (see document published on the Bank's website at the time of the appointment of the Bodies currently in office).

The assessment of Board Members' requirements was also renewed at the time of this Report.

A similar positive assessment was conducted by the Management Control Committee for the requirements of its members both upon the outcome of the Bodies' renewal and during the annual self-assessment.

Below is a brief description of the details of the suitability requirements provided for the office of Directors.

#### *Integrity requirements, and reputation and fairness criteria*

The Board of Directors has confirmed that all Directors meet the integrity requirements set forth for bank board members and general managers by the Regulation adopted by Italian Ministerial Decree No. 161/1998, as well as those set forth for members of the Board of Statutory Auditors of listed companies by the Regulation adopted by Italian Ministerial Decree No. 162/2000.

Loss of the requirements leads to disqualification from office.

The regulations also set forth specific causes of suspension from office. Both the disqualification and the suspension must be declared by the Board within thirty days of the appointment or the discovery of the shortcoming.

Some sanctions against board members and general managers may also lead to the temporary loss of the integrity requirement (for example, ancillary sanctions due to breaches of regulations governing market abuse).

In addition to the integrity requirements, board members and general managers are required to meet reputation and fairness criteria in personal and professional conduct, in order to ensure the sound and prudent management of the Bank and the Banking Group, in line with the applicable Supervisory Guidelines. The more general requirement of good reputation, honesty and integrity is relevant for this purpose.

#### *Professionalism requirements and competence criteria*

All Board Members must meet the professionalism requirements set forth for members of the board of directors of banks by the Regulation adopted by Italian Ministerial Decree No. 161/1998, gained for at least three years. Specific requirements are provided for the Chairman and for the Managing Director.

Loss of the professionalism requirements leads to disqualification from office.

Furthermore, pursuant to the Articles of Association, at least four members shall be enrolled with the Register of Statutory Auditors and have practised as auditors or acted as member of a limited company control body for a period of at least three years; the effects of the loss of the requirements are also governed in Articles of Association.

Additional requirements are set forth by the Articles of Association for members of the Management Control Committee, to which reference is made in the dedicated chapter.

1.C.1. g)  
1.C.1. h)

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In addition to the professionalism requirements, the Directors must meet the competence criteria aimed at proving their suitability to assume the office, taking into account the duties inherent to the role held and the Bank's characteristics, size and operations.

#### *Board induction*

2.C.2. The Board of Directors, with the support of the Nomination Committee, ensures the implementation of the induction plans aimed at its members. In this context, following the Chairman's indications and on the basis of the outcomes of the self-assessments, the Bank promotes Board Members' participation in initiatives aimed at providing them with an increasing degree of knowledge of the sector of activity of the Bank and the Group, company dynamics and their development, the principles of sound risk management and the regulatory and self-regulatory environment of reference, and in formal and informal meetings aimed at a further review of strategic matters ("ongoing-induction"). Furthermore, dedicated sessions were reserved to newly appointed Board Members ("onboarding").

The induction plans are drawn up periodically following (i) the first assessment carried out after appointment and (ii) the self-assessment carried out annually by the Board of Directors. In any event, Directors are assured the possibility to making individual requests for training in a specific area, whenever they consider it necessary.

During the annual self-assessment, the Board, with the support of the Nomination Committee, expresses its opinion on the implementation and quality of the past induction plan, also with a view to helping refine the process and strengthen the quality of training.

The induction sessions are organised and suitably structured: Directors are formally invited by the Chairman to take part, they are provided in advance with the relevant documentation and are given the option to connect via videoconference if they are unable to attend in person.

In 2019 and up to the approval of this Report, 6 induction sessions were held to allow Directors to examine and discuss the various aspects of the Bank's and Group's business, the regulatory framework of reference and the duties and responsibilities of their office. The induction sessions covered the following issues, among others:

- incorporation of Banca IMI into the Parent Company - project information note
- meeting with the Chief Lending Officer (presentation of project activities and initiatives)
- insights into the IT area with the Chief IT, Digital and Innovation Officer
- Intesa Sanpaolo internal models for the purposes of calculation of capital and Pillar 2 requirements
- IDD regulations on insurance brokerage
- evolution of US regulations
- Innovation Center focus.

Furthermore, in the same period, 10 onboarding sessions were held for newly appointed Directors with reference to the following topics: Intesa Sanpaolo Group governance, 2018-2021 Business Plan and 2019 Budget, budget and tax issues, ICAAP/ILAAP and Group Capital Plan – Basel III, Internal Control System, remuneration and incentive policies, 2018-2021 Group NPL Plan, IT Plan, Cybersecurity, Innovation and Data/Artificial Intelligence, Risk Appetite Framework and Risk Management Policies, Relations with Supervisors (SSM - SRM).

Finally, in order to promote better understanding of the reference corporate and regulatory environment and its evolution, a collection of governance documents, regulatory references, key correspondence with the Supervisory Authorities, financial reports and any additional documentation conducive to the performance of their duties is made available to Directors – and regularly updated – through a dedicated IT platform.

#### *Independence requirements: Independent Directors*

All the Board Members act with independence of mind and awareness of the duties and rights inherent to the office, in the interest of the sound and prudent management of the Bank and in compliance with the law and any other applicable regulations.

3.P.1  
3.C.3 Under the Articles of Association, at least two thirds of the Directors must meet the independence requirements established in the Articles of Association.

To this end, Intesa Sanpaolo has chosen to adopt, in the Articles of Association, a particularly strict independence requirement thereby providing that Independent Directors meet both the conditions required by Article 3 of the Corporate Governance Code and the independence requirements provided

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for statutory auditors by Article 148, third paragraph, of the Consolidated Law on Finance, where they set out more restrictive conditions.

The choice enshrined in the Articles of Association to provide for such a large number of Independent Directors reflects the great value that the Bank recognises to the role played by such Directors and helps to ensure a composition of the Board Committees that is in line with the best international practices. In particular, both the Management Control Committee and the Committee for Transactions with Related Parties and Associated Entities are entirely composed of Independent Directors, whereas the majority of independent members is provided for the other Committees. In addition, according to the Articles of Association, the chairmanship of the Committees is always entrusted to Independent Directors.

Upon acceptance of the office, 14 Directors declared that they met the independence requirements laid down by the Articles of Association. The Board of Directors proceeded to verify the independence requirements following the appointment of the 14 Directors concerned, thereby announcing the outcome of the assessment in a press release. This assessment was renewed positively at the time of the approval of this Report, based on the statements made by the parties concerned, the information available to the Bank, as well as the criteria adopted by the Board and updated in December 2018, to evaluate the relevance of the financial, professional and commercial relations entertained by the directors with the Intesa Sanpaolo Group.

3.P.2.  
3.C.1.  
3.C.4.

In order to fully appreciate the relevance of a financial relationship with the Intesa Sanpaolo Group, specific relevance indicators were envisaged in relation to:

- i. the amount of the shareholding in the capital of Intesa Sanpaolo or another subsidiary;
- ii. the amount of the shareholding of a company belonging to the Intesa Sanpaolo Group in the capital of the company in question;
- iii. the extent of the nominal credit exposure;
- iv. the rating assigned to the customer based on the corporate rules.

The indicators differ according to the degree of proximity of the relationship to the Director (direct relationships, with subsidiaries, with companies in which significant offices are held); upon exceeding monitoring and attention thresholds, they are integrated with additional weighting criteria for each exposure according to the risks present therein and the position with respect to the system, as detailed in the specific internal regulations adopted by the Board.

For the assessment of the relevance of a business or professional relationship with Intesa Sanpaolo or another subsidiary, the Board of Directors considers the total amount of annual turnover deriving from relationships with companies of the Intesa Sanpaolo Group, as the main relevance indicator for the relationship.

For all the relationships indicated, when specific pre-set thresholds are exceeded, the Board of Directors may assign different areas of assessment, taking into account further specific characteristic profiles of the relationship. For each assessment area, a risk control measure of increasing intensity or a reasoned assessment of the continued satisfaction of the independence requirement is envisaged.

The Board also takes into account the relevance of other situations that may be useful to the assessment of the financial, business and professional relationships held by the Directors with the Intesa Sanpaolo Group. These situations concern:

- a) the presence of disputes that have given rise to legal proceedings between the Director and the Bank or other Group companies;
- b) performance by the Director of joint venture activities with the Bank or other Group companies.

The situations indicated are assessed in the presence of specific materiality thresholds.

In this regard it is noted that, at the date of approval of this Report, the following 14 Directors were found to be in possession of the independence requirements laid down by the Articles of Association: Paolo Andrea Colombo, Andrea Sironi, Rossella Locatelli, Livia Pomodoro, Maria Alessandra Stefanelli, Guglielmo Weber, Daniele Zamboni, Maria Mazzarella, Anna Gatti, Fabrizio Mosca, Milena Teresa Motta, Maria Cristina Zoppo, Alberto Maria Pisani, Corrado Gatti.

The members of the Management Control Committee, also acting as members of the Board, positively assessed the correct implementation of the criteria and procedures adopted by the Board of Directors to evaluate the independence of the aforesaid 14 Directors.

3.C.5.

The Articles of Association govern the effects of the loss of the independence requirements. In particular, the loss of the requirement in the case of a Director, who is not a member of the Management Control Committee, does not result in his/her disqualification if the minimum number of Directors in possession of the necessary requirements is complied with. However, this is without

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prejudice to the termination of those offices for which said requirement is mandatory under applicable regulations or the Articles of Association.

- 3.C.6. The Regulations of the Board envisage the option that at least once a year the Independent Directors should meet in the absence of the other members. In 2019 and until the date of approval of this Report, the Independent Directors met once. The meetings are chaired by Independent Director Livia Pomodoro, who shall also call the meetings, take care of the minutes and report to the Board at its next meeting. The appointment of a lead independent director has not been envisaged.
- 2.C.4.  
2.C.5.

#### *Grounds for incompatibility*

The Directors are subject to the grounds for incompatibility provided for by the regulations on public employment (Article 53 of Italian Legislative Decree No. 165/2001) and other grounds for incompatibility provided for by law.

#### *Management or control positions of Directors and time commitment*

- 1.C.2. Each Director is responsible for examining and assessing the conditions which enable him/her to perform his/her duties diligently and dedicating the time necessary, also with regard to membership of Board Committees.

The members of the Corporate Bodies are required to devote sufficient time to the performance of their office at the Bank and to confirm this availability in writing.

- 1.C.3. The Articles of Association of Intesa Sanpaolo incorporate the guidelines provided for by the so-called CRD IV Directive concerning limitation of directorships, designed to ensure maximum time commitment to the office held.

The Directors may thus concurrently hold only one of the following combinations of directorship offices:

- a) one executive directorship with two non-executive directorships;
- b) four non-executive directorships.

To this end, the following shall be considered as one single directorship:

- a) executive or non-executive directorships held within the same Group;
- b) executive and non-executive directorship held within: (i) institutions which are members of the same institutional protection scheme provided that the conditions set forth by Article 113, paragraph 7, of the so-called CRR Regulation are fulfilled or (ii) undertakings (including non-financial entities) in which the institution holds a qualifying investment.

- 1.C.2. Furthermore, by virtue of the regulations on interlocking directorates (Article 36 of Italian Law Decree No. 201/2011, converted into Law No. 214/2011), Directors cannot accept or exercise offices in the management, supervisory or control bodies of competing companies or groups of companies operating in the credit, insurance or financial markets.

The Directors holding offices that are covered by the prohibition must inform the Board of the option exercised within 90 days of their appointment. If the option is not exercised by said deadline, the Director in question is required to confirm to the Board that the offices held do not give rise to situations of incompatibility pursuant to the abovementioned Article 36, stating the reasons in detail.

Directors are required to confirm each year that they do not hold offices in the management, supervisory or control bodies of competing companies or groups of companies, to allow the plenary meeting of the Board to perform its annual assessment. The assessment was concluded with a positive outcome also with reference to the 2019 financial year at the time of approval of this Report.

- 1.C.2. Directors are required to inform the Bank of any office accepted in other companies and entities. In Part III of this Report, in compliance with the Corporate Governance Code, Table No. 1 indicates the number of other management and control offices that Directors have reported as held in other companies listed on regulated markets (also abroad), in financial, banking, insurance or large companies, while Table No. 2 provides the list of such offices.

- 1.C.4. For the sake of completeness, finally it is specified that the Directors cannot act in the capacity of general partners in competing companies, or engage themselves in a competing business on their own account or that of third parties, or take the office of directors or general managers in competing companies, unless authorised by the Shareholders' Meeting (Article 2390 of the Italian Civil Code).

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It should be noted that the Board of Directors, in the context of the document on the optimal qualitative and quantitative composition of February 2019, quantified and disclosed the minimum time required for the performance of the various offices within the same Board.

Taking these indications into account, all the Directors have consistently confirmed the required availability, both upon the outcome of the appointment and during the annual self-assessment, having regard to the overall number of offices held and the professional activities performed.

## Conflicts of interest

### *Introduction*

The Intesa Sanpaolo Group has adopted special measures to manage possible conflicts of interest arising from the close connections that some parties and entities may have with company decision-makers.

The set of rules and measures taken is aimed at ensuring that the transactions entered into by the Group are carried out transparently and in line with the substantial and procedural fairness criteria and in compliance with the principle of sound and prudent management, in line with corporate law, banking supervisory regulations and Consob provisions.

The management and control measures for potential conflicts of interest in place to safeguard the Bank's and the Group's capital are described below.

2.P.2.

### *Interests of Directors*

In line with the provisions of Article 2391 of the Italian Civil Code, each Director is required to promptly inform the other Directors and the Control Body of any personal interests held or interests held on behalf of third parties, with reference to a specific corporate transaction subject to the attention of the Board of Directors, specifying the nature, terms, origin and extent of the interests and, in accordance with the provision laid down by Article 53, paragraph 4, of the Consolidated Law on Banking, to refrain from voting on resolutions where he/she has a conflict of interest on his/her own behalf or on behalf of third parties.

In such cases, the resolution of the Board in favour of the transaction shall adequately justify the reasons and convenience thereof for the Company.

8.C.5.

The Board has always exclusive jurisdiction over decisions regarding transactions in which the Managing Director possesses an interest on his own account or through a third party and must therefore abstain from the decision, entrusting the Board as per Article 2391 of the Italian Civil Code.

In this regard, the Board has adopted a policy for the management of Directors' situations of interest.

In addition, in accordance with the provisions of the Group's Code of Conduct and the RPT Procedures (see paragraph below), all board members, general managers, employees and other staff in the performance of their respective duties are to abstain from taking decisions and engaging in activities contrary to, or in conflict with, the interests of the Company and/or the Group, or otherwise incompatible with their duties.

The above is in any event subject to the implementation of the special decision-making procedure set forth in Article 136 of the Consolidated Law on Banking and the regulations regarding transactions with related parties and associated entities, whenever the specific conditions exist.

### *Transactions with related parties and associated entities and obligations of Board Members and General Managers of the Bank*

The RPT Procedures take into account both the regulations issued by Consob, pursuant to Article 2391-bis of the Italian Civil Code, and the Supervisory Provisions implementing Article 53, paragraph 4 et seq., of the Consolidated Law on Banking, and, in addition, the rules laid down by Article 136 of the Consolidated Law on Banking.

The Procedures, the full text of which is available on the Bank's website ("Governance"/"Corporate Documents"), apply to the entire Intesa Sanpaolo Group and govern the dealings with related parties of Intesa Sanpaolo and associated entities of the Intesa Sanpaolo Group with respect to the following aspects:

- the criteria for identifying related parties and associated entities;

- the process of analysis, decision-making and information to the Corporate Bodies on transactions executed with related parties and associated entities with an important role of the Independent Directors' Committee within the Board of Directors;
- market disclosure for transactions with related parties;
- the prudential limits and obligations for periodic reporting to the Bank of Italy for assets at risk in relation to associated entities;
- the rules governing organisational controls and safeguards;
- the general rules for disclosure and abstention for the management of the personal interests of board members, general managers, employees and other staff, including other than associated entities.

As a form of self-regulation, the Bank has extended the regulations in terms of transactions with related parties, as well as those on risk assets and conflicts of interest with respect to associated entities within a wider scope than that required by the regulations.

A more detailed description of the Group procedures is provided in Part H of the Notes to the separate and consolidated financial statements, available on the Bank's website.

The Procedures also govern operations with Directors and parties associated to them pursuant to Article 136 of the Consolidated Law on Banking. This rule requires the adoption of a more thorough decision-making procedure (unanimous decision by the Board excluding the vote of the Director concerned, and the favourable vote of the Management Control Committee members) in order to allow the Directors to undertake obligations, directly or indirectly, with the Bank.

### **The Board of Directors' self-assessment**

1.C.1.  
g) and i)

In May 2019, the Board of Directors assessed the adequacy of its own qualitative and quantitative composition, also taking into account the recommendations formulated by the outgoing Board, published on the Bank's website on the occasion of the renewal of the Bodies.

In February 2020, the Board also conducted the annual self-assessment of the composition, performance, conduct and dynamics characterising the Body and the Board Committees.

A similar self-assessment was carried out by the Management Control Committee, to which reference is made in the relevant paragraph.

The self-assessment process was performed in accordance with the provisions of the Regulations on the self-assessment process, adopted in implementation of the Supervisory Provisions on corporate governance, as well as in consideration of the recommendations of the Corporate Governance Code.

Self-assessment of the Board was performed with the professional assistance of Crisci & Partners, expert consulting firm which has supported the Bank in the board review process since 2015. This company was deemed to possess the requirements of neutrality, objectivity, competence and independence envisaged by the Regulations. With regard to the independence profile, it is specified that Crisci & Partners has not recently had economic dealings with the Bank and/or Group companies, except for the assignments granted to the company for its assistance with the processing of the guidelines on the Board of Directors' qualitative and quantitative composition, the self-assessment process of the Corporate Bodies and the drawing up of the Regulations on the self-assessment processes of the same.

Pursuant to the provisions of the Regulations, Crisci & Partners assisted the Board of Directors in the following phases of the self-assessment process:

- Information collection: information was collected on the qualitative-quantitative composition and functioning of the Body. According to the aspects considered, this stage involved the collection of information already available to the Bank, as well as through questionnaires and individual interviews.
- Data processing: the information collected during the previous stage was analysed and consolidated, taking care to ensure the anonymity of the Directors.
- Preparation of process results: Crisci & Partners, after discussion with the Nomination Committee on the results of the data processing, and having shared said results on a collective basis, formalised the self-assessment results in the document "Results of the Self-assessment of the Board of Directors and of the Board Committees – Financial Year 2019", which summarises the methods used and results achieved.



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The self-assessments were carried out based on questionnaires and individual interviews conducted between 19 November and 5 December 2019.

Before conducting the interviews, the consultants of Crisci & Partners in charge of carrying them out carefully read all the minutes of the Board of Directors' meetings, including the pre-meeting documentation, as well as all the agendas and a large sample of the minutes of the meetings for the same year relating to the Board Committees, including the pre-committee documentation, in order to become acquainted with, and examine, the issues dealt with during the year, the comments expressing the diversified skills within the Board and the discussions held.

The questionnaire and interviews, in line with the approach adopted in the board review of the last few years, focused on various areas regarding the composition and operations of the Board and the Board Committees.

The main aspects subject to assessment regarded the adequacy of the following:

- professional skills, in terms of knowledge, experience and competence, of the Board as a whole;
- composition and balancing of roles within the Body, notably, diversity in terms of age, gender and seniority of service;
- existence and adequacy of succession plans in top executive positions;
- frequency and quality of induction meetings;
- operation of the Management Body as a whole;
- organisation of meetings in terms of frequency, topics discussed, duration, Board attendance and participation methods;
- role of the Chairman and the Chief Executive Officer;
- composition, operation and quality of the discussion of the individual Board Committees.

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The results of the self-assessment process of the Intesa Sanpaolo Board and Board Committees highlighted the following main aspects:

- the Board of Directors, elected by the Shareholders' Meeting of 30 April 2019, was renewed by carefully refreshing the composition of the previous Board, reconfirming and consolidating and, in part, (with the entry of 6 newly appointed directors, 5 of which independent) renewing and expanding the necessary and appropriate professionalism – knowledge, experience and skills – for the new mandate;
- attention was paid to ensure continuity to the level of independence and balance brought to the Board by Non-Executive and Independent Directors. The new Board assesses the balance of the appointed Independent Directors as excellent, perceiving the full/high intellectual independence thereof;
- the professional skills as a whole are assessed as appropriate and the Directors have integrated themselves productively both in the work of the Board and in the Board's dynamics and discussions, as well as in the work and interactions with management;
- the on-boarding activity of the new Directors carried out to aid and accelerate their entry and acquisition of the role within the Board has achieved excellent results, and the induction addressed to all the Directors is evaluated very positively;
- the assessments of the interpretation and performance of the role and functioning of the Board are high; the Board is supported by processes, procedures, operating standards and corporate functions that are frequently of excellence and submits a high self-assessment at the level of operations, functionality and performance; the Board does a significant amount of work and meets with a high frequency, thereby promoting interaction between the Directors at excellent levels;
- the composition of the Committees is assessed as very appropriate; the opinions issued are very adequate and the interaction with the Board and management is open, frequent and constructive;
- the information flows among all the Bodies are excellent in terms of structure, timeliness and continuity;
- the roles of the Chairman and the Managing Director and CEO are highly valued and appreciated;
- the quality and support provided by the Secretariat are excellent.

