



COMMUNICATION ON PROGRESS 2006

Our commitment to supporting the Global Compact principles is stressed in the institutional communication directed to our stakeholders through our website (www.bpubanca.it) and our annual Social Report. In the web site a specific section dedicated to Social Responsibility contains a clear commitment to CSR and to the support of GC principles:

*“... We share those principles of corporate social responsibility and we are committed to constantly promoting them and applying them in our strategic decisions and our everyday work. By participating in the [Global Compact](#) and with the publication of a **Charter of Values** and a **Code of Conduct**, we have anchored our mission and our vision of corporate social responsibility to the guiding values and principles common to all the companies in the Group. Each year we give an account, with the publication of our sustainability report, of initiatives undertaken, the results achieved and the new economic, social and environmental goals we have set ourselves...”*

Moreover, every year, in our Social Report, we recognize the GC principles as the basis of our values, explaining also what the Global Compact is and which values are endorsed. In the 2005 **Social Report** (available under the Social Responsibility section of our website) we communicate our policies, actions and performance in relation to those Global Compact principles that could represent an issue in our national context.

Principle 1

Safe and healthy working conditions (page 65-66)

“BPU Banca is involved in divulging and consolidating the safety culture within all the Group companies, developing awareness of the risks and encouraging responsible conduct by all the employees and collaborators so as to maintain health and safety, especially by means of preventive action”. In the same pages we report on the main prevention, protection and security activities performed in 2005.

Health, education and housing for the workers and their families (page 66;74)

“All the Group banks ensure their employees a form of supplementary welfare aimed at supplementing the basic pension pay; some have set up a company fund, others subscribe to intercompany funds. Each employee can supplement the payment made by the company and can choose from among several investment lines characterized by levels of risk which vary. All the Group employees benefit from a healthcare policy, which in some cases is also extended to family members with a contribution paid by the worker; some companies have also stipulated coverage against the risk of death or accident/injury for their staff. All the banks disburse awards both to students who are the offspring of employees and to the

employees themselves who are involved on a study course; some banks also pay out donations in order to draw attention to important events such as marriages, births or adoptions. All the Group employees can gain access to loans at soft rates for the purchase of their first home and, at some Banks, also a second home; in some cases, they are granted automatic soft lines of credit (in line with the best conditions applied to customers) and favourable conditions on bank transactions.”

We pay the same attention to our shareholder-partners through the “Value Project”, a project which offers a series of advantages, including banking concessions and insurance coverage.

Economic livelihood of local communities (page 80;82)

The mission of our bank is to provide financial services to families and SMEs of the local communities where we operate. This means that we are strongly committed to a sustainable economic and social development and we pay attention to the emerging needs, such as social inclusion of immigrants. *“Nearly 60% of official immigrants in Italy are customers of a bank. This means that non-EEC citizens now represent a specific customer segment whose social integration the banks can make a significant contribution towards. In 2005, by way of development of the Welcome project originally launched by Banca Popolare di Bergamo, at Group level we set up the InItaly project, by means of which we intend to offer non-EEC immigrant citizens economically accessible basic services, which include the transfer of remittances abroad, and above all else a welcome capable of overcoming cultural, linguistic and psychological barriers which may hinder a reciprocally advantageous relationship”.*

Humanitarian emergencies

In 2005, we involved our customers in an important solidarity initiative further by CESVI, a non-governmental organization whose projects for combating poverty in various parts of the world we have been successfully contributing towards for some years now. “Change card, change the world” is a social marketing campaign by means of which we have promoted our new credit card Lybra Mastercard. For each credit card issued in replacement of another card held by the customers, the bank has pledged to give Euro 3 to CESVI - up to a maximum limit of Euro 300,000 - for one of the four projects proposed by the Association at the customer’s choice.

We fully achieved our goal and at the beginning of year 2006 we donated to CESVI the entire amount of Euro 300.000. With this campaign we participated to the Italian Sodalitas Social Award, and we were runners up for the second time.

