



Social Report 2013

“Fare banca
per bene”

UBI  Banca

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1. Strategy and analysis

1.1 STATEMENT OF THE CHAIRMAN

The year 2013 was again a difficult one for the Italian economy, with substantial negative impacts on the domestic banking sector both in terms of the volumes of business and the operating results of banks.

In this context, UBI Banca nevertheless succeeded in achieving good results (reported in the consolidated financial report) both in terms of compliance with regulatory requirements – capital and liquidity levels – and in terms of profits, still small but appreciable in such difficult times.

The results achieved by UBI Banca are the fruit of strategic choices, which originate at all levels from belief in the strong ethical values and principles expressed in the Group's Code of Ethics and in the universal principles of the UN Global Compact, in which we renew our commitment.

They are results achieved in all respects in a context of social responsibility and sustainability, the first component of which is economic in nature: to always pursue a sound operational balance by matching assets to liabilities and constantly adjusting structural costs to the levels of business allowed by market conditions, as an indispensable condition for creating value for registered shareholders and all stakeholders in the medium to long-term.

In this respect and in relation to market conditions, we feel that it is important that we were able again this year to declare a dividend at the Shareholders' Meeting, slightly larger than in 2013 although still small, and that we were able to again allocate significant profits to funds for social purposes in accordance with the Articles of Association of UBI Banca and the various network banks of the Group.

In social terms, being sustainable means making a constant commitment to achieve our operating and financial objectives in observance of our institutional mission to serve families and local economies with business activity which is able to grasp the opportunities arising from the development of social dynamics and at the same time to pay careful attention to situations of fragility and difficulty and to important social causes and concerns. It also means maintaining intense activity to support the very many social and welfare, cultural, sports and recreational initiatives of the communities in which we live and operate in line with our mutual spirit as a co-operative.

In this sense, results such as strong growth in the grant of home purchase mortgages, the high levels of customer satisfaction measured by the Consultation Project surveys, the success of UBI Community and the placement of social bonds, the prizes received and in particular the National Prize for Innovation awarded by the President of the Republic for socially useful innovation in banking services, the size of the social donations made in a still difficult year – over €12.5 million – are important to us, a sign of an active and profitable presence in communities.

The third component of sustainability for the bank, environmental commitment, meant not only reducing consumption and emissions in carrying out our activities, but also and above all consideration of the contributions that it can make to initiatives and investments to protect the environment and to reduce the environmental impacts of customers and suppliers.

From this viewpoint strong attention to costs affected internal choices, which were directed towards optimising the cost-benefit ratios of possible initiatives, while nevertheless maintaining the high standards already achieved – such as the exclusive use of electricity from renewable sources – and continuing to reduce consumption and emissions. However, it was above all the difficult market environment which penalised investments by households and businesses in the environment, causing a significant reduction in new loans granted, only partially offset by project finance operations.

The long period of recession should finally come to an end in 2014, but with very low economic growth. Furthermore, for banks it will be the year of the "Asset Quality Review" and of the "Stress

Tests” as part of the changeover from national to European supervision and “popular” banks – the larger listed banks in particular – must also look carefully at their governance models in relation to Bank of Italy and market recommendations which are becoming increasingly more pressing.

There is therefore reason for some optimism, but also for great concern and responsibility which we have taken on board and which lie at the basis of our strategic priorities for the near future: high quality products and services to take full advantage of market opportunities; capital strength to adequately support growth in business; appropriate governance systems to reconcile and effectively combine demands from the market, from the shareholder base, from customers, from staff and from all stakeholders.

On the basis of these priorities, we commenced the new year with an important project to evolve our “popular” bank model, which we do not intend to give up because we firmly believe in the validity of the values and principles of “popular” co-operative lending. We have therefore submitted a series of amendments to the Articles of Association to an Extraordinary general meeting of the shareholders designed to combine demands for economy and efficiency, appropriate to a listed company with a broad institutional shareholder base, with the principles of democratic mutualism, a historic trait of co-operatives.

We feel that this is an essential step to take in order to continue to “Fare Banca per bene” (to be a good bank), profitably combining the inescapable demands for profitability with the social responsibility that characterises our activity, in order to make the true sense of our solid presence in communities increasingly more recognisable in the creation of shared value.

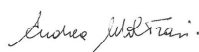
The Chairman of the Supervisory Board

Board

The Chairman of the Management

Andrea Moltrasio

Franco Polotti



1.2
KEY IMPACTS, RISKS
AND OPPORTUNITIES

UBI Banca's Code of Ethics identifies the significant **stakeholders** of the Group, which are those "groups and individuals who are holders of specific interests on which UBI's activities have effects and/or which contribute in various ways to UBI's activity and its very existence." **Important issues** and the relative **risks** and **opportunities** within the different areas of sustainability are considered for each category of stakeholder, account of which is taken in formulating policies and setting operating objectives.

The evolving context and the performance of operations relating to social responsibility and sustainability strategies and objectives are monitored over time as part of the following: strategic planning processes; consultation and dialogue activities (e.g. customer satisfaction surveys); analysis of agency ratings and analysts and CSR investors' opinions; and also monitoring of indicators calculated as part of the CSR reporting process in the Social Report.

In the particularly difficult current economic environment, it is essential to give priority to financial and operating figures with a particular focus on levels of liquidity and capital and controlling costs. In relation to this commitment, the lines of action identified in the 2011-2013/15 Business Plan, summarised in the table below, have been confirmed. They relate in particular to the prevention of reputational risk, which is particularly in evidence in the financial sector, and to grasping opportunities arising from the emergence of new concerns and demands of a social and environmental nature.

Some objectives have been affected, and in the near future will probably continue to be affected by the availability of financial resources, which means that careful planning must be carried out with priority given to initiatives with the best cost/benefit ratios.

| PERSONNEL COHESION AND MOTIVATION | |
|--|---|
| The training and internal communication to support quality and to share strategic objectives | Initiatives and results on pages 82-85 |
| High level of social services and monitoring and prevention for health and safety at the workplace risks | Initiatives and results on pages 74-75, 77-82 |
| Work life balance and diversity management | Initiatives and results on pages 87-88 |
| INTEGRATION IN LOCAL ECONOMIC AND SOCIAL COMMUNITIES | |
| Support for socially useful organisations and initiatives and the development of partnerships with local non-economic entities | Initiatives and results on pages 51-60, 97-99 Improvement objectives in the development of partnerships and measurement of the social repercussions of initiatives |
| Growth in high social and environmental value and economic potential commercial activities | Initiatives and results on pages 36-44, 91-93 Improvement objectives in a further development of the commercial offer |
| REPUTATION AND RISK MONITORING | |
| Attention to ethics in commercial activity | Initiatives and results on pages 34-36, 89, 93-95 |
| Inclusion of governance, social and environmental criteria in assessing the creditworthiness of businesses | Initiatives and results on pages 34-35, 44-45 Improvement objectives in the activities of businesses financing |
| Monitoring involvement in "controversial" economic sectors | Initiatives and results on pages 34-35 Improvement objectives for the development of further policies |
| Responsible lending in relation to risks of over indebtedness for households and businesses | Initiatives and results on pages 89 |
| ENVIRONMENTAL POLICIES | |
| Optimisation of resource consumption – energy, paper and toner in particular – and sustainable mobility | Initiatives and results on pages 62-66, 68 Improvement objectives for the reduction on consumption and emissions and for reporting |
| Use of renewable energy and/or lower emission levels | Initiatives and results on pages 66-67 |
| Reduction or waste that is not recycled or recovered | Initiatives and results on pages 68-69 Improvement objectives for separate waste collection |
| Green financing for individuals and businesses | Initiatives and results on pages 44-45 Improvement objectives for purchase management |

2. Group profile

2.1 NAME OF THE ORGANIZATION

Unione di Banche Italiane (UBI Banca in abbreviated form) is the parent bank of the UBI Banca Group and was formed on 1st April 2007 following the merger of Banca Lombarda e Piemontese into Banche Popolari Unite, with the consequent integration of the two groups of the same name.

2.2 PRIMARY BRANDS, PRODUCTS AND SERVICES

The UBI Banca Group which is mainly a retail group operating predominantly in the retail banking and financial services sector, at the service of families and businesses in local communities, is divided into two main segments termed markets as follows:

- the **Retail Market**, which comprises 97.6% of customers, consisting of private individuals (“mass market” and the “affluent market” on the basis of the financial wealth owned, up to €50 thousand and €500 thousand respectively), “small economic operators” with turnover of up to €300 thousand (POEs) and small to medium-size enterprises with turnover of less than €15 million (SMEs);
- the **Private-Corporate banking Market**, which includes private individual customers with financial wealth of greater than €500 thousand and businesses with turnover of over €15 million.

Our products and services differ according to market segment and in the small business segment they differ according to business sector with a wide range of insurance, credit and investment services.

In 2013 the “**Financial planning and advice**” platform was further improved for individuals and families in the retail market in order to ensure constant support to the distribution network for the identification of investment solutions that best meet customer needs and a new product “**Mortgage young couples**” was also launched [↗ 2.10 and FS7].

The Group organised the initiatives “**UBI World**”, to analyse and fully implement possibilities to support SMEs in processes to go international, and “**Farm&Food**”, to increase the ability to accurately assess the operating and capital structure of companies operating in the food and agricultural sector which is one of the cornerstones of the Italian economy and of the country’s image in the world.

The following services were developed as part of an increasingly advisory commercial approach in the private and corporate banking market: “**Corporate Advisory**” services for companies; “**Pro Active Wealth Advisory**” for large estates; and “**Family Business Advisory**”, which provides planning and insurance protection solutions.

↗ Reports and Accounts 2013 p. 41-52

The **UBI Community** brand [↗ FS7] is the name given to the service model and the new products and services provided for nonprofit organisations (both Church and non-Church affiliated) in what is termed the “third sector”.

↗ Reports and Accounts 2013 p. 44-46

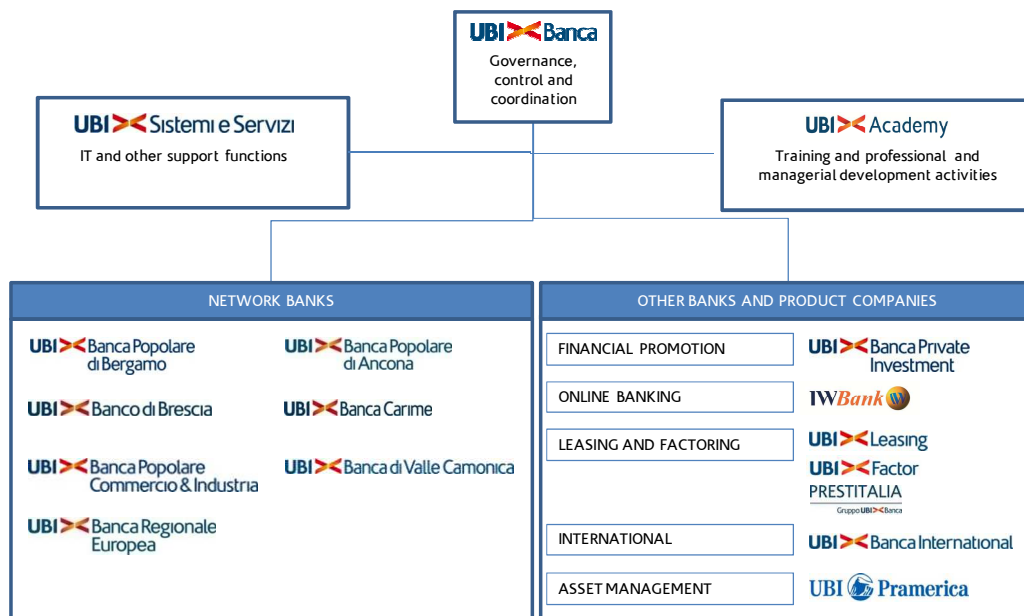
2.3 OPERATIONAL STRUCTURE

The UBI Banca Group is a **multi-functional, federal and integrated group** in which:

- the functions of governance, control and co-ordination are centralised at the **Parent**, which, through the subsidiary consortium company UBI Sistemi e Servizi, also manages IT activities and other support functions, while it manages all staff training activities through UBI Academy;
- local banks – termed **Network Banks** – fill the role of the distribution network, each covering their own local area. They are operationally independent banks and each have their own Board of Directors on which members representing local communities and economies predominate. They all employ the same distribution model, applied in a flexible manner to take account of local differences and specific customer portfolios;

- a series of other banks and specialist companies – named **Product Companies** – supply a full range of products and services to the network banks, which is constantly updated to meet the requirements and needs of different customer segments.

The operational structure of the Group



UBI Pramerica is the UBI Banca Group's asset management company formed in 2001 from an agreement with Pramerica Financial, a major United States financial institution with great experience and high professional standing in the field of investment management throughout the world. It boasts a capacity for global investment and offers individual and institutional investors a vast range of funds and asset management products.

IWBank is the Group's internet bank, a leading player in Italy in professional online trading services on stock markets throughout the world.

UBI Leasing and **UBI Factor** also help to satisfy the more complex financial demands of companies with their plans for growth, development, international activities and innovation.

In view of our objective to provide our customers with the best possible insurance products we have selected partners of proven value such as Aviva with Aviva Vita and Aviva Assicurazioni Vita and Cattolica Assicurazioni with Lombarda Vita for the life sector and Fortis/BNP Paribas Assurance with UBI Assicurazioni for the non-life sector.

2.4 LOCATION OF HEADQUARTERS

The registered address of UBI Banca is at Piazza Vittorio Veneto 8, Bergamo and the General Management operates from offices in both Bergamo and Brescia.

2.5 COUNTRIES WHERE THE GROUP OPERATES

The UBI Banca Group is a mainly domestic group present in all **regions of Italy**, except for Sicily, with 1,725 branches (almost unchanged after the substantial rationalisation action undertaken in 2012) and 140 "private and corporate" banking units. The network bank branches cover the retail market and also provide support to specialist units operating on the Private-Corporate banking Market.

☞ Reports and Accounts 2013 p. 9 and 58-60 and 2.9, FS13

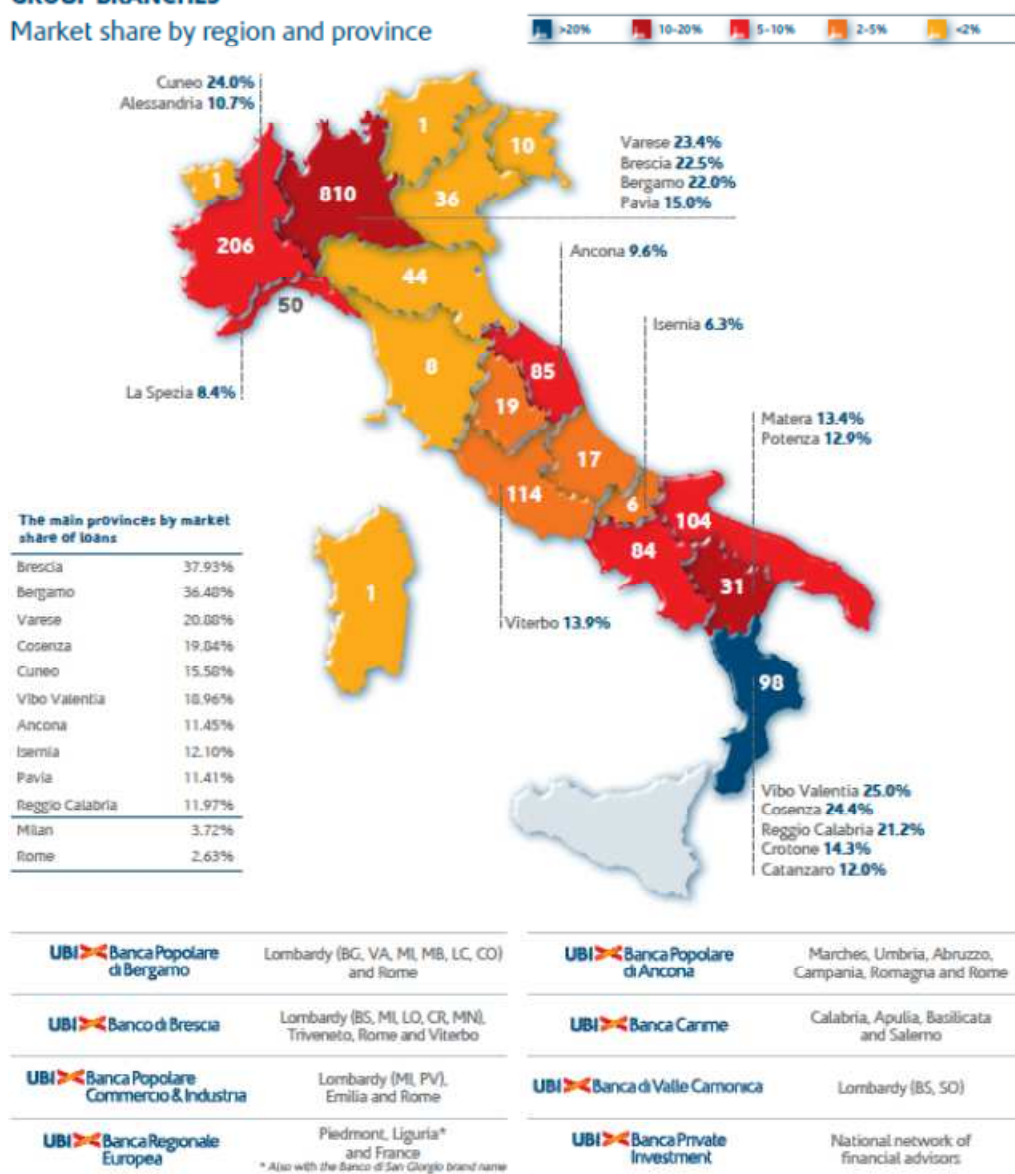
| GEOGRAPHICAL DIMENSION | | 2013 | 2012 | 2011 |
|---|--------------------------------------|-------|-------|-------|
| Total branches including branches abroad | | 1,731 | 1,735 | 1,884 |
| Branches in Italy | | 1,725 | 1,727 | 1,875 |
| of which: | Banca Popolare di Bergamo | 357 | 353 | 358 |
| | Banco di Brescia | 322 | 322 | 364 |
| | Banca Popolare Commercio e Industria | 219 | 219 | 235 |
| | Banca Regionale Europea ¹ | 256 | 256 | 286 |
| | Banca Popolare di Ancona | 219 | 220 | 238 |
| | Banca Carime | 255 | 255 | 294 |
| | Banca di Valle Camonica | 66 | 66 | 66 |
| Market Share ² | | 5.4% | 5.4% | 5.6% |
| of which: | North West | 10.9% | 10.8% | 11.0% |
| | North East | 1.1% | 1.1% | 1.2% |
| | Central | 3.4% | 3.3% | 3.5% |
| | South | 7.7% | 7.8% | 8.3% |
| Provinces with market share over 10% ² | | 15 | 15 | 18 |

¹ Included branches of Banco di San Giorgio merged on 22/10/2012.

² Figures at 30/09/2013.

GROUP BRANCHES

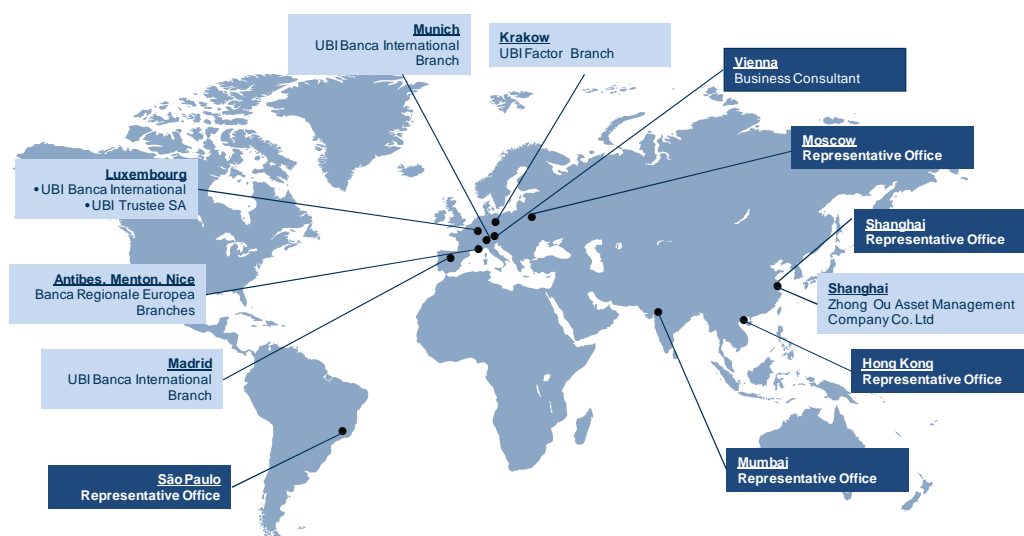
Market share by region and province



☞ Reports and Accounts 2013 p. 9 and 58-60

In addition to the distribution networks of the local banks, the Group also has a network of 671 financial advisors and the 30 private bankers of UBI Banca Private Investment, which operate throughout the country.

The international presence consists of one bank in Luxembourg (**UBI Banca International**), five representative offices, six branches of banks and Group companies and 31 agreements with the same number of local foreign banks, two of which supranational institutions (IFC and EBRD). The purpose of this presence is to support the international activities of our corporate clients, especially in emerging markets, where they have the greatest difficulty in gaining access to financial services appropriate to their requirements. The Group has no presence in tax havens or other financial centres that have not yet complied with international tax standards, as recommended by the OECD. Also it has no presence in any country classified as at risk of money-laundering or terrorism by the lists of the International Financial Action Group and/or the Italian Ministry of the Economy and Finance.



In order to meet customer requirements to consult and manage their bank accounts with no opening hour limitations under more attractive terms and conditions than those available at branches, the Group provides **Multi-channel banking** services: internet banking with over 1,200,000 customers, (+14.7% compared with 2012); mobile banking with approximately 370,000 accesses on average per month and 196,000 apps downloaded (+96% compared with 2012); contact centre customer services with over €2.6 million commercial contacts per year; self-service channels consisting of 2,327 Bancomat ATMs, of which 307 equipped for paying in banknotes and cheques; 59,554 POS terminals; a remote selling platform; and payment cards (debit cards, credit cards and prepaid cards). In addition, IWBanck, the Group's internet bank, which specialises in the provision of internet banking services and products, and in online trading in particular, has 124 thousand customers and receives an average of 26 thousand stock market orders each day.

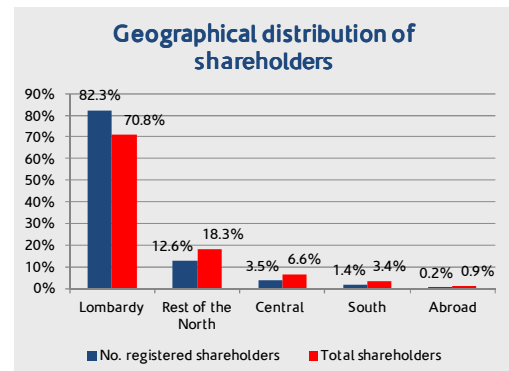
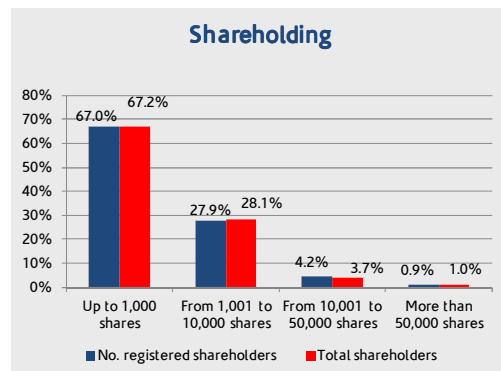
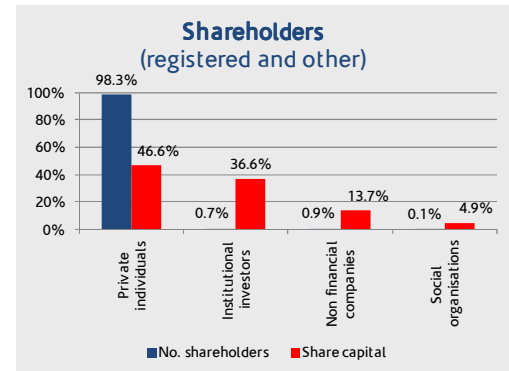
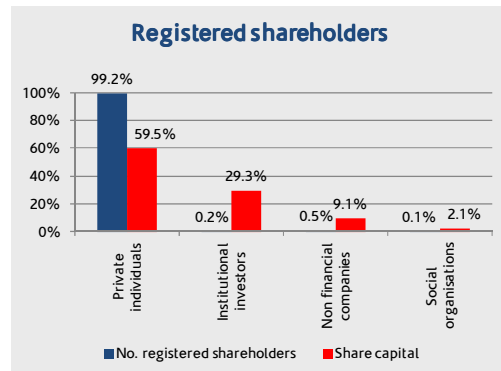
2.6 NATURE OF OWNERSHIP AND LEGAL FORM¹

4.16

UBI Banca is a "popular" bank formed with the legal status of a joint stock co-operative company. It has a broad shareholder base with a large number of registered shareholders. No one may hold more than 1% of the share capital except for collective investment undertakings (UCITS). The co-operative status distinguishes ordinary shareholders from registered shareholders. All ordinary and registered shareholders without distinction hold the right to receive payment of dividends, but only registered shareholders may take part in general meetings, with a per capita vote regardless of the number of shares possessed, and they may hold a limited number of proxies as specified in the Articles of Association. UBI Banca has **151,533 shareholders** and **94,544 registered shareholders**. In

¹ The figures for ordinary shareholders are taken from dividend payment requests (May 2013), while those relating to registered shareholders are as at 31st December 2013.

order to become a registered shareholder, a shareholder must submit a written application to the Management Board, accompanied by a certificate of participation in the centralised management system, which demonstrates ownership of at least 250 shares. The Management Board approves an application for registered shareholder status exclusively on the basis of the objective interests of the Bank – including that of its independence and autonomy – and in observance of the spirit of a co-operative bank as established by the general criteria approved by the Supervisory Board. In 2013 14,213 applications for admission to registered shareholder status were received, which were all accepted.



Registered shareholders have formed associations which are reported in the Report on Corporate Governance and Ownership Structure [[Reports and Accounts 2013 p. 10**-11**](#)].

The share capital as at 31st December 2013 was composed of **901,748,572 shares** with a nominal value of €2.50 each, listed by Borsa Italiana on the *Mercato Telematico Azionario* (MTA - electronic stock exchange) in the FTSE MIB index (companies with the largest capitalisation) and on the “after hours” market (TAH). The UBI Banca share is also included in 81 of the main international share indices² and also in some ethical and sustainability indices (ECPI EMU Ethical Equity, FTSE ECPI Italia SRI Benchmark, AXIA Euro Ethical Index with an A++ rating, the Euro CSR Index with an A++ rating and the Sustainable Index with an A++ rating, the Ethibel Excellence Europe Index and the ESI Excellence Euro Index) and it is covered by national and international analysts (24 brokerage houses, 19 of which international).

www.ubibanca.it/pagine/Analysts-area-EN.aspx

www.ubibanca.it/pagine/Ratings-and-Ethical-Indexes-EN.aspx

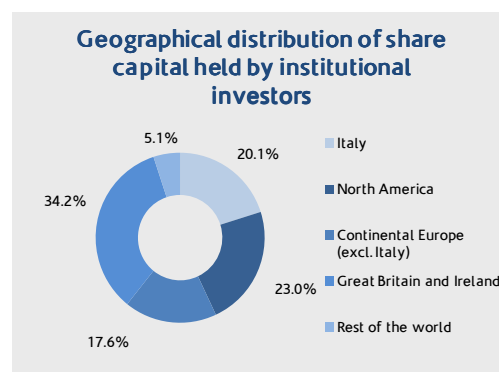
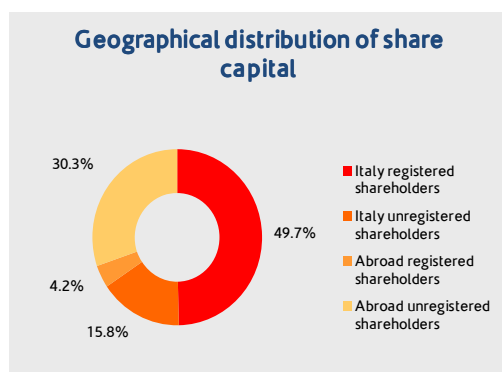
In 2013 the share reached a high of €5.220 during trading and a low of €2.636 per share. At the end of the year capitalisation was greater than €4.4 billion (the official price was €4.924 and the reference price was €4.936, up by 40.5% and 40.8% compared with the end of 2012). On 4th April 2014 the stock market capitalisation had grown to €6.8 billion (the official price was €7.399 and the reference price was €7.520).

² Data as at 19/02/2014, source Bloomberg.

☞ Reports and Accounts 2013 p. 48*-50*

On the basis of dividend payment requests received in May 2013, **foreign investors** held a total of 34.5% of the share capital, while **institutional investors** held 36.6%. According to the results of the last survey concluded at the end of January 2014 on shareholder composition:

- institutional investors identified by name hold over 40% of the share capital. These are investors who operate mainly with a medium to long-term time horizon: value style (29%), index style (30%), and growth style (17%);
- 27 asset managers in the SRI sector, out of 58 identified, invest in the UBI Banca share through 69 ESG funds which possess 5.6% of the total share capital held by institutional investors.



The Report on Corporate Governance and the Ownership Structure gives a list of the shareholders who hold stakes of greater than 2% in the share capital of UBI Banca.

☞ Reports and Accounts 2013 p. 9** -10** and 4.16

2.7 MARKETS SERVED

☞ 2.2, 2.3 and 2.5

The Group operates mainly on the Italian domestic market, integrating ordinary retail banking business with the activities of the product companies.

2.8 SCALE OF THE GROUP³

The UBI Banca Group is the third largest banking group in Italy by stock market capitalisation⁴, fourth for funding and lending and fifth by number of branches. Among “popular” co-operative banks, it is the largest by stock market capitalisation and also for funding and lending and it is the second largest by number of branches.

| SOCIAL DIMENSION | 2013 | 2012 | 2011 |
|--|---------|---------|---------|
| Personnel ¹ | 18,366 | 19,139 | 19,516 |
| of which: | | | |
| employees ² | 18,350 | 19,105 | 19,391 |
| permanent | 99.0% | 99.5% | 99.4% |
| Women in management positions (out of total senior managers) | 9.7% | 9.2% | 9.8% |
| Customers (thousands) | 3,722 | 3,712 | 3,759 |
| of which private individuals | 88.9% | 88.9% | 88.7% |
| Shareholders ³ | 151,533 | 149,848 | 151,804 |
| of which registered shareholders ⁴ | 94,544 | 83,690 | 81,891 |
| Suppliers | 10,182 | 10,378 | 10,749 |
| of which strategic and/or regular on the approved list | 763 | 863 | 755 |

¹ The figure includes the associate workers at the end of the year.

² Recognised on the payroll.

³ Detected basing on the requests for payment of the dividend (May 2013).

⁴ At 31/12/2013.

³ All the figures are as at 31/12/2013. The data on stock market capitalisation is taken from Sole 24 Ore, that on funding and loans from processing of periodic financial reports by the UBI Banca Strategic Planning Service, while that on branches was processed by the UBI Banca Studies Service.

⁴ This is for commercial banks because they carry on the same type of business.

| ENVIRONMENTAL DIMENSION | 2013 | 2012 | 2011 |
|---|-------------|-------------|-------------|
| Total floor area of offices and branches (sq.m.) | 1,001,478 | 1,004,519 | 1,034,379 |
| Energy consumption (Gj) | 668,664 | 699,069 | 746,879 |
| CO ₂ Emissions (tons) | 17,149 | 18,312 | 20,292 |
| Paper consumption (tons) | 2,167 | 2,324 | 2,001 |
| Waste products (tons) | 1,861 | 1,898 | 2,161 |
| Portfolio of loans granted for environmental investments (€million) | 2,170 | 2,500 | 2,120 |

| ECONOMIC DIMENSION (thousands of euro) | 2013 | 2012 | 2011 |
|---|-------------|-------------|-------------|
| Funding from customers | 164,255,722 | 168,981,944 | 174,876,223 |
| of which: | | | |
| indirect funding | 71,651,786 | 70,164,384 | 72,067,569 |
| assets under management | 39,553,848 | 38,106,037 | 36,892,042 |
| Net loans to customers | 88,421,467 | 92,887,969 | 99,689,770 |
| Total assets | 124,241,837 | 132,433,702 | 129,803,692 |
| Stock market capitalisation | 4,440,210 | 3,160,623 | 2,815,253 |
| Equity | 10,339,392 | 9,737,882 | 8,939,023 |
| Revenues | 5,329,470 | 5,718,861 | 5,718,861 |
| Profit for the year | 250,830 | 82,708 | 349,373 |
| Economic value created | 2,585,515 | 2,743,613 | 2,849,160 |
| Contributions to communities for donations and sponsorships | 12,515 | 13,986 | 14,842 |

¹ Official price at the end of the year.

² Inclusive of profit/loss for the year.

³ Sum of items 10, 40, 70, 80, 90, 100, 110, 220 e 240 of the Consolidated Income Statements.

⁴ The figure for 2011 is profit before impairment. Inclusive of impairment losses on goodwill and other intangible assets performed in consideration of the unfavourable economic situation, the result for the year was a loss of 1,841,488 thousand.

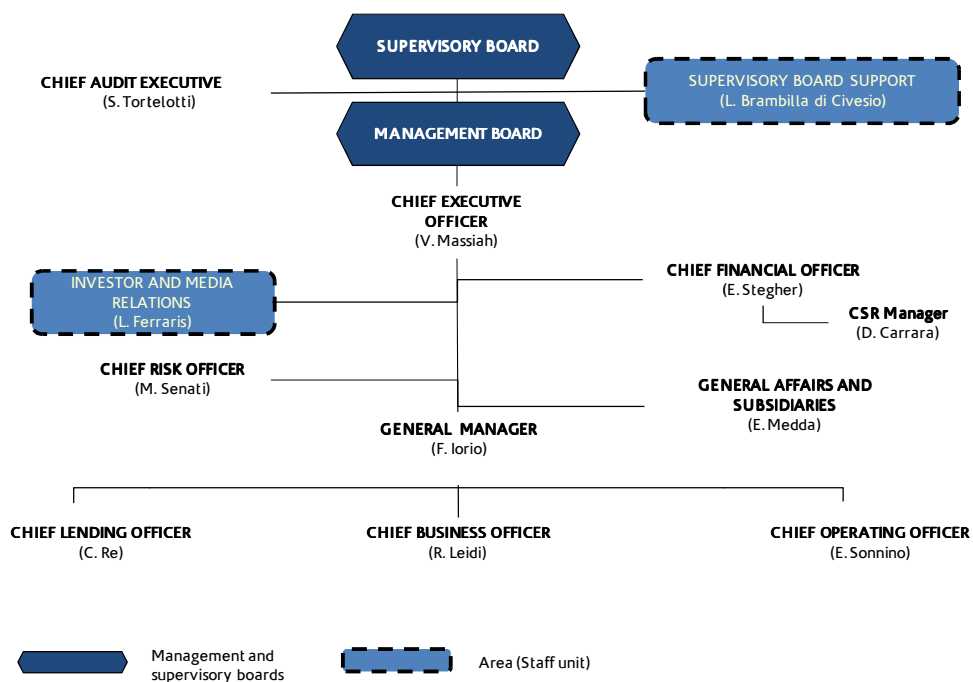
2.9 SIGNIFICANT ORGANIZATIONAL CHANGES

Action continued in 2013 to rationalise and optimise the Group's ownership structure and distribution network. The most important action was as follows:

- completion of the revision of the commercial structure of the network banks began in 2012, designed to simplify the distribution and co-ordination chains and to strengthen cross-market management. More specifically the Commercial Area was eliminated with Local Departments reporting directly to the General Management and the combined private and corporate banking units, named "Private & corporate Unity" (PCU), were fully rolled out to replace the separate Private Banking Units and Corporate Banking Units;
- the rationalisation of the Network Bank distribution network to rationalise geographical presence and increase market efficiency with the closure of two mini branches and the transformation of five "treasury branches" into mini branches;
- the introduction of a customer services telephone contact centre in each network bank, to improve customer support;
- the merger of Centrobanca into UBI Banca to simplify the corporate ownership structure of the Group and an improvement in risk management by the Parent, while maintaining specialist corporate and investment banking lines of business;
- the disposal of Banque de Depots et de Gestion (BDG) and the liquidation of UBI Capital Singapore.

The main action taken from the viewpoint of organisational models in 2013 was to rationalise central units at UBI Banca and UBI Sistemi e Servizi, the network banks, UBI Factor and IW Bank, with shorter reporting lines to improve oversight and co-ordination procedures.

Organisational structure of UBI Banca



2.10 AWARDS RECEIVED IN THE REPORTING PERIOD

The Group received a series of prizes again in 2013 in recognition of the quality and value of its presence on the market .



The UBI Banca “UBI Community Social Bond” project [FS7] won the **National Prize for Innovation (the “Prize of Prizes”)** awarded by the President of the Italian Republic. The candidature for the project was made possible because it won the **Italian Banking Association prize for innovation in banking services** in the category “La banca solidale” awarded for *“its concrete and effective nature in generating immediate positive impacts on the social and environmental context, helping to support the development of the ‘Economy of the common good’ directly and increasing social cohesion”*.



UBI Banca was awarded the CSR Special Prize in the Guido Carli category at the **2014 Milano Finanza Global Awards**⁵, for the whole set of initiatives, instruments (social bonds) and projects falling under the heading corporate social responsibility and the **MF Innovation** prize in the category “home mortgages” for the product **“Young Couples Mortgages”** [FS7].



After winning the British magazine Project Finance International’s **2013 PFI Award**, in February 2014 UBI Banca received the same prize from Project Finance Magazine for the project to **construct the BRE.BE.MI (future A35) motorway**, for which UBI Banca formed part of the

⁵ An annual appointment organised by MF Milano Finanza in co-operation with Accenture to award prizes to the most innovative Italian banking products and services.

financing pool [[FS8](#)].



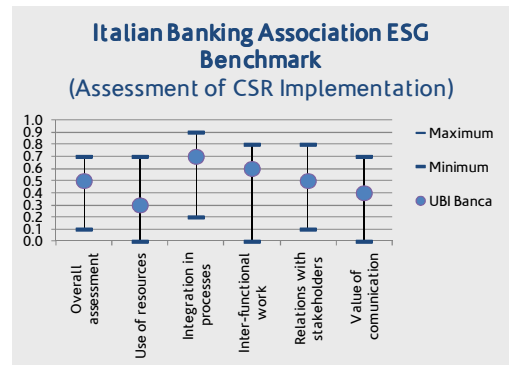
UBI Pramerica was classified as the **best Italian management company** at the 2013 **World Finance Investment Management Awards**⁶ and as the best Italian management company in the "26-40 funds" category at the 2014 **Grands Prix - Fundclass 2014**⁷.



UBI Pramerica Obbligazione Dollari received the 2013 **Premio Alto Rendimento**⁸ as the best America bond fund and **UBI Pramerica Obbligazioni Globali Alto Rendimento** received the same prize as the best international bond fund, while **UBI Pramerica Privilege 4** was classified second as the best fund of funds in the balanced category at the **2014 Quant - Diaman Awards**⁹.

In addition **UBI Banca** received a certificate as a **finalist** in the "Grandi Imprese Bancarie Finanziarie Quotate" category at the **2013 Oscar di Bilancio** – financial reporting prize – an event organised by FERPi (Italian public relations federation) under the patronage of the President of the Republic – for the following performance: "Overall judgement on financial statements and accompanying reports is good. The presentation of income statement and financial data is adequate and the treatment of core business risk measurement and management models is very detailed in a framework of a serious analysis of the macroeconomic scenario. The presentation of details of organisation and management is also full and detailed. Information on corporate governance is presented fully and organically in the relative report. The treatment of information on social responsibility and relations with stakeholders is full and accompanied by well-prepared and easy-to-consult charts. The information is also easy to consult on the corporate website".

The Bank also takes part in the **Italian Banking Association ESG Benchmark** index survey, which assesses the effective integration of social responsibility within corporate strategies and operations. UBI Banca is assessed in the Italian Banking Association indexing survey in comparison with fourteen of the major Italian banks and banking groups which are included in the index.



⁶ A prize awarded by World Finance in two stages: firstly a vote, open to the magazine's readers, selects a shortlist of three companies with the highest vote and then a jury of experts designates the winner on the basis of answers to a questionnaire designed to allow full comprehension of the companies operating procedures and the performance they have achieved.

⁷ An award granted by Grands Prix-Fundclass to companies with the best average performance based on their range of funds over four years [www.fundclass.com].

⁸ An award granted by Il Sole 24 Ore to asset management companies and mutual investment funds for exceptional results over the last three years. Prizes are awarded on the basis of solid criteria which take account of various factors and are based on the fundamental value of protecting the interests of investors.

⁹ An award made on the basis of performance in 2013, using an indicator - the Diaman Ratio - which measures risk-adjusted performance [www.quant.it].

3. Report parameters

Report profile

3.1 REPORTING PERIOD

The reporting period of this Social Report is from 1st January 2013 to 31st December 2013, the same as that of the consolidated financial report. It is the seventh report since the foundation of UBI Banca and it was prepared under the supervision of the Management Board and approved by the Supervisory Board. It is published in electronic (PDF) format only, and also translated into English, on the corporate website of the Group .

3.2 DATE OF THE MOST RECENT PREVIOUS REPORT

Again this year a summary document (**Fare Banca Per Bene – a Summary of the 2013 Social Report**) was distributed to Registered Shareholders at the Shareholders' Meeting, which presents the main highlights of the Social Report in a simple and direct manner. This document, which is also designed for use in official presentations of the Group, is printed in 30,000 copies in Italian and 200 copies in English and it is published in PDF format on the corporate website of the Group.

3.3 REPORTING CYCLE

3.4 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT OR ITS CONTENTS

The address for information on the report "Fare Banca Per Bene - A Summary of the 2013 Social Report", on the 2013 Social Report and on the Social Responsibility section of the corporate website is:

UBI Banca Scpa
CSR Manager
Piazza V. Veneto, 8
24122 Bergamo
Tel. 035-392925 - Fax 035-392996
email: bilancio.sociale@ubibanca.it

Copies of the document "Fare Banca Per Bene – A Summary of the 2013 Social Report" and printed copies of the PDF file of the 2013 Social Report (in both Italian and English) may be requested from the above address or by using the "toolbox" on the website www.ubibanca.it.

Report scope and boundary

3.5 PROCESS FOR DEFINING REPORT CONTENT

The Social Report is aimed at those who wish to know and study the Group's approach to social responsibility and sustainability, to verify the consistency of its operations with its declared system of values and to assess the results achieved. The contents of the report – principally of a non accounting nature – are therefore defined through a process of identifying the relevant subjects and issues which is based on both the recommendations of the GRI model and indications that have arisen in the course of dialogue with stakeholders and an analysis of articles in the press.