In light of the findings that emerged during the dialogue between the external consultant and the Directors, some practices worthy of being developed were identified, including:

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- a reflection on the opportunity to extend on-boarding in the future also with reference to the Committees and on the possibility of involving external teachers for certain areas of the induction sessions;
  - a more accurate time management of the Bodies' meetings, considering the high number and duration thereof.

## Operation of the Board of Directors

### *Calling of meetings*

1.P.1. The Board of Directors is called by the Chairman whenever deemed useful or necessary, or when a written request is made by the Managing Director or by at least two Directors, thereby specifying the agenda items to be dealt with; subject to prior notification to the Chairman, the Board may also be called by the Management Control Committee or by its members, including individually.

Art. 123-bis (2), (d) CLF

The Board shall appoint a Secretary who provides support to the Chairman and the Board in exercising their respective duties, arranging all matters necessary to the overall operations of the Board. The Chairman, upon calling the Board meeting, sets the agenda, also taking into account any requests formulated by the Directors, including individually, and ensuring prioritisation of matters of strategic importance. At the meeting held on 2 May 2019, the Board appointed the head of the Corporate Bodies and Corporate Affairs Department as Secretary.

The notice of call, containing the agenda of matters to be discussed, shall be sent to the Directors at least four days before the date set for the meeting, by any suitable means to provide proof of receipt thereof. In particularly urgent cases, the meeting may be called by giving a twenty-four hours' notice. In any event, a Board meeting shall be deemed to be validly constituted when, even in the absence of a formal call, it is attended by all Directors.

Agenda items are grouped by topic areas, in order to ensure their orderly discussion. An indication is also given of whether the item will be subject to resolution or examined merely for information purposes.

The Board meets alternatively at the Torino registered office and at the Milano secondary registered office or, exceptionally, at another venue in Italy. The Articles of Association also permit the holding of valid Board meetings through remote connection systems, provided that the identity of those attending can be verified and that all are able to follow discussions and intervene in real time with regard to the matters on the agenda as well as to view, receive and transmit documents. In such cases, at least the Chairman and the Secretary must be physically present at the venue officially designated as that in which the Board meeting is deemed to have taken place.

### *Reports to Directors*

1.C.5. The Chairman, aided by the Secretary where necessary, ensures that documentation relating to items on the agenda is brought to the attention of all Directors in accordance with criteria of completeness and suitably in advance with respect to the meeting date.

1.P.2. 1.C.5. Normally, the documentation regarding the agenda is distributed four business days prior to the meeting in order to allow each Director to inform himself or herself of each agenda item appropriately, and thus to perform his or her duties with awareness, as well as to contribute to adopt informed resolutions on the agenda items; documentation for information purposes only can also be sent after this deadline.

The documentation made available to the Directors must include everything that is necessary, useful and adequate, in quantitative and qualitative terms, to the subject matter to be discussed.

Where the matters subject to the resolution of the Board must be submitted in advance to the Board Committees, the Chairman ensures that the documentation is made available to them in the manner and timing indicated in the specific Regulations; subsequently he ensures that the documentation in support of the Board's activities includes the opinions or any proposals formulated, on the basis of the records of the minutes of each Committee. The documentation made available to the members of a Committee appointed by the Board for the conduct of the related activities shall also be made available to the other Directors.

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If the documentation contains price-sensitive elements, the proposing structure indicates the assessments performed to guarantee correct processing of the sensitive data and prompt compliance with disclosure obligations envisaged by law.

1.C.1. j)

Proposals to the Board are first presented to the Chairman in order to enable the latter an appropriate assessment of the issues to be placed on the agenda and the adequacy of the information provided to the Directors.

Particularly lengthy or complex documentation is accompanied by an executive summary recapping the most significant points of relevance for resolutions, without prejudice to the fact that such document is in no way considered a replacement for the complete documentation sent to Directors.

Directors undertake to observe the Bank's internal procedures in order to ensure absolute confidentiality of the documentation that is made available to them for the purpose of their decisions.

Normally, Board Members consult the foregoing documentation via a dedicated IT platform, which is managed by the Board of Directors' secretariat. Directors who intend to access the documentation by other methods must be authorised in advance by the Chairman, who may refuse authorisation if he believes that the requested access methods may jeopardise the confidentiality thereof.

If, in entirely exceptional situations, the Chairman considers it appropriate given the confidential topic, or if there are other justified reasons for which the documentation cannot be made available in advance, it may be provided directly at the meeting, specifying its nature as additional material. In such cases the Chairman shall verify compliance with the principles of completeness and adequacy of the information on the agenda items for all Board Members and ensure that all adequate in-depth analyses are conducted during the meeting; the Board Members, in any event, have the right to request any clarification, further details or additional information considered necessary or appropriate for a correct assessment of the topics.

In any event, the Board documentation is kept – remaining available to Board Members – on the dedicated IT platform, as well as at the secretariat of the Board of Directors.

#### *Conduct of meetings and the decision-making process*

The meeting of the Board of Directors is duly held if the majority of its members in office are in attendance.

The Chairman chairs the meetings and coordinates discussions, ensuring adequate space is given to the discussion of each topic on the agenda, giving priority to key strategic issues and ensuring that the necessary amount of time is dedicated to them in order to guarantee a constructive debate. The Chairman invites the Directors to provide their own contributions and endeavours in a neutral way so that the resolutions taken by the Board are the result of a proper debate, in particular between the Managing Director and the other Directors, and of the informed and reasoned contribution of all its members. In any case, the meeting must ensure the full and exhaustive discussion of each item and special attention to the content of the documents that could not be made available in advance.

The Chairman of each of the Board Committees shall report on the activities carried out by the Committee on matters within its its remit under discussion, thereby giving account, where appropriate, of the opinion issued or proposal formulated by the Committee in relation to the decision to be taken.

Directors actively participate in board discussions, contribute to discussions based on their respective skills and knowledge, and analyse the various topics from different viewpoints, contributing to achieving a reasoned decision-making process and to reaching jointly considered board resolutions. Without prejudice to the prerogatives of the Managing Director or – where expressly so provided – the Committees, each Director may formulate proposals or motions regarding the items on the agenda to the Board of Directors.

2.P.2.  
2.P.3.

According to the subject matter to be discussed, the Board of Directors may, for tasks within their purview and in view of the need for further information, admit to its meetings employees and/or board members and general managers of the Bank or Group, advisors or external experts of the same Bank or other internal or external parties whose presence is nonetheless deemed an aid to better

1.C.6.

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performance of the Board's duties. The Chief Governance Officer and the Head of the Corporate Bodies and Corporate Affairs Head Office Department attend the Board meetings.

Such direct management participation in the Board's work allows the Directors to obtain clarification and additional information on items on the agenda and proves to be particularly important in encouraging adequate contribution and involvement of Corporate Structures in the decision-making process. The Board meetings held during 2019 were regularly attended by Executives of the Bank and the Group companies, as well as by the Heads of the relevant corporate functions according to the items dealt with from time to time.

The Board normally resolves by absolute majority vote of those in attendance; in the event of a tie, the Board member in the Chair shall have the casting vote. Resolutions concerning the appointment, removal of the Managing Director, the assignment, modification or revocation of his powers and the determination of his remuneration, the replacement of outgoing Directors by co-option, the proposed revocation of the members of the Management Control Committee, the appointment and removal of the Manager responsible for preparing the Company's financial reports are adopted by the favourable vote of the majority of members in office.

The Chairman, with the assistance of the Secretary, oversees the preparation of the minutes of the meetings – except when the minutes are drawn up by a Notary pursuant to the law – ensuring the transcription in the appropriate mandatory corporate registers and their storage, including for consultation purposes, at the secretariat of the Board of Directors.

The minutes illustrate in a complete and detailed manner the Board discussion and the decision-making process as well as the underlying reasons for such decisions.

Each Director has the right to ensure that the minutes include a note of any vote against or abstention and the related reasons.

Resolutions made by the Board on the agenda items are sent by the secretariat to the Corporate Structures involved, to ensure timely information or subsequent implementation within the Bank or Group.

#### *Frequency of meetings and Director attendance*

1.C.1. i)  
1. P. 1.

Pursuant to the Articles of Association, meetings of the Board of Directors are held at least once a month. In actual facts, the Board meets on a regular basis, normally twice a month. This frequency has allowed a suitable number of items to be included in the meeting agenda, along with proper discussion and constructive debate.

In 2019 the Board held 25 meetings, 18 of which upon the outcome of the Body's renewal. As in the past, the Directors' attendance at the meetings was constant and was equal to 98% with reference to the Board currently in office while, as regards the Board in office until 30 April 2019, an absence was recorded only on one occasion. In particular, as regards the Board currently in office, the attendance of each Director at the meetings was equal to 100% for 16 Directors and 89% for 1 Director; Director Corrado Gatti attended 89% of the meetings considering the absences due to his voluntary suspension. In addition, Director Sironi attended 100% of the meetings following his co-option by the Board of Directors, while Director Gorno Tempini attended 86% of the meetings preceding his resignation. For details on the Directors' attendance, see Summary Table No. 1.

This attendance in the Board meetings ensured the systematic contribution of all members to the management of Group and Bank business, thereby allowing the Bank to make full use of the professional skills represented.

For all Directors, the overall commitment consists of the activities associated with the meetings (study of documentation on items on the agenda, meeting preparation, talks and requests for information, etc.) and the activities related to participation in Board Committees.

The Board meetings lasted an average of 3 hours and 55 minutes, a duration considered adequate to meet the need for thorough development and discussion of matters on the agenda, also in view of the appropriate meeting and pre-meeting information, and the number of meetings held.

In 2020, as at the date of approval of this Report, the Board has held 4 meetings. The Company's 2020 financial calendar – announced to the market (and made available on the website) in January 2020 in compliance with the Borsa Italiana Regulations – indicates the following dates: 5 May for the approval

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of the Interim Statement as at 31 March 2020, 4 August for the approval of the Half-yearly Report as at 30 June 2020 and 3 November for the approval of the Interim Statement as at 30 September 2020.

*Corporate Bodies and Corporate Affairs Department*

In support of the activity of the Board and Committees, the Corporate Bodies and Corporate Affairs Department coordinates the secretariat functions, ensures the necessary information and advisory support in relation to the Bodies' operation and the related obligations, and coordinates the definition of the rules and proposals of the main corporate governance documents within the remit of the Secretary of the Board, to be submitted to the approval of the Bodies.

Concurrently, the measures concerning the specialised supervision of the Group's main corporate governance processes are prepared, ensuring legal advice for the proper functioning of the governance arrangements, including those relating to the suitability requirements of board members and general managers, related-party transactions, as well as the associated interactions with the Supervisory Authorities.

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## The Management Control Committee

### *Duties and powers*

8.P.1. The Management Control Committee, appointed by the Shareholders' Meeting and established within the Board of Directors in accordance with the Articles of Association, shall perform the duties assigned by applicable regulations to the control body of the parent company of a banking group heading a financial conglomerate and issuing listed shares, as provided for – in addition to the legal and regulatory provisions – by the Articles of Association and by its own Regulations which was updated on 9 January 2020, the favourable opinion of the Board having been obtained.

8.P.3. By the aforementioned Regulations, the Committee governs its operations and its organisation, in compliance with legal and regulatory provisions and the provisions of the Articles of Association and, to the extent applicable, with the provisions of the Corporate Governance Code. The Regulations govern the operations of the Committee also in its capacity of Internal Control and Audit Committee in accordance with Article 19, paragraph 2, letter c) of Italian Legislative Decree No. 39/2010, as novated by Italian Legislative Decree No. 135/2016.

In particular, the Management Control Committee is required to:

- oversee the compliance with legal and regulatory provisions and the Articles of Association and the principles of correct management;
- oversee the methods for the actual implementation of the corporate governance rules laid down by the Corporate Governance Code or the codes of conduct drawn up by companies managing regulated markets or by trade associations which the Bank declares to adhere to by public disclosure;
- 7.P.3. d) - oversee the adequacy, efficiency and functionality of the organisational structure of the Bank and the internal control system, as well as of the administrative-accounting system and its suitability to give a proper representation of operations, as well as the statutory audit process;
- oversee the adequacy, efficiency and functionality of the internal control system and assess the adequacy and effectiveness of all the structures involved and the proper coordination thereof, by promoting the adoption, by the Board or by the Managing Director, of corrective measures of any deficiencies and irregularities detected;
- be consulted by the Board on decisions regarding the appointment and removal:
  - o of the heads of the compliance, risk management and internal audit departments, to be taken on the proposal of the Risks Committee,
  - o of the heads of the anti-money laundering and internal validation departments,
  - o of the Manager responsible for preparing the Company's financial reports, as well as the assignment of powers and resources to the same to support the performance of his/her duties;
- propose to the Shareholders' Meeting the independent auditors to which to assign the statutory audits of accounts and the fee for their mandate and be consulted on the proposal for the removal of the independent auditors; it shall supervise their work, examine their work plan and share with them the relevant data and information for the performance of the respective duties;
- 7.C.2. a) - also in its capacity as Internal Control and Audit Committee and with the support of the compliance and internal auditing departments:
  - o oversee the financial reporting process and present any recommendations or proposals aimed at ensuring the integrity thereof,
  - o oversee the effectiveness of the internal auditing systems,
  - o oversee the statutory audit of the separate and consolidated financial statements,
  - o oversee the independence of the independent auditors, ensuring compliance with the regulatory provisions, the nature and extent of the services other than the statutory audit provided to the Bank and its subsidiaries by the same independent auditors and by the entities that are part of their network; in this context, it shall review the mandates conferred by the Bank upon the independent auditors for the provision of services other than the statutory audit, subject to prior consultation with the Manager responsible for preparing the Company's financial reports,
  - o examine the work plan prepared by the independent auditors,
  - o examine the additional report pursuant to Article 11 of EU Regulation 237/2014 – illustrating the results of the activity carried out by the independent auditors – which is submitted to the Board accompanied by any observations, also taking into account the assessments of the Risks Committee, as well as the letter of recommendations, if any, prepared by the independent auditors;
- 7.C.2. b) - oversee the completeness, adequacy and functionality of the risk management process; in this context, it shall oversee, among other things, the Risk Appetite Framework, and the enforcement of ICAAP and ILAAP-related provisions;

- oversee the adequacy, overall reliability and security of the information system as well as of the business continuity plan;
- oversee compliance with the regulations applicable to Intesa Sanpaolo as the Parent Company of a banking group issuing shares listed on regulated markets;
- oversee compliance with anti-money laundering regulations and the completeness, functionality and adequacy of money laundering controls;
- oversee implementation of the remediation plans approved by the Board following the inspections conducted by the Supervisory Authorities;
- oversee compliance with the provisions established in Italian Legislative Decree No. 254 of 30 December 2016 with reference to the Consolidated Non-financial Statement and provide feedback on it in the annual report to the Shareholders' Meeting.

The Committee has independent initiative and control powers and, with the support of the corporate control functions, may proceed at any time, even through a specially appointed member, to carry out inspections and controls, also with reference to the companies that are part of the Group. The Committee, for the purposes of performing its duties, shall have unrestricted access to all the Bank's corporate functions. It may also independently make use of external consultants and has adequate financial resources to this end.

7.C.2. e)  
8.C.6.

The Committee and each member thereof, including individually, may request the heads of the corporate control functions to report any relevant data and information to the Committee.

The Committee shall promptly report to the Bank of Italy and Consob on any management irregularities or breaches of the regulations, pursuant to Article 52, paragraph 1, of the Consolidated Law on Banking and Article 149, paragraphs 3 and 4-ter, of the Consolidated Law on Finance.

The Committee shall report, pursuant to Article 153 of the Consolidated Law on Finance, on the supervisory activities carried out, on any detected omissions and reprehensible facts to the Shareholders' Meeting called to approve the financial statements.

The Committee shall promptly notify the Board and the Managing Director of any gaps and irregularities found, subsequent also to checks specifically requested by the Supervisory Authorities, and request the adoption of suitable corrective measures, thereby verifying their effectiveness over time. At Board meetings, the Committee Chairman discusses the findings of the activities conducted since the last meeting.

7.C.2. f)

In any event, the Committee Chairman shall inform the Board of the supervisory activities, checks and audits conducted and their outcomes at least once every quarter.

The Committee shall issue the opinions required from the Control Body by the regulations in force, in accordance with the provisions of the Articles of Association and its own Regulations. The opinions, signed by the Chairman, are submitted to the Chairman of the Board and, through the latter, to all Board Members, in time for them to be taken into due account, including for the purposes of taking the decisions they are aimed at.

7.C.2. b)

The Committee, in line with its control function, can perform the additional duties assigned to it by the Board, as well as the activities requested from it by the Chairman of the Board for the purposes and within the scope of the powers assigned to the same pursuant to the Articles of Association.

The Committee and/or its individual members, within the limits and in the manner permitted by Article 151-ter of the Consolidated Law on Finance, are vested with the following powers: i) to request news and information to the other Directors or to the management and control bodies of the subsidiaries, without prejudice to the fact that such information is provided to all Committee members; ii) to request the Chairman to convene the Committee itself, thereby indicating the agenda items to be discussed; iii) to convene the Board itself, subject to notice to the Chairman.

The Committee may, subject to notice to the Chairman of the Board of Directors, convene the Shareholders' Meeting whenever it deems it necessary for the performance of its duties or in the event that, in the performance of its office, it should detect reprehensible facts of significant severity and urgent measures need to be taken.

#### *Composition and appointment*

The Management Control Committee is composed of 5 Board Members, all independent pursuant to the Articles of Association. Two members belong to the less-represented gender. The members may not be members of other Board Committees.

1.C.1. i)  
8.P.2.  
8.C.3.  
10.C.2. b)

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In adherence to the guidelines of the Supervisory Provisions on the corporate governance of banks that adopt the one-tier governance model, and as permitted by Article 2409-octiesdecies of the Italian Civil Code, the Articles of Association of Intesa Sanpaolo assign the power to appoint the Committee members to the Ordinary Shareholders' Meeting.

Art. 123-bis (2), (d) CLF

The Committee in office at the time of approval of this Report is composed of the following Board Directors: Alberto Maria Pisani, Corrado Gatti, Fabrizio Mosca, Milena Teresa Motta and Maria Cristina Zoppo, elected by the Shareholders' Meeting on 30 April 2019, which appointed Alberto Maria Pisani as Chairman. Board Director Corrado Gatti decided voluntary suspension from his post, with effect from 13 December 2019 until 31 March 2020, from his position for personal reasons and as a measure he considered to be appropriate in relation to his involvement in the dispute regarding the arrangement procedure of a company of which he was the attestor. On 2 March 2020, Corrado Gatti resigned.

Art. 123-bis (1), (l) CLF

As for the appointment of the Committee members and its Chairman, reference is made to what is described above in the paragraph on the appointment of Board Directors, which recalls the provisions of the Articles of Association related to the appointment thereof on the basis of slates of candidates submitted by the shareholders.

The Chairman of the Committee convenes and chairs the meetings, directs, coordinates and moderates the discussion and, on behalf of the Committee, describes the results of the activities carried out.

The Chairman ensures the effectiveness of the discussions within the Committee and endeavours so that the resolutions are the result of a proper debate and of the informed and reasoned contribution of all its members. To this end, he/she shall ensure that all members of the Committee are sent – well in advance of the meeting – documentation in support of the Committee's activities or at least a first report on the items up for discussion and he/she shall ensure that the supporting documentation is adequate in terms of quantity and quality with respect to the items on the agenda.

In the event of the Chairman's absence or temporary impediment, his/her duties shall be undertaken by the Committee member placed in the highest-ranking position of the second section of the slate from which the Chairman was elected. In the absence thereof, the Chairman's duties shall be undertaken by the longest-serving Committee member or, in the case of equal terms of service, by the eldest Committee member.

#### *Term of office, replacement and removal*

The members of the Management Control Committee shall remain in office for the entire term of office of the Board of Directors on which they were elected; the mandate of the Committee in office thus relates to the 2019/2020/2021 financial years, expiring at the next Shareholders' Meeting called to approve the financial statements for the last year of their office. They may be re-elected.

With regard to the replacement and removal of the Committee members, reference is made to what is described in the paragraph on the replacement and removal of Board Members.

#### *Suitability requirements*

The members of the Management Control Committee must be in possession of all the requirements applicable to Board Members (for which reference is made to the paragraph on this Body).

Moreover, the Committee members shall ensure compliance with the limitation of directorships provided by the law and by the current regulations for the performance of the mandate as a member of the control bodies of a bank issuing shares listed on regulated markets.

8.C.1.

All Committee members shall also meet the more stringent independence requirements defined by the Articles of Association, which set out additional requirements in terms of professionalism and the number of offices held.

With regards to the professionalism requirements, the Committee members shall have acquired proven professional experience of at least five years in the internal control, administration and finance sectors. This special requirement of professionalism shall have been acquired as Board Directors or as executives in banking, financial, insurance companies or other companies of qualified size (as defined in the Articles of Association), or at Public Administrations of at least regional importance or Authorities whose area of competence is connected with the banking-financial-insurance activities or in professional activities carried out to the benefit of the aforesaid companies, or for the performance of activities of university lecturing in legal and economic subjects.



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In addition, at least three Committee members shall be enrolled with the register of statutory auditors and shall have practised as auditors or acted as members of a limited company control body for a period of at least three years.

Without prejudice to the limitation of directorships envisaged for all Board Members, the members of the Committee may not take:

- ✓ executive offices in other undertakings;
- ✓ more than two non-executive offices in corporate bodies (including those as members of control bodies) of other large companies.