This initiative follows two previous ones held in cooperation with CESVI:

- 1998-2001 (SOS Nord Corea - bond issue for food aid to North Korean populations),
- 2002 (“La fame ha paura di noi” - “Hunger is afraid of us” beneficiary the Child Nutrition Centre in Hanoi).

Principle 6

Diversity and equal opportunities (page 63)

“When managing and developing our resources, we guarantee equal dignity and equal professional opportunities for all workers, without any distinction to gender, race, faith or orientation.

With a view to effectively guaranteeing equal professional growth opportunities, in addition to the legal obligations we also concern ourselves with helping individuals to reconcile their personal needs and family needs with work requirements. The latter initiative, undertaken in 2005, concerned the opening of company crèches:

- in Bergamo, 29 places under agreements with the Valsecchi Crèche;
- in Milan, a company micro-crèche for 10 children;
- in Jesi, 8 places in a crèche created under consortium form with other companies”.

On the same page we report some KPIs on promotions, part time contracts and leaves of absence. These indicators, along with the female workforce development (see page. 58), show the Group’s commitment to non discrimination.

Principles 8 and 9

“The environmental impacts of the banking activities are without doubt less than those of industrial companies. Nevertheless, on a consistent basis with the commitment undertaken by signing the universal principles of the Global Compact, we recognise the importance of the contribution which we can also make to the conservation of the environment, combating all forms of waste and actively encouraging energy saving and the use of consumable materials and equipment with a low environmental impact (for example: paper processed without chlorine, re-usable envelopes for internal use made of recycled paper, rechargeable toner cartridges)”.

Direct environmental impacts (page 98-100)

The most relevant initiatives and projects for environmental protection undertaken in 2005 are mentioned in the Social Report. They mainly concern energy acquisition, renewable energy production and energy consumption reduction. Recently, thanks to the activity of the Energy Manager appointed in 2004, we have been able to improve the collection of environmental indicators and the implementation of environmental protection measures progressively to the Group companies other than the network banks.

Indirect environmental impacts (page 87)

As part of our mission to support development and competitiveness of local businesses, we are actively engaged in financing enterprises for their programmes of technological improvement in terms of productivity, safety and environmental protection. In 2005, in cooperation with local entrepreneurs organizations and guarantee bodies, we renewed two credit facility lines for over 150 mln € at favourable economic conditions – “Plant modernization and replacement” and “Research and development”.

Principle 10

Code of Conduct (page 28)

“On 31 January 2006, BPU Banca’s Board of Directors formally adopted the new Code of Conduct of the Bank. The code is the natural development of the process for enhancing the governance, with a view to social responsibility, launched together with the Group’s Values Charter and is an integral part of the “Organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001”. The document identifies and gathers together the ethical principles and the values of BPU Banca which must inspire, irrespective of the matters envisaged by legal provisions, the conduct and behaviour of those who operate with the Bank both inside and outside the corporate organisation. All the recipients of the document must comply with these rules, without exception, including: executives, employees, collaborators and consultants, directors and statutory auditors and all those who - directly or indirectly, permanently or temporarily - establish collaboration relationships with the Bank for any purposes or operate in the interests of the same”.

The Code sets rules of conduct for the individuals at any organizational level and specifically addresses corruption and extortion within the relationship with government agencies, but also anti-money laundering, usury and other illegal activities in the relations with customers, suppliers and community organizations.

The Code sets a whistleblowing procedure to enforce its application. According to it *“Any of the stakeholders can report violations or suspected violations, **in writing and not in anonymous form**, to the head of the Auditing Division of BPU Banca by means of letter or to the e-mail address **codice.di.comportamento@bpubanca.it**. The reports received are forwarded to the Guarantor, the Internal Auditing Committee and, in relation to the nature of the report, also to the Supervisory Authority. It is the responsibility of the Guarantor, or the Guarantor and the Supervisory Body according to their respective responsibilities, to analyse the report, eventually consulting the originator and the perpetrator of the alleged violation and involving, if appropriate, any units competent with regards to the matter”*.

In addition to a more extensive declaration of policies, actions and outcomes relevant to the single principles, our next Social Report is expected to contain an statement of continuing support to the Global Compact in the message that our Chairman usually addresses to all stakeholders.