The most important subject areas, which have been carefully examined during the reporting year and which have been particularly highlighted here and in the summary document are as follows:

- the response to economic and social demands in the community, with special attention paid to support families and businesses damaged by the economic crisis and by natural disasters;
- commitment to the community in terms of donations to financial education programmes and cultural activities;
- product responsibility, transparency and customer satisfaction;
- controversial economic sectors;
- personnel management, development and training;
- trade union relations and organisational changes;
- relations with registered shareholders and institutional investors;
- environmental impacts.

| | |
|---|--|
| <p>3.6 BOUNDARY OF THE REPORT</p> | <p>Unless specified otherwise, the scope of the report is that of the scope of consolidation defined in the Consolidated Financial Statements and it is consistent with the guidelines contained in the GRI Boundary Protocol of 2005.</p> |
| <p>3.7 SPECIFIC LIMITATIONS ON THE SCOPE OR BOUNDARY OF THE REPORT</p> | <p>The scope of the data and information on the environmental impacts of the Group comprises the following companies: UBI Banca, UBI Sistemi e Servizi, UBI Academy, Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banca Carime, Banca di Valle Camonica, UBI Banca Private Investment, BPB Immobiliare and UBI Management . It amounts to:</p> <ul style="list-style-type: none"> • 1,001,478 sq m of indoor floor space (96.4% of the Group's indoor floor space); • 17,504 employees (95.3% of Group employees) [↪ 3.11]. |
| <p>3.8 COMPARABILITY AMONG PERIODS AND/OR ORGANIZATIONS</p> | <p>No changes occurred during the reporting year in the Group's structure and activities which might affect the comparability of data with that of previous years. Any other reasons which might make the historical data series for single indicators non-comparable are given in the respective tables and charts.</p> |
| <p>3.9 DATA MEASUREMENT TECHNIQUES AND THE BASES OF CALCULATIONS</p> | <p>The data and information reported is drawn from different corporate IT systems, such as for example, the operational control system, the personnel management system, the general accounting system and the CRM commercial database. Data for which there is no single Group management system has been acquired for each single company and then aggregated centrally. Unless otherwise specified, the charts relate to the reporting year.</p> <p>In order to ensure the maximum reliability and significance of the qualitative and quantitative indicators , it was decided to give preference to information taken directly from the Group's databases, thereby reducing recourse to estimates as much as possible, which when used are nevertheless based on reliable information available or on sample data.</p> <p>Any changes in measurement techniques and the bases of calculation are properly reported in the document.</p> |
| <p>3.10 EFFECT OF ANY RESTATEMENT OF INFORMATION PROVIDED IN EARLIER REPORTS AND THE REASONS OF SUCH RE-STATEMENT</p> | <p>It was not necessary to make changes to information contained in previous reports, except where indicated in footnotes to tables, charts and texts. Where indicators and quantitative data are given for the first time in the report, figures for the previous two years have been calculated where possible.</p> |
| <p>3.11 SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIODS IN THE SCOPE, BOUNDARY OR MEASUREMENT METHODS</p> | <p>No significant changes occurred during the reporting period in the methods of measurement with respect to previous years, except for the measurement of the monetary value of donations in kind, for which 10% of the historical cost of purchase of the assets granted was used in 2012 and 2013 (which represents the cost incurred by the Bank to recondition them), while the full historical cost was recognised in 2011.</p> <p>The tables below give the coefficients used to calculate energy consumption (EN3 and EN4) and emissions (EN16 and EN17).</p> |

| ENERGY SOURCE | COEFFICIENT FOR CALCULATING EMISSIONS EN3 AND EN4 | |
|----------------------------|---|--------------------------|
| Heating | | |
| Natural Gas | 0.82 TOE/1,000m ³ | 0.03428 GJ/Mc |
| Gasoil (density 0,84 Kg/l) | 1.08 TOE/Ton | 42.62 GJ/Ton |
| LPG (density 0,54 Kg/l) | 1.1 TOE/Ton | 46.1 GJ/Ton ¹ |
| Transport | | |
| Petrol (density 0,74 Kg/L) | 1.2 TOE/Ton | 43.7 GJ/Ton |
| Gasoil (density 0,84 Kg/l) | 1.08 TOE/Ton | 42.89 GJ/Ton |
| LPG (density 0,54 Kg/l) | 1.1 TOE/Ton | 46.1 GJ/Ton |
| Other | | |
| Photovoltaic | 0.000187 TOE/kWh | 0.0036 GJ/kWh |
| District heating | 0.086 TOE/mWh | 0.0036 GJ/kWh |
| Electricity purchased | 0.000187 TOE/kWh | 0.0036 GJ/kWh |

¹ Coefficient national inventory UNFCCC, source ISPRA 2013.

| ENERGY SOURCE | COEFFICIENT FOR CALCULATING EMISSIONS EN16 | | | | |
|------------------|--|----------------------------|--------------------------|-----------------|-----------------|
| | CO ₂ | CH ₄ | N ₂ O | NO _x | SO _x |
| Heating | | | | | |
| Natural gas | 1.945 Kg/Mc ¹ | 0.0857 G/Mc | 0.03428 G/Mc | 2.417993 G/Mc | 0.017271 g/Mc |
| Gasoil | 3,141 Kg/Ton | 298.3 G/Ton | 85.24 G/Ton | 2.46877 G/L | 4.937541 G/L |
| LPG | 2,984 Kg/Ton | 236.5 G/Ton | 4.73 G/Ton | | |
| Transport | | | | | |
| Petrol | 3,109 Kg/Ton | 1,092.5 G/Ton ¹ | 71 G/Ton ¹ | | |
| Gasoil | 3,138 Kg/Ton | 61.8 G/Ton ¹ | 110.7 G/Ton ¹ | | |
| LPG | 6.1 Kg/USGal | 0.5994 G/USGal | 1.0854 G/USGal | | |
| Other | | | | | |
| Electricity | 393 G/kWh ¹ | 0.0178 G/kWh ¹ | 0.004 G/kWh ¹ | 0.49 G/kWh | 0.54 G/kWh |

¹ Coefficient by ABI Energia guideline, version november 2013.

| TRANSPORT | COEFFICIENTS FOR CALCULATING EN17 EMISSIONS | |
|--|---|-------------------|
| | CO ₂ | CO ₂ e |
| Employee personal vehicles petrol ¹ | 182.19 G/Km | 184.19 G/Km |
| Employee personal vehicles diesel ¹ | 148.44 G/Km | 150.25 G/Km |
| Train ² | 0.05501 Kg/Km | 0.06715 Kg/Km |
| Airplane ³ | 0.12244 Kg/Km | 0.14918 Kg/Km |

¹ Average of the coefficients by ABI Energia guideline (source ISPRA).

² Coefficients by DEFRA guideline for National Rail.

³ Average of the coefficients by DEFRA guideline for Domestic, Short-haul international and Long-haul International flights.

GRI Content Index

The 2013 Social Report has been prepared according to the table of contents of version G3.1 of the **Guidelines for Sustainability Reporting** (2011) and the **Supplement for the Financial Sector** (2008) issued by the Global Reporting Initiative. In the 2013 report some new indicators have been provided from G4 version, in view of the upcoming transition to the new model. Account was also taken when defining the specific contents of the various indicators of the guidelines formulated by the Italian Banking Association in **"Reporting to Stakeholders". A Guide for Banks**" (2006) and rules for periodic **"Communication on Progress"** required by the **Global Compact** from all the organisations which have signed the compact.

As concerns the depth of the reporting, the GRI/G3 model contains three different levels of application marked by a "+" sign where it is audited by an independent entity. UBI Banca has declared an **A+ level**.

3.12 CONTENT OF THE REPORT

| INDICATOR G3.1 | TYPE | DESCRIPTION | COVERAGE | PAGE | GLOBAL COMPACT PRINCIPLES |
|----------------|------|--------------------------------------|----------|------|---------------------------|
| 1.1 | Core | Statement from the Chairmen | Full | 1 | |
| 1.2 | Core | Key impacts, risks and opportunities | Full | 3 | |
| 2.1 | Core | Name of the organization | Full | 4 | |

| INDICATOR G3.1 | TYPE | DESCRIPTION | COVERAGE | PAGE | GLOBAL COMPACT PRINCIPLES |
|-------------------|------|--|----------|------|---------------------------------|
| 2.2 | Core | Primary brands, products and services | Full | 4 | |
| 2.3 | Core | Operational structure | Full | 4 | |
| 2.4 | Core | Location of headquarters | Full | 5 | |
| 2.5 | Core | Countries where the group operates | Full | 5 | |
| 2.6 | Core | Nature of the ownership and legal form | Full | 7 | |
| 2.7 | Core | Market served | Full | 9 | |
| 2.8 | Core | Scale of the group | Full | 9 | |
| 2.9 | Core | Significant organizational changes | Full | 10 | |
| 2.10 | Core | Awards received in the reporting period | Full | 11 | |
| 3.1 | Core | Reporting period | Full | 13 | |
| 3.2 | Core | Date of the most recent previous report | Full | 13 | |
| 3.3 | Core | Reporting cycle | Full | 13 | |
| 3.4 | Core | Contact point for questions regarding the report or its contents | Full | 13 | |
| 3.5 | Core | Process for defining report content | Full | 13 | |
| 3.6 | Core | Boundary of the report | Full | 14 | |
| 3.7 | Core | Specific limitations on the scope or boundary of the report | Full | 14 | |
| 3.8 | Core | Bases for reporting that can significantly affect comparability from period to period and/or between organizations | Full | 14 | |
| 3.9 | Core | Data measurement techniques and the bases of calculations | Full | 14 | |
| 3.10 | Core | Effect of any re-statement of information provided in earlier reports and the reasons of such re-statement | Full | 14 | |
| 3.11 | Core | Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report | Full | 14 | |
| 3.12 | Core | Contents of the report | Full | 15 | |
| 3.13 | Core | Policy and practice for external assurance | Full | 20 | |
| 4.1 | Core | Governance structure | Full | 22 | 1-10 |
| 4.2 | Core | Executive chairman | Full | 22 | 1-10 |
| 4.3 | Core | Independent and/or not executive administrators | Full | 22 | 1-10 |
| 4.4 | Core | Mechanisms for shareholders and employees to provide recommendations to the highest governance body | Full | 23 | 1-10 |
| 4.5 | Core | Linkage between management compensation and performance | Full | 23 | 1-10 |
| 4.6 | Core | Conflict of interests | Full | 23 | 1-10 |
| 4.7 | Core | Qualifications of the administrators | Full | 24 | 1-10 |
| 4.8 | Core | Mission, values, codes of conduct and principles | Full | 25 | 1-10 |
| 4.9 | Core | Procedures for the identification and management of economic, environmental and social performance | Full | 26 | 1-10 |
| 4.10 | Core | Processes for evaluating the highest governance body's own performance | Full | 27 | 1-10 |
| 4.11 | Core | Modality of application of the precautionary approach | Full | 29 | 7 |
| 4.12 | Core | Adoption of codes and principles external | Full | 29 | 1-10 |
| 4.13 | Core | Participation in associations | Full | 29 | 1-10 |
| 4.14 | Core | Stakeholder groups engaged | Full | 30 | |
| 4.15 | Core | Modality of selection of stakeholders | Full | 30 | |
| 4.16 | Core | Approach to stakeholder engagement | Full | 30 | |
| 4.17 | Core | Key topics and concerns that have been raised through stakeholder engagement and responses | Full | 30 | |
| FS1 | Core | Environmental and social policies applied to business | Full | 34 | |
| FS2 | Core | Procedures for assessing environmental and social risks in business | Full | 35 | |
| FS3 | Core | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions | Full | 36 | |
| FS4 | Core | Processes for improving staff competency to implement the environmental and social policies as applied to business | Full | 36 | |

| INDICATOR G3.1 | TYPE | DESCRIPTION | COVERAGE | PAGE | GLOBAL COMPACT PRINCIPLES |
|-------------------|------------|--|--------------|------|---------------------------------|
| FS5 | Core | Interactions with clients, investees and business partners about environmental and social risks and opportunities | Full | 36 | |
| FS6 | Core | Customers by business lines, region, size and sector | Full | 36 | |
| FS7 | Core | Products and services with specific social benefit | Full | 38 | |
| FS8 | Core | Products and services with specific environmental benefit | Full | 44 | |
| FS9 | Core | Audits on implementation of environmental and social policies and risk assessment procedures | Partial | 45 | |
| FS10 | Core | Relations with investees on environmental and social issues | Full | 45 | |
| FS11 | Core | Companies held in the portfolio with which the organization has interacted on environmental or social issues | Full | 45 | |
| FS12 | Core | Voting policies on environmental or social issues | Full | 46 | |
| EC1 | Core | Direct economic value generated and distributed | Full | 47 | |
| EC2 | Core | Financial implications, risks and opportunities due to climate change | Full | 49 | 7 |
| EC3 | Core | Coverage of the defined benefit plan obligations | Full | 49 | |
| EC4 | Core | Significant financial assistance received from government | Full | 49 | |
| EC5 | Additional | Standard entry level wage by gender compared to local minimum wage | Full | 49 | 1 |
| EC6 | Core | Policy, practices and proportion of spending on locally-based suppliers | Full | 49 | |
| EC7 | Core | Hiring from local personnel | Full | 50 | 6 |
| EC8 | Core | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement | Full | 51 | |
| EC9 | Additional | Significant indirect economic impacts | Full | 60 | |
| EN1 | Core | Materials used | Full | 62 | 8 |
| EN2 | Core | Recycled raw materials | Full | 63 | 8,9 |
| EN3 | Core | Direct energy consumption by source | Full | 63 | 8 |
| EN4 | Core | Indirect energy consumption by source | Full | 63 | 8 |
| EN5 | Additional | Energy saved due to conservation and efficiency improvements | Partial | 64 | 8,9 |
| EN6 | Additional | Initiatives to provide energy-efficient or renewable energy based products and services | Full | 65 | 8,9 |
| EN7 | Additional | Initiatives to reduce indirect energy consumption and reductions achieved | Full | 66 | 8,9 |
| EN8 | Core | Total water withdrawal by source | Full | 66 | 8 |
| EN9 | Additional | Water sources significantly affected by withdrawal | Not relevant | 66 | 8 |
| EN10 | Additional | Water recycled and reused | Not relevant | 66 | 8,9 |
| EN11 | Core | Lands in protected or of high biodiversity | Full | 66 | 8 |
| EN12 | Core | Impacts of activities, products and services on biodiversity | Full | 66 | 8 |
| EN13 | Additional | Habitats protected or restored | Not relevant | 66 | 8 |
| EN14 | Additional | Strategies and actions for managing impacts on biodiversity | Not relevant | 67 | 8 |
| EN15 | Additional | Protected species in area where the organization operates | Not relevant | 67 | 8 |
| EN16 | Core | Total direct and indirect greenhouse gas emissions | Full | 67 | 8 |
| EN17 | Core | Other indirect greenhouse gas emissions | Full | 67 | 8 |
| EN18 | Additional | Initiatives to reduce greenhouse gas emissions and reductions achieved | Full | 67 | 7,8,9 |
| EN19 | Core | Emissions of ozone-depleting substances | Full | 68 | 8 |
| EN20 | Core | Other significant air emissions | Full | 68 | 8 |
| EN21 | Core | Water discharge | Full | 69 | 8 |
| EN22 | Core | Waste by type and disposal method | Full | 69 | 8 |
| EN23 | Core | Significant pollutant spills | Not relevant | 69 | 8 |
| EN24 | Additional | Hazardous wastes | Full | 69 | 8 |
| EN25 | Additional | Water habitats affected by discharges | Not relevant | 69 | 8 |

| INDICATOR G3.1 | TYPE | DESCRIPTION | COVERAGE | PAGE | GLOBAL COMPACT PRINCIPLES |
|-------------------|------------|---|--------------|------|---------------------------------|
| EN26 | Core | Initiatives to mitigate environmental impacts of products and services | Full | 69 | 7,8,9 |
| EN27 | Core | Products sold and their packaging materials that are reclaimed | Not relevant | 69 | 8,9 |
| EN28 | Core | Significant fines and non monetary sanctions for non-compliance with | Full | 70 | 8 |
| EN29 | Additional | Significant environmental impacts of transporting products and materials used and of transporting of the personnel | Full | 70 | 8 |
| EN30 | Additional | Environmental protection expenditures and investments | Full | 70 | 7,8,9 |
| LA1 | Core | Profile of the Personnel | Full | 71 | |
| LA2 | Core | Turnover | Full | 72 | 6 |
| LA3 | Additional | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Full | 74 | |
| LA15 | Core | Return to work and retention rates after parental leave | Full | 75 | |
| LA4 | Core | Employees covered by collective bargaining agreements | Full | 76 | 1,3 |
| LA5 | Core | Minimum notice periods regarding operational changes | Full | 76 | 3 |
| LA6 | Additional | Workforce represented in formal joint management-worker health and safety committees | Full | 77 | 1 |
| LA7 | Core | Injury, diseases and absenteeism | Partial | 77 | 1 |
| LA8 | Core | Education, training, prevention and risk-control for the health and safety of workforce members and their families | Full | 79 | 1 |
| LA9 | Additional | Health and safety topics covered in formal agreements with trade unions | Full | 81 | 1 |
| LA10 | Core | Average hours of training per employee | Full | 82 | |
| LA11 | Additional | Programs for skill management and lifelong learning | Partial | 85 | |
| LA12 | Additional | Percentage of employees receiving regular performance and career development | Full | 85 | |
| LA13 | Core | Composition of governance bodies and of employees per indicators of diversity | Full | 87 | 1,6 |
| LA14 | Core | Remuneration of women compared to men | Full | 88 | 1,6 |
| HR1 | Core | Investment agreements and contracts that include clauses on human rights or that have undergone human right screening | Full | 89 | 1-6 |
| HR2 | Core | Suppliers and other business partners that have undergone human rights screening | Full | 89 | 1-6 |
| HR3 | Core | Employee training in human rights | Full | 89 | 1-6 |
| HR4 | Core | Incidents of discrimination and actions | Full | 90 | 1,2,6 |
| HR5 | Core | Operations in which the right to freedom of association and collective bargaining may be at risk | Not relevant | 90 | 1-3 |
| HR6 | Core | Operations with significant risk of child | Not relevant | 91 | 1,2,5 |
| HR7 | Core | Operations with significant risk of forced | Not relevant | 91 | 1,2,4 |
| HR8 | Additional | Security personnel trained on human rights | Not relevant | 91 | 1,2 |
| HR9 | Additional | Violations of the rights of indigenous people and actions taken | Not relevant | 91 | 1,2 |
| HR10 | Core | Operations that have been subject to human rights reviews and/or impact assessment on human rights | Full | 91 | |
| HR11 | Core | Grievances related to human rights resolved through formal grievance mechanism | Full | 91 | |
| SO1 | Core | Operations with implemented local community engagement, impact assessment and development programs | Full | 92 | |
| FS13 | Core | Branches in low-populated or economically disadvantaged areas | Full | 92 | |
| FS14 | Core | Initiatives to improve access to financial services for disadvantaged people | Full | 92 | |
| SO9 | Core | Operations with negative impacts on local communities | Full | 93 | |

| INDICATOR G3.1 | TYPE | DESCRIPTION | COVERAGE | PAGE | GLOBAL COMPACT PRINCIPLES |
|-------------------|------------|--|----------|------|---------------------------------|
| SO10 | Core | Prevention and mitigation of negative impacts on local communities | Full | 93 | |
| SO2 | Core | Business units analyzed for corruption risks | Full | 94 | 10 |
| SO3 | Core | Employees trained on anti-corruption policies and procedures | Full | 95 | 10 |
| SO4 | Core | Actions taken in response to incidents of corruption | Full | 95 | 10 |
| SO5 | Core | Public policy development and lobbying activity | Full | 95 | 1-10 |
| SO6 | Additional | Contributions to political parties, politicians and related institutions | Full | 95 | 10 |
| SO7 | Additional | Legal actions for anti-competitive behaviour, anti-trust and monopoly | Full | 95 | |
| SO8 | Core | Significant sanctions for non compliance with laws and regulations | Full | 95 | |
| FS15 | Core | Policies for the fair design and sale of products and services | Full | 96 | |
| FS16 | Core | Initiatives to enhance financial literacy | Full | 97 | |
| PR1 | Core | Lifecycle stages in which health and safety impacts of products are assessed for improvement and significant product and services categories subject to such | Full | 99 | 1 |
| PR2 | Additional | Incidents of non-compliance with regulations and voluntary codes concerning health and safety of product | Full | 100 | 1 |
| PR3 | Core | Product and service information required by company's procedures | Full | 100 | 8 |
| PR4 | Additional | Incidents of non-compliance with regulations and voluntary codes concerning product and service | Full | 100 | 8 |
| PR5 | Additional | Practices of customer satisfaction, including results of surveys measuring | Full | 101 | |
| PR6 | Core | Compliance with laws, standards and voluntary codes related to marketing communication | Full | 103 | |
| PR7 | Additional | Incidents of non-compliance with regulations and voluntary codes concerning marketing and advertising | Full | 104 | |
| PR8 | Additional | Complaints regarding breaches of privacy and losses of data of customer | Full | 104 | 1 |
| PR9 | Core | Fines for non-compliance with laws and regulations concerning the provision and use of products and services | Full | 104 | |

The table includes only performance indicators. The disclosure on management approach (DMA) is included in the introduction to the specific reporting areas.

| INDICATOR | DESCRIPTION | PAGE |
|-----------|---|------|
| G4-35 | Process for delegating authority for economic, environmental and social topics | 26 |
| G4-36 | Process for delegating authority to executive-level positions with responsibility for economic, environmental and social topics | 26 |
| G4-52 | Process for determining remuneration | 27 |
| G4-53 | Stakeholder and remuneration | 28 |
| G4-54 | Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees | 29 |
| G4-55 | Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees | 29 |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behaviour | 25 |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour | 25 |
| G4-EN5 | Energy intensity | 63 |
| G4-EN18 | Greenhouse gas emissions intensity | 67 |

Assurance

As with previous reports, the 2013 Social Report has been audited by an independent entity. The independent auditors **Deloitte & Touche S.p.A.**, also engaged for the audit of the separate and consolidated financial statements of UBI Banca, were appointed for the period 2012-2020. The auditor also verifies the level of application of the GRI model declared by the bank.



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AUDITORS' REVIEW REPORT ON THE SOCIAL REPORT

To the Management Board of
UNIONE DI BANCHE ITALIANE S.c.p.A.

1. We have reviewed the social report of the Unione di Banche Italiane Group (the "Group") as of December 31, 2013. The Management Board of Unione di Banche Italiane S.c.p.A. is responsible for the preparation of the social report in accordance with "Sustainability Reporting Guidelines & Financial Services Sector Supplement" issued in 2008 and the "Sustainability Reporting Guidelines" (version G3.1) issued in 2011 by GRI – Global Reporting Initiative, as stated in the paragraph "Report parameters", as well as for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Management Board is also responsible for the identification of stakeholders and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the social report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the *International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information ("ISAE 3000")*, issued by the *International Auditing and Assurance Standards Board*. That standard requires the compliance with ethical principles ["Code of Ethics for Professional Accountants" issued by the *International Federation of Accountants ("IFAC")*], including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the social report is free from material misstatements. A limited assurance engagement on the social report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the social report, analysing the social report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - comparing the economic and financial information and data included in the paragraph "Economic Performance" of the social report with those included in the consolidated financial statements of the Unione di Banche Italiane Group as of December 31, 2013, on which we issued the auditor's report dated March 21, 2014 pursuant to articles 14 and 16 of Legislative Decree No. 39 of January 27, 2010;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the social report operate. In particular, we have performed the following procedures:
 - interviews and discussions with delegates of the Group, to gather information on the information, accounting and reporting systems used in preparing the social report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the social report;

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Parma Palermo Roma Torino Treviso Verona

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Member of Deloitte Touche Tohmatsu Limited

- analysis, on a sample basis, of the documentation supporting the preparation of the social report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the social report;
- analysing the compliance of the qualitative information included in the social report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the social strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of personnel involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the Chairman of the Management Board of Unione di Banche Italiane S.c.p.A. on the compliance of the social report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the social report of the prior year presented for comparative purposes, reference should be made to our review report dated April 17, 2013.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the social report of the Unione di Banche Italiane Group as of December 31, 2013 is not prepared, in all material respects, in accordance with the “*Sustainability Reporting Guidelines & Financial Services Sector Supplement*” issued in 2008 and the “*Sustainability Reporting Guidelines*” (version G3.1) issued in 2011 by GRI – *Global Reporting Initiative*, as stated in the paragraph “Report parameters”.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy

April 23, 2014

This report has been translated into the English language solely for the convenience of international readers.

4. Governance, commitments and stakeholder engagement

Governance

4.1 GOVERNANCE STRUCTURE

Information on corporate governance is published in the **Report on Corporate Governance and the Ownership Structure**. [🔗 Reports and Accounts 2013 p. 1**-74**]

4.2 EXECUTIVE CHAIRMAN

The UBI Banca **governance model** complies with the measures and principles for listed issuers and banks contained in the **Consolidated Fiscal Act** and the relative regulations to implement it adopted by the Consob (Italian Securities Market Authority) and in the **Consolidated Banking Act** and the Borsa Italiana Spa **Corporate Governance Code for Listed Companies**. UBI Banca has adopted a two tier governance system in which governance functions are divided between a Supervisory Board and a Management Board.

4.3 INDEPENDENT AND/OR EXECUTIVE ADMINISTRATORS

Supervisory Board [🔗 Reports and Accounts 2013 p. 13**-35**]

🔗 LA13

The **Supervisory Board** has functions of strategic supervision and control and is composed of 23 members elected from among registered shareholders with the right to vote and with balance between gender for the period ensured in compliance with Law No. 120 of 12th July 2011. The members of the Supervisory Board remain in office for three financial years.

While observing the principle of collegial responsibility in the performance of its duties, the Supervisory Board, in relation to its responsibilities, decided to create specific committees with policy formulation, advisory and fact-finding functions in order to increase the efficiency and effectiveness of its work: an **Appointments Committee**, a **Remuneration Committee**, an **Internal Control Committee** and an **Accounts Committee**, as well as a **Related and Connected Parties Committee** in compliance with the provisions of Regulations for UBI Banca Scpa related-party transactions" and "Regulation on transactions with UBI Group connected parties" [🔗 4.6]. All Supervisory Board Members are independent in accordance with article 148, paragraph 3 of the Consolidated Finance Act and twenty of their number are also independent in terms of the requirements of the Corporate Governance Code for Listed Companies.

The Supervisory Board met 23 times in 2013 and the average length of the meetings was five hours with average attendance of 98%.

Management Board [🔗 Reports and Accounts 2013 p. 35**-41**]

The Management Board is composed of between a minimum of seven and a maximum of eleven members, on the basis of a proposal from the Appointments Committee according to a criterion which, in compliance with Law No. 120 of 12th July 2011, ensures a balance between genders for the period provided for by that law. The members of the Management Board are appointed for a period of three years and may be re-appointed.

The members of the Management Board are actively involved in the management of the Bank in compliance with policies approved by the Supervisory Board and submitted to it by the Management Board itself, which as specifically required by the Articles of Association performs its main activities exclusively on a collegial basis with no powers to delegate authority. In addition to the Chief Executive Officer, the Articles of Association (article 39) also assign powers and functions to the Chairman and the Deputy Chairman which underline their involvement in the management of the Bank.

The management commitments and responsibilities of the Board Members apply not only to the sphere of the Management Board, but also at Group level by appointments to positions in the governing bodies of the main subsidiaries of UBI Banca, which actively helps to ensure that the various member companies of the Group comply with instructions issued by the Parent in the exercise of its management and co-ordination activities.

In accordance with the Articles of Association, at least one member of the Management Board must possess the requirements of independence pursuant to Art. 148, paragraph 3 of Legislative Decree

No. 58 of 24th February 1998, in compliance with Art. 147 *quater* of the Consolidated Finance Act. Three members of the Management Board were identified as independent Board Members in accordance with the above mentioned provisions . The members of the Management Board are not required to meet the requisites of independence in the Corporate Governance Code, due, amongst other things, to the decision made by UBI Banca to form internal committees within the Supervisory Board provided for by that code for which those requisites are required. The Management Board met 28 times in 2013 and the average length of the meetings was five hours with average attendance of 99%.

The duties of the Chairman of the Management Board are listed in article 39 of the Articles of Association. More specifically the Chairman of the Management Board, who acts as the Bank's legally authorised representative and authorised signatory, performs the tasks that are typically carried out by the Chairman of a company's management body, to be performed by liaising with the other Articles of Association-regulated bodies where appropriate.

The Board of Arbitrators [[Reports and Accounts 2013 p. 41**-42**](#)]

In view of the co-operative form of the Bank, the Articles of Association also provide for a **Board of Arbitrators** to which each registered shareholder may appeal to settle any disputes relating to the interpretation or application of the Articles of Association and to any other resolutions or decisions taken by the governing bodies of the Bank concerning corporate affairs. Its members are appointed for three years and may be re-elected.

4.4 MECHANISMS FOR SHAREHOLDERS AND EMPLOYEES TO PROVIDE RECOMMENDATIONS TO THE HIGHEST GOVERNANCE BODY

Ordinary and extraordinary shareholders' meetings may be convened by registered shareholders on presentation of a request giving details of the agenda, which must be signed by at least one twentieth of the Registered Shareholders in possession of voting rights on the date of the request. In compliance with the procedures, according to the terms and within the time limits set by law, a number of registered shareholders not less than one fortieth of those with the right to take part in a shareholders' meeting, may make an application in writing for additions to be made to the agenda to be dealt with in the Shareholders' Meeting and they may also submit proposals for resolutions on matters already on the agenda. The current **Regulations Governing Shareholders' Meetings** in force, approved by a shareholders' meeting, establishes the right of each registered shareholder to participate in debates and to request information and make observations and proposals concerning matters on the agenda.

With regard to employees, their interests are upheld by company and Group representatives as part of periodic discussions required under the various labour contract procedures and in other opportunities for meetings, such as equal partnership commissions and bi-lateral observatories on corporate social responsibility, corporate climate, training and equal opportunities matters. Furthermore, employees who are also registered shareholders may attend meetings with the right to speak and vote, on a par with other registered shareholders, with the sole limitation that they may not act as proxies.

4.5 LINKAGE BETWEEN MANAGEMENT COMPENSATION AND PERFORMANCE

Members of the governing bodies of the Group do not receive any variable remuneration, except for Board Members and CEOs who may receive forms of remuneration linked to results. The Chief Executive Officer and Members of the Management Board or senior managers of UBI Banca may receive forms of remuneration linked to results because they are classified as "key personnel".

4.6 CONFLICTS OF INTEREST

The Bank pays particular attention to transactions with related parties to ensure they are carried out properly both in form and substance. Transactions with senior officers of the bank, with senior officers of Group member companies and with companies controlled by them – all of whom may qualify as related parties – are conducted under normal market conditions and, for those transactions relating to senior officers of banks, the provisions of Article 136 of Legislative Decree No. 385/1993 (Consolidated Banking Act) are carefully complied with. Special IT procedures have been introduced in this respect which, on the basis of declarations issued by representatives of

companies, make it possible to identify in advance the potential assumption of a direct or indirect obligation of a representative and consequently subject the transaction to the procedures required by the aforementioned article.

The Consob (Italian securities market authority) has approved Regulations, which lay down the procedures to follow for the approval of transactions entered into by listed companies and issuers with a broad shareholder base with parties that could create a conflict of interest. Such parties include major and controlling shareholders, members of management and supervisory bodies and other senior managers and their immediate family members. The regulations in question apply, within the context of the UBI Banca Group, to UBI Banca as an issuer of listed shares. As a result of the foregoing, the competent bodies of the Bank have approved a set of regulations concerning related-party transactions (available on corporate website of the Parent) within the set time limits. Internal processes have also been developed to assure compliance with the new rules.

The Bank of Italy has issued new provisions regarding supervisory regulations for risk assets and conflicts of interest concerning parties connected to banks or banking groups. (including, amongst others, senior officers of UBI Banca and all the banks in the Group, the officers of UBI Leasing and parties connected to those officers according to the definition given in the regulations). The main purpose of the regulations is to contain the risk that the closeness of some “connected parties” to the decision-making centres of the Bank might compromise the objectivity and impartiality of decisions concerning the grant of loans to, or other transactions that in any way relate to, those parties. To oversee these risks, the UBI Group, in compliance with Bank of Italy provisions:

- monitors and ensures compliance with the specific prudential limits set by the supervisory regulations concerning risk asset exposures to connected parties by the Parent and Subsidiaries. In this regard a specific “Policy concerning internal controls on risk assets and conflicts of interest with related parties” has been approved, according to the procedures set out in the Bank of Italy provisions referred to above;
- employs special decision-making procedures that guarantee the integrity of decision-making processes in connected-party transactions, preventing any abuses that may be intrinsic to transactions with these parties where there is a potential conflict of interest. These procedures have been implemented by special regulations, applicable to all the Group member companies and available on the corporate website of the Parent.

Generally, in a similar manner to the provisions laid down for the Management Board by Art. 2391 of the Italian Civil Code, the Articles of Association also require the members of the Supervisory Board to report all interests which, either directly or through third parties, they may have in a determined transaction of the company to which they belong or of the Group, stating the nature, the terms, origin and extent. The relative resolution of the Supervisory Board must give adequate reasons, explaining the interest of the Bank in the transaction, without prejudice to other provisions of the law or regulations which may apply.

In relation to the legislation in force which implements the EC MiFID Directive No. 2004/39/EC, an internal “policy for the management of personal transactions” has been approved which provides detailed regulation of obligations concerning personal transactions in financial instruments performed by significant parties, as identified in the above-mentioned legislation.

4.7 QUALIFICATIONS OF THE ADMINISTRATORS

The requirements which Board Members must possess to form part of the management bodies of UBI Banca are reported below. The curricula vitae of the members of the Supervisory Board, the Management Board and the General Management of the Parent are available on the website of the Parent.

☞ <http://www.ubibanca.it/pagine/Supervisory-Board-EN.aspx>,
<http://www.ubibanca.it/pagine/Management-Board-EN.aspx>

Supervisory Board

The members of the Supervisory Board must be in possession of the requirements of integrity and

independence prescribed by the regulations in force. At least 15 of the Members of the Supervisory Board must be in possession of the requirements of professionalism required by the legislation currently in force for persons who perform the functions of directors of banks. In particular, at least three members of the Supervisory Board must be chosen from amongst persons enrolled in the *Registro dei Revisori Contabili* (register of external statutory auditors) who have practiced as external statutory auditors for a period of not less than three years.

While mandatory regulations of the law, the Supervisory Authority or other regulations must be complied with, persons already holding the office of full statutory auditor, or who are members of other supervisory bodies in more than five listed companies and/or their parent companies or subsidiaries, cannot hold office as a member of the Supervisory Board. If the cause of incompatibility is not eliminated within 60 days of election or, if it arose subsequently, of notification of the occurrence to the person concerned, the Board Member will automatically be dismissed from office.

In view of the coming appointment of a new Supervisory Board and Management Board, a document was prepared in the first months of 2013 on what was considered best the qualitative and quantitative composition of the two bodies. The results of this analysis were disclosed to the public and distributed to Registered Shareholders. Following the appointment of a new Supervisory Board by the Shareholders' Meeting, as part of the process of verifying the requirements of integrity, professionalism and independence under the regulations in force, in May that Board proceeded to verify whether the qualitative and quantitative composition identified in that document corresponded to the actual composition resulting from the election process. After detailed analysis of the professional competencies of the various members of the body, the Supervisory Board assessed and ascertained the consistency of its composition with the qualitative and quantitative composition considered optimal in relation to the achievement of the objective of correctly fulfilling its functions.

Management Board

At least one member of the Management Board must hold the requirements of independence pursuant to Art. 148, paragraph three of Legislative Decree No. 58 of 24th February 1998. Furthermore, at least the majority of the members must have a total of at least three years experience in professional and/or management activities in financial and/or brokerage and/or banking and/or insurance companies in Italy or abroad. The provisions of the "Internal regulations on the limits to the accumulation of positions by company staff", adopted by the Parent and implemented by Group banks, apply to the Management Board.

Succession Planning

In order to guarantee continuity and certainty in the management of the Bank, back in 2011 UBI Banca put a **senior leadership succession process** in place designed to select and assess managers from within the Group for consideration as possible candidates to succeed to senior executive positions and to those of Chief Executive Officer and General Manager in particular. The "senior leadership succession" is a periodic process to assess the managerial skills and potential of each of the managers who fill high ranking roles in the Group.

☞ Reports and Accounts 2013 p. 27**.-28**

For UBI Banca "*Fare Banca Per Bene*" means creating a vision of a bank in which you can trust, a bank recognised on the market for its way of management based on a constant sense of ethics, transparency and integrity in business. It means believing in strong and shared values and putting them into practice in observance of principles and rules of conduct which are not seen as limitations, but as the way to establish our identity on the market. The Group's mission, values and principles are formally set out in its Charter of Values and Code of Ethics, which are based, amongst

BEHAVIOUR

G4-58 REPORTS OF UNETHICAL OR UNLAWFUL BEHAVIOUR

other things, on the principles of the Global Compact.

Our Charter of Values, approved in January 2008, identifies the mission, vision and values on which the Group has based its identity and the conduct of all personnel in their relationships with customers and with all other stakeholders as much in its strategic choices as in its everyday business.

The Code of Ethics was approved at the end of 2010 by the Management Board and by the Supervisory Board of UBI Banca. It was officially adopted by the banks and companies in the Group when it was approved by their respective governing bodies and it was distributed to other equity investees of the Bank who have agreed to maintain conduct consistent with the principles contained in it. It has been communicated to personnel through the consultation of internal regulations on the corporate intranet and in hardcopy form for companies who have no access to that portal and it is also published on the Group website. A copy of the Code is delivered to members of corporate bodies, to newly recruited personnel and to all those who do business with the Group under contract or who represent the Bank without being subordinate to it, when a relationship is established. Major suppliers are required to sign a declaration of acceptance as part of the respective contract documents.

The Group CSR Manager provides support and advice for training and communication activities and for the interpretation and implementation of the principles of the Code of Ethics.

Any reports of problems concerning **unethical or unlawful behaviour** and questions relating to **corporate integrity** are regulated by the Code of Ethics. The Chief Audit Executive (chief of audit at the Parent and for the Group) is responsible for receiving reports (which may also be received at a dedicated email address codice.etico@ubibanca.it) and for carrying out the relative inspections: the Internal Audit Function records reports received, carries out an initial assessment to determine the importance and then forwards them to bodies with management and control functions and:

- to the Supervisory Body, if the alleged violation is significant for the purposes of regulations pursuant to Legislative Decree No. 231/01;
- to the organisational unit that manages relations with the stakeholder who has committed the alleged violation, or the relative body in question, in other cases.

While reports cannot be kept anonymous under the Code, they are kept strictly confidential and those making reports are protected against any form of retaliation, discrimination or penalty. Four reports of alleged violations of the Code of Ethics were received in 2013 (three from customers and suppliers and one from personnel). Having carried out appropriate inspections, the Chief Audit Executive found no reports of very serious violation of the Code of Ethics.

The Code of Conduct approved at the end of 2011 by the Management Board and the Supervisory Board of UBI Banca is based on the principles of the Code of Ethics and is aimed at all those in a working relationship with UBI Banca. It is designed to furnish a framework of principles of conduct with which to evaluate compliance of decisions to be taken with ethical and regulatory norms. Banks and companies belonging to the Group have also adopted the same text, modified, where appropriate, with the consent of the Parent, to meet requirements dictated by specific sectors and/or areas of activity. Failure to observe the rules of the Code of Conduct constitutes violation of the Code of Ethics: instances of non-compliance must be reported and are punished in accordance with the procedures set forth in the Code of Ethics and in compliance with the rules and regulations applicable to the employment contract in question.

4.9 PROCEDURES FOR THE IDENTIFICATION AND MANAGEMENT OF ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE

The following specialist roles have been created, filled mainly by middle managers, in order to manage social and environmental responsibility issues with the aim of supporting and pursuing high standards of quality in different areas and in compliance with the provisions of national legislation:

- the **Corporate Social Responsibility (CSR) Manager** co-ordinates issues of an ethical, social and environmental nature in operations, consistent with a strategic corporate vision and in implementation of the **Group social responsibility model**. The role reports directly to the Chief Financial Officer, who in turn is on the staff of the Chief Executive Officer;
- the **Mobility manager** is responsible for optimising systematic travel by employees,

**G4-35
DELEGATING
PROCESS**

**G4-36
DELEGATING
PROCESS FOR SENIOR
MANAGERS**

adopting, amongst other things, tools such as the home-work travel plan (HWTP) [☞ EN18];

- the **Health and Safety Manager** manages all aspects relating to the health and safety of workers, undertaking occupational risk assessment, prevention and monitoring action and the relative corrective and training action [☞ LA6];
- the **Welfare Manager** is responsible for formulating and co-ordinating action to improve the quality of life of persons inside and outside the Bank, from the viewpoint of both organisational well-being and personal well-being, offering concrete opportunities in terms of services and benefits [☞ LA3];
- the **Energy manager** is responsible for analysing the energy requirement and for taking action to optimise consumption and improve the energy efficiency of buildings and services [☞ EN3].

Corporate social responsibility model

| AREAS OF INTERVENTION | OBJECTIVES | MECHANISMS AND TOOLS | CSR AREAS | GLOBAL COMPACT | | |
|------------------------------------|---|--|-----------------------|----------------|-------------------------|------------|
| CORPORATE GOVERNANCE | System of "organisational consistencies" designed to direct the action of individuals and organisational units in compliance with declared internal and external standards. | <ul style="list-style-type: none"> • Code of Ethics (policies) • Ethical training • Incentive systems • Formal commitments | Business ethics | Environment | Human rights and labour | Corruption |
| MANAGEMENT OF BUSINESS | Products and services, commercial approach models and distribution processes consistent with the ethical, social and environmental expectations of stakeholders (new combinations of products/segment/channel). | <ul style="list-style-type: none"> • Risk, production, commercial and distribution policies and guidelines • Industrial Plan objectives • Specific projects | Business innovation | | | |
| MANAGEMENT OF SOCIAL ACTION | Recognition of the value of intervention in the community by means of an organic line of management consistent with identity and business choices. | <ul style="list-style-type: none"> • Policies and guidelines for social investments (sponsorships, gifts) • Specific projects | Community involvement | | | |
| REPORTING AND CONTROL | An integrated system for monitoring operations and internal and external communication consistent with the models implemented. | <ul style="list-style-type: none"> • Dialogue with stakeholders • Management dashboards • Social Report • Website • Social and environmental certifications | Social audit | | | |

Much work has been done in recent years on organisational controls and on business innovation, pursuing objectives of sustainability and consistency with customer expectations and interests and those of other stakeholders concerned and on improving dialogue with stakeholders and accountability. The adoption of a Code of Ethics, which has become a framework of reference used to integrate ethical, social and environmental aspects in our strategies, policies and corporate operations, is a fundamental part of the creation of the Group social responsibility model.

**4.10
PROCESSES FOR
EVALUATING THE
HIGHEST
GOVERNANCE
BODY'S OWN
PERFORMANCE**

☞ Reports and Accounts 2013 p. 22**, 37**, 38**

New members of the Supervisory Board and the Management Board took up office in April 2013 with the consequent new appointments to the internal committees of the Supervisory Board. Therefore, because functional and effective assessment of the functioning of the boards and committees and of their size and composition can be carried out after an appropriate period of activity, a self-assessment process was commenced for both bodies in December 2013 for the years 2013, 2014 and 2015 – with indication of the action to be taken and the relative time periods – and a "peer review" system and process was formulated and put in place for 2014 and 2015.

**G4-52
PROCESS FOR
DETERMINING
REMUNERATION**

☞ Reports and Accounts 2013 p. 78**-79**

On the basis of a proposal from the Remuneration Committee, which ensures the involvement of the competent corporate functions, each year the Supervisory Board of UBI Banca adopts and reviews Group **Remuneration and Incentive Policies**, within its remit, and submits Remuneration Policies for the Management Board and that part of the medium to long term incentive plan based on financial instruments to a Shareholders' Meeting for approval [☞ G4-53].

The Remuneration Committee makes use of outside advisors in its advisory and supervisory

activities and carries out benchmarking activity with respect to the external wage market. The remuneration policies and practices pursued are subject to examination by the **Compliance, Risk Management and Audit Functions**, each according to its specific competencies in order to ensure that the remuneration policies and practices pursued comply with the relevant legislation and regulations and that they function properly.