To this end, the candidates for the office of Committee member shall expressly undertake the obligation to immediately step down from any incompatible offices, in the event of their appointment.

The above is in any event subject to the provisions laid down by the supervisory regulations, whereby the members of the Management Control Committee are prohibited from taking up offices in bodies other than those in charge of the control function in other Group companies or belonging to the financial conglomerate, as well as in companies in which the Bank holds a strategic stake. As members of the control body of a listed company, Committee members are also subject to the rules relating to the limitation of directorships, laid down by Article 148-bis of the Consolidated Law on Finance and the related implementing regulations: these rules set out the limits and parameters to take into account in order to determine the maximum limitation of directorships, as well as the manner and terms for the disclosure to be provided to Consob and to the public.

For each member of the Committee, the loss of the requirements of independence or professionalism, or the failure to comply with the limitation of directorships pursuant to the Articles of Association shall result in the disqualification from office of Board Member.

It follows that the independent Member of the Committee, that ceases to be eligible as independent member, shall also be disqualified from being a member of the Committee and of the Board. The same applies if he/she ceases to be a statutory auditor, notwithstanding other three members of the Committee who are statutory auditors remain in office.

In accordance with the requirements laid down by the Supervisory Provisions and the internal regulations, on 23 May 2019 the Committee, based on the statements made by the parties concerned and the information available to the Bank, confirmed satisfaction of the necessary requirements by its members, including that of independence, giving notice thereof to the Board. The members declared their compliance with the professionalism and integrity requirements and with the criteria of competence, fairness, independence and time commitment, as well as the specific limitation of directorships and the incompatibilities provided for by the applicable regulations and the Articles of Association.

This evaluation was positively renewed at the time of approval of this Report.

#### *Operation of the Committee*

The Committee normally meets on a weekly basis and the meeting is convened by a notice of call containing the agenda, typically sent by its Secretariat three days before the date set for the meeting. The Secretariat ensures compliance with the terms and expected timing and the procedures to ensure compliance with any instructions received from Authorities.

The calling of meetings is typically accompanied by the submission of the available documentation necessary for the performance of the Committee members' duties. In any case, the meeting shall ensure the full and exhaustive discussion of each item and special attention to the content of the documents that could not be made available in advance.

The Committee may ask the structures of the Bank for access to any information considered necessary to perform the duties assigned to it and also rely on the support of external consultants. Upon invitation of the Committee, individuals who are not part of the Committee may attend the meetings in relation to specific items on the agenda.

In the performance of its duties, the Committee relies on the corporate control functions and, in particular, on the internal audit department, reporting functionally also to the Committee which monitors its independence, adequacy, effectiveness and efficiency.

The Committee receives from the heads of the corporate control functions reports on specific situations, breaches or significant shortcomings – periodically or at the express request of the Committee itself – and examines the work plans.

The Committee coordinates with the Risks Committee to the extent applicable, and certain information flows are discussed in joint meetings, it being understood that each Committee shall proceed

8.C.2.

4.C.1. e)

4.C.1. f)

7.C.2. c)  
and e)

7.C.3.  
8.C.7.

independently for the respective assessments. One of the Committee members, appointed in rotation by the same Committee, shall attend the meetings of the Risks Committee without voting rights, subsequently reporting to the Control Body.

7.C.2. a)

The Committee also coordinates with the Surveillance Body, the Manager responsible for preparing the Company's financial reports, as well as the independent auditors, with which it convenes regular meetings aimed at the performance of the auditing activities related to the formulation of the opinion on the Financial Statements while monitoring its independence.

The Committee also meets with the Boards of Statutory Auditors of the Group's main subsidiaries, with which it works closely and exchanges information with respect to their governance systems and the general performance of their business.

4.C.1. g)

In 2019 the Committee met 43 times in total, of which 27 in its new composition, with the following attendance percentage for each member:

Management Control Committee in place until 30 April 2019

Members	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
Marco Mangiagalli – Chairman	X	100%
Edoardo Gaffeo	X	94%
Milena Teresa Motta	X	94%
Alberto Maria Pisani	X	100%
Maria Cristina Zoppo	X	100%

Management Control Committee elected by the Shareholders' Meeting dated 30 April 2019

Members	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
Alberto Maria Pisani – Chairman	X	100%
Corrado Gatti*	X	89%
Fabrizio Mosca	X	100%
Milena Teresa Motta	X	100%
Maria Cristina Zoppo	X	100%

\* Corrado Gatti was on voluntary suspension from his post, with effect from 13 December 2019, from his position and resigned on 2 March 2020.

The meetings lasted an average of 3.5 hours, a time length that can be considered adequate to satisfy the need for thorough development and discussion of items on the agenda, also in view of the proper information and the number of meetings held.

In 2020, at the date of approval of this Report, the Committee has held 8 meetings.

The Committee, in line with the provisions of its own Regulations, supervised compliance with legal and regulatory provisions and the provisions of the Articles of Association, the principles of proper management, the adequacy of the organisational structure, the administration and accounting system, and the internal control system. Among the various issues, the Committee examined:

- proposals for adaptation of the internal regulations in the field of anti-money laundering, terrorist financing and embargo management, Group compliance, Volcker Rule and equity investments in non-financial companies;
- the results of the inspections carried out by the Supervisory Authorities for the pertinent profiles, with the related remediation plans to address the recommendations formulated by the Authorities;
- the updates on the ENIF (Enabling Integrated Financial Crime) Project, a multi-year program launched with a view to the overall review and strengthening of anti-money laundering safeguards and embargoes at Group level;
- the incorporation of some subsidiaries into the Parent Company, the organisational structures and the control system of subsidiaries;
- the progress of the integration process of the international Branches and legal entities into the Group's IT security model.

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Within the scope of the activities relating to the verification of the risk management process, the Committee monitored the completeness, adequacy, functionality and reliability of the Risk Appetite Framework and of the internal risk measurement systems for the determination of the capital requirements as well as compliance with ICAAP and ILAAP-related provisions. The Committee also monitored the adequacy, reliability and security of the information system and of the business continuity plan.

Finally, the Committee was invited on 13 occasions to attend the meetings of the Risks Committee both during meetings with the Manager responsible for preparing the Company's financial reports and the independent auditors in relation to the preparation of the financial statements and the periodic financial reports, and on other occasions for the review of issues of mutual interest.

7.C.2. a)  
8.C.7.

On a quarterly basis, the Committee illustrated to the Board of Directors the supervisory, inspection and examination activities carried out and the results thereof, and periodically met with the Managing Director to further investigate specific topics of interest and examine the points of attention highlighted in its reports.

7.C.2. f)

#### *Self-assessment of the Committee*

The Management Control Committee performs a separate self-assessment on its composition and its operation, inspired by the same purposes of proper and efficient performance of the corporate governance duties entrusted to it as the Company's control body and, therefore, in accordance with criteria and methods in line with the characteristics of the distinctive function performed within the one-tier governance model.

1.C.1. g)

The self-assessment process, which was performed in accordance with the provisions of the Regulations for the Board of Directors' self-assessment process, concerns the Committee as a whole and the contribution that the individual Board Members who sit on it provide to its work.

The Members of the Committee are specifically called upon to submit – separately from the Board's self-assessment process as a whole – also an assessment of the qualitative and quantitative composition, operation and effective performance of the Committee's duties.

Given the need for consistency and overall coherence of the results, the process is typically entrusted to the same individuals nominated by the Board, who in this case, however, report directly to the Chairman of the Management Control Committee, that remains responsible for the process as a whole. The Committee's self-assessment for the year 2019 was performed with the professional assistance of Crisci & Partners, expert independent consulting firm which simultaneously also supported the Board of Directors in its self-assessment process.

1.C.1. g)

With regard to the assessment of the qualitative and quantitative composition, the following elements acquire specific importance in the context of knowledge, experience and skills specifically relevant for the performance of the Committee's duties:

- in-depth knowledge of the methodologies for identifying, measuring, assessing and controlling risks;
- the ability to assess the overall internal control system.

With regard to the independence of the Committee members, which, as mentioned, constitutes a distinctive requirement for the purposes of the suitability of the members pursuant to the Articles of Association and the loss of which results in disqualification from office, it is subject to a specific assessment in the context of the ongoing review process of the requirements of Board Members.

As regards the assessment of the operation and the effective performance of the Committee's duties, which relate to the fulfilment of the control functions, special areas of evaluation by the Committee are represented by the management of relations with:

- the Independent Auditors;
- the Surveillance Body;
- the Manager responsible for preparing the Company's financial reports;
- the control functions.

The Committee takes account of the results of the analysis on its operations, in addition to the assessment of the Report on corporate governance, including for the purposes of preparation of the

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report pursuant to Article 153 of the Consolidated Law on Finance on the supervisory activities carried out, so as to ensure the correct reporting due to shareholders.

The Committee concluded its self-assessment process on 30 January 2020. This assessment involved both the use of questionnaires and the conduct of individual interviews on the operation, efficiency and effectiveness of the Committee.

The qualitative and quantitative results of the questionnaires and interviews confirmed the adequacy of the Committee and the high level of overall compliance with the provisions of the Corporate Governance Code, the guidelines of the EBA, the provisions of Bank of Italy Circular No. 285/2013 and the best practices of other listed companies, in so far as comparable with the Bank. The Committee therefore issued an assessment of adequacy in terms of size, composition and operations of the Control Body.

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## Board Committees: composition and operation

The Committees constitute an organisational method through which the Board of Directors increases the effectiveness of its strategic supervision role. Without prejudice to the Board's corporate powers and responsibilities, the Committees have the proposal, advisory and inquiry duties (including the issue of opinions, where provided for by applicable rules) assigned to them by applicable regulations and, to the extent applicable, the Corporate Governance Code, the Articles of Association, as well as those duties which, in accordance with each Committee's function, may specifically be assigned by special Regulations – approved by the Board and last updated in December 2019 – which also govern the organisation and operation thereof.

4.P.1.  
4.C.1. c)  
4.C.2.

4.C.1. b)

Pursuant to the Articles of Association, the Committees are composed of a minimum of three and a maximum of five non-executive Board Members who are mainly independent Board Members. No Board Member may take up the office of Chairman of more than one Committee or be part of more than two Committees.

4.C.1. a)

The following Committees are currently established within the Board of Directors:

- Nomination Committee: 5 members, including the Deputy Chairman and the Chairman of the Board of Directors, 3 of whom are independent pursuant to the applicable regulations and the Articles of Association and 2 members enrolled with the Register of Statutory Auditors and who have practised as auditors for at least three years;
- Remuneration Committee: 5 members, including the Deputy Chairman of the Board of Directors, 3 of whom are independent pursuant to the applicable regulations and the Articles of Association and one member enrolled with the Register of Statutory Auditors and who has practised as auditor for at least three years;
- Risks Committee: 5 members, 3 of whom are independent pursuant to the applicable regulations and the Articles of Association and 2 members are also enrolled with the Register of Statutory Auditors and have practised as auditors for at least three years.

5.P.1.

6.P.3.

7.P.3. a) ii)  
7.P.4.

The Committee for Transactions with Related Parties of Intesa Sanpaolo S.p.A. and Associated Entities of the Group is also in place; it is composed of 5 members, all independent pursuant to the applicable regulations and the Articles of Association; one member is also enrolled with the Register of Statutory Auditors and has practised as an auditor for at least three years.

In establishing the Committees, the Board took into consideration the professional characteristics and experience of the Board Members, so that each Committee is composed of members whose skills and professionalism are appropriate in terms of the duties attributed and who are able to ensure the performance of tasks with adequate time commitment.

The activities of each Committee are coordinated and directed by a Chairman designated by the Board. The Board Member appointed as Chairman of a Committee must be independent and may not hold the office of Chairman of another Board Committee.

The Chairman calls the meetings and describes the activities, proposals and opinions of the Committee during meetings of the Board. In the event of absence or impediment of the Chairman, the longest-serving independent member or, in the case of equal terms of service, the eldest member takes on the functions.

Meetings are generally held at the Torino registered office and at the Milano secondary registered office. Meetings may also be validly held through telecommunication methods; such meetings are considered to have been held at the location of the Chairman.

The Regulations of each Committee require that minutes specific to each meeting are prepared by an appointed secretary, who may also be a non-Board Member, in which case the secretary should be selected from secretariat in support of the Bodies.

4.C.1. d)

Each Committee may contact the corporate functions to access the information required to perform its tasks.

4.C.1. e)

Committees can also make use of external consultants, as indicated in each set of Regulations.

Individuals who are not part of a Committee may attend Committee meetings provided they are invited by the Chairman of the Committee concerned, and only in relation to specific items on the agenda.

4.C.1. f)

The Chief Governance Officer and the Secretary of the Board of Directors are invited and may attend the Committees' meetings, including through assistants.

Also in consideration of the time dedicated to each task, the Committees' work is always performed in a constructive environment based on exchange and dialogue among the respective members, encouraging personal contributions, open discussion and dialectic not only among Board Members but also with heads of the control functions, Divisions, Governance Areas and of the various Structures involved in meetings within the scope of their responsibility.

4.C.1. g) Art. 123-bis (2), (d) CLF Detailed information regarding each Committee which the Board established on 7 May 2019 for the 2019/2020/2021 financial years, with reference to the composition, duties attributed and activities performed (in addition to details on meetings and the attendance of the related members) is given below. A summary information note is also provided on the previous composition of the Committees, with the related attendance percentages in 2019 until renewal for a three-year period.

### *Nomination Committee*

Committee Members from 1 January to 30 April 2019

1.C.1. i) 5.P.1.	Members	Enrolment with the Register of Statutory Auditors Practice as an auditor	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
	Gianfranco Carbonato – Chairman		X	100%
	Paolo Andrea Colombo	X	X	100%
	Giovanni Costa			100%
	Gian Maria Gros-Pietro			100%
	Livia Pomodoro		X	100%

Committee Members since 7 May 2019

Members	Enrolment with the Register of Statutory Auditors Practice as an auditor	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
Livia Pomodoro – Chairwoman		X	100%
Paolo Andrea Colombo	X	X	100%
Gian Maria Gros-Pietro			89%
Maria Mazarella		X	100%
Bruno Picca	X		100%

In 2019 the Committee held fifteen meetings (nine meetings since 7 May). The average duration of meetings was approximately 40 minutes.

The Committee performs inquiry and advisory duties supporting the Board:

- in the definition of the policies on the suitability requirements for the members of the Parent Company's Bodies and the related guidance and coordination criteria for the Group companies;
- in the process of appointment or co-option of the Board Members to ensure that the Body's composition, in terms of size and professionalism, makes it possible to fulfil its duties efficiently. In this context, the Committee supports the Board in the activity aimed at the early identification by the same Board of the qualitative and quantitative composition of the Body considered optimal, including the theoretical profile of the candidates (identifying and motivating the professional characteristics and the suitability deemed adequate for these purposes) to be presented to the Shareholders' Meeting in time for the appointment of the Directors. To this end, the Committee also formulates guidelines aimed at safeguarding an adequate continuity of experience and knowledge, and overall balance in the composition and operation of the Board and its Committees, so as to prevent the risks associated with simultaneous replacements of an excessive number of members;
- in the verification, to be conducted as part of the assessment of the suitability of members pursuant to Article 26 of the Consolidated Law on Banking, of the match between the composition considered

5.C.1. a) and b)

- optimal and the one actually resulting from the Shareholders' Meeting appointment, including in the light of the choices formulated by the shareholders when presenting the slates;
- in the verification, also conducted pursuant to Article 26 of the Consolidated Law on Banking, of the fulfilment of the requirements laid down by the applicable regulations and the Articles of Association by Board Members – other than the members of the Management Control Committee – and in the verification of compliance with the limitation of directorships laid down by the applicable regulations and the Articles of Association, as well as the prohibition of interlocking directorates provided for by Article 36 of Italian Law Decree No. 201/2011, converted into Law No. 214/2011. The Committee, specifically, supports the Board for the purposes of assessment of the compliance with the independence requirement as provided for in the Articles of Association, including a review of all credit, professional and commercial arrangements between the Bank and directors considered independent;
  - in the definition of the body's self-assessment process and in the actual fulfilment thereof, on an annual basis;
  - in the definition and approval of the induction plans targeted at the Directors;
  - in the adoption of the criteria for appointing the members of the Corporate Bodies of the subsidiaries, as well as in the evaluation of the proposals for appointing the members of the Corporate Bodies of the main subsidiaries, in order to verify consistency with the aforementioned criteria.

The Committee is also specifically heard by the Board regarding the identification of the Managing Director, pursuant to the Articles of Association, and, in coordination with the Chairman of the Board of Directors, supports the Board itself in the definition of the process governing succession plans for its members, including the Managing Director and CEO, in line with the supervisory regulations and with the provisions laid down in the Articles of Association, in order to ensure the orderly succession in the respective positions in the event of termination or expiry of the mandate or for any cause, in order to ensure business continuity and avoid economic and reputational repercussions.

The Committee, finally, works with the Risks Committee for the purposes of identification by the latter of the proposals for appointment and removal of the heads of the Compliance, Risk Management and Internal Auditing Departments.

5.C.2.

In the meetings held in 2019, the Committee assisted the Board of Directors, among others:

- in the annual verification of the suitability requirements by each Board Member and the assessment of the adequate collective composition;
- in the identification of the "Qualitative and quantitative composition of the Board of Directors" addressed to the Shareholders' Meeting of 30 April 2019;
- in the self-assessment process of size, composition and operation for 2019;
- in the process of appointment by co-option of Director Sironi, following the resignation tendered by Director Gorno Tempini.

During 2019, the Committee also examined the update of the Committee's Regulations, prior to approval by the Board.

### *Remuneration Committee*

Committee Members from 1 January to 30 April 2019

<b>Members</b>	<b>Enrolment with the Register of Statutory Auditors Practice as an auditor</b>	<b>Independent pursuant to the applicable regulations and the Articles of Association</b>	<b>Attendance percentage at meetings</b>
Paolo Andrea Colombo – Chairman	X	X	100%
Giovanni Costa			100%
Giorgina Gallo		X	100%
Giovanni Gorno Tempini		X	100%
Bruno Picca	X		100%

1.C.1. i)  
6.P.3.

## Committee Members since 7 May 2019

Members	Enrolment with the Register of Statutory Auditors Practice as an auditor	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
Paolo Andrea Colombo – Chairman	X	X	100%
Franco Ceruti			100%
Anna Gatti		X	100%
Giovanni Gorno Tempini*		X	83%
Luciano Nebbia			100%
Andrea Sironi**		X	100%

\* Giovanni Gorno Tempini resigned from the post of Director as of 8 November 2019. The Board of Directors, at its meeting held on 2 December 2019, replaced him by co-opting Andrea Sironi, who has been a Committee member since 18 December. Giovanni Gorno Tempini's attendance percentage is calculated with reference to the meetings prior to his resignation.

\*\* Andrea Sironi's attendance percentage is calculated with reference to the meeting following his appointment as Committee member.

In 2019 the Committee held twenty meetings (ten meetings since 7 May). The average duration of meetings was approximately one hour and 15 minutes.

The Remuneration Committee ensures adequate knowledge and expertise in financial matters and remuneration policies. Pursuant to its Regulations, the Committee inquires, proposes and advises on remuneration and incentive matters, thereby supporting the Board of Directors.

6.C.5. With reference to the definition of proposals by the Board for approval by the Shareholders' Meeting, the Committee provides support in the preparation of the remuneration policies of the Board Members, remuneration and incentive policies of employees and other staff not bound by an employment agreement, also including the rules for the identification of staff that have a material impact on the Group's risk profile, in the preparation of remuneration and incentive plans based on financial instruments and criteria for determining the compensation to be granted in the event of early termination of the employment contract or early termination of the office held. It also supports the Board in the definition of any proposal relating to the resolution on the determination of a ratio between the variable and fixed components of individual remuneration paid to employees above the 1:1 ratio, but not exceeding the cap provided for by applicable regulations, as well as in the approval of the Report on Remuneration pursuant to Article 123-ter.

With reference to the advisory and support activity, the Committee assists the Board in the approval of the implementing provisions governing the main application criteria and the operating mechanisms relating to the structure of the remuneration and incentive systems as well as in the process of identifying the Risk Takers (including any exclusions), also periodically reviewing the related criteria, and performs an advisory role for the determination of the criteria for the compensation of all key personnel.

6.C.6. With reference to the propositional function, the Committee, on the basis of the remuneration policies approved by the Shareholders' Meeting, submits proposals to the Board in relation to the additional remuneration, including the variable component thereof, due for the specific office of Managing Director and General Manager, the compensation to be paid to other Board Members that have been assigned additional specific offices in accordance with the Articles of Association, the remuneration and incentive systems and the remuneration of the Top Risk Takers, including the heads of the Parent Company's corporate control functions, as well as the remuneration for the members of the Surveillance Body. As for the remuneration of its members, on the other hand, the Committee relies entirely on the opinion of the Board.

With reference to the support and activities aimed at checking the proper implementation of the rules on remuneration, the Committee:

- supports the Board in checking the proper implementation of the remuneration policies approved by the Shareholders' Meeting;
- checks and monitors the implementation of the decisions adopted by the Board;



- monitors the proper implementation of the rules on the remuneration of the heads of the corporate control functions, in close coordination with the Management Control Committee as well as with the Risks Committee within the scope of their responsibility.

The Committee also performs the duties of Committee for Transactions with Related Parties in accordance with the provisions of the RPT Procedures, with regard to transactions with the Bank's related parties and associated entities concerning remuneration.

In the performance of the said duty, the Committee specifically, where provided for by the RPT Procedures, issues a reasoned opinion on the Bank's interest in the payment of the remunerations in question, as well as their convenience and substantive correctness.

During 2019, the Committee assisted the Board in the approval of the proposals concerning:

- the Group's remuneration policies for 2019 submitted to the Shareholders' Meeting for approval;
- KPIs to be implemented for the 2019 Incentive System for the Group's Top Risk Takers;
- allocation of compensation and premiums due to the Top Risk Takers linked to the 2018 Incentive System and of compensation due to the Senior Heads of the Corporate Control Functions;
- the proposal to increase the variable remuneration-to-fixed remuneration ratio to the benefit of certain personnel categories belonging to Intesa Sanpaolo Group asset management companies submitted to the Shareholders' Meeting's approval;
- update of the 2019 Remuneration regulations and the Group's remuneration and incentive guidelines.

During 2019, the Committee also examined the update of the Committee's Regulations, prior to approval by the Board.

The Committee also supported the Board in examining the report of the Chief Audit Officer on the 2018 Remuneration and Incentive System in the part concerning the verification of operating practices.

In the last quarter of 2019, the Committee availed itself of consulting services in order to obtain information on market standards for remuneration policies, verifying preliminarily that the consultant concerned was not in a position which might compromise its independence of mind.

For additional information on remuneration, see the Report on Remuneration.

6.C.7.

### *Risks Committee*

Committee Members from 1 January to 30 April 2019

Members	Enrolment with the Register of Statutory Auditors Practice as an auditor	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
Rossella Locatelli – Chairwoman		X	100%
Franco Ceruti			100%
Francesca Cornelli		X	93%
Bruno Picca	X		100%
Daniele Zamboni	X	X	100%

1.C.1. i)  
7.P.4.

Committee Members since 7 May 2019

Members	Enrolment with the Register of Statutory Auditors Practice as an auditor	Independent pursuant to the applicable regulations and the Articles of Association	Attendance percentage at meetings
Rossella Locatelli – Chairwoman		X	100%
Franco Ceruti			100%
Guglielmo Weber		X	100%
Bruno Picca	X		100%
Daniele Zamboni	X	X	100%

In 2019 the Committee held thirty-six meetings (twenty-one meetings since 7 May). The average duration of meetings was approximately four hours and 45 minutes.

7.P.3. a) ii)  
7.C.2.

The Risks Committee inquires, proposes and advises on the relevant matters, submitting opinions where required by applicable regulations. It pays special attention to activities instrumental to enable the Board to come to a fair and efficient determination of the Risk Appetite Framework (RAF) and the risk governance policies, as well as further determinations regarding risk reserved to it by the applicable regulations.

7.C.2. g)  
10.C.2.

In particular, the Risks Committee supports the Board for the purposes of improved risk monitoring and the effective implementation of the RAF in the performance of the strategic supervisory functions with regard to:

- business model, strategic guidelines and risk appetite, in order to make the Board aware of the risks to which this model exposes the Bank and understand the methods through which risks are recognised and assessed;

- corporate governance and organisational structure of the Bank and the Group, in order to verify their consistency with the activity carried out and the business model adopted;

7.C.2. a)

- the administrative-accounting and financial reporting systems and the independent audit process for the purposes of approval of the accounting and reporting systems and evaluation of the correct implementation of the accounting standards and their consistency with reference to the preparation of the Parent Company and consolidated financial statements. Furthermore, the Committee supports the Board in examining the additional report pursuant to Article 11 of EU Regulation 537/2014 which illustrates the results of the activity carried out by the independent auditors and in examining the letter of recommendations, if any, submitted by the same independent auditors;

7.C.2. d)

- internal control system, for the purposes of defining and approving the guidelines of the internal control system as well as checking the effectiveness in capturing the evolution of the business risks and the interaction between them. In this context, it submits to the Board proposals for the appointment and removal of the heads of the Compliance, Risk Management and Internal Auditing Departments and issues its opinion with regards to the definition of the incentive systems of the heads of Risk Management and Internal Validation Departments. Furthermore, it supports the Board in the examination of the proposals relating to the appointment and removal of the head of the Anti-Money Laundering Department, the head of Internal Validation, the head of the Business Continuity Plan and to the appointment of the Data Protection Officer;

7.C.2. b)

- risk governance and management, performing support functions, also with specific regard to all sustainability (ESG) issues that are related to the corporate responsibility model and include environmental, social and cultural issues. In this context, it provides support in defining and approving risk governance policies at Group level, including those related to liquidity risk, so as to implement an integrated and coherent risk management policy; it performs the necessary evaluation and propositional activities to enable the Board to define and approve, taking into account the Managing Director's proposals, risk objectives ("Risk Appetite") and, where deemed appropriate, the tolerance threshold ("Risk Tolerance") as well as the liquidity risk tolerance threshold; it reviews the draft Consolidated Non-financial Statement, studying in more depth, in particular, the content of the "materiality matrix" (which identifies the potentially most relevant issues in the area of sustainability), with the involvement of the Management Control Committee, for the aspects within its purview, in view of the Board's approval;

- information systems, for the purposes of approval of the information system development strategies and the IT security policy;

- business continuity, for the purposes of the definition and approval of the business continuity objectives and strategies, approval of the business continuity plan proposed by the Managing Director and the assessment of the residual risks not managed by the business continuity plan, which must be explicitly accepted by Board.

Finally, the Committee supports the Board in the performance of the duties relating to the monitoring of the Most Significant Transactions, in accordance with the applicable internal regulations, subject to the prior examination of the Risk Management function.

The Committee also acts as "US Risks Committee" in accordance with the provisions laid down by Section 165 of the Dodd-Frank Act and the tighter supervisory standards envisaged for foreign banks operating in the United States issued by the Federal Reserve.

In said role, with reference to the support activity in the supervision of the transactions carried out by Group units located in the United States, the Committee supports the Board of Directors in assessing the adequacy – and in the periodic review – of the Group's risk governance policies with respect to all

the aforesaid transactions. It ensures that the said policies are actually implemented and that it receives sufficient information for the performance of its duties.

Committee members are in possession of expertise, skills and experience as to be able to fully understand and monitor the Bank's risk strategies and guidelines. The Risks Committee meetings are attended, without voting rights, by a member of the Management Control Committee designated by the same in rotation, in order to ensure coordination in the performance of the respective duties and functions. The presence of a common component between the Risks Committee and the Remuneration Committee ensures adequate interaction with the issues relating to remuneration and incentive policies.

The Risks Committee has promptly reported at each Board meeting on the activity carried out and the main findings thereof, through specific reports and in summary format.

In relation to the foregoing, in 2019 the Committee carried out the following activities, among other things:

- review of the Budget proposal, as well as quarterly review of the deviations;
- contribution to the Risk Appetite Framework definition and fine-tuning process;
- internal assessment of the current and future capital and liquidity position adequacy (ICAAP/ILAAP);
- review of the Group Recovery Plan;
- monitoring of the incorporation process of Banca IMI into the Parent Company;
- analysis of the competitive context, challenges and digitisation initiatives (Fintech and Bigtech);
- review of some strategic initiatives in support of the resolution process by the Board;
- preliminary assessment, with respect to the submission to the Board, of opinions issued by the Risk Management function, relating to certain types of Most Significant Transactions.

During 2019, the Committee also examined the update of the Committee's Regulations, prior to approval by the Board.

#### *Committee for Transactions with Related Parties and Associated Entities*

Committee Members from 1 January to 30 April 2019

<b>Members</b>	<b>Enrolment with the Register of Statutory Auditors Practice as an auditor</b>	<b>Independent pursuant to the applicable regulations and the Articles of Association</b>	<b>Attendance percentage at meetings</b>
Daniele Zamboni – Chairman	X	X	100%
Giorgina Gallo		X	100%
Giovanni Gorno Tempini		X	100%
Rossella Locatelli		X	100%
Maria Mazzearella		X	100%

1.C.1. i)

Committee Members since 7 May 2019

<b>Members</b>	<b>Enrolment with the Register of Statutory Auditors Practice as an auditor</b>	<b>Independent pursuant to the applicable regulations and the Articles of Association</b>	<b>Attendance percentage at meetings</b>
Daniele Zamboni – Chairman	X	X	100%
Giovanni Gorno Tempini*		X	100%
Rossella Locatelli		X	90%
Maria Mazzearella		X	100%
Maria Alessandra Stefanelli		X	90%
Andrea Sironi**		X	–

\* Giovanni Gorno Tempini resigned from the post of Director as of 8 November 2019. The Board of Directors, at its meeting held on 2 December 2019, replaced him by co-opting Andrea Sironi, who has been a Committee member since 18 December. Giovanni Gorno Tempini's attendance percentage is calculated with reference to the meetings prior to his resignation.

\*\* Following his appointment, no Committee meetings were held in 2019.

In 2019 the Committee held thirteen meetings (ten meetings since 7 May). The average duration of meetings was approximately one hour and 40 minutes.

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The Committee performs the duties and functions assigned to it by the RPT Procedures, in accordance with the provisions laid down by the Consob Regulation on related parties, the Bank of Italy regulations and Article 136 of the Consolidated Law on Banking.

Specifically, it issues its opinion on the transactions that fall within the scope of the aforesaid Group Procedures, in the cases and in the manner provided for by the same. In this regard it is appropriate to recall that, in accordance with the Regulations on suitability requirements for the members of the management body of Intesa Sanpaolo approved by the Board of Directors in 2018, the Committee is also required to issue a unanimous opinion with reference to transactions with material counterparties for the purposes of overseeing the independence of Board Members. In the fulfilment of its duties, the Committee takes the guidelines provided by the competent Supervisory Authorities into account.

In 2019 the Committee examined 27 transactions, for each of which it issued a favourable, reasoned, non-binding opinion.

During 2019, the Committee examined the update of the Committee's Regulations, prior to approval by the Board.

## Remuneration

6.P.1. For the detailed information required in relation to the Remuneration of Directors and Key Managers  
6.P.2. and information concerning the Indemnities provided for in the event of early termination of office or  
6.P.3. termination of the employment contract, reference is made to the contents of the Report on the  
6.P.4. remuneration policy and the remuneration paid (the so-called Report on Remuneration) which is  
6.P.5. published by the Company as required by law and containing the Group Remuneration Policy, pursuant  
6.C.1. to Article 123-ter of the Consolidated Law on Finance, Article 84-quater of the Consob Issuers'  
6.C.2. Regulation and the Supervisory Provisions on remuneration. It should be noted that, in compliance with  
6.C.3. the Provisions issued by the Banking Supervisory Authority, the Group Remuneration Policy includes,  
6.C.4. inter alia, the Rules for the identification of staff that have a material impact on the Group's risk profiles.  
6.C.5.  
6.C.6.  
6.C.7.  
6.C.8.

In this context, full compliance with the binding regulatory provisions for banks is given, as well as with the application principles and criteria defined by the Corporate Governance Code.

Specifically, the remuneration of Directors and Key Managers of Intesa Sanpaolo shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the Bank.

The remuneration of Non-executive Directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more Committees and avoiding incentive schemes in line with Banking Supervisory Provisions. The remuneration of the members of the Management Control Committee is defined by the Shareholders' Meeting at the time of their appointment and for the entire term of their office.

The remuneration of the Managing Director and CEO and of Key Managers is defined in such a way as to align their interests with the pursuit of the priority objective of creating value for shareholders in the medium-long term and – as required by the banking regulations – a significant part of the remuneration is linked to the achievement of specific performance objectives, also of a non-economic nature, identified in advance and determined consistently with the guidelines contained in the Policy.

For the heads of the Corporate Control Functions, as defined by the Supervisory Provisions on the control system, the incentive schemes are consistent with the tasks assigned and independent of the results achieved by the areas subject to their control.

As already highlighted, the Board of Directors has established a Remuneration Committee within it, composed of Non-executive Directors, mostly independent. The Chairman of the Remuneration Committee is chosen among the Independent Directors.

When setting up the Committee, the Board also took into consideration the professionalism of its members in order to ensure adequate knowledge and experience in financial matters or remuneration policies.

On the proposal of the Remuneration Committee, the Board defines a Remuneration Policy for Directors and Key Managers which is fully aligned with the Banking Supervisory Provisions and with the guidelines

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of the Corporate Governance Code, providing an accurate account thereof in the Report on Remuneration. In particular, compliance with banking regulations entails:

1. the correct balance between the fixed and variable component of remuneration and compliance with the limits imposed on the variable component by the Banking Supervisory Provisions
2. the payment of the variable remuneration only against predetermined and measurable objectives, linked to the creation of value for shareholders and adjusted for the risks undertaken
3. the deferral of significant components of the variable remuneration, the payment of which is subject to the satisfaction of objective conditions (so-called malus condition)
4. the payment of a portion of the variable remuneration in financial instruments subject to holding periods subsequent to the vesting period
5. the clawback of all variable components of remuneration.

Likewise, in accordance with the requirements of the Supervisory Provisions, share-based remuneration and incentive plans are subject to approval by the Shareholders' Meeting, in line with the policies defined.

Pursuant to the Articles of Association, the Bank's Ordinary Shareholders' Meeting approves the criteria for determining the severance payments to be granted in the event of termination of office and/or early termination of the employment contract, including the limits set in terms of the maximum number of monthly payments of the fixed remuneration payable in compliance with the provisions laid down by banking regulations. Following the conclusion of internal processes leading to the allocation or payment of indemnities and/or other benefits to Key Managers, the Bank discloses the required detailed information to the public.

### **Information flows between Corporate Bodies and to Corporate Bodies**

Effective information flows among the Bodies and within the same are an essential element in Intesa Sanpaolo's organisation and corporate governance. Indeed, they enable the proper fulfilment of the duties of the Board of Directors, the Board Committees and the Management Control Committee, as well as the fulfilment of the obligations imposed by the applicable regulations and proper interaction with the Corporate Structures and the achievement of management efficiency and control effectiveness objectives.

In this regard, the Articles of Association and the Regulations of the Board and the Committees contain provisions aimed at ensuring these objectives as well as more effective coordination and full liaison between the same Bodies. Specifically, the Board Regulations contain a specific "Document on information flows", updated during 2019, which forms an integral part thereof and summarises the necessary exchanges of information between the Board, the Management Control Committee, other Committees and the Managing Director.

The circulation of information may be carried out periodically at pre-established deadlines or as one-time occurrences, if limited to simple events where regulatory provisions call for reporting, and represents a fundamental condition for the effective achievement of management efficiency and control effectiveness objectives.

The designed framework aims to guarantee a system of information flows between the plenum of the Board, the Managing Director, the Management Control Committee and the other Committees, which may be suitable, in terms of frequency and content, to ensure a close and timely connection between the functions performed by the aforesaid Bodies, despite the clear separation of their respective tasks.

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## Operating structure

### *Divisions, Governance Areas and Head Office Departments reporting directly to the Managing Director and CEO*

In order to enable the strongest organisational focus on the individual business areas, the specialisation of operating and business processes and to ensure that Group governance has the necessary overall coherence, the Parent Company is divided into six Divisions – comprising business line aggregations with similar characteristics in terms of products and services provided and in terms of regulatory framework – Head Office Departments and Staff Units, most of which are grouped together into Governance Areas reporting directly to the Managing Director and CEO.

The aforesaid functions are set out below:

- Divisions
  - Banca dei Territori;
  - Corporate and Investment Banking;
  - International Subsidiary Banks;
  - Private Banking;
  - Asset Management;
  - Insurance.
- Governance Areas/Head Office Departments reporting directly to the Managing Director and CEO
  - Chief Operating Officer Governance Area;
  - Chief IT, Digital and Innovation Officer Governance Area;
  - Chief Cost Management Officer Governance Area;
  - Chief Lending Officer Governance Area;
  - Chief Financial Officer Governance Area;
  - Chief Risk Officer Governance Area;
  - Chief Compliance Officer Governance Area;
  - Chief Governance Officer Governance Area;
  - Chief Institutional Affairs and External Communication Officer Governance Area;
  - Strategic Support Head Office Department;
  - Safety and Protection Head Office Department.

In addition to the aforesaid structures, the Chief Audit Officer reports directly to the Board of Directors in order to ensure the necessary autonomy and independence.

The Heads in charge of the Organisational Structures of the Divisions, Governance Areas, Head Office Departments reporting directly to the Managing Director and CEO, and the Heads of Group companies, within the general policy and guidelines framework, are responsible for the achievement of objectives in their specific business areas, also through the optimum use of assigned human and technical resources.

For additional information on Intesa Sanpaolo's organisational structure, reference should be made to the Bank's website ("[Group](#)"/[About us](#)", Organisational structure and Top management pages).

Finally, it should be noted that all Bank Structures operate on the basis of specific Regulations that define the scope of their powers and responsibilities; these Regulations are available throughout the Bank, as are the operating procedures that determine how all the Bank's various processes are to be performed. All the main decision-making and implementing processes concerning Bank operations are encoded, and can be monitored and viewed by the entire Structure.

### *Group's Managerial Committees*

As part of the mechanisms to guarantee effective management of operational matters relevant to the entire Group, to more effectively govern the risk profile within the Group, and to guarantee an adequate level of internal communication and discussion, special Managerial Committees are established by the Bank, composed of Bank Executives and Members of the Group companies' top management.

The Articles of Association assign to the Board of Directors the duty to pass resolutions regarding the establishment and the determination of the composition, the duties and powers of each of the Managerial Committees.

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The following Committees operated in 2019:

- Steering Committee, chaired by the Managing Director and CEO and including the Bank's first management line, which ensures a Board sharing process by the CEO and his/her direct reports with regards to decisions/processes of particular relevance in the company's management. In this context, the Steering Committee acts as a decision-making, consultative and reporting management body with the aim of:
  - ✓ supporting the Managing Director;
  - ✓ collaborating with the Managing Director in the preparation of the Business Plan and in the implementation of the main managerial initiatives;
  - ✓ strengthening the coordination and the cooperation mechanisms between the various business, governance and control areas of the Bank and the Group, with a view to sharing the main business choices;
  - ✓ helping ensure the monitoring, coordination and integrated risk management and the safeguarding of the corporate value at Group level.To this end, the Steering Committee envisages, in addition to a Plenary Session (which represents the phase during which the CEO may deem it useful to involve the entire top management in highly relevant issues), also specific and separate thematic sessions (Business and Sustainability Plan (ESG), Shareholdings, Investments, Group Risk Analysis, Credit Strategies, Recovery & Resolution Plan, Supervisory Remediation Plans).
- Group Financial Risk Committee: a technical body with decision-making, consultative and reporting powers, focused both on the banking business (proprietary financial risks for banking and trading books, as well as Active Value Management) and the life and non-life insurance business (result exposure to the trend in market variables and technical variables).
- Group Control Coordination, Operational and Reputational Risk Committee: a technical body which operates, within the scope of the guidelines set by the Board of Directors, with the aim of stepping up coordination and interdepartmental cooperation mechanisms:
  - o as part of the Group internal control system, facilitating the integration of the risk management process;
  - o by aiding the effective management of operational and reputational risks, including cyber risk and IT risk.
- Group Credit Committee: a technical body, divided into a Performing Loans Session and a Non-Performing Loans Session, with a decision-making and consultative role that has the task of guaranteeing coordinated management of issues relating to credit risk, adoption of resolutions regarding credit facilities, adjustments/write-offs and assignments of portfolios to the extent of its assigned powers and issue of "compliance opinions" for the resolutions proposed by subsidiaries.
- Hold to Collect and Sell (HTCS) Sign-Off Committee: technical body qualified in relation to the proposal for assumption of market risks put forward by the business structures of the Parent Company or the subsidiary banks, on the HTCS shares required for Originate to Share ("OtS") transactions. These transactions consist of syndicated loans originated with the intention of being distributed to third-party operators on the primary or post primary market and which provide for a limited holding period at the time of their origination.
- Credit Risk and Pillar 2 Internal Models Committee: technical body with a decision-making, reporting and consultative role, with the objective of assessing issues relating to the relevant models and supporting the Managing Director and CEO in the performance of the related duties; the scope of operation includes i) internal models for measuring and managing credit risk and ii) internal models relating to Pillar 2 risks (excluding Pillar 2 models for the measurement and quantification of Banking Book financial risks, already falling within the scope of the responsibilities of the Group Financial Risk Committee).

Each Committee adopts its own Regulations in terms of organisation and operation, as approved by the Board.

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## The internal control and risk management system

### Main characteristics

7.P.1.  
7.P.2.  
7.P.3.

In line with the provisions laid down by the Supervisory Provisions on the control system, the Bank has adopted the "Integrated Internal Control System Regulation", which defines the guidelines of Intesa Sanpaolo's internal control system, in its capacity as Bank and Parent Company of the Banking Group, through the adoption of the reference principles and the definition of the responsibilities of the Bodies and of the functions with control duties, which contribute, in various ways, to the proper operation of the internal control system, as well as the identification of coordination arrangements and information flows supporting system integration.

The document is the reference framework of the Intesa Sanpaolo Group's internal control system, which includes the principles and rules on the controls that must be reflected and incorporated in the regulatory documents issued within the Group with reference to specific areas of prudential supervision.

The Group companies adopted the Regulation and – where applicable – approved their own similar document which defines the guidelines of their own internal control system.