UBI Banca subsidiaries submit Remuneration and Incentive Policies set by the Parent to the competent bodies for approval. If that approval takes place before the UBI Banca Annual General Meeting, limited to the part relating to incentives based on financial instruments, that approval is subordinate to approval of that plan by the aforementioned UBI Banca Shareholders' Meeting. Except for matters that fall within the remit of the Shareholders' Meeting, any exceptions to Policies are submitted to the Remuneration Committee for an opinion and consequent decisions.

Remuneration and incentives policies

Remuneration and incentives policies set a ratio to balance the fixed and variable portions of remuneration and establish maximum thresholds. The variable component is designed to involve and guide staff to pursue corporate and Group policies in the medium and long-term.

In compliance with EU and national legislation and also with international recommendations, the guidelines on which incentive schemes are based are as follows:

- variable remuneration linked to long-term performance measurement indicators which reflect the profitability of the bank over time and are appropriately adjusted for current and future risks, for the cost of equity and the liquidity required to perform the activities undertaken;
- consistency with respect to the results actually achieved, with significant reductions and even no bonus payment if performance is below forecasts or negative (a "malus" approach);
- assessment of the results of the business unit, of the bank or company a person belongs to and of the Group as a whole and also of the results of the individual;
- the use also of indicators that are not economic and financial (e.g. customer satisfaction [PR5]), which can determine the sustainability of results over the medium to long-term;
- the total amount of variable remuneration, which must be such that it does not limit the Bank's ability to maintain an adequate level of capitalisation for the risks assumed;
- in compliance with Bank of Italy provisions, mechanisms to defer bonuses and payments in shares exist and a claw-back clause can be triggered in the event of fraudulent behaviour or gross negligence;
- special treatments such as guaranteed bonuses and leaving bonuses which exceed those provided for by collective labour agreements are excluded.

For personnel belonging to corporate control functions, the incentive scheme is based on parameters relating to the position occupied and the risks managed and it is paid according to the same conditions for payment set for other personnel.

In accordance with the legislation, in 2013 UBI Banca updated its Group Remuneration And Incentives Policies, verifying that they were appropriate to long-term strategies and objectives and that the linkage with results was set in relation to the risks and capital and liquidity levels needed to carry out the activities undertaken. At the same time it updated the perimeter of those personnel identified as "Top Management" and the "Highest management level of the control functions", through a careful process of self-assessment. The most prudent criteria have been applied for those personnel, with at least 50% of the variable component of remuneration consisting of shares with an adequate retention period and at least 40% of remuneration subject to deferred payment systems and retrospective adjustment mechanisms.

All staff involved in incentive schemes receive information that is as broad, complete and transparent as possible by means of various tools such as regulations, circulars and information given over the corporate intranet.

G4-53
STAKEHOLDERS AND
REMUNERATION

The procedure for the approval of remuneration and incentive policies [☞ G4-52] ensures the participation of shareholders in the relative decision-making. More specifically, the Supervisory Board submits Remuneration and Incentive Policies for the Management Board and for the part of the medium to long-term incentive plan based on financial instruments to a Shareholders' Meeting for approval. These resolutions relating to the previous year were passed with a very large majority in favour. The remuneration of members of the Supervisory board is set by a shareholders' meeting.

G4-54
REMUNERATION
RATIO

G4-55
REMUNERATION
INCREASE RATIO

The individual with the highest remuneration in the Group received €1,497,539 , while the median for all employees – excluding the individual with the highest remuneration – was €47,212. The ratio between the two amounts is 32:1. The individual with the highest remuneration in the Group received no increase compared with the previous year, while the median percentage increase for all employees – excluding the highest paid individual – was 2.45%. These calculations include both full and part-time employees and both fixed and variable remuneration was considered inclusive of the incentive schemes, one-off bonuses, company bonuses, commercial contests and non-monetary benefits

Commitments to external initiatives

4.11
MODALITY OF
APPLICATION OF THE
PRECAUTIONARY
APPROACH

UBI Banca has adopted an internal control system which, in compliance with the principles of the Corporate Governance Code for Listed Companies, with instructions issued by the supervisory authority and with the Articles of Association of the Bank, assigns functions and responsibilities to the various officers on three levels (managers of organisational units of processes, risk control specialist functions and the Internal Audit function), while it is overseen strategically by the Supervisory Board.

The guiding principles of the internal control system are **efficiency**, without overlap or gaps in control mechanisms, the **consistency** of the organisational process, ensuring that adequate responses are made to risks which might hinder the achievement of objectives and **conformity** with legislation and regulations.

Second level control managers – controls assigned to specialist functions including Risk Management, Compliance, Anti-Money Laundering, the Senior Officer Responsible for Accounts and Management Control – are responsible for identifying, preventing and measuring the occurrence of risk situations on a continuous basis and contributing to the formulation of adequate risk-taking and management policies.

The Supervisory Board, Management Board and Senior Management are furnished with integrated maps of significant risks and they also receive reports on current and future exposure to operational risks.

4.12
ADOPTION OF
EXTERNAL CODES
AND PRINCIPLES

UBI Banca is continuing with its commitment, first made in 2003 by the then BPU Banca, to apply the ten universal principles of the Global Compact (www.unglobalcompact.org) in favour of human rights, the protection of labour, environmental performance and conduct to fight corruption, in order to help create a more inclusive and sustainable global economy.

4.13
PARTECIPATION IN
ASSOCIATIONS



UBI Banca is a member of the **Italian Banking Association** and of the **National Association of "Popular" Banks**. It also belongs to the **Consorzio ABI Energia** for energy efficiency in the banking sector and to the **G8 Task Force** on social investments [☞ S05] and is a member of the **Sodalitas Foundation** (whose mission is to contribute to the development of the third sector and the growth of a corporate social responsibility culture) for which, amongst various initiatives, it supports the **Sodalitas Social Innovation award**.



Science for Peace

The Group CSR Manger attends the proceedings of the CSR Manager Network Italia, EBEN Italia, the Banks and Civil Society Committee of Science for Peace¹ and also, together with other colleagues, various working groups formed by the Italian Banking Association on specific social responsibility issues.

Stakeholder engagement

4.14 STAKEHOLDER GROUPS ENGAGED

The UBI Banca Code of Ethics defines Group stakeholders, dividing them into three classes:

- organisations and parties which by the nature of the relationships established or investments made, hold an interest in the operations of the Bank (e.g. employees, customers, suppliers);
- organisations and parties affected by the external impacts of UBI Banca's activities, although they have formed no direct relationships with it (e.g. local communities and economies);
- organisations and institutions which hold the same interests as those described in the previous points and which are able to exert influence over the UBI (e.g. trade unions and other organisations which represent stakeholders).

4.15 MODALITY OF SELECTION OF STAKEHOLDER

Codice Etico
p. 9-10

The Group's commitment is designed to continuously improve the quality of relations with its stakeholders and this includes consultation and discussion with them.

Engagement activities are structured with consideration given to the intensity of the relationship and the breadth and urgency of the interests held by different stakeholders, in addition to the procedures laid down by specific legislation and regulations (e.g. Shareholders' Meetings, negotiations with trade unions) and established practice (e.g. investor relations).

Registered and unregistered shareholders

4.16 APPROACH TO STAKEHOLDER ENGAGEMENT

The **Investor and Media Relations Area** is responsible for relationships with "equity" and "debt" investors, analysts and the financial community as a whole, handling them with promptness and care. Interaction with the financial community is based on continuous and open dialogue to give prompt replies to the many demands for information and it undertook a series of initiatives in 2013 as follows:

4.17 KEY TOPICS AND CONCERNS THAT HAVE BEEN RAISED THROUGH STAKEHOLDER ENGAGEMENT AND RESPONSES

- conference calls² were organised when annual and interim results were approved;
- the participation as a speaker at seven international conferences for institutional "equity" and "debt" investors;
- periodic meetings with Italian and foreign institutional investors and with analysts who cover the UBI Banca share. Senior management and/or the investor relations officer met more than 400 institutional investors, sometimes on more than one occasion (compared with 250 in 2012), thereby further increasing interaction with the market;
- telephone or email contacts to provide information requested by analysts and investors in response, amongst other things, to the intense reporting activity required by continuous policy and regulatory developments in a year that was again difficult for Italy due to the recession and the slow recovery of confidence by markets.

¹ A project launched by the Umberto Veronesi Foundation with the objective of promoting a culture of non-violence by advocating peace and making European governments aware of the need to reduce military investments and to allocate greater resources to research and social utility projects.

² In order to encourage the fullest participation of those potentially concerned, all the invitations (prepared in the English language) are not only sent to a mailing list of analysts and investors, but are also communicated to the Consob and Borsa Italia Spa through the SDIR-NIS network (the Borsa Italia regulated information network service) and published on the corporate website at the same time. A copy of the presentation is made available on the Bank's website, in good time beforehand.

| FINANCIAL COMMUNICATION ¹ | 2013 | |
|--------------------------------------|---------------|-----------------|
| | NO. OF EVENTS | NO. OF CONTACTS |
| Conference calls/presentations | 4 | 467 |
| International conferences | 7 | 171 |
| Road shows (all abroad) | 9 | 125 |
| Individual and group meetings | 35 | 134 |
| TOTAL | 55 | 897 |

¹ Events organised with investors and analysts of the share and with investors in debt instruments. The number of contacts are the number of interactions, which may even be with the same parties, at different events on different dates.

Activity involving direct contact with the financial community was accompanied by updating and expansion of the corporate website at www.ubibanca.it, now a fundamental tool also from a regulatory viewpoint to convey and broadcast corporate information to the public at large. In 2013 the website was classified in 18th place overall and in second place among Italian banking groups in the Italian league table drawn up annually by the specialist "web ranking" company **Hallvarsson & Halvarsson** (KWD Group), which assesses the quality of the online corporate communication of 62 companies in different sectors.

The **Relations with Registered Shareholders Service** is responsible for relations with registered shareholders and it proposes and co-ordinates initiatives for them. The registered shareholders section of the Group website provides information specifically of interest to registered shareholders and completes the information already available in the investor relations section. All registered shareholders receive a written communication – the "**Letter to the Registered Shareholders**" – at least annually, as the Annual General Meeting approaches, to keep them up-to-date on the financial and operating position of the Group and on projects in progress.

The principal opportunities for engagement are **Shareholders' Meetings**. In April 2013, 14,568 registered shareholders took part in the ordinary shareholder's meeting (46.4% in person and 53.6% by proxy).

As already announced by the senior management during the Shareholders' Meeting held in April 2013, a first information roadshow named "**2013 Meeting with Registered Shareholders**" was held in November with a view to encouraging more frequent and direct dialogue with the shareholder base.

The programme consisted of four events organised in the cities of Bergamo, Brescia, Varese and Milan, respectively, selected because the largest percentage of UBI Banca's Registered Shareholders live in those areas. They were attended by over 1,600 Registered Shareholders. The invitation process, designed to involve and facilitate the presence of the largest audience possible, involved not only sending hardcopy invites to the homes of all Registered Shareholders resident in the four cities and provinces selected, but also the creation of a dedicated website on which it was possible to register for the event directly. The overall organisation was carried out in co-ordination with the relative network banks present in the various provinces (Banca Popolare di Bergamo, Banco di Brescia, Banca Valle Camonica and Banca Popolare Commerce e Industria).

The meetings were covered by the local and national press due to the special nature of the initiative in the sector and to the success it enjoyed with the shareholder base.

Employees

The Group's corporate intranet – **UBILife** – is an important tool for providing continuous information clearly and promptly, for involving people and stimulating participation and for sharing knowledge.

Internal customer satisfaction surveys were conducted in 2013 which, in a number of stages, involved a total of 11,000 employees who received over 25 thousand questionnaires by email on products services and software applications provided by units at the Parent, UBI Sistemi e Servizi and the product companies.

Customers [🔗 PR5]

In addition to **complaints management**, which represent an opportunity to improve services, a “**Consultation Project**” has been in operation for some years now with customers. It is a customer satisfaction survey conducted systematically by means of telephone questionnaires managed by a specialist firm (Istituto Piepoli).

The community

Following on from activity carried on in previous years, survey activity was carried out in 2013 by administering a special questionnaire over the Internet to a representative national sample of **nonprofit organisations**. It addressed third sector perception of the Group’s social responsibility policies and commitments and recommendations for improvement

The Group’s operational policies and commitment to social issues are little known on average to NPOs and this is the same for reporting tools such as the social report and the social responsibility section of the Parent’s corporate website. Nevertheless, when it is known, our commitment to social responsibility is perceived on average as a distinctive feature of our corporate culture (three on a scale of zero to four) and as a concrete commitment (3.2 points) not designed merely to improve our image.

Again during the year, engagement activity was carried out with both public and private sector universities located throughout the country. This employed semi-structured interviews to explore the philanthropic and commercial relationship between banks and universities, with particular reference to the effectiveness of the design of specific services that banks provide for the world of education. Universities that have agreements with the Group expressed a positive opinion of their existing relationship and declared that they had considerable knowledge of both social responsibility policies and initiatives and of the reporting tools employed by UBI Banca. Particular appreciation was expressed for social bonds [🔗 FS7], sponsorships of scientific and health initiatives [🔗 EC8] and for the Enjoy Card for students [🔗 FS7]. Universities also recorded a series of areas of improvement in the services provided by banks as follows: greater provision of unsecured loans to students by the bank; support for international student mobility; indirect support for university research by financing companies which enter into partnerships with universities for research into innovation; support for start-ups with strong links to universities.

The media

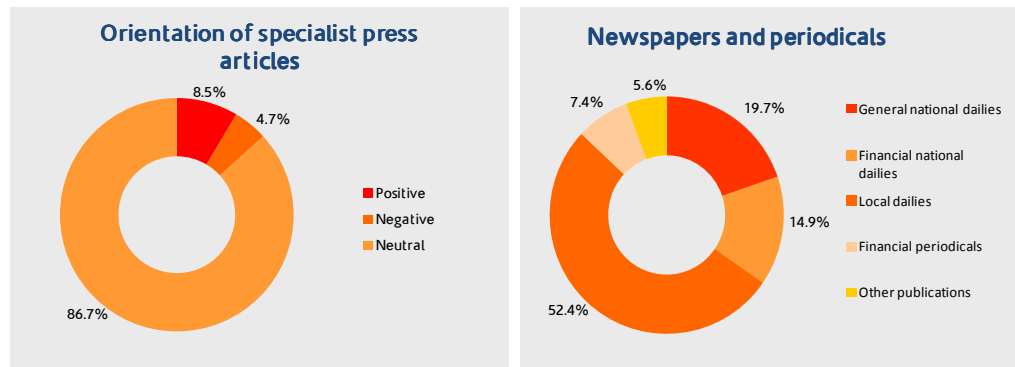
Relations with the media are managed by the competent organisational units to provide relevant and reliable information on the structure, activity, and financial position of the Bank, its policies and strategies, including social and environmental policies, and the impacts of action taken. Relations with the press are conducted on the basis of integrity, transparency, independence and equal treatment for each newspaper.

Mirroring the communication strategy of UBI Banca, the network banks themselves work to obtain adequate coverage in the press (mainly local) for the various initiatives in which they are involved.

During the year Investor and Media Relations staff processed approximately 200 requests for information on policy, products, new business models and so forth, which saw the involvement of the competent units in the Group on the issues involved. At Parent level two press meetings/conferences were organised and 57 press releases were issued, of which 42 of a financial nature and four on social initiatives.

Critical analysis of press articles helps to identify the issues and operational aspects of most interest to the public and how the Group is perceived by public opinion. In 2013 UBI Banca obtained visibility in the Italian press in 7,302 articles, 41.5% of which described the Group and its banks in

detail, with a readership³ of more than one billion. Local newspapers were again the media category most attentive to the activities of UBI Banca, followed by the financial media.



The percentage of positive articles out of total high standing articles⁴ was 8%. while negative articles accounted for 5%. The increase in the neutrality of UBI Banca's media coverage rose from 74% in 2012 to 87% in 2013 due to the large presence of articles on the issue of lending (RCS, Tassara, Tangenziali Esterne di Milano), which mention the Group as one of the many lenders without expressing any opinion on its operations.

³ Estimates of the number of persons who read the articles based on Audipress surveys.

⁴ Articles containing information on corporate structure and operating results, statements by senior executives and managers and on products and services which enable the public to form an opinion of the activities of the Bank.

FS. Social and environmental aspects of the financial sector

UBI Banca contributes to the sustainable development of the local communities in which it operates, with attention paid to the social and environmental repercussions of its activities. It achieves this through its credit and commercial policies, which consider the demands of all customer segments (socially vulnerable consumers and small to medium-sized enterprises in particular), through business innovation to satisfy new needs and development opportunities (e.g. affordable solutions for the disadvantaged and services for nonprofit organisations in the community) and through specific policies to control and reduce social and environmental impacts (e.g. the Bank's environmental policy and its armaments policy). All business policies and management approaches to the various economic, social and environmental issues that involve the financial sector are based on the principles and commitments to stakeholders defined in the Group's Code of Ethics.

Management approach

FS1 ENVIRONMENTAL AND SOCIAL POLICIES APPLIED TO BUSINESS

UBI Banca has pursued a **Policy on arms** since 2007, which was updated in 2013. The revision maintains the overall framework unchanged and refined exclusion criteria and procedures for the assessment of countries for the authorisation of banking and financial transactions to support additional international arms trading transactions carried out by Group customers.

The policy bans business relations with companies involved in the production, development, storage, marketing and/or sales of arms of mass destruction and other controversial weapons (e.g. mines) and it involves an authorisation regime, for transactions involving international trade in arms, based on the country of destination. It applies to all the Group's activities – with the exception of asset management, where the investment decisions are made with reference to market benchmarks and therefore are not based on screening on specific issues – and it involves periodic assessment of the foreign countries to which arms are destined or from which they come, except for those belonging to the European Union and/or NATO. The assessment of countries is carried out on the basis of criteria which consider not only international embargoes on arms, but also involvement in armed conflicts and/or the threat to security, peace and international security, violations of human rights perpetrated or tolerated by government authorities and the level of human development.

The spirit, approach and criteria for assessing the policy basically conform to the Code of responsibility for finance to the arms industry developed by the multi-stakeholder working group "Banks and Civil Society", in which UBI Banca participated as part of the initiative Science for Peace of the Veronesi Foundation.

The number and value of the transactions involving international trade in armaments carried out in 2013 was extremely negligible compared with Group volumes of business and they are disclosed by country and type of counterparty and weapon in the report on the implementation of the policy which is published in the social responsibility section of the Group's corporate website. A summary of transactions carried out in 2013 at Group level is as follows¹:

- 180 transactions for the receipt of €27.9 million (-84.4% compared with 2012) and two transactions refused for a total of €6.5 million for arms exports in accordance with Law No. 185/1990 (the largest percentage was 32.5% and regarded receipt transactions for exports to the United Arab Emirates);
- 126 transactions carried out during the year for the receipt of €9.1 million (+15.2% compared with 2012) for the export of small arms (81.8% for exports to the USA).

¹ The new legislation which came into force in 2013 repealed the law concerning requests by banks for authorisation to assist transactions involving international trade in armaments, which therefore no longer appear in the reporting, which leaves only a report of the transactions carried out.

No transactions have been performed as exceptions to the criteria of the policy since it was adopted.

☞ Policy on arms

☞ http://www.fondazioneveronesi.it/i-nostri-progetti/divulgazione/science-for-peace/i-gruppi-di-lavoro#tab_16

No official policies are pursued with regard to other economic sectors with potential risk from a social and environmental point, or which are in any case considered critical by rating agencies and investors who adopt ethical criteria.

Nevertheless, great attention is paid throughout the entire Group to avoid involvement in transactions which may present reputational risks, in compliance with general principles and rules of conduct in the management of relationships with customers contained in the Code of Ethics and the related Code of Conduct. More specifically, with regard to business in the gaming and betting sector², the Credit Area of UBI Banca has invited the credit departments of the network banks to limit this business to a totally marginal level and to employ extremely rigorous conduct in assessing loan applications: parties operating in this sector must not only meet appropriate credit rating criteria, but must also be already known to and approved of by the Bank and satisfy criteria of absolute integrity, seriousness and reliability.

| CONTROVERSIAL SECTORS | 2013 | | 2012 | |
|-------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | LENDING (millions of Euro) | PERCENTAGE OF TOTAL LOANS | LENDING (millions of Euro) | PERCENTAGE OF TOTAL LOANS |
| Arms and weapons system | 34.5 | 0.06% | 32.0 | 0.05% |
| Tobacco | 48.4 | 0.08% | 49.4 | 0.08% |
| Alcohol | 27.0 | 0.04% | 20.3 | 0.03% |
| Furs | 5.5 | 0.01% | 5.6 | 0.01% |
| Gambling | 20.9 | 0.03% | 18.6 | 0.03% |
| Nuclear | - | - | - | - |
| TOTAL | 136.3 | 0.22% | 125.9 | 0.20% |

The 2012 data on the arms, tobacco and fur sectors have been adjusted as a result of a more accurate identification of the counterparties and industry codes (ATECO).

An environmental policy has been in force at Group level since 2008, designed not only to progressively reduce direct environmental impacts, but also to provide incentives for virtuous conduct along the value chain through the choice of commercial, credit and purchasing policies.

☞ Environmental policy

Special policies and operational and control procedures are in place on the other most important aspects of banking operations concerning consumer protection, market abuse, conflicts of interest, transparency, privacy, usury, money laundering, the fight against terrorism and crimes covered by Legislative Decree No. 231/2001 on the administrative liability of entities. These are constantly updated to comply with changes in legislation and best practices.

FS2 PROCEDURES FOR ASSESSING ENVIRONMENTAL AND SOCIAL RISKS IN BUSINESS

The assessment of environmental and social risks is present in all the Group's activities, although not based on specific official procedures, except for the armaments sector [☞ FS1]. Processes to assess the creditworthiness of businesses also include qualitative information on social and environmental aspects of operations. In the **project finance** area, in order to receive finance, projects must have passed the authorisation procedures set under Italian law (environmental impact, declaration of the start of activity, single authorisations, building permit, etc.) and the technical, legal, administrative and insurance assessments performed on behalf of the Bank by major independent advisors of international standing.

² The organisation of gaming and betting in those European countries which allow it is managed by central governments which subcontract operations to private sector companies in return for the payment of license fees. In Italy, laws allow gaming and betting activities to be run by companies authorised by government, which intends in this manner to exercise stringent control over a highly profitable sector with a high risk of illegality.

**FS3
PROCESSES FOR
MONITORING
CLIENTS'
IMPLEMENTATION OF
AND COMPLIANCE
WITH
ENVIRONMENTAL
AND SOCIAL
REQUIREMENTS
INCLUDED IN
AGREEMENTS OR
TRANSACTIONS**

No specific standards or performance expectations are set in finance contracts with companies, except with regard to the implementation of the armaments policy, concerning the involvement of corporate customers in the production, development, storage, marketing and/or sales of arms of mass destruction and other controversial weapons (e.g. mines). All corporate customers which operate in the arms and weapons materials sector are required to sign a declaration to certify that they are not involved in these activities. Compliance with these declarations is monitored on the basis of information disclosed in the press, by analysts, social organisations and pressure groups.

**FS4
PROCESSES FOR
IMPROVING STAFF
COMPETENCY TO
IMPLEMENT THE
ENVIRONMENTAL
AND SOCIAL POLICIES
AS APPLIED TO
BUSINESS**

Training on **corporate social responsibility** and on the **Code of Ethics** commenced in 2011 continued in 2013 with approximately 1,150 hours of online training. The training programme, designed as an instrument to implement the Code of Ethics, has the following aims:

- to promote the diffusion of CSR culture, principles and contents in order to incorporate it more effectively in corporate policies and to make it a source of innovation, good reputation and competitiveness;
- to increase awareness of the repercussions that CSR may have on the economic value generated by the Group;
- to encourage knowledge and the dissemination of Group values and ethics;
- to transform corporate values into the responsible conduct of individuals through knowledge of and implementation of the Code of Ethics;
- to increase knowledge of some commercial aspects which have strong links with social responsibility (e.g. micro-credit, third sector, migrant banking).

A training course is currently being planned for 2014, as part of training activity to implement the Code of Ethics, for purchasing personnel (buyers) on the subject of "Green Procurement", designed to support implementation of the Group Environmental Policy as part of purchasing policies and processes.

**FS5
INTERACTIONS WITH
CLIENTS, INVESTEEES
AND BUSINESS
PARTNERS ABOUT
ENVIRONMENTAL
AND SOCIAL RISKS
AND OPPORTUNITIES**

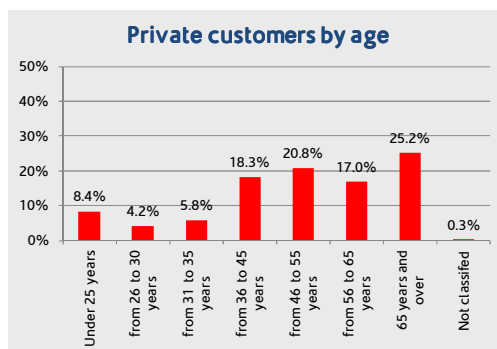
The Group's network banks take part in events and initiatives designed to educate public opinion on the issues of sustainable development and the green economy – mobility and sustainable purchases, ecology and environmental education, renewable energy – organised in the community by public and private sector authorities and organisations.

Customers are involved in environmental and social issues through marketing activities to promote online services (e.g. paperless accounting records) [[EN1](#)] and socially responsible investment products (e.g. social bonds) [[FS7](#) and [FS11](#)], as well as through customer satisfaction surveys (the Consultation Project), which include a survey of the level of understanding of social and environmental issues and the perception of the performance and the activities of single network banks and the Group [[PR5](#)]. Dialogue with account managers when qualitative questionnaires are compiled for the assessment of creditworthiness also constitutes an opportunity to educate businesses on these issues.

The product portfolio

**FS6
CUSTOMERS BY
BUSINESS LINE,
REGION, SIZE AND
SECTOR**

The UBI Banca Group has over €3.7 million network bank and UBI Banca Private Investment customers (considered core customers to which all the statistics reported above relate, except for some specific differences in the reporting boundary). If the other banks and the product companies are included, the number of customers rises to a total of almost 3.9 million.



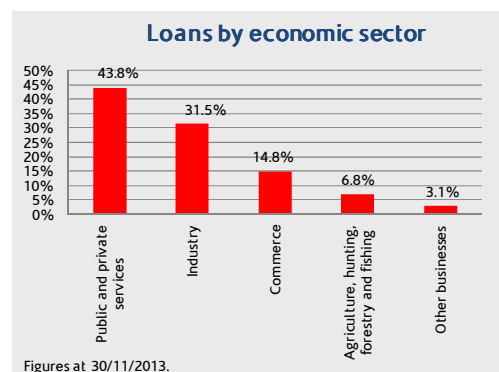
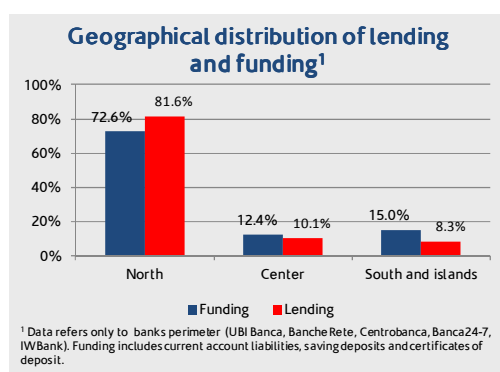
Individual customers account for 88.9% (48.7% are women) from whom at the end of 2013 the Group received €59.2 billion of direct funding (-8.2% compared with 2012) and to whom it made loans of €30.6 billion (-3.4%).

Persons of foreign origin account for 5.3% of individual customers, mainly from Eastern Europe (40.7%), Latin America (14.9%) and North Africa (13.6%).

| CUSTOMER PROFILE | | 2013 | 2012 | 2011 ¹ |
|---------------------------------|--------------------------------------|---------|---------|-------------------|
| Number of customers (thousands) | | 3,722.4 | 3,712.3 | 3,759 |
| of which: | | | | |
| | Banca Popolare di Bergamo | 956.9 | 955.8 | 965.2 |
| | Banco di Brescia | 559.7 | 557.1 | 572.2 |
| | Banca Popolare Commercio e Industria | 370.6 | 369.7 | 372.8 |
| | Banca Regionale Europea ² | 402.0 | 402.5 | 415.1 |
| | Banca Popolare di Ancona | 460.1 | 453.6 | 450.7 |
| | Banca Carime | 824.0 | 822.8 | 830.3 |
| | Banca di Valle Camonica | 77.2 | 76.5 | 77.7 |
| | Banca Private Investment | 71.8 | 74.3 | 75.5 |
| Retail Market | | 97.6% | 97.5% | 97.3% |
| of which: | | | | |
| | Mass | 70.1% | 70.2% | 69.0% |
| | Affluent | 20.4% | 20.3% | 20.4% |
| | Small Business (POE e PMI) | 8.7% | 8.8% | 9.7% |
| | Enti e istituzionali | 0.8% | 0.8% | 0.9% |
| Corporate Market | | 0.8% | 0.8% | 1.0% |
| Private banking market | | 1.6% | 1.6% | 1.7% |
| Private individuals | | 88.9% | 88.9% | 88.7% |
| Businesses | | 9.0% | 9.2% | 10.3% |
| Authorities and Institutions | | 0.7% | 0.8% | 1.0% |
| Other | | 1.3% | 1.1% | |
| North | | 61.5% | 61.3% | 61.4% |
| South and Island | | 27.6% | 27.4% | 27.1% |
| Center | | 11.0% | 11.3% | 11.5% |

¹ 2011 data are not comparable with 2012 and 2013 data after the variation in the method of calculation of active customers. 2012 data have been corrected.

² Included customers of Banco di San Giorgio.



With over 300 thousand business customers, 94.1% of which are small business customers (professionals, trades persons and SMEs), Group direct funding from these customers totalled €13.9 billion in 2013 (-2.9% compared with 2012) and lending reached almost €57 billion (-5.7%).

UBI Banca has identified a series of important social causes and specific expectations of stakeholder groups for which special products and services have been designed or subsidised conditions on products and services are granted.

Access to credit and support for families in difficulty

In view of the continued difficulty in gaining access to credit and meeting the relative costs, the Group has continued with the various institutional initiatives launched in prior years for families hit by economic crisis as follows:

- the “**Loan of hope**”, the result of an agreement between the Italian Banking Association and the Italian Episcopal Conference, for families that have lost all income from work, have no unearned income or income other than that generated by the ownership of a home or ordinary or extraordinary state redundancy benefits. It is designed to implement projects for the return to work or the start-up of small businesses (242 loans granted in 2013 for €1.4 million);
- the “**Newborns’ Loan**” [www.fondonuovinati.it] for families with a child born or adopted in the period 2009-2014 (over 340 loans granted in 2013 for a total of over €1.6 million);
- the “**Young Couples’ Fund**”, an Italian Banking Association initiative, provides the guarantees needed to obtain a mortgage for young couples or even single parent families with young children with “atypical” or temporary employment contracts to purchase a first home (10 mortgages granted in 2013 for over €1.1 million). At the end of 2013 the Italian Banking Association and the Department of Youth signed a “New Protocol”, to which the Group has adhered, which simplifies conditions for access to the fund.

In 2013 the Group adhered to the new “**Solidarity Fund for Mortgages**” for the purchase of a first home, set up by initiative of the Ministry of the Economy and Finance (MEF), which if certain conditions are met, allows a customer to apply for the deferment of repayments not more than twice for a maximum period of not longer than 18 months in the life of a mortgage, for mortgage contracts for the purchase of a main dwelling. This initiative combines the two prior initiatives (“2010 Solidarity Fund” and “Families Plan – Italian Banking Association Moratorium”) making them simpler and more effective operationally. Repayments were deferred in 2013 on 371 loans for a total remaining debt of €41.8 million.

The Group is traditionally very active in the grant of home purchase mortgages and in May 2013 it launched a commercial campaign entitled “**Love is a wonderful home**” to advertise mortgages for the purchase of a first home by young couples, even with temporary or “atypical” employment contracts. The mortgage contract allows repayments to be deferred for one year (twice in the life of the loan) to meet the requirements of workers suffering temporary difficulties, such as for example workers on temporary contracts who remain temporarily unemployed or workers laid off on state benefits for indeterminate periods. This advertising campaign led to considerable growth in grants of new home purchase mortgages in the second half of the year and allowed the Group to grant a total of €1,422 million in 2013 (+3.87% compared with 2012 and +10.7% net of mortgages granted to workers on normal employee contracts) in a market context of a contraction in demand (-3.6% compared with the previous year).

In consideration of the serious economic and employment crisis which has hit the country, after adhering in 2009 to the National Convention with Confindustria (confederation of industry) and Confederation of trade union organisations and trade associations on the question of advances on *Cassa Integrazione Guadagni Straordinaria* (the extraordinary state redundancy/lay-off scheme) (extended until 31/12/2015) benefits, Group banks signed specific agreements also in their major local markets including Brescia, Cuneo and Milan. In confirmation of the Group’s closeness to its traditional local markets, it also signed a series of locally important agreements which included a convention with the San Bernardino di Milan Foundation, as part of a microcredit initiative organised by the Archdiocese of Milan, designed to support families hit by loss of the main source of income by one or more of its members, by facilitating the grant of loans by means of a guarantee fund.

At this difficult time of economic crisis, the social function of **pawn credit** – one of the most ancient

forms of lending practised by the Monti Di Pietà set up in the 15th century by the Franciscan monks to combat the phenomenon of usury. Pawn credit provides immediate cash in return for the pawn of valuable objects to meet temporary financial needs not only of families and the more vulnerable groups in the society, but also of small shopkeepers and businessmen. Banca Popolare Commercio e Industria has nine credit branches in operation with an annual turnover of over 72 thousand policies for a value of approximately €77 million. The duration of pawn lending transactions is between three and six months and this results in a fast turnover of the capital financed with average total outstanding loans of €32.9 million (+1.4% year-on-year) with an average of 34,971 active policies (+1%).

Savings

In order to respond to the savings difficulties of less well-off households, the Group provides **fund-based savings plans**, which allow small sums to be put aside (starting from €50 per month) according to the amounts savers can afford. As an incentive for these fund-based savings plans offered by the Group, no load brokerage commissions are charged. In 2013 75,140 fund-based savings plan contracts were stipulated (+17.9% compared with 2012).

On the other hand, in order to respond to the need to diversify investments, including investments in refuge assets, **diamonds** from “Diamond Love Bonds”³ can be purchased in branches of Group banks. All the diamonds offered by Diamond Love Bond to UBI Banca customers are certified “**conflict free**”, i.e. they do not come from conflict areas or from transactions to finance armed groups and conflicts. They are also guaranteed “**child labour free**” i.e. they are not the result of mining and processing activities which use child labour.

The very young and students

In order to **educate young people to save through games**, UBI Banca has created two special products with high rates of interest and prizes for achieving set savings goals: the **Clubino** savings book, for children from up to 12 years of age [www.clubino.ubibanca.com], and **I WANT TUBi**, a current account for teenagers aged 13 to 17 [www.iwanttubi.ubibanca.com]. At the end of 2013 there were 97,987 very young Clubino customers and 12,882 I WANT TUBi customers.

In order to help young people with their education, the banks in the Group were among the first in Italy to offer unsecured student loans through convention arrangements with local universities. Since 2011 the Group has adhered to the “Give them a future” initiative organised by the Youth Ministry and the Italian Banking Association, to grant subsidised loans to young students (over €500 thousand granted in 2013 to 100 students).

Co-operation with the main **universities** present on the local markets on which the Group operates is also continuing through the distribution of the prepaid card **Enjoy**. This card combines typical banking functions with specific university services (over 27,000 cards issued at the end of 2013): the cards are used as payment instruments for university services and as identity cards or student record books. In 2013 the Group also started to work with some senior high schools.

As part of co-operation between the Group and the European Investment Bank, the creation of a new loan pool was agreed for 30th June 2014 to be used for loans at subsidised interest rates for companies that recruit young people aged up to 29 or that provide training schemes for young people.



³ Diamond Love Bond is a diamond company located in Antwerp authorised by the Belgian Ministry of the Economy, Commerce and Energy, with an international organisational network and it is present on all world diamond exchanges. The company adopts rigorous ethical principles. It follows and supports the UN Global Compact principles and adheres to the rules of conduct for Diamond companies – best practices recommended by the World Diamond Council System of Warranties and by the Diamond Trading Company – and it adheres to and complies with the Kimberley Protocol designed to break the link between illegal diamond transactions and armed conflicts.

Natural disasters

In order to assist the people and businesses hit by the **earthquakes** in Emilia Romagna, Lombardy and Veneto, in addition to initiatives already undertaken in 2012 and partly continued in 2013 to defer repayment of loans for individuals and businesses resident or located in the areas hit by the earthquakes, the Group has launched further initiatives:

- the continued availability in 2013 of a loan pool totalling €60 million for unsecured loans and subsidise conditions for businesses and individuals who have suffered earthquake damage (in 2013 the network banks involved granted 188 loans for over €10.3 million drawn from that loan pool);
- adhesion – following on from the previous similar initiative in 2012 – to the convention signed by the Italian Banking Association and the *Cassa Deposito e Prestiti* (CDP – state controlled fund and deposit institution) for the grant of subsidized loans to population groups hit by earthquakes for the payment of taxes. As before, the repeat of this **tax moratorium** in 2013 enjoyed little success among customers throughout the banking industry;
- adhesion – in the name of the network banks operating in the areas hit by the earthquake – to an **Italian Banking Association-CDP convention agreement** which established procedures for the use of a loan pool of €6 billion for use in granting loans for the repair or reconstruction of housing or business properties damaged by the earthquake. In view of the complexity of the necessary formalities, the deadline for submitting subsidy applications to the competent authorities by the potential beneficiaries was in most cases extended until the 31st December 2014 and the first significant data on network bank loans will be available in the first half of 2014;
- the creation, as part of co-operation with the **European Investment Bank**, of a special loan pool for businesses hit by the earthquake from which loans totalling €10 million have been granted.

Again as part of co-operation with the European Investment Bank, subsidised loans were granted in 2013 to businesses hit by a tornado in the Milan area in July 2013 drawn from a loan pool entitled “Credit Now” amounting to €11.5 million (of which €7 million from Group funds and €4.5 million from EIB/Finlombarda funds).

“Anti-Crisis” measures to support small to medium-size enterprises

During the year, the Group banks participated in a series of measures to help businesses and firms on their respective markets, co-operating with public institutions (chambers of commerce, regional and provincial governments) and guarantee bodies.

Anti-crisis measures already launched since 2009 to support small to medium-size businesses continued. These included the implementation, amongst other things, of the 3rd August 2009 “Joint Announcement”, the “Agreement on Loans to Small to Medium-Size Enterprises” of 16th February 2011, “New Measures for Credit to Small to Medium-Size Enterprises” of 28th February 2012 and the grant of loans drawn from **Cassa Depositi e Prestiti funds** (3,600 loans for a total amount of €190 million were drawn from the “fourth Convention” and usable in 2013) and recourse was made to government credit risk mitigation instruments such as the **“Guarantee fund for SMEs” pursuant to Law No. 662/1996** (€373 million granted to give a total €843 million of outstanding loans).

UBI Banca again adhered to various anti crisis agreements proposed by the sector nationally. Two agreements are still in force **“New measures for credit to Small to Medium-Size Enterprises”** (an initiative launched in 2012 for which the validity was extended until 30th September 2013) and the **“2013 Accord for credit to SMEs”** (signed by the Italian Banking Association, Alleanza Cooperative Italiane, CIA [Italian farmers confederation], CLAAI [an artisans association], Coldiretti [the direct small farmers’ association], Confagricoltura [a farmers association], Confapi [an SME association], Confedilizia [a builders’ association], Confetra [a transport companies’ association], Confindustria [confederation of industry] and Rete Imprese Italia [an Italian businesses network]). These allow for the deferment of repayments on the principal of mortgages, other loans and lease instalments and the rescheduling of loan repayments. At the end of 2013, 2,900 transactions were outstanding at Group level, mainly medium to long-term loans for a total of approximately €964 million. Almost all the applications meeting the requirements for eligibility were accepted.

Activities continued relating to the loan pool entitled **"Italy Investment Projects"** to finance SME investment projects and to a **"Public Administration Receivables"** loan pool to release funds consisting of payments due from public administrations (€600 million allocated by UBI Banca for each of the two loan pools). The Group granted 1,270 loans for over €70 million drawn from the "Italy Investment Projects" loan pool while 600 loans for approximately €21 million were granted from the "Public Administration Receivables" loan pool.

Convention loans for businesses

Agreements with guarantee bodies and trade associations are an important factor for us in connecting with local economies to facilitate access to credit for small to medium-size enterprises. Today the Group has approximately 180 convention agreements with guarantee bodies in different local areas.

At the end of 2013 total outstanding loans backed by **guarantee bodies** and by **guarantee funds**, such as the Guarantee Fund for SMEs (pursuant to Law No. 662/1996) and the fund managed by the SGFA (fund management company for the agricultural and food sector) for agricultural concerns, amounted to approximately €3.7 billion. New grants during the year related to 18,873 transactions, amounting to €1,368 million. These loans include **"anti-usury" credit lines**, which give better terms and conditions than ordinary loans because they are backed by guarantees (1,271 loans outstanding at the end of 2013 for over €27 million).

☞ Reports and Accounts 2013 p. 47-48

"C² Community for the Community" bonds

In order to support local businesses and provide a concrete answer to the strong concerns at system level nationally over credit rationing for the real economy, during the year UBI Banca launched the project **T² Territorio per il Territorio (C² Community for the Community)**, which involved the acquisition of funding – through the issue of dedicated bonds – to be injected back into circulation by making credit lines available under competitive conditions destined to support communities in the Group's local markets.

The following loan pools were created in 2013 as a result of initiatives undertaken by the Parent or Group banks in co-operation with local networks of organisations and associations (e.g. trade associations):

- €10 million for the benefit of companies who are members of the Cuneo Confartigianato (artisans' association) following the issuance of bonds for €5 million by Banca Regionale Europea;
- €20 million for companies enrolled in the Lecco Chamber of Commerce and who are members of the the main local trade associations and member companies of the Como Confindustria (confederation of industry) and the Como API (now Unindustria Como – SME association) following the issuance of two instruments for a total of €10 million by Banca Popolare di Bergamo;
- €40 million for the benefit of member companies and institutions or associates of Confapi (SME association), following the issuance of instruments listed on the MOT (electronic bond market), for a total of €20 million by UBI Banca and placed by Banca Popolare Commerce Industry, Banca Popolare Di Bergamo, Banco di Brescia, Banca Regionale Europea, Banca di Valle Camonica, Banca Popolare di Ancona and Banca Carime.

At the end of 2013 approximately €51 million of loans had been granted from a loan pool totalling approximately €195.1 million (of which €60 million had not matured in 2013). Initiatives are planned to develop the customer base in 2014, in co-operation with both national and local trade associations and institutions.

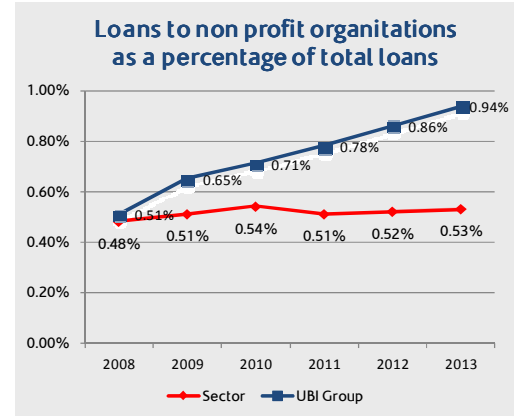
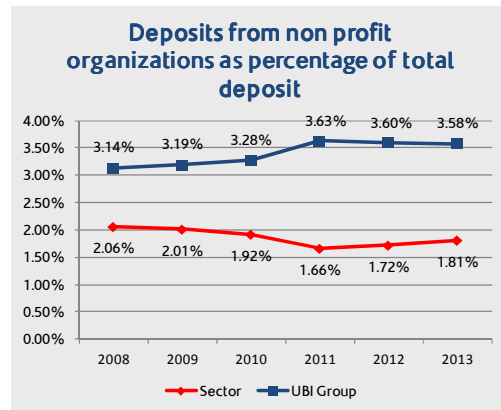
☞ Reports and Accounts 2013 p. 45

UBI Community for the third sector

Relationships with nonprofit organisations (NPOs) offer banks an important return in terms of

reputation and links with local markets and in commercial terms in consideration of the substantial growth seen in the sector over the last two decades.