The internal control system consists of a set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

- verification of the implementation of company strategies and policies;
- containment of risks within the limits indicated in the reference framework for determining the Bank's risk appetite (Risk Appetite Framework);
- safeguard of asset value and protection from losses;
- effectiveness and efficiency of the Bank processes;
- reliability and security of company information and IT procedures;
- prevention of the risk that the Bank may be involved, including involuntarily involved, in illegal activities (with special regard to those relating to money-laundering, usury and financing for terrorism);
- compliance of business operations with the law and supervisory regulations, as well as internal policies, procedures and regulations.

The internal control system plays a crucial role and involves the entire corporate organisation (Bodies, structures, hierarchical levels, all personnel).

7.P.3. c)

In line with legal and Supervisory regulations, and consistent with the guidelines laid down in the Corporate Governance Code, the Bank has adopted an internal control system aimed at identifying, measuring and monitoring, on an ongoing basis, the typical risks of its business activity and that of the Group companies, involving the Corporate Bodies, special internal control functions, the Surveillance Body and the Manager responsible for preparing the Company's financial reports. The independent auditors also contribute to the control system.

7.C.1. a)  
7.P.1.

In compliance with the guidelines set forth by the Corporate Bodies, the internal control system is designed to constantly identify, manage and monitor business-related risks. Under this system, the primary references are, inter alia, Supervisory Provisions on the prudential control of banks and banking groups, organisation and corporate governance of banks, financial conglomerates, investment service and businesses, taking into account developments in international best practices.

The internal control system is based on three levels, in line with the legal and regulatory provisions in force. Such a model provides for the following types of control:

- the first consists of line controls, which are aimed at ensuring the proper conduct of the operations and, where possible, are incorporated into IT procedures. They are conducted by the same operating and business structures (so-called "Level I control functions"), including through units dedicated solely to control duties reporting to the heads of the same structures or performed as part of the back office;



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- the second consists of the controls on risks and compliance, which are intended to ensure, among other things:
    - o correct implementation of the risk management process;
    - o compliance with the operating limits assigned to the various functions;
    - o compliance of business operations with the rules, including self-governance rules.

7.P.3. c)

The functions assigned to such controls (so-called "Level II control functions") are separate from the ones in charge of operations and contribute to the definition of the risk governance policies and the risk management process. In the Intesa Sanpaolo Group, Level II includes the following Parent Company structures and the equivalent ones of the Group companies, where established:

- Chief Compliance Officer Governance Area, to which the Anti Financial Crime Head Office Department also reports;
- Chief Risk Officer Governance Area, to which the Internal Validation and Controls Head Office Department reports.

In accordance with the Supervisory Provisions, which require said functions to be independent from operating structures and separate from internal auditing, the Heads of the Chief Risk Officer Governance Area and the Chief Compliance Officer Governance Area report directly to the Managing Director and CEO and, as required by the regulations, have direct access to the Corporate Bodies, to which they report on the findings from the monitoring activities carried out without restrictions or intermediation;

- the third consists of internal audit controls, aimed at identifying violations of procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure of the other components of the internal control system and information system (ICT audit) at Group level, at preset intervals depending on the nature and extent of the risks. In line with the Supervisory Provisions, the Head of the Auditing function reports directly to the Board of Directors and functionally to the Management Control Committee.

7.P.3. b)

In Intesa Sanpaolo, in addition to the Corporate Control Functions, there are other Functions with control tasks, such as the business continuity function and the IT security function.

The internal control system envisages a detailed set of information flows for the benefit of the Bodies, the different structures concerned and the Group companies so as to allow full and proper governance of the risk factors.

For the purposes of additional oversight of the internal control system and in implementation of the regulations issued by the Bank of Italy, the "Group Rules on the internal systems for reporting violations (Whistleblowing)" have been formalised and made available to employees who may report, not anonymously, facts or conduct that may constitute a breach of the rules governing banking activities and any other irregular conduct of which they become aware.

The reporting system ensures the confidentiality of the whistle-blower, excluding the risk of retaliatory, unfair or discriminatory behaviours.

As mentioned above, Intesa Sanpaolo, within the scope of the so-called "Integrated Internal Control System Regulation", has specifically identified the procedures for coordination and collaboration among the Control Functions, adopted in order to pursue an efficiently integrated system of controls and ensure the adequate governance of all corporate risks.

The monitoring of these elements constituting the internal control system is carried out by the same Control Functions, within their respective powers and within the scope of the Group Control Coordination, Operational and Reputational Risk Managerial Committee, in the Integrated Internal Control System session, designed to strengthen coordination and interdepartmental cooperation mechanisms relating to the internal control system and to aid the integration of the risk management process.

In this regard, the Control Functions adopt appropriate coordination and collaboration mechanisms, based on specific "integration parameters", which apply to all the phases of the risk management process:

- dissemination of a common language;
- adoption of detection and assessment methods and instruments;

- definition of risk reporting models;
- identification of formalised coordination occasions for the purposes of planning activities;
- provision of continuous information flows;
- sharing in the identification of remedial actions.

7.C.1. b) In this context, the adequacy of essential system elements is assessed on an ongoing basis by the Corporate Bodies, and is taken into consideration in the report on operations attached to the Parent Company's financial statements, in this Report and in the report pursuant to Article 153 of the Consolidated Law on Finance.

7.C.1. d) Given the above, a description is provided below of the main elements of the internal control system, also indicating the breakdown of financial information controls (in reference to the duties of the Manager responsible for preparing the Company's financial reports, the financial information control system and the independent audit), the Corporate Control Functions as defined in the Supervisory Provisions (risk control, compliance with regulations, internal auditing, anti-money laundering and validation) and crime prevention models.

### The role of the Corporate Bodies

7.P.3. a)  
7.C.1. The task of ensuring the completeness, adequacy, functionality and reliability of the internal control system at Group level falls within the remit of the Corporate Bodies of Intesa Sanpaolo as provided for by the Supervisory Provisions on the control system and by the Supervisory Provisions on corporate governance.

In particular, in order to ensure an integrated and consistent internal control system and adequate monitoring of the risks to which the Group is or may be exposed, the strategic decisions relating to the internal control and risk management system at the Group level fall within the remit of the Board of Directors of Intesa Sanpaolo, as the Parent Company. Therefore, in carrying out its functions, it not only considers the actual corporate situation of the Parent Company, but also assesses the Group's overall operating activity and the overall risks to which it is exposed.

The Board, with the support of the Risk Committee and taking into account the proposals of the Managing Director and CEO, is called upon to define and approve the overall governance and organisational structure of the Bank and the Group, the guidelines of the internal control system, the risk appetite and the risk governance policies and processes. The Board is also responsible for addressing and monitoring the information system (including the supervision of the IT risk analysis) and business continuity.

The Board also approves the establishment of the internal control functions, thereby outlining their tasks and responsibilities, and appoints the Manager responsible for preparing the Company's financial reports and the heads of the Corporate Control Functions (Chief Audit Officer, Chief Risk Officer, Chief Compliance Officer, Head of the Validation Department, Head of the Anti Money Laundering Department).

7.C.1. c)  
7.C.5. a) The Board examines the reports prepared, at least annually, by the Corporate Control Functions and approves the audit plan prepared by the head of the internal auditing department, after examination by the Risks Committee and the Management Control Committee.

7.C.1. e) In addition, the Board evaluates the observations formulated by the independent auditor in the letter of recommendations, if any, and in the additional report on the independent audit, pursuant to Article 11 of (EU) Regulation 537/2014, after examination by the Management Control Committee and the Risks Committee.

7.P.3. a)-  
ii) The Board of Directors, in the performance of its strategic supervision and guidance on the internal control system and risk matters, is supported by the Risks Committee.

7.P.3. d) The Management Control Committee, as the Body in charge of the duties assigned by applicable regulations to the Control Body, is tasked with supervising the completeness, adequacy, functionality and reliability of the internal control system and Risk Appetite Framework, as well as the business continuity plan.

Furthermore, the Committee ensures the effectiveness of all the structures and functions involved in the control system and the proper coordination thereof, promoting the corrective measures of any deficiencies and irregularities detected.

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The Committee monitors the effectiveness of the control, internal auditing and risk management systems, as well as the financial reporting process, the audit of the annual or consolidated financial statements, and the independence of the independent auditors also in the capacity of Internal Control and Audit Committee pursuant to Italian Legislative Decree No. 39/2010, as novated by Italian Legislative Decree No. 135/2016. In that role, it is tasked with notifying the Board of Directors of the outcome of the independent audit and sending to said body the report pursuant to Article 11 of (EU) Regulation 537/2014.

To carry out its functions, the Committee receives adequate flows of information from the other Corporate Bodies and from the corporate functions, including control functions.

The Committee in particular receives from the control functions the activity plans, the periodic reports prepared, at least annually, as well as the flow of information relating to specific situations or company trends, with particular reference to any significant deficiencies or breaches detected.

The Committee exchanges information of mutual interest and, where appropriate, coordinates with the Risks Committee for the performance of the respective duties, including in relation to deeds and disclosure notices of mutual interest; it also operates in close liaison with the control bodies of the subsidiaries, thereby contributing to the timely exchange of all relevant information.

The Managing Director and CEO has the power to submit proposals for resolutions concerning the internal control and risk system, without prejudice to the power of proposal reserved for individual Directors and Board Committees. Furthermore, the Managing Director and CEO shall implement all the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, the RAF and the risk governance policies defined by the Board of Directors.

The Managing Director shall ensure integrated management of all corporate risks, thereby evaluating the internal and external factors that may give rise to them and their mutual interrelations, and shall be responsible for the adoption of the necessary measures to make the organisation and internal control system compliant with the regulatory principles and provisions, monitoring compliance therewith within the Bank and the Group on an ongoing basis. The Managing Director is responsible for adopting the provisions aimed at ensuring that the various corporate functions implement the risk management and control process for the Bank and the Group, also taking care of the structure and operations of the risk measurement internal systems and the ICAAP and ILAAP process, in line with the Supervisory Provisions, the strategic guidelines, the RAF and the risk governance policies defined and approved by the Board.

7.P.3. a)-i)  
7.C.4.

### **The role of the Managerial Committees**

During 2019, within the scope of the risk control and management system, a qualified role was performed by the Managerial Committees operating within the scope of the Bodies' prerogatives and the specific skills of the corporate control functions.

For a description of the Managerial Committees' duties, reference is made to the paragraph "Group's Managerial Committees" contained in the chapter "Operating structure".

With special reference to the internal control and risk management system, the activities carried out by the following Committees are noted below:

- the Group Control Coordination, Operational and Reputational Risk Committee, in the "Integrated Internal Control System" session, pursues the goal of stepping up coordination and the interdepartmental cooperation mechanisms within the Group internal control system, thus promoting the integration of the risk management process.

On the other hand, within the "Operational and Reputational Risk" session, the Committee has the task of supervising the implementation of operational and reputational risk management guidelines and policies, including cyber and IT risk, in accordance with indications formulated by the Board of Directors. The Committee is also tasked with overseeing the management of events of significant impact and relevance as well as the Group's overall operational and reputational risk profile, monitoring the implementation of the mitigation measures identified in the context of the guidelines formulated by the Corporate Bodies and/or by the Steering Committee and approving, within the scope of the indications received from the Board of Directors, the operational risk transfer strategies.

The Committee sessions are attended by the Heads of the Corporate Control Functions as well as by the Manager responsible for preparing the Company's financial reports. Participation in the Committee sessions by the Manager responsible for preparing the Company's financial reports as

- a permanent member contributes to fulfilling the assigned legal obligations and the responsibilities established in the Company Regulations on the supervision of the financial reporting process. It also enables the promotion of the inter-functional coordination and integration of control activities, within its area of responsibility;
- within the scope of the Steering Committee, the “Group Risk Analysis” session is aimed at ensuring the monitoring and management of risks and the safeguarding of corporate value at Group level, including the internal control system, in implementation of the strategic guidelines and management policies defined by the Board. This session is assigned several responsibilities on the matter of risks, including the examination of the Group Risk Appetite Framework proposal and the risk Tableau de Bord; during that session the Committee is also informed with regards to the contents of the Group’s ICAAP and ILAAP package. Furthermore, within the scope of the “Credit Strategies” session, the Steering Committee reviews the Credit Strategy proposal and periodically checks the correct implementation thereof, thereby evaluating any necessary corrective measures;
  - the Group Financial Risk Committee’s functions are set out in two sessions,
    - the “Risk Analysis and Assessment” session, responsible for evaluating, inter alia, in advance of approval by the Board, the guidelines on undertaking and measuring financial risks and the liquidity risk and proposals for operational limits, in addition to defining, within the scope of the powers received, the distribution thereof amongst the Group’s major units; in addition, the session verifies the financial risk profile and the exposure to the liquidity and interest rate risk of the Group or its main operational units;
    - the “Management Guidelines and Operating Choices” session, which provides operational guidelines in implementation of the strategic guidelines and risk management policies laid down by the Board in respect of management of the banking book, liquidity, interest rate and exchange risks and periodically verifies the Group’s overall financial risk profile, as well as appropriate measures aimed at mitigating it;
  - the Credit Risk and Pillar 2 Internal Models Committee oversees the issues relating to credit risk measurement and management internal models, as well as internal models relating to Pillar 2 risks (excluding Banking Book financial risks, already falling within the scope of the responsibilities of the Group Financial Risk Committee);
  - the Hold To Collect and Sell (HTCS) Sign-Off Committee is qualified in relation to the proposal for assumption of market risks put forward by the business structures of the Parent Company or the subsidiary banks, on the HTCS shares required for Originate to Share (“OtS”) transactions;
  - the Group Credit Committee has a decision-making and advisory role that has the task of ensuring the coordinated management of issues relating to credit risk and the adoption of lending decisions and the granting of credit ceilings to the extent of its assigned powers.

## Corporate Control Functions

### The Chief Audit Officer

7.P.3. b)  
7.C.5. b)

Internal auditing activities are assigned to the Chief Audit Officer, a structure reporting directly to the Board of Directors (and, on its behalf, to the Chairman), functionally reporting to the Management Control Committee, without prejudice to the appropriate sharing of information with the Managing Director and CEO. The Chief Audit Officer does not have any direct responsibilities for the operational areas.

This Function has a structure and a control model in line with the organisational structure of Intesa Sanpaolo and of the Group. The Internal Auditing Structures of the Group’s Italian and international companies report to the Chief Audit Officer in terms of functions.

7.C.1.  
7.C.5. c)

The Head of the Internal Auditing enjoys due autonomy and independence from Operating Structures. The Department has access to all the activities carried out both at central offices and at peripheral structures. In the event whereby third parties are assigned activities inherent to the operation of the internal control system (e.g. data processing), the Internal Auditing must have access also to the activities carried out by said entities.

7.C.5.  
a) and g)

The structure performs overall level III assessment of the internal control system, reporting possible improvements to the Corporate Bodies, with specific regard to the RAF, the risk management process and the relevant measurement and control instruments.

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In particular, it assesses the completeness, adequacy, functionality and reliability of the components of the internal control system, the risk management process and the corporate processes, also with regard to their ability to identify and prevent errors and irregularities. In this context, amongst others, it audits the risk control and regulatory compliance corporate functions, also through participation in projects, so as to generate added value and improve the effectiveness of the control and corporate governance processes. The audit action directly concerns Intesa Sanpaolo and the Group companies.

The Internal Auditing is also responsible for assessing the effectiveness of the RAF definition process, the internal consistency of the overall framework and compliance of Bank operations with the RAF.

The structure uses personnel with the appropriate professional skills and expertise, and ensures that its activities are performed in accordance with the international standards for the professional practice of internal auditing established by the Institute of Internal Auditors (IIA). Internal auditors conduct their activity in accordance with the principles laid down in the Internal Auditor's Code of Ethics, inspired by that proposed by the Institute of Internal Auditors. As required by the international standards, the Department is subject to an external Quality Assurance Review at least every five years. The most recent review was carried out at the end of 2018 on the request of the Management Control Committee and concluded in the first quarter of 2019, confirming the highest assessment envisaged ("Generally Compliant").

In performing its duties, Internal Auditing uses structured risk assessment methods to identify situations of greatest interest and the main new risk factors. Based on the assessments emerging from risk assessment and the resulting priorities, as well as on any specific requests for further enquiry expressed by Top Management and Corporate Bodies, it prepares and submits an Annual Intervention Plan for prior examination by the Management Control Committee, and subsequent approval by the Board of Directors, on the basis of which it conducts its activities during the year, in addition to a Long-Term Plan. The Plan may be subject to changes during the year as a result of extraordinary events, also deriving from potential development of risks and from new requests from the Corporate Bodies. The Chief Audit Officer ensures the proper conduct of the internal process for managing whistleblowing reports.

7.C.5.  
d) and e)

The Chief Audit Officer supports corporate governance and ensures that Top Management, the Corporate Bodies and the competent Authorities promptly and systematically receive information on the status of the control system and on the outcome of activities performed.

Audit is performed directly for the Parent Company and network banks, as well as for subsidiaries under an outsourcing contract; for other Group entities vested with their own internal audit functions, on the other hand, indirect control is maintained.

In such cases, indirect audit is conducted via the steering and functional coordination of the Auditing structures of the Italian and international banks and subsidiaries, to guarantee control consistency and adequate attention to the different types of risks, also verifying the effectiveness and efficiency levels under both structural and operational profiles. Furthermore, direct audit and verification are also performed in the institutional capacity as Parent Company.

Any weaknesses are systematically reported to the Corporate Functions involved for prompt improvement action, with adequate follow-up activities suitable for checking its effectiveness.

Summary internal control system assessments from the checks are periodically submitted to the Management Control Committee and the Board of Directors.

7.C.5. f)

The findings of the audits completed with a negative opinion or with the identification of major shortcomings were sent in full to the Board, the Managing Director and CEO and the Management Control Committee, as well as the Boards of Directors and Boards of Statutory Auditors of the subsidiaries concerned.

The main weaknesses detected and their development over time are included in the Audit Tableau de Bord (TdB), with evidence of the ongoing mitigation actions as well as of the related managers and expected deadlines, so that they may be systematically monitored.

The Chief Audit Officer coordinates the "Integrated Internal Control System" session of the Group Control Coordination, Operational and Reputational Risk Committee; he/she supports the 231 Surveillance Body in ensuring constant and independent auditing of the regular performance of operations and processes, in order to prevent or identify the emergence of anomalous and risky conduct or events, and monitoring the compliance and adequacy of the rules contained in the 231 Model; finally he/she participates in the Plenary, Business Plan and Sustainability (ESG) and Supervisory

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Remediation Plans sessions of the Steering Committee as well as, upon specific request, also in the Investments session.

Internal Auditing ensures constant self-assessment of its own efficacy and efficiency in line with the internal "quality assurance and improvement" plan drafted in accordance with the recommendations of international standards for professional audit practice. In this context, during 2019, the function evolution plan called Future Audit Solutions and Transformation (FAST) continued, also in line with the strategies of the 2018-2021 Business Plan.

### The Chief Risk Officer

The Chief Risk Officer, directly reporting to the Managing Director and CEO, has the responsibility of the Governance Area in charge of the risk management functions, including the controls on the risk management and internal validation process, that represents an important element of the "second line of defence" of the internal control system, separate and independent from the business functions.

The Chief Risk Officer Governance Area is set out in the following structures:

- Credit Risk Management Head Office Department
- Financial and Market Risks Head Office Department
- Enterprise Risk Management Head Office Department
- Internal Validation and Controls Head Office Department
- Foreign Banks Risk Governance
- Risk Management Initiatives Coordination.

The risk control functions of subsidiaries with decentralised management model and the representatives of the Parent Company's risk control function at subsidiaries with centralised management model functionally report to the Chief Risk Officer Governance Area.

The main duties entrusted to the Chief Risk Officer Governance Area are as follows:

- governing the macro-process of definition, approval, control and implementation of the Group's Risk Appetite Framework (RAF) with the support of the other corporate functions involved;
- consistent with corporate strategies and objectives, assisting the Bodies in defining guidelines and policies on risk management;
- coordinating the implementation of guidelines and policies on risk management by the relevant Group business units, also in the various corporate contexts;
- guaranteeing the measurement and control of Group exposure to the various types of risk, also verifying the implementation of guidelines and policies as above;
- performing II level monitoring and controls on credit quality, composition and evolution of the various loan portfolios and on proper classification and measurement of single positions ("single name" controls);
- performing II level monitoring and controls for monitoring risks other than credit risk;
- continuously and iteratively validating risk measurement and management systems – used both for the determination of capital requirements and for non-regulatory purposes – in order to assess their compliance with regulatory provisions, operational company and reference market demands, and to manage the internal validation process at Group level.

The Chief Risk Officer Governance Area structures are in charge of the actions implementing management and strategic guidelines along the Bank decision-making process, down to individual operational units. Furthermore, they develop and maintain risk measurement, management and control systems, in line with applicable regulations and international best practices, as described in the notes to the Financial Statements and the Pillar III – Basel III Disclosure.

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## The Chief Compliance Officer

The Chief Compliance Officer reports directly to the Managing Director and CEO, in a position that is independent from operating structures and separate from internal auditing; this function ensures the monitoring of the regulatory compliance risk at Group level, both in the operational and reputational risk component, including the risk of sanctions, losses or damage arising from improper conduct towards customers or such as to jeopardise the integrity and orderly functioning of the markets (so-called conduct risk).

To the Chief Compliance Officer also reports the Anti Financial Crime Head Office Department, which is tasked, inter alia, with the duties and responsibilities of the anti-money laundering function.