Historically the Group holds a quota of deposits from and loans to nonprofit organisations that is higher than for the sector nationally⁴. At the end of 2013 deposits totalled €1.6 billion (59.9% in Lombardy) with a market share of 7.1% (compared with a total market share of 3.5% for deposits) and €0.8 billion of loans (62.1% in Lombardy) with a market share of 8.5% (compared with a market share of 4.7% for total loans).



The following was carried out in 2013 as part of the **UBI Community** (the service model dedicated to the third sector) development process:

- a range of products and services was launched specially for **Church and Catholic Institution-related organisations** and a specific unit was created at the Parent to coordinate commercial initiatives and to provide specialist support to units in the distribution network;
- tools were made available to customer account managers which, by taking account of the very specific nature of nonprofit organisations, allow useful information to be acquired and customer relationships to be developed, while at the same time analysing the credit ratings of NPOs;
- commercial development initiatives were undertaken designed to broaden the customer base and increase cross-selling as well as to establish important partnerships and agreements with major NPOs;
- **“solidarity credit transfers”** were rolled out which allow customers who use our Qui UBI and Qui UBI home banking services to make donations to NPOs – identified and selected by UBI Banca and the network banks on the basis of special criteria – by means of credit transfers **free of banking charges**.



With regard to the latter, UBI Banca has formed a partnership with the Italian Association for Cancer Research (AIRC) [☞ EC8] and it has increased its co-operation with the *Accademia Teatro alla Scala* (La Scala Theatre Academy) of Milan which, in co-operation with the Welfare Ambrosiano Foundation, involves granting unsecured loans under special terms and conditions to increase the personal and professional growth of pupils at the Academy (15 loans were applied for in the middle of January 2014 for a total of €57,000, of which 11 were granted for a total of €47,000).

As part of its policy to support the third sector, the Group increased its issuance of **UBI Community Social Bonds** [☞ 2.10] during the year, which in addition to remunerating the subscribers

⁴ Data as at 30/09/2013. Processing of Bank of Italy BIP data (online *Base Informativa Pubblica* – tables TDB 10290 and TDB 10295) by the UBI Banca Studies Service. The funding includes current account deposits, savings deposits and certificates of deposit.

investment at a market interest rate, requires the issuing bank either to allocate a set quota of the funding acquired (normally 0.5%) to support projects of high social value undertaken by nonprofit organisations, or to pay the entire amount of the funding acquired into a loan pool for the grant of loans to third sector economic initiatives. In 2013 **24 new bonds** were placed (17 in 2012) of which five of the Parent, for a total of **€238.7 million** (with an increase of 20% compared with €198.5 million in 2012), which made it possible to make donations of **€1.18 million** [↗ EC8] and for Banca di Valle Camonica to create a loan pool of €2 million as part of a joint project with the Opera Caritas San Martino Foundation.

With technical assistance from the Italian Association for the promotion of a co-operation and nonprofit culture (AICCON), UBI Banca continued its activity with the **Observatory on finance and the third sector**, established in 2011 by UBI Banca, to process and disseminate data annually on the financial requirements of the third sector. The observatory's new publication regarded the results of a survey on a sample of associations to investigate their financial needs and to analyse trends for social entrepreneurship compared with the first survey carried out in 2011.

The training programme designed to ensure the presence of qualified staff in branches who understand the particular nature of nonprofit realities continued again in 2013 [↗ LA10].

In December 2011, an **Enjoy Special Edition** card account reserved to employees of the Group was launched in relation to the UBI Community project, with customised graphics and the ability to make donations to support social and charitable activities. In 2013 commissions on payment transactions made during the year using POS terminals were allocated by Group banks to the ACRA Foundation charity project – ranked first among four projects considered in a survey of employees carried out on the Bank's intranet entitled UBILife [↗ EC8].

Treasury services

This segment includes public authorities and those institutions for which the banks in the Group provide treasury and cash services (at the end of 2013, 1,986 services of this type were managed). The treasury management and payment and collection services contracts signed involve the payment of contributions to these authorities to support their institutional goals [↗ EC8].

In the last part of the year the Group started a feasibility analysis to put an integrated platform in place for management of public authorities' tax revenues and capital income and the relative reporting in order to bring the treasury and cash services into line with regulations on the digitisation of relations between public administrations and users.

Assistance to schools continued in 2013 to facilitate their adoption of **"IT Orders"** procedures and more generally of all that was necessary to implement the contents of the "cash convention scheme" with the relative attachments published by the Ministry of Education, Universities and Research. Attention focused on schools allowed the Group to increase the number of authorities managed by 15.2%, up from 508 in 2012 to 606 at present. Roll-out of the IT Ordinance during the year by more than 200 schools and approximately 40 other institutions for a total of 466 public authorities operational at the end of the year, made it possible, to date, to transfer approximately 42% of documents to automated processing procedures.

Various training and information initiatives delivered by the Group in 2013 to public authorities were undertaken during the year to provide support and assistance needed for the migration to SEPA and a commercial initiative was started – on the basis of the results, amongst other things, of customer satisfaction surveys [↗ PR5] - aimed at public authorities and their employees to satisfy their numerous banking and non-banking requirements.

**FS8
PRODUCTS AND
SERVICES WITH
SPECIFIC
ENVIRONMENTAL
BENEFIT**

The initiative **Forza Sole (Sun Strength)** is a product for individual customers to finance domestic photovoltaic systems covered by specific insurance policies (approximately 150 loans concluded in 2013 for a total of over €2 million), while a varied range of products in terms of type of finance and the object of the investment exist for businesses. Outstanding loans of €3.9 million existed at the end of 2013.

For businesses the product **“Renewable energies”** finances the production of energy from renewable sources and from solar power, wind power and biomass cogeneration in particular, while **“New Photovoltaic Energy”** finances photovoltaic installations inclusive of tangible investments like land and building work, advisory services, feasibility studies, the designs and the technical appraisals. The grant of loans is subject to a series of verifications of the project (business plan and technical report), the authorisations and permits required by the regulations in force, the selection of instruments for the repayment of the loan and the technical appraisal of the project required for loans of over €350 thousand.

At the end of 2013 outstanding loans of €3.2 million existed for renewable energy projects (there were no new grants during the year), while outstanding loans of €300.3 million existed for photovoltaic projects, of which €12.7 million granted during the year.

A new loan pool of €100 million for investments was agreed with the European Investment Bank in July 2013 to finance large investments in renewable energies at subsidised interest rates. The previous loan pool of €200 million had been fully used during the year.

| PROJECT FINANCE ACTIVITIES AND GREEN PROJECT | 2013 | | | 2012 | | | 2011 | | |
|---|-------|-----------------|---------------|-------|-----------------|---------------|-------|-----------------|---------------|
| | TOTAL | PROJECT FINANCE | GREEN PROJECT | TOTAL | PROJECT FINANCE | GREEN PROJECT | TOTAL | PROJECT FINANCE | GREEN PROJECT |
| Financing granted during the year | | | | | | | | | |
| Numbers of contracts | 16 | 16 | 0 | 20 | 10 | 10 | 34 | 19 | 15 |
| of which for renewable energy | 6 | 6 | 0 | 17 | 7 | 10 | 25 | 10 | 15 |
| Amount authorised (€ million) | 400 | 400 | 0 | 332 | 296 | 36 | 889 | 800 | 89 |
| of which for renewable energy | 41 | 41 | 0 | 132 | 96 | 36 | 253 | 164 | 89 |
| Amount disbursed (€ million) | 416 | 416 | 0 | 207 | 179 | 28 | 451 | 368 | 83 |
| of which for renewable energy | 36 | 36 | 0 | 122 | 94 | 28 | 221 | 138 | 83 |
| Financing outstanding at the end of the year | | | | | | | | | |
| Numbers of contracts | 136 | 91 | 45 | 137 | 87 | 50 | 118 | 78 | 40 |
| of which for renewable energy | 112 | 67 | 45 | 111 | 61 | 50 | 94 | 54 | 40 |
| Amount authorised (€ million) | 2,248 | 1,978 | 270 | 1,869 | 1,598 | 271 | 1,814 | 1,571 | 243 |
| of which for renewable energy | 1,263 | 993 | 270 | 1,094 | 823 | 271 | 1,007 | 764 | 243 |
| Amount disbursed (€ million) | 1,744 | 1,487 | 257 | 1,489 | 1,236 | 253 | 1,324 | 1,092 | 232 |
| of which for renewable energy | 1,112 | 855 | 257 | 1,065 | 812 | 253 | 944 | 712 | 232 |

In addition to banking products, **“Full Power”** lease products were also distributed by UBI Leasing for investments in renewable energy (13 leases granted in 2013, of which 8 increases amounting to €8.3 million accounting for 2.2% of the total granted during the year and a total of 394 lease contracts existing for residual debt of €648.4 million, accounting for 9.7% of total).

Again in 2013, the UBI Banca **Project Finance** Unit maintained a good presence on the renewable energy market even if new transactions decreased due to a significant reduction in the tariff incentives in the photovoltaic sector. The **“Green Project”** product was incorporated into the Project Finance Unit during the year for organisational reasons. Consequently the performance of the Green Project product is no longer reported separately.

| PROJECT FINANCE OPERATIONS IN PORTAFOGLIO | 2013 | | | 2012 | | | 2011 | | |
|---|------|----------------------|---------------------|------|----------------------|---------------------|------|----------------------|---------------------|
| | NO. | POWER INSTALLED (MW) | POWER FINANCED (MW) | NO. | POWER INSTALLED (MW) | POWER FINANCED (MW) | NO. | POWER INSTALLED (MW) | POWER FINANCED (MW) |
| Energy | 67 | 2,142 | 547 | 61 | 2,054 | 438 | 54 | 1,906 | 411 |
| of which: | | | | | | | | | |
| wind farms | 17 | 1,620 | 229 | 17 | 1,674 | 230 | 16 | 1,578 | 205 |
| photovoltaic plants | 44 | 387 | 274 | 40 | 303 | 194 | 36 | 282 | 188 |
| other renewable energy | 6 | 135 | 44 | 4 | 77 | 14 | 2 | 46 | 19 |
| Environment | 3 | | | 4 | | | 6 | | |
| of which: | | | | | | | | | |
| waste treatment plants | 3 | | | 3 | | | 4 | | |
| other activities | 0 | | | 1 | | | 2 | | |
| Infrastructures | 21 | | | 22 | | | 18 | | |
| of which: | | | | | | | | | |
| hospitals | 4 | | | 5 | | | 2 | | |
| highways | 6 | | | 5 | | | 2 | | |
| metropolitan railways | 2 | | | 1 | | | 1 | | |
| water facilities and gas | 7 | | | 9 | | | 11 | | |
| airports | 2 | | | 2 | | | 2 | | |

| GREEN PROJECT OPERATIONS IN PORTAFOFLIO | 2013 | | | 2012 | | | 2011 | | |
|---|------|----------------------|---------------------|------|----------------------|---------------------|------|----------------------|---------------------|
| | NO. | POWER INSTALLED (MW) | POWER FINANCED (MW) | NO. | POWER INSTALLED (MW) | POWER FINANCED (MW) | NO. | POWER INSTALLED (MW) | POWER FINANCED (MW) |
| Energy | 45 | 85 | 85 | 50 | 87 | 85 | 40 | 69 | 69 |
| of which: | | | | | | | | | |
| wind farms | 2 | 2 | 2 | 2 | 2 | 2 | 2 | | |
| photovoltaic plants | 40 | 80 | 80 | 43 | 81 | 79 | 34 | | |
| other renewable energy | 3 | 3 | 3 | 5 | 4 | 4 | 4 | | |

At the end of 2013 outstanding finance for renewable energy at Group level stood at €2.17 billion, accounting for 3.6% of total financing. Participation in two operations of great environmental importance are worthy of mention because they regard mobility in a key area for the Lombard economy: the Brescia-Bergamo-Milan (BRE.BE.MI) motorway [2.10] and the Milan outer eastern motorway ring road.

Audit

FS9 AUDITS ON THE IMPLEMENTATION OF ENVIRONMENTAL AND SOCIAL POLICIES AND RISK ASSESSMENT PROCEDURES

As part of auditing activity conducted by the various functions which contribute to the implementation of the system of internal controls – compliance, auditing, risk management, line units – consideration is also given to the actual implementation of the principles and commitments set out in the Group Code of Ethics and the policies and procedures adopted with regard to social and environmental aspects of operations. Furthermore, the Internal Audit Function constantly monitors compliance with the Internal Code of Conduct through its ordinary planned audit activities and may carry out specific investigations were necessary.

Active ownership

FS10 COMPANIES HELD IN THE INSITUATION'S PORTFOLIO WITH WHICH THE ORGANISATION HAS INTERACTED ON ENVIRONMENTAL OR SOCIAL ISSUES

No active ownership programmes are currently in progress on social and environmental issues in investee companies. Nevertheless companies in which an interest of greater than 2% of the share capital is held (including foreign investees except for the special purpose entities formed in connection with the issue of preference shares) are sent a copy of the Code of Ethics with an explicit request to ensure that their conduct complies with principles similar to those contained in it.

FS11 ASSETS SUBJECT TO POSITIVE AND NEGATIVE ENVIRONMENTAL OR SOCIAL SCREENING

With regard to asset management activities, social and environmental criteria are only applied in the selection of investments for the **UBI Pramerica Azionario Etico** fund, managed by the subsidiary UBI Pramerica, which is designed for customers who wish to invest not only on the basis of conventional financial criteria but also according to ethical and social responsibility criteria. The fund invests exclusively in the financial instruments of issuers who are known for their attention to respect for humankind and the environment and for their application of clear and transparent governance rules and who are not involved in: the production and/or trade in arms, pornographic material, alcohol, tobacco or other products harmful to health; the promotion or operation of gambling; the production or construction of plant for the generation of nuclear energy; research in the development or production of genetically modified organisms. The benchmark for the fund is the Ethical Index Euro, produced by ECPI, a leading independent European company in ethical finance services. Each year UBI Pramerica grants 5% of the management fees for the fund to charitable bodies and organisations (€13,260.43 accrued in 2013 to be donated in equal parts to Cesvi and to Save The Children).

| UBI PRAMERICA AZIONARIO ETICO | 2013 | 2012 | 2011¹ |
|---|-------------|-------------|-------------------------|
| Assets under management (million of euro) | 13.70 | 12.02 | 13.18 |
| as a percentage of the total assets under management in funds | 0.13% | 0.08% | 0.08% |
| as a percentage of total assets managed in funds | 0.05% | 0.06% | 0.06% |

¹ Figures at 29/02/2012.

<http://www.ubipramerica.it/pagine/Scheda-dettaglio-fondo.aspx?isin=IT0003851034>

FS12
VOTING POLICIES ON
ENVIRONMENTAL OR
SOCIAL ISSUES

No policies are currently pursued on voting on social and environmental issues in other companies in which the right to vote in Shareholders' Meetings is held.

EC. Economic performance

The business mission of UBI Banca is to create value for its registered and unregistered shareholders and for all its stakeholders, in a manner that is sustainable in the medium to long-term. In this respect operating performance is not only important in itself but also as a condition for achieving positive social and environmental performance.

Economic performance

EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED¹

The year 2013 ended with a **consolidated net profit** of €250.8 million compared with €82.7 million in 2012. Net operating income was up on 2012 (+2.85%) thanks to significant savings on costs, which more than offset the contraction in income .

At the end of the year, **loans to customers** amounted to €88.4 billion (-4.8% compared with 2012). Group lending was affected mainly not only by the economic environment characterised by continuing weak demand, but also by the progressive discontinuation of some higher risk activities (primarily the non-captive business of the former Banca 24/7 and UBI Leasing) and by the disposal of Banque de Dépôts et de Gestion in November 2013. Despite this, signs of improvement seen in the third quarter were confirmed again in the fourth quarter of the year, in relation to new loans granted by the Group's network banks.

Gross deteriorated loans (non-performing loans, impaired loans, restructured and past due/in arrears loans) amounted to €12.7 billion in December 2013 compared with €11 billion in December 2012. Although the economic scenario was still one of recession, 2013 nevertheless recorded slower growth in total deteriorated gross loans, a reduction in migrations of performing loans to deteriorated status (-4.2%) and growth in return migrations from deteriorated to performing status (+22.7%).

Total direct funding was €92.6 billion (-6.3% compared with 2012). The annual performance was primarily the consequence of action taken to optimise funding as a whole, designed to reduce the marginal more costly components, consisting mainly of institutional and large corporate accounts (more volatile and more expensive) and term deposits.

From a **balance sheet** viewpoint, the Group has been Basel 3 compliant for some time and it compares favourably with the figures published by major international banking groups. The phased-in Common Equity Tier 1 ratio estimated on the basis of Basel 3 rules is again higher than 10%, the short-term (liquidity coverage ratio) and the medium-term (net stable funding ratio) liquidity indicators are greater than one and financial leverage according to Basel 3 rules is 5.1%, significantly better than the 3% requirement. On the basis of the rules in force as at 31/12/2013, the Core Tier One Ratio stood at 12.6%, the Tier One Ratio at 13.2% and the Total Capital Ratio at 18.9%.

The Management Board submitted a proposal to the Shareholders' meeting to pay a **dividend** per share of €0.06 on all outstanding shares on the ex dividend date, with the exclusion only of treasury stock.

[Reports and Accounts 2013 p. 82-87](#)

¹ The statement of the determination and distribution of economic value generated complies with the presentation proposed by the Italian Banking Association.

| DETERMINATION AND DISTRIBUTION OF THE ECONOMIC VALUE CREATED (thousands of euro) | 2013 | 2012⁶ | VARIATION |
|---|------------------|-------------------------|------------------|
| Interest and similar income | 3,254,962 | 3,924,400 | -17.1% |
| Interest expense and similar | (1,504,247) | (1,992,716) | -24.5% |
| Commission income | 1,382,528 | 1,369,422 | +1.0% |
| Commission expense | (195,462) | (187,616) | +4.2% |
| Dividends and similar income | 10,409 | 15,591 | -33.2% |
| Net trading income (loss) | 107,234 | 91,803 | +16.8% |
| Net hedging income | (3,318) | 1,072 | n.s. |
| Income (loss) from disposal or repurchase of: | 217,475 | 163,551 | +33.0% |
| a) loans and receivables | (3,149) | (2,131) | +47.8% |
| b) available-for-sale financial assets | 220,025 | 141,556 | +55.4% |
| c) held-to-maturity investments | - | - | - |
| d) financial liabilities | 599 | 24,126 | -97.5% |
| Net income (loss) on financial assets and liabilities at fair value | 3,163 | 852 | +271.2% |
| Net impairment losses on: | (990,489) | (902,024) | +9.8% |
| a) loans | (942,978) | (847,214) | +11.3% |
| b) available-for-sale financial assets | (26,898) | (56,145) | -52.1% |
| c) held-to-maturity investments | - | - | - |
| d) other financial transactions | (20,613) | 1,335 | n.s. |
| Net insurance premiums | - | - | - |
| Other income/expense on insurance operations | - | - | - |
| Other net operating income | 310,511 | 244,515 | +27.0% |
| Profits of equity investments (for the part from disposals) | - | 8,273 | -100.0% |
| Profits on disposal of investments | (7,251) | 6,490 | n.s. |
| Post-tax profit from discontinued operations | - | - | - |
| TOTAL ECONOMIC VALUE CREATED | 2,585,515 | 2,743,613 | -5.8% |
| b) other administrative expenses (exclusive of indirect taxes, grants and donations) | 598,101 | 634,274 | -5.7% |
| ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS | 598,101 | 634,274 | -5.7% |
| a) personnel expense ¹ | 1,337,687 | 1,525,753 | -12.3% |
| ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES | 1,337,687 | 1,525,753 | -12.3% |
| Profit (loss) for the year attributable to non controlling interests | 23,307 | 8,958 | +160.2% |
| ECONOMIC VALUE ATTRIBUTABLE TO NON CONTROLLING INTERESTS | 23,307 | 8,958 | +160.2% |
| Share of profit destined to dividend payments ² | 54,003 | 45,002 | +20.0% |
| ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS (REGISTERED AND UNREGISTERED) | 54,003 | 45,002 | +20.0% |
| b) other administrative expenses: indirect and capital taxes | 253,984 | 219,633 | +15.6% |
| Current taxes on income for the year ³ | 325,837 | (59,452) | -648.1% |
| ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND LOCAL PUBLIC ADMINISTRATIONS | 579,821 | 160,181 | +262.0% |
| b) other administrative expenses – grants and donations ⁴ | 4,987 | 4,363 | +14.3% |
| Share of profits allocated to the fund for social purposes ⁵ | 4,623 | 3,650 | +26.7% |
| ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND THE ENVIRONMENT | 9,610 | 8,013 | +19.9% |
| TOTAL ECONOMIC VALUE DISTRIBUTED | 2,602,528 | 2,382,181 | +9.2% |
| Net provisions for risks and charges | 12,372 | 49,212 | -74.9% |
| Net impairment losses on property, equipment and investment property | 119,956 | 102,543 | +17.0% |
| Net impairment losses on intangible assets | 78,535 | 81,117 | -3.2% |
| Profits (losses) of equity investments (the fair value part: write-downs/write-backs, impairment losses/reversals, other expenses/income) | (46,506) | (44,377) | +4.8% |
| Change in fair value of property, equipment and investment property and intangible assets | - | - | - |
| Net impairment losses on goodwill | 24,895 | - | n.s. |
| Change in deferred tax assets and liabilities | (398,469) | 138,881 | n.s. |
| Profit allocated to reserves | 192,204 | 34,056 | +464.4% |
| TOTAL ECONOMIC VALUE RETAINED | (17,013) | 361,432 | -104.7% |

¹ Inclusive of board members' fees and expenses for external distribution networks (e.g. agents and financial advisors).

² The figures for 2013 are based on the allocation of profits proposed to the Shareholders' Meeting.

³ Includes the changes in current taxes of prior years and the reduction in current taxes for the year.

⁴ Includes sponsorships, inclusive of the professional sports sector, with social and environmental value.

⁵ Includes the shares of profits allocated by the Network Banks to their respective funds for social purposes.

⁶ The figures related to the share of profit allocated to the payment of dividends and the share of profits allocated to the fund for social purposes were subject to adjustments with respect to the social report 2012.

**EC2
FINANCIAL
IMPLICATIONS, RISKS
AND OPPORTUNITIES
DUE TO CLIMATE
CHANGE**

In consideration of the activities performed by the Group it has no significant direct exposure to risks connected with climate change.

Minor impacts may occur in relation to supply processes, especially with regard to fuel and electricity costs and commercial and lending processes relating to the occurrence of extreme climatic events which could affect the operating capacities and solvency prospects of corporate clients (a risk which is, however, mitigated by the high sector diversification of the Group's lending).

The issue of the fight against and adaptation to climate change involves investments by individuals and businesses, both to comply with changes in regulations and the efficiency standards for production processes and products and also to develop and use renewable energy sources. Following on from action taken in prior years, the Group has developed specific financing, finance lease and project finance products for these purposes [F58].

**EC3
COVERAGE OF
BENEFIT PLAN
OBLIGATIONS**

All Group employees benefit from supplementary pension plans through either internal or external pension funds, which involve a defined contribution by the employer as part of supplementary company labour agreements. Employees may also allocate a part of their salaries to supplementary pension schemes. Coverage for commitments resulting from internal funds, consisting of defined benefits, is performed by allocating amounts to the "provision for risks and charges: pension and similar obligations", which are subject to periodic actuarial measurement in compliance with IAS 19 "Employee benefits".

**EC4
SIGNIFICANT
FINANCIAL
ASSISTANCE
RECEIVED FROM
GOVERNMENT**

The UBI Banca Group has received no financing from government, but it has used the "Banks and Insurance Fund" and the "Fund for senior management training" funds earmarked for training activities [LA10] and payouts from the "Solidarity fund for retraining and professional requalification to support the employment and income of banking personnel" to manage situations of employment difficulties. These are private sector funds which the Group has contributed to together with other banks.

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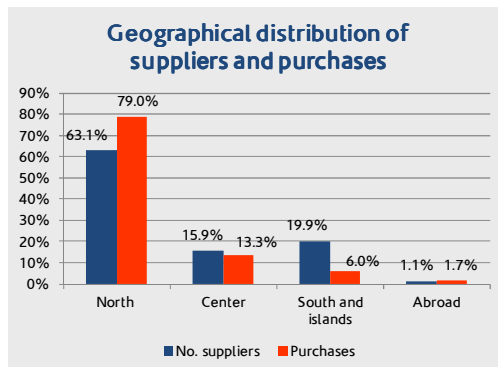
Market presence

**EC5
STANDARD ENTRY
LEVEL WAGE BY AGE
COMPARED TO LOCAL
MINIMUM WAGE**

| AVERAGE SALARY, FIRST JOB (thousands of euro) | 2013 | 2012 | 2011 |
|---|------|------|------|
| Men | 26.8 | 27.8 | 26.0 |
| Women | 26.5 | 26.7 | 26.4 |
| Trade union minimum ² | 26.0 | 25.5 | 25.0 |

² The base salary set in the national labour contract for the 3rd level 2nd area.

**EC6
POLICY, PRACTICES
AND PROPORTION OF
SPENDING ON
LOCALLY-BASED
SUPPLIERS**

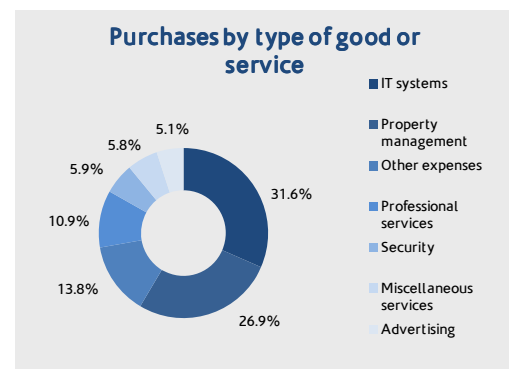
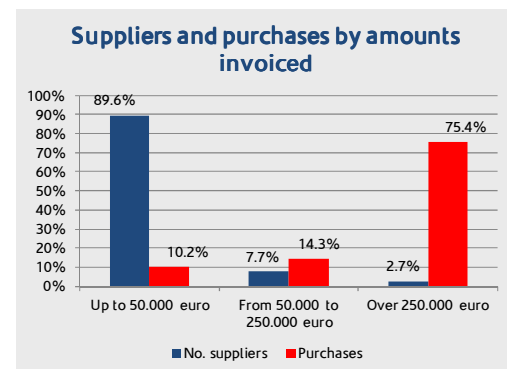


The Group operates almost exclusively in Italy and 98.3% of purchases are from local suppliers that are resident in Italy. Where appropriate, depending on the type of products or services, use is made of suppliers who operate in the vicinity of our operating premises.

Relations with suppliers are designed to ensure mutual satisfaction and are based on the observance of the principles of transparency, fairness, loyalty, integrity and competition.

All the Group companies comply with Group Spending Regulations, which identify the roles and responsibilities of the parties involved in the process of managing budgets and incurring expenses with the separation of roles between those

requesting supplies and authorising payments, those that sign contracts and handle negotiations with suppliers and those keeping the accounts and paying the invoices.



Suppliers, and strategic and recurring suppliers in particular, are selected with care on the basis of cost, service quality and technical, commercial and financial reliability.

The Group's Code of Ethics states that where requirements are the same, preference is given to those suppliers who demonstrate the implementation of good practices of social responsibility and/or possession of social or environmental certifications. To ensure the independence of suppliers, we seek to avoid the establishment of exclusive business relationships, or those characterised by excessive financial dependence on the Group (the total amount paid to each Group supplier must not exceed 25% of the supplier's total turnover).

Suppliers who provide goods and services to the Group on a regular basis or occasional suppliers who supply goods and services for amounts greater than €30,000 are registered on a **list of approved suppliers** managed by the Purchasing Department of UBI Sistemi e Servizi. The approved list contains preferred suppliers for each type of good and service, listed on the basis of quality (50% weighting), competitiveness (25% weighting) and financial and capital soundness (25%) and we periodically assess them with the involvement of budget managers, the Purchasing Department and an outside database. Suppliers of utility services (local water companies, gas companies), landlords of rented properties and institutional suppliers (e.g. Italian Banking Association - and CONSOB - Italian securities market authority) are excluded from management on the list of approved suppliers. Suppliers on the list numbered 763 in 2013 (+100 compared with 2012), as a result of 63 new suppliers and 163 removed from the list.

Contractual conditions and terms of payment are constantly updated to comply with the legislation in force and with market conditions on the basis of periodical monitoring. Supplies which are not regular or for small amounts, and considered not strategic and which do not carry a high operational risk are regulated by the general conditions of a standard contract, while specific contracts are drawn up for recurring, strategic supplies, which carry high operational risk or which are for large amounts.

All suppliers are required to fully comply with legislation and regulations to protect the rights of workers, which in particular means observation of national trade union agreements for the sector to which they belong and of pension, accident prevention and insurance legislation along with specific legislation on health and safety. Additionally, all suppliers are required to comply with the principles of the Group's Code of Ethics either when orders are placed or contracts signed.

EC7 HIRING FROM LOCAL PERSONNEL

Selection in 2013 was oriented towards commercial roles for recruitment in the network banks, in order to implement generation turnover projects contained in Group business plans. The recruitment policy was therefore designed mainly to assess candidates resident in the local areas where they would work in order to make use of their local knowledge. Search and selection activity benefited also from constant co-operation with schools, training institutions and local universities.

No new senior management appointments were made in 2013.

Indirect economic impacts

The UBI Banca Group pays great attention not only to local economic development, but also to promoting social and cultural activities through its support to a huge number of Church and other nonprofit organisations in the community with donations and sponsorships. This approach is an expression of its mutual spirit as a co-operative, with action taken for which the articles of association of UBI Banca and the various Group banks require the allocation of a share of the distributable profits (the maximum percentage allocated varies, where specified, between 1% and 4%). This activity helps to strengthen and promote the identity of the Group and the individual network banks and has no direct correlation with the achievement of commercial objectives, except for cause-related marketing initiatives. This action is not the result of rigid and predetermined policies and guidelines, but of contingent assessments – based on criteria of the consistency, efficiency and effectiveness – of the initiatives taken and projects commenced in the community. The relative decisions are taken at local level by individual banks and foundations, with support from UBI Banca for the more far-reaching projects. There are no particular areas of intervention defined *a priori*, except for the foundations, formed over the years precisely to promote social and cultural growth in their local communities, for which the scope of intervention is laid down in their respective constitutions.

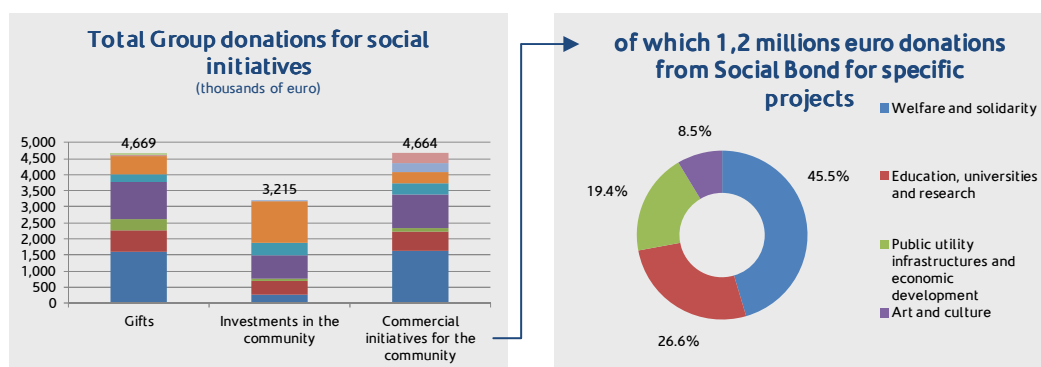
| RESERVES OF PROFITS AVAILABLE IN ACCORDANCE WITH BY-LAWS TO GOVERNING BODIES FOR SOCIAL PURPOSES (thousands of euro) | HIGHEST % OF ALLOCATIONS FROM FINANCIAL STATEMENT | BALANCE AS AT 31.12.2012 | 2013 ALLOCATIONS FROM 2012 FINANCIAL STATEMENT | 2013 DONATIONS ¹ | BALANCE AS AT 31.12.2013 |
|--|---|--------------------------|--|-----------------------------|--------------------------|
| UBI Banca | 1.5% | 7,575 | 652 | 1,724 | 6,502 |
| Banca Popolare di Bergamo | 2.0% | 1,121 | 2,181 | 2,522 | 780 |
| Banco di Brescia | 2.0% | 5,677 | 264 | 941 | 5,000 |
| Banca Popolare Commercio e Industria | 1.0% | 106 | 153 | 192 | 68 |
| Banca Popolare di Ancona | 4.0% | 7 | - | - | 7 |
| Banca Carime | 3.0% | 693 | 400 | 407 | 686 |
| Banca di Valle Camonica | not defined | 50 | - | 46 | 4 |
| TOTAL | | 15,229 | 3,650 | 5,832 | 13,047 |

¹ The amounts relate exclusively to the contributions made from the reserves of profit of individual banks, including € 1.75 million paid to foundations promoted by the Group.

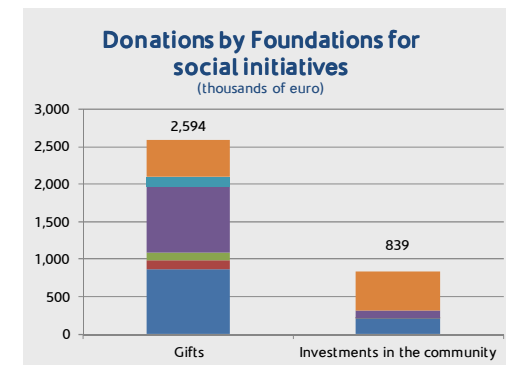
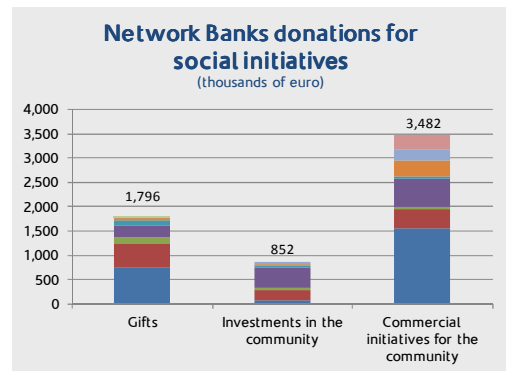
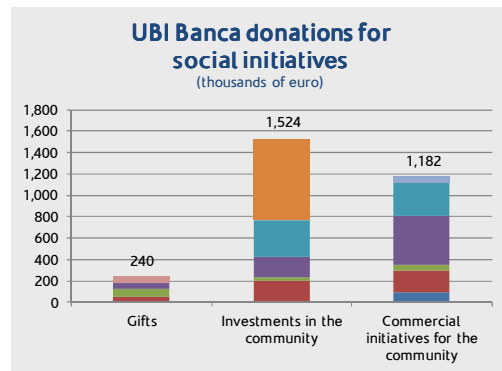
In 2013 the Group made total donations for social initiatives of **€12.5 million**² (-10.7% compared with in 2012), of which:

- €4.1 million drawn from articles of association-related reserves available to management bodies for social purposes (the “Board’s Fund”) net of sums paid to Group Foundations;
- €5 million as operating expenses, including charitable donations resulting from the placement of UBI Community Social Bonds [FS7];
- €3.4 million granted by the Group’s foundations.

This was in addition to the contributions paid by Group banks to local authorities as part of treasury and collection services, which amounted to **€6.8 million** in 2013.



² The total value of donations for social initiatives includes cash donations and the monetary value of donations in kind. It does not include the operating expenses of payment activities and the cost of the time for paid work provided by employees to community organisations and activities.



Sponsorships are performed almost exclusively by the network banks, which associate their brands with organisations and initiatives linked to the local communities in which they operate. Even when they are for professional sports clubs, the contributions included in the reporting are nevertheless aimed at promoting the moral education of young people through sport.

The Group also makes donations to assist with the activities of **Pro Solidar**, a national fund in the banking sector for solidarity and charitable initiatives consisting of a bilateral entity managed by the Italian Banking Association and the national secretariats of the banking trade unions. It is the first body in the world formed by a national trade union agreement and funded on an equal basis by workers and companies. Each employee may contribute a sum of €6 per year deducted directly from salary, against which the company pays in an equal amount.

UBI Banca

As part of the Group's philanthropic activities, UBI Banca develops partnerships with the larger organisations and participates in more far-reaching initiatives not strictly linked to specific local areas.

The main donations and sponsorships in 2013 included those relating to scientific research as follows: co-operation with the **International Centre for Competitiveness Studies in the Aviation Industry (ICCSAI)** in the organisation at Bergamo of the 17th edition of the ATRS World Conference; co-operation with the **Einaudi Studies Centre** on the Annual Report on the Global Economy and Italy, co-ordinated by professor Mario Deaglio of Turin University, presented in Group network banks with the aim of offering an initiative of national scope locally and of "localising" the report at the same time, thanks to the involvement of local businesses; support for the **Research Foundation of the Ospedale Maggiore** hospital in Bergamo (of which UBI Banca is one of the founding members), with the aim of promoting and financing scientific research activity of particular social interest; a partnership between UBI Banca and the **Italian Association for research into cancer (AIRC)** for the period 2013-2015, in which UBI Banca works side-by-side with the AIRC as an institutional partner in the fundraising campaign named "the research days" and contributes through various initiatives (e.g. the issuance of social bonds, fundraising at branches and through Internet banking, "payroll giving") aimed both at customers – current and prospective – and employees. This campaign, which met with great success in the media both nationally and locally, allowed the AIRC to raise funds of approximately €6.7 million, of which €650 thousand directly attributable to the various initiatives organised by our Group.

Action taken to assist education involved above all the provision of scholarships: a scholarship for one pupil in the fourth year of senior high school for a year of study abroad (academic year 2014-15) with the **Intercultura Foundation onlus** and one in memory of avv. Corrado Faissola to support the attendance of a student on a masters course in investment management at the Lubin Business School of Pace University in New York, in co-operation with **Brescia University**.

Action taken in the field of art and culture was also significant. It included continuation of co-operation with the **Brescia and Bergamo International Pianoforte Festival Organisation** for the 50th edition of the annual festival of the same name, entitled "From Michelangeli to Sokolov. Fifty years with the masters of the pianoforte", enhanced again this year with a teaching initiative for young people led by the famous violinist Uto Ughi; support for the "John XIII and Paul VI: the Pope's of Vatican II" convention, organised jointly by the **Pope John XIII Foundation** of Bergamo and the Paul IV Institute of Brescia; the restoration of the Astino Monastery, founded in 1070 by the Vallumbrosan monks (in 2007 it became the property of the Order of the Misericordia Maggiore of Bergamo - MIA Foundation, to which the Bank's donation will be made); a donation to the **Ambrosian Veneranda Library** of the **Cardinal Federico Borromeo Foundation**, for the purpose of promoting and disseminating culture and art.

One of the most important initiatives in the field of welfare and solidarity is the organisation of "**Solidarity Christmas Dinners**" for people suffering hardship for the fourth consecutive year co-ordinated, by the Internal Communication Unit and supported locally by the Group network banks. They were provided in co-operation with the Exodus Foundation and the initiative took place simultaneously in seven different towns and cities in which the network banks have their headquarters and involved over 200 employees who served dinners and entertained over one thousand guests in need. Organisation of the 13th edition of the Concert at the Scala of Milan Theatre was also of importance, a fundraising evening for research and assistance organised by the **Italian League for the Fight Against Tumours (LILT)**, and a project to refurbish paediatric clinics for the **Ospedale dei Bambini** hospital at the Azienda Spedali Civili of Brescia.

In the economics field, UBI Banca supported the **Cathay Pacific Business Trader Award** for the fourth consecutive year, a prestigious international award for Italian companies that have excelled on Asian markets for their innovation, technology and know-how. Donations were also made to the **2013 Franciacorta Festival**, an event which involved the Franciacorta cellars in the organisation of wine, gastronomic, cultural and artistic events in the Franciacorta cellars. The result in terms of image in local and provincial newspapers and on national television was very good.

Third sector activity included support for the **Sodalitas Social Innovation** prize, which the Sodalitas Foundation founded to help improve the general planning ability of the third sector and the development of partnerships with businesses thereby helping nonprofit organisations to draw up high-quality social business plans.

Yet again in 2013 UBI Sistemi e Servizi donated retired electronic equipment, which nevertheless still functions well, to various organisations and associations which requested it, for an estimated value – on the basis of reconditioning costs – of €6,406: 26 beneficiaries (11 voluntary associations, three schools, two police units, three administrative authorities, seven schools) received 73 personal computers (of which 26 notebooks) one photocopy machine and one coin counting machine.

Donations were made through the issuance of "**UB Community**" social bonds to the **CESVI Foundation onlus** (to help the people of central Uganda return to food self-sufficiency), to the **Casa Sollievo della Sofferenza Foundation** (for scientific research into the field of genetic and neurodegenerative diseases), to the **IRCCS - Mario Negri Pharmacological Research Institute** (for the voluntary and clinical study of Alzheimer's disease) and the **San Patrignano Foundation** (the "Dog helps man" project).

As part of its over one hundred years of activity as a local bank, yet again in 2013 this bank made donations to numerous social initiatives, both directly through support for social, recreational, sports, welfare and charitable activities and also through the donations of the Banca Popolare di Bergamo Foundation Onlus and the Unione di Banche Italiane per Varese Foundation Onlus.

While many donations are made in the field of welfare and solidarity, those to the **Casa Amica Foundation**, the **Don Chino Pezzoli Promozione Umana Community** and the **Don Mazzi Exodus Foundation Onlus** to fight against addiction or to rehabilitate marginalised and misfit individuals or those suffering economic hardship are certainly worthy of mention. The **"Solidarity Christmas"** initiative was undertaken again at Christmas to bring some joy and happiness to some of the main hospitals and care homes in the provinces of Bergamo, Varese, Lecco, Brianza and Rome, demonstrating a different way of being a "local bank".

In the field of recreation and sports, support was given to the **Goggi UBI Banca Ski Club**, to the partnership with the **Bergamo international tennis tournament** and more generally to numerous sports associations, which show the bank's commitment to the practice of sports above all as an occasion for bringing people together and educating young people. Particular appreciation was shown by the organisers for the support given to the **Binda Di Cittiglio Trophy**, a female cycling World Cup trial which took place in March on the roads of Luino and Valcuvia and to the **Women's National Road Cycling Championships**, national events which followed weeks of campaigns to promote the use of bicycles and environmental and ecological awareness in numerous schools in the province of Varese.

Long-established annual donations to the **Bergamo section of the Italian Alpine Club** are also worthy of mention, an association of which Banca Popolare Di Bergamo has always been a deserving member, and which seeks always to support mountain climbing among the young and the protection of the mountain environment.

In the cultural field support was again given to the initiative **"Verba Manent – the strength of words"**, consisting of a series of meetings with representatives of the world of culture, economics, theatre and art which in the framework of the splendid Teatro Sociale, have enhanced the partnership between the Banca Popolare Di Bergamo and the City of Bergamo. Support for other now well-established initiatives is also important, such as the **Gaetano Donizetti Foundation concert season**, the **"Clusone Jazz"** and the **"Summer at Sarnico"** events and support for the **Italian Environment Fund** on the occasion of periodic exhibitions at the "Villa e Collezione Panza" at Varese.

We did not forget support for local development and promotion, which included a presence at the Bergamo fair centre where the bank participated with sponsorships and other types of co-operation in numerous events promoted under the banner of the **Bergamo Fair Organisation**. In addition to the traditional **Trade Fair** in October some of the most successful sponsorships included the **Marriage Fair**, **Lilliput**, **Creattiva**, the **Building Fair** and **Gourmarte**. One of the high points of the events that took place in the attractive setting of the Bergamo Sentierone was the **Booksellers Fair** in co-operation with Confesercenti (the retailers' association) and the **Festival of the Environment**.

Attention was paid and support given also to the green economy on the occasion of the event **"Masters of the landscape"**, which attracted agronomist, urban planners and landscapers from all over the world to Bergamo and transformed the Piazza Vecchia of Bergamo Alta into a true and genuine botanical garden. Banca Popolare di Bergamo was also an official partner at **the Varese and at the Monza trade fairs**, demonstrating its commitment to making its presence more widespread and incisive even beyond traditional Bergamo borders.

With the issuance of social bonds, the bank supported the following: the **Centro di Aiuto al Bambino Maltrattato e alla Famiglia in Crisi Onlus (CAF)** to improve its psychological educational service for children between three and twelve years of age who are victims of serious maltreatment at three residential communities in Milan, the **AOB Associazione Bergamasca Onlus** to support its "emergency oncological diagnostic service"; the **Maria Letizia Verga Committee Onlus** with its project "Come on let's build it together!" for research into leukaemia in children; the **Varese section of the Italian Red Cross** for the purchase of a goods lift for the soup kitchen at its

headquarters in via Dunant; the **Dottor Ambrosoli - Memorial Hospital Uganda Foundation** for the "Safe Pregnancy Programme" to fight maternal and neonatal mortality in northern Uganda and the **Malawi nel Cuore Association Onlus** to support the poor and food shortages in developing countries.

UBI > **BancodiBrescia**

This bank strengthens its local roots through intense social activity too. In addition to funding the Banca San Paolo di Brescia Foundation and the Credito Agrario Bresciano – Giovanni Folonari Institute of Culture Foundation, founded to pursue the original ideals of the banks of the same name from which they emerged, the Bank also carefully selects events and organisations to give support directly, above all in the fields of social, recreation and sports, and welfare and solidarity activities.

Of the numerous activities supported, the **Mille Miglia** and **Brescia Rugby** sponsorships in the sports field are worthy of mention.

Donations are made in the artistic and cultural field to the **Teatro Grande of Brescia Foundation** for its theatre season and in order to contribute to the cultural heritage in local areas it contributed to the publication of the book "La Chiesa di Santa Maria della Carità in Brescia" (a 2013 Christmas gift art edition). Significant support is also given to scientific research, above all through support to the **Fondazione Bresciana per gli Studi Economico- Giuridici**.

In the economic field the bank supports the activities of **Pro Brixia**, a special firm of the Brescia Chamber of Commerce which promotes and organises initiatives designed to create commercial opportunities for Brescia companies on international markets.

With the issuance of UBI Community social bonds, the Bank supported the following in 2013: the **IAR Foundation** for the purchase of a tractor for the Brescia Istituto Tecnico Agrario Pastori; the **Valtrompiacuore Association Onlus** for the purchase of a CAT scan machine for the Gardone Valtrompia Hospital; the **Dopo Di Noi Insieme Foundation Onlus** of Cremona which manages a Casa Famiglia for the serious disabled and organises "weekends of relief"; the **ASD NO Limits Onlus** of Lodi to support social support activities for the disabled; the **ANFFAS Onlus** of Desenzano del Garda for the construction of a rehabilitation swimming pool; the **Casa della Carità Abriani Foundation Onlus** of Milan for the "Hotel della Luna" hospitality project, **Verona University** for a research grant; the **Davide Rodella Association Onlus** for the purchase of a portable ultrasound machine for the Montichiari Hospital and a retinal scan machine for the Manerbio Hospital; the **S.Vincenzo De' Paoli Brescia dormitory** to support services for the extreme poor; and the **Familiae Auxilium Social Cooperative Onlus** to support activities and services provided by the Brescia Diocese Family Advice Centre.

UBI > **Banca Popolare Commercio & Industria**

Each year the bank supports and promotes numerous social, charitable and cultural initiatives to contribute to the social, ethical and cultural development of the community in which it operates, as well as to its economic growth.

In order to enhance its image as the Group's main bank in the city of Milan, in the cultural sphere, this bank is an institutional supporter of the prestigious **Poldi Pezzoli Museum** and it is listed on the "Golden Roll of Honour" of the supporters of the **Piccolo Teatro of Milan**, with which it manages and organises the **Eleonora Duse Theatrical Prize**, which is now in its 28th edition this year.

On the occasion of the celebrations for the 125th anniversary of the foundation of the bank, the performance of the Nutcracker by Peter Ilyich Tchaikovsky was put on at the **Piccolo Teatro Strehler Theatre by the Scala Theatre Academy School of Ballet**.

The partnership with the Town of Pavia is important as part of exhibition initiatives put on at the **Civic Museums** and at the **Scuderie del Castello Visconteo**, which included the important exhibition "**Monet au cœur de la vie**". In the field of restoration and artistic heritage, the bank issued UBI Community social bonds which allowed an important donation to be made to the restoration of the "Canon's Bell Tower" at the **Basilica of Sant'Ambrogio of Milan**.

One of the main partnerships in the field of education is that with **Pavia University** for the 23rd edition of the degree day, when this bank awarded prizes to the nine best students of the university, one for each faculty and for a research study on the ancient university, which gave rise to the publication of the 1st volume II of the prestigious publishing programme *Almum Studium Papiense History of the University of Pavia*.

As concerns sporting activities, the bank was Gold Sponsor of the **Pallacanestro Milan Olimpia EA7** basket ball team for the 2012-2013 season and it renewed its sponsorship for the **Pavia Calcio** football team again for the 2013-2014 season.



In addition to supporting local events, yet again in 2013 this bank linked its name to partners of excellence and high profile events, above all with sponsorships of cultural and sporting activities.

In the cultural sphere, the bank confirmed its partnership in the Piedmont area with the **Turin Museums Foundation** and for Palazzo Madama in particular, and it gave its support to the **Regio Theatre of Turin** for the 2013-2014 opera season and to the Circolo dei Lettori, with which it organises interesting initiatives on economic and financial subjects and also to educate young people on savings and investment, assisted by support from the Italian Banking Association's PattiChiari Consortium. Similar initiatives have also been launched successfully at Cuneo and in Genoa. A partnership with the **Lingotto Musica Association** was also established for the 2013-2014 concert season.

The bank renewed its role in the sports field as the main sponsor for the **Bre Banca Lannutti Cuneo** volleyball team, in the serie A1 national championship and in European games, enhancing its image above all among young people for which volleyball advocates values of team spirit, commitment and non-violence and co-operation with the **Pallone Elastico Cup of Italy** (type of handball) continued, organised by the Lega della Società di Pallapugno (a sport that is very popular in southern Piedmont, where the Bank has its historical roots, and also on the western Ligurian coast). Action taken to renew support for the activities of the **Federazione Nazionale Sport Invernali Paralimpici (FISIP – Paralympic National Federation of Winter Sport)** and, in football, support for **AC Cuneo Calcio 1905** for activities in the youth sector, were of important social significance.



In Liguria, where the bank acquired Banco di San Giorgio which was merged into it at the end of 2012, partnerships with prestigious organisations in the area continued: for example in the health sector support was given to the **San Martino Hospital of Genoa** by making two important (**Cauvin Memorial**) scholarship grants for research into haematology.

Particular attention was paid in the sports field to youth sectors which included companies in the Don Bosco Group (**Crociera Stadium, Paladonbosco, Seisport**), the activity of **CUS Genoa** in rugby and sponsorship of the Ravano ERG tournament, reserved for primary school children in which the **"Il Porto dei Piccoli" onlus** was involved, which provides assistance to children in hospital care. This association was given responsibility for co-ordinating play and educational activity for the tournament and in the schools in Genoa. Sponsorships for first-team activity were confirmed again for both **CUS Genoa Rugby** and the **U.C. Sampdoria** football team.

With a view to local promotion, this bank also supported the **Festa della Marineria** at La Spezia, a long two-year event in honour of the sea, the local area and its traditions.



Maintaining its strong spirit of solidarity and social and cultural commitment to the communities in which it operates, this bank supported many varied initiatives in 2013.

Important initiatives include co-operation with the following: the **Pergolesi Spontini Foundation** of Jesi for the youth theatre prose season, as part of long-standing co-operation with the Pergolesi Theatre for which the bank is traditionally the main sponsor; the **Teatro delle Muse Foundation** of Ancona for various initiatives including the lyrical season; the **Musicultura Association** of Macerata for the musical and literary events which began at Recanati in 1990 and which have grown

constantly as a point of reference for young talent on the national scene; the **Amici della Musica Guido Michelli Association** of Ancona for concert activities with the magazine **"Nostro Lunedì"**, a periodical edited by the Ancona poet Francesco Scarabicchi, who dedicated the second edition (new series) to the writer Paolo Volponi and to his relationship with the city of his birth, Urbino; the **Pio Monte della Misericordia** of Naples, for the project **"Sette Opere per la Misericordia"** (an exhibition of seven works by contemporary artists on the theme of mercy and a competition with four scholarships for pupils at the Accademia di Belle Arti).

Significant contributions were also made in the field of education and universities, one of the most important of which was co-operation with the University of Camerino, which in 2013 involved various initiatives and projects as follows: the **U-I.S.I. Cube** project, the first university enterprise incubator in the Marche, which became the headquarters of as many as 13 innovative spin-offs; **entrepreneurial scouting** activities which included participation in regional business plan competitions and University competitions; the project **"the future is not in crisis"** which consists of granting scholarships to deserving students whose parents have suffered from the crisis. For some years now two study scholarships in memory of *Comm. Luigi Bacci* have been granted in co-operation with the **ISTAO** to young graduates aspiring to a business management career in companies, banks, advisory firms or trade associations and the project **"Campus Word"** was shared with the **Polytechnic University of the Marche** to support and spread technological innovation and training for university students through internships abroad.

In the field of sport and recreation this bank supported the following: the activities of the **Ankon Consortium** of the City of Ancona for youth activities; sports associations of the City of Ancona; the **Aurora Basketball Team** of Jesi as Title Sponsor; the **Fulgor Libertas basketball** team of Forlì; the **Volley Lube Sports Association** and **GS Lube Volley Ball – Treia** (Macerata); the **PesarO Five Amateur Sports Association** (Calcio A5); the **Rowing and Sailing Club of Naples** for the Three Gulfs Regatta; the **Gabriele Cardinaletti Foundation of Jesi** for initiatives to promote ethics in sport, the **Jesi Fencing Club**, particularly admired in 2012 for its individual and team Olympic victories. Support given to the **"Marina Dorica" of Ancona** for the Ocean-going Sailing World Championship (130 boats and 1,500 regatta competitors from all over the world) was also significant.

With regard to global development and promotion, support was given to the **Floriva Flower Exhibition at Pescara**, an important regional festival which repeats each year with ever-increasing growth in quality, an important advertising vehicle for all operators in this sector. Also supported was the **festival and exhibition for traditional products typical of the Marche**, a wine and gastronomic initiative with a strong impact in its contribution to local development, organised in co-operation with the town of Fermo.

Finally in the field of welfare and solidarity, fundraising activity for the **"Light Project"** was renewed with a benefit evening to raise funds for a hospital in the Congo to help African children recover their sight and support for the **Associazione Onlus I.O.M. – Istituto Oncologico Marchigiano Jesi e Vallesina** (institute to assist cancer patients) was also renewed.

UBI **Banca Carime**

In 2013 Banca Carime renewed its commitment in certain sectors in particular, with increasingly more determined and targeted participation in cultural, social and higher university education sectors and also in social responsibility and sponsorship activities designed to encourage growth in the southern Italian economy.

In the field of music Banca Carime supported the **Barese Music Chamber** and the **Orchestra Association of Magna Grecia of Taranto**. As always Carime's presence in this partnership is targeted at certain social groups: the elderly, the world of the differently able, schoolchildren and students.

With regard to exhibitions and promotion of the local area, the focus was on art and culture in the community with various initiatives such as the **exhibition to celebrate Amerigo Tot**, at the central Bari branch of Banca Carime, which has bas-reliefs of this celebrated 20th Century sculptor or the **"Exhibition treasures of the banking collection. The Banca Carime Collection"** brought to the general public at the **Provincial Picture Gallery of Potenza** and at the **central Potenza branch of Banca Carime**. Educational and demonstration activities were carried out with the initiative **"The Swabians in Brindisi"**, with exhibitions in period clothes and study conferences dedicated to the

influence of the Swabians in the history of southern Italy. Banca Carime was also one of the partners supporting publication of the book 'La Bibbia di Manfredi. Gli Svevi tornano al Castello', published by Congedo Editore.

An initiative for young graduates in southern Italian universities was renewed in 2013 in order to encourage young talent: a competition was organised for **three scholarships** by Banca Carime for law and political science graduates at the universities of Basilicata, Calabria, Campania and Apulia, regions in which the bank operates. An initiative to facilitate further study by postgraduate university students is in honour of the memory of **Nicola Calipari**, a "hero" of Calabrian origin, who in dramatic circumstances in an operation abroad acted as a shield with his life to save that of another. More generally, as part of the bank's attention to schools and school children, its commitment continued as part of financial education initiatives promoted by the **PattiChiari Consortium** to teach economic and financial subjects in senior high schools in the provinces of Bari and Barletta-Andria-Trani. Sixteen schools participated in the project with 59 classes to give approximately 1,500 pupils taking part altogether. The partnership with the Gazzetta del Mezzogiorno (newspaper) as part of the "**Newspapergame**" project was renewed again, an idea designed to allow pupils from primary, lower secondary and senior high schools to become young journalists.

Finally, in co-operation with the regional Association of Journalists the "**Aldo Moro**" **University of Bari** organised a **two-year Masters course in journalism** which would qualify students to sit for professional exams to become professional journalists. Banca Carime, which historically pays great attention to the education of young people in southern Italy, offered three scholarships to cover the entire duration of the course. The winners of these scholarships were selected on the basis of income and merit by the course director in agreement with Banca Carime.

UBI **Banca di Valle Camonica**

Banca di Valle Camonica is committed to promoting cultural and economic development in the Camun area through donations and sponsorships.

In the cultural field, it supported the activity of the "**Voices of the Rock**" choir of Breno on the occasion of the Lombard Week of Song and it promoted the Activities of the **Camunitas Foundation** also of Breno. Sponsorship of the cultural programmes of the local radio "**Camun Voice**" was also important.

For the purposes of the development and promotion of the local area, again in 2013 this bank supported the **Community Fund for the Valle Camonica**, promoted by the Community Bresciana Foundation of Brescia to support initiatives organised by associations and authorities that operate to promote the Camun area.

Specific action was taken to support education and scientific research, which included support for the 2013 symposium of the **Camun Centre for Prehistoric Studies** at Capo di Ponte (Brescia) and for a research project in the field of economics at **Brescia University**.

The issuance of UBI Community social bonds also continued which enabled two initiatives to be undertaken to support the **Tovini Family Advice Centre Onlus** of Breno, which works to assist families and young couples, and the **Opera Caritas San Martino Foundation** of Brescia, which organises solidarity projects to help those suffering from social hardship, partly by supporting the creation of new jobs in Valle Camonica.

FONDAZIONE BANCA POPOLARE DI BERGAMO ONLUS

The Foundation was formed in Bergamo in 1991 by the former Banca Popolare di Bergamo - Credito Varesino to promote historical and artistic heritage, health and welfare, charitable activities and the conservation of the environment and nature in the Lombard area.

The most significant action taken in the cultural field in 2013 included the following: support for the **Museo Bernareggi Foundation** of Bergamo for the promotion and dissemination of artistic heritage in the diocese of Bergamo; support for the **2019 Bergamo European Capital of Culture Committee** for the enhancement of the vast cultural heritage of the city and its province; support for the initiatives of the **Bergamo in History Foundation** designed to protect and promote Bergamo'

cultural heritage and identity and its community; support for the activities and artistic events of the **Galleria d'Arte Moderna e Contemporanea – GAMEC (modern and contemporary art gallery)**.

Significant donations were also made to the **Carlo Cattaneo University** of Castellanza and the **Pro Universitate Bergomensis Association**, in order to support the very many cultural activities organised and promoted by these institutions and also to the **Bergamo Science Association**, for a series of initiatives which included the 11th edition of the scientific education event of the same name.

The area of the protection and enhancement of the environment includes support for the **Ethical Environmental Centre** of Bergamo and the social co-operative **Nuovi Orizzonti** of Albino, to support the project **"the fruits of school"** to educate people on environmental issues in schools.

The largest donations in the health and welfare field went to the **Committee for the Beato Giovanni XXIII Hospital** of Bergamo, in order to continue the construction of the new church inside the hospital grounds. Other funds were donated to the **Bolognini Hospital** of Seriate to purchase advanced equipment for the treatment of urinary stones and to the **Mario Negri Pharmacological Research Institute** to support projects for the study of cerebral and cardiac mechanisms following reanimation after cardiac arrest (research designed to improve dysfunctions following reanimation).

FONDAZIONE CAB - ISTITUTO DI CULTURA GIOVANNI FOLONARI

The CAB - Istituto di cultura "Giovanni Folonari" Foundation, located in Brescia was formed in 1983 to "promote and encourage research into, enhance the value of and analyse and divulge actions and aspects that concern culture, education, instruction, social welfare and scientific research" (Art. 2 of the Constitution).

The Foundation's activity in 2013 was focused on protection of artistic and cultural heritage with a significant initiative consisting of the conclusion of the work to restore the **Santa Maria della Carità (Buon Pastore) Church** of Brescia, inaugurated on 31st January in the presence of the highest authorities of the city and church of Brescia and the heart-felt participation of its citizens.

Numerous activities were carried out during the year to support the Santa Maria della Carità Church including the production of a professional video on its history and on the restoration works, the publication of a Book of Miracles (a rare addition with 200 copies) and a Book of Gold (a precious single volume with a description of the restoration signed by all the benefactors) and numerous guided visits in co-operation with the Touring Club.

The convention was held in the **Diocesan Museum of Brescia** dedicated to the polyptych **"Madonna with child"**, the only remaining work of the master Paroto, purchased by the CAB Foundation last year. Exhibitions were also organised dedicated to the **Copper Age** and in November one entitled **"Oltre lo Sguardo"** on the contemporary artist Franco Rinaldi, both held in the Diocesan Museum of Brescia.

Although to a reduced extent, support continued for artistic and cultural initiatives organised with associations that work in various areas with which the Foundation has been linked for some years: the **FAI**, the **Amici dei Musei Association** (friends of museums association), **Artisti Bresciani Association**, the **Ugo da Como Foundation** and the **Mus-e Brescia Onlus**.

FONDAZIONE BANCA SAN PAOLO DI BRESCIA

Founded in 1998 by the bank of the same name, its objective is to perpetuate its original ideals and Catholic inspiration. It operates principally in Lombardy and preferably in the province of Brescia, to support social, civic and church initiatives with special attention given to education, welfare and art, and it also works with other similar organisations.

In 2013 the Foundation made donations above all in the areas of education, universities and research providing support to the training and research activities of the **Opera per l'Educazione Cristiana** of Concesio for studies carried out by the **Paul VI Institute** of the **Brescia Catholic University** of Milan, by the **Cesare Arici Institute** of Brescia and the **Santa Maria della Pace Primary and Secondary School**.

Important action was taken in the field of culture and art which included the following: support for the activities of the **Modern Art Study Centre** of the **Arte e Spiritualità Association** of Concesio;

donations to the publishing houses **Editrice Morcelliana** and **Edizioni Studium**; and support for welfare and solidarity initiatives which included donations to the **Diocesan Caritas of Brescia** for a soup kitchen for the needy and to the **VOLCA – Prison Volunteers** to support prison inmates, former prison inmates and their families.

The Foundation also supports various Church-related organisations, refunding interest paid on loans granted by the Banco di Brescia on the basis of special agreements entered into for restoration and conservation of artistic heritage and of properties belonging to the parishes and dioceses of Brescia.

FONDAZIONE UNIONE DI BANCHE ITALIANE PER VARESE ONLUS

The Foundation was established in 2004. In accordance with its constitution the Foundation pursues exclusively social solidarity aims and its institutional object is the protection, promotion and enhancement of things of artistic and historical interest and also health and social welfare assistance. These aims are pursued within the Region of Lombardy and in the province of Varese in particular.

In 2013 the Foundation gave support above all in the field of welfare and solidarity making donations to the following organisations: the **Red Cross of Valceresio** and the **S.O.S. di Malnate Onlus** for the purchase of ambulances; the **Anaconda Co-operative** for a theatre project with the disabled; the **Mario Ravera ANFASS Association** to expand its community accommodation; the **Varese AVIS** for the purchase of a new motor vehicle; and the **Casa Don Guanella** for the purchase of health aids for the non-self-sufficient elderly.

The Foundation also made a significant commitment in the field of art and culture. The largest donations were to the **Parish of San Vittore** di Varese to complete the restoration of the baptistery, to the **Parish of Azzio** to restore the “Chiesa del Convento” and to the **Paul VI Foundation** for the theatre project “Tra Sacro e Sacromonte”.

Finally significant donations were also made in the field of education and scientific research to the following: the Foundation gave its support to the **Audiologica Foundation** for the creation of a scholarship; the **Friends of the University Association** for a research grant; the **Schiaparelli astronomical Society** to complete the “Galileo” telescope, the **Cooperativa Mediazione Integrazione Onlus** for a cultural mediation project.

FONDAZIONE BANCA POPOLARE DI VIGEVANO

Founded in 1991 by the bank of the same name which was merged into Banca Popolare Commercio e Industria, it has continued over the years to support local initiatives of a humanitarian, social, cultural and charitable nature.

In 2013 the Foundation contributed in the welfare field to the installation of a new lift in a home for the disabled and made a donation of remote first aid equipment to the local **Red Cross**.

Initiatives were also promoted in the welfare and training field on dyslexia, awareness on the subject of violence against women and on voluntary work, while for local development purposes the project **Vigevano Smart City** was supported for the redevelopment and promotion of the city.

The economic and financial crisis still in progress has underlined the critical importance of the banking system in relation to sustainable growth, especially in the current context of the interdependence of local economies and the globalisation of financial services.

Given its nature and its distribution network in the community, the UBI Banca Group can generate significant indirect impacts on the economy, especially at local level:

- the competitiveness of the economy, as a result of support to medium-sized enterprises to promote growth and technological innovation and to manage the crisis;
- the development of depressed economic areas, through geographical choices for the location and allocation of economic resources;
- the development and promotion of new business opportunities and the reduction of environmental costs through support for investments to develop and use renewable energies and through attention paid to environmental factors in lending, investing and purchasing processes;
- the reduction of risks and the maximisation of the social benefits of development through attention to issues such as financial inclusion, a civil economy, financial education, occupational health and safety, non-discrimination and equal opportunities.

On a national scale, UBI Banca can help reduce the social costs of economic inequalities, illegal conduct and threats to peace and security to the extent to which:

- it contributes to the efficiency and stability of the financial system through proper risk management, monitoring the market, respect for supervisory authorities and proper commercial practices in dealings with customers and competitors;
- it observes the law and co-operates with institutions in the performance of all activities where risks may arise (e.g. in competition and market abuse, money-laundering, terrorism, privacy and consumer protection).

UBI Banca takes these issues seriously, both in the formulation and implementation of policies and commercial and production practices and it accounts for them through its financial and non-financial reporting (Consolidated Financial Statements and Social Report), even if it is difficult to identify metrics and operating tools to measure the impacts.

EN. Environmental performance

In compliance with the principles of the Global Compact, UBI Banca pursues a preventative and proactive approach to environmental issues, as part of its social responsibility with regard to society and the local communities in which it operates. To achieve this, in 2008 it set an **environmental policy** designed to both progressively and gradually reduce direct environmental impacts in terms of consumption (principally energy, paper and toner), greenhouse gas emissions (principally CO₂) and the production and disposal of waste and the implementation of initiatives in order to promote virtuous conduct along the value chain with reference primarily to customers.

Raw materials

EN1 MATERIALS USED

| RAW MATERIAL CONSUMPTION ¹ | 2013 | 2012 | 2011 |
|---------------------------------------|-----------|-----------|-----------|
| Paper (Kg) | 2,167,367 | 2,324,453 | 2,000,705 |
| of which: current paper for printing | 1,353,380 | 1,554,766 | n.d. |
| communication and prints to customers | 245,347 | 257,586 | n.d. |
| forms | 174,100 | 129,081 | n.d. |
| brochures | 183,097 | 201,398 | n.d. |
| corporate reports | 26,250 | 9,473 | n.d. |
| envelopes | 185,193 | 113,149 | n.d. |
| other publications | - | 59,000 | n.d. |
| of which certified: FSC | 76% | 73% | 71% |
| ECF | 100% | 100% | 98% |
| Ecolabel | 79% | 76% | 85% |
| per employee (Kg) | 119.7 | 130.2 | 112.0 |
| Toner (Kg) | 39,862 | 39,038 | n.d. |
| per employee (Kg) | 2.2 | 2.2 | n.d. |

¹ The data are estimated on the basis of actual spending.

In 2012 the measurement of consumption of the various types of paper was refined. Therefore data are not comparable with the previous years.

The main raw material used is **paper**. The Group is continuing with its commitment to increase the use of paper with a low environmental impact, both because it originates from responsibly managed forests and because of the manufacturing processes, and also to optimise its consumption with activities such as remote monitoring of printers and "paperless" document processing. Three main lines of action have been taken on "paperless" processing as follows:

- that for **documents**, with digitisation extended to include the management of non-performing loans and the unsecured guarantee database;
- that for **digital signatures**, which allows the production of digital documents right from the outset, with the conclusion in 2013 of the experimental stage of the **graphometric signature project**¹ and the release of software application infrastructure support to all Group branches in the first months of 2014;
- that for **replacement conservation** for which the project to insource previously outsourced activities at UBI Sistemi e Servizi was concluded, not just for greater security but also for the cost advantages with a view to the conservation of growing volumes of digitised documents.

The spread of the service entitled **Le mie contabili (my accounts)** is of great importance as part of the project to develop the "multi-channel banking" project. This service, further enhanced in 2013, allows all users of the internet banking service (Qui UBI and Qui UBI Affari) to receive most of the documentation which the bank normally sends by ordinary mail in electronic format free of charge. Approximately 780,000 customers have been registered for the service (an increase of 30% compared with 2012) with over 1,100,000 accounts signed up. A further increase in the documents

¹ Biometric/graphometric technology can be used to place a naturally produced digital signature on documents and that is the placing of a graphics stroke on a special tablet that is able to "capture" the five characteristic traits of individual handwriting: the rhythm, speed, pressure, acceleration and movement.

available online is planned in 2014 with the extension of the service also to include QUI UBI Imprese internet banking and the possibility to ask for the electronic receipt of correspondence also for those customers not registered for internet banking services.

At the end of the year remote digital signatures were introduced on the **Remote Selling** platform which allows those who wish to purchase Group products and services online to complete the purchase without the need to print and send hard copy documents.

**EN2
RECYCLED RAW
MATERIALS**

To date the Group has introduced no specific guidelines for the purchase of products produced using recycled materials. Training on the sustainability of purchases will be given to Group buyers planned for 2014 with regard to this possibility.

Energy

**EN3
DIRECT ENERGY
CONSUMPTION BY
SOURCE**

The optimisation of energy supplies and consumption is a priority and it is overseen by the Group **Energy Manager** who, in addition to managing energy supply contracts (electricity, methane, gas oil, etc.), makes recommendations to the different organisational units responsible on the rational and efficient use of energy sources.

**EN4
INDIRECT ENERGY
CONSUMPTION BY
SOURCE**

The Group is a member of the **Italian Banking Association Energy Consortium**, which acts as a research and training centre for energy savings and advice and it also co-ordinates cost analysis and data acquisition as well as making group energy purchases at attractive conditions.

**G4-EN5
ENERGY INTENSITY**

3.11

| INDIRECT ENERGY CONSUMPTION¹ | 2013² | 2012² | 2011² |
|--|-------------------------|-------------------------|-------------------------|
| Electricity purchased (kWh) | 110,031,694 | 118,561,125 | 125,293,213 |
| per employee | 6,285.91 | 6,638.73 | 7,012.94 |
| by surface area (kWh/Sq.m) | 109.87 | 118.03 | 121.13 |
| percentage from renewable sources ³ | 100% | 100% | 100% |
| TOE ⁴ | 20,576 | 22,171 | 23,430 |
| GJ | 396,114 | 426,820 | 451,056 |
| Distric heating (kWh) | 10,555,556 | 9,220,850 | 10,784,843 |
| per employee | 603.02 | 516.31 | 603.65 |
| by surface area (kWh/Sq.m) | 10.54 | 9.18 | 10.43 |
| TOE ⁴ | 908 | 793 | 927 |
| GJ | 38,000 | 33,195 | 38,825 |
| Electricity from owned photovoltaic | 222,464 | 238,128 | 184,099 |
| per employee (kWh) | 12.71 | 13.33 | 10.30 |
| by surface area (kWh/Sq.m) | 0.22 | 0.24 | 0.18 |
| TOE ³ | 42 | 45 | 34 |
| GJ | 801 | 857 | 663 |
| TOTAL TOE⁴ | 21,525 | 23,008 | 24,391 |
| TOTAL GJ | 434,915 | 460,872 | 490,544 |
| of which: from non renewable sources | 38,000 | 33,195 | 38,825 |
| from renewable sources | 396,915 | 427,677 | 451,719 |

¹ The data are estimated on the basis of actual spending. See 3.11 for a definition of the coefficients used to calculate TOE and GJ.

² For shared condominium expenses we have the figure for total spending and we have no drivers to allocate consumption. The heating expenses amount to approximately 70% of actual annual spending: approximately euro 8,560,000 for 2013, 8,155,000 for 2012 and 8,342,000 for 2011.

³ CO-FER (www.gse.it) certificates purchased by CVA Trading.

⁴ Ton oil equivalents.

| DIRECT ENERGY CONSUMPTION¹ | 2013 | 2012 | 2011 |
|--|----------------|----------------|----------------|
| Heating | | | |
| Natural gas (Cu.m) | 4,916,296 | 4,617,829 | 4,874,428 |
| per employee (Cu.m) | 280.86 | 258.57 | 272.83 |
| by surface area (Cu.m/Sq.m) | 4.91 | 4.60 | 4.71 |
| TOE ² | 4,031 | 3,787 | 3,997 |
| GJ | 168,531 | 158,299 | 167,095 |
| Gas oil (Ton) | 501 | 701 | 856 |
| Gas oil (L) | 596,165 | 834,099 | 1,019,435 |
| per employee (L) | 34.06 | 46.70 | 57.10 |
| by surface area (L/Sq.m) | 0.60 | 0.83 | 1.00 |
| TOE ² | 541 | 757 | 925 |
| GJ | 21,343 | 29,861 | 36,497 |
| LPG (Ton) | 10 | 11 | 16 |
| LPG (L) | 18,696 | 21,255 | 28,823 |
| per employee (L) | 1.07 | 1.19 | 1.60 |
| by surface area (L/Sq.m) | 0.02 | 0.02 | 0.03 |
| TOE ² | 11 | 13 | 17 |
| GJ | 465 | 543 | 736 |
| Company car fleet | | | |
| Petrol (Ton) | 27 | 36 | 50 |
| Petrol (L) | 36,274 | 48,333 | 67,568 |
| TOE ² | 32 | 43 | 60 |
| GJ | 1,173 | 1,563 | 1,908 |
| Gas oil (Ton) | 976 | 1,116 | 1,361 |
| Gas oil (L) | 1,162,303 | 1,328,092 | 1,620,238 |
| TOE ² | 1,054 | 1,205 | 1,470 |
| GJ | 41,875 | 47,848 | 50,094 |
| LPG (Ton) | 7.85 | 1.73 | 0.13 |
| LPG (L) | 14,543 | 3,210 | 241 |
| TOE ² | 8.64 | 1.91 | 0.15 |
| GJ | 362.04 | 81.98 | 4.83 |
| TOTAL TOE² | 5,679 | 5,806 | 6,469 |
| TOTAL GJ | 233,749 | 238,196 | 256,335 |
| of which: from non renewable sources | 233,749 | 238,196 | 256,335 |
| from renewable sources | - | - | - |

¹ The data are estimated on the basis of actual spending. See 3.11 for a definition of the coefficients used to calculate TOE and GJ.

² Ton oil equivalents.

| ENERGY INTENSITY (GJ)¹ | 2013 | 2012 | 2011 |
|--|-------------|-------------|-------------|
| Total energy consumption | 668,664 | 699,068 | 746,879 |
| Energy intensity | | | |
| per employee | 38.20 | 39.74 | 41.80 |
| by surface area (Sq.m) | 0.67 | 0.70 | 0.72 |

¹ Does not include the corporate mobility by planes, trains and employees' cars.

EN5 ENERGY SAVED DUE TO CONSERVATION AND EFFICIENCY IMPROVEMENTS

Again in 2013 the Group paid particular attention to the reduction of waste and energy consumption through the implementation of an **Energy Management** programme.

A substantial contribution to reducing consumption and emissions is made by the properties and eco-compatibility of buildings. The Group has adopted a design system for the construction and refurbishment of offices and branches, which brings them constantly into line with technological advances available on the market. The system involves an energy section with three lines of action:

- **electricity and lighting**, with a system that guarantees constant levels of lighting and reductions in consumption partly through the possibility of the partial use of individual lamps;
- **machinery and plant**, with high efficiency energy equipment such as refrigeration units with heat pumps fitted with inverters, high-performance condensing boilers with low harmful gas emissions;

- **architecture and structure**, with greater use of insulation and film on windows to control sunlight. This reflects up to 70% of the incoming heat, maintains interior temperatures of buildings lower and reduces the need for air conditioning.

In 2013 windows were replaced in seven branches with profiles and glass compliant with the architecture and structure of the system. In five branches heat generators were replaced with new high performance plants and new high performance heat or refrigeration pumps were installed in 70 branches.

Six central heating systems were converted to methane with an increase in performance and a reduction in emissions, including two belonging to large buildings, and a long term methane conversion project was launched with a request for gas connection for one of the most energy devouring headquarters located in Milan from the viewpoint of gasoil consumption.

Finally, a firm was engaged for the executive development of a long-term plan to install photovoltaic panels at the management headquarters of Banca Carime in Bari. A remote control system is used to control 314 air conditioning and heating systems (of which 34 since 2013) via intranet, for which the correct settings for the required ambient temperature and on and off times are verified constantly both in winter and summer.

An energy audit was commissioned for two UBI Sistemi e Servizi buildings at Brescia and Bergamo – the highest energy devouring buildings of the Group – and for the management headquarters of Banca Popolare di Ancona at Jesi, in order to identify the most appropriate action to take to increase energy efficiency in terms of cost-benefits. Another two energy audits were commenced for other buildings in Bergamo and Milan.

The Department of Energy at Milan Polytechnic was commissioned to conduct a study to identify action to contain the energy consumption of the data processing centre at Brescia. A system was installed in order to carry out the study to measure the following energy flows: PUE (efficiency indicator for the data processing rooms), IT and air conditioning/heating power consumption, environmental temperature. The spaces occupied by personnel at the Banca Carime headquarters were compacted in order to avoid inefficiencies in consumption by optimising the per capita occupation of floor space.

In order to reduce consumption by computer equipment, 2,848 latest generation PCs were purchased as part of the **renewal of the PC fleet**. These guarantee lower power consumption. Work station monitors all have the following energy efficiency certifications: **TCO display 5.0**, **TCO 03** and **Energy Star**, while all notebooks, desktop PCs and printers have **Energy Star** certification.

The introduction over the last 24 months of **server virtualisation** has allowed the consolidation of approximately 2,000 departmental servers on approximately 100 physical servers fitted with energy consumption functions which automatically adjust to requests for processing capacity, with a consequent automatic reduction in power consumption during periods of inactivity by software applications.

Lastly, implementation of the policy to turn off signs was completed and tender procedures were set in motion to install LED signs if existing signs malfunction or are replaced.

In consideration of the activity carried out, the indicator is held to be significant, not so much with regard to products and services that are energy efficient in themselves or that are based on renewable energy, as with regard to the supply of products and services designed to support investments for energy savings and the use of renewable energy as reported in the section on products and investments for environmental purposes [[FS8](#)].

EN6
INITIATIVES TO
PROVIDE ENERGY
EFFICIENT OR
RENEWABLE ENERGY
BASED PRODUCTS
AND SERVICES

**EN7
INITIATIVES TO
REDUCE INDIRECT
ENERGY
CONSUMPTION AND
THE REDUCTIONS
ACHIEVED**

The Group has undertaken various initiatives to reduce indirect energy consumption connected with the mobility of employees. These regard the following: a travel policy which gives priority to the use of collective public transport for business travel [↗ EN17]; increasingly greater use of video conferencing to replace physical travel [↗ EN18]; and the use of company buses for travel to and from work [↗ EN18]. In order to reduce the consumption of electricity purchased, when refrigeration and lighting units are replaced preference is given to the installation of high-performance equipment [↗ EN5].

Water

**EN8
TOTAL WATER
WITHDRAWAL BY
SOURCE**

The water used is supplied exclusively from the public water mains. Therefore there are no other sources that can be significantly affected by the volumes of withdrawal.

Action was taken in 2012 and 2013 on around ten condensed water air conditioning systems to reduce water consumption by replacing some of these with air condensed models and by carrying out repairs on the rest to eliminate waste. The activity will also continue in 2014.

| WATER CONSUMPTION (Cu.m)¹ | 2013 | 2012 | 2011 |
|---|-------------|-------------|-------------|
| Water withdrawn from the public mains | 358,217 | 692,015 | 671,502 |
| per employee | 20.46 | 38.75 | 37.60 |

The significant reduction in water consumption reported for 2013 depends only in part by the decrease in the number of employees and the extraordinary maintenance carried out. Since the calculation of consumption is made on the basis of the invoices received from suppliers and since their billing is often not accurate and can be based on alleged consumption, the figure for 2013 could be affected by significant adjustments on high billings of previous years.

**EN9
WATER SOURCES
SIGNIFICANTLY
AFFECTED BY
WITHDRAWAL**

In consideration of the activity carried out and its location, the indicators are not considered significant.

**EN10
WATER RECYCLED
AND REUSED**

**EN11
TERRENI IN AREE
PROTETTE O AD
ELEVATA
BIODIVERSITÀ**

Biodiversity

The Group owns over 12 hectares of land located in agricultural areas, but it has no land in protected areas or that is important with regard to the protection of biodiversity.

**EN12
IMPACT OF
ACTIVITIES,
PRODUCTS AND
SERVICES ON
BIODIVERSITY**

In consideration of the activity carried out and its location, the indicators are not considered significant.

**EN13
HABITATS
PROTECTED OR
RESTORED**

EN14
STRATEGIE E AZIONI
PER GESTIRE GLI
IMPATTI SULLA
BIODIVERSITÀ

EN15
SPECIE PROTETTE
PRESENTI NELLE AREE
IN CUI OPERA
L'ORGANIZZAZIONE

In consideration of the activity carried out and its location, the indicators are not considered significant.

Emissions, effluents e waste

EN16
TOTAL DIRECT AND
INDIRECT
GREENHOUSE GAS
EMISSIONS

Indirect emissions relate solely to electricity purchased, because – in compliance with the guidelines issued by Italian Banking Association Energy for banks – emissions resulting from district heating are not considered because the heat used comes from power generating plants and therefore the relative emissions are reported by the users of the electricity.

G4-EN18
GREENHOUSE GAS
EMISSIONS

Again in 2013, as in 2012 and 2011, CO₂ emissions from purchased electricity were fully offset by the purchase from CVA Trading of **COFER** certificates representing electricity produced from renewable sources for the entire supply.

☞ 3.11

| DIRECT EMISSIONS (Tons) | 2013 | | | | | 2012 | | | | | 2011 | | | | |
|-----------------------------|-----------------|-----------------|-----------------|--------------------------|-------------------|-----------------|-----------------|-----------------|--------------------------|-------------------|-----------------|-----------------|-----------------|--------------------------|-------------------|
| | CO ₂ | NO _x | SO _x | Other gases ¹ | CO ₂ e | CO ₂ | NO _x | SO _x | Other gases ¹ | CO ₂ e | CO ₂ | NO _x | SO _x | Other gases ¹ | CO ₂ e |
| From heating systems | | | | | | | | | | | | | | | |
| Natural gas | 9,562.2 | 11.89 | 0.08 | 0.59 | 9,623.0 | 9,060.2 | 11.17 | 0.08 | 0.55 | 9,117.2 | 9,544.1 | 11.79 | 0.08 | 0.42 | 9,604.4 |
| Gas oil | 1,572.9 | 1.47 | 2.94 | 0.19 | 1,589.4 | 2,200.7 | 2.06 | 4.12 | 0.27 | 2,223.7 | 2,659.2 | 1.94 | 3.89 | 0.24 | 2,682.4 |
| LPG | 30.1 | - | - | 0.00 | 30.2 | 34.2 | - | - | - | 34.3 | 46.5 | - | - | n.s. | 46.6 |
| Company car fleet | | | | | | | | | | | | | | | |
| Petrol | 83.5 | - | - | 0.03 | 84.8 | 111.2 | - | - | 0.04 | 112.9 | 154.6 | - | - | 0.10 | 157.0 |
| Gas oil | 3,063.7 | - | - | 0.17 | 3,097.5 | 3,500.7 | - | - | 0.16 | 3,533.5 | 4,270.3 | - | - | 0.10 | 4,310.3 |
| LPG | 23.4 | - | - | 0.01 | 24.7 | 5.2 | - | - | 0.00 | 5.5 | 0.3 | - | - | n.s. | 0.3 |
| TOTAL | 14,335.9 | 13.36 | 3.03 | 0.99 | 14,449.6 | 14,912.3 | 13.23 | 4.20 | 1.02 | 15,027.2 | 16,675.0 | 13.73 | 3.97 | 0.80 | 16,800.9 |

¹ Includes CH₄ and N₂O.

| GREENHOUSE GAS EMISSIONS INTENSITY (Ton) ¹ | 2013 | | | 2012 | | | 2011 | | |
|---|-----------------|--------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|--------------------------|-------------------|
| | CO ₂ | Other gases ² | CO ₂ e | CO ₂ | Other gases ² | CO ₂ e | CO ₂ | Other gases ² | CO ₂ e |
| Total emissions | 14,335.9 | 0.99 | 14,449.6 | 14,912.3 | 1.02 | 15,027.2 | 16,675.0 | 0.80 | 16,800.9 |
| Emissions intensity | | | | | | | | | |
| per employee | 0.82 | 0.000057 | 0.83 | 0.85 | 0.000058 | 0.85 | 0.93 | 0.000045 | 0.94 |
| per surface area (Sq.m) | 0.01 | 0.000001 | 0.01 | 0.01 | 0.000001 | 0.01 | 0.02 | 0.000001 | 0.02 |

¹ Does not include the corporate mobility by planes, trains and employees' cars.

² Includes CH₄ and N₂O.