The Chief Compliance Officer Governance Area is responsible for the following tasks:

- defining the guidelines and methodological rules for the monitoring and assessment of the compliance risk;
- identifying and assessing the compliance risks and the related controls, and planning the necessary mitigation measures;
- identifying the applicable regulations, assessing the impact thereof on corporate processes and procedures, and proposing the resulting organisational and procedural changes;
- providing support to the corporate structures in all matters in which the compliance risk becomes relevant and in the preliminary assessment of innovative projects, including the launching of new activities and the entry in new markets, of operations and new products and services to be introduced to the market;
- verifying ex post the adequacy and effective application of internal processes and procedures and of the proposed organisational adjustments for the prevention of the compliance risk and, in general, checking the effective compliance with external and internal regulations by the corporate structures;
- promoting the dissemination of a corporate culture founded on the principles of honesty, fairness, and respect for the spirit and the letter of the rules;
- managing relations with the Authorities with regards to compliance issues and non-compliance events.

The Chief Compliance Officer reports directly to Governing Bodies and has access to all activities within the Bank, as well as any information significant for the performance of his/her duties.

The regulatory scope and the procedures for monitoring regulatory areas subject to significant compliance risks for the Group are defined in the Group Compliance Guidelines. The Chief Compliance Officer ensures disclosure to the Corporate Bodies on the adequacy of compliance monitoring, with reference to all regulatory areas applicable to the Bank showing compliance risks.

The Chief Compliance Officer plays a guidance, coordination and controlling role on behalf of subsidiaries not in service and for International Branches, for which an internal compliance function is established and a local Compliance Officer is appointed; the Compliance Officers of subsidiaries report to the relevant Chief Compliance Officer Governance Area structures in functional terms, whereas those of Branches report in hierarchical terms, save as for those cases where it is not permitted by the local regulations.

## **The Manager responsible for preparing the Company's financial reports and the monitoring of the financial reporting process**

Pursuant to the provisions of Article 154-bis of the Consolidated Law on Finance, Intesa Sanpaolo has provided for the appointment of the Manager responsible for preparing the Company's financial reports.

The Manager responsible for preparing the Company's financial reports meets specific professionalism requirements connected to adequate skills in financial accounting and management and control of the related administrative procedures, as laid down by the Articles of Association. The Manager responsible for preparing the Company's financial reports also meets integrity requirements for members of control bodies of listed companies envisaged under current regulations.

The Manager responsible for preparing the Company's financial reports was vested with adequate powers and means for the performance of his/her functions.

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For this purpose he/she relies on:

- a dedicated organisational structure capable of supporting him/her, which is adequate in terms of number and technical and professional skills;
- the Administration and Tax Head Office Department structures;
- the contribution:
  - from the corporate control functions and, in particular, the Internal Audit, which is responsible for conducting overall assurance activities over the internal control system as indicated in the “Integrated Internal Control System Regulation” and from which he/she acquires, in relation to the effects on the financial reporting process and on the reliability of corporate information, the outcomes of the activities carried out;
  - from the other functions of the Parent Company and the Group companies.

Monitoring on the reliability of the company financial reports and on the financial reporting process is carried out in compliance with the provisions of Article 154-bis of the Consolidated Law on Finance and the related implementing provisions as well as the rules on the administration and accounting system to which the companies that control companies governed by the laws of non-EU countries (Article 15 of Consob Market Regulation No. 20249/2017) are bound.

For the purposes of the aforesaid legal and regulatory provisions, the Manager responsible for preparing the Company’s financial reports plays a steering and coordination role in Group companies with regard to administrative matters and in the supervision of internal control system functional to accounting and financial reporting and supervises the fulfilment of the legal obligations according to a shared approach at Group level, defined by specific internal regulations.

Art. 123-bis (2), (b) CLF

The monitoring of the accounting and financial reporting process is based on the review of:

- the adequacy of the processes and procedures used for drafting the company financial reports and any other relevant financial disclosure pursuant to Article 154-bis of the Consolidated Law on Finance. The focus of the audits is represented by the work stages which, within business processes, entail the recording, processing, evaluation and presentation of data and information, as well as of the IT architecture and application monitoring rules, especially with reference to the management of operations and development interventions on the summary systems instrumental to the financial reporting;
- the completeness and consistency of the information disclosed to the market through a structured system of information flows coming from the functions of the Parent Company and companies on the significant events for the purposes of accounting and financial reporting, especially as regards the main risks and uncertainties to which they are exposed.

Italian legislation does not make express reference to predefined standards in order to assess the adequacy of the administrative and accounting procedures and to ensure the effectiveness of the related internal control system and technology infrastructure. The international benchmarks – typically also used by independent auditors – are represented respectively by the *COSO Framework*<sup>1</sup> in relation to internal control systems and the *COBIT Framework*<sup>2</sup> with regard to information systems. They are also used as benchmarks by Intesa Sanpaolo insofar as they offer the opportunity for a convergence in the analysis and evaluation methodologies compared to the more widespread consolidated practices at the international level, based on authoritative references and widely recognised, updated on an ongoing basis and accompanied by elements of interpretation that enable a smooth and straightforward dialogue with the regulators, the independent auditors, the relevant bodies and among the control functions.

In this regard, the “financial reporting risk” has been included in the Group’s integrated risk taxonomy and a measurement metric has been defined that is consistent with the principles of the “Integrated internal control system regulation”.

In this context, it is noted, finally, that for the assessment of the adequacy of the relevant processes for the financial reporting, the Manager responsible for preparing the Company’s financial reports uses the results of the controls carried out by the Structures reporting directly to him/her, by the Internal Audit Department and the other Corporate Control Functions. To this end, within the scope of the Control Coordination, Operational and Reputational Risk Committee provided for by the Integrated Internal

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1 The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation.

2 The COBIT Framework - Control Objectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.



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Control System, the Corporate Control Functions and the Manager responsible for preparing the Company's financial reports share annual check plans and the related outcomes. Any critical issues arising from inspections conducted by external entities (Independent Auditors, Supervisory Authorities) are also gathered and evaluated in terms of financial reporting risk.

### **The Legal Affairs Head Office Department – Group General Counsel**

The Legal Affairs Head Office Department, save as for the matters excluded by the organisational model, oversees the legal risk at Group level, provides legal advice and support, manages and coordinates disputes in and out of court, including through the issue of guidelines, directives and instructions.

The Department, within the scope of its advisory activities, also looks after the evolution of the regulations and, in the management of disputes, evaluates the risk also for the purposes of allocating the provisions.

The Department, including through loss data collection activities, cooperates with the Chief Risk Officer to operational risk measurement and control, as well as the identification of the related mitigation actions.

The Department functionally coordinates the legal structures of the Group companies.

### **The Surveillance Body and the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001**

The Surveillance Body – appointed by the Board of Directors on 24 May 2019 - is tasked with duties of oversight on the effective and proper functioning, as well as on the updating, of the Organisational, Management and Control Model ("Model") pursuant to Italian Legislative Decree No. 231/2001 on the administrative liability of entities.

Also in the light of the governance model adopted by the Bank, the Body is composed of three external members to Intesa Sanpaolo, who meet the specific professionalism, integrity and independence requirements, and is therefore able to ensure autonomy, independence, professionalism and integrity in the performance of the duties entrusted to it. Three alternate members were also appointed.

The activities, operations and duties of the Body, which met 13 times in 2019, 7 of which in the new composition, in addition to being indicated in the Model, have also been specified in the "Regulations for the Surveillance Body, pursuant to Legislative Decree 231/2001". Pursuant to the aforementioned Regulations, the Body appointed Paolo Vernerio as its Chairman until the Shareholders' Meeting approving the financial statements as at 31 December 2019.

The Body and the Management Control Committee promptly exchange relevant data and information, by coordinating during joint meetings on matters of mutual responsibility.

The Body is also required to submit, at least every six months, to the Board of Directors and to the Management Control Committee, a specific report on the adequacy and compliance with 231 Model.

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### Surveillance Body until 30 April 2019

Members	Independent pursuant to Article 148 paragraph 3 of the CLF	Independent pursuant to the Code	Attendance percentage at meetings
Paolo Venero – Chairman	X	X	100%
Silvano Corbella	X	X	100%
Franco Dalla Sega	X		100%
Elena Brero (alternate)	X		N/A
Oreste Cagnasso (alternate)	X	X	N/A
Francesco D'Alessandro (alternate)	X	X	N/A

### Surveillance Body since 24 May 2019

Members	Independent pursuant to Article 148 paragraph 3 of the CLF	Independent pursuant to the Code	Attendance percentage at meetings
Paolo Venero – Chairman	X	X	100%
Andrea Cortellazzo	X	X	100%
Franco Dalla Sega	X		86%
Elena Brero (alternate)	X	X	N/A
Oreste Cagnasso (alternate)	X	X	N/A
Silvano Corbella (alternate)	X	X	N/A

For each category of offences contemplated by Italian Legislative Decree 231/2001, the Model identifies “sensitive” company areas and, for each area, the company activities where there is a risk of the illicit offences being committed (so-called “sensitive activities”). For each sensitive activity, control principles and rules of conduct have been set forth, applicable to the people involved in such activities.

In particular, the Model outlines the reference legal context, the role and responsibility of the structures involved in its adoption, the efficient implementation and updating of the Model itself, the “sensitive” areas related to the type of illegal acts prevented, and the areas of company activity in which the risk of committing such offences may emerge, the behavioural principles and control rules for their prevention, related information flows and the disciplinary system.

The Model is fully and effectively implemented in daily operations through the connection between each sensitive area and the dynamic management of processes and the reference internal regulations. Being based on the control and behavioural principles stated for each activity, these regulations govern company operations at the various levels, thereby forming an integral part of the Model itself.

In 2019 the Board updated the Model, subject to the favourable opinion of the Body, mainly in relation to the development of external regulations and business activity as well as to changes of an organisational nature within the Group.

In the performance of its duties, the Body has as its delegates and stakeholders the heads of the Internal Audit and Compliance Departments as well as the Manager responsible for preparing the Company’s financial reports. The aforesaid delegates, each to the extent applicable, provide appropriate information and inquiry support to the Body thereby making available the resources required to perform the necessary duties.

Thus the Body ensures constant and independent supervision over the regular performance of Bank processes in order to prevent and/or identify the emergence of anomalous or risky conduct or events. It assesses the operational nature of the internal control system as a whole and its adequacy in guaranteeing the effectiveness and efficiency of the control processes identified, and ensures their compliance with policies established by the Corporate Governance Bodies and with internal and external regulations.

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In order to pursue its functions with total independence, the Body has autonomous spending powers based on an annual budget, approved by the Board and subject to the favourable opinion of the same Body.

As regards the specific activities carried out in 2019, the following is noted in particular:

- the monitoring over the implementation of the Code of Ethics and the social and environmental responsibility principles;
- the analysis of the periodic reports issued by the corporate control functions;
- the analysis of the updated Guidelines for combating money laundering and the financing of terrorism and for managing embargoes;
- the insight gained into Cyber Crime matters, with special emphasis on existing controls and future regulatory and organisational changes;
- the monitoring on the progress of the ENIF Project, launched with a view to the overall review and strengthening of anti-money laundering safeguards and embargoes at Group level;
- the insight gained into alleged irregularities perpetrated by employees.

With reference to the value of the Model, Intesa Sanpaolo pushed ahead with the roll-out of the internal communication and staff training plan to facilitate the dissemination of the provisions of the Decree and of the Organisation Model adopted, so that awareness of the subject and observance of the related rules become an integral part of the professional portfolio of each employee. In particular, the Body agreed on the expedience of further reinforcement, within the Model, of the compulsory nature of 231 training by establishing special training activities for international branch personnel.

Furthermore, without prejudice to the separate responsibility of each Group company for the adoption and effective implementation of their own models under Italian Legislative Decree No. 231/2001, the Bank, in its capacity as Parent Company, has formalised a series of guidelines on this topic for its subsidiaries with regard, among other things, to the appointment of a Surveillance Body, the preparation of staff training plans, the adoption of suitable controls for sensitive processes, and periodic reports to the Parent Company's Compliance Department.

The Surveillance Bodies of the subsidiaries are responsible for monitoring the functioning of the model adopted by each of the subsidiaries and the fulfilment of the obligations laid down by the regulations and submit the respective reports on the activities carried out to the Management Control Committee.

The Organisational, Management and Control Models adopted by Intesa Sanpaolo and the Italian Group companies are available in the Governance section of the Bank's website.

### **Independent Auditing**

For Intesa Sanpaolo, as a listed company (Public Interest Entity pursuant to the relevant regulations), auditing of the accounts may only be conducted by an independent auditing firm (Independent Auditor). In the audit report, the independent auditor formalises his/her professional opinion on the annual and consolidated financial statements, formed following the auditing activities carried out and the conclusions reached on the basis of the audit findings acquired. The audit report also expresses an opinion on the consistency of the report on operations, and some specific information contained in the Report on corporate governance and ownership structures, with the financial statements and on their compliance with regulatory requirements. The audit report also includes the so-called "Key Audit Matters", i.e. the aspects that, according to the auditor's professional opinion, were most significant in the context of the audit of the financial statements in question. The independent auditors are also entrusted, on a voluntary basis, with the limited audit of the consolidated half-yearly report and the consolidated interim reports.

In order to monitor compliance with laws governing independent auditing firms engaged for the auditing of the accounts of Group companies, by ensuring the conditions to protect the independence of independent auditors, Intesa Sanpaolo applies the "Group Regulation for the granting of assignments to independent auditors and their networks" whereby a supervision system was set up with the aim of monitoring the nature and eligibility of the proposed mandates for the provision of services by auditors and related parties.

The independent auditors are KPMG S.p.A., which the ordinary Shareholders' Meeting of 10 May 2011 appointed for financial years 2012-2020, as proposed by the Supervisory Board. In view of the expiry of the mandate of the current independent auditors and awaiting the relevant regulatory changes on the matter, the Ordinary Shareholders' Meeting of 30 April 2019 appointed Ernst & Young S.p.A. as independent auditors for the 2021-2029 financial years, upon the reasoned proposal of the Management Control Committee.

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## Treatment of corporate information

### *Inside information and Insiders List*

1.C.1.j) In line with the regulations on the prevention of market abuse provided for by Regulation (EU) No. 596 of 16 April 2014 ("MAR") as well as the related implementing provisions adopted at European and national level, the Bank has adopted the "Group Regulations for the management of inside information of Intesa Sanpaolo" and the related Process Guide which govern the management of inside information regarding Intesa Sanpaolo and the Group Companies.

The Regulations are aimed at ensuring fairness, efficiency and promptness in the reporting transparency of the Group Companies issuing financial instruments traded on regulated markets, in multilateral trading systems and in organised markets.

The organisational safeguards adopted in implementation of the applicable regulations are therefore intended to govern, in the context of the Group, the methods for processing information that could have a significant effect on the prices of the financial instruments issued by Group companies and traded on relevant markets or even on the prices of related derivative financial instruments.

In order to monitor the circulation within the Group of information that may constitute inside information, Intesa Sanpaolo has put in place safeguards to monitor and segregate information that normally precede the entry of a record in the Insider List.

The Regulations also identify the Managing Director and CEO, the Chairman of the Board of Directors, along with other Group employees and structures identified therein, as the persons authorised to issue disclosures to the market regarding inside information on the Bank and the Group.

### *Internal Dealing*

In line with EU regulations on market abuse, Intesa Sanpaolo has adopted Internal Dealing Regulations which govern the disclosure obligations and operating restrictions applicable to the Board Members and to the Company's key managers and the people closely associated with them, in relation to the completion of transactions involving the Company's listed financial instruments (or other associated instruments).

Any transactions carried out by relevant persons are also disclosed through the Bank's website.

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## Relations with shareholders and the financial community – The website

Intesa Sanpaolo has a specific interest, as well as an obligation towards the market, in the management of on-going dialogue with shareholders, institutional investors and national and international market operators in compliance with rules and internal procedures governing the disclosure of inside information. In this respect, the Bank guarantees a regular and systematic disclosure of fair, complete and timely information on Group operations, also in the light of indications provided by Consob, the principles expressed in the Corporate Governance Code and in national and international best practices.

9.P.2.  
1.C.1. j)

The Articles of Association assign to the Chairman of the Board of Directors the task of supervising relations with shareholders, and verifying that such relations are managed correctly, in agreement with the Managing Director.

Given the size of the Bank and the Group, Intesa Sanpaolo makes use of specialist Departments backed by appropriate tools and professional resources: Financial Market Coverage, which is responsible for relations with the financial community, particularly institutional investors, financial analysts and rating company analysts, including in relation to sustainability issues and Corporate Bodies and Corporate Affairs, which is responsible for relations with shareholders – or shareholder associations – and supports shareholders by providing them with corporate documentation disclosed pursuant to law. Press and media relations in general, in Italy and abroad, fall under the responsibility of Media and Associations Relations, which in this respect is the main contact also for Group companies.

9.C.1.

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

Given this line of transparent communications and in order to make information available promptly and as accessible as possible, Intesa Sanpaolo also uses its website.

The Bank focuses special attention on this particular information channel, taking into consideration developments in international best practices in the sector. The institutional website is constantly developed and expanded, so as to highlight its role in showcasing the Group, its values and its distinctive characteristics, and comply with statutory obligations and transparency requirements for the institutional information published online, while satisfying the highest market communication standards in terms of the timeliness and adequacy of messages.

On the website, available in both Italian and English, stakeholders can use an internal search engine to find updated information on the structure and composition of the Corporate Bodies, the organisational structure of the Bank and the Group, the Shareholders' Meeting, the ownership structure and dividends, as well as share performance, regular financial reports and presentations of the results, ratings and prospectuses concerning securities issued by Intesa Sanpaolo. The website also publishes the Bank's press releases, the annual financial calendar showing major corporate events, information on significant or extraordinary transactions, as well as information regarding sustainability issues, including the reporting contained in the annual and half-yearly Consolidated Non-financial Statement.

Also available on the website is the Intesa Sanpaolo "Shareholder's Guide". The Guide is designed to provide useful information on investing in the Bank's shares, to inform shareholders of the rights attaching to their shareholdings, and to enable shareholders to build a more active relationship with the Bank.

In this way the website becomes the place in which the financial community and stakeholders in general find numerous opportunities for information and dialogue with the Bank within the framework of constant, consistent and complete communication. Telephone contacts and an email address are provided on the website.

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## The Shareholders' Meeting: procedures and shareholders' rights

### *The Shareholders' Meeting of Intesa Sanpaolo*

Art. 123-bis (2), (c) CLF  
The Shareholders' Meeting is the Body deemed to represent all shareholders, and its resolutions, passed in accordance with the law and the Articles of Association, are binding on all shareholders, irrespective of their attendance or dissent.

9.C.2.  
For the Bank, Shareholders' Meetings are one of the main opportunities for contact and dialogue with shareholders, as well as important occasions for the disclosure of news, in accordance with the principle of non-selective disclosure and rules on price sensitive information. At the same time, the Shareholders' Meeting represents for shareholders an opportunity for active participation in the Bank's operations and a chance to express their opinions, through the methods and on the topics envisaged by law and by the Articles of Association.

9.P.1.  
Intesa Sanpaolo has always strived to encourage the broadest possible participation in the Shareholders' Meetings and to guarantee the best quality standards for the information provided in order to realise the full potential of the meeting.

Under the one-tier governance model adopted by Intesa Sanpaolo, the Ordinary Shareholders' Meeting shall:

- 1) approve the financial statements and resolve upon the net income allocation;
- 2) appoint, subject to determination of the corresponding number, and remove Directors, determine their remuneration and elect the Chairman and one or more Deputy Chairpersons;
- 3) appoint and remove Directors who sit on the Management Control Committee and appoint its Chairman, determining their remuneration;
- 4) resolve upon the responsibility of Directors;
- 5) upon the reasoned proposal of the Management Control Committee, assign the engagement for the audit of the accounts and determine the relevant fees and, upon consultation with the same Committee, revoke or amend the engagement granted, where necessary;
- 6) approve the remuneration policies for Board Directors and staff, as well as the plans based on financial instruments; in this context, it shall approve the criteria for determining the severance payments to be granted in the event of early termination of the employment contract or early termination of office, including the limits set for such payments as provided by applicable regulations, and shall also determine, with the qualified majority threshold defined by the supervisory regulations in force, a ratio between the variable and fixed individual remuneration of the personnel above the ratio of 1:1, but in any case not exceeding the maximum established by the same regulations;
- 7) approve the regulation, if any, of the Shareholders' Meeting proceedings;
- 8) resolve upon the other matters assigned to it by the applicable regulations and the Articles of Association;
- 9) authorise the most significant transactions with related parties in the cases and in the manner envisaged by the procedures adopted pursuant to the Articles of Association and in accordance with the relevant regulations.

The Extraordinary Shareholders' Meeting shall resolve upon the amendments of the Articles of Association (without prejudice to the powers of aligning the Articles of Association to the law recognised to the Board), the appointment, removal, replacement and powers of liquidators, and on any other matter within its purview pursuant to the law.

### *Calling and conduct of work*

The Shareholders' Meeting is called by the Board of Directors whenever it is deemed appropriate or, according to the provisions of Article 2367 of the Italian Civil Code, upon request by Shareholders representing at least one twentieth of the share capital.

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

The Ordinary Shareholders' Meeting must be called at least once a year, no later than a hundred and eighty days after the end of the financial year.