EN17
OTHER INDIRECT
GREENHOUSE GAS
EMISSIONS

☞ 3.11

Indirect greenhouse gas emissions, which are not covered by the other indicators regard mostly corporate travel using vehicles other than those in the Group car fleet [☞ EN16].

| CORPORATE TRAVEL (Tons) | 2013 | | 2012 | | 2011 | |
|-------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | CO ₂ | CO ₂ e | CO ₂ | CO ₂ e | CO ₂ | CO ₂ e |
| Group car fleet | 3,170.6 | 3,207.0 | 3,617.1 | 3,651.9 | 4,425.2 | 4,467.6 |
| Private vehicles ¹ | 2,257.7 | 2,284.3 | 3,013.3 | 3,048.0 | 3,617.4 | 3,659.0 |
| Train | 169.0 | 206.3 | 117.2 | 143.1 | n.d. | n.d. |
| Air | 386.4 | 470.8 | 269.2 | 327.9 | n.d. | n.d. |
| TOTAL | 5,983.7 | 6,168.4 | 7,016.8 | 7,170.9 | 8,042.6 | 8,126.6 |

¹ The emissions of the years 2012 and 2011 were recalculated using the coefficients of the indicator 3.11.

**EN18
INITIATIVES TO
REDUCE GREENHOUSE
GAS EMISSIONS AND
THE REDUCTIONS
ACHIEVED**

EN5

The Group has a number of large business centres consisting of the headquarters of the Parent, the network banks and the product companies on which problems of sustainable mobility and initiatives to solve them are concentrated. These matters are supervised by the Group **Mobility Manager** in the Human Resources Area.

In order to encourage more sustainable to-and-from work mobility, for some years now protected parking areas have been provided for bicycles in some of the main headquarters of the Group and a coach shuttle service runs between Bergamo, Varese, Brescia and Milan (and actually within the city for the latter). In 2013 the service was used on average by 400 employees per day, thereby preventing emissions of well over 1,081 tons of CO₂ compared to the use of car travel.

| VIDEO-CONFERENCES | 2013 | 2012 | 2011 |
|--|--------|--------|--------|
| Offices equipped | 383 | 326 | 337 |
| Video rooms | 216 | 183 | 182 |
| Number of video-conferences | 20,801 | 16,030 | 3,447 |
| number of participants | 62,403 | 48,090 | 10,341 |
| average number of participants | 3 | 3 | 3 |
| Estimated CO ₂ emission savings (Ton) | | | |
| CO ₂ | 479 | 369 | 298 |
| CO ₂ e | 488 | 376 | n.d. |

Both the procedures for recording the video conferences carried out (and the relative number of participants) and the calculation of emission savings were refined in 2012. Therefore the 2012 data are not comparable with previous years ones.

To demonstrate its environmental commitment, again in 2013 the Group participated in the initiative **M'illumino di meno (I use less light)**, symbolically switching off the neon signs of the main



headquarters of UBI Banca, UBI Sistemi e Servizi and of the network banks and some large Group branches and educating employees by publicising the initiative and an energy savings "Decalogue" on the corporate intranet portal UBILife.

IWBank [EN 2.3], in co-operation with Puraction², quantified the CO₂ emissions resulting from online current account management compared with a conventional bank account. The analysis showed that an online account allowed savings of up to around 76% in carbon dioxide emissions

compared with a conventional account [www.iwbank.it/contents/ITA/landing_iwgreen.html].

**EN19
EMISSIONS OF
OZONE-DEPLETING
SUBSTANCES**

The only source of ozone-depleting substances involved in the activity carried out consists of air conditioning systems.

Almost all of the new air conditioning systems installed in offices contain the non-polluting R410 refrigerant gas, while some remaining systems still use the R22 gas as well non-polluting R407 and R134 gases. With regard to the R22 gas, the maintenance firms which repair gas leaks have been asked to furnish reports on maintenance intervention carried out, giving the quantity of gas used to top up the system to the correct level for the functioning of the equipment. The quantity of the gas introduced into the systems repaired during the year amounted to 939 kg of which 220 kg was regenerated R22 gas .

The replacement of systems still operating on R22 gas began in 2013 (45 systems replaced) and will continue in 2014.

² The first Italian company fully dedicated to the CO₂ emission reduction rights market, in the field of the integrated management of energy commodities and sustainable development [www.puraction.com].

**EN20
OTHER SIGNIFICANT
AIR EMISSIONS**

Significant polluting air emissions involved in the activity carried out regard those substances reported in table EN16 only, which also gives NO_x and SO_x emissions.

☞ EN16

**EN21
WATER DISCHARGE**

All water consumed (including water used in air conditioning systems, which cannot be quantified separately) is withdrawn from the public water mains and is discharged into the public sewers.

**EN22
WASTE BY TYPE AND
DISPOSAL METHOD**

As much as 99.99% of separated waste is sent for recycling or recovery. This does not include solid urban refuse which is managed by the public waste collection service and for which we are unable to record the quantities.

| WASTE SEPARATION (Kg) | 2013 | 2012 | 2011 |
|-------------------------------------|------------------|------------------|------------------|
| Paper and cardboard/paper packaging | 1,609,650 | 1,675,938 | 1,936,790 |
| Other packaging | 136,753 | 139,197 | 81,028 |
| Toner | 31,830 | 34,730 | 35,882 |
| Glass, cans and iron | 3,270 | 2,303 | 861 |
| Plastic | 2,601 | 3,108 | 3,484 |
| Other waste | 77,296 | 42,986 | 103,102 |
| TOTAL | 1,861,399 | 1,898,261 | 2,161,146 |
| of which hazardous | 7,353 | 7,266 | 10,276 |
| per employee | 106.34 | 106.29 | 120.96 |
| by surface area (Kg/Sq.m) | 1.9 | 1.9 | 2.1 |

**EN23
SIGNIFICANT
POLLUTANT SPILLS**

In consideration of the activity carried out and its location, the indicator is not considered important.

**EN24
HAZARDOUS WASTES**

The dangerous waste reported for the EN22 indicator consisted primarily of retired electronic equipment containing dangerous substances (97.8% of hazardous waste), lead batteries (0.3%) and medical waste (1.9%) and they are entrusted to authorised local waste disposal companies.

**EN25
WATER HABITATS
AFFECTED BY
DISCHARGES**

In consideration of the activity carried out and its location, the indicator is not considered important.

Products and services

**EN26
INITIATIVES TO
MITIGATE
ENVIRONMENTAL
IMPACTS OF
PRODUCTS AND
SERVICES**

Given the activity carried out, it is not considered possible to identify the environmental impacts of the production and use of the Group's products and services, other than those already reported through the other indicators for environmental aspects of operations.

EN27
PRODUCTS SOLD AND
THEIR PACKAGING
MATERIALS THAT ARE
RECLAIMED

In consideration of the activity carried out, the indicator is not considered important.

Compliance

EN28
SIGNIFICANT FINES
AND NON-
MONETARY
SANCTIONS FOR
NON-COMPLIANCE
WITH
ENVIRONMENTAL
LAWS

No significant sanctions were imposed for non-compliance with environmental regulations..

Transport

EN29
SIGNIFICANT
ENVIRONMENTAL
IMPACTS OF
TRANSPORTING
PRODUCTS AND
MATERIALS USED AND
OF TRANSPORTING
PERSONNEL

In consideration of the activity carried out, the indicator is not considered important, except in relation to employee mobility, the impact of which has already been reported under other indicators EN16 and EN17.

Overall

EN30
ENVIRONMENTAL
PROTECTION
EXPENDITURES AND
INVESTMENTS

No monitoring of expenditures and investments in environmental protection is currently performed.

LA. Labour practices and decent work

Personnel represent an asset with values, capabilities and competencies, the recognition and enhancement of which, considered in terms of capitalising and using the capabilities and competencies of individuals, constitute essential conditions for achieving UBI Banca's mission.

The principles endorsed by ILO (International Labour Organisation) conventions are applied throughout the Group. The local and national standards which Group companies and banks must observe are based on those principles. The policies and processes for personnel management comply with these principles and those of the Global Compact and they employ the values of fairness, consistency, meritocracy and uniformity to translate Group objectives into personal, team and corporate results.

Employment

The requirement to take action on the cost of labour – in connection with the negative performance of the economy in general and amendments to the pension system introduced by the "Save Italy decree" – and at the same time to cushion repercussions in financial and social terms, led UBI Banca to sign agreements with trade union organisations to provide early retirement incentives on a voluntary basis and in relation to generation turnover and to introduce layoffs and reductions in working hours [↗ LA5].

LA1 PROFILE OF THE PERSONNEL

↗ LA13

| PERSONNEL AT THE END OF THE YEAR | 2013 | | 2012 | | 2011 | |
|--|---------------|--------------|---------------|--------------|---------------|--------------|
| | Total | Women | Total | Women | Total | Women |
| Employees | 18,350 | 6,861 | 19,105 | 7,051 | 19,391 | 7,140 |
| of which: | | | | | | |
| permanent | 18,168 | 6,771 | 19,010 | 7,006 | 19,270 | 7,078 |
| on temporary contracts | 140 | 68 | 87 | 45 | 104 | 57 |
| apprentices | 42 | 22 | 8 | - | 17 | 5 |
| Associate workers | 16 | 8 | 34 | 13 | 125 | 51 |
| of which: | | | | | | |
| personnel leasing | 1 | - | 2 | 1 | 68 | 23 |
| other contracts (e.g. internship/agency) | 15 | 8 | 32 | 12 | 57 | 28 |
| TOTAL | 18,366 | 6,869 | 19,139 | 7,064 | 19,516 | 7,191 |

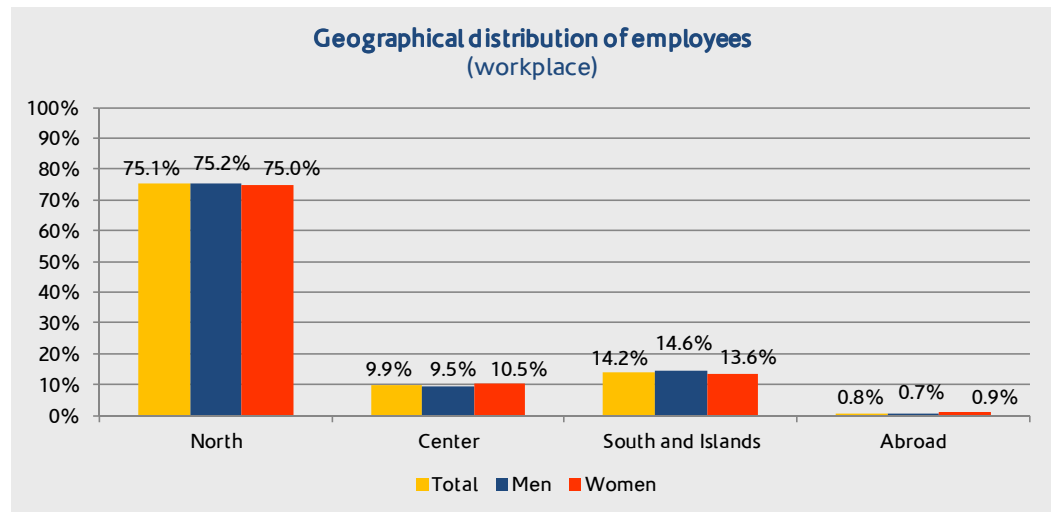
Average associate workers during the year in 2013 numbered 22 of which 11 were women.

| PART-TIME WORK CONTRACTS | 2013 | | | 2012 | | | 2011 | | |
|--------------------------------|-------|-------|--------------------------|-------|-------|--------------------------|-------|-------|--------------------------|
| | Total | Women | Women out of staff | Total | Women | Women out of staff | Total | Women | Women out of staff |
| Employees | 1,637 | 1,557 | 8.9% | 1,651 | 1,564 | 8.6% | 1,526 | 1,450 | 7.9% |

The main tools employed by the Group for flexible working and the reconciliation of family and work time are **part-time** contracts, the possibility to **reduce or suspend working hours** [↗ LA5], the "**time bank**" scheme, the possibility to move **closer to their homes** (exploiting where possible intragroup mobility opportunities) and service provision [↗ LA3]. Priority is given in allowing part-time work contracts to applicants with good grounds and in particular to those justified by the need to care for children, whether biological or fostered (below maximum junior school age) or by serious family reasons and/or because of the health of the applicant, a spouse, first degree relatives and person's under the legal guardianship of the applicant.

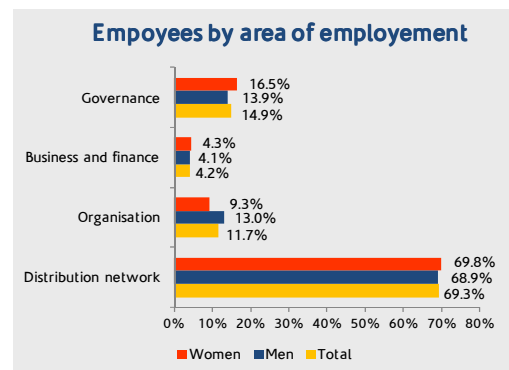
Where possible, if compatible with the operating requirements of the company, employment solutions are sought within the organizational unit to which the person belongs or one close to it. Weekly and daily working hours are decided by the company, the organizational unit in question and the employee together, in the context of the provisions of the national labour contract and if compatible with service requirements. The duration of part-time contracts is generally for a maximum of four years and two-year extensions may be requested. These are granted on the basis of the places available and if they are compatible with service requirements and those of the

employee. Female workers on part-time contracts who take leave from work for pregnancy, maternity and postnatal convalescence, may normally request a further part-time contract of four years.



Geographical mobility defined as working in a different province to that in which a person is resident affects 20.8% of employees.

The Group tries, where possible and if compatible with organisational requirements, to satisfy requests to work close to home made by employees classified as belonging to “professional areas” and special attention is paid to employees who have been working for at least two years in organisational units at distances of over 40 km (to work and back) from their homes.



Moving personnel closer to their homes may result in new or different duties from those performed in their original organisational units.

**LA2
TURNOVER**

LA5

Activities for finding and selecting personnel for the whole Group are centralised at UBI Banca and they are based on criteria of transparency, independent judgement and respect for personal information on candidates.

Candidates are acquired through the **“Work” section of the corporate website of the Group** and over 39,000 CVs were received during the year. The selection procedure involves various stages of aptitude and behavioural tests, Group assessment and individual interviews to foster mutual knowledge and it not only considers the professional training and experience of candidates but also their human experiences.

Selection procedures involved approximately 1,500 candidates in 2013, with a focus on new university graduates and professional and middle management roles in various specialist areas.

In 2013 UBI Banca took part in career days and company presentations organised mainly by schools and universities in the areas in which the Group operates, in order to let young people know the type of qualifications and experience in which the Group is interested, to acquire candidates and to carry out preliminary and counselling interviews,

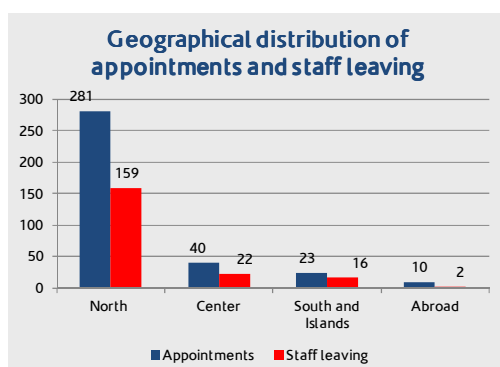
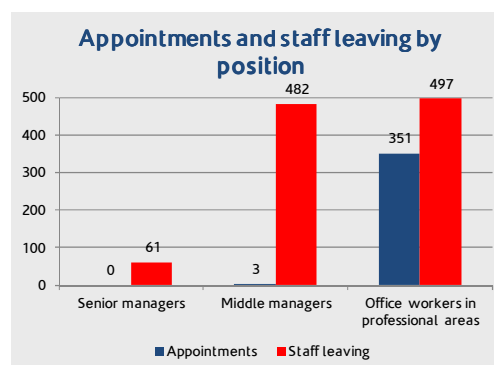
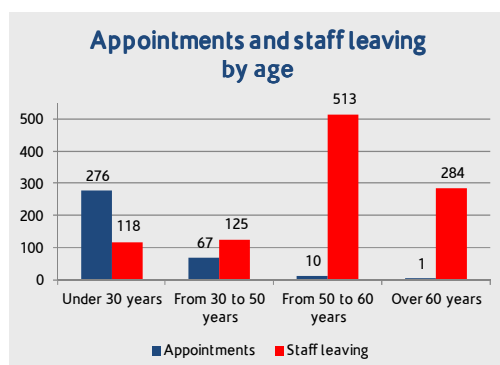
During the year 57 persons were appointed on internships in co-operation with these institutions, of which 38 were university undergraduates or graduates and 19 school leavers. These provide opportunities for specialist “on-the-job” training above all at the Parent and in the product companies. A further 11 trainee position appointments were made at representative offices in

China, Brazil, India and Russia.

| APPOINTMENTS | 2013 | | 2012 | | 2011 | |
|------------------------|------------|------------|------------|------------|------------|------------|
| | TOTAL | WOMEN | TOTAL | WOMEN | TOTAL | WOMEN |
| On temporary contracts | 315 | 181 | 141 | 79 | 222 | 126 |
| of which from: | | | | | | |
| personnel leasing | 0 | 0 | 2 | 0 | 4 | 3 |
| apprentices | 42 | 22 | 0 | 0 | 0 | 0 |
| internship | 0 | 0 | 1 | 0 | 4 | 0 |
| Permanent | 39 | 18 | 61 | 21 | 136 | 45 |
| of which from: | | | | | | |
| personnel leasing | 0 | 0 | 1 | 0 | 5 | 1 |
| internship | 0 | 0 | 0 | 0 | 1 | 0 |
| TOTAL | 354 | 199 | 202 | 100 | 358 | 171 |

| CONVERSION FROM TEMPORARY CONTRACTS | 2013 | | 2012 | | 2011 | |
|-------------------------------------|-----------|-----------|-----------|----------|-----------|-----------|
| | TOTAL | WOMEN | TOTAL | WOMEN | TOTAL | WOMEN |
| From apprentices | 8 | 0 | 9 | 5 | 8 | 5 |
| Other | 63 | 31 | 15 | 3 | 82 | 37 |
| TOTAL | 71 | 31 | 24 | 8 | 90 | 42 |

| STAFF LEAVING | 2013 | | 2012 | | 2011 | |
|---------------------------|--------------|------------|------------|------------|------------|------------|
| | TOTAL | WOMEN | TOTAL | WOMEN | TOTAL | WOMEN |
| Business Plan reductions | 742 | 213 | 119 | 46 | 82 | 36 |
| of which: | | | | | | |
| “solidarity fund” | 677 | 192 | 2 | 2 | 60 | 31 |
| incentivised redundancies | 65 | 21 | 117 | 34 | 22 | 5 |
| Voluntary resignations | 93 | 23 | 112 | 30 | 220 | 65 |
| End of contract | 157 | 105 | 143 | 89 | 203 | 109 |
| Retirement | 5 | 1 | 9 | 3 | 7 | 0 |
| Dismissal | 18 | 3 | 32 | 4 | 23 | 5 |
| Other | 25 | 11 | 41 | 6 | 48 | 18 |
| TOTAL | 1,040 | 356 | 456 | 168 | 583 | 233 |



Total turnover – 5.7% compared with 2.4% in 2012 and 3.0% in 2011 – was affected mainly by personnel leaving on early retirement schemes implemented under the Framework Agreement of 29th November 2012 and the subsequent trade union memorandum of intent signed on 12th February 2013. Voluntary turnover, on the other hand, decreased, down to 0.5% compared with 0.6% in 2012 and 1.1% in 2011.

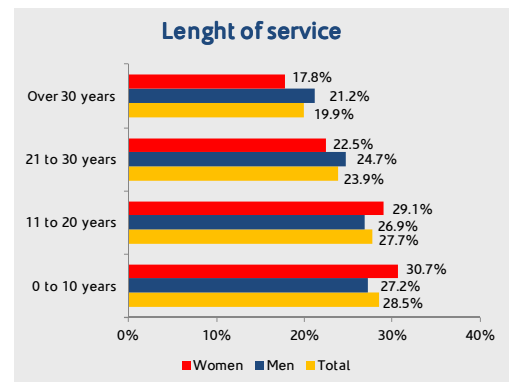
| RATE NEW EMPLOYEE HIRES AND TURNOVER | 2013 | | 2012 | | 2011 | |
|--------------------------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
| | NEW EMPLOYEE HIRES ¹ | TURNOVER ² | NEW EMPLOYEE HIRES ¹ | TURNOVER ² | NEW EMPLOYEE HIRES ¹ | TURNOVER ² |
| By position | | | | | | |
| Senior managers | 0.0% | 17.3% | 0.2% | 4.9% | 1.8% | 8.4% |
| Middle managers | 0.0% | 6.5% | 0.3% | 1.9% | 0.8% | 2.1% |
| Other personnel | 3.3% | 4.7% | 1.6% | 2.6% | 2.5% | 3.4% |
| By gender | | | | | | |
| Men | 1.3% | 6.0% | 0.8% | 2.4% | 1.5% | 2.9% |
| Women | 2.9% | 5.2% | 1.4% | 2.4% | 2.4% | 3.3% |
| By age | | | | | | |
| Under 30 | 33.4% | 14.3% | 12.3% | 10.0% | 15.5% | 13.8% |
| 30 to 50 | 0.6% | 1.1% | 0.6% | 1.4% | 1.2% | 2.0% |
| 50 to 60 | 0.2% | 8.8% | 0.2% | 2.0% | 0.3% | 2.4% |
| over 60 | 0.2% | 57.4% | 0.2% | 16.1% | 0.4% | 11.5% |
| By geographical area | | | | | | |
| North | 2.0% | 5.2% | 0.9% | 2.0% | 1.6% | 2.4% |
| Central | 2.2% | 5.9% | 1.5% | 3.9% | 2.0% | 3.6% |
| South and Islands | 0.9% | 7.9% | 0.9% | 2.6% | 2.3% | 3.8% |
| Abroad | 6.8% | 9.5% | 7.7% | 12.6% | 13.6% | 26.6% |
| TOTAL | 1.9% | 5.7% | 1.1% | 2.4% | 1.8% | 3.0% |

¹ Ratio appointments by category on total employees by category at the end of the year

² Ratio staff leaving by category on total employees by category at the end of the year.

Intra group mobility affected 377 persons (37.4% women) during the year, 193 less than in 2012. Transfer of the employment contract was carried out for 27 of these.

The average length of service is 19 years for men and 17 for women, while overall average length of service is 18 years.



**LA3
BENEFITS PROVIDED
TO FULL-TIME
EMPLOYEES THAT ARE
NON PROVIDED TO
TEMPORARY OR
PART-TIME
EMPLOYEES**

All Group employees, whether full-time or part-time can benefit, depending on the company to which they belong, from **supplementary forms of pension and health care, insurance policies** covering death or permanent disability, **gifts** on important occasions such as marriages, births and adoptions, degree awards, **scholarship grants** for children, **paid leave** to care for disabled family members, the emergency hospitalisation of family members, the birth or adoption of children and when they start nursery schooling. Cash grants are made to support single income families or families with disabled members.

The various services include **company crèches**, eight **company cultural and recreational clubs**, **holiday accommodation** facilities at tourist locations at attractive prices and **shuttle bus services** provided for travel to-and-from work at work places with large concentrations of personnel [EN18]. Favourable terms and conditions are granted on charges and commissions for banking services along with loans at special rates for the purchase of homes and automatic credit on easy terms in line with the best market conditions.

| EMPLOYEES WHO BENEFITED FROM LEAVE | 2013 | | | 2012 | 2011 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | TOTAL | MEN | WOMEN | TOTAL | TOTAL |
| Maternity and childcare | 2.884 | 750 | 2.134 | 1.818 | 1.801 |
| Study | 238 | 136 | 102 | 148 | 201 |
| Other personal needs | 5.841 | 2.981 | 2.860 | 5.777 | 5.556 |
| TOTAL | 8.963 | 3.867 | 5.096 | 7.743 | 7.558 |

| LEAVE DAYS | 2013 | | | 2012 | 2011 |
|-------------------------|---------------|--------------|---------------|----------------|----------------|
| | TOTAL | MEN | WOMEN | TOTAL | TOTAL |
| Maternity and childcare | 66.093 | 4.439 | 61.654 | 89.750 | 92.391 |
| Study | 820 | 460 | 360 | 935 | 1.249 |
| Other personal needs | 9.078 | 4.818 | 4.260 | 18.060 | 19.573 |
| TOTAL | 75.991 | 9.717 | 66.274 | 108.745 | 113.213 |

| SERVICES AND CONCESSIONS FOR EMPLOYEES | 2013 | | | | 2012 | | | | 2011 | | | |
|--|-----------|------------------|--------------|------------------------------------|-----------|------------------|--------------|------------------------------------|-----------|------------------|--------------|------------------------------------|
| | NO. USERS | PLACES AVAILABLE | LEVEL OF USE | COSTS INCURRED (thousands of euro) | NO. USERS | PLACES AVAILABLE | LEVEL OF USE | COSTS INCURRED (thousands of euro) | NO. USERS | PLACES AVAILABLE | LEVEL OF USE | COSTS INCURRED (thousands of euro) |
| Children's nurseries | 83 | 90 | 92.2% | 352 | 77 | 90 | 85.6% | 277 | 72 | 90 | 80.0% | 474 |
| of which: | | | | | | | | | | | | |
| Bergamo | 46 | 46 | 100.0% | | 40 | 46 | 87.0% | | 38 | 46 | 82.6% | |
| Brescia | 13 | 20 | 65.0% | | 13 | 20 | 65.0% | | 10 | 20 | 50.0% | |
| Milan | 12 | 12 | 100.0% | | 12 | 12 | 100.0% | | 12 | 12 | 100.0% | |
| Jesi | 12 | 12 | 100.0% | | 12 | 12 | 100.0% | | 12 | 12 | 100.0% | |
| Summer recreational center for children | 90 | 120 | 75.0% | 51 | | | | | | | | |
| Company cultural and recreational clubs ¹ | 29,063 | | | 529 | 22,811 | | | 555 | 14,221 | | | 586 |
| of which for: | | | | | | | | | | | | |
| sport | 2,972 | | | | 3,125 | | | | 2,872 | | | |
| tourist activities | 2,382 | | | | 3,485 | | | | 2,160 | | | |
| cultural activities | 4,411 | | | | 5,138 | | | | 2,726 | | | |
| recreational activities | 9,506 | | | | 9,660 | | | | 4,759 | | | |
| activities and services for | 9,792 | | | | 1,403 | | | | 1,704 | | | |
| Shuttle coach service | | | | 906 | | | | 883 | 370 | | | 833 |
| Supplementary pensions and insurance policies | | | | 52,466 | | | | 52,570 | | | | 50,455 |
| Study grants and contributions to families | | | | 4,372 | | | | 4,268 | | | | 4,218 |
| TOTAL COSTS | | | | 58,676 | | | | 58,553 | | | | 56,566 |

¹ Cral BPA, Cral BPB, Cral BPCI, Cral ex BSG, Cral CARIME, Circolo del Personale BRE and G.I.D UBI Banca, BVC.



Since 2002 the families of employees both in service and retired, with disabled children who are not self-sufficient, have been able to count on the support of the **Clematis Onlus**, an association created on the initiative of a group of employees supported financially by the Group. The association has signed an insurance agreement to provide the disabled children with an annual supplementary, revaluable income of €12,000 payable on the death of both parents. The agreement has been signed by 67 families – of which 33 retired employees – for 71 disabled children. The Association also pays grants toward the costs of “rehabilitation training” for the parents and their disabled children and for the purchase of facilities not reimbursed by public or private sector institutions.

LA15 RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE

Under Italian law a period of parental leave is compulsory for women employees, normally during the two weeks prior to the presumed date of childbirth and three months after childbirth and leave from work is optional for both parents (separately), normally for a maximum period of six months for each of them during the first eight years of a child's life.

| COMPULSORY PARENTAL LEAVE | 2013 | 2012 | 2011 |
|---|-------|-------|--------|
| Employees taking leave during the year | 429 | 474 | 494 |
| of which: | | | |
| still on leave at the end of the year | 147 | 162 | 170 |
| returned from leave during the year | 282 | 310 | 323 |
| resigned when leave ended | 2 | 2 | 1 |
| Employees in work 12 months after leave ended | 308 | 322 | 345 |
| Rate of return ¹ | 99.3% | 99.4% | 99.7% |
| Retention rate ² | 95.4% | 93.3% | 100.0% |

¹ At the end of the parental leave.

² One year after the end of the parental leave.

| OPTIONAL PARENTAL LEAVE | 2013 | 2012 | 2011 |
|--|-------|-------|-------|
| Employees taking leave during the year | 405 | 623 | 521 |
| of which women | 96.3% | 95.3% | 95.2% |

In addition to parental leave, legislation and collective national and supplementary company labour contracts, allow for days of leave to be taken for maternity and to care for children (e.g. nursing) [LA3] and to assist disabled family members [LA7].

Labour/Management relations

LA4 EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

All employees are covered by national labour agreements and there is no restriction on the freedom of association and participation in trade unions. There are eight trade union organisations in the Group to which 82% of employees belong. All trade union organisations operate freely without restrictions and the Group makes adequate operational means available to them to conduct trade union activities. In 2013 trade union representatives took 30,334 days of trade union leave.

Relations with trade union organisations are based on the search for agreement, as far as possible, on solutions to the issues which are discussed from time to time, through transparent, concrete and continuous dialogue even beyond the minimum required by institutional procedures. Work on trade union relations was intense in 2013 with 95 trade union meetings held for a total of 380 hours, both to carry out negotiations in relation to the 2011-2013/15 business plan and to sign other agreements at Group and single company level.

At national level, on 16th September 2013 the Italian Banking Association officially informed trade unions that it was withdrawing from the national labour contracts in force (senior management, middle management and staff in professional areas), which were due to expire on the 30th June 2014. Following this, the national secretariats of the trade union organisations took various initiatives, including the declaration of a one-day strike and the interruption of industrial relations in all companies in the sector. This national initiative accounted for 98% of the 84,534 hours of absence from work for strikes that occurred during the year. The remaining hours regarded other action declared by trade unions, again at national level, for reasons connected with the economic and political affairs of the country.

In December the Italian Banking Association and the national secretariats of trade union organisations reached an agreement to increase the "Solidarity Fund" to comply with the provisions of the Fornero Law (Law No. 92 of 2012)¹. The parties to the agreement took the opportunity to set a calendar for meetings starting in February 2014 in order to draw up a new contract. Mutual satisfaction with the agreements reached made it possible to resume trade union relations in all companies in the sector.

LA5 MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

Important organisational changes were implemented in full compliance with the procedures set out in the Banking National Labour Contract which sets a minimum period of 45 days for negotiations with trade union organisations. Great attention was paid with the reorganisation measures, which met important requirements to improve and rationalise the organisation, to minimise repercussions for workers with regard to retraining, geographical mobility and reconciliation of work with family time.

The change of role and retraining processes were managed with priority given to enhancing human and professional resources, pursued also by proposing related training programmes. Intragroup mobility is managed, insofar as it is possible, as an opportunity for the occupational growth and enhancement of individuals, by assigning employees with new duties consistent with their qualifications, experience, potential and aptitudes.

Organisational changes were made in 2013, including action planned under the 2011-2013/15 Business Plan, with trade union negotiations which led to agreements being signed at Group and single company level. They included:

- an agreement relating to the merger of Centrobanca into UBI Banca. The operation itself did not involve any employment problems. The approximately 90 staff in excess were found positions within the Group by using flexibility tools (intragroup mobility, secondment, equivalent duties) provided for under the Framework Agreement of 29th November 2012;
- the agreement to create an additional customer assistance service centre at the UBI.S units at Cosenza and the change at the same time in the numbers of staff employed at the

¹ The law makes it compulsory to create a system which ensures adequate support for all workers in cases of the reduction or suspension of working hours for causes specified in the legislation itself in sectors not covered by state lay-off benefits schemes. The credit sector, already protected in this respect by Ministerial Decree No. 158/2000, complied with the provisions of the law in question.

customer assistance service units at the UBI.S centres in Milan, Brescia and Varese. The customer assistance service is a key part of the multichannel strategy and forms part of a plan to simplify Group organisation designed to contain overall labour costs. Implementation of the above required the adoption of limited geographical mobility measures, some transitory, and also recourse to intragroup secondment of individual employees or groups of workers and measures which are accompanied, where necessary, with appropriate training and retraining courses for staff;

- an agreement to centralise the governance and supervision activities carried out by UBI Leasing, UBI Factor and Prestitalia at the Parent with the objective of further reinforcing the Parent's governance processes which concern Group companies. The operation did not have any particular consequences in terms of occupational mobility, while it did require some transitory geographical mobility measures.

☞ Reports and Accounts 2013 p. 68-69

Occupational health and safety

Occupational health and safety matters are regulated in great detail by Legislative Decree No. 81/2008, the provisions of which are applied in all Group companies. A function was created at the Parent, on the staff of the Chief Operating Officer, which has the duty of overseeing implementation of legislation on the matter throughout the Group and to officially fill the role of the Prevention and Protection Service for those Group companies for which a specific service provision contract is in place. The function is constantly supported by a leading consulting company.

LA6 WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT- WORKERS HEALTH AND SAFETY COMMITTEES

In accordance with article 35 of Legislative Decree No. 81/2008, annual meetings are held in all companies, attended by company representatives (the employer and its representatives), the manager and the staff of the Prevention and Protection Service, the Corporate Physician and workers safety representatives, where appointed. Additional meetings are held, sometimes separately, between the Prevention and Protection Service and each of the parties mentioned above, to study specific issues in detail. The Manager of the Prevention and Protection Service is also periodically convened by the 231 (administrative liability) Supervisory Bodies and/or by the Boards of Statutory Auditors and takes part, as Group representative, in the proceedings of the "health and safety working group" formed as part of the Trade Union and Labour Department of the Italian Banking Association Trade Association. The health and safety management system based on UNI-INAIL (Italian standards authority and Italian national accident insurance institute) guidelines was officially approved in December by the Management Board and the Supervisory of the Parent and will be progressively rolled out in all Group companies. The health and safety management system adopted, which will include audit and annual review procedures, will improve oversight and general awareness of safety issues in all the units involved. Furthermore, compliance with UNI-INAIL guidelines will allow a discount to be granted on the annual accident insurance premium which INAIL allows to companies which can demonstrate that they have made improvements to health and safety over and above that required by the legislation.

LA7 INJURY, DISEASES AND ABSENTEISM

Again in 2013 the banking sector confirmed what had been recorded in previous years with regard to low levels of hazard for the risk of injury in work environments and processes. In the INAIL statistics it was positioned in the lowest class in terms of absolute severity, the frequency and seriousness of accidents, with the majority of total injuries occurring while travelling. The Group is perfectly in line with the sector and pursues special policies designed to reduce road accident risks at the source, by encouraging the use of public transport for work activities and by making collective transport facilities available, where restructuring processes result in significant travelling requirements for personnel.

For potential sources of accident risk normally present at the workplace (such as those connected with the ordinary and extraordinary maintenance of properties and the relative wiring and services,

in addition to continuous work to educate personnel performed by staff at UBI Sistemi e Servizi, which manages relations directly with the suppliers who perform the work, in cases of accidents attributable to failings or omissions by maintenance firms), the failings observed have been officially contested and the firms reminded of the safety obligations agreed to in contracts.

In order to constantly monitor accidents that occur at the workplace (and therefore with the exception of those that occur while travelling and when not working on company premises, on a mission or during a lunch break) a precise reporting process has been introduced by the administrative units responsible for maintaining contacts with INAIL and the Prevention and Protection Unit. The latter makes records of all accidents on the basis of the events which led to the accident and of the causes due to failure to implement maintenance and faulty maintenance or design of workplaces, with the objective of taking appropriate technical action to mitigate risk.

No fatal accidents occurred either travelling to and from or at work in 2013.

| ABSENCE BY GENDER (NO. DAYS) | 2013 | | | 2012 | | | 2011 | | |
|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|
| | Totale | Men | Women | Total | Men | Women | Total | Men | Women |
| Illness | 111,310 | 63,357 | 47,953 | 125,058 | 72,944 | 52,114 | 124,950 | 71,346 | 53,604 |
| of which professional | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| Accidents | 4,407 | 2,712 | 1,695 | 6,812 | 4,231 | 2,581 | 5,179 | 3,076 | 2,103 |
| of which: | | | | | | | | | |
| at work | 1,051 | 384 | 667 | 1,554 | 873 | 681 | 1,218 | 930 | 288 |
| commuting | 3,356 | 2,328 | 1,028 | 5,258 | 3,358 | 1,900 | 3,961 | 2,146 | 1,815 |
| Other absences | 66,509 | 41,889 | 24,620 | 46,595 | 30,264 | 16,330 | 61,178 | 35,573 | 25,605 |
| of which: | | | | | | | | | |
| military service or similar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| public or elective positions | 2,906 | 2,539 | 367 | 2,350 | 1,960 | 390 | 3,162 | 2,616 | 546 |
| blood donations | 1,837 | 1,555 | 282 | 1,893 | 1,594 | 299 | 1,785 | 1,488 | 297 |
| assistance for disabled | 20,469 | 10,277 | 10,192 | 21,089 | 10,156 | 10,933 | 18,018 | 8,615 | 9,403 |
| union permits ¹ | 14,693 | 12,321 | 2,372 | 15,625 | 13,215 | 2,410 | 14,413 | 12,304 | 2,109 |
| security permits | 23 | 22 | 1 | 62 | 61 | 1 | 13 | 11 | 2 |
| strikes | 11,599 | 7,138 | 4,461 | 385 | 217 | 168 | 3,362 | 1,952 | 1,410 |
| other ² | 5,900 | 3,216 | 2,684 | 5,191 | 3,061 | 2,129 | 7,457 | 2,856 | 4,601 |
| TOTAL | 182,226 | 107,958 | 74,268 | 178,465 | 107,439 | 71,025 | 191,307 | 109,995 | 81,312 |
| Rate of absenteeism³ | 3.95 | 3.64 | 4.50 | 3.73 | 3.46 | 4.21 | 3.95 | 3.51 | 4.78 |
| GRI rate of absenteeism⁴ | 1,053.08 | 971.03 | 1,200.53 | 993.68 | 923.40 | 1,122.95 | 1,054.28 | 934.86 | 1,274.53 |

¹ Permits recognized by sectoral agreements at national and local union leaders ("coupon" permits) are not included

² The figures include permits for thermal treatment and for union meetings.

³ Days of absence every 100 workable days.

⁴ Days of absence every 200,000 workable hours.

| ABSENCE BY GEOGRAPHICAL AREA (NO. DAYS) | 2013 | | | 2012 | | | 2011 | | |
|--|----------------|-----------------|-------------------|----------------|-----------------|-------------------|----------------|-----------------|-------------------|
| | North | Central | South and islands | North | Central | South and islands | North | Central | South and islands |
| Illness | 75,988 | 11,700 | 23,622 | 87,278 | 12,711 | 25,069 | 86,323 | 12,800 | 25,827 |
| of which professional | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| Accidents | 3,406 | 301 | 700 | 4,454 | 636 | 1,722 | 3,519 | 766 | 894 |
| of which: | | | | | | | | | |
| at work | 510 | 122 | 419 | 727 | 27 | 800 | 864 | 39 | 315 |
| commuting | 2,896 | 179 | 281 | 3,727 | 609 | 922 | 2,655 | 727 | 579 |
| Other absences | 44,632 | 7,524 | 14,353 | 29,237 | 5,231 | 12,126 | 39,956 | 7,465 | 13,757 |
| of which: | | | | | | | | | |
| military service or similar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| public or elective positions | 2,288 | 335 | 283 | 1,584 | 512 | 254 | 2,120 | 440 | 602 |
| blood donations | 1,494 | 211 | 132 | 1,567 | 203 | 123 | 1,491 | 183 | 111 |
| assistance for disabled | 13,165 | 2,382 | 4,922 | 13,384 | 2,603 | 5,102 | 10,346 | 2,736 | 4,936 |
| union permits ¹ | 7,708 | 1,657 | 5,328 | 8,116 | 1,461 | 6,048 | 7,508 | 1,615 | 5,290 |
| security permits | 23 | 0 | 0 | 61 | 0 | 1 | 11 | 1 | 1 |
| strikes | 8,368 | 1,302 | 1,929 | 383 | 2 | 0 | 1,950 | 566 | 846 |
| other ² | 4,173 | 538 | 1,189 | 4,142 | 450 | 598 | 6,209 | 439 | 809 |
| TOTAL | 124,026 | 19,525 | 38,675 | 120,969 | 18,578 | 38,917 | 129,798 | 21,031 | 40,478 |
| Rate of absenteeism³ | 3.59 | 4.21 | 5.57 | 3.39 | 3.84 | 5.27 | 3.60 | 4.30 | 5.41 |
| GRI rate of absenteeism⁴ | 957.06 | 1,122.41 | 1,484.34 | 904.65 | 1,022.82 | 1,404.02 | 961.06 | 1,147.59 | 1,441.87 |

¹ Permits recognized by sectoral agreements at national and local union leaders ("coupon" permits) are not included

² The figures include permits for thermal treatment and for union meetings.

³ Days of absence every 100 workable days.

⁴ Days of absence every 200,000 workable hours.

| ACCIDENTS BY GENDER | 2013 | | | 2012 | | | 2011 | | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN |
| At work | | | | | | | | | |
| No. of events | 51 | 20 | 31 | 51 | 26 | 25 | 57 | 34 | 23 |
| Injury rate | 0.40 | 0.24 | 0.72 | 0.39 | 0.30 | 0.56 | 0.49 | 0.44 | 0.57 |
| GRI 4.0 Injury rate | 0.000002 | 0.000001 | 0.000004 | 0.000002 | 0.000002 | 0.000003 | 0.000002 | 0.000002 | 0.000003 |
| No. of days lost | 1,051.00 | 384.00 | 667.00 | 1,554.00 | 873.00 | 681.00 | 1,218.00 | 930.00 | 288.00 |
| Seriousness index | 8.28 | 4.58 | 15.52 | 11.98 | 10.23 | 15.34 | 10.43 | 12.17 | 7.14 |
| GRI 4.0 Seriousness index | 0.000030 | 0.000017 | 0.000054 | 0.000043 | 0.000038 | 0.000054 | 0.000034 | 0.000040 | 0.000023 |
| Commuting | | | | | | | | | |
| No. of events | 135 | 86 | 49 | 175 | 101 | 74 | 176 | 103 | 73 |
| Injury rate | 1.06 | 1.02 | 1.14 | 1.35 | 1.18 | 1.67 | 1.51 | 1.35 | 1.81 |
| GRI 4.0 Injury rate | 0.000005 | 0.000005 | 0.000006 | 0.000007 | 0.000006 | 0.000008 | 0.000008 | 0.000007 | 0.000009 |
| No. of days lost | 3,356 | 2,328 | 1,028 | 5,258 | 3,358 | 1,900 | 3,961 | 2,146 | 1,815 |
| Seriousness index | 26.45 | 27.75 | 23.92 | 40.53 | 39.35 | 42.79 | 33.92 | 28.07 | 44.99 |
| GRI 4.0 Seriousness index | 0.000097 | 0.000105 | 0.000083 | 0.000146 | 0.000144 | 0.000150 | 0.000109 | 0.000091 | 0.000142 |
| TOTAL NO. OF EVENTS | 186 | 106 | 80 | 226 | 127 | 99 | 233 | 137 | 96 |
| Injury rate | 1.47 | 1.26 | 1.86 | 1.74 | 1.49 | 2.23 | 2.00 | 1.79 | 2.38 |
| GRI 4.0 injury rate | 0.000007 | 0.000006 | 0.000009 | 0.000009 | 0.000007 | 0.000011 | 0.000010 | 0.000009 | 0.000012 |
| TOTAL NO. OF DAYS LOST | 4,407 | 2,712 | 1,695 | 6,812 | 4,231 | 2,581 | 5,179 | n.d. | n.d. |
| Seriousness index | 34.73 | 32.32 | 39.44 | 52.50 | 49.58 | 58.13 | 44.35 | n.d. | n.d. |
| GRI 4.0 Seriousness index | 0.000127 | 0.000122 | 0.000137 | 0.000190 | 0.000182 | 0.000204 | 0.000143 | n.d. | n.d. |

| ACCIDENTS BY GEOGRAPHICAL AREA | 2013 | | | 2012 | | | 2011 | | |
|-----------------------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|
| | NORTH | CENTRAL | SOUTH AND ISLANDS | NORTH | CENTRAL | SOUTH AND ISLANDS | NORTH | CENTRAL | SOUTH AND ISLANDS |
| At work | | | | | | | | | |
| No. of events | 29 | 5 | 17 | 29 | 2 | 20 | 36 | 4 | 17 |
| Injury rate | 0.31 | 0.39 | 0.82 | 0.31 | 0.15 | 0.93 | 0.42 | 0.43 | 0.79 |
| GRI 4.0 Injury rate | 0.000002 | 0.000002 | 0.000004 | 0.000002 | 0.000001 | 0.000005 | 0.000002 | 0.000002 | 0.000004 |
| No. of days lost | 510 | 122 | 419 | 1,554 | 873 | 681 | 864 | 39 | 315 |
| Seriousness index | 5.46 | 9.55 | 20.28 | 16.37 | 65.94 | 31.60 | 10.06 | 4.19 | 14.59 |
| GRI Seriousness index | 0.000020 | 0.000035 | 0.000080 | 0.000058 | 0.000240 | 0.000123 | 0.000032 | 0.000011 | 0.000056 |
| Commuting | | | | | | | | | |
| No. of events | 111 | 11 | 13 | 125 | 17 | 33 | 133 | 20 | 23 |
| Injury rate | 1.19 | 0.86 | 0.63 | 1.32 | 1.28 | 1.53 | 1.55 | 2.15 | 1.06 |
| GRI 4.0 Injury rate | 0.000006 | 0.000004 | 0.000003 | 0.000007 | 0.000006 | 0.000008 | 0.000008 | 0.000011 | 0.000005 |
| No. of days lost | 2,896 | 179 | 281 | 3,727 | 608 | 922 | 2,655 | 727 | 579 |
| Seriousness index | 30.99 | 14.01 | 13.60 | 39.25 | 45.92 | 42.78 | 30.92 | 78.11 | 26.81 |
| GRI 4.0 seriousness index | 0.00011 | 0.00005 | 0.00005 | 0.00014 | 0.00017 | 0.00017 | 0.00010 | 0.00020 | 0.00010 |
| TOTAL NO. OF EVENTS | 140 | 16 | 30 | 154 | 19 | 53 | 169 | 24 | 40 |
| Injury rate | 1.50 | 1.25 | 1.45 | 1.62 | 1.44 | 2.46 | 1.97 | 2.58 | 1.85 |
| GRI 4.0 injury rate | 0.000007 | 0.000006 | 0.000007 | 0.000008 | 0.000007 | 0.000012 | 0.000010 | 0.000013 | 0.000009 |
| TOTAL NO. OF DAYS LOST | 3,406 | 301 | 700 | 5,281 | 1,481 | 1,603 | 3,519 | 766 | 894 |
| Seriousness index | 36.45 | 23.55 | 33.89 | 55.62 | 111.87 | 74.38 | 40.98 | 82.30 | 41.39 |
| GRI 4.0 seriousness index | 0.00013 | 0.00009 | 0.00013 | 0.00020 | 0.00041 | 0.00029 | 0.00013 | 0.00021 | 0.00016 |

| ILLNESS BY GENDER | 2013 | | | 2012 | | | 2011 | | |
|--|---------|--------|----------|---------|--------|----------|----------|--------|----------|
| | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN |
| No. of days lost | 111,310 | 63,357 | 47,953 | 125,058 | 72,944 | 52,114 | 124,950 | 71,346 | 53,604 |
| Illness seriousness index ¹ | 2.41 | 2.14 | 2.91 | 2.61 | 2.35 | 3.09 | 2.58 | 2.27 | 3.15 |
| GRI seriousness index ² | 877.26 | 755.11 | 1,115.72 | 963.89 | 854.74 | 1,173.69 | 1,069.97 | 933.37 | 1,328.81 |

¹ Days of work lost every 100 workable days.

² Days of work lost every 200,000 hours worked.

| ILLNESS BY GEOGRAPHICAL AREA | 2013 | | | 2012 | | | 2011 | | |
|--|--------|---------|-------------------|--------|---------|-------------------|----------|----------|-------------------|
| | NORTH | CENTRAL | SOUTH AND ISLANDS | NORTH | CENTRAL | SOUTH AND ISLANDS | NORTH | CENTRAL | SOUTH AND ISLANDS |
| No. of days lost | 75,988 | 11,700 | 23,622 | 87,278 | 12,711 | 25,069 | 86,323 | 12,800 | 25,827 |
| Illness seriousness index ¹ | 2.20 | 2.52 | 3.40 | 2.45 | 2.62 | 3.39 | 2.40 | 2.62 | 3.45 |
| GRI seriousness index ² | 813.16 | 915.56 | 1,143.55 | 919.19 | 960.11 | 1,163.14 | 1,005.22 | 1,375.18 | 1,195.87 |

¹ Days of work lost every 100 days worked.

² Days of work lost every 200,000 hours worked.

Risk situations are also recognised and managed, as part of the Prevention and Protection Service, that are connected with excess stress due to work organisation, however, it is not possible to report the number of days of absence resulting from that cause because in order to ensure the right to privacy, the medical certificates do not state the type of illness, but only the prognosis.

Primary prevention in this area takes place through the use of human resource management policies and by setting behavioural standards based on the principles contained in the Code of

Ethics. Nevertheless psychological assistance is available by going through the Corporate Physician, who co-operates with human resources staff for the management of individual cases of stress.

Risk prevention and control activity was focused on the following aspects in 2013:

- completion of the project to introduce a **health and safety management system (HSMS)** based on UNI-INAIL (Italian standards authority and Italian national accident insurance institute) guidelines as concrete implementation of the guidelines already contained in the 231 Management and Organisation Model. Once the risk assessment and gap analysis stage was complete on activities considered sensitive in terms of compliance risks and on procedures and practices currently in use, documentation was drawn up which will constitute Group regulations on health and safety, which has been submitted to the Management Board and to the Supervisory Board for official authorisation by the end of the year. The necessary formalities will be adopted by Group companies in the first months of 2014, in order to roll out the HSMS throughout the whole Group;
- development of the **work-related stress** evaluation process both through the acquisition, processing and comparison of numerically relevant objective data – from which no particular critical situations emerged – and through the assessment of perceived work-related stress, conducted in co-operation with a leading university institute by means of anonymous questionnaires given to staff. The process will provide aggregate responses for homogenous groups of workers and it will allow these phenomena to be analysed. This should highlight significant differences from the average level of acceptability for the risk and identify improvement action;
- the prompt elimination of “technical” risks with a high magnitude reported by the Prevention and Protection Service and the identification of statistically significant risk situations which might arise during the design, implementation and maintenance of workplaces. Technical specifications have been refined with regard to **external suppliers**, who are required to document the conformity of their activities in greater detail and to update IT procedures already available to Group staff for reporting the emergence of new risks and/or malfunctions;
- the constant implementation of effective technical and organisational measures to deter crime (**robberies and thefts**). In 2013 the Group suffered 42 robberies (three more than in the previous year after an uninterrupted progressive and significant reduction in the number of robberies). The increase in the number of robberies is basically limited to Milan and Naples and can be considered linked to the rundown social and economic context. In the case of serious robberies (64% of total robberies) both individual and Group psychological assistance is provided on the basis of experience acquired over the years. It is given by professionals who have worked with our Group for some years now and who also provide specific training with classroom sessions for all staff;
- implementation of the Group training programme in compliance with the provisions of the State-Regions Conference Accord.

| COSTS INCURRED FOR OCCUPATIONAL HEALTH AND SAFETY (thousands of euro) | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|
| Intervention required by Law No. 81/08 | 847 | 905 | 1,502 |
| Prevention and protection at the workplace consulting services | 881 | 981 | 777 |
| Occupational health and safety training | 213 | 173 | 186 |
| Corporate Physician services (medical visits to monitor health) and post robbery psychological assistance | 136 | 108 | 102 |
| Services provided by the parent for prevention and protection at work | 530 | 491 | 650 |
| TOTAL | 2,607 | 2,659 | 3,216 |

Training and education

Training on health and safety matters plays a role of primary importance for risk prevention. The Group training catalogue, updated in 2013 to comply with the new regulations on prevention,

contains different programmes for staff at headquarters and those in branches, with both classroom and self-training, which differs for ordinary staff and safety officers. In consideration of the delicate supervision role played by safety officers, in addition to training initiatives which involved a significant number of employees in 2013, an easy-to-consult booklet was published on the most common matters for which they are responsible.

In order to increase personnel awareness of the importance of behaviour consistent with respect for their own health and those of others – also in implementation of the principles and contents of the Code of Ethics – a section exists and is kept up-to-date on the Group intranet portal UBILife dedicated to health and safety. The following can be easily found on it: references to laws and Group regulations; news on safety organisation in the Group (e.g. emergency plans and exit routes to follow in different premises illustrated by actual photographs); material used in classroom training initiatives; and also useful advice and information on correct life-styles to remain in good physical and mental condition.

Prevention

All operational units are subject to programmed inspections and on-site visits on the basis of reports received from workers' safety representatives, trade union organisations and personnel from the operational units themselves or on the request of departments in the Group.

All new units and also those subject to restructuring are inspected within 90 days of becoming operational. The inspections may generate a series of "recommendations" to the functions normally responsible for the removal of the risk (Safety Officer, Real Estate, Security), which are entered into the IT system for managing the state of progress of the action taken to solve the problems.

| PREVENTION AND ASSISTANCE ACTIVITY | 2013 | 2012 | 2011 |
|---|-------|--------|--------|
| Medical visits | 1,218 | 1,055 | 956 |
| On site inspections | 441 | 481 | 308 |
| Training courses (number of participants) | 5,826 | 22,048 | 24,417 |
| Evacuation drills with assistance | 33 | 41 | 42 |
| Environment monitoring | 19 | 53 | 60 |
| Post-robbery psychological assistance | 32 | 28 | 42 |

| TECHNICAL INTERVENTION TO REDUCE RISKS | 2013 | 2012 | 2011 |
|---|--------------|--------------|---------------|
| Fire prevention, emergency management, emergency exits | 2,123 | 1,961 | 6,637 |
| Plant (machinery, maintenance) | 1,466 | 395 | 2,737 |
| Premises (floors, walls, window ledges, staircases, architectural barriers) | 730 | 566 | 3,098 |
| Ergonomics (lighting, work stations, micro-climate) | 434 | 299 | 1,567 |
| Certificates and documents | 60 | 30 | 174 |
| TOTAL | 4,813 | 3,251 | 14,213 |

Health monitoring performed by Corporate Physicians is designed to guarantee the same level of service and protection for health for all personnel and it involves periodic visits and visits on request by personnel themselves. The doctors promptly report any problems which may be found during visits in order to identify the best solutions to improve or solve them.

During the year some Group companies were requested to produce documentation on progress with the implementation of regulations concerning the assessment of work-related stress, by public authorities responsible for monitoring compliance with prevention regulations as part of regional monitoring of determined economical sectors from year to year. Following a Local Health Authority inspection of ventilation systems for the underground premises of a Group branch, an ordinance was issued, which was withdrawn on compliance with it according to the procedures and times set, together with a fine of €1,300 which was paid.

No formal agreements were signed in 2013 with internal trade unions on health and safety topics.

Training and education

All training activities are managed by **UBI Academy**, the Group consortium company [☞ 2.3] responsible for planning and providing life-long learning and professional and managerial development for the personnel of Group companies. In order to assist in the achievement of these goals, UBI Academy has entered into partnerships with national and local institutional knowledge centres (universities and business schools), consistent with the Group's social responsibility policies.

The measurement of requirements and the formulation of training programmes is performed on a periodic basis using a variety of complementary tools: annual meetings with the Human Resources Departments of Group banks and companies, focus groups on specific career families, indications from the Group Commercial Plan and training needs detected from the skills survey, in which all Group employees are involved. Appropriately structured and integrated with other systems for the development of human resources and accompanied by intense internal communication, training proposals are designed to be effective tools for improving and enhancing human assets consisting of technical and professional know-how, managerial experiences and skills and the ethical and cultural conduct of each worker and for developing corporate identity and culture through the dissemination of Group values and strategies.

The instructors involved in training activity consist of both colleagues from Group banks and companies and also outside professionals. The in-house instructor corps consists of over 450 staff, who taught on courses in 2013 for a total of almost 34 thousand training days (approximately 62% of total classroom training). Training and refresher courses for the instructor corps are organised in training and qualification programmes on the best techniques for teaching, classroom management and diffusion of virtuous conduct. Instructors are responsible not only for imparting knowledge but also for facilitating the sharing of experiences, positive examples and distinguished conduct in order to diffuse a common language, values and corporate culture and a sense of belonging to the Group.

Training activities in 2013 involved the delivery of approximately 85,000 days, in line with the objectives set, with an average of approximately five training days per employee (5.4 in 2012). Classroom training and/or internships accounted for over 66% of training activity, while the remaining part consisted of remote online training. A satisfaction assessment questionnaire is completed for all activities, whether classroom or remote and a learning questionnaire must be compiled for mainly technical and occupational courses, which assesses acquisition of the contents and successful completion of the course.

| TRAINING | 2013 | 2012 | 2011 |
|---|-------------|-------------|-------------|
| Group | | | |
| Hours of training | 638,042 | 745,943 | 775,793 |
| of which compulsory training ¹ | 289,335 | 365,370 | 331,928 |
| Cost of training (million euro) ² | 3.4 | 4.4 | 4.8 |
| Employees involved | 96% | 95% | 94% |
| Average hours of training per capita | 37 | 41 | 42 |
| Average satisfaction in hundreds (objective 69/100) | 78 | 78 | 79 |
| Network Banks | | | |
| Employees involved | 97% | 96% | 99% |
| Average hours of training per capita | 43 | 47 | 48 |

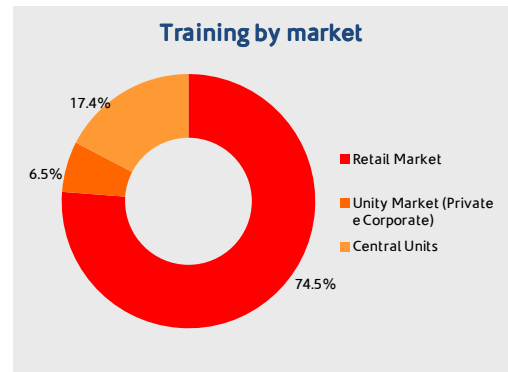
¹ Includes regulatory training on insurance required by IVASS (insurance authority).

² The cost of training includes figurative costs of internal trainers.

| TRAINING BY POSITION AND GENDER | 2013 | | | 2012 | | | 2011 | | |
|---------------------------------|---------------|----------------|--------------------------|---------------|----------------|--------------------------|---------------|----------------|--------------------------|
| | EMPLOYEES | HOURS | AVERAGE HOURS PER CAPITA | EMPLOYEES | HOURS | AVERAGE HOURS PER CAPITA | EMPLOYEES | HOURS | AVERAGE HOURS PER CAPITA |
| Senior managers | 314 | 8,813 | 26 | 339 | 11,648 | 29 | 398 | 12,330 | 30 |
| of which women | 29 | 699 | 20 | 29 | 1,020 | 30 | 41 | 801 | 20 |
| Middle managers | 7,026 | 279,578 | 38 | 7,062 | 300,210 | 40 | 7,324 | 322,050 | 44 |
| of which women | 1,595 | 58,404 | 35 | 1,568 | 62,325 | 38 | 1,558 | 62,800 | 40 |
| Professional areas | 9,332 | 349,650 | 35 | 9,922 | 434,084 | 42 | 10,411 | 441,413 | 41 |
| of which women | 4,529 | 163,104 | 34 | 4,778 | 203,768 | 42 | 4,109 | 203,050 | 41 |
| TOTAL | 16,672 | 638,040 | 37 | 17,323 | 745,943 | 41 | 18,133 | 775,793 | 42 |
| of which women | 6,153 | 222,207 | 34 | 6,375 | 267,113 | 41 | 5,708 | 266,651 | 41 |

Training activities in 2013 were directed above all to enhancing and developing Group personnel in the context of the “**Human Resources Quality**” project and to increasing the excellence skills of the “Private and Corporate Unity” units with particular reference to Managers and Wealth bankers. In addition to **continuous training** to increase the skills of commercial roles, significant training action was undertaken for the network bank staff, which involved the following:

- new credit monitoring tools to support rationalisation of loan performance monitoring processes;
- results management (on boarding) for Branch Managers and Small Business and Affluent Account Managers. A special training initiative was dedicated to Affluent Account Managers in particular to enhance virtuous commercial behaviours and to reinforce distinct competencies and performance in commercial and financial areas;
- risk management for Branch Managers and Managers of the new “Private and Corporate Unity” units to reinforce virtuous behaviours in monitoring areas linking them to the management and development of commercial activities with initiatives on internal Group compliance methods, on anti-money laundering, on operational risks and monitoring, on MiFID regulations and on financial planning and advice.



| TRAINING BY SUBJECT AREA | 2013 | | | |
|--|----------------|---------------------------|-----------------|--------------------|
| | HOURS | PARTICIPANTS ¹ | | |
| | | SENIOR MANAGERS | MIDDLE MANAGERS | PROFESSIONAL AREAS |
| Insurance | 211,350 | 1 | 3,312 | 3,660 |
| Regulatory | 76,831 | 268 | 7,485 | 8,447 |
| Finance and MiFID | 14,857 | 16 | 636 | 816 |
| Behavioural/Managerial | 95,333 | 318 | 5,563 | 7,144 |
| Credit | 83,888 | 91 | 4,646 | 4,041 |
| Operational/IT/languages | 36,780 | 157 | 3,847 | 5,297 |
| Commercial ² | 117,848 | 120 | 3,673 | 4,805 |
| Social responsibility and Code of Ethics | 1,155 | 24 | 402 | 162 |
| TOTAL | 638,042 | 314 | 7,026 | 9,332 |

¹ Total participants is not the sum of the participants in each subject area, because a given employee may have attended more than one course in different subject areas.

² Commercial training includes “UBI GOLD for Affluent”, “Value-focus Affluent asset management” and “Onboarding for Sales Managers Fliale” programmes, which addressed also MiFID and PCF issues for a total of about 8,200 hours.

As part of the UBI Community service model specific training was delivered to approximately 300 employees designed to ensure the presence of qualified staff in branches who understand the particular nature of nonprofit realities.

| DETAILS OF REGULATORY TRAINING ¹ | 2013 | | | |
|--|---------------|---------------------------|-----------------|--------------------|
| | HOURS | PARTICIPANTS ² | | |
| | | SENIOR MANAGERS | MIDDLE MANAGERS | PROFESSIONAL AREAS |
| Administrative liability of entities (Legislative Decree No. 231/2001) | 828 | 29 | 114 | 147 |
| Transparency and usury | 3,362 | 14 | 325 | 516 |
| PattiChiari (banking services charter) | 2,692 | 1 | 538 | 1,368 |
| Safety (Legislative Decree No. 81/2008) | 22,846 | 136 | 1,633 | 2,243 |
| Privacy | 11,198 | 33 | 1,843 | 2,777 |
| Anti Money-Laundering | 25,631 | 168 | 5,913 | 7,657 |
| Other regulatory subjects | 10,274 | 116 | 2,000 | 314 |
| TOTAL | 76,831 | 268 | 7,485 | 8,447 |

¹ Does not include regulatory training on the MiFID Directive, which is included in the subject area "Finance and MiFID".

² Total participants is not the sum of the participants in each subject area, because a given employee may have attended more than one course in different subject areas.

Forty percent of total training activity was designed to enhance the technical and professional skills (operational, commercial, credit and financial) of branch network work personnel as follows training on credit subjects increased substantially compared with 2012; the subject insurance accounted for a significant portion (33%); while updates on regulations amounted to around half that delivered in the previous year (12% in 2013, 20% in 2012).

In order to reinforce managerial skills for roles carrying responsibility, ranging from managers of central units to Branch Managers, training action in 2013 focused on the ability to "be enterprising", i.e. on consolidating capacities for vision and strategic awareness, energy and proactiveness, innovation, risk management and driving and motivating workers, with the aim of increasing individual and team performance. The range of discussions on economics, political and social issues held in meetings with leading managers, businessmen, academics and university luminaries was increased through greater co-operation with leading firms specialising in management culture training.

The behavioural programme paid specific attention to staff **over 55** by means of a survey to identify their training needs and the design of specific training consisting of three voluntary initiatives to enhance their professionalism.

Other training activities included "the culture of inclusion" in professional life, for staff who voluntarily wish to reflect on gender differences designed to achieve greater efficiency in business and "balance, work and family" designed for women returning to work after maternity leave.

With regard to initiatives for younger personnel, after the Masters in the "Management of banking companies" held in co-operation with the Milan Polytechnic MIP, a second University Masters was launched in 2013 on "Company finance and the creation of value" lasting two years, held in co-operation with the Management Department at the University of Turin at the Cuneo site, on which 15 young staff from Banca Regionale Europea enrolled.

The two-yearly Instructor Corps Convention was held in 2013 which saw the establishment of the commercial, credit and risk management faculties to consolidate the co-ordination of the Instructor Corps in the transmission of key messages to staff in these specific areas.

Group companies contribute to Joint Inter-professional Funds for the FONDIR Continuous Professional Development (fund for senior management training) and to the F.B.A. (fund for the training of the employees working in the credit and insurance sectors - Fondo Banche Assicurazioni). Applications for training programmes for a total of approximately 226,300 hours of training, with over 40,000 participants, were submitted in compliance with the contents and the specifications of the notices and they were subsequently approved by the F.B.A. and FONDIR funds. All the training programmes submitted were agreed with the trade union organisations of the individual banks and companies involved except for the FONDIR notices for which the trade unions signed agreements at national level.

Internal communications

Training activities are supplemented by intense internal communication designed to convey the Group's values and strategies and its main projects. The goal is to help improve corporate efficiency by sharing knowledge and by creating involvement and participation and to guide processes of change with initiatives to promote and reinforce Group identity.

The corporate intranet portal, **UBILife**, is the main tool for internal communication and became fully established in 2013 as a space that was constantly used by employees. During the year "centre stage" news on the homepage carried news on daily professional activities to provide information on Group life and strategies and important projects and new procedures. The corporate periodical **YOUBI Magazine** can be accessed from the intranet with the daily publication of articles on professional and other subjects, all of which can be commented on by users on a blog which is always open. In 2013 the "**Professional Communities**" were launched, areas reserved to specific professional communities where documents and experiences can be shared. The first social environment created and today fully operational is that reserved for the "**Community of the developers**" of all the Group Network Banks.

The second edition of **Almanacco YOUBI** was published in 2013, which gave news of the main events affecting the Group and individual banks and companies in the period from March 2012 to March 2013. The publication was distributed not only to all employees of the UBI Banca Group, but also to registered shareholders who attended the UBI Banca Annual General Meeting. At the end of the year the "**Quality Mission Convention**" was held to analyse the main developments and projects carried forward by the Group during the year, with a glance also at prospects for 2014. Over 2,000 staff from all companies in the Group took part.

LA11 PROGRAMS FOR SKILL MANAGEMENT AND LIFE-LONG LEARNING

Although in a difficult context, with significant attention paid to costs, the UBI Group has continued to invest in the development and motivation of human resources, in the conviction that encouraging professional growth is a guarantee of the intellectual and human capital capable of generating competitive advantages and ensuring that Group results are stable and solid over time.

More specifically, with the general objective of generating concrete and measurable value both for the individual and for the Group, a programme was commenced during the year which places people at the centre of the Bank's strategy by using the following levers: knowledge of their characteristics and potential; the most efficient allocation of staff in terms of market requirements; the growth of staff by means of feedback and a more incisive performance assessment process; motivation of staff as a consequence of development processes based on merit and transparency.

The main lines of this project included the following: initiatives to increase excellence behaviours among human resource managers; putting a structured and centralised programme of growth in place for the most talented staff; a proposal for a new approach to mobility as an opportunity by creating dedicated units and paths; a review of the headquarters-distribution network management model; and a review of the entire performance management system. Due to its complexity and the profound underlying renewal involved, this last part of the project will become operational in 2014 by unifying the Performance Assessment and Skill Measurement units because it was decided not to go ahead with it in 2013 in order to move towards a new system of professional assessment.

Activity continued to measure management skills and to obtain the relative feedback (management appraisal) for the purposes of the proper management of key Group positions and selection of the best managers and a model of internal wage brackets and external wage references was also consolidated, both effective instruments for human resource selection, development, management and mobility.

During the year the "**Job Posting**" tool (an online window of jobs available which allows staff who may be interested to send in applications) was fully rolled out for use by all Group banks and companies, with a view to enhancing internal professionalism through intra group mobility.

**LA12
PERCENTAGE OF
EMPLOYEES
RECEIVING REGULAR
PERFORMANCE AND
CAREER
DEVELOPMENT
REVIEWS**

In almost all Group companies (for a total of 17,547 employees), all employees, with the sole exception of members of General Management, are involved in a **Performance Assessment** process, i.e. an assessment of the contribution made to achieving company results.

Performance assessment, together with all other human resource management tools, represents an important and indispensable pool of information which supports personnel management units to plan the career development of all workers. The performance objectives that are set for workers are divided into result objectives (usually operating and project objectives) and skill objectives (capabilities and role knowledge assessed during skill assessment processes). Result objectives and the knowledge requested (which forms part of the skill objectives) in the assessment of managers vary on the basis of the position occupied, while the capabilities required are the same for all. The latter concern risk taking and decision making, the formulation of plans and strategies, human resource management, the management of uncertainties and difficulties and agreement and negotiation skills.

The performance assessment process takes place in three stages each year – planning the expected performance, intermediate verifications and final assessment – and it involves various parties who are in continuous contact with each other: the manager-assessor (who communicates team objectives, sets individual performance objectives for each worker, supervises them throughout the process and assesses the results achieved); the second level supervisor (who supervises the assessment process and verifies the consistency of the results at the level of the organisational unit); and the workers (who take an active part in all stages of the assessment, furnishing suggestions for the success of the process. Workers express their degree of agreement with the assessment received and they verify the achievement of their objectives in person, themselves). All managers are required to carry out performance assessments of their workers.

| PERFORMANCE ASSESSMENT ¹ | 2013 | | | | 2012 | | | | 2011 | | | |
|-------------------------------------|--------------------|--------------|---------------|--------------|--------------------|--------------|---------------|--------------|--------------------|--------------|---------------|--------------|
| | EMPLOYEES INVOLVED | | PARTICIPANTS | | EMPLOYEES INVOLVED | | PARTICIPANTS | | EMPLOYEES INVOLVED | | PARTICIPANTS | |
| Middle managers | 7,131 | 99.2% | 6,850 | 96.1% | 7,368 | 98.0% | 7,239 | 98.2% | 7,228 | 98.6% | 6,947 | 96.1% |
| of which women | 1,614 | 98.5% | 1,521 | 94.2% | 1,610 | 97.8% | 1,576 | 97.9% | 1,559 | 97.9% | 1,470 | 94.3% |
| Professional areas | 10,416 | 98.4% | 9,967 | 95.7% | 10,651 | 96.6% | 10,546 | 99.0% | 10,845 | 96.3% | 10,322 | 95.2% |
| of which women | 4,964 | 97.8% | 4,711 | 94.9% | 5,031 | 96.0% | 4,971 | 98.8% | 5,137 | 96.7% | 4,802 | 93.5% |
| TOTAL | 17,547 | 98.8% | 16,817 | 95.8% | 18,019 | 97.1% | 17,785 | 98.7% | 18,073 | 97.2% | 17,269 | 95.6% |
| of which women | 6,578 | 98.0% | 6,232 | 94.7% | 6,641 | 96.3% | 6,547 | 98.6% | 6,696 | 95.9% | 6,272 | 93.7% |

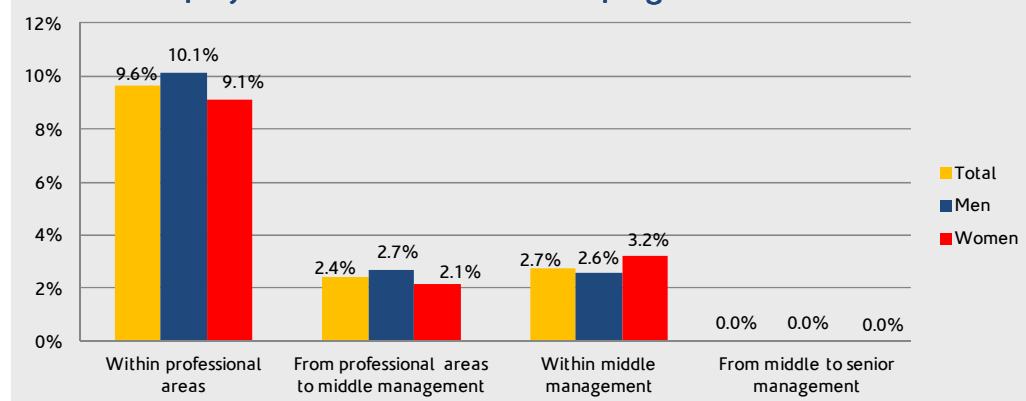
¹ Performance assessment for senior management personnel was part of the relative incentive scheme.

As already stated with regard to indicator LA11, the whole performance management process will be profoundly revised in 2014 with the unification of the Performance Assessment and Skill Measurement units.

The results of the performance assessment, together with other information acquired using other tools such as position weighting (with the relative external benchmarks), the measurement of potential, managerial appraisal and career paths/growth tables defined, contribute to the definition of **career progressions** on the basis of the criteria of fairness, consistency, meritocracy and uniformity.

| CAREER PROGRESSIONS | 2013 | | 2012 | | 2011 | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | TOTAL | WOMEN | TOTAL | WOMEN | TOTAL | WOMEN |
| Within professional areas | 1,019 | 45.4% | 1,061 | 45.4% | 1,146 | 44.6% |
| From professional areas to middle | 257 | 42.4% | 161 | 41.6% | 187 | 32.6% |
| Within middle management | 203 | 27.6% | 238 | 20.6% | 387 | 22.0% |
| From middle to senior management | 0 | 0% | 14 | 7.1% | 2 | 50.0% |
| TOTAL | 1,479 | 42.5% | 1,474 | 40.6% | 1,722 | 38.2% |

Employees who have made career progressions



Each worker is assigned an organisational role, on the basis of which she/he is required to perform a series of activities which presume the possession of specific occupational skills and experience and the achievement of determined objectives. The degree of acquisition of the skills and the achievement of the objectives constitute the basis for assessments of the suitability to fill more complex roles. The information as a whole is then assessed and set within the broader corporate framework to obtain an overall vision which ensures fair, consistent and professionally valid management for all Group personnel. For some corporate figures (above all in the distribution network) career progressions are governed by agreements entered into with trade unions on job gradings.

On an operational level, activities are also supported by IT tools such as new **Employee Relationship Management (ERM)** system, which is used to acquire all information on employees and allows more proactive management, which is faster in the identification of development actions focused on single workers.

Diversity and equal opportunity

LA13 COMPOSITION OF GOVERNANCE BODIES AND OF EMPLOYEES PER INDICATORS OF DIVERSITY

A continuous increase in the female component of personnel has been recorded over the last three years, which in 2013 accounted for 37.4% of employees compared with 36.9% in 2012 and 36.8% in 2011. Women in managerial positions account for 9.7% of senior managers (compared with 9.2% in 2012 and 9.8% in 2011) and 23.4% of middle managers (compared with 22.7% in 2012 and 22.2% in 2011).

The Group complies with compulsory legislation and regulations with regard to the employment of disabled persons.

4.1 and LA1

| DIVERSITY INDICATORS OF EMPLOYEES (BY GENDER) | 2013 | | | 2012 | | | 2011 | | |
|---|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Minority groups | | | | | | | | | |
| Foreign national (EU and non-EU) | 0.5% | 0.7% | 0.6% | 0.6% | 1.2% | 0.8% | 0.5% | 1.2% | 0.8% |
| Protected categories | 6.6% | 6.4% | 6.6% | 6.6% | 6.6% | 6.7% | 6.6% | 6.5% | 6.6% |
| of which: | | | | | | | | | |
| disabled | 5.2% | 4.3% | 4.9% | 5.1% | 4.4% | 4.9% | 5.2% | 4.4% | 4.9% |
| widows and orphans | 1.3% | 1.9% | 1.6% | 1.3% | 2.0% | 1.6% | 1.3% | 2.0% | 1.6% |
| others | 0.1% | 0.2% | 0.1% | 0.2% | 0.2% | 0.2% | 0.1% | 0.2% | 0.1% |
| Qualification | | | | | | | | | |
| Degree | 60.3% | 55.0% | 58.3% | 56.0% | 51.2% | 54.3% | 61.3% | 56.7% | 59.6% |
| University degree | 26.8% | 33.8% | 29.4% | 25.9% | 32.4% | 28.2% | 25.6% | 32.0% | 28.0% |
| Other | 12.9% | 11.2% | 12.3% | 18.1% | 16.4% | 17.5% | 13.1% | 11.3% | 12.4% |
| Age | | | | | | | | | |
| Under 30 | 4.0% | 5.4% | 4.5% | 4.2% | 6.0% | 4.9% | 5.3% | 8.3% | 6.4% |
| 30 to 50 | 57.1% | 67.9% | 61.1% | 57.1% | 67.6% | 61.0% | 58.6% | 67.8% | 62.0% |
| 50 to 60 | 35.0% | 26.2% | 31.7% | 35.0% | 25.9% | 31.6% | 34.3% | 23.6% | 30.4% |
| Over 60 | 4.0% | 0.6% | 2.7% | 3.7% | 0.6% | 2.5% | 1.8% | 0.3% | 1.3% |
| Average age (year) | 46 | 44 | 45 | n.d. | n.d. | 45 | n.d. | n.d. | 44 |
| TOTAL | 62.6% | 37.4% | 100.0% | 63.1% | 36.9% | 100.0% | 63.2% | 36.8% | 100.0% |

| DIVERSITY INDICATORS OF EMPLOYEES (BY CATEGORY) | 2013 | | | 2012 | | | 2011 | | |
|---|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
| | SENIOR MANAGERS | MIDDLE MANAGERS | PROFESS. AREAS | SENIOR MANAGERS | MIDDLE MANAGERS | PROFESS. AREAS | SENIOR MANAGERS | MIDDLE MANAGERS | PROFESS. AREAS |
| Gender | | | | | | | | | |
| men | 2.8% | 49.4% | 47.9% | 3.2% | 49.1% | 47.7% | 3.3% | 48.6% | 48.1% |
| women | 0.5% | 25.3% | 74.2% | 0.6% | 24.7% | 74.7% | 0.6% | 23.8% | 75.6% |
| Minority groups | | | | | | | | | |
| Foreign national (EU and non-EU) | 2.0% | 0.2% | 0.8% | 0.5% | 0.4% | 1.1% | n.d. | n.d. | n.d. |
| Protected categories | | | | | | | | | |
| of which: | | | | | | | | | |
| disabled | 0.9% | 4.0% | 8.5% | 0.8% | 4.2% | 8.5% | n.d. | n.d. | n.d. |
| widows and orphans | 0.0% | 2.7% | 6.5% | 0.8% | 2.8% | 6.5% | n.d. | n.d. | n.d. |
| others | 0.0% | 1.3% | 1.8% | 0.0% | 1.3% | 1.8% | n.d. | n.d. | n.d. |
| | 0.0% | 0.1% | 0.2% | 0.0% | 0.1% | 0.2% | n.d. | n.d. | n.d. |
| Qualification | | | | | | | | | |
| Degree | 43.8% | 63.9% | 54.9% | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| University degree | 41.5% | 28.5% | 29.6% | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| Other | 14.8% | 7.5% | 15.5% | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| Age | | | | | | | | | |
| Under 30 | 0.0% | 0.1% | 7.8% | 0.0% | 0.1% | 8.4% | n.d. | n.d. | n.d. |
| 30 to 50 | 34.4% | 56.7% | 65.1% | 36.2% | 56.4% | 65.1% | n.d. | n.d. | n.d. |
| 50 to 60 | 61.9% | 40.0% | 24.9% | 59.3% | 40.0% | 24.7% | n.d. | n.d. | n.d. |
| Over 60 | 3.7% | 3.3% | 2.3% | 4.5% | 3.4% | 1.8% | n.d. | n.d. | n.d. |
| Average age (year) | 52 | 49 | 43 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| TOTAL | 1.9% | 40.4% | 57.7% | 2.2% | 40.1% | 57.6% | 2.3% | 39.4% | 58.3% |

| COMPONENTS OF GOVERNANCE BODIES BY DIVERSITY INDICATORS | 2013 | | | 2012 | | | 2011 | | |
|---|-------------------|------------------|-------|-------------------|------------------|-------|-------------------|------------------|-------|
| | SUPERVISORY BOARD | MANAGEMENT BOARD | TOTAL | SUPERVISORY BOARD | MANAGEMENT BOARD | TOTAL | SUPERVISORY BOARD | MANAGEMENT BOARD | TOTAL |
| Gender | | | | | | | | | |
| men | 78.3% | 77.8% | 78.1% | 95.7% | 100.0% | 97.1% | 95.7% | 100.0% | 97.1% |
| women | 21.7% | 22.2% | 21.9% | 4.3% | 0.0% | 2.9% | 4.3% | 0.0% | 2.9% |
| Qualification | | | | | | | | | |
| Degree | 8.7% | 11.1% | 9.4% | 17.4% | 9.1% | 14.7% | 17.4% | 9.1% | 14.7% |
| University degree | 91.3% | 88.9% | 90.6% | 82.6% | 90.9% | 85.3% | 82.6% | 90.9% | 85.3% |
| Other | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Age | | | | | | | | | |
| Under 30 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 30 to 50 | 26.1% | 22.2% | 25.0% | 13.0% | 9.1% | 11.8% | 4.3% | 9.1% | 5.9% |
| 50 to 60 | 30.4% | 44.4% | 34.4% | 8.7% | 54.5% | 23.5% | 8.7% | 54.5% | 23.5% |
| Over 60 | 43.5% | 33.3% | 40.6% | 78.3% | 36.4% | 64.7% | 87.0% | 36.4% | 70.6% |
| Average age (year) | 58 | 58 | | 67 | 61 | | | | |

LA14 REMUNERATION OF WOMEN COMPARED WITH MEN

☞ G4-52 and EC5

Group remuneration and incentive policies provide for salary treatment based on the principles of fairness – interpreted as the recognition of equal opportunities for each employee, on the basis of their possession of the characteristics required for the role and the responsibilities undertaken – and meritocracy. Female staff salaries are lower than those for men above all because affected heavily by part-time contracts, 95% of which involve female personnel. Remuneration of senior female management has progressively aligned with that of men.

| AVERAGE GROSS SALARY (thousands of euro) | 2013 | | | | 2012 | | | |
|---|-------|-----------------------|-------|-------------------|-------|-----------------------|-------|-------------------|
| | FIXED | VARIABLE ¹ | TOTAL | VARIABLE TO TOTAL | FIXED | VARIABLE ¹ | TOTAL | VARIABLE TO TOTAL |
| Senior managers | | | | | | | | |
| Men | 142.8 | 6.8 | 149.5 | 4.8% | 139.7 | 7.6 | 147.3 | 5.4% |
| Women | 140.5 | 5.3 | 145.8 | 3.8% | 131.7 | 5.3 | 137.0 | 4.0% |
| Middle managers | | | | | | | | |
| Men | 60.5 | 2.8 | 63.3 | 4.6% | 60.2 | 2.5 | 62.7 | 4.2% |
| Women | 52.9 | 2.4 | 55.3 | 4.5% | 52.7 | 2.0 | 54.7 | 3.8% |
| Professional areas | | | | | | | | |
| Men | 38.5 | 1.4 | 39.9 | 3.6% | 38.1 | 1.0 | 39.1 | 2.6% |
| Women | 35.3 | 1.3 | 36.6 | 3.7% | 35.1 | 0.9 | 36.0 | 2.6% |

¹ The figures are inclusive of: Incentive Schemes, One-off Bonuses, Company Bonuses and Commercial Contests. Data related to 99% of the employees.

| AVERAGE GROSS SALARIES OF WOMEN TO MEN | 2013 | | 2012 | | 2011 | |
|---|-------|-------|-------|-------|-------|-------|
| | TOTAL | FIXED | TOTAL | FIXED | TOTAL | FIXED |
| Senior managers | 98.4% | 97.5% | 93.0% | 94.2% | 89.3% | 90.1% |
| Middle managers | 87.4% | 87.3% | 87.3% | 87.6% | 87.8% | 87.8% |
| Professional areas | 91.7% | 91.7% | 92.0% | 92.1% | 92.2% | 92.2% |

HR. Human rights

UBI Banca is maintaining its commitment entered into in 2003 by the former BPU Banca, to support and promote, within its sphere of influence, the universal principles of the UN Global Compact on human rights and in particular the right to personal integrity and dignity and the right to individual and collective health and safety in accordance with the provisions of the Group Code of Ethics.

This commitment is implemented in various areas of the Group's activity and in its relations with its various stakeholders as much through activities performed by control functions and risk management and compliance functions in particular with regard to money-laundering and the fight against terrorism as through the quality of its business processes and in detail:

- policies and procedures to manage personnel in compliance with Italian law and with the main international standards;
- ethical standards in contracts with suppliers;
- credit and commercial policies attentive to the needs of the socially vulnerable, with particular attention paid to the issue of financial inclusion and the prevention of over indebtedness and the risks connected with involvement in particular economic sectors and in the arms sector above all;
- support for social organisations that work for the promotion and protection of individuals through action in the fields of health, welfare and humanitarian assistance.

☞ LA, FS1, FS2, FS7 and EC8

Investment and procurement practices

HR1 INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE CLAUSES ON HUMAN RIGHTS OR THAT HAVE UNDERGONE HUMAN RIGHTS SCREENING

The UBI Banca Group operates almost exclusively in Italy, where the laws ensure a high standard of respect for and protection of human rights. Therefore the risks relating to respect for those rights are only considered substantial in relation to a few specific areas of activity and that is commercial and lending processes relating to **operations in the arms sector** [☞ FS1] and purchasing processes in relation to the **supply chain**.

HR2 SUPPLIERS AND OTHER BUSINESS PARTNERS THAT HAVE UNDERGONE HUMAN RIGHTS SCREENING

As concerns the supply chain [☞ EC6], since 98.9% of the Group's suppliers are located in Italy where legislation governing human rights and labour is very stringent, all the Group's suppliers are required to fully comply with legislation on workers' rights and also with ethical principles consistent with those contained in the Code of Ethics when orders are granted or contracts are signed.

HR3 EMPLOYEE TRAINING IN HUMAN RIGHTS

In consideration of the activity carried out and its geographical location, no specific training activities are carried out on the subject of human rights, but it is dealt with in training activities and internal communication performed to implement the Code of Ethics.

☞ FS4

**HR4
INCIDENTS OF
DISCRIMINATION AND
ACTIONS TAKEN**

Non discrimination

The Code of Ethics expressly provides for respect for the **principle of equality and non-discrimination** and therefore conduct is not admissible which might cause harm to the integrity and dignity of persons, nor is discrimination based on preferences or arbitrary exclusion (i.e. not linked to the importance of the contribution that a relationship with a party may offer or the interest that the party may represent for the achievement of the Group's mission).