The Shareholders' Meeting is called at the registered office of the Bank or in another location in the municipality where Intesa Sanpaolo has its registered office, by notice published on the Bank's website at least thirty days prior to the date of the Shareholders' Meeting, as well as by abstract publication in daily newspapers (the abstract notice is normally published in "Il Sole 24 Ore" and in the major national and international newspapers). If the Shareholders' Meeting is called to appoint Directors by way of list voting, an earlier deadline for publication of forty days prior to the date of the meeting is applied.

The Shareholders' Meeting is held on single call; the Board may establish a second call for the Ordinary Meeting and, limited to the Extraordinary Meeting, even a third call.

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The Directors participate in the Shareholders' Meetings; also attending the Meetings are Bank executives and employees, as well as directors, statutory auditors, executives and employees of Group companies, and representatives of the independent auditors. In addition, other persons may participate if their presence is considered useful by the Chairman of the Meeting with reference to the topics for discussion or the work of the Meeting.

9.C.2.

Intesa Sanpaolo has not adopted a Shareholders' Meeting regulation and the Board has not deemed it necessary to propose the approval thereof at the Shareholders' Meeting.

9.C.3.

Also on the basis of the experience acquired so far, the lack of a specific regulation has not prevented the Bank from ensuring the orderly and effective conduct of the work of the Meetings and the participation of those entitled in related discussions.

In this regard, as already pointed out, the Articles of Association govern in detail the process that the Shareholders' Meeting is required to follow in order to resolve upon the appointment of the members of the Board of Directors.

Moreover, the Chairman of the Shareholders' Meeting, through the powers of management and coordination conferred upon him/her pursuant to the law and the Articles of Association, identifies, in the opening session, the main rules of conduct to be observed and in any event informs the attendees, including during the Meeting, with regard to the voting procedures, in order to allow them to express clear and well-informed opinions on the agenda items.

With regard to the right to speak on the agenda items, and with a view to guaranteeing everyone the opportunity to speak, the Chairman, also on the basis of the number of requests put forward, sets the maximum speaking and reply time for each speaker. Requests to speak are made via an automatic booking system at specific stations in the meeting hall.

The Bank has decided not to change the percentage capital thresholds provided for by applicable regulations with regard to the exercise of action and prerogatives to safeguard minority interests.

9.C.4.

#### *Additions to the agenda and submission of new proposed resolutions*

Pursuant to the law and the Articles of Association, shareholders severally or jointly representing at least one-fortieth of the share capital may request, within ten days of publication of the notice of call, additions to the list of items on the agenda or submit proposed resolutions on items already on the agenda, specifying the additional items or proposals in their request.

Those entitled to vote may individually, even without representing the quota referred to above, submit proposed resolutions on the agenda items directly at the Shareholders' Meeting.

Additional items are not permitted for topics which the Shareholders' Meeting addresses, by law, upon proposal by the Board or based on a project or report prepared by said Board, other than that usually drawn up for all items on the agenda pursuant to Article 125-ter, paragraph 1, of the Consolidated Law on Finance.

Notice of additions to the agenda or the submission of additional proposed resolutions on items already on the agenda is given in the forms prescribed for the publication of the notice of call.

#### *Right to ask questions on items on the agenda*

Those entitled to vote may ask questions concerning items on the agenda even prior to the Shareholders' Meeting, by the deadline stated in the notice of call; questions are answered during the Shareholders' Meeting at the latest. The Company may provide a single response to questions with the same content.

Questions may also be submitted through the appropriate section of the website or by email, according to the specific instructions outlined in the notice of call.

#### *Participation and representation – The Appointed Representative*

The right to participate in the Shareholders' Meeting is recognised for parties that are entitled to vote at the end of the accounting day of the seventh market trading day prior to the date set for the meeting on first or single call (the record date).

Those entitled to vote may be represented at the Shareholders' Meeting through proxy.

The Articles of Association allow for electronic notification of voting proxies to the Bank through the appropriate section of the website or through email.

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The notice of call contains specific instructions regarding the voting by proxy procedure, including the availability of a facsimile of a proxy form on the Bank's website, as well as the methods by which proxies can be electronically notified.

In addition, if specified in the notice of call, those who are entitled to vote may attend the Meeting through telecommunication means and exercise their right to vote electronically.

As an additional instrument to encourage more widespread participation in the decision-making processes of the Shareholders' Meeting, the Articles of Association allow the Bank to designate for each meeting, disclosing it in the notice of call, one or more "Appointed Representatives" on whom holders of voting rights can confer a proxy with instructions to vote on all or some of the items on the agenda. The power to appoint more than one representative, also in different locations, meets the need of increased proximity to shareholders, as well as differentiation by shareholder category.

However, the legal provisions on the requests for proxies by advisors or collective proxies by associations of shareholders remain in force.

Regarding the latter, again to achieve large involvement of shareholders, the Intesa Sanpaolo website also indicates contacts of Shareholder Associations in respect of whom the Bank received notice as of the last Shareholders' Meeting or by previous communications.

Intesa Sanpaolo's Articles of Association do not permit postal voting.

#### *Voting rights*

There are no restrictions on voting rights.

Art. 123-  
bis (1), (f)  
CLF

#### *Contestation of shareholder resolutions*

Resolutions adopted at Shareholders' Meetings in accordance with law and the Articles of Association are binding on all shareholders, including those who dissent or abstain from voting. Resolutions adopted not in accordance with law and the Articles of Association may be contested by absent, dissenting or abstaining shareholders.

The terms and procedures for contesting resolutions are determined by the provisions of law in force, contained in Articles 2377-2378 of the Italian Civil Code.

#### *The right of withdrawal*

The right of withdrawal may be exercised only in those cases exclusively provided for by Article 2437 of the Italian Civil Code. As permitted by Article 2437, paragraph 2, of the Italian Civil Code, the Articles of Association exclude the right of withdrawal for shareholders that did not take part in the approval of the resolutions concerning the extension of the duration of the Bank and the introduction or cancellation of restrictions on the trading of shares.

The terms and methods for the exercise of the right of withdrawal and the criteria for determining the value of the shares and related liquidation procedures are governed by law.



# Part III – Summary Tables

**Table no. 1: Composition of the Board of Directors and Committees**

Board of Directors								Management Control Committee	Nomination Committee	Remuneration Committee	Risks Committee	Related Party Transactions Committee			
Director	Age	In office since	Executive	Slate (1)	Independent (2)	No. of other offices held (3)	Positi on (4) (3)	Positi on (4) (3)	Positi on (4) (3)	Positi on (4) (3)	Positi on (4) (3)	Positi on (4) (3)			
<b>Chairman</b>															
Gian Maria Gros-Pietro	78	2013/05/09		Ms			94%		M	89%					
<b>Deputy Chairman</b>															
Paolo Andrea Colombo	59	2016/04/27		Ms	X	1	100%		M	100%	C	100%			
<b>Managing Director and CEO</b>															
Carlo Messina	57	2013/09/29	X	Ms			100%								
<b>Directors</b>															
Franco Ceruti	67	2016/04/27		Ms		2	100%			M	100%	M	100%		
Rossella Locatelli	59	2013/04/22		Ms	X	3	100%					C	100%	M	90%
Luciano Nebbia (*)	66	2019/04/30		Ms		2	100%			M	100%				
Bruno Picca	69	2013/05/09		Ms			100%		M	100%		M	100%		
Livia Pomodoro	79	2016/04/27		Ms	X		100%		C	100%					
Giovanni Gorno Tempini (**)	58	2016/04/27		Ms	X	3	86%			M	83%			M	100%
Maria Alessandro Stefanelli (*)	56	2019/04/30		Ms	X		89%							M	90%
Guglielmo Weber (*)	61	2019/04/30		Ms	X		100%					M	100%		
Daniele Zamboni	60	2016/04/27		ms	X		100%					M	100%	C	100%

Board of Directors								Management Control Committee	Nomination Committee	Remuneration Committee	Risks Committee	Related Party Transactions Committee			
Director	Age	In office since	Executive	Slate (1)	Independent (2)	No. of other offices held	(3)	Position (4)	(3)	Position (4)	(3)	Position (4)	(3)	Position (4)	(3)
Maria Mazzarella	69	2016/04/27		ms	X		100%			M	100%			M	100%
Anna Gatti (*)	48	2019/04/30		ms	X	2	100%					M	100%		
Andrea Sironi (***)	55	2019/12/02		/	X	3	100%					M	100%		
Fabrizio Mosca (*)	51	2019/04/30		Ms	X	6	100%	M	100%						
Milena Teresa Motta	60	2016/04/27		Ms	X	2	100%	M	100%						
Maria Cristina Zoppo	48	2016/04/27		Ms	X	3	100%	M	100%						
Alberto Maria Pisani	65	2016/04/27		ms	X		100%	C	100%						
Corrado Gatti (*)	45	2019/04/30		ms	X	1	89% (****)	M	89% (****)						

(1) Ms = "majority" slate / ms = "minority" slate

(2) Independent pursuant to art. 13.4 of the Articles of Association, the Corporate Governance Code and art. 148, paragraph 3, of the Consolidated Law on Finance

(3) Attendance percentage at, respectively, Board of Directors and Committees meetings

(4) Position in the Committee: "C": Chairman; "M": Member

(\*) appointed by the Shareholdings' Meeting on 2019/04/30

(\*\*) resigned on 2019/11/08

(\*\*\*) co-opted by the Board of Directors on 2019/12/02

(\*\*\*\*) on voluntary suspension effective 13/12/2019, he subsequently ceased from office, following his resignation, on 2/3/2020

**Table no. 2: List of other management and control offices of Board Directors in other companies listed on regulated markets (also abroad), in financial, banking, insurance or large companies**

Director	Position	Company
Gian Maria Gros-Pietro	-	
Paolo Andrea Colombo	Director	Colombo & Associati S.r.l.
Carlo Messina	-	
Franco Ceruti	Chairman Director	Intesa Sanpaolo Expo Institutional Contact S.r.l. Intesa Sanpaolo Private Banking S.p.A.
Rossella Locatelli	Chairwoman Director  Member, Supervisory Board	B.F. S.p.A. Società per la Bonifica dei Terreni Ferraresi e per Imprese Agricole S.p.A. Darma SGR in administrative compulsory liquidation
Luciano Nebbia	Deputy Chairman Director	Equiter S.p.A. Intesa Sanpaolo Casa S.p.A.
Bruno Picca	-	
Livia Pomodoro	-	
Maria Alessandra Stefanelli	-	
Guglielmo Weber	-	
Daniele Zamboni	-	
Maria Mazzarella	-	
Anna Gatti	Director Director	Rai Way S.p.A. Lastminute Group
Andrea Sironi (*)	Chairman Director Chairman	Borsa Italiana S.p.A. London Stock Exchange PLC London Stock Exchange Group Holding Italia S.p.A.
Fabrizio Mosca	Deputy Chairman Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Standing Auditor	Mecplast S.r.l. Bolaffi S.p.A. Aste Bolaffi S.p.A. Bolaffi Metalli Preziosi S.p.A. M. Marsiaj & C. S.r.l. Moncanino S.p.A.
Milena Teresa Motta	Director Chairwoman, Board of Auditors	Strategie & Innovazione S.r.l. Trevi Finanziaria Industriale S.p.A.

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Director	Position	Company
Maria Cristina Zoppo	Chairwoman, Board of Auditors	Houghton Italia S.p.A.
	Chairwoman, Board of Auditors	Schoeller Allibert S.p.A.
	Standing Auditor	Coopers & Standards Automotive Italy S.p.A.
Alberto Maria Pisani	-	
Corrado Gatti (**)	Chairman, Board of Auditors	Atlantia S.p.A.

(\*) co-opted by the Board of Directors on 2/12/2019

(\*\*) on voluntary suspension effective 13/12/2019 and subsequently ceased for resignation from 2/3/2020

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# Appendix



**Table No. 1: “Check List”**

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
<b>1. ROLE OF THE BOARD OF DIRECTORS</b>			
1.P.1	The issuer is governed by a Board of Directors that meets at regular intervals, adopts an organisation and a modus operandi which enable it to perform its functions in an effective manner.	✓	Page 41, 56, 58
1.P.2.	The directors act and make decisions with full knowledge of the facts and autonomously pursuing and placing priority on the objective of creating value for the shareholders over a medium-long term period.	✓	Page 41, 56
1.C.1.	The Board of Directors shall:		
	a) examine and approve the strategic, operational and financial plans of both the issuer and the corporate group it heads, monitoring periodically the related implementation; it defines the issuer’s corporate governance system and the relevant group structure;	✓	Page 41
	b) define the risk profile, both as to nature and level of risks, in a manner consistent with the issuer’s strategic objectives, taking into account any risk that may affect the sustainability of the issuer’s business in a medium-long term perspective;	✓	Page 41
	c) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control system and risk management;	✓	Page 41, 42
	d) specify the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;	✓	Page 41
	e) evaluate the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;	✓	Page 42
	f) resolve upon transactions to be carried out by the issuer or its subsidiaries having a significant impact on the issuer’s strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying material transactions;	✓	Page 42
	g) perform at least annually an evaluation of the performance of the Board of Directors and its committees, as well as their size and composition, taking into account the professional competence, experience, including managerial one, gender and tenure of its members, considering also diversity <i>criteria</i> applied according to art. 2. Where the Board of Directors avails of external consultants for such a self-assessment, the Report on Corporate Governance shall provide information on their identity and other services, if any, performed by such consultants to the issuer or to companies having a control relationship with the issuer;	✓	Page 49, 54, 65
	h) taking into account the outcome of the evaluation mentioned under the previous item g), report its view to shareholders on the	✓	Page 44, 49

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
managerial and professional profiles deemed appropriate for the composition of the Board of Directors, prior to its nomination considering also diversity <i>criteria</i> applied according to art. 2;			
i) provide information in the Report on Corporate Governance regarding: (1) its composition, indicating for each member his/her qualification (executive, non executive, independent), the role held within the Board of Directors (including by way of example, chairman or chief executive officer, as defined by article 2), the main professional characteristics as well as the duration of his/her office since the first appointment; (2) the application of article 1 of this Code and, in particular, on the number and average duration of meetings of the Board and of the executive committee, if any, held during the fiscal year, as well as the related percentage of attendance of each director; (3) how the self-assessment procedures as at previous item g) has developed; (4) goals, tools and results of diversity <i>criteria</i> applied according to art. 2 and 8;	✓		Page 42, 47, 54, 58, 61, 68, 69, 71,73
j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the managing director or the chairman of the Board of Directors, procedures for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to inside information.	✓		Page 57, 90, 91
1.C.2. The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (also abroad), in financial, banking, insurance or large companies. The Board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the Report on Corporate Governance.	✓		Page 52
1.C.3. The Board shall issue guidelines regarding the maximum number of offices as director or statutory auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of the duties as issuer's director, taking into account the attendance by the directors to the committees set up within the Board. To this end, the Board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group.	✓		Page 52
1.C.4. If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the Board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.	✓		Page 52
1.C.5. The chairman of the Board of Directors shall ensure that the documentation relating to the agenda of the Board is made available to directors and statutory auditors in a timely manner prior to the Board meeting. The Board of Directors shall provide information in the Report on Corporate Governance on the	✓		Page 56



Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
promptness and completeness of the pre-meeting information, providing details, inter alia, on the prior notice usually deemed adequate for the supply of documents and specifying whether such prior notice has been usually observed.			
1.C.6. The chairman of the Board of Directors, also upon request of one or more directors, may request to the managing directors that executives of the issuer or the companies belonging to its group, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda. The Corporate Governance Report provides information on the effective attendance of the Board meetings.	✓		Page 57
<b>2. COMPOSITION OF THE BOARD OF DIRECTORS</b>			
2.P.1. The Board of Directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.	✓		Page 43, 47, 48
2.P.2. Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.	✓		Page 43, 53, 57
2.P.3. The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of Board's decisions.	✓		Page 43, 57
2.P.4. The issuer applies diversity <i>criteria</i> , including those related to gender, for the composition of the Board of Directors, taking into due consideration the primary goal of ensuring adequate competence and professional skills of its members.	✓		Page 43,44
2.P.5. It is appropriate to avoid the concentration of corporate offices in one single individual.	✓		Page 47
2.P.6. Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the Report on Corporate Governance regarding the reasons for such organisational choice.	✓		Page 47
2.C.1. The following are qualified executive directors for the issuer: <ul style="list-style-type: none"> <li>- the managing directors of the issuer or a subsidiary having strategic importance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies;</li> <li>- the directors vested with management duties within the issuer or in one of its subsidiaries having strategic importance, or in the parent company when the office concerns also the issuer;</li> <li>- the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer.</li> </ul>	✓		Page 47

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
<p>The granting of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, provided however that such powers are not actually exercised with considerable frequency.</p>			
<p>2.C.2. The directors shall know the duties and responsibilities relating to their office.</p> <p>The chairman of the Board of Directors shall use his best efforts to allow the directors and the statutory auditors, after the election and during their mandate, to participate, in the ways deemed appropriate, in initiatives aimed at providing them with an adequate knowledge of the business sector where the issuer operates, of the corporate dynamics and the relevant evolutions, of the principles of proper risk-management as well as the relevant regulatory and self-regulatory framework. The issuer shall describe in the Corporate Governance Report the type and organizational manners of the activities that took place during the fiscal year of reference.</p>	✓		Page 50
<p>2.C.3. The Board of Directors shall have at least one third of directors of the less-represented gender.</p>	✓		Page 43,45
<p>2.C.4. The Board shall designate an independent director as lead independent director, in the following circumstances: (i) in the event that the chairman of the Board of Directors is the chief executive officer of the company; (ii) in the event that the office of chairman is held by the person controlling the issuer.</p> <p>The Board of Directors of issuers belonging to FTSE-Mib index shall designate a lead independent director if so requested by the majority of independent directors, except in the case of a different and grounded assessment carried out by the Board to be reported in the Report on Corporate Governance.</p>	✓		Page 52
<p>2.C.5. The lead independent director:</p> <p>a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below;</p> <p>b) cooperates with the chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.</p>	✓		Page 52
<p>2.C.6. The chief executive officer of issuer (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer of issuer (B) is a director of issuer (A).</p>	✓		Page 47
<b>3. INDEPENDENT DIRECTORS</b>			
<p>3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, directly or indirectly, nor have recently maintained any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.</p>	✓		Page 50
<p>3.P.2. The directors' independence shall be assessed by the Board of Directors, after the appointment and, subsequently, on a yearly basis. The results of the assessments of the Board shall be</p>	✓		Page 51

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
<p>communicated to the market.</p> <p>3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:</p> <p>a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;</p> <p>b) if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic importance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;</p> <p>c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:</p> <ul style="list-style-type: none"> <li>- with the issuer, one of its subsidiaries, or any of its significant representatives;</li> <li>- with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;</li> </ul> <p>or is, or has been in the preceding three fiscal years, an employee of one of the above-mentioned subjects;</p> <p>d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or a parent company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;</p> <p>e) if he/she was a director of the issuer for more than nine years in the last twelve years;</p> <p>f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;</p> <p>g) if he/she is shareholder or quotaholder or director of a company or entity belonging to the same network as the company appointed for the auditing of the issuer;</p> <p>h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.</p>	✓		Page 51
<p>3.C.2. For the purpose of the above, the chairman of the entity, the chairman of the Board of Directors, the executive directors and</p>	✓		Page 47

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
key managers of the relevant company or entity, must be considered as "significant representatives".			
<p>3.C.3. The number and competences of independent directors shall be adequate in relation to the size of the Board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the Board, according to the indications set out in the Code.</p> <p>As for issuers belonging to FTSE-Mib index, at least one third of the Board of Directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down.</p> <p>Anyway, independent directors shall not be less than two.</p>	✓		Page 50
<p>3.C.4. After the appointment of a director who qualifies himself/herself as independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the Board of Directors shall evaluate, on the basis of the information provided by the same director or available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director.</p> <p>The Board of Directors shall notify the result of its evaluations, after the appointment, through a press release to disclosed the market and, subsequently, within the Report on Corporate Governance.</p> <p>In the documents mentioned above, the Board of Directors shall:</p> <ul style="list-style-type: none"> <li>- disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons;</li> <li>- describe quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation.</li> </ul>	✓		Page 51
<p>3.C.5. The Board of Statutory Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The result of such controls is notified to the market in the Report on Corporate Governance Report or in the report of the Board of Statutory Auditors to the shareholders' meeting.</p>	✓		Page 51
<p>3.C.6. The independent directors shall meet at least once a year without the presence of the other directors.</p>	✓		Page 52
<b>4. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS</b>			
<p>4.P.1. The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.</p>	✓		Page 67
<p>4.C.1. The establishment and functioning of the committees governed by the Code shall meet the following criteria:</p> <p>a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than eight members, committees may be made up of</p>	✓		Page 67

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman;			
b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;	✓		Page 67
c) the functions that the Code attributes to different committees may be distributed in a different manner or assigned to a number of committees lower than the envisaged one, provided that their composition rules comply with those indicated from time to time by the Code and the achievement of the underlying objectives is ensured;	✓		Page 67
d) minutes shall be drafted of the meetings of each committee and the Chairman of the committee shall inform the Board of Directors thereof during the first available meeting;	✓		Page 67
e) in the performance of their duties, the committees have the right to access the necessary company's information and functions for performance of their duties, according to the procedures established by the Board of Directors, as well as to avail themselves of external consultants. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the Board;	✓		Page 63, 67
f) persons who are not members of the committee, including other Board members or persons belonging to issuer's structure, may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;	✓		Page 63, 67
g) the issuer shall provide adequate information, in the Report on Corporate Governance, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.	✓		Page 64, 68
4.C.2. The establishment of one or more committees may be avoided and the relevant duties may be assigned to the Board of Directors, under the coordination of the chairman and provided that: (i) independent directors are at least half of the Board of Directors members; if the number of the Board members is odd, a rounding down to the lower unit shall be carried out; (ii) adequate time is dedicated during Board meetings to actions that the Code requires the Committees to carry out, and this circumstance is disclosed in the Report on Corporate Governance; (iii) as far as the control and risk committee is concerned, the issuer is neither controlled by another listed company nor it is subject to direction and coordination.	✓(*)		Page 67 (*) All the Committees have been established, as also required by the Supervisory provisions on banks
The Board of Directors describes in detail in the Report on Corporate Governance the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risk and control committee in consideration of the complexity level of the issuer and the sector in which it operates. In addition, the Board shall periodically reassess the choice made.			