Again in 2013, as in previous years, no reports of violation of the Code of Ethics were received for cases of discrimination against personnel or other stakeholders. Because the principle of non-discrimination is considered particularly important in employment relations, UBI Banca has adopted specific guidelines for disciplinary procedures which:

- set out official investigation, decision-making and judgement processes which subsidiaries must follow for the more serious cases of contestations and disciplinary provisions for reprimands;
- provide unequivocal recommendations to the body which must decide sanctions in relation to the type of provision and the position of the employee subject to sanction;
- defines information which companies must report periodically to the Parent for full visibility of disciplinary procedures taken by the Group.

All the Group companies inform the Parent of the start of disciplinary procedures and the Parent monitors all procedures providing advice where requested and also assistance in drafting the contestation, examining the justifications and proposing the sanctions if applicable to be imposed to the companies. Companies are also required to report all litigation the nature of which could be of importance for the entire Group and the Parent provides advice whenever requested by companies, with support in investigating the case, attendance at meetings with outside advisors to formulate strategies and represent companies at hearings before judges.

In 2013 65 disciplinary measures (30 less than in 2012) were adopted due to operational irregularities and negligence of various kinds (43), to irregularities in the disbursement and management of loans (13) and improper appropriation/diversion of funds administered (9).

| DISCIPLINARY MEASURES | 2013 | 2012 | 2011 |
|--|-------------|-------------|-------------|
| Verbal or written reprimand | 29 | 46 | 86 |
| Suspension from work and pay (from 1 to 10 days) | 25 | 31 | 35 |
| Dismissal for just cause or on justified grounds | 11 | 18 | 11 |
| TOTAL | 65 | 95 | 132 |

| CASES PENDING AT THE END OF THE YEAR CONCERNING EMPLOYMENT RELATIONS | 2013 | 2012 | 2011 |
|---|-------------|-------------|-------------|
| Pension and social security | 2 | 5 | 7 |
| Remuneration | 34 | 45 | 50 |
| Termination of contract of employment | 13 | 27 | 30 |
| Duties and job descriptions | 18 | 24 | 32 |
| Job appointments and performance of work | 8 | 27 | 18 |
| Cases in progress (initiated against employees) | 5 | 7 | 6 |
| Anti trade union conduct pursuant to Art. 28 | 0 | 2 | 2 |
| Other | 3 | 2 | 3 |
| TOTAL | 83 | 139 | 148 |

Freedom of association and collective bargaining

**HR5
OPERATIONS IN WHICH
THE RIGHT TO
FREEDOM OF
ASSOCIATION AND
COLLECTIVE
BARGAINING MAY BE**

In consideration of the activity carried out and its location, in addition to what has already been reported on the management of labour relations [LA4], the indicator is not deemed to be important.

Child labour

HR6 OPERATIONS WITH HIGH RISK OF CHILD LABOUR

In consideration of the activity carried out and its location, the indicator is not considered important. Furthermore, the Group contributes to the fight against child labour as part of its charitable activities, through support for non-government organisations which operate to assist minors in countries in which this practice is still present with projects in the fields of education, training, food and health [↗ EC8].

Forced labour

HR7 OPERATIONS WITH HIGH RISK OF FORCED LABOUR

In consideration of the activity carried out and its location, the indicator is not considered important.

Security practices

HR8 SECURITY PERSONNEL TRAINED ON HUMAN RIGHTS

In consideration of the activity carried out and its location, the indicator is not considered important.

Indigenous rights

HR9 VIOLATIONS OF THE RIGHTS OF INDIGENOUS PEOPLE AND THE ACTIONS TAKEN

In consideration of the activity carried out and its location, the indicator is not considered important.

Assessment

HR10 OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS AND/OR IMPACT ASSESSMENT ON HUMAN RIGHTS

In consideration of the activity carried out and its location, the indicator is only considered significant in relation to Group business in the arms sector.

↗ FS1, HR1 and HR2

Remediation

HR11 GRIEVANCES RELATING TO HUMAN RIGHTS RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

No contestations relating to alleged violations of human rights were recorded in 2013.

SO. Society

Local communities

SO1 OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENT AND DEVELOPMENT PROGRAMS

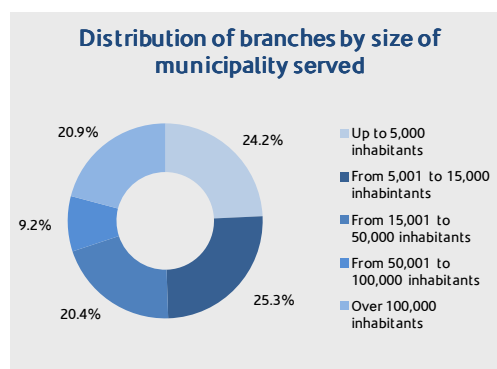
In consideration of the activity carried out and its location, the indicator is only considered important for project finance activities which, however, are implemented in the highly developed context of Italian and European regulations and which mainly involve investments in infrastructures for the generation of energy from renewable sources. [🔗 FS8]

FS13 BRANCHES IN LOW POPULATED OR ECONOMICALLY DISADVANTAGED AREAS

Presence in communities is an important value for the Group and it takes the form in a physical sense of the distribution of branches in over 1,150 towns and cities in 84 provinces, with a significant presence in small towns and villages: (243 branches and 175 mini-branches, accounting for 24.2% of the total, in towns with less than 5,000 inhabitants).

The Group is the only bank present in 181 municipalities and it has 317 branches (18.4% of the Group total compared with 16.5% for the banking sector nationally) in regions with low development rates which receive subsidies from the European Union as part of the "Competition and Employment" objective programmes.

🔗 http://ec.europa.eu/regional_policy/atlas2007/italia/index_en.htm



FS14 INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE

UBI Banca believes that the ability to access financial services is an important condition for social integration, which it is therefore committed to pursuing through:

- a range of products and services for socially vulnerable consumers and businesses (young people, immigrants, "atypical" workers and small businesses), partly by means of co-operation with other institutions and social organisations [🔗 FS7];
- support for the growth of social enterprises and other nonprofit organisations, which represent an important factor for social cohesion as well as an increasingly important economic sector above all in the field of care services [🔗 FS7, EC8];
- the removal of physical and cultural barriers to ensure the use of services and access to offices and branches to all customers.

🔗 Code of Ethics p. 23

For persons with **physical disabilities**, Group premises and branches are equipped with ramps, stair lifts, elevators and conveniences specially designed to satisfy actual needs. In 2013, eighteen new ramps, six stair lifts/elevators and 24 conveniences were installed for the disabled.

With regard to **sensory disabilities** and that of sight in particular, the IT platforms for the internet banking services Qui UBI and Qui UBI Affari comply with the main navigation requirements for partially sighted persons (e.g. through pages with strong colour contrast, alternative texts to accompany images and functions to enlarge character sizes) and 23 ATMs exist for use by partially and non sighted persons, equipped with the new Qui Multibanca Plus software.

Finally, with regard to **cultural disadvantage** – in relation above all to language and banking literacy of immigrant citizens – the range of the main products and services on the Group's commercial site (www.ubibanca.com) is available in the main foreign languages (English, French, Spanish and

SO9
OPERATIONS WITH
NEGATIVE IMPACTS
ON LOCAL
COMMUNITIES

SO10
PREVENTION AND
MITIGATION OF
NEGATIVE IMPACTS
ON LOCAL
COMMUNITIES

Portuguese).

In consideration of the activity carried out and its location, the indicator is only considered important for project finance activities which [↗ FS2 and FS8], however, are implemented in the highly developed context of Italian and European regulations and which mainly involve investments in infrastructures for the generation of energy from renewable sources. [↗ FS8]

Corruption

UBI Banca provides full co-operation with the authorities in the **fight against money-laundering and finance for terrorism** by making adequate resources and tools available for the prompt performance of the operations requested in observance with the legislation and regulations in force. Oversight of these issues is performed centrally in the Group and is carried out by a special organisational unit, the **Anti-Money Laundering and Terrorism Finance Area**, which reports to the Chief Risk Officer – and is based on following:

- an effective and efficient IT system, which uses various software applications (e.g. Gianos and internally developed applications) to manage customer risk profiles and to monitor all transactions (according to the amount limits set by the relative legislation);
- clear, exhaustive and easy-to-use internal regulations, systematically aligned with legislative regulations;
- precise regulations for the acquisition and conservation of documents to identify customers, to view their financial profiles and to perform accounting and all other operations in full compliance with civil law regulations and anti money-laundering legislation.

In order to ensure effective oversight, independent information (lists) is acquired from reliable and independent sources on terrorists and persons politically exposed and special IT procedures have been developed or acquired from major software houses, which support adequate controls of customers and complete and accurate recording of transactions and accounts and reporting of suspect transactions in the “Single IT Archive”.

All transactions – with the amount limits set by the relative legislation – are subject to **monitoring** by IT software applications to identify activities suspected of being connected with money-laundering or other illegal activities. These are subsequently assessed by line and/or control functions.

In 2013 new software applications were developed and organisational controls were improved to promptly detect transactions and customer relationships that present a potential risk or which do not conform with the relative regulations. More specifically, Group policies (Strategic Orientations and Group Regulations on Anti Money-Laundering), regulations, processes and procedures were updated and reviewed in light of the Bank of Italy Provisions of 3rd April 2013 on the subject “Adequate Verification and Keeping a Single IT Archive” (which came into force on the 1st January 2014). At the same time a training programme was continued to improve staff culture and awareness on the matter and to provide knowledge of the new developments introduced by the above mentioned provisions.

As already programmed the training commitment will continue in 2014 with the same intensity and a budget has been allocated to further improve and refine anti-money-laundering systems and oversight

↗ 2.5, LA10, FS7

SO2
BUSINESS UNITS
ANALYSED FOR
CORRUPTION RISKS

By signing the Global Compact, the Group has committed itself to fighting all types of corruption within the sphere of its responsibilities. This crime is also contemplated in Italy as a “predicate offence” falling within the sphere of Legislative Decree No. 231/2001 on the administrative liability of businesses in implementation of which UBI Banca has adopted a model of organisation, management and control (Model 231/2001), which provides (i) for rules and procedures designed to prevent the crimes covered by the decree from being committed, (ii) for the creation of a Supervisory Body to ensure the proper functioning and (iii) for constant updating of the Model and reporting and penalty systems. In 2013 oversight regulations to prevent the commission of the crimes contemplated by the UBI Banca 231/2001 model were updated, with regard, amongst other things, to preventing the crime of corruption, in relation to amendments to the law and new crimes introduced by Law No. 190/2012 (the “Anti-Corruption Law”). Of particular importance among these, apart from the new crime pursuant to ‘Art. 319 – *quater* of the Italian Criminal Code (improper incitement to give or promised profit), is the new crime of corruption between individuals (Art. 2635 of the Italian Civil Code).

All activities and organisational units are subject to verification connected with implementation of the Model, while the Supervisory Body reports to the governing bodies on its adoption and effective implementation, the supervision of its functioning and oversight of its update. In compliance with the provisions of new regulations introduced by Law No. 183/2011 and with the provisions of Bank of Italy Circular No. 263 (15th update of 2nd July 2013), in 2013 UBI Banca identified its Supervisory Body as a collegial body with the same composition as that of UBI Banca’s Internal Control Committee formed in accordance with article 49 of the Articles Association internal to the Supervisory Board.

UBI Banca, as the Parent of the Group, informs subsidiaries of the policies it has set in relation to the prevention of crimes pursuant to Legislative Decree No. 231/2001 and recommends general criteria which subsidiaries may follow. Each subsidiary adopts its own Organisational, Management and Control Model with the same characteristics of those reported above, which is periodically updated with support from the Parent.

The Internal Audit Function carries out auditing activity on UBI Banca on subsidiaries who have delegated internal audit function activities to the Parent and more generally, as part of the management and control duties of the Parent, on all Group companies. With regard to that auditing perimeter, in compliance with international professional standards, the Internal Audit function also carries out on-site inspections of the operation and the appropriateness of the internal control and risk management system by means of an annual plan of activities submitted to the management and supervisory bodies of the above-mentioned subsidiaries and cumulatively to the management and supervisory bodies of the Parent.

In compliance with the policies set and with the relative regulations, the Internal Audit Function audited the completeness, adequacy, functioning and reliability of the other components of the control systems, the risk management process and other processes, with regard also to the ability to identify errors and irregularities.

More specifically, in consideration of the need to support the Supervisory Board in the performance of its duties under legislation and regulations, and also to assist the Management Board, the Internal Audit Function, in relation to their importance, identified organisational units and processes affected by the impact of regulations concerning risk management (business, operational and compliance risk) and it also gave advisory support to project activities that impacted the internal control system and it verified through specific analyses of the system, the reliability of IT systems employed in the accounting records systems. In this respect the function carried out inspections of the organisational units of the Parent and its subsidiaries in relation to compliance by the relative staff, with external and corporate regulations including the Code of Ethics, to which the 231/2001 Model makes reference, and the related Code of Conduct for group personnel.

**SO3
EMPLOYEES TRAINED
ON ANTI-
CORRUPTION
POLICIES AND
PROCEDURES**

☞ LA10

All employees are trained in anti-corruption policies and procedures as part of their training to implement the project to revise the anti money-laundering model. In 2013 25,631 hours of specific training was carried out both in the classroom and through the e-learning platform, with the involvement of 13,738 employees. Anti corruption policies and procedures were then addressed as part of training on the principles derived from Legislative Decree No. 231/2001, delivered to 290 employees for a total of approximately 828 hours. The training procedures differed according to the level of responsibility.

**SO4
ACTIONS TAKEN IN
RESPONSE TO
INCIDENTS OF
CORRUPTION**

No cases of corruption regarding Group personnel occurred either in 2013 or in prior years.

**SO5
PUBLIC POLICY
DEVELOPMENT AND
LOBBYING ACTIVITY**

Public policies

The Group contributes to the development of public policies through its active and constructive participation in the initiatives of trade associations (e.g. Italian Banking Association, National Association of "Popular Banks", Italian Private Banking Association, Associazione fra le Società italiane per Azioni – association of joint stock companies – Italian Association of Financial Analysts, etc.) and other associations active in specific areas (Italian Anti Money-Laundering Association), which express the position of the sector on issues of interest, both on the request of the authorities (e.g. the Bank of Italy) and political decision-makers (e.g. Parliamentary Commissions) and by taking own initiatives.

UBI Banca is a member of the Italian Advisory Board of the G8 Task Force on social investment. Its purpose is to promote the development of a finance model able to generate not only profit, but at the same time also social and environmental value and the development of tools to measure the social impacts of the investments.

**SO6
CONTRIBUTIONS TO
POLITICAL PARTIES,
POLITICIANS AND
RELATED
INSTITUTIONS**

In compliance with the Code of Ethics, no payments – neither direct nor indirect and in any form – are made within the Group to political parties, movements, committees and other political organisations, their representatives and candidates, congresses or festivals having political propaganda purposes.

☞ Code of Ethics p. 27

**SO7
LEGAL ACTIONS FOR
ANTI-COMPETITIVE
BEHAVIOUR,
ANTITRUST AND
MONOPOLY
PRACTICES**

Anti-competitive behaviour

No legal proceedings or penalties concerning Group entities exist neither for 2013 nor for prior years.

**SO8
SIGNIFICANT
SANCTIONS FOR
NON-COMPLIANCE
WITH LAWS AND
REGULATIONS**

Compliance

The Bank of Italy has been notified of penalty provisions taken against senior managers of UBI Leasing (in November 2013 in relation to an inspection, delivered in January 2013) for a total of €360 thousand and of UBI Factor (in February 2014 relating to the results of inspections, received in April 2013) for a total of €236.5 thousand. The provisions were also notified to the companies to which they belong because they are jointly responsible should the senior managers involved fail to pay the fines.

PR. Product responsibility

Product responsibility in the financial services sector mainly regards observance of customer interests in commercial and marketing practices, the development of products and services capable of generating high social benefits for local communities and support for economic activities which create value for the community.

☞ Code of Ethics p. 22-23

Respect for the interests of customers is assessed from the viewpoint of the following: **security** (in terms of both business continuity and physical security in branches); **labelling of products and services** (in the sense of providing customers with transparent information); **marketing communications** (above all in terms of the proposals being appropriate to customer needs and profiles and the appropriateness of the commercial contact), **respect for privacy** (from the viewpoint both of protecting IT systems from data loss or unauthorised access to data and respect for customer consent for processing personal data for commercial and marketing purposes) and, more generally, **compliance** with legislation and regulations – including voluntary codes of conduct – which govern the sale and use of products and services.

In Italy, all these aspects are governed by specific laws and sector regulations, which the Group applies through its own internal regulations. They are communicated to all personnel by means of a dedicated intranet and are the subject of specific refresher courses. Implementation of these regulations occurs through the following organisational and technical controls:

- the Chief Business Officer is responsible for **organisational controls** of operating activities and first level controls and the Chief Risk Officer (the Compliance Function in particular) and the Chief Audit Officer are responsible for second level controls;
- **technical controls** consist of dedicated support platforms for commercial activities (e.g. identification of customers to which determined products and services should be offered on the basis of an analysis of their life cycle and behavioural profile and therefore of their possible unsatisfied financial necessities) and of protection tools on IT systems.

FS15 POLICIES FOR THE FAIR DESIGN AND SALE OF FINANCIAL PRODUCTS AND SERVICES

The Group has a specific process in place for the development of new products and services and for the modification of those already marketed by the network banks (including UBI Banca Private Investment) and by the Parent, with the exception of products and services for which specific regulations apply or are currently being issued (e.g. subsidised loans). This process is designed to help achieve objectives of quality, technological innovation, competitiveness and compliance objectives.

In terms of **quality**, the process is designed to ensure that products and services are consistent with the relative customer characteristics and needs and with reducing the time taken to respond to market demands (time-to-market) and it requires the involvement of different organisational units some of which at the Parent must always be involved: Communication and Marketing, Legal Affairs and Litigation, Risk Management, Administration and Tax, Compliance.

Corporate functions responsible for **compliance** oversight are responsible for preventing any misalignments between internal regulations, the most important of which is the Group's Code of Ethics, and external regulations. The characteristics (e.g. age, occupation, investment plans) and needs of customers (e.g. financial, protection) are surveyed both through special consultation and interview procedures (e.g. focus groups with customers and potential customers and with commercial distribution network staff) or systematic procedures (e.g. the customer satisfaction survey project or complaints management [☞ PR5]) and through the analysis of competitor's products and services.

Active participation in observatories and working groups (e.g. through the Italian Banking Association) or research centre initiatives are also the source of valuable information, for example in relation to the possibilities offered by new technologies.

Technological innovation is pursued mainly at **Multi-channel Bank** level [2.5]. Product innovation takes account of market best practices and the evolution of technology and the relative new possibilities in the field of banking and financial services. Each month requests received from staff through the corporate intranet and from customers by means of website contact forms, emails and the customer service are analysed to assess feasibility and to plan the development of improvements.

Competitiveness is based on a pricing policy oriented towards transparency and fairness to customers and it involves analysis and constant monitoring of the relationships between the risk taken (if present), the return, the costs incurred and the market context, with account taken of the need to provide financial support to local communities and businesses. The **Pricing Excellence** project commenced in 2011 was further implemented and consolidated in 2013. It is designed to achieve (i) higher revenues and greater customer satisfaction at the same time through better management of prices by commercial units at the Parent and network banks, (ii) savings in time and therefore shorter response times and also greater flexibility in the range of products and services through operational streamlining and (iii) lower operating risks and respect for regulatory and compliance issues, through improved operational instruments, monitoring process quality and greater automation and integration of information.

The possession of proficient economic and financial expertise helps to create citizens knowledgeable in their choice of banking financial products and services, which increases economic democracy and legality and makes local businesses and economies and the Bank itself more competitive. UBI Banca is aware of this and in playing its role as a bank in local communities, it has built relationships over the years and forms of co-operation with schools, training institutes and universities.

Activities in schools

The Group continued in 2013 with its commitment to teaching on economics and financial subjects in schools, by making specific professional resources available, in the form of tutors, as part of **financial training and educational programmes** organised by the **PattiChiari Consortium**. The significant contribution made by the Group's network banks constitutes a concrete response to the growing demand for financial education from the world of schools and is also a way of developing an increasingly more open relationship with the communities in which the Group operates.

The Group's commitment for the academic year 2012-2013 is focused on three educational programmes that are now well established, up-to-date and enhanced by the PattiChiari Consortium, partly as a result of the support from academics and communication experts as follows:



for primary school children, a programmed to stimulate initial thinking about the value of money and the need to manage it responsibly, for oneself and for the community, with a view to knowledgeable citizenship;



a programme to introduce secondary school pupils to economic and financial subjects and to stimulate them to reflect on the principal functions of finance, by illustrating their impact on people's everyday lives;



a programme to study economics and financial subjects, by introducing upper secondary school children to the social, professional and economic reality that surrounds them. At the end of the course, taught in the classroom, the project involves a "Develop your business idea" competition, with the preparation of a business plan for the start-up of a socially useful enterprise in the local community.

A questionnaire was produced during the year, in co-operation with Invalsi¹ and with the active participation of the network banks of the Group, to assess the effectiveness of the PattiChiari programmes in schools, the results of which confirmed the usefulness of the training activity. In addition to delivering lessons in the classroom, Group banks, again as part of the PattiChiari Consortium, contributed to the organisation of further financial education events in the community targeted both at pupils and students (e.g. open days, financial education weeks, local prizes for the competition “Develop your business idea”) and also for other members of society (e.g. training meetings for teachers and families).

Significant growth in the activities organised by PattiChiari with the support of banks who are members of the consortium led again in 2013 to the signing of new memorandums of intent for co-operation with national and local institutions and to numerous partnership agreements with private sector entities and with institutions for the dissemination of financial education. In this context significant co-operation projects were launched by the Group with the PattiChiari Consortium and with **FIDAE** (Federation of Educational Institutes) an umbrella organisation for around 2,500 primary and secondary Catholic schools.

During the year Group banks organised and participated in other financial education and **economic citizenship** initiatives and events organised in different Italian towns and cities both with and without the co-operation of the PattiChiari Consortium. More specifically, for the third consecutive year Banca Carime held mini conferences in co-operation with a leading regional newspaper on the subject of saving and on the causes of the economic crisis (approximately 350 students were involved from seven lower and upper secondary schools in Apulia).

| COMMITMENT IN FINANCIAL EDUCATION INITIATIVES | SCHOOLS | CLASSES | PARTECIPANTS | BANK TEACHERS | TEACHING HOURS |
|---|---------|---------|--------------|---------------|----------------|
| Educational programs PattiChiari for schools | 165 | 502 | 12,438 | 159 | 901 |
| Other initiatives and events | | | 2,296 | 36 | 182 |

Relations with universities and research centres

The Group has a series of arrangements with universities (the state universities of Bergamo, Brescia, Pavia, Turin, Genoa and Bari, the Bocconi, the Catholic and the Bicocca universities of Milan, the Insubria University of Varese, the Carlo Cattaneo University of Castellanza, the Polytechnic University of the Marches, the University of Camerino and the Universities of Basilicata, Campania, Apulia and Calabria). As part of these relationships, the Group also provides unsecured loans, scholarships and “Enjoy” cards to students [FS7] and it participates in career and counselling days and offers internship programmes in Italy and abroad [LA2]. The Group supports the “**World Campus**” programme with the University of Ancona, launched to support and disseminate technological innovation and training for university students through internships abroad.

Co-operation with research centres includes the now well established relationships with the **Einaudi Study Centre** for the preparation of the Annual Report on the Global Economy and Italy, with the **Italian Association for Research into Cancer (AIRC)**, with the **Research Foundation of the Ospedale Maggiore Hospital in Bergamo** and with the **Mario Negri Pharmacological research Institute (IRCCS)** to promote and finance scientific research of particular social interest. Two important scholarships have been assigned to the **San Martino hospital of Genoa** to support haematological research.

Organisation of events

Each year the Parent and the network banks organise training and educational events on topical economic subjects, which represent important opportunities in terms of visibility and involvement, as well as providing a service to customers and to society in general. The most important event in

¹ National Institute for the assessment of the education and training system.

this sense is the annual series of meetings for the presentation of the "Report on the Global Economy and Italy" published by the Einardi Centre. The XVIII report, entitled "Fili d'erba, fili di ripresa", was presented in fifteen towns and cities with over 2,000 participants.

In 2013 the sixth edition of the International Banking Forum was held on the subject: "Italy as a bridge between the European Union and the New Mediterranean", designed to inform and reassure correspondent banks with regard to the economic situation in Europe and Italy, and to provide a reliable general overview of the performance of economies in the Mediterranean area, following the important political changes that had occurred. Participants at the convention numbered 68 consisting of the Group's foreign correspondent banks international bodies and supranational institutions from 26 countries to give a total of 97, including the 17 speakers.

As part of support for the internationalisation of Italian small to medium-sized enterprises, the Group not only participated in conventions and conferences through its representatives who spoke at them (including the convention "**Hong Kong at the centre of your business**"), but it also organised and/or sponsored various events as follows:

- another edition of the "**UBI International Open Day**" at Jesi for Banca Popolare di Ancona customers, dedicated to all enterprises who show an interest in foreign markets. The businesses that took part had the opportunity to meet Group specialists assisted by outside professionals from all over the world. As usual the event was made more interesting by special focus workshops on BRIC countries and on North Africa and the Middle East as well as on Europe presented by the managers of UBI Banca's representative offices in co-operation with outside professionals.
- the Cathay Pacific **Business Trader Award**, an important and prestigious acknowledgement for Italian companies that have excelled in business activities in South East Asia, demonstrating know-how, dynamism, innovation and creativity. UBI Banca took part as the exclusive banking sponsor in partnership with Cathay Pacific Airways;
- the **Russian Economic and Financial Forum in Italy**, held in Rome sponsored by major Russian banking groups saw the participation of leading representatives of the Moscow economic and financial world;
- the seminars **North Africa and Turkey** (in co-operation with ProBrixia and Banco di Brescia) and **North Africa and the Middle East** (in co-operation with Confindustria Assafrica & Mediterraneo, ProBrixia and the Moroccan Agency for the Development of Investments).

Finally on the occasion of the intergovernment Italian-Russian summit held on 26th November in Trieste, UBI Banca and Transcapitalbank concluded an agreement designed to establish far-reaching co-operation between the two banks who, by benefiting from their expertise and reciprocal experience in different business areas, complete and supplement their respective ranges of products and services in the countries in which they operate in order to support each other's customers.

Customer health and safety

Safety and security is overseen at the conception, distribution and marketing stages of products and services supplied on the market. A number of controls, both technological and procedural, which were further improved in 2013, are in operation to ensure the safety and security of **multi-channel banking services** [2.5]. Furthermore, in order to prevent the most common and frequent types of IT fraud, customers are constantly informed even through the constant and prompt update of information on the most appropriate procedures and security measures for the use of Internet banking services .

The **security of IT systems** involves the adoption of the most advanced standards for data transfer and access to information, constant monitoring both with proprietary tools and in co-operation with the police and prompt reporting in cases of suspected attempts at computer fraud.

Operational continuity is guaranteed by a special plan, which involves both a series of technical and organizational measures designed to ensure that the most critical processes will be operational even in emergency situations and also a series of periodic disaster recovery controls and tests.

Physical safety concerns safety in branches from the viewpoint of accident prevention and risk of

PR1
LIFECYCLE STAGES IN
WHICH HEALTH AND
SAFETY IMPACTS OF
PRODUCTS ARE
ASSESSED FOR
IMPROVEMENT AND
SIGNIFICANT
PRODUCT
CATEGORIES SUBJECT
TO SUCH
PROCEDURES

robbery. Activities continued in 2013 to upgrade equipment in accordance with Legislative Decree No. 81/08 (emergency exits and medical emergency alarm systems) and to improve processes to control and manage robbery risk in compliance with the standards defined in the relative Group policy. This involved testing and if necessary upgrading security measures in branches and administrative headquarters and monitoring the work of staff responsible for monitoring alarms.

| THEFTS AND ROBBERIES (INCLUDED ATM) | 2013 | | | 2012 | | | 2011 | | |
|-------------------------------------|--------|-----------|-------|--------|-----------|-------|--------|-----------|-------|
| | Thefts | Robberies | Total | Thefts | Robberies | Total | Thefts | Robberies | Total |
| Events | 27 | 42 | 69 | 15 | 39 | 54 | 21 | 38 | 59 |
| Frequency Index ¹ | 1.2 | 2.4 | 3.6 | 0.7 | 2.1 | 2.8 | 1.1 | 2.0 | 3.1 |
| Employees involved | 0 | 171 | 171 | 0 | 218 | 218 | 0 | 216 | 216 |

¹ Number of events every 100 branches.

☞ LA8

PR2
INCIDENTS OF NON COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING HEALTH AND SAFETY OF PRODUCTS AND SERVICES

No cases of non-compliance with regulations and voluntary codes concerning the safety of products and services were recorded.

Product and service labelling

PR3
PRODUCT AND SERVICE INFORMATION REQUIRED BY COMPANY'S PROCEDURES

In compliance with corporate ethics [☞ Code of Ethics p. 22] and in observance of the relative legislation and regulations, UBI Banca is committed to ensuring the maximum transparency with regard to the products and services supplied by means of:

- accurate, clear and non-misleading pre-contractual information and full, clear and understandable contract clauses which facilitate full knowledge of the choices and agreements signed;
- clear and prompt communications on the state of existing business relations, on changes in the conditions that govern those relations and on any other changes to existing contracts;
- accurate identification and management of possible conflicts of interest, with adequate information provided on the matter;
- abstention from any improper commercial practices and from any form of advertising that is deceptive or which in any case does not fully reflect the quality of the products and services advertised;
- clear and full information on the complaints procedures and on access to independent bodies to resolve disputes (e.g. ombudsman and financial banking arbitrator).

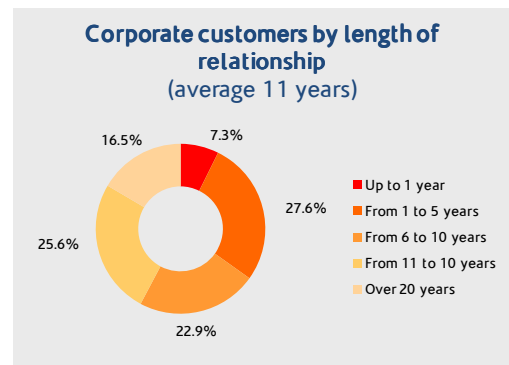
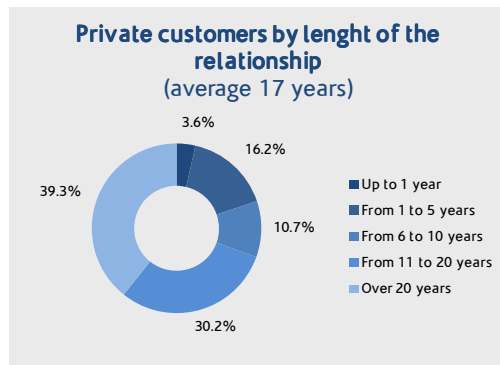
Direct communication is a determining factor in the establishment of clear and transparent relationships with customers. News about the services provided is communicated to customers by using websites, telephone campaigns (outbound campaigns), specialist newsletters, SMSs, ATMs and avatars in the reserved area of the banking website. Information is provided in observance of the privacy consent given by customers, who if they wish may at any time request either via email or directly to operators for commercial communications to cease.

Actual correspondence of activities to the commitments assumed is monitored and assessed through customer satisfaction surveys [☞ PR5].

PR4
INCIDENTS OF NON COMPLIANCE WITH

No incidents of non-compliance with regulations and voluntary codes concerning information and labels on products and services were recorded.

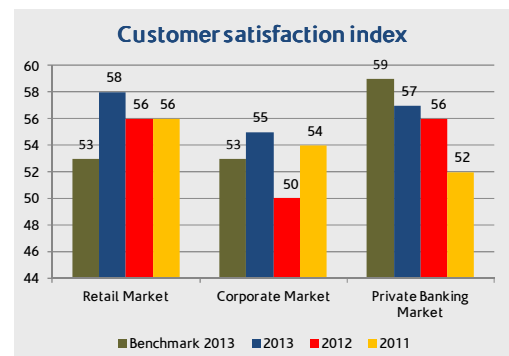
Customer satisfaction is a primary objective for the Group in order to construct a long-lasting relationship of trust. This is why it is monitored constantly by means of loyalty indicators such as the duration of the relationship, customer satisfaction surveys (**Consultation Project**), commenced back in 2008, and the analysis of complaints and out-of-court disputes.



The Consultation project

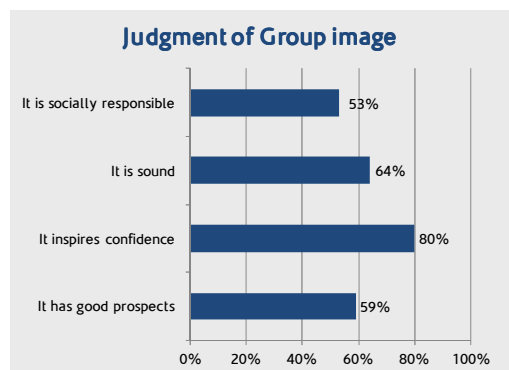
The Consultation Project is a systematic programme to measure customer satisfaction, conducted by means of telephone interviews of a sample of customers representative of all market segments. In 2013 over 118 thousand individual and business customers were interviewed together with 12 thousand customers of other banks to construct a benchmark comparison.

The level of satisfaction is measured through the **UBIndex**, a summary index which measures the quality perceived by UBI Banca customers and is calculated monthly by bank, market, segment, local management area and branch. The UBIndex is one of the determining criteria for the Group staff incentive scheme.



Customer satisfaction increased in 2013 across all customer categories (91% of customers declared they were satisfied). Compared with competitors, a higher positive gap was seen in the retail market (+5 points) and a smaller gap was seen in the corporate market (+2), while the gap for the private banking market was negative (-2). Customer assessments on relationships with their branches were particularly positive, where the Group achieved a score of over 8 – on a scale from 1 to 10 – for the politeness and expertise of staff and for their precision in carrying out transactions.

The survey of the **Group's image** highlighted its strong institutional aspects, such as solidity, capitalisation and operating results, and its relationship and commercial aspects, such as closeness to customers, reliability and community presence. For 80% of customers the Group's banks "inspired trust".



Overall satisfaction on the question of **social responsibility** was good, with particular appreciation of the clarity and completeness of the information on the management of personal data and customer rights on privacy. Satisfaction with advertising and the integrity of the approach

to customers in particular was also good. Support for families in difficulty was appreciated and perceived as substantial with regard to relationships with the community.

Finally a market survey was carried out on awareness of the UBI Banca brand, from which it emerged that it was known by two persons out of three (up by 15% compared with the last survey in 2012, with almost 60% of people interviewed expressing a positive opinion on the likelihood of choosing UBI Banca to open a new account) and a first **customer experience** survey was carried out: in over 400 branches external interviewers acquired “on the spot” impressions from customers, by interviewing people who had just carried out a transaction. The results recorded saw an average score of 4.1 points given to branches on a scale of one to five. The activity will continue in 2014 with further surveys.

Complaints

The analysis and management of complaints are the cornerstones of the Group’s customer care system, fundamental for supporting the progressive improvement in customer satisfaction. In 2013 the Group developed a project to evolve the complaint management system which:

- assigns policy-setting and co-ordination functions to Parent units in order to guarantee greater standardisation of procedures, while respecting the independence of the network banks and product companies, partly through setting official guidelines on important issues;
- assigns an active role to the managers of operating units who are given the task of directly investigating the underlying reasons for the complaints;
- makes information available on the whole process of the management of a complaint (case tracking).

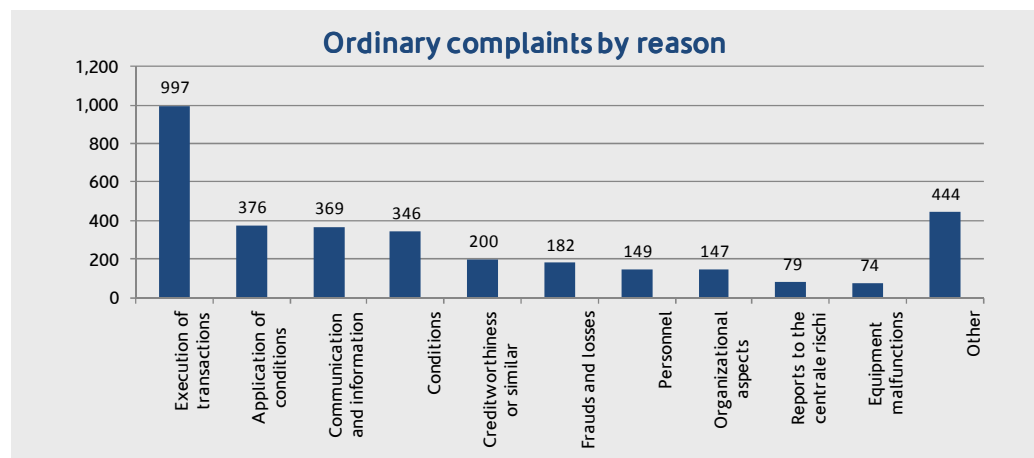
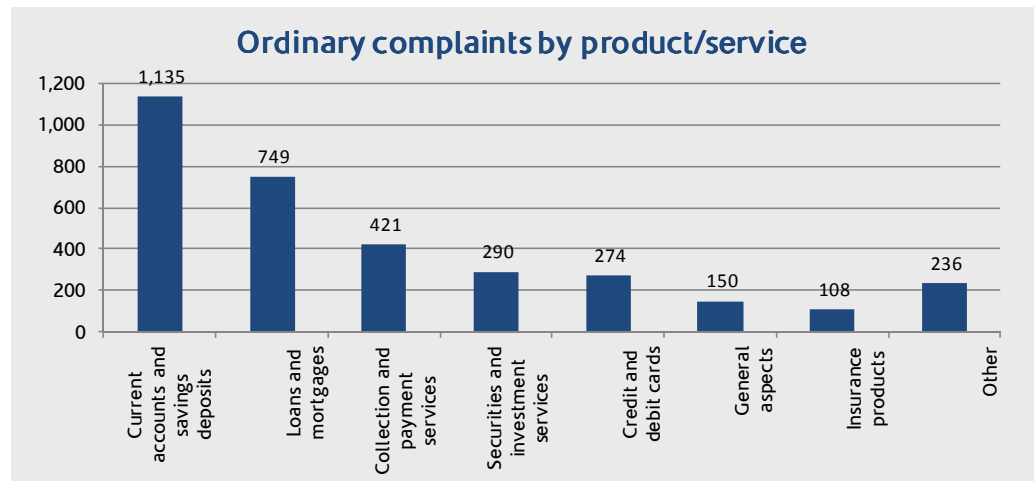
The policy-setting and co-ordination function of Parent units is facilitated, amongst other things, by dedicated complaints software, a shared application which acquires data and information on individual cases.

| COMPLAINTS | 2013 | 2012 | 2011 |
|---|-------|-------|-------|
| Total complaints received | 4,074 | 4,551 | 4,621 |
| of which: | | | |
| ordinary on products and services | 3,363 | 3,951 | 3,855 |
| for compounding of interest | 517 | 330 | 340 |
| for securities in default | 43 | 80 | 290 |
| on privacy | 151 | 190 | 136 |
| on human rights | - | - | - |
| Complaints received through remote channels | 2,314 | 2,165 | 1,561 |
| Complaints processed ¹ | 4,072 | 4,629 | 4,518 |
| of which accepted | 1,442 | 1,599 | 1,759 |
| Average days for response ² | 24 | 23 | 25 |
| Appeals to the Ombudsman | 8 | 6 | 5 |
| Appeals to the Ombudsman completed | 8 | 5 | 7 |
| of which in favour of the customer | 4 | 2 | 3 |
| Appeals to the Financial Banking Arbitrator | 129 | 101 | 78 |
| Appeals to the Financial Banking Arbitrator completed | 109 | 92 | 62 |
| of which in favour of the customer | 46 | 32 | 30 |
| Appeals to the Consob Chamber of Reconciliation and Arbitration | 1 | - | 4 |
| Appeals to the Consob Chamber of Reconciliation and Arbitration | 1 | - | 4 |
| of which in favour of the customer | - | - | - |
| Mediation cases pursuant to Legislative Decree No. 28/2010 | 297 | 642 | 278 |
| Mediation cases completed | 250 | 660 | 215 |
| of which with a settlement agreement | 17 | 71 | 39 |

¹ Total complaints concluded in the year, independently of the year of presentation.

² Overall average, inclusive of both ordinary complaints and investment service complaints.

The downward trend for first instance complaints received by the network banks continued in 2013, with a reduction to a greater or lesser degree in all types of complaint with the sole exception of compounding of interest complaints. On the other hand, a significant increase was recorded in “serial” cases backed by legal firms and associations. The average time taken to process complaints was 24 days, in compliance with the time set by regulations, and the percentage decided in favour of complainants was 35%, unchanged compared with 2012.



First instance complaints received by the product companies numbered 2,800, while the Parent received 3,888, mainly regarding credit cards (78%) and to a lesser extent mortgages and salary backed loans (21%).

☞ LA8 and Reports and Accounts 2013 p. 53-57

A variety of channels are available to customers for making complaints. In addition to local branches and other traditional channels (post and fax) there are also email and the websites of the network banks and the Parent and the telephone customer service. All the available channels are widely advertised on information pamphlets pinned up in branches and dedicated sections of the Group's websites.

Marketing and communication

PR6 COMPLIANCE WITH LAW, STANDARDS AND VOLUNTARY CODES RELATED TO MARKETING AND ADVERTISING

All advertising initiatives are screened by the competent units to ensure compliance with legislation and regulations concerning commercial practices, with particular attention paid to privacy, transparency and protection of the consumer. The Bank takes care to verify compliance with the provisions of the Voluntary Code on Advertising when advertising messages are formulated, even when outside advertising agencies are brought in.

In 2013 the UBI Banca Group used major national television channels for the first time as a means of advertising. The television commercials in question were also produced with attention paid to the requirement to produce clear and precise messages to customers in observance of regulations on transparency and with clear references to documents concerning products.

**PR7
INCIDENTS OF NON
COMPLIANCE WITH
REGULATIONS AND
VOLUNTARY CODES
ON MARKETING AND
ADVERTISING**

No cases of violation of the regulations in force occurred, nor were there any reports of non-conformity with regard to advertising processes, which were carried out in compliance with internal Group regulations.

Customer privacy

The acquisition and treatment of personal data on customers and all other persons, always takes place in observance of the rights and fundamental freedoms, as well as the dignity of those concerned in compliance with Legislative Decree No. 196 of 30th June 2003 (**Privacy Code**) on the protection of personal data [Code of Ethics p. 16-17].

In order to achieve this, the Group employs a “**Protection of privacy**” handbook and a series of organisational and technical measures, with locks and other protective instruments on IT systems, designed to ensure not only the necessary compliance with security and data protection requirements, but also observance of the consents granted by customers regarding the processing of their personal data for commercial and marketing purposes.

**PR8
COMPLAINTS
REGARDING
BREACHES OF
PRIVACY AND LOSSES
OF DATA OF
CUSTOMER**

In 2013, 151 complaints were received on the question of privacy, most of which (85) regarded cases of compulsory reporting of personal data on credit to institutional data banks (central credit bureaux: Centrale dei rischi, CRIF, etc.). Two complaints were received through the privacy authority.

No irregularities were reported concerning data treatment and no events occurred which resulted in the theft or loss of customer data.

Compliance

**PR9
FINES FOR NON
COMPLIANCE WITH
LAWS AND
REGULATIONS
CONCERNING THE
PROVISION AND USE
OF PRODUCTS AND
SERVICES**

No cases of non-compliance with regulations and voluntary codes or of fines were recorded [PR7].

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