**5. APPOINTMENT OF DIRECTORS**

5.P.1.	The Board of Directors shall establish among its members a committee to propose candidates for appointment to the position of director (nominations committee), made up, for the majority, of independent directors.	✓	Page 67, 68
5.C.1.	The nominations committee shall be vested with the following functions:		
	a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated by articles 1.C.3. and 1.C.4.;	✓	Page 68
	b) to submit the Board of Directors candidates for directors offices in case of co-option, should the replacement of independent directors be necessary.	✓	Page 68
5.C.2.	The Board of Directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, the issuer shall disclose it in the Report on Corporate Governance. The review on the preparation of the above mentioned plan shall be carried out by the nominations committee or by another committee established within the Board of Directors in charge of this task.	✓	Page 48, 69

**6. REMUNERATION OF DIRECTORS**

6.P.1.	The remuneration of directors and key managers shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.	✓	Page 74
6.P.2.	The remuneration of executive directors and key managers shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in the medium-long term. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key managers, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4.  The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.	✓	Page 74
6.P.3.	The Board of Directors shall establish among its members a remuneration committee, made up of independent directors. Alternatively, the committee can be made up of non-executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.	✓	Page 67, 69, 74
6.P.4.	The Board of Directors shall, upon proposal of the Remuneration Committee, establish a policy for the remuneration of directors	✓	Page 74

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and key managers.			
6.P.5. In case of the end of office and/or the termination of the employment relationship with an executive director or a general manager, the issuer discloses, through a press release to the market, detailed information, following the internal process leading to the assignment or recognition of indemnities and/or other benefits.	✓		Page 74
6.C.1. The policy for the remuneration of executive directors and other directors vested with special offices shall define guidelines on the issues and consistently with the criteria detailed below:	✓		Page 74
a) the fixed component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out;	✓		
b) upper limits for variable components shall be established;	✓		
c) the fixed component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors;	✓		
d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term;	✓		
e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time with respect to the accrual; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile;	✓		
f) contractual arrangements shall be provided in order to permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated;	✓		
g) indemnities eventually set out by the issuer in case of early termination of directors or non-renewal shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to objectively inadequate results.	✓		
6.C.2. In preparing plans for share-based remuneration, the Board of Directors shall ensure that:	✓		Page 74
a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have an average vesting period of at least three years;			
b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria;			
c) directors shall retain a certain number of shares granted or			

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<p>purchased through the exercise of the rights referred to in paragraph a), until the end of their mandate.</p>			
<p>6.C.3. The criteria 6.C.1 and 6.C.2 shall apply, mutatis mutandis, also to the definition – by the bodies entrusted with that task – of the remuneration of key managers.</p> <p>Any incentive plan for the head of Internal Auditing and for the manager responsible for preparing the Company's financial reports shall be consistent with their role.</p>	✓		Page 74
<p>6.C.4. The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.</p>	✓		Page 74
<p>6.C.5. The remuneration committee shall:</p> <ul style="list-style-type: none"> <li>- periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key managers, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard;</li> <li>- submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors vested with special offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.</li> </ul>	✓		Page 70, 74
<p>6.C.6. No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.</p>	✓		Page 70, 74
<p>6.C.7. When using the services of a consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.</p>	✓		Page 71, 74
<p>6.C.8. According to principle 6.P.5., the press release should provide:</p> <ul style="list-style-type: none"> <li>a) adequate information on the indemnity and/or other benefits, including their amount, timing of disbursement – distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and “claw-back” clauses, if any, in particular with reference to: <ul style="list-style-type: none"> <li>- indemnities for the end of office or termination of the employment relationship, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement);</li> <li>- maintenance of rights related to any incentive plans, monetary or financial instruments based;</li> <li>- benefits (monetary and non monetary ones) subsequent to the end of office;</li> <li>- non-competition commitments, describing their main contents;</li> <li>- any other payment assigned for any reason and in any form;</li> </ul> </li> <li>b) information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and,</li> </ul>	✓		Page 74



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in case of even a partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob related party transactions' regulation;

c) information about the application, or non-application, of any mechanism that provides restrictions or corrections to the indemnity in case of termination due to the achievement of objectively inadequate results, as well as whether requests have been formulated for the reclaim of remuneration already paid out;

d) information as whether the replacement of the ceased executive director or general manager is governed by any succession plan adopted by the company and, in any case, information about procedures that have been or will be applied for the replacement of the director or manager.

**7. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

7.P.1.	Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by the issuer and shall take into consideration the reference model and the best practices that are applied both at national and international level.	✓	Page 78
7.P.2.	An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the Board of Directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of the information provided to the corporate bodies and to the market and the compliance with laws and regulations, including the by-laws and internal procedures.	✓	Page 78
7.P.3.	The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities:	✓	Page 78
	a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:	✓	Page 80
	(i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the "director in charge of the internal control and risk management system"), and	✓	Page 81
	(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;	✓	Page 67, 72, 80
	b) the head of Internal Auditing, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system;	✓	Page 79, 82
	c) the other roles and business functions having specific tasks with regard to internal control and risk management, organised	✓	Page 78, 79

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depending on the company's size, complexity and risk profile;			
d) the Board of Statutory Auditors, also as audit and internal control committee, which is responsible for monitoring the effectiveness of the internal control and risk management system.	✓		Page 60, 80
Each issuer shall provide for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce activities overlapping.			
7.P.4. The control and risk committee is made up of independent directors. Alternatively, the committee can be made up of non-executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.	✓		Page 67, 71
7.C.1. The Board of Directors, with the opinion of the control and risk committee, shall:	✓		Page 80, 82
a) define the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;	✓		Page 78
b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;	✓		Page 80
c) approves, at least on an annual basis, the plan drafted by the head of Internal Auditing, after hearing the Board of Statutory Auditors and the director in charge of the internal control and risk management system;	✓		Page 80
d) describe, in the Corporate Governance Report, the main features of the internal control and risk management system and how the different subjects involved therein are coordinated, expressing the evaluation on its adequacy;	✓		Page 80
e) assess, after hearing the Board of Statutory Auditors, the findings reported by the independent auditors in the suggestions letter, if any, and in the report on the main findings of the auditing stage.	✓		Page 80
The Board of Directors shall, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, as well as after hearing the Board of Statutory Auditors:			
- appoint and revoke the head of Internal Auditing;	✓		
- ensure that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;	✓		
- define the relevant remuneration consistently with company's policies.	✓		

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7.C.2. The control and risk committee, when assisting the Board of Directors shall:	✓		Page 72
a) evaluate together with the manager responsible for preparing the Company's financial reports, after hearing the independent auditors and the Board of Statutory Auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, if any;	✓		Page 60, 64, 65, 72
b) express opinions on specific aspects relating to the identification of the main risks for the company;	✓		Page 60, 61, 72
c) review the periodic reports of the Internal Auditing concerning the assessment of the internal control and risk management system, as well as the other reports of the Internal Auditing that are particularly significant;	✓		Page 63
d) monitor the independence, adequacy, efficiency and effectiveness of the Internal Auditing;	✓		Page 72
e) request the Internal Auditing to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of Statutory Auditors;	✓		Page 61, 63
f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system;	✓		Page 61, 65
g) support, with adequate preliminary activities, the Board of Directors assessments and resolutions on the management of risks arising from detrimental facts which the Board may have been become aware of.	✓		Page 72
7.C.3. The chairman of the Board of Statutory Auditors or another statutory auditor designated by this chairman shall participate in the works of the control and risk committee; the remaining statutory auditors are also allowed to participate.	✓		Page 63
7.C.4. The director in charge of the internal control and risk management system, shall:	✓		Page 81
a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors;			
b) implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk management system, constantly monitoring its adequacy and effectiveness;			
c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;			
d) request to Internal Auditing to carry out reviews on specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of Statutory Auditors;			
e) promptly report to the control and risk committee (or to the Board of Directors) issues and problems that resulted from			

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Page of Report
his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.			
7.C.5. The head of Internal Auditing shall:	✓		Page 80, 82
a) verify, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;			Page 82
b) not be responsible for any operational area and be subordinated to the Board of Directors;			Page 82
c) have direct access to all useful information for the performance of its duties;			Page 82
d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system;			Page 83
e) prepare timely reports on particularly significant events;			Page 83
f) submit the reports indicated under items d) and e) above to the chairman of the Board of Statutory Auditors, the control and risk committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system;			Page 83
g) verifies, as part of the audit plan, the reliability of the IT systems, including the accounting recognition systems.			Page 82
7.C.6. The Internal Auditing may be entrusted, as a whole or by business segments, to a person external to the issuer, provided, however, that it is endowed with adequate professionalism, independence and organization. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the Report on Corporate Governance.	✓(*)		(*) The Internal Audit of the Bank can't be entrusted to an external person
<b>8. STATUTORY AUDITORS</b>			
8.P.1. The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	✓		Page 60
8.P.2. The issuer applies diversity <i>criteria</i> , including gender ones, for the composition of the Board of Statutory Auditors.	✓		Page 61
8.P.3. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of Statutory Auditors.	✓		Page 60
8.C.1. The statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, submitting the result of such verification to the Board of Directors that discloses it, after the appointment, through a press release to the market and, subsequently, in its Corporate Governance Report, according to manners complying with the ones provided	✓		Page 62

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with reference to directors.			
8.C.2. The statutory auditors shall accept the appointment when they deem that they can devote the necessary time to the diligent performance of their duties.	✓		Page 63
8.C.3. The Board of Statutory Auditors shall have at least one third of members of the less-represented gender.	✓		Page 61
8.C.4. The remuneration of statutory auditors shall be proportionate to the commitment required from each of them, to the importance of his/her role as well as to the size and business sector of the company.	✓		
8.C.5. A statutory auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other statutory auditors and the chairman of the Board of Directors about the nature, the terms, origin and extent of his/her interest.	✓		Page 53
8.C.6. In the framework of their activities, the statutory auditors may request to Internal Auditing to carry out reviews on specific operational areas or transactions of the company.	✓		Page 61
8.C.7. The Board of Statutory Auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.	✓		Page 63, 65
<b>9. RELATIONS WITH THE SHAREHOLDERS</b>			
9.P.1. The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	✓		Page 92
9.P.2. The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	✓		Page 91
9.C.1. The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	✓		Page 91
9.C.2. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing inside information. In particular, the Board of Directors shall report to the shareholders' meeting the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting.	✓		Page 92, 93
9.C.3. The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion.		✓	Page 93

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9.C.4.	In the event of significant changes in the market capitalisation of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the Articles of Association in respect to the majorities required for exercising action and prerogatives to safeguard minority interests.	✓		Page 93
<b>10. TWO-TIER AND ONE-TIER CORPORATE GOVERNANCE SYSTEMS</b>				
10.P.1	In the event of adoption of a two-tier or one-tier corporate governance system, the above articles shall apply insofar as compatible, adapting individual provisions to the particular system adopted, consistently with the objectives of good corporate governance, transparency of information and protection of investors and the markets pursued by the Code and in the light of the criteria provided by this article.	✓		Page 35
10.P.2.	In the event that a new corporate governance system is proposed, the directors shall inform the shareholders and the market with regard to the reasons for such proposal, as well as on how it is envisaged that the Code will be applied to the new corporate governance system.	✓		
10.P.3.	In the first Report on Corporate Governance published after the modification of the corporate governance system, the issuer shall describe in detail how the Code has been applied to such system. Such information shall be published also in the subsequent reports, indicating any amendments to the procedure followed in applying the Code to the selected corporate governance system.	✓		Page 35
10.C.2.	In the event of adoption of the one-tier management and control system, the Code shall be applied according to the following criteria:	✓		Page 72
	a) the articles of the Code that make reference to the Board of Directors and to the Board of statutory auditors, or their members shall be applied, in principle, to the Board of Directors and to the Management Control Committee, or their members respectively;	✓		
	b) the duties attributed to the control and risk committee by Article 7 of this Code may be reported to the Management Control Committee provided by Article 2409-eighteenth of the Italian Civil Code, where it complies with the composition criteria set forth by article 7.	✓		Page 61

## Table No. 2: “Art. 123-bis - Report on corporate governance and ownership structures”

Art 123-bis - Report on corporate governance and ownership structures	Page of Report
1. The report on operations of issuers with securities admitted to trading on regulated markets shall contain a specific section entitled: “Report on corporate governance and ownership structures”, providing detailed information on:	
a) the capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented;	Page 37
b) any restriction on the transfer of securities, e.g. limitations in the possession of securities or the need to obtain consent from the company or other securities holders;	Page 38
c) significant direct and indirect equity investments, for example through pyramid structures and cross-investments, as stated in reports submitted pursuant to article 120;	Page 38
d) if known, the holders of any securities with special control rights and a description of such rights;	Page 37
e) the mechanism for the exercise of voting rights in any employee share ownership scheme where voting rights are not exercised directly by the employees;	Page 38
f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company’s cooperation, the financial rights attached to the securities are separate from the holding of securities;	Page 37, 94
g) agreements known to the company pursuant to article 122;	Page 38
h) any significant agreements to which the company or its subsidiaries are parties and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;	Page 38
i) agreements between companies and directors, members of the management board or supervisory board which envisage indemnities in event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid;	Page 37
l) rules applying to the appointment and replacement of directors and members of the management board or supervisory board, and to amendments to the articles of association, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures;	Page 45, 46, 62
m) the existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors or members of the management board to issue equity instruments or to authorise the purchase of own shares.	Page 37, 38

2. In the same section of the report referred to in subsection 1, information shall be provided regarding:

- a) adoption of a corporate governance code of conduct issued by regulated market management companies or trade associations, giving reasons for any decision not to adopt one or more provisions, together with the corporate governance practices actually applied by the company over and above any legal or regulatory obligations. The company shall also indicate where the adopted corporate governance code of conduct may be accessed by the public; Page 35
- b) the main characteristics of existing risk management and internal control systems used in relation to the financial reporting process, including consolidated reports, where applicable; Page 86
- c) the operating procedures of the shareholders' meeting, its main powers, shareholders' rights and their terms of exercise, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures; Page 92
- d) the composition and operations of the management and control bodies and their committees. Page 42, 47, 58, 62, 68
- d-bis) a description of the diversity policies applied regarding the structure of the administrative, management and auditing bodies in relation to aspects such as age, gender and training/professional courses taken, with a description of the objectives, implementation methods and results of said policies. If no policy is applied, the company must clearly and precisely indicate the reasons for said choice Page 44



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# Glossary

## **European Central Bank or ECB**

The European Central Bank, the EU institution responsible for the prudential supervision of banks within the Single Supervisory Mechanism, which comprises the same ECB and the national competent authorities. Its main aim is to contribute to the safety and soundness of the banking system and the stability of the financial system within the EU as well as to ensure a consistent and efficient prudential supervision ([www.ecb.europa.eu](http://www.ecb.europa.eu))

## **Bank of Italy**

Bank of Italy – the central bank of Italy, part of the Eurosystem comprising the central banks of the Eurozone and the European Central Bank – is a public institution whose main functions are designed to ensure, among others, the stability and efficiency of the financial system by pursuing the sound and prudent management of financial intermediaries as well as compliance with relevant laws in force ([www.bancaditalia.it](http://www.bancaditalia.it))

## **Italian Stock Exchange or Borsa Italiana**

Borsa Italiana S.p.A. is the company responsible in Italy for the organisation, management and development of markets for the trading of financial instruments, on which Intesa Sanpaolo S.p.A. instruments are also listed ([www.borsaitaliana.it](http://www.borsaitaliana.it))

## **c.c.**

Italian Civil Code

## **Parent Company**

Intesa Sanpaolo, the Parent Company of the Banking Group, pursuant to the Consolidated Law on Banking

## **Corporate Governance Code or Code**

Corporate Governance Code for listed companies, published in March 2006 and updated in July 2015 by the Corporate Governance Committee, on corporate governance principles applicable to companies listed on the stock exchange

## **Board**

The Board of Directors of Intesa Sanpaolo

## **Consob**

Commissione Nazionale per le Società e la Borsa, the Italian financial market supervisory authority, which monitors the transparency and proper conduct of operators ([www.consob.it](http://www.consob.it))

## **Consolidated Non-financial Statement**

Statement drawn up and published pursuant to Italian Legislative Decree No. 254/2016, implementing European Directive No. 2014/95/EU containing information on environmental, social,

personnel-related issues, respect for human rights, and the fight against corruption

## **Manager responsible for preparing the Company's financial reports**

Manager responsible for preparing the Company's financial reports (pursuant to Article 154-bis of the Consolidated Law on Finance)

## **Supervisory Provisions**

Provisions issued by the Bank of Italy as part of its supervisory functions, applicable to banks and banking groups

## **Supervisory Provisions on remuneration**

Provisions regarding remuneration and incentive policies and practices in banks and in banking groups, laid down in Circular 285 of 17 December 2013 (First Part, Title IV, Chapter 2)

## **Supervisory Provisions on corporate governance**

Provisions on bank corporate governance, laid down in Circular 285 of 17 December 2013 (First Part, Title IV, Chapter 1)

## **Supervisory Provisions on the control system**

Provisions on the banks' internal control system, currently laid down in Circular 285 of 17 December 2013 (First Part, Title IV, Chapter 3)

## **European Banking Authority or EBA**

European Banking Authority, an independent European Union authority, which works to ensure an efficient and standardised level of regulation and prudential supervision in the European banking sector

## **Financial Stability Board or FSB**

Financial Stability Board, an independent body that collaborates with the national and international financial institutions to develop and implement effective regulatory, supervisory and other specific sector policies in the interest of global financial stability ([www.financialstabilityboard.org](http://www.financialstabilityboard.org))

## **Banking Group or Intesa Sanpaolo Banking Group**

The Banking Group is composed of the Parent Company Intesa Sanpaolo and the banking, financial and instrumental companies – with registered offices in Italy and abroad – controlled directly or indirectly by the Parent Company

## **Group or Intesa Sanpaolo Group**

The Group is composed of the Parent Company Intesa Sanpaolo and the companies controlled directly or indirectly by the same, including

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companies that are not part of the Banking Group – with registered offices in Italy and abroad

***Intesa Sanpaolo or Company or Bank***

Intesa Sanpaolo S.p.A.

***Surveillance Body***

Body with independent initiative and control powers, which is entrusted – according to Italian Legislative Decree No. 231/2001 on the administrative liability of companies – with the task of supervising effective implementation, operation and compliance with the Organisational, Management and Control Model pursuant to the aforesaid Decree

***Borsa Italiana Regulations***

Regulations governing markets organised and managed by Borsa Italiana

***Issuers' Regulation***

Regulation implementing the Consolidated Law on Finance and governing issuers, adopted by Consob Resolution No. 11971 of 14 May 1999, and subsequent amendments thereto

***Consob Regulation on related parties***

Regulation issued by Consob Resolution No. 17221 of 12 March 2010 (and subsequent amendments), governing transactions with related parties by companies using the equity capital market directly or through subsidiaries

***RPT Procedures***

Group Procedures regulating the conduct of transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Persons pursuant to Article 136 of the Consolidated Law on Banking, approved by the Board of Directors on 16 January 2018

***Report on Governance***

The Report on Corporate Governance and Ownership Structures drawn up pursuant to Article 123-bis of the Consolidated Law on Finance

***Report on Remuneration***

The Report on the remuneration policy and the remuneration paid drawn up pursuant to Article 123-ter of the Consolidated Law on Finance and subsequent implementation provisions

***Bank's website or Company's website***

The website group.intesasanpaolo.com

***Articles of Association***

Intesa Sanpaolo's Articles of Association (available in the Governance section of the Bank's website)

***Consolidated Law on Banking***

Italian Legislative Decree No. 385 of 1 September 1993 – Consolidated Law on Banking

***Consolidated Law on Finance (CLF)***

Italian Legislative Decree No. 58 of 24 February 1998 – Consolidated Law on Finance

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# Contacts

## **Intesa Sanpaolo S.p.A.**

### ***Registered office:***

Piazza San Carlo, 156

10121 Torino

Telephone: +39 011 5551

### ***Secondary registered office:***

Via Monte di Pietà, 8

20121 Milano

Telephone: +39 02 87911

### ***Parent Company Corporate Advisory, Corporate Duties and Governance***

[adempimenti.societari@intesasanpaolo.com](mailto:adempimenti.societari@intesasanpaolo.com)

### ***Internet:***

<http://group.intesasanpaolo.com>